

POST SALE INSPECTION (PSI) POLICY



Post-Sale Inspection (PSI) Policy and Guidelines	3
1.0 INSPECTION GUARANTEE	3
2.0 ELIGIBLE VEHICLES	3
3.0 INELIGIBLE VEHICLES	4
3.1 GENERAL INELIGIBILITY CRITERIA	4
3.2 PERFORMANCE MODIFICATIONS	4
3.3 STRUCTURAL.....	5
4.0 INSPECTED COMPONENTS	5
5.0 FAIL, CLAIM, AND ARBITRATION CONDITIONS	6
5.1 PASS AND FAIL GENERAL GUIDANCE	6
5.2 PASS AND FAIL – IN-LINE & EDGE SIMULCAST PURCHASES.....	7
5.3 CLAIM AND ARBITRATION CONDITIONS.....	7
6.0 INSPECTION METHODOLOGIES & NON-ARBITRABLE ITEMS	7
6.1 Specific Non-material Conditions	7
6.2 Non-Arbitrable Items	8
6.3 Inspection Performance	8
7.0 RESELL DISCLAIM	9
8.0 RIGHTS RESERVATION	9
9.0 PROGRAM FEES	9

POST-SALE INSPECTION (PSI) POLICY AND GUIDELINES

Vehicle Post-Sale Inspection (PSI) is a basic mechanical, structural, and flood inspection aligned with Texarkana Auto Auction, LLC Arbitration Policy.

PSI's are based on the objective and subjective expertise of auction inspectors. The PSI is conducted at a point-in-time as close to the conclusion of the vehicle sale as possible. The vehicle assessment is a one-time inspection conducted under the vehicle operating conditions at that time; therefore, it is not feasible to inspect a vehicle in conditions identical to normal day-to-day operating state.

The auction has the right to engage with a third-party vendor of their choosing if a more specialized inspection is recommended, in agreement with auction, buyer, and seller.

1.0 INSPECTION GUARANTEE

- A. The Inspected Components of a vehicle that passes PSI inspection criteria will come with a 7-day or 14-day guarantee of function or condition, based on the PSI product purchased. A list of covered components is provided in Section 4.
- B. The PSI guarantee is non-transferable and void if the vehicle is resold during the guarantee period.
- C. Vehicles submitted to arbitration under a PSI must meet the mileage limits according to the PSI product purchased, between the time the odometer reading is recorded at the auction and the claim date.
- D. Texarkana Auto Auction, LLC performs these inspections on a good faith basis and stands behind the "passed" components, whether provided by the auction guarantee directly or in agreement with the seller. If an inspected component is found defective during the guarantee period, the auction reserves the right to remediate valid claims estimated at auction wholesale repair costs.
- E. In the event of a valid claim for defect related to an Inspected Component that was not identified by the PSI, Texarkana Auto Auction, LLC will reimburse expenses incurred by the Buyer (excluding profit, commissions, and detail charges) on vehicles arbitrated. The amount of reimbursement that qualifies under these guidelines will be at the sole discretion of the auction and will be limited to reasonable and documented expenses at auction wholesale repair cost.

2.0 ELIGIBLE VEHICLES

The following vehicles are **Eligible** for Post Sale Inspection (PSI):

- A. Green light vehicles (Ride & Drive) with less than 150,000 miles and model year under 20 years.
- B. Green & Yellow light vehicles (Ride & Drive with Announcements) with less than 150,000 miles and model year under 20 years old.
 - a. Items disclosed by the seller will not be inspected or guaranteed under PSI
- C. Vehicle Purchase Price between \$3,500 and \$50,000

3.0 INELIGIBLE VEHICLES

3.1 GENERAL INELIGIBILITY CRITERIA

The following vehicles are **Ineligible** for Post Sale Inspection:

- A. The following **Makes**: Range Rover, Jaguar, Aston Martin, Bentley, Bugatti, Ferrari, Lamborghini, Lotus, Maserati, McLaren, Porsche, Rolls Royce, Tesla and Viper, or any other Highline or Exotic vehicles.
- B. The following **TYPES**: homemade vehicles, electric vehicles, hybrid vehicles, kit vehicles, recreational vehicles, trailers, motorcycles, watercraft, heavy trucks & equipment and ATV's.
- C. All vehicles 20 model years old or older (Antique vehicles).
- D. Vehicles with Purchase Price less than \$3,500 or greater than \$50,000
- E. Vehicles in excess of 150,000 miles
- F. Vehicles removed from Texarkana Auto Auction, LLC property after sale conclusion.
- G. Vehicles with the following branded titles or vehicle defects that are eligible for a branded title, including, but not limited to:
 - a. Flood Damage
 - b. Salvage
 - c. Rebuilt
 - d. Lemon Law
 - e. Manufacturer Trade Assist Buyback
 - f. True Miles Unknown (TMU)
- H. Heavy Duty Trucks & Heavy Equipment (Class A and B with Gross Vehicle Weight Rating (GVWR) 26,000 lbs. or greater vehicles, including, but not limited to:
 - a. Courier
 - b. Furniture delivery
 - c. Tractor-trailers
 - d. Truck-trailer combinations
 - e. Livestock carriers
 - f. Buses
 - g. Dump Trucks
 - h. Flatbeds
 - i. Tanker
 - j. Current or former armored, military and national defense vehicles
- I. Any vehicle deemed ineligible by Texarkana Auto Auction, LLC management.

3.2 PERFORMANCE MODIFICATIONS

Performance modifications must be announced and are defined as:

- A. Computer and electrical modifications
 - a. Including but not limited to computer chips and tuners
 - i. Such modifications deem a vehicle ineligible for PSI
 - ii. If found during the inspection all portions modified and or related to the modifications will cause the inspected vehicle to fail the PSI

B. Physical parts modifications

- a. Including but not limited to turbos, catalytic converter deletes and/or replacements, and EGR deletes
 - i. OE/OEM approved modifications will not affect the eligibility of a vehicle for PSI
 - ii. Non-OE/OEM approved modifications are deemed ineligible for PSI
 - iii. If found during the inspection all portions modified and or related to the modifications will cause the inspected vehicle to fail the PSI

3.3 STRUCTURAL

Structural damage and/or alterations must be announced.

3.3.1 STRUCTURAL DAMAGE

- A. Vehicle Structural Damage is defined as; damage to the structure or a specific structural component of the vehicle. Often referred to as frame damage, although it also applies to Unibody and Unibody on Frame structures in addition to Conventional Frame.
 - a. All structural damage must be announced via seller disclosure
 - b. A vehicle with announced damage is eligible for PSI
 - i. Announced damage is not a condition for PSI failure
 - ii. Announced damage will not be protected under PSI coverage
 - c. Unannounced damage discovered during the PSI will cause the inspected vehicle to fail PSI

3.3.2 STRUCTURAL ALTERATION

- A. Vehicle Structural Alteration is defined as; alteration to the structure including a lengthened or shortened frame, a modified suspension, or the installation or removal of after-market accessories.
 - a. All structural alteration must be announced via seller disclosure
 - b. A vehicle with announced alteration is eligible for PSI
 - i. Announced alteration is not a condition for PSI failure
 - ii. Announced alteration will not be protected under PSI coverage
 - c. Unannounced alteration discovered during the PSI will cause the inspected vehicle to fail the PSI

4.0 INSPECTED COMPONENTS

Component items checked within the performance of the PSI are:

- A. Odometer verification
- B. Transmission engages and functions
- C. Engine function and operation
- D. Drivetrain
 - a. 4x4 system engagement
 - b. Differential engagement
- E. ABS and brake function
- F. Electrical accessories checked for function (Only on current model year and up to 4 model years old)
- G. Emission control equipment present
- H. Air conditioning checked for operation
- I. SRS (supplemental restraint system/airbags) check

- J. Structure checked
- K. Flood inspection

Advanced Driver Assist Systems (ADAS) are not inspected as part of the PSI.

If buyer requests these systems be inspected, auction will contract a qualified 3rd party, at buyer's expense. ADAS include but are not limited to the following:

- A. Rear camera
- B. Rear parking sensors
- C. 360 camera systems
- D. Blind spot detection
- E. Lane departure warning
- F. Adaptive cruise control
- G. Collision warning
- H. Lane keep assist
- I. Backup Assist
- J. Autonomous driving function

5.0 FAIL, CLAIM, AND ARBITRATION CONDITIONS

PSI purchase is subject to the following:

- A. Buyer is responsible for the PSI fee regardless of vehicle Pass or Fail
- B. The sale of the vehicle is NOT contingent upon the availability of the PSI
- C. PSI failures are determined by arbitration policy and follow the \$500 repair or replace threshold for in-lane purchases

5.1 PASS AND FAIL GENERAL GUIDANCE

- A. Texarkana Auto Auction, LLC makes final determination if a PSI is deemed a Pass or Fail
- B. A failed PSI results when the inspected components of a vehicle meets the auction's Arbitration Policy criteria or state or local government safety regulatory criteria, or Texarkana Auto Auction policy criteria, which make the vehicle eligible for arbitration. In such event:
 - a. The Buyer has the option to enter the arbitration process and:
 - i. Complete the transaction on mutually agreeable terms with the seller with the sale completed as "Buyer Bought"
 - 1. If price adjustment is made and accepted, vehicle becomes "As-Is, No Arbitration" property of the Buyer, and is not subject to any further arbitration. Auction management makes the binding decision upon both the Buyer and Seller on all arbitration matters.
 - ii. Or, complete the transaction with the vehicle in its current state and under no negotiated terms with the seller
 - 1. To align with Texarkana Auto Auction Arbitration Policy, in this case the vehicle becomes "As Is, No Arbitration" property of the Buyer, and is not subject to any further arbitration.
 - iii. Or, void the transaction, with the sale being unwound as "Buyer Withdrew"

- b. A vehicle that fails PSI and results in a “Buyer Withdrew” status will move back into seller inventory. If the seller decides to re-run the vehicle in a future auction, the seller is required to repair the vehicle or make the appropriate announcements.

5.2 PASS AND FAIL – IN-LINE & EDGE SIMULCAST PURCHASES

- A. For in-lane vehicle and Simulcast purchases, a defect on a vehicle for which PSI was purchased and “passed inspection” is eligible for claim resolution if:
 - a. A defective component or condition is found within the guarantee period, based on the timeframe purchased;
 - b. A defective component or condition is within the scope of the inspection criteria;
 - c. A defective component or condition is estimated to cost \$1,000 or more to repair or replace, with the estimate based solely on Texarkana Auto Auction’s wholesale cost.

5.3 CLAIM AND ARBITRATION CONDITIONS

- A. For defects outlined above, the defect must be eligible for claim resolution with Texarkana Auto Auction, LLC and the auction reserves the right to remediate the claim. Eligible claims are based on arbitral items noted in Texarkana Auto Auction Arbitration Policy.
- B. Notwithstanding anything herein to the contrary, the seller remains liable for issues that fall under the required disclosures and timelines and in such a case, arbitration with the seller may occur.
- C. Any claim for arbitration under the PSI must be submitted within the guarantee timeframe purchased (defined as the time between the date of completion of the PSI and the date of claim).
- D. If a vehicle return is required, the vehicle must be returned within the stated deadline in the same or better condition as when sold.
- E. Texarkana Auto Auction, LLC retains the option to assume ownership of a vehicle at a maximum of 102% of Blackbook wholesale.

6.0 INSPECTION METHODOLOGIES & NON-ARBITRABLE ITEMS

Texarkana Auto Auction, LLC PSI inspections are based on our technician’s expertise, as well as utilization of expert source information for items such as repair costs; items inherent to a vehicle based on make, model, year and other factors (e.g., “known conditions”); and, generally accepted practices and standards. Texarkana Auto Auction, LLC draws its conclusions on a good faith basis for each inspection from observation, data and guidance, with the vehicle state at the time the vehicle is inspected.

6.1 SPECIFIC NON-MATERIAL CONDITIONS

Certain temporary or non-material conditions will not qualify an inspection for failure, such as:

- A. Vehicle scanners returning Yellow (if reason is known)
 - a. Yellow refers to an indicator light associated with an OBDII scanner that suggests:
 - i. A previously active code(s) cleared prior to inspection
 - ii. A code or codes not active at the time of inspection
 - b. Leaks, noise and other items that are generally considered inherent to an inspected vehicle
 - i. Note that Leak Class 3, would often require the inspection to fail Post-Sale Inspection (PSI)

6.2 NON-ARBITRABLE ITEMS

- A. Inherent conditions based on year, make and model
 - a. Determination made using safercar.gov
- B. If the vehicle is purposefully modified after it leaves the auction location, which cause changes to the vehicle's condition from the time of inspection. Such changes will void the PSI guarantee.
- C. Options, accessories, or any items not included in standard base equipment on OEM make model trim of the vehicle being inspected.
- D. Wearable Items; defined as parts of the vehicle that the manufacturer recognizes the need for replacement/adjustment during the expected life of the vehicle driven the average miles per model year (15k). These items are normally identified in the Owner's Manual for routine check and replacement.
 - a. All Suspension
 - i. Struts
 - ii. Coil/ Leaf Spring
 - iii. All such other.
 - b. All Brake
 - i. Pads
 - ii. Shoes
 - iii. Rotors
 - iv. All such other.
 - c. External engine components
 - i. Belts
 - ii. Hoses
 - iii. All such other.
 - d. Miscellaneous items
 - i. Ball joints
 - ii. Steering rack and pinion
 - iii. Bushings
 - iv. All such other.
 - e. Items with manufacture defined life expectancy
 - i. Fluids
 - ii. Lubricants
 - iii. Wipers
 - iv. Tires
- E. Items subject to change based on marketplace changes

6.3 INSPECTION PERFORMANCE

Texarkana Auto Auction, LLC performs inspections based on industry best practices, with the following caveats and limitations in mind:

- A. OEM-installed under body cladding will not be removed from the vehicle;
- B. Vehicles may not be driven at speeds high enough to simulate all driving conditions;
- C. Vehicles will not be driven for long durations to simulate extended driving conditions

7.0 RESELL DISCLAIMER

If arbitration results in a sale being unwound based on a failed PSI, the seller shall either repair or disclose the results of the failed PSI when re-running the vehicle at Texarkana Auto Auction.

Failure to do so may result in seller being held responsible for reimbursement of any subsequent failed PSI for such vehicle.

8.0 RIGHTS RESERVATION

Texarkana Auto Auction, LLC reserves the right to modify, alter, discontinue or terminate this policy at any time for any reason whatsoever, with or without notice. In addition, Texarkana Auto Auction reserves the right to decline to offer the Post Sale Inspection (PSI) service to any person, dealership, company or other entity at its discretion.

9.0 PROGRAM FEES

- Frame Check Only: \$60 Fee
- As Is (Red Light vehicles): \$60 Fee
- Mechanical & Frame:
 - \$129 - 7 Days or 200 miles, whichever comes first
 - \$175 - 14 Day or 300 miles, whichever comes first
- The following applies to all vehicles sold under Green Light:
 - Inspection will include all major mechanical components
 - Singular item of \$1,000 or more in repairs required to arbitrate
 - **PSI's do not guarantee Flood Damage findings or confirmation.**