

2016 NAAA Arbitration Policy Summary of Changes | 2016

The amended National Auto Auction Association (NAAA) Arbitration Policy will be effective as of February 1st of 2016.

In addition to the changes to the policy, NAAA and the Auction Standards Committee posted 2 position statements to www.naaa.com. A convenient video outlining the changes is also available.

- Open Recall Awareness
 - *The National Highway Traffic Safety Administration (NHTSA) launched a VIN lookup tool in August of 2014, available at www.safercar.gov, which provides open recall status on vehicles.*
 - *A Seller will build credibility in its product, and a Buyer will have more confidence in its purchase decisions, when there is disclosure and/or awareness of all material facts about a vehicle being offered for sale/considered for purchase.*
 - *As such, NAAA recommends Sellers use NHTSA's VIN lookup tool on each vehicle registered for sale and provide disclosure to Buyers of such information in the event an open recall exists on any particular vehicles and that Buyers use NHTSA's VIN lookup tool on each vehicle being considered for purchase to ensure awareness of all material facts prior to bidding on vehicles.*
- Generic Condition Report "Is vs. Is Not"
 - Seller will be held responsible for the accuracy and completeness of all representations or descriptions.
 - This includes handouts, catalogues, vehicle markings, condition information or vehicle listings and verbal or written statements made by Seller, Auction, Auctioneer or Selling Representative at the time of sale.
 - The Seller understands that the sale light/video display is a binding arbitration representation of vehicle condition, and is therefore responsible for ensuring that their vehicles sell under the correct light in the lane.
 - A condition report, in its current state, is a visual representation of the physical condition of a vehicle as well as an overall description of the vehicle.
 - It is not a complete mechanical, electrical or structural inspection and is not to be treated as such.
 - The following is collected as part of the Generic Condition Report:
 - Year, Make, Model, Trim
 - Odometer
 - Visible Exterior Damage
 - Visible Interior Damage
 - Visible Prior Repairs
 - Visible Flood Damage
 - Interior and Exterior Options installed
 - Obvious structural damage, repairs, replacements, and/or alterations that can be seen without being underneath the vehicle
 - Vehicle Images
 - The following is not collected as part of a Generic Condition Report and will not be disputed nor arbitrated based on the information disclosed (or not disclosed) on the CR:
 - Electrical issues (interior and exterior)
 - Mechanical issues with the engine, transmission, drivetrain, etc.
 - Non-visible Structural issues
 - Vehicle History (Title, accidents, flood, salvage, theft, taxi, warranty, etc.)
 - Open Safety Recalls
 - Prior repairs not obvious to visual inspection
 - OEM provided option information

Here are the changes for 2016.

Taxi and Government Vehicle Disclosure

- "All Taxis & Livery requiring local or state license & Law Enforcement vehicles"
- "Vehicles being sold with a government release for title (i.e. 27A, SF-97-1 & etc.), CO, MSO, or Repo Affidavit title (if required by law)"

"Total Loss History by Insurance Records"

"Total Loss & Salvage Retention (by insurance records)"**

- "Theft Recovery/Stolen Vehicles (including history)"
- Creating extra line in appendix 1 separating this from total loss line.
- Time period "30 days"
- Required disclosure for all lights except "red/yellow" (AS-IS, No Arbitration)age Retention by Insurance Records" to Appendix 1 & Amend Theft history

Safety Announcement Amendment

- "Announcements are required for any matters that relate to the safety or integrity of the vehicle as per the stated dollar threshold and disclosure requirements stated in this policy and/or all requirements under local, state or federal statutes or regulations. Announcements must be made both verbally and disclosed on the auction invoice/sale contract/bill of sale or equivalent document in a physical or online auction environment"

3rd Party Remarketing Disclosure

- "If a vehicle is being offered for sale by a third party, an announcement of "3rd Party Seller" is required. Disclosure requirements and time limits are subject to local auction policy."

Structural/Seller Disclosure update with Red/Yellow

- "Sellers must disclose structural damage, repairs or replacements as outlined in this policy prior to selling a vehicle at auction regardless of sales channel or light condition (except RED/YELLOW light, see main Arbitration policy for light definitions)"

Foreign Titles

- "Where legal by municipal and/or state law, any vehicle being offered for sale with a foreign (non-US) title, must be disclosed prior to the sale by the seller. Disclosure requirements and time limits are subject to local auction title policy."

Public Vehicle Identification Number clarification

- "All vehicles consigned must have a visible public Vehicle Identification Number (VIN) plate attached by the manufacturer or state inspector (state reassigned VINs only) to the vehicle."

Buyer Responsibility Process Clarification and Bid Lights

- "Any single mechanical defect that has a repair cost of \$500 or more is subject to arbitration on vehicles sold under qualifying lights and lack of announcement per appendix 1. Each vehicle transaction is allowed one chance at arbitration. The arbitrator will inspect only the defect that is on the arbitration form/documents. Repair costs will be determined by the auction and will reflect the auction cost to repair. 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. The auction management makes the binding decision upon both the Buyer and Seller on all arbitration matters."
- "Prior to placing bids, the Buyer is responsible for inspecting the vehicle, listening to and reviewing any verbal or written announcements and disclosures made by the Seller, Auction, Auctioneer or Selling representative. Online buyers are also responsible for reviewing all pertinent information available online, including but not limited to announcements, disclosures, condition reports, pictures and online listings. Buyers are also responsible for observing and understanding the sale lights (Green, Green/Yellow, Yellow, Red, Red/Yellow and/or Blue), which identify various sale conditions for the vehicle. Once the vehicle is sold, the Buyer should check the Auction sales receipt or appropriate document to confirm the vehicle price, disclosures and announcements are correct before legibly printing and signing their name or digitally/electronically signing the Auction sales receipt or appropriate document."

Wearable Item Clarification

- "Wearable Items: Auction will not arbitrate vehicles for wearable items. For purposes of this policy wearable items are defined as parts of the vehicle that the manufacturer recognizes the need for replacement/adjustment during the expected life of the vehicle. These items are normally identified in the Owner's Manual for routine check and replacement and would include, but are not limited to: air ride suspensions, tires, wipers, brake pads, shoes, rotors, belts, hoses, lubricants/fluids, timing belts, bulbs, filters, shocks and struts."

Appendix 2 (Structural Damage)

- "Existing permanent damage" to stay synchronized with the policy

Structural Damage Policy Rear Body Panel & Core Support

- "Damaged or replaced core supports or rear body panels do not require a structural disclosure under this policy."
- "Damage to the aprons, rails, floor pan assembly, inner wheelhouse, D pillar (if equipped) or other ancillary structural components on a unitized structure in the area where the radiator core support or rear body panel attaches will require a disclosure if permanent damage exists"

Flood Policy

- Amended existing Flood Damage policy then attached it to the main Arbitration policy.

Added Hybrid & Electric Battery & Charger to "Major Components"

- "Hybrid or Electric Vehicle Battery System and/or charger missing or inoperable"
- Only required disclosure for ride & drive or limited guarantee vehicles.

Don't forget to sign up for the 2016 training!

Day 1 consists of everything 'Damage Analysis' and day 2 is the new Arbitration class. A must attend if you or your team is looking for best practices, expert advice and how-to of inspections, policy, negotiation, mediation and Arbitration.

Mark your calendars!

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- March 22-23 at Manheim Riverside
 - May 10-11 at Manheim Toronto
 - June 21-22 at Manheim Dallas
 - August 23-24 at Manheim Pennsylvania
 - October 18-19 at Manheim Central Florida