This book is a reference guide to today’s used vehicle auction sale. Its intent is to help consignors, dealers, remarketing industry professionals, and others work within the oldest and most efficient market system as it applies to vehicles, with and without wheels. The information is provided to help sale participants find desired vehicles, effectively buy and sell vehicles, understand and utilize operating location services, and have a successful experience every time they visit a sale.

Now is a great time to be in the used vehicle business.

And a great time to visit one of our operating locations.

The following information is based on the procedures and services of Manheim. Other wholesale vehicle auctions, while similar in many ways, may not operate exactly as described here.
ABOUT AUCTIONS
Background, facts, and figures about the remarketing industry and wholesale auctions.

HOW AN AUCTION OPERATES
A look at the activities surrounding an auction, as well as an explanation of various support services.

PLANNING A VISIT
Information on what to do before you arrive at an auction location.

BUYING A VEHICLE
A step-by-step explanation of pre-sale activities, the auction process, bidding, paying for purchases, and more.

SELLING A VEHICLE
A discussion of what’s involved in getting your vehicles into the lanes and getting the best prices for the vehicles you consign.
EVALUATING A VEHICLE
Factors to consider when assessing a vehicle, including several pages on mechanical assessment tips.

REMARKETING TECHNOLOGY
A review of what’s being done to increase remarketing efficiency and convenience.

GLOSSARY OF TERMS

ABOUT MANHEIM

RELATED MATERIALS

INSIDER TIPS
Throughout this handbook are boxes entitled “Insider Tips.” We’ve included these in an effort to highlight some of the facts that are most important to know.
An Overview 

Auction Supply and Demand Dynamics

Auction Attendance

Auction Services Available

Frequently Asked Questions
An Overview: History, Benefits, and Use

The auction industry is an elaborate network of businesses and individuals that work together to facilitate the exchange of used vehicles and used vehicle information.

History

Auctions are one of the oldest forms of transacting commercial exchanges. They date back to the times of Babylon and ancient Greece where art, land, animals, and crops were auctioned. In fact, the Roman Empire itself was auctioned.

There are many alternatives for remarketing cars, including using wholesalers, selling between dealers, and selling direct to consumers. Each of these has a place in the remarketing system. Often, the auction environment is ideal because it provides a dynamic trading floor where open, live, competitive bidding is fast-paced, and true market value is determined with each vehicle that comes to the auction block.

Value of Auction Sales

There are many benefits provided to participants in the auction process, including:

- **Critical Mass of Buyers and Sellers.** As auctions have become larger and more efficient, they have been able to bring together the needed number of vehicles and buyers to achieve market values for vehicles and ultimately establish a national used vehicle marketplace.

- **Credible Pricing.** Auctions give the industry an objective view of what vehicles are worth in the marketplace.

- **Internet Applications.** Auctions have embraced Internet technologies to increase efficiency and offer additional services to both buyers and sellers.

- **Process Integrity.** Auctions have employed information technology and a strong code of ethics to help eliminate odometer rollbacks and title laundering. Standards for frame damage and condition reports have also become more consistent industrywide.

- **Reconditioning Value.** Most locations have state-of-the-art reconditioning facilities that enable sellers to maximize total return on investment.

- **Affordable Participation.** Auction fees, as a percentage of vehicle selling prices, have gone down during the past 20 years.
Auction Supply and Demand Dynamics

Auctions

Over 16 million vehicles are consigned to auction year after year.

Supply
Auction
Demand

Auction Suppliers
Rentals Companies
Dealers
Commercial Fleets
Financial Institutions
Auto Manufacturers
Wholesalers
Intermediary
Demand Dynamics

100% of auction sale vehicles are purchased by franchised or independent dealers and some wholesalers.
Auction Attendance

Almost 100% of all franchised dealers attend auctions.

Generally, a dealer attends an auction that is nearby. Some participate remotely online. However, there may be benefits to participating in auctions in more than one place, even investigating auctions in different parts of the country. By including more geographic locations, dealers may be able to find certain makes or models that fit their inventory needs.
Auction Services Available

There are a number of services provided by auction operators. Besides the core business of facilitating the exchange of vehicles between buyers and sellers at the auction location itself, other services include:

- Marshalling
- Data management
- Insurance
- Title management
- Repossession
- Online services
- Payment clearances
- Transportation
- Mechanical repairs
- Dent and other cosmetic repairs
- Car detailing
- Advertising
- Reconditioning: paint and body work
- Consulting
- Lease portfolio management
- Financing
- Inspections
- Internet solutions
- Auction certification
- Logistics support
Q. Why is the remarketing industry so important?

Certainly, the size and scope of the industry establishes its importance, but more significant is that used vehicle remarketing:

*Provides stability to a cyclical new vehicle market,* giving dealers a safe harbor when new vehicle sales drop;

*Determines true vehicle value* because, through live and online auctions, prices are a pure reflection of open, competitive bidding and are not influenced by direct or indirect incentives;

*Provides a catalyst for new vehicle sales* because 1) most households must dispose of a used vehicle when buying a new one; 2) new vehicle financing is secured by what, in fact, becomes a used vehicle; and 3) finance companies rely on used vehicle values to set residuals on their leases;

*Helps build brand image and customer loyalty* because most vehicles sold (72%) are used vehicles. Manufacturer certification programs are the foremost example of using used vehicles to build brand image and customer loyalty.

Q. Why have auctions been around so long?

People have had the need to make commercial transactions for centuries and have found a secure and neutral setting as the preferable method to facilitate the exchange.

Q. Why do auction locations provide reconditioning services?

For the benefit of both buyers and sellers. Sellers have found that reconditioning is an investment – it more than pays for itself. And because time is money, buyers prefer a reconditioned vehicle because it can be put out for sale immediately.

Q. How has online technology changed auction sales?

On the one hand, online technology such as Manheim Simulcast has expanded the live auction’s reach by bringing many more virtual buyers into the lanes and by letting sellers represent their vehicles remotely. Online technology has also made it possible for attendees to quickly and easily garner a host of useful information before they arrive at the physical auction.

On the other hand, online technology like OVE.com has made it possible for dealers to pinpoint the exact vehicle they want without attending a physical auction and to purchase inventory anytime, from any location with an Internet connection.
Chapter 2: How an Auction Operates

- Auction Profiles: 11
- Pre-Sale Activities: 14
- The Sale: 18
- Post-Sale Activities: 20
- Frequently Asked Questions: 22

Image of an auction setting with people gathered around a vehicle.
Auction Profiles

Wholesale auctions exist to help dealers sell cars. Every service is focused on accomplishing that objective efficiently, rapidly, and accurately. Auctions are neutral trading floors, offering security and integrity to buyers and sellers who come together to conduct business.

Nearly 10 million cars are sold at an auction location every year. Auction locations vary significantly in size, number of employees, acreage, services offered, facility configurations, as well as the volume and types of cars being sold. Physical locations can have as few as a couple of lanes or as many as 25 or more. Some facilities are on sites of fewer than 50 acres, while others occupy hundreds of acres and incorporate multiple buildings and operations. Some operations function with a hundred or so employees, while the larger ones can employ as many as a thousand people. Many facilities offer shops for reconditioning, mechanical and other repair services, as well as services to assist in transportation, financing, arbitration, inspections, titling, and a host of other services.
Auction Sale Overview

Activity at an auction takes place well before the sale day, starting with receiving consignments of vehicles from various sellers, including dealers, manufacturers, banks, rental car companies, and other commercial businesses and government agencies. These activities are all coordinated between the seller or their representatives and the auction location staff as part of the Pre-Sale Activities. On sale day, hundreds to thousands of cars will be processed and sold at auction. Once the sale of a car is agreed upon, there are a number of activities for the auction location to facilitate to complete the transaction and a number of services offered by the auction operation to assist in enhancing the exchange as part of the Post-Sale Activities. The diagram to the right summarizes the process, and the pages which follow provide more specifics on each.

Pre-Sale Activities

- Check Online Inventory
- Consignment to Auctions
- Condition Reports
- Marketing
- Auction Certification
- Auction Inspections
- Reconditioning
The Sale

- Open, Live, Competitive Bidding
- Manheim Simulcast
- OVE.com

Post-Sale Activities
(and Other Services)

- Post-Sale Inspections
- Reconditioning
- Payments
- Title Transfers
- Financing
- Transportation
- Advertising
- Online Marketing
Pre-Sale Activities

Check Online Inventory

OVE.com is a virtual wholesale automotive marketplace, offering registered dealers 24/7 electronic access to buy over 10,000 vehicles from major OEM’s finance and fleet companies before they hit the physical auction lanes.

Consignment to Auctions

Auction locations receive vehicles for consignment from dealers and commercial accounts 24 hours a day, 365 days a year. Vehicles are brought to the location by rail and transport truck, but can also be driven by dealership employees, consignor representatives or, if special arrangements are made, by auction location employees. Upon arrival, check-in personnel scan the Vehicle Identification Number (VIN) of each vehicle and verify the year, make, and model number against a VIN decoding database. They also record the date and time of arrival, overall condition, and consignor of the vehicle.

Vehicles will have “run numbers” (see Run Lists, pages 32-33) assigned that indicate which lane, at what time, and in what sequence the vehicle will run through the specified sale. Vehicles will either be provided a run number for that day’s sale as part of the check-in process or will be stocked into inventory at the auction location for sale at a later date.

There are differences in the processes for dealers and commercial accounts which consign cars to the auction location. Detailed explanations for both commercial and dealer consignment are outlined on the pages that follow.

INSIDER TIP!

Consign to Auctions Early

The auction process works best when vehicles can be reconditioned, processed, and marketed with as much lead time as possible.
Commercial Consignment Overview

Every day, personnel work with factory, rental car, fleet, and financial institution representatives, some of whom maintain offices at the auction site, to coordinate the arrival of their vehicles. Together, these teams handle all the necessary paperwork and make a number of decisions in preparation for the sale, including when the vehicles will be sold, the sequence of the vehicles for the sale and what, if any, work needs to be done on the vehicles. The starting place for this analysis is assessing the condition of each vehicle.
Commercial Consignment Overview  (Continued)

**Condition Reports**
Following check-in of vehicles for commercial consignors, an auction condition report writer completes a vehicle condition report. Most condition reports are prepared on a handheld computer. Condition report writers are trained, certified professionals who have taken courses on properly and thoroughly identifying a vehicle’s condition. Many vehicles arrive in top-notch condition, but the condition report on others might note that the vehicle has a flat tire, a dent on a quarter panel, a cracked windshield, or more substantial body or mechanical issues. Condition reports list the recommended reconditioning work needed on a vehicle and the estimated cost of repair. The reports also grade vehicles on a common scale (see Condition Reporting, pages 62-63). Condition reports and vehicle photos can be posted online, which allows an auction account coordinator to discuss with the consignor or their representative each vehicle’s condition, as well as the suggested repairs. At that point, the commercial consignors may rely on auction location account coordinators to give them an idea of what they might expect to receive for the vehicle if sold “as is,” and what added value could be gained by making various enhancements.

**Marketing**
Critical to the success of any auction sale is attracting many buyers and sellers whose interests are complementary. All auction locations bring this expertise to their customers. They may employ telemarketers who call dealers locally or around the country to inform them of upcoming sales and promotions. In addition, they will send faxes or e-mails of pre-sale lists or direct-mail flyers to a targeted set of dealers who frequent the auction sale or who have made the auction location aware of their buying needs. Advertisements are placed in automotive trade publications, and announcements are put on the auction location’s Web site. Posters adorn the lobby, and displays are often created to attract interest in upcoming events. In many instances, online promotions, sweepstakes, or prizes are promoted to attract buyers.

**Auction Certification**
Many auction locations will pre-sale-certify a vehicle to help a consignor build confidence in the car’s condition. There are usually levels of certification available (see Auction Certified Inspection, page 61).
Dealer Consignment Overview

Similar to commercial consignment, hundreds of dealer cars are consigned to auctions for each sale. To help facilitate the process, most operating locations have dedicated dealer account representatives and a staff of dealer account managers to ensure the experience is a favorable one for the consigning dealer. These dealer account teams work with dealers and their representatives in a variety of ways, including:

- Ensuring the dealer chooses the most appropriate placement for each vehicle being consigned.
- Assisting in setting realistic price expectations for each vehicle being sold.
- Establishing a pattern and reputation for the dealer as a credible and consistent seller.
- Finding the appropriate lanes and run times.
- Providing assistance to sellers and encouraging them to represent their vehicles at the time of sale.
- Developing plans to enhance the prospect for increasing sales rates over time.
- Assisting with any issues in the exchange process, including the required paperwork.

Manheim Consulting

Maximize vehicle value at auction by utilizing proven selling strategies.
The Sale

Auctions bring together large numbers of buyers and sellers on sale day to facilitate the fair market trade of vehicles for true market values. The auction sales may also be broadcast over the Internet to dealers nationwide in simulcast transmission (see Manheim Simulcast, page 87). Auction locations themselves never take ownership of vehicles but, rather, receive fees for the services provided. The open, live, competitive bidding on sale day is extremely quick, and results are driven by buyers competing for the same vehicles.

Dealers, who are the only buyers participating in wholesale auction sales, may have preregistered to participate, while others may need to register the day of the sale. These dealers may be local or might have traveled long distances to make their purchases.

Auctions may run multiple “lanes” of vehicles at one event (see Understanding Lane Activities, page 43). Drivers who work at the auction location bring cars through the lanes where the vehicle, the seller, potential buyers, and the paperwork on the vehicle all meet with a professional auctioneer. The auction “lot personnel” coordinate to ensure that the right car is in the right place at the right time.

Confer with the Auctioneer

Auctioneers can get a feel for the crowd. Get their advice on the strength of the market that day.
The auctioneer facilitates the sale of each vehicle, which, on average, takes about 60 seconds. For more on specifics of buying and selling, see Buying a Vehicle and Selling a Vehicle, Chapters 4 and 5, respectively.

To keep participants updated at the auction, electronic monitors are often available to provide the status of various auction activities, such as arbitration outcomes, “if” bids, and the status of vehicles in each of the lanes (see “If” Bids, page 46).

**Front Office Administration**

The auction location employs numerous specialists on its staff, including payment clerks, title clerks, and financing personnel, among others, to ensure the sale runs smoothly and transactions are completed effectively. Payment clerks handle thousands of buying and selling transactions at each sale; title clerks will ensure that the documentation and transfers for each of these transactions are managed; and Manheim Financial Services (MAFS) personnel will often assist in what has become the financing of hundreds of millions of dollars worth of transactions at the auction locations.

**Arbitration Services**

Dealers who have made a purchase but are concerned with some aspect of the sale or vehicle can seek arbitration. Each location is staffed with personnel dedicated to assisting in these situations (see Services for Buyers, pages 50-52, and Services for Sellers, page 66).
Post-Sale Activities

Auction Fees

Most auctions use a sliding scale to set buyer and seller fees. These fees vary nationwide, but are usually related to the actual sale price of the vehicle.

Transportation Services

Consignors, dealers and remarketing professionals wishing to arrange transportation for their vehicles can contact either the operating location or Manheim’s Transport Solution to gain access to a nationwide network of transporters. Manheim’s “One Call Does It All” Premium Transport Management Services, powered by Manheim Transport Solution, will handle the entire process for both inbound and outbound transportation needs (see Vehicle Transportation, page 52).

Advertising and Marketing Services

Coordinators can help dealers advertise their purchases immediately. Before vehicles leave the premises, dealers can arrange to have vehicles posted on AutoTrader.com (a retail online classified advertising and auction service) or advertised in one of a number of publications, from newspapers to specialized magazines showcasing vehicles to the public. Auction locations can also help dealers place vehicles on retail or wholesale Internet sites such as Manheim’s OVE.com site that provides 24/7 remarketing opportunities.
At the request of the buyer, auction locations perform detailed arbitrable issue inspections that can be guaranteed for 7 or 14 days.

Locations provide guaranteed funds to sellers and are responsible for collecting funds from buyers.

Many locations facilitate title transfer and storage, as well as electronic title searches.

Dealer floorplan financing, as well as rental car financing, are available from Manheim.

Some operating locations have their own delivery fleets; some handle the arrangements for their dealers with outside vendors while others utilize Transport Solution to handle the entire process, utilizing a nationwide network of qualified transporters for both inbound and outbound transportation needs.

Locations can assist customers in selling their vehicles in wholesale and retail environments.
Q. Do auction sales in different parts of the country operate differently?

In general, most operate in the same way. However, there can be small, but important, differences, based on geography, auction chain, tradition, etc. Variations can occur in areas such as arbitration, presentation of run lists, role of ringmen, etc.

Q. How do live auctions compare with Internet auctions?

Live auctions bring together a critical mass of buyers in a neutral bidding environment where there is the immediate interaction of open bidding. Live auctions comprise the only marketplace where buyers get to kick the tires. Moreover, live auctions provide on-site reconditioning services.

Internet auctions (Manheim Simulcast and OVE.com) allow the dealer to bid without leaving the dealership; they also allow dealers to utilize multiple auction locations, and they facilitate 24/7 buying and selling. Internet auctions can be an effective way to purchase specifically targeted vehicles and for consignors to gain visibility for their products. Today, new technology, including digital photo booths, provides a more realistic picture of online vehicles.

Q. How does an auction location make money?

The primary source of revenue is fees for services provided to both buyers and sellers.

Q. Do certain auctions specialize in certain vehicles?

Many auctions cover a wide array of sale types, from off-lease vehicles to factory program cars to dealer consignment. Auctions also run special sales, such as collectibles or high-end luxury units. Some sites regularly schedule boat, motorcycle, RV, personal watercraft, and other PowerSport vehicle sales.
CHAPTER 3

PLANNING A VISIT

Choosing an Auction Location 23
What’s for Sale 26
Other Types of Auction Sales 28
Dealer Registration 29
Run Lists 32
Car Pricing Expectations 34
Summary 36
Frequently Asked Questions 37
Choosing an Auction Location

Both buyers and sellers usually choose an auction location based on their specific needs, which may include:

• Vehicle types being consigned
• Geographical convenience
• Reputation of the operators
• Services offered
• Marketplace dynamics

NAAA Auction Members

Auction locations come in all sizes and shapes. The largest have more than 20 lanes, the smallest, one or two. Over 350 national and international members belong to the National Automobile Auction Association (NAAA). This organization demands that its members meet certain requirements and operate secure, neutral auction settings. A list of NAAA auctions can be found at www.naaa.com.

Auction Formats: Open and Closed Sales

There are basically two types of wholesale auction sales:

Open: An open sale means that any registered dealer may attend. The majority of auction sales are open. Open auctions usually offer a range of vehicles from various sources. However, an open sale may be specialized and concentrate on a single class of vehicle, such as special dealer consignments, off-lease, rental or fleet vehicles.

Closed: A closed sale limits who may attend. For example, a manufacturer may hold a sale that is only for its franchised dealers.

In certain circumstances, to meet government requirements, auctions may open consignment sales to the public.
Auction Calendars

Most auction locations schedule regular, recurring sales on the same day of the week (e.g., a regular “open” Tuesday sale and a biweekly “closed” factory sale). Special sales may be scheduled for other days of the week. Most sales are held during the day, though night auctions do occur; weekend auctions are rare.

The calendars most often indicate what kind of vehicles (off-lease, dealer consignment, factory, etc.) will be offered for sale and may even include information on who will be consigning the vehicles and the number of units in the sale.

Many auction locations advertise their calendars in trade publications. (For a list of industry magazines and Web sites where sale information is published, see pages 109-111.)

INSIDER TIP!

Multiple Auction Calendars Focus Buying Opportunities

It works to a dealer’s advantage to get calendars from more than one auction location. Once a dealer has requested a calendar, they will be put into that location’s database and will receive regular information. In addition, if requested, the location will update the dealer on specific vehicles coming to auction that meet his or her buying criteria.
Local Auction Web Sites

Local auctions usually maintain Web sites that include information on:

- Travel directions and maps
- Registration information
- Sale-day lane schedules
- Pre- and post-sale inventory lists
- Market reports
- Internet inventory
- Events calendar
- Services
- Contact information
- Financing options
- Airport/hotel pickup

Auction Tours

Auction locations welcome the opportunity to show customers how the auction works and are eager to provide a tour of the facilities, as well as spend time with an individual explaining the details of the operation, the bidding process, and more.
What’s for Sale

**Dealer Vehicles**

**Dealer Consignment Sales represent approximately 50% of all wholesale auction sales.**

Dealers consign millions of vehicles to auction. Dealer consignment sales are open to all dealers.

**Examples:**
- AutoNation, DriveTime, CarMax, Troutman Motors, Group 1 Automotive, Hendrick Automotive Group, Sonic Automotive, Penske Automotive Group (PAG), Major Chevrolet, Payless Cars and Trucks, Regal Car Sales, Moss Motor Company

**Models:**
Dealers consign everything from luxury SUVs to economy compacts.

**Fleet/Lease Vehicles**

**Fleet/Lease Sales represent approximately 34% of all wholesale auction sales.**

Fleet operators and leasing organizations (both lending institutions and auto companies’ captive finance subsidiaries) send millions of vehicles to auction each year. Fleet/Lease sales are usually open to all dealers.

**Examples:**
- Chase, CitiCapital, Wells Fargo, Ford Credit, GMAC, Chase, Bank of America, Enterprise RAC, Remarketing Solutions, Hertz Corporation, GE Remarketing, Remarketing Services of America, AmeriCredit, Avis Budget Group

**Models:**
A wide variety of manufacturers, makes and models are represented in this category. The majority of these vehicles have been reconditioned to the highest industry standards.

**Factory Vehicles**

**Factory Sales represent approximately 16% of all wholesale auction sales.**

It’s estimated that automakers consign around 1 million cars to auction. Factory sales are usually open to franchised dealers only.

**Examples:**
- Ford, GM, BMW, Chrysler, Toyota Financial Services, Nissan, Honda, Mitsubishi, Volkswagen, Mazda, Hyundai, Volvo, ARS, Jaguar, Lexus Financial Services, Infiniti, Kia, Daimler AG

**Models:**
For years, rental fleet cars were almost entirely four-door sedans. However, automakers now place popular new-model-year SUVs, convertibles and minivans in rental fleets, as well as luxury models such as Jaguar and Lexus.
**Age and Condition:**

The condition of dealer-consigned vehicles varies greatly. However, as most dealer-consigned vehicles are part of excess inventory, these vehicles represent good values for buyers.

Most dealer-consigned vehicles come in clean and ready, while others are reconditioned by the auction location. More dealers are getting their vehicles auction-certified (see Auction Certified Inspection, page 61).

**Geography:**

Auction inventory may reflect the consumer vehicle preferences of their area — i.e., convertibles may be more prevalent in warm areas, while pickup trucks may number more in rural areas (see Regional Differences, page 73).

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**Age and Condition:**

**Lease:** These are primarily two- and three-year-old models with limited mileage. The vehicles are usually in good condition for two reasons: (a) the lease sets out standards that must be met when the car is turned in; and (b) the vehicles are usually reconditioned at the auction location prior to sale.

**Fleet:** Vehicles tend to be remarketed after 30 months for cars and 45 months for light-duty pickup trucks. Fleet vehicle mileage tends to be higher than normal, but the vehicles are in relatively good condition, as they have usually been regularly maintained by the fleet operators.

Many off-lease and fleet vehicles receive some kind of reconditioning service by the auction company to enhance their resale value. Services might include paintless scratch and dent repair, detailing, or minor mechanical work.

**Geography:**

Though off-lease vehicles tend to be most prevalent on the East and West coasts, consignors attempt to redistribute these cars to auctions throughout the U.S.

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**Age and Condition:**

Many program cars are current-year models, having been in daily rental service for six months to one year. Most are in good, if not excellent, condition as they have lower miles and have been regularly maintained.

Most program cars receive reconditioning services from the auction location. These services may include dent removal, windshield repair, paint and body repairs, and detailing.

**Geography:**

Since rental car populations are centered at airports in major metro areas, consignors attempt to redistribute these cars to auctions throughout the U.S.
Other Types of Auction Sales

Salvage Auctions

Select Manheim locations with specialized facilities, staff, and service conduct sales whose offerings include salvage, damaged, disabled, and recovered vehicles and equipment, along with scrap and parts. See www.totalresourceauctions.com.

Mobile Auctions

These auction sales are conducted on the seller’s site and were created to meet the needs of fleet-sized groups of trade-ins. The Manheim Mobile Auction solves the logistical problem these sales present of moving large quantities of vehicles off premises. For example, mobile auctions have been used to sell large quantities of hail-damaged vehicles.

Exotic Highline Events

Featured at select Manheim locations, these auctions sell exquisite nameplates such as BMW, Rolls Royce, Ferrari, Porsche, and many more. These auctions’ sales draw buyers from around the world.

Heavy Truck and Equipment Auctions

These auctions offer everything from semis to box trucks.

Specialty Auctions

Sale offerings at these select Manheim locations include motorcycles, boats, recreational vehicles, and PowerSports units.
Dealer Registration

Dealers must register to attend and bid on units at an auction. This can be done on the day of every sale, but, for convenience, many dealers preregister. Registration can be completed in person, online, by fax, or by mail. Forms are available at www.auctionaccess.com. Dealers can preregister at the Web site as well.

Ease of Use

Many auction locations use a national dealer registration system for the convenience of customers. Dealers need only register once to bid at more than 150 auctions. They can also update their information online 24/7 using myACCESS! Log on to www.auctionaccess.com.

Dealer Registration Checklist

• A completed Dealer Registration Form includes:
  Dealership name
  Lot address
  Dealership taxpayer ID number
  Company type
  Business type
  Business phone
  Insurance company
  Bank, finance or floorplan company
  References

• Signed Authorization and Guaranty Form
• Taxpayer Identification Form (Form W-9)
• Bank Authorization Letter (allowing the bank to release credit information to the auction company)
• State Sales and Use Tax Certificate of Exemption (if applicable)
• Copy of dealership check

• Copy of dealership owner’s government photo ID and photo IDs of all authorized representatives
• Surety Bond and Division of Motor Vehicles Bond, if required by state
• Authorization Letter for all authorized representatives
Identification Cards

Dealers who complete the registration process (along with their registered representatives) are issued a permanent identification card, shaped much like a credit card and called an AuctionACCESS® card. This card grants access for dealers to buy and sell vehicles. AuctionACCESS® cards may be inserted into kiosks placed around the auction site to receive bidder badges and other information.

INSIDER TIP!

Register Once with AuctionACCESS®

Register one time with AuctionACCESS®, and a dealer is automatically registered at more than 160 auction locations in North America.
Self-Service Auction Kiosks

Electronic kiosks are placed throughout most auction locations. By inserting an AuctionACCESS® card into a kiosk, a dealer can obtain the following:

- Run list of sale-day vehicles
- Run list of upcoming sale days
- Buyers summary
- Make and model summary
- Bidder badge
- Driver badge
- Gate pass
- Block summary
- “If” sale summary

Bidder Badges

A bidder badge is typically required for a dealer to bid at an auction. It is worn in plain view so the auctioneer can see it. To receive a bidder badge, a dealer can simply insert his or her AuctionACCESS® card into a kiosk at most auction locations.

The badge displays:

- Auction sale week number
- Dealership name
- Bidder name
- Bidder number
Run Lists

Auction locations make available computerized lists of the vehicles running in each sale. These lists are segmented by the selling group, such as the commercial consignor, dealer consignment, etc. These lists, often referred to as run lists or block summaries, can be obtained in person from the auction kiosk or via fax or e-mail. In some cases, auctions maintain customized Internet sites for individual dealers and automatically post the sale lists to their private sites (see Manheim.com, page 85).

These lists are updated regularly. Run list data may vary, but the following typically will be indicated:

- Lane in which the vehicle will be for sale
- Vehicle run number (this is an auction-assigned sequence number given to the vehicle or group of vehicles consigned by one source)
- Vehicle year, make, model and body style
- Vehicle color
- Vehicle mileage
- Vehicle equipment such as air conditioning, power steering, etc.
Customized Run Lists

Auction locations can provide customized run lists by car model, car make, or even by year. Dealers can request the list organization that suits their needs. There is no charge for this customizing service.

INSIDER TIP!

Know the Market

Successful dealers at auctions arm themselves with knowledge about what vehicles are bringing in the wholesale and consumer markets.
Car Pricing Expectations

The foundation of the auction process is based on price expectations being met by buyers and sellers. Several tools exist to assist buyers and sellers in setting realistic price expectations, including the Manheim Market Report (MMR), guidebooks and other industry information (see Pricing Consigned Vehicles, pages 64-65).

Auction Market Reports

Sale price lists for vehicles that have previously been sold at auction are available. These lists vary in the information they provide, but most indicate the vehicle year, make, and model, the vehicle’s equipment and mileage, and the auction price paid. These lists are available electronically in real time as well as in print. (see About Manheim, pages 103-108).

INSIDER TIP!

Manheim Market Reports

These are indispensable tools for many dealers because they provide real-world vehicle values.
Guidebooks

Guidebooks are often used by dealers to give them a pricing framework for the vehicles they are considering buying and selling. Due to the varying methodologies used in developing the different price guides, the resulting values for the same year, make, and model may differ.

Industry Information

Various publications, newsletters, and Internet sites with information, reviews and opinions on used vehicles can be helpful reference material (see Related Materials, pages 109-111).
SUMMARY

• Choose a sale that matches your needs.

• Dealers need to register at auction locations before buying and selling.

• AuctionACCESS® cards allow access to all participating auction locations for sales.

• Preparation beforehand, including setting realistic buying and selling price expectations, increases your chance of success at the auctions.

• Consult with auction dealer sales personnel on your needs.
Q. How do I register my dealership (or one of my employees or another representative who can bid for me)?

Any licensed dealer can register online or at an auction location to participate in buying or selling. Dealer principals can also authorize representatives to bid for their organization at the time of registration or via a Letter of Authorization. Authorized representatives must have a valid driver’s license and any required state license.

Q. How long in advance does a dealer need to register for an auction?

The sooner the better, but dealers can register at any time, including the day of the sale.

Q. Do I need to register at each auction facility, even if they are all part of the same auction company?

No. Your AuctionACCESS® identification card automatically registers you at every facility a particular company operates.

Q. Does a buyer for a number of dealerships need to wear all their bidder badges?

Yes, the auctioneer needs to know which dealership has purchased the vehicle at the time of sale.

Q. How long does a registration period last?

If a dealer attends auctions regularly, there is no need to register again. However, if a dealer does not attend an auction for a period of time, it will be necessary for him or her to register again so that the account can be reactivated.

Q. How much time should I plan on spending at the auction?

Most auctions begin at 8:30 or 9:00 a.m. and finish around 4:00 p.m., but this depends on the auction volume. Many participants come early so they have time to do vehicle inspections and stay until the cars they are interested in have run. Auction administration tasks such as payment and title processing are usually done quickly.

Q. What do I need to bring to an auction?

• Payment instruments: Company checks, letters of credit from floorplan providers, cashier’s checks, cash or drafts are accepted by most auctions.
• AuctionACCESS® card
• Titles to any vehicles being sold, if they are not already at the auction location
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale Day Preparation</td>
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</tbody>
</table>
Sale Day Preparation

Dealers buy almost 10 million vehicles at auction per year. The better a dealer has prepared for the sale, the better the chance of having a profitable experience.

Pre-Sale Inspection

Dealers have the opportunity to inspect the vehicles that will be going through the lanes. The most successful dealers arrive early and roam the pre-sale lot to assess the condition of vehicles they might be interested in purchasing.

INSIDER TIP!

Walk the Lot

Preview the vehicles of interest.
Sales Lot Parking Plans

Some locations provide a sales lot parking plan that outlines where vehicles are located. Vehicles are typically parked in groups that correspond to the lanes in which they run. Parking lot plans are typically available at the location’s front desk.

Floorplanning Financing

Manheim has $1.5 billion in floorplanning available to dealers. Other companies have similar plans.
Windshield Markings

Each vehicle ready for auction is marked on its windshield. This marking, either printed or written by hand, is prepared when the vehicle is checked in.

The markings contain:

- Seller name
- Model year
- Run number
- Odometer reading
- Lane assignment

In some cases, the condition of a vehicle is also marked on the windshield.

Read Up

Get the daily Manheim Market Report (MMR) at www.manheim.com to know the latest wholesale vehicle pricing trends.
Sale Day Lane Schedule

This summary shows what vehicle groups will be offered, where and at what time.

Run Lists

Each seller group’s individual vehicles are listed on a run list. Run lists are available online or via fax, but the most complete listing can be obtained the day of the auction. Lists are generally available at the entry of the auction facility and can also be printed out from kiosks around the facility (see Run Lists, pages 32-33).
Understanding Lane Activities

Many elements converge in the lanes of an auction, where the vehicles are auctioned from the “block” one at a time.

**Block Area**

The “block” is the elevated area where the seller, the auctioneer, and some auction administrative staff conduct the sale. The auctioneer and the block clerk are “on the block” throughout each sale. As a seller’s car enters the lanes, that seller may also be on the block to represent their car to the bidders.

**The Auctioneer**

The auctioneer provides detailed information about the respective vehicle for sale, makes appropriate announcements about the vehicle, discusses price expectations with the seller, and calls for bidders from the lane and online. The auctioneer manages the bidding process and ensures that interested buyers are acknowledged in the bidding. Once there are no additional bidders on a vehicle, the auctioneer will complete the sale – or discuss alternatives with the seller if the car did not meet the seller’s minimum price (also known as the “floor price”) – and all of this is done in about 60 seconds.

**Ringmen**

At some auction locations, ringmen assist auctioneers in identifying bids and clarifying issues in the bidding process.

**Block Clerk**

The block clerk is the person who records the winning bid for each vehicle, the amount and the dealer who purchased the vehicle, as well as all other transaction details.

**Manheim Simulcast Technology**

Simulcast broadcasts the live action from the lane via real-time audio and video. It expands buyers’ and sellers’ marketplaces (see pages 87 and 105).
What Do the Lights Mean?

The lights above the auctioneer are there to indicate the conditions under which that vehicle is being sold. It is the seller’s responsibility to make the proper announcements from the block and ensure that the appropriate lights are lit. It is the buyer’s responsibility to understand the announced conditions and what the lights mean. Though lights differ by location, this is a summary of what might typically be found in an auction lane.

**Green Light: Ride and Drive**

Green is a statement by the seller that the vehicle is being sold free of any known major defects, including:

- Drive train
- Engine
- Transmission
- Rear end

It may also cover other items such as air conditioning on vehicles of a particular age.

**Yellow Light: Caution, Listen Up**

Yellow indicates a vehicle that is being sold under announced conditions. These conditions are announced prior to sale by the auctioneer for the seller. Buyers cannot arbitrate for announced conditions.

The vehicle is sold “as is” and is not subject to arbitration.

Blue Light: Title Absent

Indicates a vehicle being sold without a title on the premises. It is usually announced from the auctioneer’s stand that this vehicle is “title absent” (or “title attached”). If this vehicle is sold, the seller has a certain period of time to deliver the title to the buyer.
Floor Price
(also known as “the low” or “the reserve”)

Sellers can put a “floor price” on vehicles they are selling, which indicates to the auctioneer the lowest price the seller is asking for the vehicle. If the floor price is not met, the seller can reach an agreement with the auctioneer while on the block to lower the floor price and attempt to sell the vehicle while it is still in the lane. If the bidding fails to reach the agreed upon floor price, the vehicle can still be sold on an “if bid;” otherwise, it will leave the lane as a no sale (see Floor Prices, page 65).

“If” Bids

“If” bids are usually facilitated by the auction company and state that a bidder agrees to buy a vehicle “if” the seller will accept the offer within a specified period of time. “If” bids are usually made on vehicles that did not meet seller’s price expectations (see Pricing Consigned Vehicles, pages 64-65). On sale days, the auction location has a department dedicated to facilitating “if” sales.

“Title Absent”

When a vehicle is sold as “title absent,” the title is not available the day of sale. If this occurs, individual auction rules should be consulted.

Screen Displays

At most locations, dealers can consult various screen displays that have information on:

- Status of vehicles crossing auction blocks by their run numbers
- Status of “if” sales
- Status of vehicles in arbitration
- Status of post-sale inspections
- Special messages

INSIDER TIP!

Bidding Strategies

Each dealer has their own bidding style. The important thing is to be sure the auctioneer or ringman knows when a dealer is interested in a vehicle so their bids are noted.
Types of Consigned Vehicles  (see pages 26-28)

Dealer Vehicles

Dealer vehicles for sale at auction are primarily trade-ins and aged inventory. In some cases, a dealer will take a vehicle in trade that does not meet his dealership profile and will immediately offer that vehicle for sale at auction or through an online channel such as OVE.com. Often, if a dealer cannot retail a vehicle within a certain period of time, he or she will bring the vehicle to an auction for a quick sale.

The condition of dealer-consigned vehicles varies greatly. Most are not reconditioned at the auction, but this is changing as auction locations demonstrate the value of reconditioning to the seller.

Fleet/Lease Vehicles

Off-Lease Units

Vehicles in this commercial category are consigned from manufacturers’ captive financial arms, fleet/lease companies, banks, and financial institutions. Vehicles are usually limited in the number of miles that can be put on the vehicle and are held to some kind of maintenance contract; these vehicles are often in good shape and, therefore, desirable.

Off-lease units tend to be older than rental company or factory vehicles, and often meet the needs of a dealer who is looking for noncurrent-year units. Auctions offer leasing companies the fastest and most efficient method of remarketing large volumes of vehicles. Moreover, because of the high volume and desirability of these units, lease vehicles are usually offered in dedicated lanes. At times, they are sold through upstream electronic venues.

Rental (Non-Program or Risk) Units

Risk units are vehicles that a rental company did not receive under a factory repurchase program. Therefore, the rental company has the responsibility of remarketing the vehicles.

The vehicles are usually current-year models. They have usually been in a regular maintenance program and tend to have been well kept. These vehicles also reflect the reputation and integrity of the rental company.

Repossessed Units

These vehicles are generated by manufacturers’ financial arms, leasing companies, banks, and financial institutions. Repossessions fall into two categories – voluntary and involuntary. Auto auctions meet all the Federal Uniform Commercial Code requirements of a “commercially responsible” method to sell repossessed vehicles.
Fleet Units

Fleet units are vehicles that come to auction from a company car fleet, trucking companies, or the government. These units may be owned outright by businesses or leased from fleet management companies.

Fleet vehicles tend to be more than two years old and, in most cases, the cars, vans, or trucks have minimal options and high mileage but have been satisfactorily maintained. Many dealers feel comfortable purchasing these units at auction or online.

Auction sales offer fleet consignors the quickest way to remarket large volumes of similar vehicles.

Factory (Program) Vehicles

Based on manufacturers’ marketing strategies, fleets of vehicles are sold to rental companies under various programs. Manufacturers’ programs with rental companies may call for the repurchasing and remarketing of these vehicles by the manufacturer in closed auction sales.

Program cars are most often all current-model-year units, and are still under factory warranty. Often, the manufacturers sell these available vehicles in closed physical or online auctions, only to their franchised dealers. This gives the factory’s dealers first pick at current-model-year, quality used vehicles. Program cars also give the dealer an opportunity to put a customer who cannot afford a brand new vehicle into a current-year used vehicle and possibly save the sale for the brand.
Profit opportunities are usually available to dealers who know their inventory needs and their markets. Sometimes, securing a desirable car for one more bid can be worth the investment – particularly if it can be sold quickly.
Services for Buyers — After a Purchase

There are a number of services provided to buyers at the auction location after they have made purchases, including post-sale inspections, arbitration services, test-drive opportunities, purchase payments, title services, vehicle transportation, and advertising of their purchased vehicles.

Post-Sale Inspections

Dealers who have purchased vehicles may use post-sale inspection services. A team of mechanics inspects the mechanical and frame components of the vehicle looking for arbitrable issues. Fees are set according to vehicle value and are also dependent on inspection type (frame, mechanical, or complete) and length of inspection guarantee (7 or 14 days).

Arbitration

Arbitration is a valuable service provided by auction locations to protect the interests of both buyers and sellers and ensure the vehicle in any transaction has been properly represented.

An individual employed by the auction company, a neutral party in the buying and selling process, arbitrates any disputes. Arbitration time limits vary by auction. Manheim auction locations have adopted the National Auto Auction Association’s (NAAA) National Arbitration Policy at all its U.S. and Canadian locations. Manheim customers receive the same arbitration process and standards at any location they visit.

All NAAA auctions have a procedure for investigating, and hopefully resolving, issues between buyers and sellers. Arbitration usually applies to vehicles that were announced and sold under the green light. Controversies can be resolved by the two parties coming to some kind of financial adjustment on the selling price or, if the arbitration finds the buyer’s complaints accurate, and no monetary compromise can be reached, the sale may be canceled or unwound. Arbitration services are free to buyers and sellers.

INSIDER TIP!

Arbitration Policies

Familiarize yourself with the arbitration policies of the auction companies you attend, as the policies among them may differ.

Title Services

Once payments for purchases have been made, title specialists at the operating location will assist dealers in the administration of transferring necessary documents. Manheim title specialists are available on all sale days and are capable of processing titles for all 50 states.
**Test Drives**

At many locations, if a buyer presents a valid driver’s license and his “sold” invoice to the arbitration department, he or she can test drive the purchased vehicle. Many auction locations have test tracks for this purpose.

**Purchase Payments**

After completing purchases for the day, buyers go to the auction location’s front office to finalize their transactions, which includes paying for purchases, transferring titles and receiving gate passes. Buyers can pay for vehicles in a number of ways, including certified checks, cashier’s checks, company checks, money orders, cash, wire transfers, drafts, or with authorized floorplan financing such as offered by MAFS. The final price of the vehicle will be the bid price for the vehicle, plus the buyer’s fee to the auction location and fees for any other services the buyer has requested.

**Frontline Services**

Vehicles can be made frontline ready before they ever leave a Manheim auction location. Many locations have one-stop shop reconditioning services that can make vehicles frontline ready before they leave the location, enabling vehicles to sell faster and at a higher price. Services include vehicle detailing, light mechanical repairs, minor interior and exterior repairs, auto body repair and vehicle customization.

---

**The Traditional Way:**

- **STEP 1** Purchase vehicles at Manheim location.
- **STEP 2** Arrange for vehicles to be transported to your dealership.
- **STEP 3** Outsource – Check and repair mechanicals.
- **STEP 4** Outsource – Call detailing specialists and wait.
- **STEP 5** Outsource – Call PDR tech and wait.
- **STEP 6** Outsource – Schedule paint and body and wait.

**The Frontline Force Way:**

- **STEP 1** Purchase vehicles at Manheim location.
- **STEP 2** Utilize Frontline Services – a one-stop shop to recondition and make vehicles frontline ready.
- **STEP 3** Reconditioned vehicles are transported to your dealership and head straight to the lot for sale.
Gate Passes

After the transaction is completed, a gate pass will be provided by the front office to allow the purchased vehicles to be released from the premises.

Vehicle Transportation

Transportation of purchased vehicles can be arranged by the buyer in a variety of ways, including:

• Transport Solution
• Auction location local delivery service
• Independent transporters
• Dealer-employed drivers/transporters.

Advertising

Operating locations can assist dealers in placing classified ads for the vehicles they have purchased. Ads can run in various newspapers or specialized publications. In addition, operating locations can help a dealer advertise online to retail customers or to other dealers (see OVE.com, pages 86 and 105).
SUMMARY

- Know what you are looking for and what you are willing to pay.
- Know your market, and come financially ready to buy.
- Inspect vehicles on the lot before the auction begins in order to gain useful information.
- Understand the different vehicle suppliers’ inventories.
- Know what the lights mean, and listen for announcements by the auctioneer.
- Seek advice from the ringmen and auctioneer.
Q. How do I make my vehicle preferences known so the operating location can inform me as to when they might be for sale?

Dealers can submit “profiles” to the operating location’s marketing department, describing the types of vehicles they are interested in purchasing. Dealers can indicate the make, model, price range, condition and supply source for vehicles for which they would like to receive pre-sale notification. This “Want List” can be submitted electronically, by mail, fax, phone, or in person.

Q. Can a dealer bid on a car before the sale begins?

Only when it is offered on an Internet venue such as Manheim’s OVE.com.

Q. Is there a minimum purchase requirement?

No. Dealers can purchase as few or as many vehicles as they need, based on their credit limits.

Q. What should a dealer do if he wants to purchase a vehicle that went through the lane as a no sale?

The dealer should communicate to the dealer representative, ringman or other auction official in the lane to facilitate a potential purchase.

Q. How does a dealer establish floorplan financing with the operating location?

Most auction chains have in-house financing departments that can help independent dealers arrange for credit. Most franchised dealers use their manufacturers’ captive finance companies to establish a line of credit with an operating location.
Q. What’s the difference between auction certification and post-sale inspection?

Pre-sale certification is requested by the consignor and takes place before the sale. Post-sale inspection takes place after the sale and is requested by the buying dealer.

Q. Can a dealer buy a car at auction and resell it at auction the same day?

Yes. The dealer will have to re-register the vehicle.

Q. Do all operating locations use electronic registration?

Most do, but some do not yet have this technology in place.

Q. How long in advance does a dealer need to register for an auction sale?

The sooner the better, but dealers can register at any time – even on sale day.

Q. How do I register one of my employees or another representative who can bid for me?

Dealer principals can authorize representatives to bid for their organization at the time of registration or via a Letter of Authorization. Authorized representatives must have a valid driver’s license.

Q. How extensive is the Manheim PowerSearch inventory?

Manheim PowerSearch gives you access to approximately 100,000 vehicles, all of which are searchable by key criteria – mileage, color, body style, and price. Manheim Market Report pricing is integrated into the site, so finding the vehicles buyers want is quick and easy.
CHAP T E R  5

SELLING A VEHICLE

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Services for Sellers – After a Sale 66
Summary 67
Frequently Asked Questions 68
Consigning a Vehicle

Sellers who represent their vehicles accurately and set realistic prices consistently sell a high percentage, earn the buyers’ trust and enjoy more success at auctions.

Inventory Into Cash

Nothing is more important to a consignor’s success than turning inventory. Auction and online sales are the best way for consignors to turn slower-moving inventory into cash. Dealers who succeed at a sale follow a consistent pattern of trustworthy business conduct (see page 17 for “Sellers Can Maximize Vehicle Value at Auctions”).

= $
Consignments to auctions are from varied potential sellers, including dealers, manufacturers, banks, rental car companies, leasing companies, government agencies, company car fleets, and other commercial institutions (see Types of Consigned Vehicles, pages 47-48).

Registration

A consignor can register vehicles into the sale day inventory in several ways:

- Vehicles can be registered by telephone, fax or e-mail with the auction’s sales and/or vehicle registration department.
- Vehicles can be registered electronically using an auction’s online service, where available. Go to www.manheim.com for more information.
- Vehicles can be delivered to the auction site.

Set a Price

Floor prices (or “floors,” “reserves,” “absolute lows”) should be set at the time of registration and communicated to the auctioneers.
Required Information

To consign a vehicle, the consignor must provide a full description of the vehicle, including the VIN (see VIN, pages 70-71). For best results, the consignor should have the title at the auction location prior to the sale.

INSIDER TIP!

Sell Consistently to Increase Sales Ratio

Buyers get a feel for sellers, their inventory, and their pricing flexibility over time. They become comfortable with sellers who represent their vehicles accurately, set realistic prices and consistently sell a high percentage. Likewise, the consignor who sells cars only intermittently is unknown to the buyers, and their vehicles are less likely to be sought out.
Maximizing a Vehicle’s Value

There are several ways sellers can enhance the value of vehicles they are trying to sell. These include reconditioning, certification, and effectively representing the vehicles on the block.

Reconditioning Services

Most locations are equipped with reconditioning operations and some have full-scale operations designed to make vehicles frontline ready. These services include:

- Paint services
- Dent removal
- Light mechanical repairs
- Body work
- Collision repair
- Detailing
- Glass replacement
- Upholstery cleaning, replacement or repair
- Tire replacement
- Airbrushing
- Parts
- Presentation of a Condition Report (which can be used to discuss recommended reconditioning services to consignors and buyers)
- Vehicle customizations

Reconditioning Can Be Profitable

Reconditioning is a wise investment. Many consignors have seen that $1.00 spent on reconditioning can provide $1.50 in return.
Auction Certified Inspection

Many auction locations offer consignors a vehicle certification program. The program allows the seller to choose a level of certification. Manheim offers a 32-point inspection, including exterior and interior condition, fluid levels, and a test drive by trained personnel. The Manheim inspection is guaranteed for 14 days after the sale.

INSIDER TIP!

Detailing: A Good Investment

First impressions of a vehicle do matter, and many consignors use the auction facility’s detailing services to present their vehicles in the best light.
Condition Reporting

Manheim Condition Reports provide valuable insight into the visible condition of a vehicle prior to sale (in the lane or online). Our trained and certified CR Writers electronically record information about current damages and prior repairs, tire and tread depth, options, equipment packages, value-adding features, and the overall condition of the vehicle. The reports assist consignors with remarketing, reconditioning, and floor pricing decisions. They also assist online buyers through Manheim Simulcast, OVE.com, and other remarketing channels.

Seller on the Block

When vehicles are personally represented by a seller, there is a positive sense created in the lanes that the seller is standing behind their vehicles. If consignors cannot attend a sale where they are selling vehicles, the auction location’s dealer representative can be asked to stand in on the block. It is helpful if the sellers establish a realistic floor price on their vehicles so that the dealer representative knows the minimum price a seller will take.

INSIDER TIP!

Successful Sellers Stand on the Block

If sellers are on the block when their vehicles are in the lane, the vehicles usually bring more money. Buyers can converse with the seller and gain assurance on the condition of a vehicle. Plus, the seller can adjust the floor price to better reflect the actual bidding environment and readily authorize the auctioneer to accept a bid from the floor.
# Electronic Vehicle Condition Report

### NORTHSTAR AUTO AUCTION

**Electronic Vehicle Condition Report**

**SELLING A VEHICLE**

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**GROUP TOTALS**

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Pricing Consigned Vehicles

For effective results in the auction process, it is critical for a seller to set a realistic floor price (see Floor Prices, next page). Several factors come into play in determining appropriate price expectations, including the vehicle’s condition and color, and the demand for the particular product at that time. Once the seller’s expectations are determined, a seller may set a “floor price” for the vehicle. During the auction, the floor price is a key determinant of whether the vehicle will be sold or become an “if” sale or a “no sale.”

**INSIDER TIPS!**

Set Realistic Floor Prices

Sellers who consistently set floor prices that are not met by the bidders will soon find no one bidding on their vehicles, as they consider participation a waste of time.

Integrity Selling Pays Off

Properly and fully disclosing the condition of a vehicle gives buyers confidence and will, in the long run, gain a positive reputation for the seller and his or her vehicles. Buyers will seek out these sellers and regularly purchase their inventory.

**Condition**

First impressions really do matter. Buyers will take into account the condition of the paint, tires, interior, and other aspects of a vehicle. Other items to consider are the make, model, year, and odometer reading of the vehicle that is being sold, along with the general condition of the vehicle. Also important are the number and type of add-on features.
Color

Premium colors will usually bring a premium price. A popular color can sell a vehicle for $1,000 higher than that same vehicle with a less popular color.

Demand

Volume levels can affect pricing. An excessive number of a certain make or model can lower prices, while a scarcity can raise the bids. Many consignors check the run list and confer with the auctioneer for assistance. To determine market demand at previous sales and the resulting prices, market reports from the auction location can be obtained from the staff (see Auction Market Reports, page 34).

Floor Prices

The majority of vehicles go through the lanes with a floor price — the asking price of the vehicle. To eliminate or change the floor price, the consignor should contact the auctioneer or auction dealer representative. Auctioneers prefer to have an established floor price, as it helps focus the bidding process. If the bidding does not reach the floor price, the seller standing on the block can indicate to the auctioneer that they will take the last bid and forgo the floor price.

“No Sales”

“No sales” occur when the bidding in the lane does not reach the floor price of the seller. While consignors have the option of no-selling their vehicles, usually the vehicles will not appreciate in value, and it is worth their considering the costs of holding inventory longer and possibly selling later for even less. Usually a vehicle brings the best price the first time across the block.

If a consignor has any vehicles that have not sold, they can ask to put them through the lanes again that day, store the vehicles until the next sale, offer them for sale online, or arrange for the vehicles to leave the auction site.

INSIDER TIP!

Seek Advice

Sellers often confer with the auctioneer and location personnel as to what they think a vehicle might bring. Their experience and feel for the auction environment can be helpful in establishing a vehicle’s realistic floor price.

“If” Sales

“If” sales occur when the floor price of the seller has not been met, but a potential buyer wants to make an offer on the unit after the car has left the lanes. In these circumstances, a buyer advises the auction staff of the bid, which will be relayed to the seller.
Services for Sellers — After a Sale

Following a sale, the auction location seeks to ensure the completion of the transaction is a beneficial one for the seller. In this effort, operating locations provide title and payment guarantees and serve as an objective arbitrator, if required.

**Title Guarantees**

Trained staff will facilitate the transfer of the title to the buyer.

**Payment Guarantees**

The auction is a neutral trading floor that guarantees the consignor will get their money from the winning bidder. The auction location pays the consignor for their vehicles when the title is turned in, even if the buyer has not yet paid. The consignor is not responsible for collecting the money, nor do they have the risk of taking bad checks.

**Arbitration**

Arbitration protects both the seller and buyer. Buyers can request arbitration. However, if a buyer’s complaint is not open to arbitration, the buyer still owns the vehicle, and the seller does not have to take time dealing with the complaint or negotiating with the buyer (see Arbitration Services, page 19).
SUMMARY

- Auctions can deliver prices that are higher than expected.
- Selling more vehicles, more often, can mean more success.
- There are things a dealer can do to maximize the value of his or her vehicles.
- Sellers who stand on the block do better than those who are absent.
Q. Does a consignor need to consign a minimum number of vehicles?
No.

Q. How does a consignor correct information that is wrong on the invoice?
Prior to the invoice being printed, corrections can be made by contacting an operating location’s personnel. After the invoice is printed, the consignor can correct facts by contacting their dealer representative.

Q. What if a consignor does not have a title for a certain vehicle?
Vehicles that do not have the title at the operating location run in the lanes with a blue light, meaning “title absent.” The seller has a limited amount of time to submit the title to the auction for processing. Many times there is an additional fee for absent titles.

Q. What if a buyer is from another state?
On-site title specialists are aware of the title requirements in all 50 states and can handle the transaction.

Q. What if a buyer needs export services?
Manheim can arrange for the vehicles to be shipped anywhere in the world.

Q. If a vehicle doesn’t sell, is there a fee charged?
Generally, fees vary depending on auction policies.

Q. Should a dealer expect to sell everything he consigns?
Yes. As long as the dealer has set a reasonable floor price, the vehicles should sell.
CHAPTER 6

EVALUATING A VEHICLE

Characteristics of the Vehicle 69

Characteristics of the Market 72

Evaluation Tips 75

Frequently Asked Questions 81
Many factors need to be considered when determining the value of a vehicle. Condition, mileage, options, color, and market conditions are among the most important.

**Condition**

Vehicle condition usually trumps all other factors in determining the price a vehicle will bring. That’s why many sellers do extensive reconditioning on their vehicles before they enter the lanes. A vehicle that has been washed and detailed; has had its dings, scratches and dents repaired; and has been cleaned inside will bring a higher price. A vehicle’s condition is described in an electronic condition report (ECR), when available. This report is available online for most vehicles sold by institutional sellers. A summary of the overall vehicle condition is contained in the National Auto Auction Vehicle Condition Grading Scale. This 0 to 5 grading scale summarizes the ECR.

**Mileage**

Vehicle mileage is precisely quantifiable, and is key in determining the value of a vehicle.

**Options**

The same used vehicle can be sold for hundreds to thousands more dollars depending on the options and equipment. Items such as a hybrid, V6 vs. V8, four-wheel drive vs. two-wheel drive, and hard top vs. convertible can impact the value of a vehicle.

**Color**

Conservative, mainstream colors usually fare well at auction sales. Popular-color vehicles can sell for $1,000 higher than the same vehicle with a less desirable color. According to the National Association of Fleet Resale Dealers, good colors are typically silver, white, red, and tan while the difficult colors are typically purple, yellow and black. Of course, different models are affected differently. The bright yellow “cute-ute” can be an eye-catcher, while that same color on a traditional luxury car can be a tough sell.
What information is contained in a VIN?

Vehicle Identification Numbers (serial numbers) are stamped on every vehicle by the manufacturer. They are the primary identification code in the industry and can be found on dashboards and inside car doors.

1 HGBH41J X

1st character: the country in which the car was made
1, 4 or 5 USA
2 Canada
3 Mexico
6 Australia
9 Brazil
J Japan
K South Korea
L Taiwan
S UK
V France
W Germany
Y Sweden
Z Italy

2nd - 8th characters: portrait of vehicle, identifies brand, model, body style, engine size and type

9th character: validates the VIN as being authorized by the manufacturer — alerts officers if the VIN is not authentic
What is contained in a VIN?

M N 109186

10th character: model year of the vehicle
A 1980
B 1981
C 1982
D 1983
E 1984
F 1985
and so on through
Y 2000
1 2001
2 2002
3 2003
4 2004
5 2005
6 2006
7 2007
8 2008

11th character: identification of plant at which vehicle was manufactured

12th - 17th characters: vehicle production numbers
**Characteristics of the Market**

**Price Factor by Vehicle Class**

While broad movements in market pricing may be quantified, there are individual models within each class that move in the opposite direction. While price movement does reflect pure demand, there is often much more than this single factor at play.

- **Compact Vehicles.** Average auction sale prices for compact cars can be related to fuel prices and any new vehicle incentives placed on the category. Compact cars also exhibit a wider seasonal swing in prices than do mid-sized cars. These swings are directly related to the consignment and purchase activity of dealers who desire these units during the spring selling season and the early tax-refund season.

- **Mid-Sized Vehicles.** Due to the large number of competitive units in this category, seasonal price fluctuations are much smaller than in other markets.

- **Luxury.** A large increase in household wealth, plus a strong tendency for buyers to move upscale, provides a solid market for these cars. Moreover, buyers of these cars are less affected by economic downturns. However, swings in equity and real estate values as well as changes in off-lease volumes can move wholesale prices.

- **Sporty.** This class of car, like the convertibles that are an important part of the segment, thrive on the spring market. With the retail “spring market” coming earlier and earlier in the calendar year, dealers have become more aggressive buyers of these units earlier in the year.

- **Vans.** Minivans and full-size vans have comprised one of the weaker segments of the used vehicle market. This is directly related to the record sums of incentive money that were applied to the new vehicle side of this segment and the growing volume entering the wholesale market.

- **SUVs.** SUV prices have been relatively depressed. The used SUVs coming back to auction most recently consist of a much more upscale mix of units – vehicles that sold new at top dollar. Accordingly, the flat to lower average used SUV price hides what, in fact, has been a disappointing market. Add to that fuel economy decisions, and it’s understandable why the category has been under pressure.

- **Pickups.** Used pickups have shown price depression. Here again, a changing mix of units also needs to be considered when tracking pricing. Many of the used pickup units coming back more recently are upscale models with four doors and luxury packages.

**Seasonality**

Used unit sales peak in spring and summer months, often being twice as high as in the fall and winter. Used vehicle prices decline most rapidly around the time of new model introductions. Statistically speaking, in the aggregate, November and December are the weakest months for used vehicle prices. March is the strongest. Since 1995, however, February and March prices, have shown some strengthening, while September and October prices have weakened. This could well be because of an earlier flow of individual income tax refunds, due to electronic tax refunds, which serve to accelerate the arrival of traditionally higher spring pricing.
Regional Differences

Different parts of the country tend to have differing vehicle inventories. The weather, income levels, gasoline prices, and other factors can all influence the number of certain makes and models – and even the abundance or absence of certain colors and features.

Convertibles
More in the South, particularly Florida

Luxury Sedans
More in the Northeast and California

Collectibles
Many in Florida

White Cars
More in Warm-Weather States
Overall Volume

The sheer number of vehicles available can affect the final price a buyer will pay. Exciting, totally redesigned new vehicles continue to enter the marketplace at a record pace. The result is that both new and used vehicle marketplaces are becoming high-volume/low-price arenas.

Nevertheless, within this volume expansion environment, buyers are finding that the number of off-lease vehicles is lower than before. This trend is reversing, however, and this should mean greater wholesale volume of good used vehicles.

Model Introductions

Manufacturers have become more flexible and have introduced new models in shorter cycles. As a result, new models will have shorter life cycles, and the number of niche vehicles will multiply. All this means that buyers need to be more knowledgeable than ever before and evaluate a vehicle in the context of rapidly changing model lineups.

Sticker Price Comparisons

New cars have been sold in the past with lavish incentives, so it is a mistake to gauge a used vehicle’s value against the sticker price. Rather, one should consider the actual transaction price. A used vehicle’s ability to maintain some percentage of the original transaction price is little changed.
# Evaluation Tips

Below is a series of appraisal considerations that can be helpful when evaluating a vehicle:

## Conditions to Look For...  May Indicate

<table>
<thead>
<tr>
<th>Interior</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceptionally dirty or worn</td>
<td>Commercial or carpool usage</td>
</tr>
<tr>
<td>Clean rear seat</td>
<td>Commercial usage</td>
</tr>
<tr>
<td>Broken seat</td>
<td>Collision damage</td>
</tr>
</tbody>
</table>

## Odometer

<table>
<thead>
<tr>
<th>Not registering</th>
<th>May be disconnected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low mileage compared to condition</td>
<td>Odometer reset</td>
</tr>
<tr>
<td>High mileage compared to condition</td>
<td>Good care, highway driving</td>
</tr>
<tr>
<td>Clicks while driving</td>
<td>Bad cable</td>
</tr>
<tr>
<td>Federal sticker on door</td>
<td>Odometer repaired</td>
</tr>
</tbody>
</table>

## Gauges

<table>
<thead>
<tr>
<th>Low oil pressure</th>
<th>Bad engine or pump</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low charge</td>
<td>Bad voltage regulator</td>
</tr>
<tr>
<td>Lights not working</td>
<td>Faulty gauge; or disconnected to hide trouble</td>
</tr>
</tbody>
</table>

## Trim

<table>
<thead>
<tr>
<th>Missing</th>
<th>Minor or major collision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairable damage</td>
<td>Minor collision</td>
</tr>
<tr>
<td>Irreparable damage</td>
<td>Major collision</td>
</tr>
<tr>
<td>Discolored</td>
<td>Previous body damage</td>
</tr>
</tbody>
</table>

## Hood

<table>
<thead>
<tr>
<th>Improper operation</th>
<th>Body or frame twisted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paint mismatch</td>
<td>Repainted vehicle/possible collision</td>
</tr>
</tbody>
</table>
### Conditions to Look For... May Indicate

<table>
<thead>
<tr>
<th>Doors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Binding</td>
<td>Sprung body</td>
</tr>
<tr>
<td></td>
<td>Collision damage</td>
</tr>
<tr>
<td></td>
<td>Rough road damage</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Windows</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Window operation</td>
<td>Sprung mechanism</td>
</tr>
<tr>
<td>Binding</td>
<td>Worn mechanism</td>
</tr>
<tr>
<td>Slipping</td>
<td>Slipped off the track</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tires</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Smooth</td>
<td>Poor maintenance</td>
</tr>
<tr>
<td>Cupped</td>
<td>Tow in or tow out</td>
</tr>
<tr>
<td>Worn edges</td>
<td>Alignment</td>
</tr>
<tr>
<td>Mismatched</td>
<td>Poor maintenance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Glass</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Broken</td>
<td>May be covered by insurance</td>
</tr>
<tr>
<td>Cracked</td>
<td></td>
</tr>
<tr>
<td>Chipped</td>
<td></td>
</tr>
<tr>
<td>Scratched</td>
<td></td>
</tr>
<tr>
<td>Discolored</td>
<td></td>
</tr>
<tr>
<td>Conditions to Look For...</td>
<td>May Indicate</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td><strong>Trunk Area</strong></td>
<td></td>
</tr>
<tr>
<td>Missing spare tire</td>
<td>High mileage</td>
</tr>
<tr>
<td>Worn spare tire</td>
<td>Commercial usage</td>
</tr>
<tr>
<td>Mismatched spare</td>
<td></td>
</tr>
<tr>
<td><strong>Lights</strong></td>
<td></td>
</tr>
<tr>
<td>Lens cracked</td>
<td>Repaired vehicle</td>
</tr>
<tr>
<td>Lens missing</td>
<td>Repaired vehicle</td>
</tr>
<tr>
<td>Lamps not working</td>
<td>Bad switches or wiring problem</td>
</tr>
<tr>
<td><strong>Bumper</strong></td>
<td></td>
</tr>
<tr>
<td>Severe damage</td>
<td>Frame damage</td>
</tr>
<tr>
<td>Mismatched paint</td>
<td>Previous damage</td>
</tr>
<tr>
<td>Peeling</td>
<td>Previous damage</td>
</tr>
<tr>
<td><strong>Rockers</strong></td>
<td></td>
</tr>
<tr>
<td>Rust on scuff plates or door sills</td>
<td>Surface rust, flood vehicle</td>
</tr>
<tr>
<td><strong>Radio</strong></td>
<td></td>
</tr>
<tr>
<td>Does not play</td>
<td>Fuse, bad wire, faulty connection</td>
</tr>
<tr>
<td>Static</td>
<td>Faulty wiring</td>
</tr>
<tr>
<td>One speaker plays</td>
<td></td>
</tr>
</tbody>
</table>
### Conditions to Look For...

<table>
<thead>
<tr>
<th>Sheet Metal</th>
<th>May Indicate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Few dents and scratches</td>
<td>Prior repairs</td>
</tr>
<tr>
<td>Wavy panels</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Paint</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall fading</td>
<td>Poor maintenance</td>
</tr>
<tr>
<td>Patches of uneven fading</td>
<td>Previous painting</td>
</tr>
<tr>
<td>Chips</td>
<td></td>
</tr>
<tr>
<td>Scratches</td>
<td>Previous painting</td>
</tr>
<tr>
<td>Peeling</td>
<td></td>
</tr>
<tr>
<td>Evidence of repair</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Radiator</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rust or “wet” streaks</td>
<td>Clogging from “anti-leak”</td>
</tr>
<tr>
<td>Damage</td>
<td>Collision</td>
</tr>
<tr>
<td>Oil scum in coolant</td>
<td>Cracked block</td>
</tr>
<tr>
<td>Rust by water pump</td>
<td>Faulty water pump or bad gasket</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transmission</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Low fluid level</td>
<td>Leakage of seals on pan</td>
</tr>
<tr>
<td>Burnt smell</td>
<td>Bad transmission</td>
</tr>
<tr>
<td>Water in fluid</td>
<td>Flood damage</td>
</tr>
</tbody>
</table>
## Conditions to Look For...

### Engine
- Rough idle
- Loud whistle or roar
- Slow ticking sound
- Fast ticking sound
- Engine runs with clutch engaged with brake on
- White smoke when first starting
- Blue smoke
- Black smoke
- “Blow-by”

### May Indicate
- Leaky valve
- Bad exhaust manifold, muffler or tailpipe
- Valve train problem
- Lower engine problem
- Worn clutch
- Blown head gasket
- Worn pistons, rings or valve guides
- Rich gas mixture
- Burnt valves or rings

### Oil
- Water bubbles or streaky
- Brown oil
- Sludge
- Dirty oil

### May Indicate
- Cracked block
- Blown head gasket
- Engine wear
- Poor maintenance

### Engine Compartment
- Signs of recent repair work
- Paint overspray
- Heavy battery corrosion
- Cracked wiring

### May Indicate
- Previous mechanical repairs
- Collision damage
- Faulty voltage regulator
- Poor maintenance
## Conditions to Look For...

### Mechanical

<table>
<thead>
<tr>
<th>Condition</th>
<th>May Indicate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steering wheel binds when turning</td>
<td>Bad steering rack</td>
</tr>
<tr>
<td>Oil drips</td>
<td>Bad gaskets</td>
</tr>
<tr>
<td>Grinding noise when starting</td>
<td>Worn starter gear or flywheel teeth</td>
</tr>
<tr>
<td>Hard start</td>
<td>Bad battery or needs minor engine overhaul</td>
</tr>
<tr>
<td>Clattering sounds at slow idle</td>
<td>Badly worn engine, loose piston, piston pins</td>
</tr>
<tr>
<td>Grinding at front of engine</td>
<td>Worn timing gears or water pump</td>
</tr>
<tr>
<td>Vibration</td>
<td>Bent drive shaft or loose universals</td>
</tr>
<tr>
<td>Engine vibration</td>
<td>Broken motor supports</td>
</tr>
<tr>
<td>Jumps out of gear</td>
<td>Worn transmission gears or linkage</td>
</tr>
<tr>
<td>Wanders on level road</td>
<td>Front end out of line or bent frame</td>
</tr>
<tr>
<td>Brake pedal sinks to floor</td>
<td>Leaks in system</td>
</tr>
<tr>
<td>Brakes drift on braking</td>
<td>Worn front-end brakes</td>
</tr>
<tr>
<td>Emergency brakes will not hold vehicle</td>
<td>Worn rear brakes</td>
</tr>
<tr>
<td>Brakes – “metal to metal”</td>
<td>Worn linings, scored rotors</td>
</tr>
</tbody>
</table>
Q. Can a dealer bring his mechanic to the auction sale?

Yes. Guests of auction bidders can inspect the vehicles before they run through the lanes. Rules with regard to visitors vary. Check with auction location management.

Q. Can a buyer inspect a vehicle prior to sale?

Buyers are welcome to come to the auction site any time before the sale event to inspect vehicles that are to be auctioned. Many dealers do this the day before the sale.

Q. Does the operating location offer classes on evaluating vehicles?

Yes. Contact your local auction, the National Auto Auction Association or the National Automobile Dealers Association for details.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology Overview</td>
<td>83</td>
</tr>
<tr>
<td>Online Resources</td>
<td>85</td>
</tr>
<tr>
<td>Frequently Asked Questions</td>
<td>89</td>
</tr>
</tbody>
</table>
Technology Overview

Today’s live auction makes use of technology in myriad ways. In addition, a host of Internet services are available, from Manheim Simulcast to 24/7 online buying and selling.

Advances in technology provide auction personnel and customers with quick, accurate and more convenient ways to conduct business. In addition, aggregated information from some of these systems provides critical decision-making tools for auction participants.

Technology at the Live Auction

Operating facilities invest heavily in hardware, software, and systems to provide the most effective transaction environment. Some of these areas include:

- **Mainframes.** Each location has mainframe computers that track the millions of transactions surrounding an auction sale, which include all the information related to vehicle, titles, prices, histories and much more. Auction chains typically network their various operations to improve customer service and expand marketing opportunities for consignors and buyers.

- **AuctionACCESS®.** AuctionACCESS is a national dealer database that allows dealers to register once at participating NAAA auction facilities, enabling them to receive a card which gives them access to all other participating AuctionACCESS auctions in North America (see Identification Cards, page 30).

- **Self-Service Auction Kiosks.** Kiosks are used by registered dealers with auction-supplied identification cards that allow them to receive bidder badges, run lists, block summaries, and other valuable information about the sale, including vehicle searches.
• **Electronic Condition Reports (ECRs).** These vehicle description reports are available online and can be printed out at the operating location. The reports summarize the overall condition of the vehicle using a standard 0 to 5 grading scale.

• **Display Screens.** At many auction locations, display screens are available to allow customers to track the status of vehicles running through the lanes, as well as garner information about titles, arbitration, and post-sale inspections without leaving the lanes. Messages for auction participants can also be displayed on these screens.

• **Handheld Technology.** Handheld computers allow personnel to record information about vehicles from any place on the lot. The information from the handhelds is transmitted wirelessly to the mainframe computers to update records there in real time. This process allows customers to ask personnel with a handheld about any aspect of a vehicle, anywhere on the premises, without having to log on to a personal computer.

• **Electronic Blocks.** Electronic blocks, also referred to as “paperless blocks,” are used by block clerks and other auction site personnel to enter buyer information and print the invoices for vehicles that have sold. This system allows the seller, who may be on the block, to modify announcements about the vehicle while the car is in the lane. Block clerks can also enter “if” sales at the block, making them instantly available to front office personnel, thereby streamlining a potential “if” sale. In addition, by entering the buyer information directly into the computer, the buyer and seller can both expect faster service when checking out at the front office.
Online Resources

The importance of the Internet continues to grow. There are more opportunities to simplify the retrieval of meaningful information, to sell 24/7, to view inventory online, and to buy from remote locations. Remarketing professionals are embracing new technologies and using Internet sites to advance the profitability of their used vehicle businesses.

• **Manheim.com.** This service gives Manheim customers access to a wide range of Manheim services. Remarketers can find the latest Manheim Market Report (MMR), locate the nearest auction location, learn about Manheim Simulcast, review Manheim’s Used Vehicle Value Index, set up and manage their own account, and much more.

• **Manheim Market Report (MMR).** This online report lists the sale prices for vehicles that have previously sold at Manheim auction sales. Available in real time, it indicates the year, make, and model, the vehicle’s price, and equipment. New calculations are performed every night.

• **Manheim myAccount™.** This dealer-based site, accessed via manheim.com, allows dealers to check the status of their activity at the auction locations they attend via the Internet, 24/7. Included in the tool are access to their current and prior purchases, the status of their payments and receipts, their credit limits, their floorplanning activities, the status of title transfers, and a host of other critical aspects of managing their buying and selling activities. In addition, the site allows dealers to pay for purchases online, using electronic funds transfers.
• **OVEd.com**. Dealers and commercial consignors can access this electronic hub from anywhere there is an Internet connection to buy and sell vehicles 24/7. OVE.com is a virtual marketplace with an inventory of over 10,000 vehicles and growing (see page 105).

---

**Where the Window is Open 24/7 for Buying and Selling**

<table>
<thead>
<tr>
<th><strong>OVE.com Buyer and Seller Benefits</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Buyer Benefits</strong></td>
</tr>
<tr>
<td>Instant access to more than 10,000 used vehicles.</td>
</tr>
<tr>
<td>Intelligent search tools that allow buyers to match their needs to the available inventory.</td>
</tr>
<tr>
<td>Dedicated field staff to train and support dealers.</td>
</tr>
<tr>
<td>Comprehensive and traditional auction services to support purchases.</td>
</tr>
</tbody>
</table>

| **Seller Benefits**                   |
| Access to 65,000 registered dealers. |
| Continuous exposure of inventory on a 24/7 basis in a robust “midstream” marketplace. |
| Support from national account teams and dealer field staff to maximize sales performance. |
| Ability to create comprehensive remarketing strategies that match channel selection to specific vehicles. |
| Guaranteed payment protection through Manheim. |

For further details, please visit www.manheim.com.
• **Manheim Simulcast.** Simulcast enables customers to buy and sell online in LIVE auctions via real-time audio and video. Buyers can access Manheim’s nationwide inventory at their fingertips, and sellers can greatly expand their reach and even represent and sell their vehicles online; they control the block from their computer, as if they were there.

• **PowerSearch.** This application allows users to access Manheim’s database of more than 100,000 used vehicles by year, make, model and location.

• **Lanes Online.** Sellers can secure specific run numbers at upcoming Manheim sales by using this feature.

• **AdManager.** Users can create vehicle listings for OVE.com,™ AutoTrader.com,™ and auction pre-sale lists.
• **Auction Web Sites.** Local operating location Web sites can provide timely information, including sale days, vehicle consignment types and volumes, personnel, and directions to the location.

• **Remarketing Industry Web Sites.** There are a number of Web sites available to people interested in the remarketing industry that provide critical marketing, regulatory, and industry information.

• **Retail Advertising Sites.** Dealers who want to advertise their vehicles to a large number of consumers can utilize sites such as AutoTrader.com. These sites cater to consumers and dealers to primarily advertise new and used vehicles to the retail public. Operating locations often facilitate the process of uploading data to these sites.
Q. Besides the ability to buy and sell vehicles, what other services do remarketers offer online?

Information is one of the most important things operating locations make available to customers online. Whether it’s access to Manheim Market Reports with detailed sales histories that can help dealers determine the value of vehicles, or an account management tool that provides 24/7 access, the information that auction facilities make available is relied upon by dealers, consignors, and remarketing professionals on a daily basis.

In addition, Manheim Consulting can provide remarketers with insightful analysis, innovative real-world solutions, and sensible direction to increase competitiveness, productivity, and profitability. For more details, visit www.manheimconsulting.com.

Q. What are the benefits of Manheim Simulcast to buyers and sellers?

Sellers can expose their inventory to a national audience, and more bidders/buyers equals higher retentions. Sellers can also remotely rep their vehicles online and thereby reduce “If” and “No Sales.”

Buyers know that Manheim stands behind every Manheim Simulcast transaction, so there is peace of mind. Manheim Simulcast buyers also save time and money. There is no travel expense, and they can bid from the comfort of their office. With Manheim Simulcast, buyers can find the exact vehicles they need, exactly when they need them, as there are approximately 750 Manheim Simulcast sales weekly.
CHAPTER 8

GLOSSARY OF TERMS
Absolute Auction – An auction sale where every vehicle is sold to the highest bidder, regardless of price. There is no floor price or reserve.

Absolute Low – The lowest price a seller is willing to take for a vehicle.

Absolute Sale – (see Absolute Auction)

Acquisition Fee – A charge included in most lease transactions that is either paid up front or included in the total cost of the vehicle. This fee covers a variety of administrative costs, such as the costs of obtaining a credit report, verifying insurance coverage, checking the accuracy and completeness of the lease documentation, and entering the lease into data and accounting systems.

Adjusted Capitalized Cost (Adjusted Cap Cost) – The amount capitalized at the beginning of the lease, equal to the gross capitalized cost. This amount is sometimes referred to as the net cap cost.

Arbitration – A service provided by the auctions to protect the interests of both buyers and sellers and ensure the transaction has been properly represented.

Arena – (also called the Ring) The area where the auctioneer works and the vehicles are offered for sale.

“As Is” – (see Red Light) Specifics on what constitutes an “as is” vehicle can vary from one auction to another, but generally will include vehicles six years or older with more than 100,000 miles registered on the odometer or where the odometer is suspect. Other factors affecting the evaluation of a vehicle may also apply, depending on the individual auction’s policy.

At-Risk or Risk Vehicles – (“Non-Program Vehicles” is preferred term.) Cars or trucks owned by a daily rental company which, at their end of service, must be remarketed by the rental company. “Risk” means the rental company bears the risk of the price they will receive for this vehicle when it is retired from service.

Auction – The sale process by which multiple bidders compete to acquire a vehicle that is ultimately sold to the person offering the highest price.

AuctionACCESS® – (see Dealer Registration) The national dealer registration system at most NAAA member auctions, which allows a dealer to electronically register at an auction and reserve a bidder badge. The system allows them to be automatically preregistered at any participating member auction location.

Auction Agreement – A contract executed by the auction and its buyers and sellers that authorizes the auction to conduct the sale and sets out the terms of the agreement and the rights and responsibilities of each party.
Auctioneer – Highly skilled manager of the auction activity at the time of sale. Sometimes referred to as the “bid caller.”

Auction Guarantee – Specific guarantees may vary from one auction to the next but usually cover the drivetrain, including (but not necessarily limited to) the engine, transmission, and rear end.

Auction with Reserve – (see Floor Price) An auction where the sellers set a minimum price on their vehicles. They do not have to sell their vehicles if bidding fails to reach the reserve price, which may or may not be made public.

Bid – The amount of money offered for a vehicle in the sale.

Bid Assistants/Consultants/Spotters – (see Ringmen)

Bidder Badge – A credential that indicates a buyer’s bidder number for a specific sale. The buyer is registered with AuctionACCESS, and the bidder number is connected to the buyer’s AuctionACCESS account.

Bidder Number – The number issued to each qualified buyer on sale day.

Bill of Sale – A document provided by a seller showing the name of the purchaser and purchase price, which becomes the basis for calculation of sales and other taxes.

Black Book – Wholesale price guide.

Block – The auctioneering and business transaction station in each auction lane.

Block Clerk – The person who records transaction information in the lanes.

Block Ticket (Invoice) – A computer-printed “paper trail” generated by the auction that documents the auction process from registration through the sale.

Blue Light – Indicates a vehicle being sold without a title on the premises. If sold, the seller has a specified time period to deliver the title to the buyer.

Buyer’s Fee – A fee paid to the auction house by the winning bidder. The amount of the fee varies by auction and by price of the vehicle.
Capitalized Cost (Cap Cost) – The price a buyer agrees to pay for a leased vehicle. The monthly lease payment is based on its depreciation, interest, administration, etc.

Capitalized Cost Reduction – An initial payment on a leased vehicle, which then lowers the monthly lease payment. That payment can consist of cash, a trade-in allowance on an existing vehicle, or rebates and incentives provided by the manufacturer. The adjusted cap is the gross cap cost less the capitalized cost reduction.

Captive Finance Company – A leasing or finance company that is affiliated with a vehicle manufacturer.

Certificate of Origin – A document that conveys the title of a vehicle from the manufacturer to the dealer.

Closed Auction (Sale) – An auction sale limited to select dealers, such as those representing a particular franchise.

Closed-End Lease – A lease in which the lessee is not responsible for any difference between the actual and estimated residual value at the time of lease maturity. The lessee’s only extra obligations under a closed-end lease might be mileage or wear and tear exceeding the lease contract provisions.

Consignment – Vehicles assigned to an auction for sale.

Consignor – Any member of the remarketing community who provides vehicles for sale at the auction. Consignors range from automakers selling program cars to rental and corporate fleet operators to individual dealers.

Cross-Line Buying – Buying “across” manufacturer product lines, e.g., a Pontiac dealer buying a Cadillac at auction.

Daily Rental – Companies that rent cars by the day or week.

Data Analysis – A service to buyers and sellers that involves studying available data to provide the remarketer with insightful information that will improve his or her remarketing performance.

Dealer – An individual who has been licensed by the state to transact the sale and purchase of new or used vehicles.

Dealer Invoice – The purchase price of the vehicle that the dealer is obliged to pay the manufacturer.
Dealer Registration – (see AuctionACCESS®) The procedure whereby licensed dealers are registered to do business at an auction.

Dealer Account Representative – An individual designated to act on the dealer’s behalf at wholesale auctions.

Dealer Service Centers – Standalone locations designed to offer auction services to dealers in a market area or city where the auction company does not have an auction location.

De-Fleet – Action taken by commercial or rental fleet operators to reduce their number of vehicles.

Depreciation – The value lost as the vehicle ages. Depreciation is usually rapid in the early years of the vehicle’s life and can be greater or less than the average because of mileage and wear and tear.

Depreciation and Any Amortized Amounts – Total amount charged to cover the vehicle’s projected decline in value through normal use during the lease term, as well as other items that are paid for over the lease term. It is calculated as the difference between the adjusted capitalized cost and the vehicle’s value at the end of the lease. This amount is a major part of a lessee’s base monthly payment.

Disabled Sale – Auction term for a sale running inoperative vehicles with excess wear and tear.

Dispose, Resale, Remarket – Terms used to describe offering a titled vehicle for sale at an auction.

Distribution Centers – Formerly referred to as Marshalling yards, these centralized locations safely hold and distribute vehicles for customers with optional remarketing services also available on site.

Draft – A bank collection item drawn by one bank on another. At auctions, the draft is signed by the buyer at the auction house and deposited, along with the title to the vehicle, in the auction’s bank. After the auction’s bank has collected from the buyer’s bank, the title is released to the buyer.

Equity – In an installment sale or loan, the positive difference between the trade-in or market value of your vehicle and the loan payoff amount. When the loan is paid off, the equity is the market value of the vehicle.

Excess Mileage Charge – A charge by the lessor or assignee for miles driven in excess of the maximum specified in the lease agreement. The excess mileage charge is usually between $0.10 and $0.25 per mile.
**Excess Wear and Tear Charge** – Amount charged by a lessor or assignee to cover wear and tear on a leased vehicle beyond what is considered normal. The charge may cover both interior and exterior damage, such as upholstery stains, body dents and scrapes, and tire wear beyond the limits stated in the lease agreement.

**Exotic Highline** – (see Highline®) A Manheim-trademarked term for a rare, unique or top-of-the-line vehicle, typically in the sports or luxury segment.

**Export Services** – The facilitation of transportation services between countries.

**Floor Price** – The seller’s minimum asking price for a vehicle.

**Frame Damage** – Any damage to the frame or frame members of a vehicle. (Refer also to the NAAA Frame Policy).

**Franchised Dealer** – A licensed vehicle dealer authorized to sell and service a specific brand of new vehicles.

**Frontline Ready** – Vehicles that are in retail-ready condition and ready to be put in the front line of a dealer’s lot.

**Factory Sale (Closed Sale)** – Buyers are limited to those representing a particular brand.

**Fair Market Value** – The current value of a particular vehicle in the marketplace, based on mileage, exterior and interior condition, mechanical fitness, supply and demand, etc.

**Floorplanning** – A dealer’s vehicle inventory line of credit. Manheim Financial Services (MAFS®) specializes in dealer floorplanning through auctions.

**Green Light** – Auction term for a vehicle that is sold with some buyer protection as to its condition.

**Gross Capitalized Cost (Gross Cap Cost)** – The agreed-upon value of the vehicle, which generally may be negotiated, plus any items the lessee agrees to pay for over the lease term (amortized amounts), such as taxes, fees, service contracts, insurance, and any prior credit or lease balance.
**Hammer Fall** – An expression used to indicate that the auctioneer has struck a deal between the buyer and the seller, and a sale is consummated.

**Hammer Price** – The price offered by the last bidder and accepted by the auctioneer, who bangs the hammer or gavel to acknowledge this price as the sale price.

**Heavy (Duty) Trucks** – Trucks with a Gross Vehicle Weight over 33,000 lbs. are Class 8 or Heavy Duty.

**Highline®** – (see Exotic Highline®) Manheim-trademarked term for a top-of-the-line car.

**“If” Bid** – An offer made strictly between the buyer and the seller and not binding on either party until the sale is consummated. Usually facilitated by the auction between the buyer and seller. The bidder agrees to buy the vehicle “If” the seller will accept the offer within a specified period of time.

**Incentives** – A form of reward offered to boost sales; a special price reduction or rebate from vehicle manufacturers to influence the sale of a particular model. Incentives can be low to zero percent financing rates, no down payment, cash back offers, “free” options, etc.

**Independent Dealer** – A used vehicle dealer who is not associated with a manufacturer.

**Inventory Management** – The art and science of maximizing a dealer’s inventory by using disciplined planning.

**Inventory Turn** – A measure of a dealer’s operations that calculates how quickly he sells, or “turns,” his inventory.

**Kelley Blue Book** – A publication that lists prices of used vehicles.

**Lane** – The passageway in front of the auctioneer where the vehicle travels to the block to be offered for sale. Usually listed as Lane 1, 2, 3, etc. or Lane A, B, C, etc.

**Lease** – A contract between a lessor and a lessee for the use of a vehicle or other property, subject to stated terms and limitations, for a specified period and at a specified payment.
**Lessee** – The company or individual to whom a vehicle is leased.

**Lessor** – The party to a lease agreement who holds legal or tax title to the vehicle and receives the lease payments.

**Lights** – (see Blue, Green, Yellow, Red) Each color provides important information about the condition of a vehicle and is illuminated while bidding is under way.

**Light (Duty) Trucks** – Trucks under 16,000 Gross Vehicle Weight, including pickups and vans (Classes 1 to 3).

**MAFS** – Manheim Financial Services provides floorplan inventory financing to used car dealers, large and small. In addition to financing, MAFS offers Floorplan Protection (insurance) for financed vehicles that provides coverage normally associated with Dealer Open Lot policies.

**manheim.com** – The main portal to Manheim services and information, including Manheim Simulcast, PowerSearch and Manheim myAccount. This robust site lets visitors find an auction, order Manheim Used Car Market Reports, view sales events, link to other Manheim company sites, obtain information on Manheim products and services, and much more. Through manheim.com, visitors can also access various Manheim subscription services.

**Manheim Consulting** – This Manheim business unit provides remarketers with insightful answers and actionable solutions by effectively mining Manheim’s extensive, proprietary vehicle and transaction database. Created in 2006, this professional organization enables enterprises to shift into higher gear and achieve dramatic business advantages through such studies as peer benchmarking, retention analysis, customer segmentation, and more.

**Manufacturer’s Statement of Origin (MSO)** – (see Certificate of Origin)

**Manufacturer’s Suggested Retail Price (MSRP)** – The suggested retail price the dealer is asking. (Also referred to as the “Sticker Price.”)

**Marshalling** – The secure storage of vehicles on a lot.

**National Association of Fleet Administrators (NAFA)** – A professional organization created in 1957 for automotive fleet managers.

**National Auto Auction Association (NAAA)** – An international organization whose members operate wholesale vehicle auctions. NAAA’s 360 member auctions remarket more than 16 million vehicles annually and are active in the Americas, Europe, Asia, Australia and New Zealand.
**National Automobile Dealers Association (NADA)** – Founded in 1917, NADA represents more than 19,700 franchised vehicle dealers.

**National Independent Automobile Dealers Association (NIADA)** – Formed in 1946 to represent independent automobile dealers nationwide, its current membership is 20,000.

**"No Sale" Fee** – A fee charged by the auction to the seller when a vehicle goes through the lane but is not sold.

**Online Auction** – An auction held over the Internet.

**Open Auction** – A wholesale auction open to all licensed car dealers, both franchised and independent.

**Open-End Lease** – A lease where no specific time limit is set for the vehicle to remain in service. In most cases, at the end of the lease, any gain or loss from the sale of the vehicle belongs to the lessee.

**OVE.com** – Manheim’s Web-based auction where dealers and consignors can buy and sell 24/7.

**Post-Sale Inspection** – An inspection service designed to ensure the purchase of vehicles free of arbitrable issues. Performed at the request of the buyer, it is a mechanical and frame component inspection available with a 7- or 14-day inspection guarantee.

**Preview List** – A listing of all vehicles offered at a particular auction.

**Private Transaction** – When one consumer sells a vehicle to another consumer without the interaction of a car dealer.

**Program Car** – A vehicle that is sold directly to a daily rental company by an automaker under a guaranteed buyback program. Program cars represent a large portion of current-model-year vehicles remarketed through auctions.
Reconditioning (Recon) – The process of correcting mechanical and cosmetic defects to prepare a vehicle for resale. Auctions typically provide these services to consignors because their investments are more than fully recovered through the lanes.

Red Light – Indicates a vehicle being sold “As Is.” A red light is illuminated while bidding is under way on such a vehicle.

Remarketing – The term that encompasses all services as well as the actual transfer of a used vehicle from seller to buyer.

Resale, Remarket, Dispose – Terms used to describe offering a titled vehicle for sale at an auction.

Reserve Price – (see Floor Price) In most cases, the minimum price a seller is willing to accept.

Residual (Value) – The projection of the market value of a vehicle at the end of a lease. Specialized companies that evaluate used car price data to make their forecasts typically calculate residual values. Financial companies, including the captive finance operations of the auto companies, use these values to set lease terms.

Retail Price – The price paid by a consumer to a dealer or individual for a vehicle. The dealer or individual sets the retail price of a used car by evaluating the wholesale price paid plus reconditioning expense and other costs.

Retail Transaction – When a licensed car dealer sells a new or used car to a private individual. It is estimated that there are 1.6 wholesale transactions supporting every retail transaction.

Ring – (see Arena) The area where the auctioneer works and the vehicles are offered for sale.

Ringmen – (also called Bid Assistants/Consultants/Spotters) Individuals at an auction who are positioned among auction attendees to assist the auctioneer in spotting bidders and supplying prospective bidders with information to help them in their buying decisions.

Risk or At-Risk Vehicles – (“Non-Program Vehicles” is preferred term) Cars or trucks owned by a daily rental company, which, at their end of service, must be disposed of by the rental company. “Risk” refers to the fact that the rental company is responsible for remarketing these vehicles at the end of their rental service, and, thereby, takes the price risk. By contrast, program cars are sold to rental companies with end-of-service price and repurchase guarantees.

Run List – The listing of vehicles for sale at a particular auction.

Run Numbers – (a) Numbers assigned to a vehicle or a consignor’s group of vehicles when lane reservations are made; (b) Position in the lane during an auction.
Salvage – A vehicle that is not economical to repair and is sold for the value of its salvageable parts.

Seller’s Fee (Sale Fee) – The fee paid by the seller to the auction after the vehicle is sold. The fee usually is based on the sale price of the vehicle.

Seller’s Market – A market in which all or certain vehicles are scarce; therefore, buyers have a limited selection, and prices usually tend to be high.

Simulcast Sale – A live auction that is simultaneously transmitted to remote locations via the Internet so that dealers not physically at an auction can bid in real time on vehicles in the lanes.

Specialty Auctions – Auctions dedicated to the buying and selling of PowerSport vehicles, including boats, motorcycles, RVs, and personal watercraft.

Subvention – A program or plan in which certain items are subsidized by the manufacturer, the finance company, the lessor, or the assignee.

Super Seller – A designation of a Manheim dealer-consignor who consistently posts high sales percentages (more than 70%).

SUV – Sport Utility Vehicle.

Title – A legal document issued by the state showing the owner’s name and the vehicle’s mileage at the time of sale.

“Title Absent” (or “Title Attached”) Transactions – When a vehicle is sold “title absent,” the title is not available on auction day and must be produced and delivered to the auction by the seller within a certain period of time.

Total Resource Auctions – A vehicle remarketing company focused solely on insurance total loss, recovered theft, salvage, damaged, disabled and inoperable vehicles, as well as scrap and parts.

Trade-In – A vehicle that is sold to either a new or used car dealer as part of the purchase of another vehicle.
**Unit** – A single car or truck. Volume for dealers, fleet operators, or rental companies is expressed in number of units at auction.

**Used Car Guidebooks** – Publications that report current wholesale and/or retail prices of vehicles. Wholesale values generally are determined from factors that include auto auction prices, other wholesale transactions, and regional demand. Prices are listed according to year, make, model, options, mileage, and condition of the vehicle. Retail prices generally are determined by factors that include dealership retail sales prices, other retail transactions, and regional demand.

**Vehicle Identification Number (VIN)** – A 17-digit combination of letters and numbers that identifies an individual vehicle. It is located on the driver’s side of the dashboard at the base where the windshield glass and dashboard meet. It is also located inside the driver's side door panel. Each digit or letter in the VIN provides information about the vehicle.

**Wholesale Price** – The price paid for a vehicle by a purchaser who intends to resell the vehicle.

**Wholesaler** – A dealer who buys vehicles at auction – or from a dealer or another wholesaler – and resells them in the wholesale market, i.e., to dealers rather than consumers. Wholesalers also buy and sell cars among the dealers with whom they do business.

**Yellow Light** – A vehicle that is being offered with certain conditions that are announced prior to sale. Buyers cannot take these conditions to arbitration. A yellow light is illuminated while bidding is under way on such a vehicle.
Manheim

Headquartered in Atlanta, Georgia, Manheim is the world’s leading provider of used vehicle services for car dealers, banks, rental agencies, and car manufacturers. For over 60 years, Manheim has set the standard for buying and selling vehicles at auctions and online. The company has approximately 145 operating locations worldwide and employs more than 32,000 people.

Manheim helps sellers get the full value for their vehicles by operating marketplaces throughout the country. Manheim provides customers with a reliable and safe marketplace to purchase a variety of vehicles and services that no other remarketing provider can match. This includes vehicles with or without wheels, e.g. boats, plus services that run the gamut from financing, data analysis and consulting, to buying and selling online anytime, anywhere.

Manheim’s History

Manheim has a long and colorful history that dates back to 1945.

1945 – Opens first Manheim auto auction, Manheim, PA.

1959 – Manheim Auto Auction becomes world’s largest.

1965 – Purchases National Auto Dealers Exchange, Bordentown, NJ.

1967 – Purchases Fredericksburg Auto Auction, Fredericksburg, VA.

1968 – Cox Enterprises acquires Manheim; moves headquarters to Atlanta, GA.

1989 – Grows to 25 auctions nationwide.

1991 – Merges with General Electric Capital Corp. (GECC); grows to 46 auctions.


1996 – First in industry to give dealers online access, via the Web, to auction inventories, sale calendars, and market information.

Opens industry’s first CyberLot, Lexus Direct.

Introduces first Used Car Market Report.

1997 – Acquires Greater Auction Group.

First international venture in U.K.

Launches Manheim Online.

Named a Top-10 e-commerce site by PC Week.

1998 – Manheim Market Report now downloadable to dealers’ PCs.
1999 – Acquires Dent Wizard.
Opens auctions in France, Australia, New Zealand, and five more in U.S.
Debuts AutoTrader.com, world’s largest used car shopping site.

2000 – Forms Manheim Interactive.
Acquires 20 ADT Automotive auctions.

2001 – Introduces the Manheim Used Vehicle Value Index.
Implements Best Practices Program.

2002 – Debuts myAccount, enabling dealers to conduct most business transactions with the auctions online and in real time, 24/7.
Holds first Simulcast sale.

2003 – 65,000 dealers enroll and use Manheim Online by year end.
Industry’s first “cinema” sales in Atlanta and Seattle.
First auction in Thailand.
Manheim Market Report now accessible by PDAs, offering real-time pricing in the lanes on sale day.

Mobile auction sale of 9,200 hail-damaged vehicles at Nissan’s Smyrna, TN, assembly plant.

Opens Manheim DRIVE Center.

2005 – Launches Mark III Customs business.
Introduces Total Resource Auctions salvage subsidiary.
Debuts Manheim Specialty Auctions.
Announces opening of offices in China.

2006 – Acquires Southwest Florida, Nova Scotia, and Auction City Halifax.
Launches China operations.
Creates Manheim Consulting Services.
Launches Indianapolis operation.

2007 – Opens state-of-the-art, environmentally sensitive reconditioning facility in Manheim, PA.
Manheim Europe acquires Portuguese auctions.
Launches Oklahoma operation.

Beyond – See manheim.com for most current historical facts.
Manheim.com
For more information, go to manheim.com

• **Manheim.com** is a comprehensive subscription service used by more than 65,000 dealers to access all of Manheim’s products, services and locations. Most users visit Manheim.com to browse, search and purchase inventory, manage their selling activity, and conduct research to help with pricing decisions by using the Manheim Market Report (MMR), or to find a location to buy and sell vehicles. The following are some of the tools Manheim.com subscribers can access:

• **Manheim Market Report (MMR)** provides the most accurate and timely used vehicle pricing system in the business. MMR prices are compiled from millions of actual sales at Manheim auctions across the country. Dealers use the MMR to price their wholesale inventory, based on realistic, unbiased information. The reports are easy to use, easy to read and contain no editorial opinion or guesswork. The report can be e-mailed or faxed to dealers, or accessed online when a dealer subscribes to Manheim.com.

• **Simulcast** enables customers to buy and sell online in LIVE auctions via real-time audio and video. Using their personal computers, buyers can see the cars and the bidders in the lanes, hear the auctioneer and see each bid as it is recorded. The benefits to buyers and sellers are immediate. Sellers’ vehicles get maximum exposure, and buyers can find and purchase inventory they need without leaving the office.

• **OVE.com** was launched in 2005. It is a virtual marketplace that brings wholesale buyers and sellers together. At any given time, OVE.com has an inventory of over 10,000 vehicles, and the number keeps growing. OVE.com is the consolidation of all the vehicles available for immediate “Bid” or “Buy Now” purchase at Manheim auction locations and through Manheim’s online tools.
With OVE.com, Manheim has created the largest, most comprehensive Web-based marketplace, complete with customized sub-sites for commercial consignors such as banks, as well as dealer-to-dealer transactions. OVE.com combines unprecedented buying power with a surprisingly personal touch.

- **Power Search** lets dealers view Auction Pre-Sales and search within an inventory of 100,000 vehicles. Integrated Manheim Market Report pricing makes finding the cars you want quicker and easier than ever. Search criteria include mileage, color, body style and price.

- **Lanes Online** is an Internet lane reservation system where dealers can obtain run numbers and get an immediate status report of their request. This Internet service eliminates phone calls and auction site visits and allows dealers to conveniently secure the best run numbers available to enhance their sales potential.

- **myAccount** provides dealers with accurate real-time recaps of their recent buying and selling history, as well as details on their account status, updates on any pending arbitration or title searches and much more. myAccount allows dealers to make better, faster business decisions.

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**Frontline Services**

*For more information, go to [www.thefrontlineforce.com](http://www.thefrontlineforce.com)*

Frontline Services provides consignors with a full range of services that are aimed at improving the value of the vehicle to buyers. These services span from simple washing and interior cleaning of the vehicle to comprehensive body and mechanical repairs. Frontline Services typically returns a 50% profit on the funds invested in such services. For every $1 spent on reconditioning, the vehicle’s selling price is increased by $1.50 or more, and it typically sells faster than a non-reconditioned vehicle.

- **Manheim Certified Inspection** This 32-point vehicle inspection is conducted by trained Manheim personnel prior to an automobile’s being sold at an auction sale. Each inspection includes the automobile’s exterior and interior condition, fluid levels and a test drive by trained personnel. Manheim guarantees each inspection for 14 days after the vehicle’s sale.

- **Clean Team Customized Detail Services** From simple washing to the three levels of Clean Team Customized Detail Services (Value, Deluxe and Ultra), customers can select the service level that optimizes the cosmetic appearance of their vehicles.

- **Dent Wizard** Dent Wizard is the industry leader in paintless dent removal, a process that removes dings, minor dents, creases and hail damage. Dent Wizard’s services cost a fraction of traditional repair methods and take less time. Dent Wizard also offers a service plan called Ding Shield, which dealers can sell to their customers in 3-, 4- and 5-year plans. For more information, visit [www.dentwizard.com](http://www.dentwizard.com).
• **Light Mechanical Repair** Manheim provides a full spectrum of mechanical repairs for vehicles that are to be auctioned. Mechanical checks typically review items of concern discovered by pre-sale electronic condition reports or Post-Sale Inspections (PSIs).

• **Mark III Customs** Manheim’s vehicle conversion service offers made-to-order customized trucks, sport utility vehicles (SUVs), cars and vans. Vehicles are built by best-in-business customizers using superior components and products. Manheim’s Mark III services span a wide range, including exterior bodywork, exterior accessories and interior features. For more information, visit www.markIIIcustoms.com.

• **Auto Body Repair** Manheim’s collision repair services deliver vehicles to pre-accident condition in a thorough, high-volume and quality-focused process. Certified technicians handle a full spectrum of auto body repair services ranging from cosmetic touch-ups to major frame, structural and mechanical repairs.

• **Manheim Post-Sale Inspections** After an automobile has sold at a Manheim auction, a Post-Sale Inspection (PSI) evaluates the vehicle’s condition for its buyer. Buyers can choose from a mechanical inspection, frame check or a full post-sale system check on all items subject to arbitration. Manheim Post-Sale Inspections are available with either 7-day or 14-day guarantees.

**Manheim Financial Services (MAFS)**

Manheim Financial Services (MAFS) provides dealer financing and is partnered with over 17,000 large and small independent dealers. MAFS allows used car dealers to maximize their inventory dollars by providing floorplan financing. Through its used car rental financing programs, MAFS helps dealers to increase their fleet size, improve business profits, expand to new locations, and optimize working capital and cash flow. Additionally, MAFS offers insurance services nationwide.

**Manheim DRIVE Center**

For more information, go to www.manheimdrive.com

This 145,000-square-foot, 30-acre research and development facility is dedicated to advancing every aspect of the remarketing industry: testing new technologies, products, processes and procedures, and providing a place where customers and employees can share expertise and innovations. At the Center, Manheim DRIVE Teams composed of cross sections of Manheim employees come together to research specific topics and then present their findings and plans to senior management. In addition, Manheim customers can participate in “DRIVE Dives,” which offer the opportunity to take an in-depth look at a defined subject and chart out a course for future improvement.
Manheim Total Resource Auctions

Manheim Total Resource Auctions provides the full spectrum of services that help remarketers implement a comprehensive salvage strategy to maximize returns. The subsidiary allows buyers and sellers worldwide to securely move damaged, inoperable, and salvage vehicles through select Manheim locations and Web-based venues, including Manheim Simulcast sales where buyers can participate online. For more information, visit www.totalresourceauctions.com

Manheim Recovery and Title Services

Manheim provides the largest repossession service in the United States, with more than 500 highly-skilled and trained repossession agents across the country. The organization’s titling experts can address often complex titling issues in all 50 states.

Manheim Auctions Government Services (MAGS)

Manheim Auctions Government Services (MAGS) is a specialized division that provides disposal services for various assets, including vehicles and equipment, for government agencies and public utilities. For more information, visit www.manheimgovservices.com

Manheim Specialty Auctions

Manheim Specialty Auctions has dedicated facilities, staff, and service to conduct regularly scheduled auctions offering motorcycles, boats, recreational vehicles, and PowerSports units for sale. By targeting select markets for sales and by consolidating inventory, Manheim Specialty Auctions provides buyers with a wide selection of vehicles and parts. Auction inventory is available for viewing online 24/7, and sales can employ Manheim Simulcast™ so buyers can view the lane action and bid on items from remote locations.

Manheim Transportation Services

Manheim’s “One Call Does It All” managed transportation service, powered by Manheim Transport Solution, is a premium, multi-modal network of more than 800 carriers nationwide that provides reliable, professional transportation services to a variety of customers. Manheim’s comprehensive service manages the entire transportation process for customers, analyzes the performance of each carrier and matches each customer’s assignment with the transporter that will best meet their needs.
CHAPTER 10

RELATED MATERIALS
Associations

**AALA**

**American Automotive Leasing Association**  
675 North Washington Street, Suite 410  
Alexandria, VA 22314  
Phone: 703-548-0777  
Fax: 703-548-1925  
Web site: www.aalafleet.com

**AMERICAN TRUCKING ASSOCIATIONS**

**American Trucking Associations**  
2200 Mill Road  
Alexandria, VA 22314-4677  
Phone: 703-838-1700  
Web site: www.truckline.com

**NAAA**

**National Auto Auction Association**  
5320-D Spectrum Drive  
Frederick, MD 21703-7337  
Phone: 301-696-0400  
Fax: 301-631-1359  
E-mail: Frank Hackett, Executive Director—naaa@naaa.com  
Web site: www.naaa.com

**NADA**

**National Automobile Dealers Association**  
8400 Westpark Drive  
McLean, VA 22102  
Phone: 703-821-7000  
Toll-free: 800-252-6232  
E-mail: nadainfo@nada.org  
Web site: www.nada.org

**NAFA**

**National Association of Fleet Administrators, Inc.**  
125 Village Boulevard, Suite 200  
Princeton Forrestal Village  
Princeton, NJ 08540  
Phone: 609-720-0882  
Fax: 609-452-8004  
E-mail: info@nafa.org  
Web site: www.nafa.org

**NIADA**

**National Independent Automobile Dealers Association**  
2521 Brown Boulevard  
Arlington, TX 76006-5203  
Phone: 817-640-3838  
Toll-free: 800-682-3837  
Fax: 817-649-5866  
E-mail: Michael Linn, Executive Vice President and Chief Executive Officer—mike@niada.com  
Web site: www.niada.com
Guidebooks/Sites

**AUTOMOTIVE DIGEST WEB SITE**

**Automotive Digest**
425 Thirty-Second Street
Manhattan Beach, CA 90266
Phone: 310-265-2225
Fax: 310-796-4591
E-mail: chuck@automotivedigest.com
Web site: www.automotivedigest.com
President: Chuck Parker
Online coverage of significant events and activities in the auto industry.

**BLACK BOOK PUBLICATION/WEB SITE**

**National Auto Research**
P.O. Box 758
Gainesville, GA 30503-0758
Phone: 800-554-1026
Toll-free: 800-367-3759
Fax: 800-357-4792
Web site: www.BlackBookUSA.com
Vice President, Tim West

**KELLEY BLUE BOOK PUBLICATION/WEB SITE**

**Kelley Blue Book**
195 Technology Drive
Irvine, CA 92618
Phone: 800-BLUE-BOOK
Fax: 949-837-1904
E-mail: Kelley@kbb.com
Web site: www.kbb.com

**WARD’S 2002 MOTOR VEHICLE FACTS & FIGURES**

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Editor: Steve Finlay

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Web site: www.autoremarketing.com
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Toll-free: 800-252-6232
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Web site: www.aemag.com
Executive Director, Publications: Marc Stertz

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Reporter: Arlena Sawyers

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Editor: Causby Challacombe

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Phone: 586-772-5200
Toll-free: 800-794-0760
Fax: 586-772-9400
Web site: www.usedcarnews.com
Editor: Ted Craig
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