

NEW NAAA ARBITRATION GUIDELINES UPDATE

Effective June 1, 2026

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NAAA ARBITRATION GUIDELINES UPDATE

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This document summarizes the 2026 updates to the NAAA Arbitration Guidelines. Each section identifies what changed, explains why the change was made, and describes how it would typically be applied across auctions, buyers, and sellers.

Each topic is organized into three sections: **WHAT CHANGED** | **WHY IT MATTERS** | **PRACTICAL IMPACT**

NAAA ARBITRATION GUIDELINES- OVERALL

General Clarifications & Updates

The following updates reflect terminology corrections and language refinements with no change to substantive policy intent.

WHAT CHANGED

Several terminology, language, and format refinements take effect June 1, 2026:

- The overall policy has been reorganized and reformatted with section headers enabling users to locate applicable provisions more easily.
- "Not Subject to Arbitration" is now titled "Arbitration Limitations," more accurately reflecting the section's intent.
- Inoperable odometers: Language now reads "Inoperative Odometer Display (Miles remain certified by Seller)" — clarifying that the announcement addresses the display only and does not limit Seller accountability for actual mileage or TMU claims.
- Transport reimbursement: Reinforces that costs are limited to commercially reasonable rates based on auction (wholesale) repair or transportation rates.
- Auction's right to reject vehicles: Policy now states the auction reserves the right to reject any vehicle, at any time, for any reason — not limited to unsafe vehicles.

WHY IT MATTERS

These changes bring policy language into alignment with established auction practice and remove ambiguity that had the potential to generate inconsistent outcomes across locations.

PRACTICAL IMPACT

Minimal changes to day-to-day procedures and application. All parties should be familiar with the updated terminology — particularly the "Arbitration Limitations" rename and the revised inoperative odometer language — to ensure consistent understanding and expectations.

NAAA ARBITRATION GUIDELINES - SECTION V,2b
Arbitration Threshold – $50,000 and Above

WHAT CHANGED
A new minimum defect threshold applies to vehicles sold at $50,000 or more: each individual arbitrable defect must carry a repair cost equal to or greater than 2% of the vehicle's purchase price to qualify for arbitration.

WHY IT MATTERS
Higher-value vehicles carry different price and market dynamics than core auction inventory. The 2% rule scales proportionally to vehicle value while leaving standard protections unchanged for lower priced and core auction vehicles.

PRACTICAL IMPACT
The 2% calculation is applied per individual defect — each must independently meet or exceed the minimum. By way of example: a $50,000 vehicle requires a minimum defect repair cost of $1,000; a $75,000 vehicle, $1,500; a $100,000 vehicle, $2,000.

- Defects below the calculated minimum on a $50K+ vehicle are not eligible for arbitration.
- Multiple defects may still be filed together, but each must independently clear its own threshold.
- $800 threshold for purchases below $50,000 does not change.

NAAA ARBITRATION GUIDELINES - SECTION III,1
Ambiguous Announcements

WHAT CHANGED
The policy has been updated to specifically prohibit the use of generic "No Arb for [defect]" announcements (e.g., "No Arb for Oil Leaks"). Such announcements may be grounds for arbitration and the sale may be voided.

WHY IT MATTERS
Ambiguous announcements give buyers no actionable information about a vehicle's condition while attempting to strip them of arbitration rights. If a Seller wants protection from a potential defect, the defect must be properly disclosed — not dismissed through an uninformative announcement.

PRACTICAL IMPACT
Sellers should avoid generic announcements that do not fairly or accurately reflect the vehicle's conditions or concerns. Sellers are encouraged to use one of the following approaches instead:

- Announce the specific defect using NAAA sale light guidelines (e.g., "Engine Problem," "Transmission Problem").
- Provide a descriptive disclosure identifying the nature of the problem or defect.
- Announce Red Light/As-Is when the condition is unresolved or unknown.

Auction management retains discretion to determine whether an announcement meets the required standard of clarity.

NAAA ARBITRATION GUIDELINES - SECTION III,7
Diagnostic Trouble Codes (DTC)

WHAT CHANGED

The policy regarding announcing only a warning light has been expanded to include diagnostic trouble codes (DTC). The policy clearly states that these types of disclosures do not relieve the Seller of arbitration responsibility.

WHY IT MATTERS

Announcing "Check Engine Light on" or a generic DTC code without identifying the underlying defect gives the buyer no meaningful information about the vehicle's condition. The Seller remains responsible for the condition itself, not merely the indicator.

PRACTICAL IMPACT

Sellers should strive to diagnose the underlying cause before running a vehicle. A code or light announcement is not a substitute for defect disclosure.

- If the cause of a light or DTC is known: follow the NAAA recommended announcement guide (e.g., Engine Problem, Transmission Problem, etc.).
- If the cause of a light or DTC is unknown: the vehicle should be sold and announced Red Light/As-Is or the associated major component should be announced as a "Problem" and sold Green/Yellow Light.

NAAA ARBITRATION GUIDELINES - SECTION III,3
Mileage-Exempt Vehicles

WHAT CHANGED

Policy language has been updated to more clearly state that any mileage representation — verbal, written, or electronic — is binding on a mileage-exempt vehicle, and the vehicle remains subject to arbitration for mileage discrepancies. Exempt status does not relieve the Seller of the obligation to disclose any known or apparent mileage inconsistencies.

WHY IT MATTERS

Mileage-exempt status removes federal odometer certification requirements — it does not remove Seller accountability for representations made. Sellers must disclose any known or apparent inconsistencies; silence or an exempt designation does not shield a Seller from arbitration when a discrepancy was known and not disclosed.

PRACTICAL IMPACT

This is a language clarification, not a substantive policy change. If a Seller has stated or implied a mileage figure in any form — including listings, condition reports, or verbal statements — they are accountable to that representation regardless of exempt status.

NAAA ARBITRATION GUIDELINES - SECTION V,2c
One Chance at Arbitration

WHAT CHANGED

Updated language clarifies how the single-filing rule operates for mechanical claims:

- A buyer is allowed one opportunity to file a mechanical arbitration claim for a given vehicle transaction.
- During that single filing, the buyer may include multiple mechanical defects, provided each independently meets the arbitration threshold.
- This limitation applies only to mechanical arbitration. It does not restrict a buyer's ability to file a separate claim for structural damage or vehicle history within Appendix I timelines.

WHY IT MATTERS

The intent is to confirm that mechanical and history/structural claims are treated independently, and that a single mechanical filing may encompass multiple qualifying defects.

PRACTICAL IMPACT

This is a language clarification, not a substantive policy change. A structural or vehicle history claim filed within Appendix I timelines is not affected by whether a prior mechanical claim was filed.

NAAA ARBITRATION GUIDELINES - SECTION V,4l & Appendix I
ADAS Components

WHAT CHANGED

Advanced Driver Assistance System (ADAS) components are now formally added to Appendix I. Furthermore, it is reinforced that ADAS components integrated into parts that are visibly damaged or disclosed as damaged in listings or condition reports are not subject to arbitration.

WHY IT MATTERS

This formalizes an existing policy, position statement, and practice. Without explicit policy language, ADAS-related arbitration claims on disclosed or visibly damaged components created inconsistent outcomes.

PRACTICAL IMPACT

ADAS components include adaptive cruise control, lane departure warning, automatic emergency braking, blind spot monitoring, parking sensors, and similar systems.

- If an ADAS component is housed within a visibly damaged part (bumper, mirror, windshield) or was disclosed as damaged in the listing or condition report, it is not subject to arbitration.
- If an ADAS component fails and the associated part was not damaged or disclosed, standard arbitration eligibility applies.

NAAA ARBITRATION GUIDELINES - SECTION VI
Title Policy

WHAT CHANGED

The Title Policy has been reorganized and clarified. Key updates include:

- Future brands are now addressed more clearly: if documentation shows an unannounced pre-sale defect will result in a future brand preventing clear title, the vehicle may be subject to arbitration.
- Documentation requirements are now specified: DMV records, insurance declarations, law enforcement reports, and prior auction history.
- Depreciation application and calculation are determined at the sole discretion of the auction, formalizing existing practices.

WHY IT MATTERS

The spirit of the Title Policy has not changed. This reorganization provides greater clarity for all parties. The explicit recognition of post-sale discovery of pre-sale title defects — including conditions expected to result in a future brand — addresses a gap in prior language without creating new seller obligations.

PRACTICAL IMPACT

Buyers remain responsible for providing sufficient evidence to validate a claim. For considerations regarding a future brand, the underlying title defect must have existed at time of sale. Depreciation decisions remain at auction discretion.