



## **iLUXCARS RULES AND STANDARD TERMS FOR THE WHOLESALE PURCHASE/SALE OF VEHICLES**

### **I. INTRODUCTION, DEFINITIONS AND GENERAL PROVISIONS:**

A. iLUXCARS provides a proprietary online system that allows licensed vehicle dealers to buy and/or sell vehicles wholesale to other licensed dealers. Users of the System are registered and approved by iLUXCARS. Through iLUXCARS' System, Users can (1) offer cars for wholesale to other Users; (2) access information about vehicles which are offered for wholesale by other Users; (3) make bids upon, and potentially purchase, cars at wholesale from other Users; and (4) obtain quick appraisals of vehicles from iLUXCARS.

B. As a registered User, and by using the iLUXCARS online system (referred to as the "Service" and or the "System" in this agreement), You (also referred to, when applicable, as "User", "Buyer" and/or "Seller") agree to the following rules and standard terms for the wholesale purchase/sale of vehicles. Additional rules and standard terms, and/or changes thereto, may be displayed on iLUXCARS' website at [www.iLUXCARS.com](http://www.iLUXCARS.com) now or in the future, or as provided to you otherwise, and you agree to be bound by those additional rules and/or changes.

C. Unless stated otherwise in writing, these Rules and Standard Terms apply to every transaction within the System, including without limitation: every purchase agreement; listing for sale; making offers on vehicles; accepting offers; entering into sales agreements; and completing transactions.

D. Only Users currently registered by iLUXCARS can post cars for sale, make offers or enter into transactions using the System. At any time during a transaction, iLUXCARS may, in its sole and absolute discretion and with or without notice, postpone, withdraw or cancel the Service as to any particular vehicle, transaction, User, Buyer, Seller, posting, bid, purchase or sale. iLUXCARS will not be liable to any User, Seller or prospective Buyer as a result of any such postponement or cancellation of the Service or particular transaction.

### **II. STANDARD TERMS APPLICABLE TO EVERY POSTING/TRANSACTION**

A. Seller Warranty of Seller-Provided Information Only:

1. Sellers guarantee the accuracy of the vehicle information provided by the Seller through the System (referred to in these Rules/Standard Terms as the "Seller's Information"). SELLERS MAKE NO GUARANTEES OR WARRANTS OTHER THAN AS TO THE SELLER'S INFORMATION. "Seller's Information" includes any and all information provided by the Seller regarding a vehicle at any time, but will typically include (without limitation) the following: the vehicle's year, make, model; VIN; mileage; odometer disclosure; general condition; actual cash value; any material damage; estimated repair cost (if applicable); whether or not the car starts; and current title information. As part of the Seller's Information, Seller MUST state (and therefore warrant) whether or not a car is a "50 state car", whether or not the car has a "salvage title" and whether or not the Seller is aware of any frame damage.

2. Other than as may apply as to the accuracy of the Seller's Information, Buyer accepts any and all risks associated with variations in state vehicle title and registration laws and the possibility that they may negatively impact the marketability of vehicles purchased through iLUXCARS' Service. For instance, Buyer may purchase a vehicle in or from one state under a clear title, but be required to sell that vehicle under a salvage title in the state where his/her business is located.



3. Please note that, although Sellers warrant the accuracy of Seller's Information, iLUXCARS cannot and does not guarantee or warrant to anyone any information, vehicle or contract performance. Please see your User Agreement).

4. Other than as expressly stated otherwise, all vehicles posted and/or sold through the System are sold by the Sellers "AS IS, WHERE IS", WITH NO WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY. This of course does NOT negate the manufacturer's warranty, if it is still in effect. More specifically, but without limitation:

a) Sellers cannot and do not guarantee that vehicles currently meet or can be modified to meet any particular local emission and/or safety requirements;

b) In accordance with appropriate State Law, VEHICLES SOLD WITH REGULAR TITLE STATUS MAY HAVE SALVAGE TITLE STATUS IN THEIR HISTORY.

5. It is the sole responsibility of the Buyer to ascertain, confirm, research, inspect, and/or investigate vehicles and any and all information regarding the type, condition, and status of vehicles prior to concluding transactions, and/or as soon as reasonably possible after concluding transactions.

6. After a sales agreement is reached between Seller and Buyer, the Buyer has the duty and hereby expressly agrees to perform a comprehensive inspection of the vehicle to confirm the vehicle's compliance with the Seller's Information. The Buyer hereby agrees, as part of that inspection, to check the serial and/or engine numbers on the vehicle with those on the title; to check the actual condition of the vehicle.

**B. Damage Limitation: THE AGGREGATE AND TOTAL LIABILITY ON PART OF THE SELLER TO A BUYER STEMMING FROM A PURCHASE SHALL BE LIMITED TO THE PURCHASE PRICE FOR A VEHICLE AS PAID BY BUYER TO THE SELLER.**

**C. Binding Arbitration Agreement between Sellers and Buyers:**

**1. ANY UNRESOLVED CONTROVERSY OR CLAIM BETWEEN USERS ARISING OUT OF A TRANSACTION THROUGH THE SYSTEM SHALL BE SUBMITTED TO BINDING ARBITRATION, BUT ONLY AFTER:**

a) the complaining User has attempted unsuccessfully to resolve the dispute through iLUXCARS (as described below), and received a confirming communication from iLUXCARS that they may now proceed with binding arbitration;

b) the complaining User has attempted unsuccessfully to resolve the dispute through iLUXCARS (as described below), and more than two weeks has elapsed since the filing of a dispute complaint with iLUXCARS; or

c) more than 30 days has passed since the complaining User discovered the dispute.

**2. iLUXCARS Administrative Dispute Resolution:**

a) **Written Administrative Complaint:**



(1) In the event that a User has a dispute against another User arising out of a transaction through the System, before waiting 30 days to begin binding arbitration proceedings, the User may submit a written complaint against the other User to iLUXCARS. The complaint can be submitted through the System.

(2) The complaining User must submit the complaint within 5 days of receipt of the car, and three days of discovering the dispute. Otherwise, iLUXCARS may choose to not investigate and/or try to resolve the dispute. The complaint must set forth in as much detail as possible the nature of the dispute, including specifically identifying the applicable transaction from which the dispute arises.

b) Response to Complaint:

(1) After receiving a complaint from a User, iLUXCARS will contact the other User and seek a response to the complaint in an effort to quickly and amicably resolve the dispute. The responding User will be given 3 days to respond to the complaint in writing.

c) Dispute Resolution Attempts by iLUXCARS:

(1) iLUXCARS will take reasonable measures to resolve the dispute by communicating with the Users involved, and by encouraging the Users to communicate with each other.

(2) If the dispute is resolved, iLUXCARS will send confirming communications to the Users involved. If the dispute cannot be resolved within 14 days of the initial complaint, then iLUXCARS will send the Users a communication confirming that fact, and confirming that the Users have attempted to resolve the dispute administratively through iLUXCARS, and may now submit the dispute immediately to binding arbitration, if so desired.

3. Binding Arbitration Timing, Venue and Rules:

a) Any binding arbitration will be conducted by one arbitrator mutually agreed upon by the parties. If no agreement can be reached within 30 days after names of potential arbitrators have been proposed by the American Arbitration Association (the "AAA"), then the arbitration shall be conducted by one arbitrator having reasonable experience in wholesale automotive sales transactions and who is chosen by the AAA.

b) Any and all disputes between Users arising out of System transactions shall be governed by the laws of the State of California without regard to its conflict of law provisions. Users agree to submit to the personal and exclusive jurisdiction of the courts and/or arbitrators located within Orange County, California for purposes of arbitration and enforcing any arbitrator award. The arbitration shall take place in Costa Mesa, Orange County, California, unless the parties to the binding arbitration agree otherwise.

c) The arbitration will be conducted in accordance with the AAA rules then in effect, and judgment upon any award rendered in such arbitration will be binding and may be entered in any court having jurisdiction.

4. Costs and Attorneys Fees: Each party to the binding arbitration will bear their own costs and attorneys fees, except that the prevailing party on a claim for



intentional fraud (as specifically opposed to negligent misrepresentations) may obtain costs and attorneys fees as part of an award against the non-prevailing party which committed the intentional fraud.

D. Buyer Indemnification for Sales Tax Exemptions: Buyers purchasing vehicles through the System upon presentation of a sales tax exemption certificate agree to indemnify, defend and hold harmless iLUXCARS and Sellers from any and all sales tax assessments, fines, penalties, damages, and costs, including attorney fees, incurred as a result of a taxing authority determination that the transaction was subject to the payment of sales or excise tax.

### **III. TRANSACTION RULES/PROCEDURES**

A. Types of Vehicles: Sellers may post a vehicle for sale as one of two types: a "Dealer-owned Inventory Vehicle"; or an "Un-owned Vehicle." A Dealer-owned Inventory Vehicle is a vehicle which is in the Seller's current inventory, and which the Seller owns. An Un-owned Vehicle is car which the Seller does not own, but which the Seller has a good faith belief that they may own (such as a car being offered for potential trade-in by the Seller's customer). The offer to sell an Un-owned Vehicle is expressly conditioned upon the Seller obtaining title as specified in these Rules and Sales Terms.

B. Types of Transactions: There are two ways to sell vehicles through the System. The first is the "Dealer-owned Inventory Sale" in which Sellers post cars for sale and consider offers made over 48 hours. The second way is a "Trade-in-progress" in which offers are made over a two hour period after posting. (Appraisal Only request: An option is also available to request a vehicle appraisal only. This option indicates that the dealership has no intention of selling the vehicle, but wants to know what iLUXCARS estimates to be a fair wholesale value for the car).

C. Posting Vehicles for Wholesale by Sellers

1. Good Faith Posting: Users posting a vehicle for sale on the System must have a good faith intent to sell the car for a reasonable sum. Users should not post a car for sale on the System simply to obtain information as to the vehicle's value. Users who would like that information are encouraged to use the System's appraisal function.

2. If posting a Dealer-owned Inventory Vehicle for sale, the Seller must list a "Buy-it-Now" price for the car which, if accepted by a buyer, would immediately result in a binding sales agreement. If posting an Un-owned Vehicle, the Seller must list a "Target Price" for which they would accept from a buyer, conditioned upon the Seller obtaining title.

D. Making Offers on Vehicles by Buyers

1. After a vehicle is posted for sale in the system, the vehicle will be open for offers and/or acceptances from Buyers. This is referred to as an "Open Listing." The vehicle will be open for offers and/or acceptances until one of the following occurs, after which the listing closes:

- a) A Buyer accepts the Seller's "Buy-It-Now" price (for Inventory Vehicles), which would immediately result in a final sales agreement;
- b) A Seller accepts the Buyer's offer for a Dealer-owned Inventory car.
- c) A seller conditionally accepts a buyer's offer for an Un-owned Vehicle,



(conditioned upon the Seller obtaining title to the car); or

d) A seller withdraws a vehicle from the system;

2. During the open sales listing, Buyers may either:

a) Accept the Seller's "Buy-It-Now" price (for Dealer-owned Inventory Vehicles), which would immediately result in a final sales agreement; or

b) Make a counter offer to the seller which will be open for 48 hours from the time the offer is made.

3. iLUXCARS Fees: iLUXCARS obtains fees for the Service from transactions that are completed through the System. These fees are disclosed and agreed to by Users in the System. iLUXCARS' fees as applied to particular transactions are automatically calculated within the system when conveying sales prices, target prices and/or counter offers. Unless you buy, or sell a vehicle through the System, you will not encounter any fees for iLUXCARS, but iLUXCARS reserves the right to change the fee system.

#### E. Seller's Discretionary Acceptance/Rejection of Best Offer

Seller is only obligated to sell a vehicle once a Buyer accepts "buy-it-now" price. Other than that, seller is not obligated to accept any counter offer made by any Buyer for any vehicle offered for sale through the system. Cars are therefore not necessarily sold to the Buyer making the highest counter offer. Seller may decide to accept any counter offer made by any Buyer, or the Seller may decide to simply withdraw the car from sale and not accept any of the Buyer counter offers, at the Seller's sole discretion.

F. Transaction Completion: Once an offer is to buy or sell a vehicle via the Service is accepted (such as a Buyer's acceptance of a Seller's "buy-it-now price, or the Seller's acceptance of a Buyer's counter offer), a legal "Purchase Agreement" is concluded between Seller or Buyer. After the purchase agreement is reached, the Seller and Buyer will be asked to execute a written Sales Agreement with terms consistent with the Purchase Agreement, and normally consistent with the standard terms outlined in this document. The written Sales Agreement may include terms that are additional to the Purchase Agreement and the standard terms outlined in this document. Additionally, on a transaction-by-transaction basis, and only if agreed to by the Buyer, Seller and iLUXCARS, the written Sales Agreement may contain terms inconsistent with the standard terms set forth in this document. The Parties will also be asked to execute standard documents necessary to complete the transaction, such as DMV documents.

#### 1. Vehicle Inspection

a) Buyer agrees to complete an inspection on any vehicle acquired through the System within 48 hours of vehicle delivery. If there is any problem that would prevent the parties from finalizing the transaction, such as the Buyer's belief that the some Seller's Information was inaccurate, this information must be communicated immediately to iLUXCARS, and in no event later than 5 business days of receipt of the vehicle and 3 business days of receipt of that information.

b) The Purchase Agreement is expressly conditioned upon the accuracy of the Seller's Information, and the Buyer's inspection will specifically evaluate the accuracy of the Seller's Information. If the Buyer's inspection reveals any inaccuracies in the Seller's Information, Buyer will notify Seller and iLUXCARS



immediately, and in no event more than 3 business days after discovering the inaccuracies. If Buyer so notifies the Seller and iLUXCARS, then Buyer shall have the right, but not the obligation, to cancel the transaction within 3 business days after discovering the inaccuracies.

c) If a Buyer neglects to have the vehicle inspected, or fails to timely communicate any significant inspection findings (such as inaccurate Seller's Information) as described above, Buyer waives the right to administratively cancel the transaction. In that event, Buyer's remedy will be limited to proceeding through the System's administrative dispute resolution and/or binding arbitration.

## 2. Buyer's Payment

a) Payment for vehicles may be made by wire transfer, cashier's check, or money order to iLUXCARS. Company checks will only be accepted with prior approval by iLUXCARS.

(1) Payments are due and payable to iLUXCARS within 3 BUSINESS DAYS from the date of invoice. Invoices are produced immediately upon mutual acceptance of any transaction between buyer and seller. Purchase orders and Invoices are emailed directly to the registered users who are party to any transaction immediately upon acceptance of any transaction. Invoices and Purchase Orders are also immediately available through the "Transaction History" function.

(2) A late charge is assessed for every day that the payment for any car bought through iLUXCARS is LATE.

(3) All funds used to purchase cars are held in a trust account until the title for vehicle is delivered to the buyer. Funds held in trust do not earn interest, and/or that interest will be surrendered.

(4) iLUXCARS will send the net purchase price for the car to the Seller within ONE BUSINESS DAY of receipt of title.

(5) Restitution for any checks returned to iLUXCARS for any reason will need to be received within two working days. Any check returned for NSF (non-sufficient funds) will be subject to iLUXCARS NSF processing fee of \$50 and any and all collection costs including but not limited to collection agency fees and/or attorney's fee and court costs. In case of accepted payment by company check, the Buyer, upon making settlement in cash or by check or draft in lieu of cash to consider the transaction a fully consummated cash transaction for present consideration; that no stop payment of his check to the Seller shall be honored; that any stop payment order of a check/draft or giving a check/draft which is returned unpaid shall be deemed by the parties to be prima facie evidence of fraud existing at the time the transaction was consummated, and shall be construed by the parties as an intent to defraud in order to consummate the sales transaction.

## 3. Vehicle Delivery / Ownership Transfer Timing/ Responsibility for Damages and Transportation Fees

a) iLUXCARS will arrange transportation for any car purchased through iLUXCARS. Like iLUXCARS' fees, the Transportation Fee charged is automatically deducted from the "buy-it-now" price, the target price, and/or



any counter offers before these are communicated to the other party.

b) "Ownership" of vehicle transfers from Seller to Buyer when the title is delivered to the Buyer. The title to the vehicle does not pass to the Buyer until good funds are received by iLUXCARS and then sent to the Seller.

c) Responsibility for any physical damage that occurs to the vehicle during delivery transfers from the Seller to iLUXCARS when iLUXCARS (or its transportation agent) physically picks up the car from the Seller, and subsequently transfers to the Buyer when the car is delivered to the Buyer.

#### 4. Title and Other Transaction Documents:

a) The title to the vehicle does not pass to the Buyer until good funds are received by the Seller. The Buyer acknowledges that by using the Service as to Un-owned Vehicle, the transaction might not be completed, since the purchase is conditioned upon Seller obtaining title and the right to sell the vehicle, at Seller's sole discretion. Once the parties reach a Purchase Agreement with Seller having or having obtained title, Seller will use its best commercially reasonable efforts to deliver title to the Buyer.

b) After Seller and/or Buyer are provided with the necessary sales and transaction documents, they shall immediately fill out those documents and provide them to iLUXCARS, which will hold the documents pending vehicle delivery and Buyer's payment. After successful delivery of the car to Buyer, and Buyer's proper payment for all money owed for the vehicle, iLUXCARS will then deliver the title documents to Buyer. iLUXCARS will also deliver copies of all the fully executed transaction documents to both Buyer and Seller.

5. Delivery Charges for Terminated Transactions: If after a Purchase Agreement and/or the execution of a written Sales Agreement a transaction is cancelled, terminated and/or otherwise not completed, iLUXCARS will notify Buyers and Sellers of that fact. If a transaction is not completed after a Purchase agreement and/or the execution of the written Sales Agreement because the Seller's Information regarding the subject car was inaccurate, or any other breach of the agreement by the Seller, then in addition to refunding any and all money Seller received for the Car, Seller will reimburse iLUXCARS for any expended delivery charges, both to and from the Buyer. If the transaction is not completed because of the failure to pay and/or any other breach of the agreement by the Buyer, then in addition to returning the vehicle, Buyer will reimburse iLUXCARS for any expended delivery charges, both to and from the Buyer.

## IV. APPRAISAL RULES

A. As part of the Service, iLUXCARS provides informal appraisals to Users upon request. Users understand that these appraisals are for informational purposes only, and the appraisals are informal and not meant to formally establish the value of a vehicle, such as for insurance claim purposes. Users understand and agree that iLUXCARS cannot and does not guarantee the accuracy of its appraisals, or accept any liability for inaccuracies. Please see your User Agreement in that regard.



**ACCEPTED AND AGREED:**

**For iLUXCARS**

\_\_\_\_\_  
Authorized Signature Date

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Title

**For Dealership**

\_\_\_\_\_  
Authorized Signature Date

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Dealership Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State, Zip

\_\_\_\_\_  
Phone