



Last Update: May 1, 2004

Part 2: Industry Operating Standards

NAAA Title Warranty Policy

(Approved May 1, 2004)

The Auction Company, in strict compliance with the below terms and conditions, warrants to the Buyer that the vehicle described is not stolen or subject to a mortgage lien.

1. This title warranty does not cover mere technical defects which can be removed by execution and delivery to the Buyer or prior owners, of legally required papers without the necessity of any monetary payment.
2. This title warranty applies only to stolen vehicles and mortgage liens.
3. The amount of the Auction Company's liability under this title warranty shall never exceed the sale price of the vehicle in this transaction, and the maximum amount of the Auction Company's liability under its said title warranty shall be reduced by deducting from said sale price 2% thereof on the first of each month following the date of this transaction, and all liability of the Auction Company will expire and terminate on the first day of the forty-eighth month after the date of this transaction.
4. The Auction Company's title warranty is expressly limited to the Buyer of the vehicle in the transaction which is the subject hereof, and this title warranty is not negotiable or transferable. No title warranty is extended to any party other than the Buyer.
5. The Auction Company's title warranty to the Buyer shall be void ab initio if the purchase price for the vehicle is not paid by the Buyer.
6. The title warranty does not protect against defects in the title known to the Buyer or defects which the Buyer should have known, whether listed as exceptions to the title on this instrument or not.
7. Whenever any claim is made by any person against the title of said vehicle, whether by suit or otherwise, the Buyer shall within five days after becoming aware of said claim notify the Auction Company, giving full particulars of the claim, and shall cooperate fully in defending any legal action and in taking any other steps to minimize possible loss. Failure to provide notice shall cause this title warranty to be void ab initio.
8. On payment of any claim under this title warranty, the Buyer will execute all necessary papers

subrogating its right to recover against the Seller, or others, to the Auction Company.

9. The Buyer shall not surrender possession of the vehicle, except as required by legal process, to any such claimant, nor shall it voluntarily pay or acknowledge the validity of any such claim, without the prior approval of the Auction Company. Violation of this paragraph shall cause this title warranty to be void ab initio.

10. Time is of the essence with regard to this title warranty. Any failure on the part of the Buyer to comply with any obligation pursuant to this title warranty shall cause this title warranty of title to be void ab initio.