

## CarOffer™ Inspection & Resolution Standards

In accordance with the [CarOffer Condition Guidelines](#), vehicles sold on the CarOffer platform are allowed up to \$1,000 in wholesale reconditioning. Reconditioning expenses that fall outside of the allowance, as determined solely by a CarOffer inspector, may still be eligible for sale if the seller agrees to a repair or concession. Some repairs or concessions require buyer approval, as determined below. Any determination made by a CarOffer inspector is final and not eligible for review outside of traditional arbitration.

### REPAIR PRICING GUIDELINE

Repair Item	Allowance
Windshield Repair	\$75
Windshield Replacement (w/o Driver Assist Pkg)	\$750
Windshield Replacement (w/ Driver Assist Pkg)	\$1,500
Standard Tire Replacement	\$150
Premium, Luxury, or Full-Size Tire Replacement	\$250
Substandard Paintwork (Vertical Panel)	\$300 / panel + \$100 in blend work
Substandard Paintwork (Horizontal Panel)	\$400 / panel + \$100 in blend work
Bumper Repair (Metal or Plastic)	\$300
Bumper Replacement	\$750
Odor Removal	\$200

Below is a comprehensive outline of our inspection standards:

### INTERIOR & EXTERIOR

#### Windshields

- **Minor chips and dings** in the windshield are considered repairable if they:
  - o Have not started cracking AND
  - o Are not in the line-of-sight of the driver, as determined by the midway point of the windshield.
    - Each chip is considered a **\$75 repair** in the reconditioning allowance calculation.

- **Cracks or chips that have spread** or are in the **driver's line of sight** must be replaced.
  - In lieu of replacing the windshield, sellers may offer a concession to the buyer instead. Concession guidelines are as follows:
    - \$750 for vehicles without a driver assistance package.
    - \$1,500 for vehicles with a driver assistance package.
      - All concessions are applied as an adjustment to the purchase (sales) price prior to the inspection passing.
      - Buyer approval is NOT required.

## Tires

- **Tread Depth**
  - Tires that measure below a **tread depth of 5/32** are determined to need replacement and will be included in the total reconditioning calculation.
    - No consideration is made for tire noise or abnormal wearing.
  - Reconditioning guidelines are as follows:
    - **\$150 per tire for standard** tires.
    - **\$250 per tire for premium, luxury, or full-size truck/SUV** tires.
      - Premium tires include, but are not limited to, any tire that has:
        - A speed rating of Y or Z
        - Diameter of 20" or greater
        - A named tire brand requirement on the tire placard.
      - Buyer approval is NOT required.
  - To avoid failing an inspection or providing a concession, sellers can opt to replace tires. Replacement tires must match other remaining tires.
  - CarOffer makes reasonable efforts to identify tires that must be replaced; however, in the event a concession for a tire is missed, the figures above will be considered as part of the reconditioning calculation during arbitration.
- **Mismatched Tires**
  - All mismatched tire(s) must be replaced.
  - In lieu of replacing tires, sellers may offer a concession to the buyer instead, as determined based on the guidelines above.

## Substandard Paintwork

- Substandard paintwork, as noted by a third-party inspector in the vehicle condition report, is grounds for a failed inspection.
  - Substandard paintwork includes, but is not limited to:
    - Fisheyes
    - Runs in the paint
    - Popping in the clearcoat
    - Evident paint filler work, including scratches and texturing
    - Non-factory finishes, and any other visible or tactile issues.
  - While CarOffer makes reasonable efforts to identify substandard paintwork, CarOffer **does not provide consideration or arbitration protection for paint meter readings**, assuming no other indicator of substandard paintwork is present.
  - In lieu of failing the inspection, sellers may offer a concession to the buyer instead. Concession guidelines are as follows:

- **\$300 per panel** and **\$100 in blend work** for **vertical panels** (e.g fenders, quarter panels, and doors)
- **\$400 per panel** and **\$100 in blend work** for **horizontal panels** (e.g hood, roof, and decklid).
- o Bumpers
  - Bumpers containing **minor dents** or **scratches** do not require repair. Damage to a bumper that **exceeds** the guidelines below requires **repair or replacement**:
    - A minor dent is any depression that is 2" in diameter or smaller.
    - A minor scratch is any scratch that is 3" in length or shorter.
    - Broken paint of any size.
  - Paint & repair concession guidelines are as follows:
    - **\$300 per metal or polyurethane/polypropylene bumper.**
  - Replacement concession guidelines:
    - **\$750 per metal or polyurethane/polypropylene bumper.**
- o Note: All paint and body concessions, including bumper replacement, are subject to buyer approval.

## Odors

- As determined by the third-party inspector, odors are treated as followed:
  - o Light odors do not require seller remedy and are considered passing.
  - o Strong odors require seller remedy, prior to passing.
    - In lieu of remedying a strong odor, **sellers may offer a \$200 concession to the buyer.**
      - Concessions for strong odors do NOT require buyer approval.

## Missing Parts

- **Interior Components**
  - o Interior components that are missing and clearly visible in the inspection report need replacement.
  - o In lieu of replacing an interior component, the cost of part replacement may be added to the reconditioning calculation at the sole discretion of the CarOffer inspector.
    - Only easily replaced and inexpensive components (such as radio tuner knobs, shifter knobs, sunglass holders, headrests, etc) will be considered. The CarOffer inspector's determination as to the significance and cost involved is final and not arbitrable.
- **Exterior Components**
  - o All missing exterior components must be replaced prior to passing inspection, or the buyer must express in writing that they are willing to accept the vehicle "As-Is."

## VEHICLE HISTORY STANDARDS

### Mileage Inconsistencies

- Mileage inconsistencies that are created during launch and discovered during inspection:
  - o If the CarOffer Auction Value is **artificially elevated by \$299 or less**:

- A concession is automatically applied as an adjustment to the purchase (sales) price prior to the inspection passing.
  - Seller OR buyer approval is NOT required.
- If the odometer **crossed a major milestone** (OEM warranty, matrix order limits, etc.) or the CarOffer Auction Value is **artificially elevated by \$300 or more**:
  - In lieu of failing the inspection, sellers may offer a concession instead. Concession guidelines are as follows:
    - Concessions are determined by calculating the CarOffer Auction Value difference using the correct mileage per the CarOffer inspection and the mileage used upon launch.
      - Any concession greater than \$299 requires seller approval.
      - Vehicles that fall outside of matrix order parameters as a result of the mileage discrepancy require buyer approval.

### Safety Recalls

- CarOffer makes reasonable efforts to identify **open safety recalls** by obtaining information from the **NHTSA** (<https://www.nhtsa.gov/recalls>). Information found on the NHTSA website is treated as the sole authority for recall information. No consideration is given to other sources.
- Open Safety Recalls **with a remedy and parts availability** are acceptable and do **NOT** require buyer approval.
- Open Safety Recalls **without a remedy OR parts availability** do not meet CarOffer guidelines:
  - In lieu of failing the inspection, **buyers may approve in writing** to accept the vehicle with an active, non-remediable recall.
    - All concessions for safety recall overrides are subject to buyer approval and are non-arbitrable.
  - Dealers that do not wish to buy a vehicle with an open recall must communicate that preference to their Dealer Sales Manager.

### Accident, Damage, & Other History Reports (Carfax/Autocheck)

- Vehicles with reports of the following are not permitted:
  - Major accident(s)
  - Major damage
    - Defined as “Moderate to Severe” or “Severe.”
      - “Moderate” damage is permissible.
      - Note: Damage reports and accident reports are treated identically. Accidents and blemishes count as 1 event each.
  - Structural damage / repair(s)
  - Deployed airbag(s)
  - Prior flood damage
  - Odometer inconsistencies
  - Voided Manufacturer’s Warranty
  - Theft Report(s)
  - 3+ accidents / damage reports

- While CarOffer makes reasonable efforts during the inspection process to identify substandard repair work and structural damage or repairs, any vehicle that may have been in an unreported accident that has since been repaired is not arbitrable as a result of an unannounced accident. CarOffer relies solely on third-party reporting services data from CarFax or AutoCheck for “accident” designations.

### **Blacklisting of Vehicles**

- A vehicle will be permanently blacklisted from being sold on the CarOffer platform if:
  - Evidence of structural damage or repair is discovered.
  - Evidence of airbag deployment is discovered.
  - Evidence of flood damage is discovered.
  - An unresolvable odometer inconsistency is discovered.
  - Prior record of the vehicle being listed for sale at a salvage or insurance auction is discovered.

### **MISCELLANEOUS**

#### **Seller Repairs / Concessions**

- Sellers may agree to provide concessions for any vehicle that falls outside of the CarOffer Condition Guidelines, however, some concessions require buyer approval as well.
  - The following concessions or repairs do NOT require buyer approval:
    - Tires
    - Windshields
    - Concessions for mileage variances that are \$299 and less.
- If a seller is willing to offer a concession instead of performing a repair:
  - Buyer approval will be requested by the Resolution Manager
    - If a buyer agrees to accept a concession, that item is not arbitrable.
- If the seller does not agree to remedy the issue or provide a concession, the vehicle will fail.
  - Buyers are offered the opportunity to accept a vehicle in its current condition prior to a vehicle failing inspection. Any issue(s) that a seller chooses not to remedy and the buyer accepts without remedy is not eligible for arbitration.

#### **Seller Repair Time Window**

- Sellers are allowed **3 business days** to perform a requested repair unless an exception is provided by the CarOffer Inspection Department Manager or the vehicle buyer.
  - Repairs that are not completed within the time window fail inspection.
    - Sellers are eligible to receive a new offer and have the vehicle reinspected in the event a repair is not able to be completed within the time window.

#### **Repair Window Extensions**

- A Resolution Manager may authorize a repair extension of **up to 1 day** if deemed reasonable.
- Additional extensions must be authorized at the sole discretion of the Inspection Department Manager.

### **Wearable Items**

- A wearable item is defined as a part of the vehicle that the manufacturer recognizes the need for replacement or adjustment during the expected life of a vehicle, driven 15,000 miles per model year. These items are normally identified in the Owner's Manual.
- The following items are considered **wearable (routine maintenance)** and are **not granted any consideration in the reconditioning calculation**. Additionally, these items are **not arbitrable**:
  - Brake Pads
  - Shoes
  - Rotors
  - Belts
  - Hoses
  - Lubricants/Fluids
  - Wipers
  - Timing Belts
  - Bulbs
  - Filters
  - Shocks and struts
  - Batteries
  - Spark Plugs
  - Exterior blemishes consistent with age, mileage, and price
  - Interior blemishes consistent with age, mileage, and price
  - Surface corrosion consistent with age, mileage, and price
  - Suspensions
    - CarOffer vehicle standards dictate that all wearable suspension items are in safe, working order, consistent with vehicle age and mileage.
    - Any wearable suspension item that is not in safe working order will require replacement or buyer approval to accept the vehicle "As-Is."

### **Keys**

- Sellers must provide 1 or more functioning keys (remote where applicable) for any vehicle sold through the CarOffer platform. Failure to provide 1 or more keys may result in a valid arbitration.

### **Charging Cables**

- Sellers do not have any obligation to provide a charging cable to the buyer for any vehicle sold through the CarOffer platform. If a seller does not provide a charging cable, a \$200 expense is calculated toward the buyer's reconditioning allowance.

### **Excessively Dirty Vehicles**

- Units that have excessive amounts of trash and/or are excessively dirty, as determined solely by a CarOffer inspection team member, may be required to be cleaned prior to passing inspection.
  - Photo evidence of the remedy may be required and must be provided within 3 business days of the request.

### **Mechanical and Cosmetic Inspections**

- Comprehensive mechanical and cosmetic inspections may be required on any vehicle that is a 2017 model year or older and/or has 70,000+ miles.

## OfferGuard Executions

- Assumption of Quality
  - Upon expiration of the arbitration window, all vehicles purchased with an added OfferGuard policy are considered acceptable to the buyer and within CarOffer condition guidelines, assuming the vehicle does not have an active arbitration. In the event that an OfferGuard policy is executed and a defect is found during the inspection, that defect is considered to have occurred after the original inspection and is not provided any consideration in the subsequent inspection decision.
- Valid Arbitrations & Failure to Perform
  - Any vehicle purchased with an added OfferGuard policy that is subsequently granted a remedy as part of an arbitration case is assumed to be acceptable to the buyer and within CarOffer Condition guidelines upon case resolution. Failure to remedy a known defect or recondition a non-arbitrated or unknown defect is grounds for a failed inspection upon execution of the guarantee. No consideration is given to a prior inspection decision. Additionally, the seller executing an OfferGuard will be held accountable to the arbitration policy should a valid claim be initiated by the buyer.
- Title Arbitrations
  - Any vehicle purchased with an added OfferGuard policy is NOT eligible for OfferGuard execution until the title is received. The buyer may choose instead to open a title arbitration claim, as outlined in the CarOffer terms and conditions.

## Dispute Resolution (Arbitration) Guidelines

- Resolutions may be provided in the form of **concession only** in the event that a buyer initiates a valid arbitration claim due to an unaccounted-for cost in **any of the following categories**:
  - Windshields
  - Tires
  - Bumpers
  - Strong Odor
  - Minor Mechanical Repair(s)
    - A minor **mechanical repair** is defined as any repair that requires less than **6 hours** of labor for a single repair or **10 hours** in cumulative mechanical work.
  - Minor Cosmetic Repair(s)
    - A minor **cosmetic repair** is considered any single repair **under \$1,500** or a combination of cosmetic repairs totaling **\$2,500 or less**.
  - Mileage understatements of 2,500 miles or less
    - Note: Odometer discrepancies that may indicate an odometer rollback or consistency are eligible for full arbitration, so long as the claim is made within the arbitration time period.
- **Unaccounted-for reconditioning costs** are only eligible for arbitration in the event that the total eligible reconditioning expense **exceeds the reconditioning allowance**, as dictated by the [CarOffer Condition Guidelines](#).
  - Reimbursements for unaccounted-for reconditioning are calculated by determining the **difference** between the total eligible reconditioning expense and the recondition allowance.

- For example, if a CarOffer Arbitration Manager determines that the total eligible reconditioning expense is \$1,500 and the reconditioning allowance is \$1,000, then the maximum reimbursement is \$500.
- All reimbursements are determined solely by the CarOffer arbitration team.
- **Mechanical, Electrical & Major Cosmetic Repairs**
  - Arbitration claims for a mechanical or electrical issue may require validation by an independent, third-party inspector.
  - Concessions granted for **mechanical and electrical repairs** are calculated as follows:
    - **Labor reimbursement** is calculated using the lesser of the labor hours indicated on the dealer-submitted repair order or the number of labor hours allotted for the repair in the appropriate **MOTOR** or **Chilton labor guide**. That figure is then multiplied by the hourly labor rate indicated on the dealer-submitted repair order, **up to a maximum rate of \$100 per hour on a mechanical/electrical repair and \$80 per hour, including supplies, on paint and body repairs.**
    - **Part reimbursement** is determined by choosing **the lesser of** the part cost submitted in the dealer repair order or 110% of the part cost as found in the appropriate **MOTOR** or **Chilton** parts guide. Part costs that are not able to be found in a MOTOR or Chilton parts guide may be found at a reputable online parts retailer, as determined by CarOffer personnel.
- All arbitration claims **must be submitted within the arbitration time period**, as determined by the [CarOffer Terms and Conditions](#).