

# Membership Agreement

Member Agreement & Terms of Trade is outlined into the following sections:

1. Membership Information
2. Nikkyo's Deal Terms
3. 'As Is' Policy, Quality Control & Grading
4. Purchases & Payments
5. Document Presentation
6. Liabilities, Basic Warranty & Parts Support

## AGREEMENT

To become a Nikkyo Co., Ltd. registered customer, you must read and accept the guidelines contained in this document. Nikkyo Co., Ltd. provides all services to its customers subject to the following Terms of Trade, which may be updated by Nikkyo from time to time without notice to the customer. If you have any questions about this agreement please contact us.

## Terms of Trade

### SECTION 1

#### MEMBERSHIP INFORMATION

##### BECOMING A NIKKYO MEMBER

All Nikkyo members must read and accept the terms of trade outlined in these pages. Complete our customer application which can be found on the top page of Nikkyo's website. Incomplete applications will be deleted, so please completely fill out all information requested. Applications are screened by our management and approved/denied at our discretion; approved customers will be sent a welcoming email confirming their new account information.

##### ACCOUNT RESPONSIBILITY

Nikkyo's registered customers have a contractual duty and responsibility to maintain their account with Nikkyo Co., Ltd. The customer is expected to make all payments/communication needed to keep his/her account with Nikkyo Co., Ltd. current. A customer's failure to manage his/her account will result in account cancellation and possible further actions. The customer must not share his account information with any other person. Sharing account information will be in violation of Nikkyo's agreement. Nikkyo can not be held responsible for the abuse or misuse of a customer's account, it is the customer's responsibility to keep his ID/PASSWORD information secure.

##### MULTIPLE ACCOUNTS

As a Nikkyo registered customer, you can have only 1 account. The only exception is if you have more than one destination port which you ship to. For example, if you are based in Southampton, UK and also ship to Mombassa, Kenya, then it is possible for you to have two separate sets of access IDs with Nikkyo.

##### INACTIVE ACCOUNTS

An account becomes inactive when the customer has not accessed Nikkyo's website for several months. In order to keep Nikkyo's customer database manageable and to protect our existing customers, inactive accounts will be deleted periodically.

##### CANCELED ACCOUNTS

Nikkyo reserves the right to cancel your account for any reason.

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### SECTION 2

#### NIKKYO DEAL TERMS

##### CIF (Cost/Insurance/Freight)

This is a comprehensive deal term which includes the following:

- A. Price of the vehicle
- B. Japan-side procedure costs (in-land transportation, customs & shipping procedure, documentation etc.)
- C. Marine insurance
- D. Ocean freight to destination

##### C&F (Cost/Freight)

This is the same as above however excludes marine insurance:

- A. Price of the vehicle
- B. Japan-side procedure costs (in-land transportation, customs & shipping procedure, documentation etc.)
- C. Ocean freight to destination

#### FOB (Free On Board)

The customer pays the ocean freight to the destination port shipping agent. This largely depends on the shipping agent & destination ports and may not be acceptable in some cases:

- A. Price of of the vehicle
- B. Japan-side procedure costs (in-land transportation, customs & shipping procedure, documentation etc.)

#### C&I (Cost/Insurance)

This is the same as FOB but includes marine insurance

- A. Price of of the vehicle
- B. Japan-side procedure costs (in-land transportation, customs & shipping procedure, documentation etc.)
- C. Marine insurance

#### FCA (Free Carrier)

The customer pays part of Japan-side procedure costs(customs & shipping procedure including vaning fee and Japan THC etc.) to the carrier nominated by customer, and pays the ocean freight to the destination port shipping agent. This largely depends on the shipping agent & destination ports and may not be acceptable in some cases.

This term includes the following:

- A. Price of the vehicle
- B. Part of Japan-side procedure costs(in-land transportation, documentation)

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## SECTION 3

### 'AS IS' POLICY, QUALITY CONTROL & GRADING

#### 'AS IS' POLICY

Nikkyo Co., Ltd. of Japan sells vehicles in 'as is' condition. 'As is' condition means that vehicles are sold in their current condition without warranty implied or explicit. Because of the nature of used vehicles, it is impossible to be aware of everything right and wrong with the vehicle. Nikkyo will do its best to accurately report the condition & quality of all vehicles purchased from our inventory.

#### QUALITY CONTROL

Nikkyo uses careful quality control measures to select its stock and publish its details to our customers.

- I. Nikkyo uses the highest standards to select our stock. We only select stock that qualifies in our grading system (described below) as GRADE 3 or above.
- II. After the cars are aquired and transported to Nikkyo's motorpool, they undergo a basic examination. Each vehicle is graded on two scales, INTERIOR CONDITION and EXTERIOR CONDITION. If the condition is unsatisfactory by Nikkyo standards, Nikkyo's professional technicians will move the vehicle into Nikkyo's workshop for repairing or into the paintshop for respraying.
- III. All Nikkyo cars undergo a mechanical inspection. Cars are checked for basic road function. Engine noise, AC, electrical function, lamps, brakes, clutch, steering etc. are all examined for basic fuctionality. This is only a simple mechanical inspection (is not an inspection done with dismantling). Nikkyo recommends that customers always perform a full inspection & basic servicing after the car is received to ensure comfortable and safe use.
- IV. All Nikkyo cars undergo a surface inspection. All glass parts are inspected and repaired or replaced if necessary. Plastic parts with obvious cracks are repaired or replaced. Any obvious dents and scratches are recorded (some may be repaired). All obvious blemishes (exterior and interior) are recorded. Car accessories and options such as stereos, heated seats, power options, fog lights, aftermarket parts etc. are checked and recorded.
- V. After inspections, final INTERIOR CONDITION and EXTERIOR CONDITION grade points are issued and all recorded information is published to our website. Several digital photos are taken of the vehicle (front/side, back/side, interior, engine bay, damaged areas) and published to our website. Additional pictures can be requested by the customer.
- VI. Once a vehicle is ordered, cars undergo cleaning and a 3rd simple inspection before shipping. Cars are moved into Nikkyo's wash area. Interiors are cleaned with a vacuum machine (fabric seats may be steam cleaned). The car exterior is washed with a automatic washing machine. Engine bays are cleaned with a jet-cleaner and hand brushed.

#### GRADING SYSTEM

Nikkyo uses the following grading system for customers to better understand the condition of our vehicles. One grade point refers to the vehicles exterior condition and a second refers to the interior condition. Customers must understand these grade points are only estimations by professional technicians and should be used for reference only.

#### CONDITION 5

##### EXTERIOR

Close to NEW condition. No scratches & dents.

##### INTERIOR

Close to NEW condition. No blemishes etc.

- **CONDITION 4.5**

##### EXTERIOR

Excellent used car condition. No obvious scratches & dents.

##### INTERIOR

Very clean interior. No obvious blemishes etc.

- **CONDITION 4**

##### EXTERIOR

Good used car condition. Fewer than 2 minor dents and/or scratches. About ~\$USD 500. needed to upgrade to condition 4.5.

##### INTERIOR

Clean interior. May need some simple cleaning. Floor mats, seats, panels etc. may contain some minor blemishes.

- **CONDITION 3.5**

##### EXTERIOR

Fair used car condition. May have more than 2 minor dents and/or scratches. Nikkyo suggests that some body work ~\$USD 500 to upgrade to condition 4.

##### INTERIOR

Fair interior condition. Interior contains some minor blemishes, possible cigarette burns/trace, wear marks. Floor may need additional cleaning.

- **CONDITION 3**

##### EXTERIOR

Below average used car condition. Has some obvious dents and/or scratches. Needs repair and/or respraying. Cars purchased by Nikkyo in condition 3 will always be repaired and upgraded to condition 3.5 or higher.

##### INTERIOR

Dirty interior condition. Has some obvious blemishes, cigarette burns/trace etc. Nikkyo will always clean/repair vehicles with interior condition 3 so that they are condition 3.5 or higher.

**IMPORTANT JDA INFORMATION** - This grading system relates only to vehicles in our private inventory. JDA (Japan domestic auctions) grading systems may be different because each auction within Japan employs their own grading system-- which may be different than Nikkyos. If you have any questions about grading for JDA vehicles, please contact your sales representative.

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## SECTION 4

### PURCHASES & PAYMENTS

#### STEP 1 - INVENTORY

You must first become a Nikkyo registered customer before you can order with Nikkyo. Once a member, customers can access our website to browse our online inventory, view photos & inspection sheets.

#### STEP 2 - PLACE AN ONLINE ORDER

To order a vehicle, a 2 page order form must be completed online. At the end of the orderform, the customer will be shown a PROFORMA TOTAL. This is the total amount (Japanese Yen) due to Nikkyo for the purchase of the vehicle. After the customer clicks 'CONFIRM THIS ORDER', his account will be charged. Customers can view their Account Reports online to review the charges.

#### STEP 3 - RECEIVE A PROFORMA INVOICE BY EMAIL/FAX

After a customer has successfully submitted an online order, he will receive a Proforma Invoice from Nikkyo by email (in the form of an attachment, the invoice will be a '.HTM' document which can be viewed by Microsoft Word or any internet browser) and/or fax (if the customer registered a fax number with us, the invoice will also be sent by fax). This is the official confirmation of the purchase.

#### STEP 4 - SEND PAYMENT

Customers must send 100% of the Proforma Invoice Amount to Nikkyo within 1 week after receiving the Proforma Invoice from Nikkyo. For some customers, special payment arrangements may be considered. This is based on the customer's past dealing history, reputation, and payment quality. Please remember the faster a customer sends this payment, the earlier Nikkyo can arrange for the vehicle's shipment. If this payment is not received within 1 week time, Nikkyo reserves the right to cancel your order and re-publish the vehicle to the stock lists for other customers. In addition your account will be subject to Nikkyo's cancellation penalty (please see Order Cancellations in this section).

*After payment is made, customers must complete the payment notification form (please see Payments in this section).*

#### STEP 5 - NIKKYO WILL SHIP THE VEHICLE

Nikkyo will begin shipping arrangements. In order to make the next available shipment the payment must be received at least 5 working days before the scheduled \*ETD date of a transport. If the payment is received under 5 working days of the ETD, the vehicle must wait the next available shipment. The customer must also consider any options (such as service packages/spoilers) as they may require additional time to install. This 5 day period is necessary because the vehicle must be preped (inspected, cleaned), moved to the port, and processed for customs before it can be loaded onto the ship. Nikkyo cannot be held liable if a shipment is missed for late payments, bank delays and shipping schedule changes. After a vehicle is shipped, the shipping information (ETD/\*ETA dates) will be available in the customer's account reports.

#### STEP 6 - REVIEW BILL OF LADING

Within 7 working days after the ETD date, Nikkyo will make available the vehicle's Bill of Lading online. This can be found by clicking on the ship name in a customer's account reports. The customer must view and confirm that the Bill of Lading is correct. The customer may request changes to the Bill of Lading online-- each change made (per bill) will be subject to a charge of 10,000 YEN. Nikkyo cannot be held liable for any error's in the Bill of Lading which may result in a delay to release the vehicle.

#### STEP 7 - SEND FINAL PAYMENT

If the customer has a special payment arrangement with Nikkyo which allows for partial payment to be made in advance, the final payment (remaining balance) must be paid after the Bill of Lading copy is confirmed. If customers paid 100% of the invoice amount before shipment, then please skip this step. Nikkyo recommends that the final balance payment be made at least 1 week before the vehicle's ETA date. This is to avoid any delay at the destination port-- customers can then release the vehicle as soon as it arrives. If the final balance payment is not received in this time, the customer must be aware that the destination port may apply storage fees. Customers are responsible for any storage charges (and any other fees) at the destination port that may occur if the vehicle is held. If the final balance payment cannot be received within the earlier of 1 month after the ETA date or before the maximum amount of time for storage allowed by the destination port authority, Nikkyo reserves the right to auction that vehicle to any other customers within the same destination port or arrange return shipment to Japan. Additionally Nikkyo will confiscate the initial payment amount and apply cancellation fees.

*After the final payment is made, customers should complete the payment notification form (please see Payments in this section).*

#### STEP 8 - DOCUMENTS WILL BE SENT TO THE CUSTOMER

After Nikkyo has received the 'final' payment, Nikkyo will send all necessary documents to release the vehicle (please see section 5). All documents will be sent by DHL. Depending on the customer's location, the delivery can take between 3 and 5 working days. For our customer's convenience, the DHL tracking number will be published in the customer's account reports as soon as the documents are sent. Customers may go to DHL's website to view the status of their delivery. Nikkyo cannot be held liable for any delays associated to wrong addresses or DHL related problems.

*\* ETD = estimated time of departure of the vessel, ETA = estimated time of arrival*

#### ORDER CANCELLATIONS

Nikkyo will not accept order cancellations for any reason.

The following penalties will be applied for cancellations that are absolutely necessary.

*\* Orders cancellations from Nikkyo Stock List (before car is shipped)*

An absolutely necessary cancellation will be subjected to a penalty of 100,000 YEN or more per unit (cancellation fee will be determined by Nikkyo). In addition Nikkyo may in some cases suspend the customer's account and stop all dealings.

*\* Orders cancellations from Japanese Domestic Auctions (JDA) (before car is shipped)*

An absolutely necessary cancellation will be subjected to a penalty of 100,000 YEN or more per unit (cancellation fee will be determined by Nikkyo). In addition Nikkyo may in some cases suspend the customer's account and stop all dealings.

In all cases, if an order is cancelled after the car has already been shipped, the partial payment (down payment) will be CONFISCATED by Nikkyo to cover losses. The car will be auctioned to other Nikkyo customers within the same destination port.

#### PAYMENTS

Nikkyo accepts payments in the following forms.

1. Telegraphic Transfer (T/T)
2. Letter of Credit (L/C at sight)  
*We only accept L/C payments if the amount (1 L/C amount) is greater than 1,000,000 YEN*
3. Online Payment by Credit Card (Visa, MasterCard, American Express)  
*Credit cards are only accepted from eligible countries. Minimum payment is 10,000 YEN.*

## CURRENCIES

For T.T. and L/C payments, Nikkyo accepts U.S. Dollar, British Pound and Japanese Yen. Currencies transferred other than the Japanese Yen will be converted to Japanese Yen by Nikkyo's bank against the exchange rate current on the day the money is received. Nikkyo cannot be responsible for monies lost through exchanging currencies. The customer is obligated to pay his balance in full.

For Credit Card payments, the customer will indicate a YEN amount to pay Nikkyo. However the credit card will be charged in US Dollars (after a 3% processing fee and conversion using the current YEN/DOLLAR exchange rate).

## PAYMENT NOTIFICATION (for TT payments)

Nikkyo customers are encouraged to complete a Payment Notification form after submitting a TT payment to Nikkyo. This notification form can be found inside the customer's account reports. This will greatly speed up the order/shipping process. Customers should only complete this form after the TT payment has been made.

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## SECTION 5 DOCUMENT PRESENTATION

As required by many customs authorities, Nikkyo prepares all necessary documents needed for our vehicles import. These documents are released to the customer after Nikkyo receives the 'final' payment. The following is a list of all documents Nikkyo will supply to its customers.

- Proforma Invoice (confirmation invoice)  
This is the initial invoice customers receive after they make the order online.
- Original Invoice  
This is the final invoice received after all payments have been made.
- Bill of Lading  
This document is published by the shipping companies in Japan. Nikkyo will honor requests for changes made to this. Changes are subjected to 10,000 YEN per bill.
- Marine Insurance Certificate  
This document is only included if the customer selects CIF as the deal term.
- Original Japanese Registration & Registration Cancellation Certificate
- English Translated Registration & Registration Cancellation Certificate

Depending on each customer's home port, Nikkyo will provide additional needed documentation. Nikkyo is aware of 'third party' certificates such as JAAI, SGS etc. It is the customer's responsibility to pay necessary charges for these additional documents. Nikkyo will automatically invoice these fees. Nikkyo will also honor requests for any other documents that may be necessary.

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## SECTION 6 LIABILITIES, BASIC WARRANTY & PARTS SUPPORT

### LIABILITY LIMITATIONS

Nikkyo Co., Ltd. customers understand that vehicles are purchased from Nikkyo in 'as is' condition (please see section 3). Nikkyo is responsible for the vehicle only up until the vehicle is released to the shipping company in Japan. *Nikkyo guarantees that the vehicle is released to shipping authorities in Japan in the same condition it appears as published on Nikkyo's website.* Nikkyo vehicles are always inspected twice (please see section 3), once after they have been acquired, and once again before they are sent to the shipping authorities in Japan for export.

Nikkyo Co., Ltd. is not liable for possible damages to the vehicle and/or deterioration of the vehicle after the vehicle has been received by the shipping authorities in Japan. Because delivery time can be 2 weeks to 1 month, additional wear may occur on the vehicle. Additionally there have been reports of theft and mishandling by shipping authorities and customs agents outside of Japan. The customer assumes this risk.

Nikkyo's registered customer has the responsibility to understand the necessary procedures & restrictions required to import a vehicle into the destination country. Many countries have various procedures & restrictions on vehicles (for example, import duty, year restrictions, cc restrictions etc.). Nikkyo cannot be liable for transactions stopped short due to the customer's misunderstanding of procedures & restrictions. In this event (depending on the progress of the transaction), cancellation charges may apply and/or no partial refunds may be given.

### BASIC WARRANTY

Nikkyo Co., Ltd. will only accept claims against its vehicles within 1 week after the arrival date of the vehicle at the customer's port. The 1 week period for claims begins as soon as the vehicle has arrived at the customer's destination port.

Claims made within 1 week after the arrival date will be handled by negotiation. Customers must supply proof (depending on the seriousness of the claim; for example pictures, inspection reports etc.) to Nikkyo. Claims must meet two conditions. First, the proof must clearly show that the received condition is different from the condition detailed on Nikkyo's website. Nikkyo maintains detailed records of each vehicle it handles; these records will be compared with the claims. Second, the damages must not have obviously occurred in transit overseas or within customs/port storage facilities.

- **EXCLUSIONS**

Vehicle parts subjected to wear from day-to-day normal driving (such as brake pads, batteries, tires, oil quality, shocks, odometer etc.) are excluded from Nikkyo Co., Ltd.'s basic warranty. Theft of parts which obviously occurred in transit overseas or within customs/port storage facilities is also excluded.

Claims can be settled by Nikkyo Co., Ltd. in several ways--as agreed upon by Nikkyo and the disputing party. Settlements typically involve, free parts replacement, partial refunds and credit issuance.

#### LIMITED PARTS SUPPORT

Nikkyo Co., Ltd. guarantees parts support for any vehicles purchased through Nikkyo. Nikkyo will honor requests for original manufacturer parts or aftermarket parts if available. Customer's must complete the Nikkyo's parts request form and are required to indicate the Nikkyo Code Number of the vehicle which the part is for.

Parts will be supplied at near at-cost prices (adding taxes & duty) and can be delivered by DHL, marine cargo or loaded in a purchased vehicle to be shipped.

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END OF NIKKYO CO., LTD. CUSTOMER AGREEMENT

#### UPDATE HISTORY

- 2010/03/08  
Add FCA Terms to Section 2.