



SMARTBUY PRE-OWNED PROGRAM AND LIMITED WARRANTY

Congratulations on your purchase of a SmartBuy Pre-Owned Vehicle from **[INSERT NAME OF DEALERSHIP]** (“Modern”). Your SmartBuy vehicle comes with the warranty and other benefits described below, and these benefits are comprehensive; *however*, these are not an extension of any original warranty or other benefits that may have been offered with your vehicle by its original manufacturer, and do not provide any additional rights to you under federal, state or local laws or regulations governing new vehicle or other product warranties or sales. Please read this document carefully.

1. Customer Information

Customer Name: _____
Model/Year: _____
VIN: _____
Purchase Date: _____
Dealership Name: _____
Dealer Address: _____
Salesperson/Phone No: _____
Sales Manager/Phone No: _____
Service Manager/Phone No: _____

2. Limited Warranty.

The Modern SmartBuy Limited Warranty on your SmartBuy pre-owned vehicle provides coverage on certain parts of your vehicle, depending on the mileage of your vehicle at purchase. See “What is Covered”, below, for a more detailed description of what repairs are covered by the Modern SmartBuy Limited Warranty. The Modern SmartBuy Limited Warranty is not transferable.

Vehicles Under 100,000 Miles: The Modern SmartBuy Limited Warranty provides the following coverage on vehicles with less than 100,000 total miles at the time of purchase:

- *Limited “Bumper-to-Bumper” Warranty:* 1 month / 1,000 miles;¹ or the balance of any existing New Vehicle Warranty.²

¹ Whichever comes first following the date of purchase.

² The Modern SmartBuy Limited Warranty is only effective when your vehicle’s New Vehicle Warranty or Certified Pre-Owned Warranty provided by the original manufacturer expires, and the coverage it provides is different from the New Vehicle Warranty or Certified Pre-Owned Warranty. If the pre-owned vehicle is covered by a transferrable New Vehicle Warranty or Certified Pre-Owned Warranty at the time of purchase, your vehicle will instead be covered by the New Vehicle Warranty or Certified Pre-Owned Warranty until its expiration (in accordance with its terms). If the New Vehicle Warranty or Certified Pre-Owned Warranty expires before the Modern SmartBuy Limited Warranty would

- *Limited Powertrain Warranty*: 12 months / 12,000 miles.¹

Vehicles Over 100,000 Miles: The Modern SmartBuy Limited Warranty provides the following coverage on vehicles with 100,000 or more total miles at the time of purchase:

- *Limited “Bumper-to-Bumper” Warranty*: 1 month / 1,000 miles.¹
- *Limited Powertrain Warranty*: 6 months / 6,000 miles.¹

3. Additional SmartBuy Benefits.

Carfax: You will be provided with a CARFAX® Vehicle History Report™ for the vehicle at the time of purchase. Modern makes no representation or warranty as to the accuracy or completeness of this report.

3-Day / 300 Mile Vehicle Exchange Program: If you are not satisfied with your purchase, you may return your vehicle to Modern (*i.e.*, the place of purchase) within 72 hours or 300 miles from purchase (whichever comes first) and exchange your vehicle for another in-stock vehicle at the Modern location where you purchased your vehicle. All exchanges are subject to the following conditions:

- Each purchaser is limited to a total of two exchanges.
- Returned vehicle must be in the same condition as at purchase. Any damage to the vehicle not existing at time of purchase will void your ability to exchange the vehicle.
- If you exchange your purchased vehicle for another vehicle of greater value, you will be required to pay the difference (plus any taxes or other fees) at the time of the exchange.
- Your exchange will be treated as a trade-in of the returned vehicle and the purchase of the replacement vehicle. Accordingly, you must qualify for financing on the replacement vehicle, and certain fees typically due at closing may apply (*e.g.*, title, registration, taxes, etc.). Please see your Modern Dealer for more information.

Modern-Paid NC State Inspections for Life: Modern will provide you with free North Carolina state inspections for as long as you own the vehicle. Inspections must be performed by the repair facility at the Modern dealership where you purchased your vehicle. Any repairs required as a result of your vehicle’s failure to pass inspection that are not covered by this warranty will be your sole responsibility.

Free Rental for Warranty-Covered Repairs: If you are unable to drive your vehicle due to the mechanical breakdown of a component covered by the Modern SmartBuy Limited Warranty, and repairs are estimated by Modern to take two hours or longer, then Modern will provide you with a loaner vehicle or a rental car (up to a maximum of \$50 per day for a maximum of 14 days) while Modern repairs your car. This reimbursement only applies if the breakdown is due to a manufacturer’s defect in materials or workmanship of your vehicle that is covered by the Modern SmartBuy Limited Warranty, and will not apply in the case of any accident or other damage. You must obtain your loaner/rental vehicle from the Modern dealership where you purchased your vehicle and you will not be reimbursed for obtaining a rental vehicle from any other location. Whether to provide you with a loaner or a rental car will be determined by Modern.

2 Keys with Every Vehicle: Each vehicle should be delivered with at least two keys. If you do not receive two keys, please notify Modern before finalizing the purchase. Modern is not responsible for replacing keys after purchase.

4. Where to Go for Warranty Service.

have expired, then your vehicle will be covered, after expiration of the New Vehicle Warranty or Certified Pre-Owned Warranty, by the Modern SmartBuy Limited Warranty (up to one month from the date of purchase or up to 1,000 miles after purchase).

To obtain service under the Modern SmartBuy Limited Warranty, the vehicle must be brought, promptly upon discovery of a defect in material or workmanship, to the repair facility at the Modern dealership where you purchased your vehicle during normal business hours. The Modern SmartBuy Limited Warranty does not cover the cost of repairs at any other facility.

5. What is Covered?

Vehicle Checklist. As a purchaser of a vehicle sold with a Modern SmartBuy Limited Warranty, you have been provided with a 150-Point Pre-Owned Vehicle Checklist (or similar checklist provided by the vehicle's manufacturer in connection with a Certified Pre-Owned Warranty) that will disclose, with respect to each "point" on the checklist, whether the item was "Inspected, Meets Standard", "Service Completed" or will remain unrepaired as an "Inspected, Service Available". Notwithstanding anything below, the Modern SmartBuy Limited Warranty only covers items indicated on the checklist as "Inspected, Meets Standard" or "Service Completed", and **does not cover items indicated as "Inspected, Service Available"**.

Limited Powertrain Warranty. The Modern SmartBuy Limited Warranty's "Limited Powertrain Warranty" covers authorized repairs or replacements of the following components that fail under normal use due to a manufacturer's defect in materials or workmanship:³

- **Engine:** Engine block and cylinder heads and all internally lubricated parts including pistons, piston rings, pins and cylinder sleeves; crankshaft, pulley, main bearings, caps and bolts; connecting rods, rod bearings, caps and bolts; camshaft(s), camshaft bearings, buttons and plugs; timing gears and timing chain or belt; rocker arms, rocker arm pivots, shafts and bushings; intake and exhaust valves, springs, guides, adjusters, retainers and seats; pushrods and lifters; intake manifold; exhaust manifolds; balance shaft; water pump; fuel pump; thermostat; oil pump, cover, gears, pressure relief valve and screen; rotor housing, rotors, shims and silent shaft; all internal fasteners, nuts and bolts; turbocharger/supercharger assembly including boost valve and wastegate; seals and gaskets.
- **Transmission/Transaxle/Transfer Case:** Transmission/transaxle case and all internally lubricated parts including ring and pinion gears; oil pump, cover, gears, housing and vanes; torque converter; valve body(s); throttle valve; valve pack; governor, gear and cover; parking gear and pawl; roll pins; sprags; sprockets; chain; springs; stator and shaft; pressure regulator valve; pressure switches; solenoids; bands; automatic transmission/transaxle clutch, drums, pistons and steel plates; planetary and sun gears; servos and rings; blockers; synchronizer hubs and keys; bearings; bushings; supports and shafts; control rings; yoke; extension housing; speedometer drive gears; accumulators and rings; adjusters; all internal fasteners, nuts and bolts; shift cover and forks; separate bell housing; transfer case and all internal parts contained within the transfer case; seals and gaskets. (Standard transmission clutch assemblies and all component parts are not covered.)
- **Drive Axle:** Differential/axle housing(s) and all internally lubricated parts including the axle flange; ring and pinion gear/carrier assembly; spider gears and bearings; pins; retainers; positraction clutches; plates and springs; cover; seals and gaskets. (CV joints and boots are not covered.)
- **Hybrid/Plug-In Electric/Compressed Natural Gas Components:** Electric motor/generator(s) all internal components; inverter/converter/transformer units including all internal components and cover; Continuously Variable Transmission (CVT) and all internal components; power split device and all internal components; reduction/reducer box and all internal components; seals and gaskets for the above listed components.

Limited Bumper-to-Bumper Warranty. In addition to the items covered under the Modern SmartBuy Limited Warranty's "Limited Powertrain Warranty", the Modern SmartBuy Limited Warranty's "Limited Bumper-to-

³ Modern will make the determination of whether to replace or repair any component. Parts replaced will become the property of Modern.

Bumper Warranty” covers authorized repairs or replacements of the following components that fail under normal use due to a manufacturer’s defect in materials or workmanship:

- **Suspension:** front axle sub frame, control arm supports, control arms, wheel bearing housing, steering knuckle, front wheel hub, coil springs, stabilizer bar, stabilizer links, rear axle beam and support, stub axles, rear bearings and housings, rear springs.
- **Brakes:** ABS hydraulic pump and lines, warning and regulating switches, ABS control unit, all ABS wiring harnesses, ABS relays, master cylinder, fluid reservoir, parking brake and all associated lever switches and cables, pressure regulators, pressure accumulators, all hydraulic lines and hoses, vacuum pump and hoses, front and rear calipers and mounts (not for seizing from corrosion), power assist vacuum/hydraulic unit.
- **Steering:** upper and lower steering shafts, steering column, steering column adjustment mechanism, steering gear, power steering pump, all associated hydraulic hoses and pipes, all associated bearings.
- **Climate controls:** heater control unit, heater control cables and valves, heater core, ambient sensor, fresh air controls and cables, fresh air blower, distribution ducts and outlets, all vacuum motors, a/c control unit, all associated a/c wiring, interior sensors, a/c compressor and clutch, a/c compressor relay, a/c switches and sensors, a/c receiver drier, accumulator, a/c condenser, a/c expansion valve.
- **Electrical:** navigation components, radios, compact disc players, DVD players, speedometer and sensors, odometer, tachometer, temperature gauges, horns, windshield wiper motor and associated sensor, windshield washer reservoir, fluid level sensor, headlight washer pump and associated components, headlight switch, brake light switch, turn signal switch, emergency flasher switch, door switches, backup light switch, fog light switch, alarm system components, wiring harnesses and connectors (non-modified by aftermarket installations), cruise control components, starter, alternator, ignition coils, ignition locks and electrical components, knock sensors, voltage regulators, distributor assemblies, infrared entry receiver (not for battery replacement), power door actuators and associated switches, sunroof motor, sunroof switches and relays, convertible top hydraulic motor and associated wiring, window regulator assemblies and motors, power window switches and associated wiring, sideview mirror motors and associated wiring, sun shade motor, airbag sensors and warning lights and associated components, airbags, seat motors and hearing elements and their relays.

6. What is Not Covered?

Modern representatives have the right to make the final judgments on any disputed items. The following items are **not** covered under the Modern SmartBuy Limited Warranty:

- **New Vehicle Warranty, Certified Pre-Owned Warranty or Other Warranty:** This warranty does not cover repairs already covered by a New Vehicle Warranty, Certified Pre-Owned Warranty (if any such warranty is still in effect) or any other warranty; the Modern SmartBuy Limited Warranty is secondary to any New Vehicle Warranty, Certified Pre-Owned Warranty or other warranty.
- As stated above, the Modern SmartBuy Limited Warranty will only cover items indicated on the 150-Point Pre-Owned Vehicle Checklist (or similar checklist provided by the vehicle’s manufacturer in connection with a Certified Pre-Owned Warranty) as “Inspected, Meets Standard” or “Service Completed”, and does not cover items indicated as “Inspected, Service Available”.
- **Audio Components:** This warranty does not cover speakers, subwoofers or radio tape head cassette cleaning, or any other wear or maintenance component of the audio system.
- **Tires:** Tires are not covered by this warranty but may be separately warranted by the tire manufacturer.
- **Body, Chassis & Exterior Parts:** Body structure and other panels, plastic liners, protectors, body kits, bright metal, grille, sheet metal, paint, bumpers, moldings, body seals and weather strips, outside ornamentation, emblems, lenses, bezels, wheel covers/ornaments, rims, wheel studs and lug nuts, wheel

locks, valve stems, fastening and securing hardware, squeaks and rattles, rust, all glass, side view mirror housing.

- **Interior:** Upholstery, floor mats, arm rests, door panels, console and lids, interior plastic trim, moldings, carpet, carpet pad, dash pad, manual rearview mirror (except for electronic failure of the auto-dimming mirror), door and window handles, knobs, buttons, seat belts, aftermarket gauges, controllers and shifter knobs. This warranty also does not cover cosmetic damage or other wear and tear to interior components, including, without limitation, dents, scratches, cracks, rips, stains or other damage to any of the foregoing.
- **Maintenance services and adjustments:** This warranty does not cover the cost of parts and labor involved in any scheduled maintenance service. This warranty does not cover the replacement of filters, oil, lubricants or fluids unless their replacement is a necessary part of warranty service on a covered component. This warranty does not cover tune-ups, air conditioning recharge, wheel alignments and tire balancing or rotating, brake and clutch adjustments, or any mechanical adjustments that may become necessary as a result of normal use or wear and tear. Adjustments are minor repairs not usually associated with the replacement of parts, such as headlight adjustments.
- **Diesel and Hybrid Vehicles:** This warranty does not cover the replacement of diesel additives in the absence of a defective component, nor does it cover damage due to intentional or unintentional misfueling or charging, including the use of bio-diesel or alternative fuels or the failure to charge the vehicle in accordance with the vehicle's Owner's Manual. Please refer to manufacturer's recommended fuel and charging guidelines in the Owner's Manual and the Warranty and Maintenance Booklet.
- **Wear items:** This warranty does not cover any wear items, including, but not limited to, the replacement of clutch linings, disks, pressure plates and throw-out bearings, brake pads, brake linings, brake rotors, spark plugs, spark plug wires, windshield wiper blades, tie-rod ends, CV joints or boots, clamps or fasteners, bulbs, fuses, radio tape head cassette cleaning, worn seatcovers, other trim and appearance items that wear as a result of normal use or deterioration, battery, exhaust systems, catalytic converters, accessory belts and hoses that wear as a result of normal use. Modern reserves the right to make changes on non-covered items without notice. Please check with your dealer for coverage on a particular item.
- **Damage or malfunctions due to improper or lack of maintenance/repair and failure to comply with vehicle standards:** This warranty does not cover damage caused by improper tools or maintenance/repair procedures including but not limited to consequential damage, repeat repairs/ replacements due to incorrect diagnosis or improper repair/installation, failure to follow recommended maintenance and use schedules and instructions as set forth in the vehicle's Owner's Manual and the Warranty and Maintenance Booklet. The owner must present copies of all maintenance performed on the vehicle at the time of service to avoid repairs from being denied, including, without limitation, a description of each procedure performed and the date and odometer reading at the time of service, and receipts for service work and/or parts used.
- **Damage or malfunctions due to misuse, negligence, alteration, accident or fire:** This warranty does not cover damage due to improper use or repair of the vehicle (whether intentional or unintentional), improper installation of accessories including but not limited to lowered suspension, over-sized brakes, after market clutch assembly, over-sized wheels or tires, alarm systems, tuning/performance-enhancing devices, remote starters, other audio components or communications equipment, intentional or unintentional misfueling, use of the vehicle in racing or competitive events or damage caused by accident, accidental fire, collision, or vandalism. This is not a complete list. Any alterations or installations performed on a vehicle are subject to review by an authorized Modern representative. This warranty does not cover damage due to failure to promptly stop driving and take preventative measures, including taking the vehicle to the Modern repair facility where you purchased your vehicle, upon discovery of a defect in manufacturer's material or workmanship.
- **Damage caused by the environment:** This warranty does not cover damage caused by the environment including but not limited to animal droppings, acid rain, tree sap, stones chips, scratches, dings/dents, objects striking the vehicle, engine hydrolock, potholes and other road hazards, hail damage, windstorms, lightning, earthquake, fire, flood, freezing and or other natural occurrences.
- **Cost of maintenance services:** This warranty does not cover the cost of any maintenance services.

- **Existing Conditions:** This warranty does not cover any condition existing at the time of purchase, including, without limitation, items indicated on the 150-Point Pre-Owned Vehicle Checklist (or similar checklist provided by the vehicle's manufacturer in connection with a Certified Pre-Owned Warranty) as "Inspected, Service Available", or any other repair prohibited by statute, regulation or other law.
- **Towing:** This warranty does not cover the cost of any towing, transport or other roadside assistance.
- **Additional Exclusions:** No warranty coverage/reimbursement exists for the use of non-genuine manufacturer parts and accessories, damage due to the use of non-genuine parts and accessories, damage due to used parts (except factory remanufactured parts), noise, vibration, cosmetic conditions, and other deterioration caused by normal wear, filters, oil, lubricants, or fluids, unless their replacement is a necessary part of warranty service, and fuel unless specified in an applicable Technical Service Bulletin or Recall Notice, parts found to be damaged upon removing the packaging and prior to installation on a vehicle, parts used in any application for which it was not designed, any related labor/diagnosis of a component that is not covered, cleaning and detailing except if part of an existing labor operation, shop supplies.

Wear clarification: Your Modern technician is authorized to decide if a component is worn as opposed to having a factory defect. This warranty covers items that fail due to a defect in material and workmanship; this warranty does not cover items that fail due to wear. Many components on your pre-owned vehicle will wear based on driving technique, exposure to elements or gradual normal deterioration. Items that have failed based on any one of these criteria are not considered to have a factory defect and will not be covered under your Modern SmartBuy Limited Warranty.

Replacement Parts: Modern representatives shall make all final judgments with respect to the selection of replacement parts. Modern may use OEM replacement parts or parts that are manufactured by third-party aftermarket suppliers, including used and/or refurbished parts, provided that Modern determines that the replacement parts are of like kind and quality to the part being replaced.

7. **Voiding Your Warranty.**

Your Modern SmartBuy Limited Warranty will be immediately voided and will not be reinstated under the following circumstances:

- The vehicle identification number (VIN) has been altered or removed.
- The odometer has been altered or the actual mileage cannot be determined.
- An insurer reports the vehicle as dismantled, fire/flood damage, junk, rebuilt, reconstructed, salvaged, or declared a loss.
- The vehicle has been used in racing, competitive events or livery cab or other commercial service.
- The vehicle has been stolen or exported from the United States.

8. **Limited Warranty**

The Modern SmartBuy Limited Warranty, to the extent that it has not expired, is the only express warranty made by Modern with respect to this pre-owned vehicle. ANY IMPLIED WARRANTY, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, IS LIMITED IN DURATION TO THE PERIOD OF THE WRITTEN WARRANTY. Some states and provinces do not allow limitations on how long an implied warranty lasts; therefore, this limitation may not apply to you. Neither Modern nor the manufacturer of your vehicle assumes, or authorizes any person to assume, any other obligation or liability on its behalf. The Modern SmartBuy Limited Warranty shall be construed and enforced in accordance with the laws of the state of

North Carolina, which will be the proper jurisdiction for any disputes arising under the Modern SmartBuy Limited Warranty.

9. Exclusion of incidental and consequential damage

This warranty does not cover any incidental or consequential damage, including loss of value of the vehicle, lost profits or earnings, or out-of-pocket expenses for substitute transportation or lodging. Some states do not allow the exclusion or limitation of incidental or consequential damage, so this limitation or exclusion may not apply. This warranty gives the owner specific legal rights, and the owner may also have other rights that vary from state to state.

10. Warrantor

This warranty is issued by Modern for vehicles sold by Modern under the SmartBuy program and registered in the U.S. This warranty does not apply to vehicles, parts or accessories not sold by Modern, vehicles sold at wholesale, commercial vehicles or vehicles registered outside of the U.S. Additional warranty information may be obtained by calling Michael J. Feiereisel at 336-722-4191.

11. Arbitration

Any claim or dispute arising under the Modern SmartBuy Limited Warranty or otherwise under this agreement, whether in contract, tort, statute or otherwise (including the interpretation and scope of this Agreement and the arbitrability of the claim or dispute), between you and Modern (together with Modern's affiliates and any of their respective directors, officers, managers, employees, agents, successors or assigns), shall, at your or Modern's election, be resolved by neutral, binding arbitration and not by a court action, unless otherwise provided herein. Any claim or dispute is to be arbitrated by a single arbitrator on an individual basis, and not as a class action, in accordance with the rules of the American Arbitration Association, 35 Madison Avenue, Floor 10, New York, NY 10017-4605 (www.adr.org), unless all parties to the arbitration agree otherwise.

Arbitrators shall be attorneys or retired judges and shall be selected pursuant to the applicable rules. The arbitrator shall apply governing substantive law in making an award. The arbitration hearing shall be conducted in the federal district in which you reside. Modern will pay any fees that the arbitrator determines that Modern must pay in order to make this Section 11 enforceable. Each party shall be responsible for its own attorney, expert and other fees, unless awarded by the arbitrator under applicable law. The arbitrator's award shall be final and binding on all parties, except that in the event the arbitrator's award for a party is \$0 or against a party in excess of \$100,000, or includes an award of injunctive relief against a party, that party may request a new arbitration under the rules of the arbitration organization by a three-party panel. If any provision under this Section 11, other than waivers of class action rights, is deemed or found to be unenforceable for any reason, the remainder shall remain enforceable. The appealing party requesting new arbitration shall be responsible for the filing fee and other arbitration costs subject to a final determination by the arbitrators of a fair apportionment of costs. This Section 11, and any arbitration conducted hereunder, shall be governed by the Federal Arbitration Act (9 U.S.C. § 1, *et seq.*).

You and Modern retain any rights to self-help remedies, such as repossession. You and Modern further retain the right to seek individual remedies in small claims court for individual claims or disputes (as opposed to a class claim) so long as the amount in controversy is \$2,500.00 or less. Neither you nor Modern waives the right to arbitrate by using self-help remedies or filing suit. Any court having jurisdiction may enter judgment on the arbitrator's award. This clause shall survive any termination, payoff or transfer of this contract.

EITHER YOU OR MODERN MAY CHOOSE TO HAVE ANY DISPUTE BETWEEN US DECIDED BY ARBITRATION AND NOT IN COURT OR BY JURY TRIAL. IF A DISPUTE IS ARBITRATED, YOU WILL GIVE UP YOUR RIGHT TO PARTICIPATE AS A CLASS REPRESENTATIVE OR A CLASS MEMBER ON ANY CLASS CLAIM YOU MAY HAVE AGAINST US INCLUDING ANY RIGHT TO CLASS ARBITRATION OR ANY CONSOLIDATION OF INDIVIDUAL ARBITRATIONS. DISCOVERY AND RIGHTS TO APPEAL IN ARBITRATION ARE GENERALLY MORE LIMITED THAN IN A

LAWSUIT, AND OTHER RIGHTS THAT YOU AND WE WOULD HAVE IN COURT MAY NOT BE AVAILABLE IN ARBITRATION.

We thank you for your purchaser of a Modern SmartBuy Pre-Owned Vehicle. By signing below, you indicate your acceptance of and willingness to be bound by the terms set forth above.

[INSERT MODERN DEALERSHIP ENTITY NAME]

By: _____

Name: _____

Title: _____

Date: _____

SMARTBUY CUSTOMER:

Signature: _____

Print Name: _____

Date: _____