

**SUBARU OF AMERICA, INC.
SPONSORED AUCTIONS
POLICIES AND PROCEDURES**

Each Subaru auction makes every effort to represent and disclose Subaru vehicle information accurately. This includes defining categories of vehicles as described below and using the appropriate designation for each vehicle listed in the dealer handout.

Subaru dealers are expected to visually inspect vehicles prior to each sale. An error or omission in the handout does not constitute grounds for rejecting the vehicle after the sale. Subaru of America, Inc. (SOA) reserves the right to reject any bid.

CATEGORIES OF VEHICLES OFFERED FOR SALE AT SUBARU OF AMERICA, INC. (SOA) SPONSORED AUCTIONS AND IDENTIFIED IN THE DEALER HANDOUT.

1. Company Vehicle a used unit utilized by SOA or its subsidiaries for business purposes, tests, employee leases or demonstration purposes. These units are sold with a clean MSO or a vehicle title, but are not eligible for any retail or fleet incentives, including special low rate APR or lease programs.
2. Customer Dissatisfaction / Buy-Back – a used unit repurchased by SOA, or its subsidiaries, as a result of a dissatisfied customer.
3. Rental Vehicle – a used unit sold to a rental company and repurchased by, or returned, to SOA.
4. Off-Lease Vehicle – a used unit previously leased by Subaru Leasing Corp. or Subaru Auto Leasing, Ltd. to an individual or company. (Excludes rental vehicles)
5. Miscellaneous Vehicle – none of the above categories, but a special category designed by the SOA Fleet Department at the time and place of offering.

ELIGIBLE PURCHASES

Only authorized franchised Subaru dealers are eligible to purchase vehicles at SOA auctions. Persons other than the dealer principal or an authorized employee of the dealership must have a written statement on dealership letterhead updated for each specific auction, signed by the dealer principal or general manager of the dealership, authorizing the individual to represent the dealer at a specific auction on a specific date.

RESALE REQUIREMENTS

Dealers agree to use these vehicles to enhance their selling and leasing efforts in their Area of Primary Responsibility. Accordingly, the purchasing dealer should sell the vehicles from the dealership's SOA-approved dealership location. Resale of these vehicles to wholesalers, brokers, lessors, used car dealers, or any non-Subaru dealer is prohibited. Canadian Subaru dealers are not eligible purchasers.

Any failure to comply with these requirements or any attempt to circumvent the intent of these requirements, as determined by the SOA Fleet Department, will result in suspension of the dealer's privilege to participate in closed SOA sponsored auctions. The following policy statement is applicable:

Should a Subaru dealer be confronted with specific vehicle documentation indicating abuse of auction purchase privileges, the dealer will lose all rights to purchase retired rental/demo vehicles at closed Subaru dealer auction. The suspension will be for one (1) year from the date of infraction.

We hope you agree that the Subaru Auction Policies and Procedures, and the adherence to these guidelines for participating dealers, will enhance the value of Subaru franchises everywhere.

HOLDING PERIOD

Vehicles purchased at auction should reasonably be what a dealership expects to sell or lease to retail customers from its Subaru approved dealership location in the short term. However, in the event a dealer has not been able to sell a unit purchased at an SOA auction within 60 days from the date of purchase, the dealer may offer the vehicle for sale as a Dealer Tailgate Sale following a regularly scheduled Subaru sponsored auction.

DEALER'S INSPECTION RESPONSIBILITY

All vehicles are sold "**AS IS**", except for: (1) any unexpired warranty coverage under the Subaru new car limited warranty and (2) major non-visible damage in the engine, transmission, rear axle, structure, or frame or unreported major collision damage requiring underbody inspection.

Subaru of America, Inc. makes no guaranty as to the availability of parts or accessories that are not present at the time of purchase. All dealers are encouraged to inspect vehicles prior to purchase. Internet buying is done at the dealer's risk of non-inspection. Used vehicle eligibility for SOA certification is the dealer's responsibility.

MISSING EQUIPMENT INCLUDING, BUT NOT LIMITED TO KEYS AND FOBS, KNOBS, SPARE TIRES, ACCESSORIES, DVD HEADSETS, REMOTE CONTROL UNITS, RADIO FACEPLATES, TOOL KITS WILL NOT BE ARBITRATED. PAINT AND METAL PROBLEMS, AND VISIBLE DAMAGE, WILL NOT BE ARBITRATED. PRICE ADJUSTMENTS WILL NOT BE MADE.

A thorough inspection for hidden damage is required immediately upon receipt of any auction vehicle at the dealership location. Hidden damage is herein defined as major non-visible damage in the engine, transmission, rear axle, structure or frame.

Claims of hidden damage must be reported to the selling auction within 72 hours of receipt of vehicle at the dealership location. The auction will advise as to appropriate action. Do not begin repairs on the vehicle until advised by the auction.

Subaru of America, Inc. does not guaranty Carfax to be accurate and is not responsible for correcting errors found in their reports. No arbitration claims will be considered based on information contained in these reports.

All vehicles with immobilizer keys are guaranteed to have at least one master key. "No Master Key" will be announced if no master/immobilizer key is available. Any arbitration regarding missing master/immobilizer keys must be filed on sale day, prior to the vehicle being removed from the auction. No exceptions.

WINDSHIELDS

Damaged windshields are not eligible for arbitration. It is the responsibility of the bidder to inspect windshields prior to purchase.

WARRANTY TRANSFER

Vehicle warranties contain no warranty transfer requirements. Second and subsequent owners receive any remaining eligible warranty coverage subject to applicable deductibles and other terms and conditions of the warranty.

STATE LAW REQUIREMENTS

State laws may impose restrictions on dealers in connection with their resale of vehicles purchased at the auction. The dealer is responsible for complying with all state law requirements, including without limitation, those concerning licensing, title and notices to retail purchasers or state agencies.

EMISSIONS REGULATIONS

Company, Off-Lease, Rental and Customer Dissatisfaction / Buy-Back vehicles with less than 7,500 miles and "FED" Spec. emissions can be purchased and sold only in the "Fed" Spec. states and cannot be sold in "CAL" Spec. states.

Company, Off-Lease, Rental and Customer Dissatisfaction Buy Back vehicles with more than 7,500 miles and "FED" Spec. state emissions can be sold in all 50 states.

NOTE:

- * "CAL" Spec. States: California, New York, Maine, Vermont, New Jersey, Pennsylvania, Washington, Oregon and Massachusetts.
- * "FED" Spec. States: All remaining states.

It is the dealer's responsibility to check and conform to applicable state regulations, some of which carry civil penalties for non-compliance.

DEALER AUDITS

SOA has established certain requirements for dealer participation in SOA Sponsored Auctions. By participating in the auction, Dealers agree to authorize the SOA Auction Department, and its authorized representative, to examine, reproduce and take copies of dealer records related to the purchase of vehicle at SOA Sponsored Auctions, and the sale or lease of such vehicles. Such examination will only be conducted during regular business hours, and upon written notice to dealers. Failure of Dealers to comply with such a request will result in the suspension of a Dealer's privilege to participate in SOA Sponsored Auctions.