THE STATE OF SOUTH CAROLINA

In the Supreme Court

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S.C. Supreme Court

APPEAL FROM PICKENS COUNTY

Court of Common Pleas

The Honorable Doyet A. Early, III

Case No. 2012-CP-01554

Appellate Case No. 2014-000642

Julie Freeman, Appellant-Respondent,

v.

J.L.H., LP a/k/a Hendrick Honda of Easley, Respondent-Appellant

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RECORD ON APPEAL
Vol. IV

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Easley?

A. Yes, I did.

Q. Even though it was a hundred dollars less than the amount you registered with the department?

A. That is correct.

Q. Okay. Now, on that exhibit, Mr. Pendleton, in the middle there, there is a disclosure of closing fees notice. And it says, this dealership charges closing fees as a means of reimbursing it for certain overhead costs, such as documents retrieval and document preparation. It is a charge that is permitted but not required by law. The full cash price charged at any dealership depends on many factors, including all products and services bought with the vehicle. Is that -- that's on the registration form that you use with the Department of Consumer Affairs; is that right?

A. That's correct.

Q. Let's look at Exhibit 10. Is that the same language that you use in the -- well, let me ask you. Is this the notice that's posted in your dealership about the closing fee?

A. That is.

Q. All right. So, did -- that language appears to be virtually identical to the language on the

registration form; is that right?

A. That's right. The form that we submitted all these years had -- it had -- you know, where I had sign. We paid our fees. We did everything we were supposed to do. We used that language to post because that's what was recommended to us to use from the South Carolina Department of Consumer Affairs. If we used that, we felt like we were safe, because that's what they recommended to do.

Q. Now, the notice from -- your notice and from the registration form says -- refers to certain overhead costs such as document retrieval and document preparation. Does it specify what documents it's talking about?

A. It does not.

Q. How have you interpreted that as far as determining the closing fee you would charge at Hendrick Honda?

A. I've interpret it as everything -- all -- everything we need in a deal jacket that -- to be legal, to follow state laws, anything and everything. The whole deal jacket.

Q. But limited to the documents that would be in a deal jacket?

A. I'm sorry?

Q. Is it limited to -- your interpretation of the

document in that phrase, is it limited to the documents that would be in the deal jacket?

A. No. Are you talking -- well. I misunderstood your question.

Q. I think you've answered the question, but I want to clarify.

A. Okay.

Q. When I asked you how do you interpret that language as far as determining the closing fee you want to charge. And you told me the documents in the deal jacket; is that right?

A. I said everything.

Q. In the deal jacket?

A. In the deal jacket.

Q. You're not talking about other documents of the dealership, are you?

A. Example?

Q. Well, tax returns?

A. No, no, no. Or service department things?

Q. Service department things?

A. No, no, no. I'm not talking about any -- I'm just talking about sales transactions.

Q. Okay.

A. Yeah.

Q. When you established the amount of the closing fee

that you would charge at Hendrick Honda, did you consider the limit in the transaction compliance policy?

A. Well, I knew we couldn't go over it, if that's -- you know.

Q. All right. Did you consider your knowledge of the dealership's costs related to document preparation, storage and retrieval?

A. Yes.

Q. Did you consider what you believed customers would consider a reasonable fee to reimburse Hendrick Honda of Easley for those costs?

A. Yes.

Q. Did you do any type of formal accounting study or analysis each year at the time you set the fee?

MR. THOMAS: Objection, Your Honor. He's leading.

THE COURT: Well, he is. But you have to object to make him stop. Sustained. Rephrase the question.

Q. At the time you set the fee, did you conduct a formal study of your costs?

THE COURT: Sustained.

MR. THOMAS: Same objection.

THE COURT: What all did you consider in

setting the fee, how about that? That's a direct question, but you can ask whatever you want to.

MR. BECKER: Well, I think I just asked him those questions.

Q. But as the general manager, do you review the dealership's financial statements every month?

A. Yes. Yes. And more than that, really.

Q. Do you review them with anyone else?

A. We review them with Hendrick management. We review them with departmental managers, anybody that would be involved of how the department turns out and responsible for how it's profit or not profit.

Q. Is it possible to see the dealership's expenses by department on your monthly financial statements?

A. Yes. We can look at it individual; new car, used car, parts, service, anyone we wanted to look at it. Their portions are all there.

Q. Are there any other departments that are separately broken out on your monthly financial statements? Other than those four?

A. No. Just -- yeah. New cars, used cars, parts and service. There are only four. We use American Honda financial statement.

Q. All right. Now, are the revenues and expenses of the parts and service departments at issue in this

lawsuit?

A. No. Parts and service are not.

Q. I'd like to show you Exhibit Number 15, which I can represent -- go ahead.

MR. BECKER: Brady, you don't have any objection to this, do you?

MR. THOMAS: No.

MR. BECKER: Your Honor, there's no objection. I move that these documents be admitted into evidence.

(WHEREUPON, Defendant Exhibit Number 15 was admitted into evidence.)

Q. Mr. Pendleton, I can represent to you because I know you cannot read those ---

A. I can't see that one.

Q. --- from there. But these are the financial statements showing the -- which have been redacted to show only the expenses of the new and used car sales departments from 2002 to 2006. Is that your understanding of what these documents are?

A. Yes. New cars, used cars only. Not parts and service.

Q. And they were redacted to show only that because the revenue and expenses ---

MR. THOMAS: Objection, Your Honor. He's

leading.

MR. BECKER: I'm just trying ---

THE COURT: I understand that, but we have to comply with the rules. And you're a seasoned lawyer.

MR. BECKER: Okay.

THE COURT: You know you can only ask direct questions.

Q. Mr. Pendleton, why were they redacted?

THE COURT: There you go.

A. Basically, to take parts and service out of it, because we're not talking about parts and service. We're just talking about new and used cars.

Q. All right. Now, are all of the direct and indirect costs of the dealership for document preparation, storage, and retrieval of sales transaction documents included in the financial statements for the new and used car sales departments?

A. Yes. I'll explain it back to make sure I'm -- but, yeah. Everything that -- has all these lines, different lines of personnel, expenses, variable, you know, fixed, coverage, everything. And in these lines there are -- everything that we do and we spend in those departments they're intertwined, so to speak, in those lines. You can go through the entire financial

statement and you can find everything that you want to find.

Q. All right. Other than by reviewing the dealership's monthly financial statements, in what other ways do you know or learn of the dealership's operating expenses including the cost of document preparation, storage, and retrieval?

A. Well, it might be a little bit of a long answer. You know, I worked in every position in a dealership. And we've got a modern-day dealership. When we're looking at expenses, particularly in this area, the first thing maybe I thought about what customers might say to us. I know it sounds a little off there, but I'm just going back to all our huddle meetings, all our prevention meetings, all the meetings we've had and how things evolved over the years. But this is what we do. We train people at a lot of different positions.

People were saying there's too much paperwork, we're waiting too long. We had a meeting with, hey, how can we cut two minutes off of this or three minutes off of that, or can we take this form and make it two forms, one form. You know, we're always doing that.

When Ms. Hair came to our lot, I think I remember

her saying, I'll try to get it right as I can, that they walked around ---

MR. THOMAS: Objection. Not responsive. I think he's already testified he doesn't have any knowledge of the transaction.

THE COURT: I think the question was, how else do you look at the financial statements?

MR. BECKER: Well, it was. And let me ---

THE WITNESS: Okay. Well, I can zero back.

MR. BECKER: Okay.

THE COURT: Restate the question.

MR. BECKER: I will.

Q. Mr. Pendleton, other than by reviewing the dealership's monthly financial statements, in what other ways do you know or do you learn of the dealership's operating expenses, including the cost of document preparation, storage, and retrieval?

A. I know that I can see the actual cost of the paper in the financial statements. I know that I know what the people, like Randall, what they do, how much time they spend on it. And we've got -- where I was kind of going there, we've got it spread out in our process. We don't do everything right here. We do it -- we start it where things can start being done, because we're listening to our customers. And we're

finding the answers in the financial statement as far as other things. But our customer says that we've got to, we've got to speed it up and we have to -- and we can't have them sitting long.

But I can go line by line in a financial statement and pull out things that I need. I sign the checks. I negotiate with the vendors. I know how much things cost when it comes in. And when you're signing those checks, you see wow, you look at the amount. Are we spending that much? You're starting to look at that. The next thing you know you're going into this financial statement and you're pulling that line and you're trying to find where it's at and you're pulling it out and you're looking what it is and things like that. And I just know all that.

Q. Do you approve payment of invoices at the dealership?

A. I do. Yeah.

Q. Do you sign checks for bills and payroll costs?

A. Almost every day.

Q. Do you approve the contracts for documents purchase and storage?

A. Yes.

Q. And are you familiar with the time and effort that your employees spend in document preparation, storage,

and retrieval?

A. More than anybody in this room.

Q. Okay. Does the dealership have a separate line item on those financial statements, it's regular financial statements, for all of the direct and indirect costs of document preparation, storage, and retrieval?

A. It does not. It's American Honda Financial.

Q. Are those costs interspersed throughout the financial statement?

A. Throughout the financial statement.

Q. So, do you separately track or account for the costs of document preparation, storage, and retrieval on a regular basis?

A. No.

Q. Are you aware of any dealership that does that?

A. I am not.

Q. Is the form of your monthly financial statement required by American Honda Motor Company?

A. Yes, it is.

Q. If you submitted them a format that was different than their required form, would they accept it?

MR. THOMAS: Objection, Your Honor. Calls for speculation and it's leading.

THE COURT: If he knows the answer, I mean, I -- do you know the answer?

THE WITNESS: There's no speculation there. They require it.

Q. Now, you've previously said that during this time period from 2002 to 2006, or it's in testimony, that Hendrick Honda charged a closing fee of either two hundred and forty-nine dollars or two hundred ninety-nine dollars; is that right?

A. That's correct.

Q. Is that closing fee less than or greater than the dealership's cost of document preparation, storage, or retrieval of all the documents required by state and federal law to be a part of a motor vehicle sales transaction between a dealer and a consumer?

A. I believe we're conservative low.

Q. The fee is less than ---

A. Yes.

Q. --- the costs?

A. Yes.

Q. Now, one other requirement of the Closing Fee Statute that I just want to touch with you. We won't spend much time on it, but I just need to touch this off. The fourth requirement is that the closing fee must be included in the advertised price of a motor

vehicle. The plaintiffs and her attorneys have stipulated this is not an issue, but I need to ask you, did you review Hendrick Honda of Easley's advertising records to see if Ms. Freeman's car was advertised in any way before it was sold to her?

MR. THOMAS: Objection, Your Honor. It's irrelevant.

THE COURT: Stipulated. That's not part of this lawsuit. I don't know why we have to ---

MR. BECKER: I'd just like it in evidence coming from his mouth. That's all.

THE COURT: Well, I know you would like it in evidence, but it's not relevant to this case. But I will allow him to answer.

A. We could find nothing that indicated we had advertised that car.

Q. Thank you, Mr. Pendleton. Mr. Pendleton, what are some of the factors that can cause the number of documents in a deal jacket to vary from deal to deal?

A. Well, a simple -- I guess a simple deal would be the person came in -- let me put it in my mind.

Q. Could I ask you to describe it this way?

A. Okay.

Q. Tell me what would be the, what would be the kind of transaction that would produce the skinniest deal

jacket you might have?

A. A cash deal where they're writing a check with no trade-in, no payoffs, anything.

Q. All right.

A. No liens.

Q. What would be the type of transaction that would produce the thickest deal jacket?

A. Probably a finance deal with multiple trades, multiple lien payoffs, maybe even if it was sub-prime deal where they require a lot more documents from the customers. That would probably be the most.

Q. In the scale of documentation from skinniest deal jacket to thickest deal jacket, where would Ms. Julie Freeman-Hair's transaction fall?

A. Well, she had a cash deal with a lien, trade-in with payoff. Probably on a scale of one to ten, a three. Something like that.

Q. With ten being the thickest ---

A. The sub-prime.

Q. --- jacket?

A. Yeah.

Q. Okay. Now, we've looked at the -- and we don't need to look again at it here because we did it with Mr. Clemment, the list of documents in the transaction compliance policy that contains a list of documents

three oh. The customer is Julie Valiska Freeman in Greenville. It's a registration form and a tag decal, it appears. What is this?

A. That's her registration back -- we acquired her tag because she wasn't transferring a tag. So we bought a new tag. Put the temporary plate on it. And when we went down to the DMV and when it was final over, we probably got that along with the tag so she could have that in her car if she got, you know, pulled or, you know, as identification. But we, we would probably either have mailed it or she would maybe could have come by. That's usually how it would -- anyway, that's the usual. The customer either -- we mail it to the customer. We'll usually ring them up and ask them what they want. Hey, we got it. You want to come get it or should we mail it out?

Q. Okay. What was the process you used at Hendrick Honda of Easley in July of 2006 to transfer paperwork back and forth to the DMV office to complete the registration of a customer's vehicle?

A. Well, normally it would be the people working in accounting staff. And that would be majority of it. They would go back and forth to the DMV. If somebody was on vacation or something like that, we may have hired somebody to courier it down and back. But the

normal practice was the DMV -- we would go to the DMV.

Q. All right. And once DMV had completed paperwork on a customer's vehicle, would you pick it up from DMV?

A. Yes. Yes.

Q. The next document, actually the last document that I'll review with you is page number forty-three of Defendant's Exhibit 11. This is a document entitled deal recap. And I'd like you to, first of all, explain what is -- who originally prints this document?

A. The finance department ---

Q. All right.

A. --- when they're done. That's kind of maybe the last thing they print.

Q. What does the finance department do with it after they print it?

A. It all goes in the deal jacket. And then the deal jacket goes into the accounting office.

Q. All right.

MR. BECKER: Zoom in on the first half. The top half.

Q. Now, there's some numbers there on the right-hand side that talk about selling price, sales tax, trade allowance, pay off. We've seen all those number before on other documents. But there's some documents

or loss on a sale to you?

A. It was accounting staff. Yes.

Q. Okay. Do you regularly receive and review deal recap information on deals at your dealership?

A. I get a copy of that sheet on every single deal for the last twelve or thirteen years. Whatever it's been.

Q. All right. Are you familiar with that handwriting?

A. I am.

Q. All right. Is it a member of your accounting staff?

A. I believe it was Kim Howe at the time. But I can definitely tell you it was a member of our accounting staff.

Q. All right. Now, there's a number right under that and says cert, c-e-r-t fee, three hundred and fifty-nine dollars. What is that?

A. That's the fee that Honda charges us for a certified car, to register it as a certified car.

Q. All right. Let's -- there's a little line that says Xmas, ten dollars. What is that?

A. Where's that at?

Q. It's says ---

A. Okay. I see it.

Q. --- Christmas, ten dollars, I believe.

not be pulling its weight.

Q. All right. Now, would Julie Freeman's vehicle -- well let me ask you this. What is the average price of new cars you sell?

A. Twenty-five grand.

Q. What about the average price of used cars?

A. Eighteen. And I'm kind of speaking from now terms.

Q. Okay. Would Julie Freeman's vehicle have been two hundred and ninety-nine, two hundred and ninety-nine dollars cheaper if Hendrick Honda of Easley had not charged the closing fee?

A. No.

Q. Now, let's talk a minute again about that fee, Mr. Pendleton, and how you set it. You heard Mr. Pendarvis testify day before yesterday about what a dealer has to do to determine their closing cost and set their closing fee; did you?

A. I heard him.

Q. Let me ask you. Did you pull out a stopwatch, Mr. Pendleton, and go around and measure the time that your personnel in the dealership were spending on closing?

A. Did not pull out a stopwatch, but I do understand what -- the time they spent.

Q. Okay. Well I'm going to get to that. Did you pull

hired.

Q. All right. Stayed away from Dixon Hughes, your own auditors. Now, you testified yesterday, and I want to be real clear on this because I'm not sure what you meant.

A. All right.

Q. Did you say yesterday that you did not know when you were charging a closing fee that you were limited to reimbursing yourself for the actual closing costs?

A. I do not believe that that's what the statue says. I've read the statue over and over and over again. And it has four qualifications to it and -- say that middle part again.

Q. I want to know when you were doing the math ---

A. Right.

Q. --- did you believe that you were limited to seeking reimbursement for your closing costs when you were doing that math?

A. Yes, I believe that. All right. And let me explain why.

Q. Yeah.

A. When we -- when I was doing -- and this is how it's done. It's the only way I can talk about it.

Q. Okay.

A. In a car dealership, every day we're talking about

these huddle meetings that we do and bucket meetings. And you know, in that something may come up about expenses and different things like that. So what I'll do is, I'll go back and look at a financial statement and I'll look in the lines and then if our tree -- what's in the -- like for example, with documents, we'll look at maybe how much money we're spending with Reynolds & Reynolds, or different people, or who ordered what, have we ordered too much, you know, we'll get in those lines. I sign the checks on the accounts payable. I'm asking questions in the office every day about that. So we get all that information every single day. We don't have -- our process -- and this is why I believe that our employees are expensed to the documentation and preparation thing because in our process -- we don't have a process like in -- what was the gentleman's name, I forget, the other day from the car dealer in the 1984, I don't ... What was the name?

Q. I don't think you're answering my question.

A. Okay. I'm answering your question. I want everybody to know how it's done. So when we -- I look into those numbers and I find things and then we go off and add them up and that's how I know what I did was proper, because those employees -- we don't have a

sales process like the gentleman that was sitting in this seat a couple of days ago. To me, the sales process that he described is obsolete. It's not a modern day dealership process.

Q. Mr. Pendleton, why are you avoiding the question? Why can't you tell me ---

A. I think I'm answering the question.

THE COURT: Whoa, whoa, gentlemen. Gentlemen.

MR. THOMAS: It's not responsive to the question.

THE COURT: Whoa, whoa. You got something to say?

MR. BECKER: Yes, sir. I don't think Mr. Pendleton was finished with his answer.

THE COURT: Well, he can certainly answer.

MR. BECKER: Go ahead.

MR. PENDLETON: I just want to be able to explain what we do.

THE COURT: Well, have you explained it fully?

MR. PENDLETON: No, sir.

THE COURT: Then go on.

A. All right. So what we do, in our process and where we use people, y'all saw Randall Clement, was here

financial statements to come up with that number?

A. No, I said I had financial statements. On all the years past. I have no reason to -- say it again, I'm sorry.

THE COURT: Let's be clear. Ask your questions very specifically and ---

Q. I'll ask this question. Look on page 76 of your deposition.

A. Okay.

Q. Back in 2009. We said, how did you decide how much money you're going to charge?

A. It's 76?

Q. Yes, sir.

A. All right. Line what?

Q. Start on line fifteen.

A. Well, when I got there it was ---

THE COURT: Read it out loud so we can hear it.

A. Oh, well, when I got there it was one ninety-nine. Want me to read past that?

Q. Yes.

THE COURT: Read your entire answer, please.

A. Okay. I didn't have anything to do with that decision. Now, a couple of years later, ball park, I made a decision to raise it fifty dollars. So now ...

hundred thousand times twelve is a lot of money. Is that me or you?

Q. That's you.

A. Okay. A lot of money expense-wise. A lot of it has got to do with this documentation and everything that we do.

Q. And so we're talking about a raise in 2005 -- January '05, you sat down and you looked at these costs going up and you decided to raise it fifty dollars, looking at your financial statements; correct?

A. We decided to raise it, yes.

Q. Okay. Mr. Pendleton, isn't it true that your costs on your financial statements for the new cars and used cars that you just testified yesterday that you relied on, actually went down in 2004 from the previous year, 2003?

A. My costs? Meaning ---

Q. Bottom line expenses of those two departments?

A. I'd have to look, but ---

Q. Let's look at it.

A. Okay.

Q. I'm going to hand you a calculator just to make sure we're all on the same page. All right.

MR. THOMAS: Your Honor, may I approach the

witness?

THE COURT: You're handing him the same thing you've got up there?

MR. THOMAS: Yes, sir.

Q. Mr. Pendleton, what is this document?

THE COURT: What exhibit is it, please?

MR. THOMAS: Plaintiff's Exhibit 18.

THE COURT: Thank you. What is that, first?

MR. THOMAS: This is a -- looks like it's expenses. I'm trying to see what department this is. I've only got the first page up on the screen, so ...

THE COURT: Get on the same page. He's asking you ---

MR. THOMAS: Oh, I'm sorry.

A. All right. It says, January '03 to December '03 reacted, I guess it means that ---

THE COURT: Redacted.

A. Redacted. It means that there's no parts or service in here. This is probably going to be just new and used car department.

Q. Isn't it true, this is your 2003 dealer financial statement?

A. Yes.

Q. Now, let's look at the second page.

A. Okay.

Q. Now this second page has a column for your new Honda department?

A. Yes.

Q. Okay. Now, you testified yesterday that the reason these were redacted and you're hiding all this other information is because the only costs that mattered were these costs in these two departments; isn't that right? In new cars, and on the subsequent page, used cars?

A. I don't remember -- what was ---

Q. Okay. Well, how about this. Doesn't this document show that your new car expenses for the year 2003 were one million forty-seven thousand nine hundred and thirty-eight dollars?

A. Yes, I can agree to that.

Q. Okay. Now if you'll turn over to the next page. And doesn't this page show -- scroll down to the bottom -- doesn't this page show your used car total expenses for the year 2003?

A. Eight hundred and twenty-three thousand, plus.

Q. These are the bottom line expenses for the new and used car departments from your financial statement. Correct?

A. That's correct.

Q. Okay. Now, if you will, sir, you've got a

calculator there. Well, let me ask you, do you want to add them up?

A. No. You can go ahead now.

Q. Would you disagree with me that this tally here is one million eight hundred seventy-one thousand two hundred and thirty-nine dollars?

A. I would think that if you've done it, you did it right.

MR. THOMAS: Your Honor, may I hand the witness Exhibit 19?

THE COURT: 19. You may. And 19 is what?

Q. Mr. Pendleton, isn't this 19 the 2004 financial statement similar to what we just looked at for 2003?

A. Okay.

Q. Now, on the second page, again, you've got your used car expenses, the same format essentially; correct?

A. Yes.

Q. And what was the total bottom line expenses in the 2004 new cars?

A. Total expense -- you know, I think it's -- I'm not sure it's not ---

Q. We've got it zoomed in up here. There's another number up here. One million one hundred twenty-three thousand -- just call it three hundred and seventy-

five?

A. Yeah. That's good. Okay.

Q. Now, what were your used car expenses in 2004?

A. I think there it's missing a number.

Q. Is that seven hundred and twenty-one thousand three hundred and eighty-six?

A. That could be right, yes.

Q. And these are your bottom line expenses for these departments?

THE COURT: You have to answer that, please.

A. Yes. Yes.

Q. And you've got the calculator there, but would you agree with me that your 2004 expenses are one million eight hundred thirty-three thousand seven hundred and sixty-one dollars?

A. Yes.

Q. So, in fact, in January '05 when you decided to raise that closing fee fifty dollars a car, your bottom line expenses on your financial statements had actually gone down at that time, isn't that true?

A. Well, I need to see how many cars we sold that year.

Q. It's on the financial statement; right?

A. I don't think it's here. I don't see it.

THE COURT: Well, what do you need to look

at to be able to determine ---

A. Well, if we sold a thousand cars, then our expenses would be more than if we sold five hundred cars.

Q. Mr. Pendleton, isn't it true that in your deposition we just went over, you said, I'm looking at one time expenses were two hundred thousand, now they're up to three hundred, three hundred and fifty thousand dollars a month. A hundred thousand times twelve is a lot of money expense-wise.

A. Yeah. And that would be talking about the entire dealership for that. I think that's what expenses were there.

Q. So you admit you didn't limit yourself to these two departments when you were looking at the financial statement.

A. No, when I answered that question, I just meant the entire dealership.

Q. And the question was, we're asking you why you raised the closing fee fifty dollars?

A. It would be because of the new and used car financial statement, not the overall dealership. I'll clarify it.

Q. So in 2009, when you were under oath, you said you were telling the truth, you said you raised it because your expenses were going up two hundred, three hundred

thousand dollars a month, ---

A. You know, in 2000 ---

Q. --- that was a lie?

A. No, in 2009 I was off back surgery. I stood up for eight or nine, ten hours, with you guys. Y'all pounded me. I had a cold as bad as I could and I don't know how many questions I was asked in an eight or ten hour deposition. But anyway, I can tell you right now, that when I said that I was talking about the dealership. So I'm not talking about the dealership now.

Q. Okay.

A. So I agree on this. But we need to know how many cars we sold because if we sold -- because that makes -- that's the biggest factor in your bottom line, is how many cars you sold.

Q. But when you calculated the fifty dollars, you weren't basing it on how many cars you sold; right?

A. Well, when you're calculating the fifty dollars, you're basing it on -- it could work like this. You have -- we're looking at a financial statement. We're comparing it to other dealerships. Our percentage is higher than another dealership. That might -- that has a lot to do with how many cars you sold. If I sold one car, my expense would be less than if I sold

do that. Nobody can do that. Any of these people in this courtroom with a business, you don't do -- you wouldn't do that.

Q. So, 2005, bottom line that you said you relied on for increase between those two departments, in your testimony yesterday, there was no increase in the bottom line on those costs; isn't that right?

A. Yes. But there are other factors to be considered, such as how many cars we sold.

Q. Well, if you want to go down that path, you're going to tell me that you did the math and that if we factor in the number of cars sold, that it's going to justify the fifty dollar increase?

A. I don't know. I don't remember what it was. It may or may not.

Q. All right. So we've got 2003 you sold one thousand two hundred forty-nine cars; is that right?

A. Yes.

Q. I'm going to transfer your numbers over here to show the jury. 2003 -- if you want to see what I'm doing?

A. Well, I'm thinking you're doing ---

Q. --- your costs were one million eight hundred seventy-one thousand two hundred thirty-nine dollars. That's your '03 costs?

Q. Now, let's, let's look at something else. Let's go to 2005 financial statement. I'll hand you one.

THE COURT: Everybody on the jury okay? About another fifteen minutes and take a break, is that okay?

Q. So we've got ---

THE COURT: What is that, please?

Q. Mr. Pendleton, isn't this the 2005 financial statement of Hendrick Honda of Easley?

A. Yes, yes, yes.

Q. Go back to 17 real quick for just a minute. All right. 2005 you increased your closing fee fifty dollars. We established that up on the board; right?

A. Yes.

Q. And you sold one thousand four hundred and eighty-nine cars?

A. Yes.

Q. So you collected an additional seventy-four thousand four hundred and fifty dollars in closing fees. Is that correct?

A. Yes.

Q. Above what you would have collected had you kept it the same at two forty-nine?

A. I'll trust your math.

Q. Okay. Now looking at exhibit -- 2005 financial

statement, which was Exhibit 20, I want you to look at the second page, it's got a line item that I want to know what it is. There's a line item on here that says compensation supervisor. What is that?

A. That would be like, for example, sales manager.

Q. Are you included within the supervisors?

A. My salary is.

Q. And the new -- this is the new car compensation supervisors category. In '05, you've got a total of two hundred twenty thousand sixty-six dollars; right?

A. Yes.

Q. Now let's flip over to the next page. This is -- getting familiar with these financial statements, this is the used car books, right, on the financial statement?

A. Yes.

Q. And the -- there's another line here, compensation supervisors again?

A. That's correct.

Q. Who's included in that number?

A. That would be many -- I'm in there, I guess, yeah, and the sales manager's in there. The finance manager, I mean, if you -- would be in there. We've got -- the office manager would probably -- she would be in there.

Q. And this number tallies up, I'm taking the two twenty and the one eighty.

A. Okay.

Q. You can double check with the calculator. That equals four hundred thousand six hundred seventy-six dollars. Right?

A. Sounds right.

Q. Okay. Now, let's go back to 2004. In 2004, the compensation supervisors on the new cars was two hundred seventeen thousand seven hundred ninety dollars. Is that correct?

A. For 2004?

Q. Yes, sir. Exhibit 19?

A. Yes.

Q. And then on the next page, your used car supervisors payment was a hundred twenty-three thousand nine hundred?

A. One-oh-four?

Q. Yeah.

A. Okay.

Q. So in fact, when you raised those closing fees seventy-four thousand dollars, you paid yourselves sixty thousand dollars of that money. Right?

A. I paid myself how much?

Q. You took sixty thousand dollars of that extra

closing fee money; right?

A. Let me see what you've got. What's the line you want me to look at? Is it up here?

Q. Right. In '04 you paid yourself three hundred and forty-one thousand six hundred and ninety dollars?

A. Meaning that I made that personally?

Q. You paid to compensation supervisors. That's what the company pays; right?

A. That's not me, all of it.

Q. That's all of it. That's compensation supervisors. All your supervisors; right?

A. That's what we paid all the different people.

Q. Okay.

A. It could be finance people, as far as -- it could be sales managers, it could be office managers, it could be me, it could be a lot of people. Yeah, but that's what they make. Yeah.

Q. So you increased -- grabbed another seventy-four from Ms. Hair and these other people by increasing this arbitrary fifty dollars so you could pay yourself and your buddies an additional sixty; right?

A. Nobody thinks like that. There's not a human being that does a good job that thinks like you're just saying. That's not -- nobody had that thought process. Oh, I'm -- that is offensive.

THE COURT: That's what?

A. It's offensive.

Q. Pure coincidence, then; right?

A. Huh?

Q. Pure coincidence?

A. You just don't think about that.

Q. Coincidence. Must be.

A. That's offensive, too.

Q. All right. Now we're going to this sign for -- this is a sign you posted in your dealership; right?

A. That's correct.

Q. And on this sign we've already established you didn't run the math to figure out what your closing costs were in any of these years. Correct?

A. Not correct. I ran the math. You just don't agree with my math.

Q. Okay. So when you testified in your deposition ...

THE COURT: Line and page, please.

Q. We're going to go to page 224. I'm going to read the question from lines nine to fifteen.

THE COURT: I'm not sure he has it.

A. Which line is it I'm reading?

Q. You're going to follow right after me. And we asked, well, let's suppose you had some expenses that were pretty well steady. And income from stand-alone

I don't know what I was thinking. All I'm saying is that I did what I did. I told everybody what I done. Line by line through all.

Q. Certainly did. The quote was, I didn't sit there and do the math. So let's go back to the closing fee sign. Now, when you're posting this sign in this dealership, how come you didn't put on there that you were reimbursing yourself for 401k's of your employees?

A. We posted that sign because we had to do four things to comply to the statue. And that notice was one of them. We had to pay our fee, we had to fill out a form, we had to send the form in to the South Carolina Department of Consumer Affairs, we had to send a check along with it. When they got it, they sent it back to us. It was stamped on it, certified dealer. We had the amount that we charged on the fee -- for the fee on that form. We did it multiple times over every year. The second thing that we had to do was post this notice. The South Carolina Department of Consumer Affairs, that was their language. We felt like that was the best thing that we could post that would keep us safe.

Q. When you posted this in your dealership, was your -- and this is in your dealership, it was your

THE COURT: If you need to. And I don't think ---

MR. THOMAS: No.

THE COURT: Thank you. You may step down, sir. Mr. Becker, next witness, please.

MR. BECKER: Yes, sir. Your Honor, the plaintiff calls -- excuse me, the defendant calls Mr. Danny Collins.

THE COURT: Mr. Collins, could you come around please. Please place your left hand on the bible and raise your right. Going to one o'clock okay, ladies and gentlemen? One o'clock?

MADAM CLERK: Do you solemnly swear or affirm the testimony you're about to give in this case be the truth and the whole truth and nothing but the truth, so help you God?

MR. COLLINS: I do.

MADAM CLERK: State your full name for the record.

MR. COLLINS: Danny Raymond Collins.

MADAM CLERK: Please be seated.

DANNY COLLINS

BEING DULY SWORN, TESTIFIED AS FOLLOWS:

DIRECT EXAMINATION

BY MR. BECKER:

Q. Good afternoon, Mr. Collins.

THE COURT: Hold on one second. We okay pencils-wise? All right.

Q. Good afternoon, Mr. Collins.

A. Good afternoon.

Q. Where are you currently employed?

A. I'm with the South Carolina Department of Consumer Affairs.

Q. And what is your position there?

A. I'm the deputy for regulatory enforcement and general counsel.

Q. Do you answer to the administrator for the South Carolina Department of Consumer Affairs?

A. I do.

Q. What is the Department of Consumer Affairs?

A. The Department of Consumer Affairs is a state agency. We do several things. We take consumer complaints about almost any kind of business and try to mediate them and resolve them. We also administer and enforce the Consumer Protection Code, and we regulate about fifteen industries.

Q. All right. What are you duties and responsibilities at the Department of Consumer Affairs?

A. Well, I oversee the legal division and about twelve

of those programs are -- that we regulate are in the legal division. And I am the chief counsel for advising the administrator of the Consumer Protection Code.

Q. All right. How long have you worked at the department?

A. About twenty-four and a half years.

Q. All right. You mentioned that the department enforces the Consumer Protection Code. What exactly is the Consumer Protection Code?

A. It's a version of the Uniform Consumer Credit Code. It's the South Carolina credit code for consumer transactions.

Q. All right. What oversight does the department have over motor vehicle dealers?

A. Mostly, our oversight for motor vehicle dealers deals with the financing of them. We don't license them, but we do oversee the financing.

Q. Okay. Do you monitor compliance of dealer financing with various state laws?

A. Yes. They have to file a consumer credit grantor notification, which just notifies the state that they're granting consumer credit. And they -- we also oversee the maximum rate filing.

Q. Are there any other federal or state laws that

apply to dealers that are monitored or enforced by the department?

A. Well, we do the dealer closing fee, also.

Q. All right. How does the department monitor compliance with the various state laws?

A. That's done in various ways. Sometimes we get a complaint. Sometimes we get information from Department of Motor Vehicles. And sometimes it's another dealer complaining about a particular dealer.

Q. Do you sometimes send investigators into the field?

A. Yes, we do.

Q. What exactly are those investigators looking for?

A. Well, in -- when they go to a motor vehicle dealer, they'll be looking for the maximum rate filing, the notification filing, the dealer closing fee filing, and then also the federal buyer's guide that would be on the used cars.

Q. All right. Well, as you know we're here today discussing the Closing Fee Statute. Are you familiar with this closing -- the Closing Fee Statute?

A. Yes, I am.

MR. BECKER: Would you put up Exhibit 30.

Q. Is this the language of the Closing Fee Statute?

MR. BUTLER: Your Honor, I object. This is not the actual statue. I believe the language is not

the same as the closing statute.

THE COURT: He can ask the question: Is that the statute?

A. That is the statute.

Q. All right. Does the Department of Consumer Affairs have responsibility for interpreting and enforcing the Closing Fee Statute?

A. It's part of the Consumer Protection Code, so we would have some authority to.

Q. Does the Closing Fee Statute apply -- who does the Closing Fee Statute apply to?

A. It's motor vehicles dealers who are trying to sell cars.

Q. All right. That charge a closing fee?

A. That's what the statute says. It's motor vehicle dealer who wants to charge a closing fee in their sale.

Q. What enforcement powers does the department have with respect to dealerships?

A. Well, the credit area, and this is part of the Consumer Protection Code, also. If they do not file a maximum rate schedule and they charge more than eighteen percent, we can either fine them or make them roll the contract rate back to eighteen percent and recalculate and refund money to consumers.

Q. All right. Do you sometimes issue warning letters?

A. We have issued warning letters. Yes.

Q. Do you ever impose fines?

A. We have imposed fines. Yes.

Q. Do you ever conduct investigations and inspections of dealerships?

A. We have done that. Yes.

Q. And I believe you said earlier you often resolve consumer complaints?

A. We do. All kinds of consumer complaints.

Q. Is there any agency other than the Department of Consumer Affairs that is authorized to take enforcement action against a dealership for failing to comply with the Closing Fee Statute?

A. Not specifically. The only other one that I can think of that might is the attorney general. But other than that, no.

Q. All right. Do dealerships regularly turn to the Department of Consumer Affairs for guidance on compliance with the Closing Fee Statute?

A. Yes, they do.

Q. Has the Department of Consumer Affairs ever issued any written guidance to dealerships as to how they could comply with the Closing Fee Statute?

A. We did that shortly after the statute became

effective.

Q. I'd like to show you what's been marked as Exhibit 1.

MR. BECKER: Zoom in on the top half.

Q. Can you identify this document?

A. Yes. Simply, it's a formal administrative interpretation that we issued in 2001.

Q. All right. What is the purpose of the administrative interpretation?

A. To give dealers guidance on how to comply with the Closing Fee Statute when it became effective.

Q. All right. Is there any other administrative interpretation or other guidance issued by the department regarding the Closing Fee Statute?

A. Nothing formally like that.

Q. Did you participate in reviewing the administrative interpretation before it was issued by the Department of Consumer Affairs?

A. I did. Because I had the same position then that I've got now and we had a different administrator then, but I would have done the same thing.

Q. So are you familiar with the interpretation and the department's use of the interpretation?

A. I am.

Q. Was the administrative interpretation distributed

to car dealers?

A. It was sent to the -- both associations; the South Carolina Automobile Dealers Association and the Carolina Independent Auto Dealers Association, so they could then distribute it to their members. But it was also sent to everyone that was on our advanced notice mailing list.

Q. All right. The first sentence of the administrative interpretation says the assessment of a closing or documentation fee, also occasionally denominated as an administrative processing or procurement fee in a consumer credit sale of a motor vehicle is dependent on four factors. And then it goes on to list those factors. One, the dealer must pay the department a registration fee each state fiscal year in the amount of ten dollars prior to the assessment of a closing fee. Two, the existence of a closing fee must be disclosed on the sales contract. Three, the closing fee must be disclosed on a statement displayed in a conspicuous location in the motor vehicle dealership. And four, if the closing fee is charged and the vehicle is advertised, the closing fee must be included in the advertised price. Why does the department's administrative interpretation refer to these various terms or names

for the closing fee?

A. Because those --

MR. BUTLER: Objection, Your Honor. I think we had a motion in limine on this.

THE COURT: Well, do you know of your own personal knowledge why it lists the different various names?

THE WITNESS: Yes, I do, Your Honor.

THE COURT: You may answer.

THE WITNESS: Your Honor, over the years we have seen all of those things used in describing this particular type fee. And in fact, I have seen it on a number of documents through complaints and other things.

Q. All right. According to the department's interpretation, what are the requirements for a dealership to charge a closing fee in the sale of a motor vehicle to a consumer?

A. They have to file the closing fee amount with our office together with a check for ten dollars. They have to display inconspicuously a statement that they are charging a closing fee and how much it would be. On the sales contract it has to be delineated so that the person can see what the fee is and it's got to be within the range of what they have got posted.

Q. All right. Well, let's take each of those requirements in turn. How would a dealership register the fee with the department?

A. Well, we've got forms online that they can just download and fill out. They have to identify the dealership and its location. They have to identify the amount of closing fee that they plan to charge. And they have to send it in with a check for ten dollars.

Q. All right. So, the department provides dealers with a -- with the registration form they must use?

A. They don't exactly have to use it. But the form that we put together was attached to that administrative interpretation and it gives them better protection to use that. If -- they could go out on their own and create their own form, but then they wouldn't have the better protection that the law would give them.

Q. Does the Department of Consumer Affairs require any financial or cost information from the dealership in order to process a dealership's registration of the closing fee?

A. No, we do not.

Q. Why doesn't the Department of Consumer Affairs require financial information or information about the

dealership's costs?

MR. BUTLER: Objection, Your Honor. He's not the author of this document. We had a motion in limine on these very issues.

MR. BECKER: Your Honor, he testified he reviewed it and discussed ---

THE COURT: Well, if he knows why they do, he can testify to that. I'm just not going to let him interpret the law.

THE WITNESS: You have to ask that question again for me.

Q. All right. Why doesn't the Department of Consumer Affairs require financial information or information about the dealership's costs?

A. Well, it's just a simple filing with us. We don't really need their financial information to assess whether or not this is a reasonable charge. The law says that they can do it and we don't go into how much they can charge unless it's extreme.

Q. All right. I'd like to show you Exhibit -- the Exhibits 3 through 7. And we'll do this very quickly. We'll just go through these. Is this a registration form that's been approved by Department of Consumer Affairs?

A. Yes. That is the form with the instructions.

Q. All right. And up in the upper corner ---

MR. BECKER: Zoom in on the top half. The top half of the document.

Q. In the upper right-hand corner, is that a stamp placed on that registration form by the Department of Consumer Affairs?

A. Yes. It's placed on there by our accounting division.

Q. All right.

MR. BECKER: Please do the next form. That would be Defendant's Exhibit 4.

Q. Again, the same thing. Has this been accepted by the department?

A. We've accepted it and we certified that they had filed for that.

Q. For that particular fee?

A. Well, for that -- whatever the fee is at the bottom. Yes.

Q. All right.

MR. BECKER: Zoom in on that, Ms. Caskey.

A. In this case it was two hundred and ninety-nine dollars.

Q. All right. Take a look at the next exhibit. That would be Exhibit 5. Again, ---

A. That was the filing for 2004. But it would go from

July 1st of 2004 until June 30th of 2005.

Q. All right. And again, was that accepted by the Department of Consumer Affairs?

A. It says that we certified that they had filed that.

Q. All right. And that was for a fee of?

A. The fee amount was two hundred and ninety-nine dollars.

Q. Okay. And now Exhibit Number 6, Defendant's Exhibit 6. Has that one also been stamped received by the Department of Consumer Affairs?

A. Received and certified that they had filed.

Q. All right. And that was for a fee of?

A. That one says three hundred and ninety-nine dollars.

Q. All right. And finally, the Exhibit Number 7. Actually, the certification is down at the bottom. Has that one also been stamped by the department?

A. Yes, it has.

Q. And that was for a fee of?

A. Three hundred and ninety-nine dollars.

Q. Would the Department of Consumer Affairs have any objection if a dealership charges less than the amount they register with the department?

A. No. I mean, if it's giving the consumer a break, we certainly don't have any objection to it. It's

only if they try to charge more than what they have filed.

Q. What is the effect of a dealership using the file stamp closing fee registration as the notice that the dealership charges fees?

A. Well, they -- I mean, that notifies us that they are charging the fee. To notify the public they have to post it in a conspicuous place in the dealership.

Q. According to the department's interpretation, would the ---

MR. BECKER: Zoom out on that, please.

Q. Would the -- a dealership comply with the notice requirement of the interpretation if they simply posted this form in the dealership?

A. Yes, they would because it's been stamped by our office that it is certified that they have filed it.

Q. Now, concerning the second requirement of the administrative interpretation, that is that the existence of the closing fee must be disclosed on the sales contract. What did the department advice a dealership about this requirement?

A. We just told them that they need to make a separate line for the closing fee on the sales contract so it would show up and make sure the consumer is able to see what it is.

Q. All right. Would it be a violation of the administration interpretation for the dealership to preprint the amount of the closing fee on the sales contract?

A. We didn't address that.

Q. All right. Let me show you Defendant's Exhibit 8.

THE COURT: What, 8?

MR. BECKER: Yes, sir.

Q. Do you see this form, Mr. Collins?

A. No, sir.

Q. All right.

MR. BECKER: Can we hand him a copy?

THE COURT: Yes. I've got it right here. Question?

A. Okay. I can see it.

Q. All right. Do you see that?

A. I do.

Q. All right. I'd also like to show you Exhibit 9.

A. I see that.

Q. Would the department consider these documents to comply with the requirement that the sales contract disclose the existence of the closing fee?

A. These would. Yes.

Q. All right. On the sales worksheet the fee is

referred to as an administrative fee. Do you see that?

A. I do.

Q. Looking back at the administrative interpretation, does it also say that a closing fee may also be referred to as an administrative, processing or procurement fee?

A. And documentary fee. All of them have been used.

Q. All right. Referring to the buyer's order document, which is Exhibit 9, do you see that the closing fee is referred to as a procurement fee?

A. I do.

Q. Does the fact that the fee is referred to as an administrative fee on one form and a procurement fee on another form violate the department's administrative interpretation?

A. We would see them as the same.

Q. Does the department have any regulations about whether the closing fee may be negotiated by the customer?

A. We don't have any regulations on that.

Q. Does the department have any regulations about whether or not a dealership can allocate or account for a closing fee in the transaction even if the customer refuses to pay the closing fee?

A. We don't have a regulation on that.

Q. Now, with respect to the third requirement under the administration interpretation, Mr. Collins, that the closing fee must be disclosed in a statement displayed in a conspicuous location in the dealership. What did the department advise dealerships about displaying such a notice?

A. We told them that they have to do it in a place where the public is going to be able to see it.

Q. Is there a specific notice, form, or document that a dealership must use to notify customers that they charge closing fees?

A. There is no specific form. We did offer a sample form that a lot of them have adopted, and it does give them a little better protection because when they file -- our office gives as guidelines, then they have some protection.

Q. All right. Let's look at Defendant's Exhibit 7. The disclosure of closing fees notice language in the middle. Can you read that, Mr. Collins?

A. I can this time. This dealership charges closing fees as a means of reimbursing it for certain overhead costs such as, document retrieval, document preparation. It is a charge that is permitted, but not required by law. The full cash price charged at

any dealership depends on many factors, including all products and services bought with the vehicle.

Q. Is this the notice -- does the department preprint this form?

A. We do.

Q. And is this the notice language recommended by the department?

A. It's -- I think there was a slightly earlier version. But this one is, I think, what we're doing now.

Q. Okay. I'd like to show you Defendant's Exhibit Number 10. Would this notice comply with the department's recommended notice of charging closing fees to be displayed in a conspicuous location in the dealership?

A. Yes, it would.

Q. Other than the administrative interpretation, the recommended notice, and the registration form, did the department offer any other guidance to dealerships about what costs or charges could be included in the closing fee?

A. We did not.

Q. Now, concerning the last and fourth requirement that the closing fee be included in the advertised price of the vehicle. The plaintiffs have stipulated

that that's not a requirement in this issue -- in this case, so I won't ask you about that. Has the Department of Consumer Affairs ever issued a warning letter or taken any enforcement action against Hendrick Honda of Easley regarding its registration, disclosure, posting, or advertising of closing fees?

A. We have not. And if we had, I would know because it would be under my direct supervision.

Q. All right.

MR. BECKER: Now, go back to Defendant's Exhibit Number 7.

Q. Do you see, Mr. Collins, that this is a registration form for Hendrick Honda of Easley?

MR. BECKER: Zoom in on the top half.

A. Yes.

Q. Hendrick Honda in Easley?

A. Yes, it is.

Q. Going down to the bottom half of the document. Do you see that it was effective for the period beginning June 15th, 2006?

A. Well, it was filed in -- we had did it for June -- stamped it for June 19th, 2006 and that would clear them through the end of June. Because they have to do it once every fiscal year.

Q. Okay. So, they -- according to this form, what

closing fee was Hendrick Honda of Easley authorized to charge from what time period to what time period?

A. They were authorized to charge three hundred and ninety-nine dollars and it's prior to July 1st, 2007, because this was filed in June of 2006. It was during the fiscal year that ends June 30th.

Q. All right. I'd like to show you Defendant's Exhibit Number 11. Excuse me, the -- no. Let me get the right exhibit number.

THE COURT: Don't put it up there until he calls for it, please.

Q. I'd like to show you Exhibit Number, Defendant's Exhibit 25, Mr. Collins. This is a buyer's order in the sale of vehicle on ---

MR. BECKER: Zoom in on the top half, please.

Q. --- from Julie -- from Hendrick Honda to Julie Valiska Freeman on July 12th of 2006 for the purchase of a 2005 Honda Accord, white.

MR. BECKER: Zoom in on the bottom half.

Q. It indicates she paid a procurement fee of two hundred and ninety-nine dollars in that transaction. You see that?

A. I do.

Q. All right. And it was signed by Ms. Freeman. You

see that?

A. I don't know her signature, but it's signed by that name.

Q. Okay. Now, if Ms. Freeman, thinking in terms of the registration form that you just looked at and this, which provided for a charge of closing fee up to three hundred and ninety-nine dollars prior to July 1, 2007 and this buyer's order dated July 12th, 2006, if Julie Freeman had submitted this buyer's order in the form of a complaint to the department about the charging of a closing fee, how would the department have responded?

MR. BUTLER: Objection, Your Honor. It calls for speculation. It depends on what the complaint is. It depends on a lot of things.

THE COURT: How would they have responded?

Q. How would they have processed the consumer complaint filed by Julie Freeman based on this buyer's order?

MR. BUTLER: Same objection, Your Honor. What sort of complaint about what?

THE COURT: Sustained. What's the complaint about?

MR. BECKER: That she paid a closing fee.

THE WITNESS: As long as they filed the fee

with our office, they had it on the contract and they had it conspicuously posted at the dealership, we would not find anything wrong with it.

MR. BECKER: Thank you, Mr. Collins. I have no further questions.

THE COURT: Cross?

CROSS EXAMINATION

BY MR. BUTLER:

Q. Mr. Collins, how are you?

A. Fine. Thank you.

Q. The 2001 interpretation is the only interpretation from the Department of Consumer Affairs; is that correct?

A. That's the only written interpretation.

Q. You didn't prepare that document; did you?

A. Not completely. No. But I did review it before it was published as the person who was general counsel.

Q. But it was written by somebody else?

A. It was written by Phil Border, who was administrator at that time.

Q. Okay. And the Department of Consumer Affairs simply keeps track of whether or not dealers have registered some amount as a closing fee with you; correct?

A. If they're charging a closing fee, that -- we do

check that.

Q. They simply have to register an amount that says they're going to charge x-dollar -- or some maximum amount not to exceed x-dollars; is that right?

A. The only one that I can recall that we totally rejected was when it was a used car dealer that it was going charge not above sixty thousand dollars.

Q. And I think you told us earlier that you don't investigate the amounts unless it's something extreme like that; is that right?

A. That's correct.

Q. It's simply a registration process. I guess that's what I'm trying to get at; right?

A. It's pretty much just a registration.

Q. And, Mr. Collins, if I register my car with the Department of Motor Vehicles and get a driver's license, that doesn't mean that I can operate my car any way I want; does it?

A. I don't think so.

Q. I still have to obey the law; don't I?

A. Yes.

Q. The Department of Consumer Affairs is simply charged with the day-to-day enforcement of the procedural portions of the Closing Fee Statute; right?

A. Of the closing fee? Yes.

Q. All right. And you don't have the authority or the manpower to -- well, let's take it piece by piece. You don't have the authority to go to any particular dealer and ask to review their financial records, or their records relating to the closing fees they've collected; do you?

A. We don't look at their financial records. No.

Q. Okay. And you don't have the manpower to do that if you wanted to; do you?

A. I've got five investigators total for the entire state.

Q. How many car dealers are there in the state?

A. I don't know. I know there are over three hundred new car dealers, but there are a lot more than that when you throw in the used car dealers. So I just don't know.

Q. Mr. Collins, I want to hand you, if I could, Plaintiff's Exhibit 9.

MR. BUTLER: Your Honor, may I approach.

Q. Do you recognize that document?

A. Yes, I do.

Q. All right. Tell us what it is, please.

A. This is a copy of our administrative interpretation from 2001.

Q. Would you turn to the page three of that document,

please?

A. All right.

Q. And this is the form notice you told us that is -- the department puts out for dealerships to use?

A. This was the notice that we had when we -- we attached it to the interpretation to give that guidance on the kind of thing they would need to post in order to comply with the conspicuous posting.

Q. And the Department of Consumer Affairs interpretation, the form notice here says that this dealership charges closing fees as a means of reimbursing it for certain overhead costs, such as document retrieval and document preparation. Is that the first sentence there?

A. That is the first sentence.

Q. All right. So the notice specifically says document retrieval; right?

A. Document retrieval is on here. Yes.

Q. Document preparation?

A. Yes, that's on here also.

Q. It does not say anything about document storage or anything like that; does it?

A. It does not.

MR. BUTLER: And if we could, could you scroll up to the sentence just about that, please.

Q. I wanted to ask you, too, the bit, I guess, just about the notice there. The Department of Consumer Affairs official interpretation, it also says that last sentence right before the notice. It says the department is aware of nothing of the general assembly's enactment that legitimizes a closing fee or any fee or charge if it is assessed through fraud or misrepresentation. Did I read that right?

A. You did read it right.

Q. And so if a dealership is assessing a fee through fraud or misrepresentation, they get no protection under this; do they?

A. They would not get protection if it's fraud or misrepresentation.

Q. You were asked some questions, I think, about consumer financing credit regulations. That's what you do?

A. We do that. Yes.

Q. Okay. And your agency is not the primary regulatory agency for car dealers; is it?

A. No.

Q. And the consumer finance and the credit area that you were discussing has nothing to do with closing fees; does it?

A. As long as they're disclosed on the contract and

charged appropriately, then we would not have anything else to do.

Q. And are you familiar with the Dealers Act?

A. Very little.

Q. Okay. Are you aware that the Dealers Act empowers consumers to prosecute cases against car dealers?

MR. BECKER: Objection, Your Honor. It's calling for -- he asking him now to interpret the Dealers Act.

MR. BUTLER: I'm just asking him what he aware of, Your Honor.

THE COURT: Rephrase the question.

Q. Do you understand or do you have enough familiarity with the Dealers Act to know whether or not the Dealers Act empowers consumers to prosecute cases against car dealers?

A. There are at least two provisions that would allow that in certain cases. Yes.

MR. THOMAS: Thank you. I have nothing further.

(WHEREUPON, Plaintiff Exhibit Number 9 was admitted into evidence.)

THE COURT: Anything on redirect, Mr. Becker?

MR. BECKER: Just a couple questions.

THE COURT: All right.

REDIRECT EXAMINATION

BY MR. BECKER:

Q. Mr. Collins, Mr. Butler asked you about -- this may have been part of your answer. But you talked about an extreme closing fee of sixty thousand dollars that was submitted by a used car dealer; is that right?

A. That was submitted. Yes.

Q. Okay. Is there any other threshold at which the department would question the amount of the closing fee that might be submitted on a dealer's closing fee registration form?

A. I instructed the accounting section that if they got a thousand dollars or more, that I needed to know about it because we needed to look at it a little more carefully.

Q. All right. Now, looking at the administrative interpretation, which is Defendant's Exhibit 1, I want to show you the last page and the notice language that's recommended there. Now, this refers to reimbursing it for certain overhead costs, such as document retrieval and document preparation. Do you see that?

A. I do.

Q. So is it specified what documents it's referring

to?

A. It just says document. It does not say anything further.

Q. All right. And now if a document has to be retrieved from somewhere, does that imply that it must be stored somewhere?

A. If it's going to be retrieved, it's got to be somewhere before it gets there.

MR. BECKER: I have no further questions.

THE COURT: Thank you. You may step down. May he be excused from his subpoena?

MR. BECKER: Yes, sir.

THE COURT: Thank you for coming.

Ladies and gentlemen of the jury panel, we're going to break for lunch. It is now one oh one according to my watch, so we'll start back at two thirty. Please do not discuss the case. Do not deliberate. Leave your books in your chair.

Sir, I'd like to see you, please.

Be back at two thirty. Don't deliberate, don't discuss.

(WHEREUPON, the jury exited the open court at approximately 1:02 p.m.)

THE COURT: You okay?

THE JUROR: Yes, sir. It's just whenever he

solemnly swear or affirm the testimony you're about to give in this case be the truth and the whole truth and nothing but the truth, so help you God?

MR. PHILLIPS: I do.

MADAM CLERK: State your full name for the record.

MR. PHILLIPS: Joseph Barry Phillips.

MADAM CLERK: Please be seated.

JOSEPH PHILLIPS,

BEING DULY SWORN, TESTIFIED AS FOLLOWS:

DIRECT EXAMINATION

BY MR. BECKER:

Q. Good afternoon, Mr. Phillips.

A. Good evening, sir.

Q. Have you ever been employed at Hendrick Honda of Easley?

A. Yes, sir.

Q. All right. When were you employed there?

A. Roughly from about April of 2005 until about March of 2007.

Q. All right. What was your position while you were there?

A. I held several different positions from floor manager to the finance manager.

these other dealerships?

A. I've worked as a finance manager, used car manager, new car sales manager.

Q. All right. sir. Mr. Phillips, have you reviewed certain documents from what we know as the deal jacket for the sale of a 2005 Honda Accord to Ms. Julie Freeman?

A. Yes, sir.

Q. Were you involved in that transaction?

A. I was.

Q. Do you have any independent recollection of the sale to Ms. Freeman?

A. No, sir.

Q. How do you know you were involved in the transaction?

A. I identified the signatures on the paperwork.

Q. All right. And what responsibilities did a finance manager have in the car sales process at Hendrick Honda of Easley at this time?

A. Once the customer had agreed to a purchase price with the sales manager and the sales person, then I would go out and greet them, inform them that I would be handling their paperwork. Prepare all the documents involved in the sale of the vehicle. And if they were financing with us, I would arrange the

financing for them.

Q. All right. At Hendrick Honda of Easley did you receive any training or instruction on performing the job of finance manager?

A. Yes, sir. I attended Hendrick University where we train for the position. We had monthly online training we had to do. Also, was a member of the Association of Finance and Insurance Professionals where we had to test on national standards and be taught the ethics behind it. So, there ongoing training on a monthly basis.

Q. All right. sir. Let me show you Exhibit 26 -- 20. Let me show you a copy of what's been entered into evidence as Exhibit 20, Defendant's Exhibit 20. It is the July '06 Hendrick Automotive Group Transaction Compliance Policy. While you were employed with Hendrick Honda, were you aware of the company's transaction compliance policy?

A. Yes, sir.

Q. Have you been trained -- were you trained on the policies in this document?

A. Yes, sir.

Q. Would you have followed these policies generally in your interactions with customers of the dealership?

A. I would.

Q. To the best of your knowledge, would you have

A. I'm sure they have. Most of the time that's dealt with out on the sales floor and that's handled before it ever gets to my office, because they've usually already agreed to a bottom line number. And then the numbers would just be backed out from there.

Q. Okay. In your experience, was anyone ever confused about what this fee was by the time they got to your office?

A. No, sir.

Q. Was anyone ever confused by the fact that it's called an administration fee on the sales worksheet but a procurement fee on the buyer's order?

A. Not to my knowledge. I never remember anyone asking about it.

Q. Okay. Let's go back to the Exhibit Number 10. Now, you've testified that this was posted in your office. What would you have done if Ms. Freeman had asked any questions about the fee?

A. Just explain what it was for based off of my training.

Q. Would that notice play a role in your explanation?

A. Yes, sir.

Q. Is the closing fee required by law?

A. No, sir.

Q. If a customer had objected to the closing fee

during the sales process and prior to the completion of the sales worksheet, what is your understanding of what the sales personnel might have done to accommodate the customer's objection to the fee?

A. I'm sure they would have explained it to them, what the fee was for. The sales manager would be involved with it and try to answer any questions. But I don't think the dealership would ever lose a sale over two hundred ninety-nine dollars, if it were possible.

Q. If a customer could -- did object to the fee, is one option reducing the previously agreed-upon sales price by some amount?

A. Yes, sir.

Q. Would another option be increasing the trade-in allowance that had been previously agreed to?

A. Yes, sir.

Q. Would a third option be providing some additional products or services, such as new floor mats or a new spare tire or something of that nature?

A. There would be any number of options to try to offset it.

Q. If there had been an objection to the fee, was there always a dollar-for-dollar reduction in the amount of the price or providing additional products or services?

A. Not necessarily.

Q. During your employment at Hendrick Honda of Easley, do you know of any salesperson or sales manager whoever refused to make a sale because a customer refused to pay to the fee?

A. No, sir.

Q. Is a closing fee of two hundred and ninety-nine dollars enough money to lose a deal over?

A. No, sir.

Q. In your experience at Hendrick Honda, did most car sales transactions involved some form of negotiation about price?

A. Yes, sir.

Q. Did they often involve negotiations about other products and services bought with the vehicle?

A. Yes, sir.

Q. Mr. Phillips, during the period of your employment with Hendrick Honda of Easley, was there any sales transaction in which you participated in which you failed to inform the customer of the closing fee charged by Hendrick Honda of Easley?

A. No, sir.

Q. Now, we've discuss a, only a few of the documents that are contained in this deal jacket. I'd like to go over with you the ones that you prepared and

Q. Good. You were asked some questions about the fee, I think, called several different names. A procurement fee; is that right?

A. Yes, sir.

Q. A doc fee. Is that the same thing as a document fee?

A. Yes, sir.

Q. An administration fee. And are there any other names for it that you recall from your time at Hendrick Honda of Easley?

A. Doc fee, administrative fee, procurement. That's about the only ones I'm familiar with.

Q. Okay. And Hendrick Honda's lawyer showed you a notice that I thought you said was posted in your office?

A. Yes, sir.

Q. And that discusses, at least this one discusses, the dealership charges closing fee as means of reimbursing it for certain overhead costs, such as document retrieval and document preparation. Did I read it right?

A. Correct.

Q. And it was your understanding that the fee was a fee that the dealership charges to all customers that are in a retail purchase to recoup the costs for

administrating paperwork, completing documents, archiving and destroying any document that pertains to a vehicle purchase; is that right?

A. Correct.

Q. Okay. And again I know -- I think we said this earlier. But you don't have a specific recollection of the transaction with Ms. Hair; correct?

A. No.

Q. All right. So before today if you'd passed her on the street, you would have never known her?

A. (No audible response.)

Q. And you would define an automobile closing as the period of time when a seller and a buyer have an opportunity to look over the information pertaining to a purchase and then documents are drawn and there's an offer and an acceptance until the final acceptance happens on preconstructed documents; is that right?

A. It sounds right. Yes, sir.

Q. Do you agree with that?

A. Yes.

Q. Okay. The documents that we've been talking about here, they're all -- well, what does preconstructed mean to you?

A. They're already determined. They're already -- it's a formal document and we do -- use on a daily

give in this case be the truth and the whole truth and nothing but the truth, so help you God?

MR. THOMPSON: I do.

MADAM CLERK: State your full name for the record.

MR. THOMPSON: Michael Wayne Thompson.

MADAM CLERK: Please be seated.

MICHAEL THOMPSON

BEING DULY SWORN, TESTIFIED AS FOLLOWS:

DIRECT EXAMINATION

BY MR. BECKER:

Q. Good afternoon, Mr. Thompson.

A. Good afternoon.

Q. Mr. Thompson, would you please describe your educational background for the jury, please.

A. My -- I'm a CPA. I've been a CPA since 1991. I grew up in south Georgia, Albany, Georgia. I received a high school degree there. From there I worked for the United State Marine Corps while I was going to college at night and received a bachelor's degree in Accounting in 1988. I sat for the CPA examine in 1991. Excuse me, excuse me, 1989. And received my certification.

And in 1991 -- from 1989 until 1991, late '91, about two and a half years, three years, I worked at a

CPA firm where I performed audits, as well as tax services. From '91 until 1996, I was -- I did forensic accounting, basically, where I would do investigations or I would do fraud investigations, damage calculations, cases such as this. In 1996, I became the CEO of a forensic engineering firm. I tell people that basically what that means if something blows up, something catches fire, they're the guys that figure out why. There I ran that business until 2004. In 2004, I resigned from that firm and went back into forensic accounting where I worked for a firm called Alvarez and Marsal.

I fast forward from there until 2009 when I moved back to Atlanta from Houston, or actually north of Atlanta to Houston. And I started my own practice. And to this day, I perform three services within my firm. We perform forensic accounting investigations; damage cases, such as this one. We perform tax services. And we perform business consulting. And that's what we have been doing through today.

Q. All right. You mentioned Alvarez and Company. Is that a certified public accounting firm?

A. No. Alvarez and Marsal is a business consulting firm. It's an international firm. They generally focus on very, very large cases. One of the cases I

worked for them while I was there is I handled all the fraud for the state of Louisiana during Hurricane Katrina, as well as all of the damages related to the Orleans Parish School Board there. They also dissolved Arthur Anderson. They dissolved Lehman Brothers. They're a very large, very prestigious business consulting firm.

Q. All right. You mentioned Arthur Anderson and Lehman Brothers. Did you work on those projects?

A. I did not work on either one of those engagements.

Q. But the company you were employed with did?

A. Yes.

Q. All right. What was Anderson, Arthur Anderson?

A. Arthur Anderson until 2002 was the largest CPA firm in the world. And they also were the auditors for Enron. I might want to point out in this case that the plaintiffs had mentioned that the auditors for this case were not the ones that were testifying on this case. And there's a reason why.

MR. BUTLER: Objection, Your Honor. I don't think there's a question on that at this point.

THE COURT: I'll let him answer that.

A. In 2002, as a result of Arthur Anderson's failure to perform a descent audit, what was, what was identified by the Securities and Exchange Commission

of the federal government was that Anderson was performing a combination of audit as well as business consultant work, such as expert witness work. And so as a result, they were not even making a profit on the audit. They were just using the audit as a loss leader so they could get all the other extra services. So as a result Sarbanes-Oxley law was passed, which prohibit anyone that is doing an audit to perform business consulting services, such as expert witness work in this case. So there's a very good reason why the auditors in this case are not sitting before you right now.

Q. Thank you. I'd like to show you a PowerPoint slide eleven. Excuse me, one. Does this list your professional certifications, Mr. Thompson?

A. Yes, it does. And I'll go through them. The certified public accountants is a nationwide organization. I'm sure that everyone is familiar with who a CPA is. It goes through rigorous testing, as well as educational requirements. During the ancient years or when I was having to sit for it, it was a nineteen hour test that also included a minimum of two hours -- I mean, two years of experience.

More recently, the America Institute of Certified Public Accountants, one of the governing bodies of the

CPA world, has decided that there needs to be sub-specializations within the CPA world. It's very much like if you go and become a general practitioner, as a doctor you may want to become a pediatrician. Well, you become a GP first and then you go and you have additional studies as a pediatrician.

THE COURT: Hold on one second.

Q. Mr. Thompson, maybe we don't need quite as much background on the Charted Global Management Accountant certification.

A. That's fine.

Q. Just a ---

A. A Charted Global Management certification is a certification that basically allows a CPA to provide services both as a public accountant and as well as, as well as having business acumen to be able to identify costs and be able to recognize what costs are. So it's the cost accounting expertise.

The accreditation of business evaluation is unrelated to this case, but it involves valuing businesses and how you would value businesses.

The certified fraud examiner, as well as the certified in financial forensics, involves things such as fraud examinations, investigations, and things of that nature.

Q. All right. Please generally describe the work you've done on behalf of lawyers in connection with litigation.

A. I've conducted -- I've been involved in a variety of cases involving investigations, damage evaluations, cost analysis primarily since 2004. Actually, I would say between 1991 and 2006 and then 2004 through the present. I have worked on both plaintiff and defense interests. Currently, I believe I have three plaintiff cases that I'm representing the plaintiff in. And two that I'm representing defense interests in.

Q. Has all of your previous expert witness work been on accounting issues?

A. Yes, it has.

Q. Have you been qualified as an expert witness before any court? And if so, in what court?

A. I have been qualified as an expert in the state of Georgia in state court. In the state of Louisiana in state court. In federal courts throughout the country. And I believe in state court in Illinois.

Q. All right. Has your proposed expert witness -- expert testimony ever been excluded by any court?

A. It has not.

Q. What is your experience with car dealerships?

A. I've performed a variety of audits and while I was with the CPA firm in the nineties, as it relates to car dealerships, two in particular. They were both Ford dealerships. And more recently I have a couple of business clients that I'm providing business services for in the last couple of years that are either working on -- as finance managers at car dealerships or in fact one is a car dealership itself.

Q. All right. What is the scope of your testimony in this case? Or in other words, what were you asked to do and on what topics or subjects were you asked to give an expert opinion?

A. My core opinion was to determine what the cost of the -- what the cost of closing was for each year starting in 2002 through 2006.

Q. For Hendrick Honda of Easley?

A. For Hendrick Honda of Easley.

Q. All right.

MR. BECKER: Your Honor, we would move that Michael Thompson be qualified as an expert witness in the field of accounting and cost accounting and business operations.

THE COURT: Any cross-examination on his qualifications?

MR. BUTLER: No, Your Honor. No objection.

THE COURT: All right. He'll be qualified in that area. Thank you. Go ahead.

MR. BECKER: Your Honor, we'd also like to admit Exhibit Number 32, which is a copy of his current resume. Any object to that?

MR. BUTLER: Yes, Your Honor. I have objection to that. That's hearsay.

MR. BECKER: It's something he prepared.

MR. BUTLER: It's a statement offered in court for the truth of the matter asserted. I don't mind him testifying about it on the stand, but it shouldn't go into evidence.

THE COURT: I'll allow it.

MR. BECKER: Thank you, Your Honor.

(WHEREUPON, Defendant Exhibit Number 32 was admitted into evidence.)

Q. Let me just have you identify Exhibit Number 32. Mr. Thompson, is this a copy of your current resume?

A. Yes, it is.

Q. All right. Now, Mr. Thompson, before you were asked to service as an expert ---

THE COURT: Well, who wrote it? I mean, I assume he wrote that?

MR. BECKER: Thank you.

choose.

All right. Mr. Becker, please proceed.

MR. BECKER: Thank you, Your Honor.

THE COURT: You represent it to the jury fifteen minutes.

Q. After you'd obtained all the financial statement information that you needed, what was the next step in conducting the analysis?

A. We then applied each of those costs to the percentages of -- that we believed were accurate in our interviews to come up with what the total cost of closing was for the dealership for each of the given years. We then took that total cost, we divided it by the total number of cars to determine what the average cost per car is for closing.

Q. All right. sir. Let me show you exhibit -- and I don't have the number.

MS. CASKEY: 26.

Q. 26. Is this the result of the closing cost allocation from those interviews to the financial statement information?

A. That is correct. The first line item is the total cost that I identified as part of the closing, per the financial statements that you saw in the earlier slide. We then took that percentage that we had for

each of the compensation items. For printing, data processing, building, and outside services, of course we can't interview those people because they're not people, but we then relied upon Mr. Pendleton's determination, as well as the documents that we looked at within the folders, and like I said, the square footage of the buildings, to come up with a percentage allocation of the total cost as it relates to closing. We then applied all of those closings. In this case, you take all of the totals, divide them by the percentage that is related to closing to come up with the cost per closing. In this case it's five hundred and sixty-seven thousand nine hundred and seventy-nine dollars. We divided it by the total number of cars, which was one thousand one hundred and thirty one, to come up with an average cost of closing per car in 2002 of five hundred and two dollars and nineteen cents.

Q. All right. Let's just page through these exhibits for each year. Did you follow the same process for each year?

A. We followed the exact same format for each year by taking the interviews of the employees, taking the total cost for that year, dividing it by the total number of cars. In this case in 2003, it's five

hundred and twelve dollars and twenty-one cents.

Q. Let me, before we go off of that, let me ask you, the numbers in that total column, will they tie exactly to the numbers in the financial statement?

A. I believe they do. Yes.

Q. Okay. Might there be some rounding errors ---

A. There are going ---

Q. --- in some situations?

A. In some cases there are rounding errors. Only in that the percentages that we used in one -- I believe in a couple of cases we took it to the nearest thousands instead of the hundreds. And as a result, we may be off five or ten dollars in any given year. But it's a five or ten dollars error that is really immaterial to the total cost calculation we created.

Q. All right. So, what was the closing cost calculated per this ABC methodology for 2003?

A. For 2003, it was five hundred twelve dollars and twenty-one cents.

Q. And for 2004?

A. Four hundred and eighty dollars and seventy-six cents.

Q. For 2005?

A. Four hundred and seventy-seven dollars and forty-three cents.

Q. And 2006?

A. Five hundred and seven dollars and ninety-six cents.

Q. And finally, let's look at the last page of this exhibit.

MR. BECKER: Is that the last page? All right.

Q. Now, did you also analyze how the closing costs compared to the total overhead costs of the new and car sales departments?

A. We did. We wanted to give it some type of Litmus Test to determine, you know, are we looking at -- is the five hundred and seven dollars ninety percent of the cost of the dealership? Or is it thirty percent of the dealership? Because from a gut check if it was ninety percent of the total cost of the dealership, I really would not have, from a business acumen standpoint, bought off on the fact that that -- that this number would have been accurate. But in our case, we did apply what the total expenses were for both new and used cars, and we compared that to the five hundred -- the four and eighty to five hundred and seven dollar number.

Q. All right. Let me show you what's been marked -- what's PowerPoint slide seventeen.

MR. BECKER: Excuse me. The one before that.

Q. Does this provide the results of that analysis by year?

A. It does. If you take the financial statements that we have previously presented, at the very bottom it says total expenses. We took that total expenses number. We divided it by the number of cars. And we said what is the total cost of both sales, new and used sales for every car that is sold? In this case, in 2002 it was fourteen hundred and ninety dollars and eighty-six cent. Five hundred and thirty-six percent is slightly more than one-third of the total cost. 2006, it was fifteen hundred. In this case it was almost exactly a third. And 2004, it dropped a little bit. But it was still a -- within that range of thirty to thirty-five percent. 2005, we had total cost per car of about fourteen twenty-eight. The closing cost per car was four hundred and seventy-seven. So again, it was approximately within a good range of around thirty to thirty-five percent. 2006, the total cost per closing was five hundred and seven dollars. And the cost per car was sixteen hundred and eight dollars and fifty-seven cents.

Q. All right.

MR. BECKER: Show us the next PowerPoint slide, Ms. Caskey.

Q. Is this a graphical representation of the same information?

A. It is. If you look at each number, I compared each of those costs to the total costs that was being charged per closing. Now, I want to clarify that, for instance in 2002, when you see that five hundred and thirty-six dollars, that five hundred and thirty-six dollars and forty-six cents is part of the fourteen ninety. It's not added to it. So in this case, five hundred and thirty-six dollars is their cost per closing. Their charge was two hundred and forty-nine dollars. But the total cost to the dealership including closing was fourteen ninety. So I felt like that from a business standpoint, the cost per closing that we had identified made sense.

Q. So let's just go through this then. What does the blue bar represent?

A. The blue bar represents the fee that is charged to reimburse for document closing.

Q. What does the red bar represent?

A. The actual cost of closing per car.

Q. And the green bar?

A. The total cost for each car.

Q. Of the new and used car sales department?

A. Of the new and used car dealership.

Q. Mr. Thompson, in every year from 2002 to 2006, did Hendrick Honda of Easley's closing costs as you have considered and calculated them in this analysis, did they exceed the closing fee in each of those years on a per car basis?

A. Substantially they did.

Q. Did Hendrick Honda of Easley make a profit from charging the closing fee in any year from 2002 to 2006?

A. No, they did not.

Q. I want to just ask you one other thing and this is my last question for you. Earlier we heard Mr. Thomas discuss with Mr. Pendleton a sixty thousand dollar increase in manager salaries that was represented on the financial statement for a particular year. I don't remember the cost of what year it was. But do you remember hearing that testimony?

A. I did.

Q. What, in your view as a professional accountant, what are some of the factors that may have caused that sixty thousand dollar increase?

A. Very easily the could have hired ---

MR. BUTLER: Your Honor, this is

speculation. I have to object.

THE COURT: Yes.

MR. BECKER: Well, he's reviewed the financial statements, Your Honor.

THE COURT: You hadn't asked him to render an opinion. Just what could have caused it. That's speculation. It's sustained. You want to ask him right, I mean ---

MR. BUTLER: Your Honor, he hasn't been disclosed on that issue either.

MR. BECKER: He's just ---

THE COURT: I'll you rephrase the question. That was not -- that was an objection that I sustained.

Q. Based on your analysis of the expenses of the new and used car sales department and the compensation paid to the sales personnel and the management personnel, how would you explain a sixty thousand dollar change from one year to another in those categories?

A. It is my opinion that those costs could have come from several different areas. It could have been that they hired another sales ---

MR. BUTLER: I'm going to object, Your Honor. Could have been is speculation.

THE COURT: Sustained. You can ask him if the reasonable degree of accounting certainty, whether more likely than not. But he just can't, it could have been, it could have been. I mean, that's not proper.

Q. To a reasonable degree of accounting certainty, Mr. Pendleton ---

THE COURT: Thompson.

Q. I'm sorry, Mr. Thompson. --- what could have caused ---

MR. BUTLER: Objection.

THE COURT: Sustained. To a reasonable degree of accounting certainty, more likely than not, do you have an opinion as to what could have caused it? Ask him in that manner.

Q. To a reasonable degree of accounting certainty, do you have an opinion on what could explain a change such as that?

MR. BUTLER: Same objection, Your Honor.

THE COURT: Sustained.

MR. BECKER: Just a moment, Your Honor.

Q. Mr. Thompson, to a reasonable degree of accounting certainty, do you have -- can you explain what would more likely than not cause a change from one year to another in that category in the financial statement?

A. I believe it is more likely that the sales department hired ---

MR. BUTLER: Your Honor, I'm going to object. It's still speculation.

THE COURT: Hold on. Wait a minute.

MR. BUTLER: There are a couple of objections. One, he's speculating on what this is. And he has not been disclosed on this opinion. We never had a chance to take a deposition. It's speculation. We'll let him answer.

THE COURT: Withdraw the objection. The question was proper. Mr. Becker, I know you're tired and some -- you've got to ask those magical questions. I mean, words ---

MR. BECKER: Well, I'd like to get it right, Your Honor.

THE COURT: You got it right the last time.

MR. BECKER: I'm going to sit down and write it down, please.

THE COURT: You got it right.

MR. BUTLER: We withdraw the objection, Your Honor. Go ahead.

THE COURT: The rules is, ladies and gentlemen -- you may think we're all being picky. But the rule is when you ask an expert an opinion, he can

only state it with a reasonable degree of whatever profession, accounting certainty, whether more likely than not. You just can't ask him a broad opinion. So it has to be more likely than not. And Mr. Becker asked that.

A. More likely than not it was the hiring of an additional employee that managed that particular division as opposed to anything else, such as bonuses that would have been paid.

Q. All right. Are all the opinions that you've expressed today held by you to a reasonable degree of accounting certainty?

A. Yes, they are.

MR. BECKER: Your Honor, at this time I'd like to move to admit into evidence Defendant's Exhibits 27, 28 -- 26, 27, 28, 32, 33, and 34.

THE COURT: Any objection?

MR. THOMAS: Yes, Your Honor. These expert reports are hearsay. They're out of court statements offered in court.

THE COURT: These ---

MR. BECKER: His work product. Yes, sir.

THE COURT: I'll let them be demonstrative evidence. You can use them to demonstrate, but they're not coming into evidence.

personnel and you find out how much of their time is spent in a particular activity. In this instance, closing. And this is sort of the foundation of his analysis. And it shows his ---

THE COURT: Mr. Butler?

MR. BUTLER: Same objection, Your Honor. Although, even this one now he's interviewed people and he's putting what they told him on paper and now they want to move it into evidence.

THE COURT: He is sort of quoting what they told him.

MR. BECKER: But it's still his opinion, Your Honor. It's his work product. It is not offered to prove the truth of what they said, but this is what they told him. And this is what -- the percentages he's used. They can cross-examine ---

THE COURT: I'll allow it. I'll let it in. I mean, it's just a recap of his testimony. That's basically what it is. Anything else?

MR. BECKER: No, sir, Your Honor.

MR. BUTLER: No, Your Honor.

THE COURT: All right. My jury charge is as follows.

I will charge burden of proof, duties of the Judge and Jury, credibility of witnesses, expert

witness charge, corporations will be treated the same as anybody else charge. Not exactly how I charge it. You know what I'm saying? And then I'm going to charge very basic -- very similar to the charge I gave in the Aiken case. I will charge the Closing Fee Statute verbatim, 37-2-307. I will follow that up with the defendant's request to charge number two, the definition of a close fee, which is basically what I said in my order. I will then charge 56-15-30, 56-15-40. And I will define arbitrary, bad faith, unconscionable in the same manner that I charged in the *Ritz* case. I think I said the word unfair, arbitrary, bad faith, and unconscionable. And I will charge 56-15-110, the part that deals with the person who shall be injured in his property or business by any reason forbidden and shall recover actual damages. I won't put the double in there. That's something I'll do at the end if it has to be. And I won't charge attorney's fee. But I'll charge also about the representative capacity when the parties are numerous and it is impractical, that one person may sue for the benefit of the whole.

Anything else by the plaintiff? Any requests? Sir? Mr. Moore? Whoever is going to argue.

MR. BUTLER: Your Honor, I think you fairly

well covered all that we had previously proffered.

THE COURT: Well, that's because y'all look like y'all used the one out of the *Ritz* case that really I had no objection to by either of the lawyers. All right. Mr. Becker or Ms. Spruill?

MS. SPRUILL: Yes, sir. We have a few things and just bear in mind some of this is to preserve the record.

THE COURT: Absolutely. I know you're not.

MS. SPRUILL: As an initial matter, I removed, and you've already heard my arguments about whether unfair ought to be a separately defined term and what definition to use. But if we're going to use the UTPA definition of unfair, I'd ask that we use the regular UTPA when an act or practice is unfair charge. What we've got in there, and I'm looking at ---

THE COURT: Which one?

MS. SPRUILL: It's not separately itemized in the Plaintiff's request. I think it's the second to last page.

THE COURT: How about in your charge, where is it?

MS. SPRUILL: This is something different based on what you've just indicated to us you're going to charge. What the previous charge was, is now our

Court's have, unlike closing fees, they define the term unfair. A trade practice is deemed unfair when it's offensive to public policy. An action that violates the statute violates public policy and a practice is deceptive when it has a tendency to deceive. So that's the definition of unfair. So I went and pulled -- because that didn't sound like the normal unfair trade practices definition of unfair to me. Went and pulled Judge Anderson's book and pulled the last case that the Supreme Court issued defining unfair. And the definition they give is, an act of practice is unfair when it's offensive to public policy or when it's immoral, unethical or oppressive. This statute business isn't in there anywhere.

THE COURT: Do you have that, do you have that as a written proposed charge?

MS. SPRUILL: I can bring you, right here, a -- this is -- I don't have a copy. This is the case of *Health Promotions*. It's ---

THE COURT: I'll tell you, if you would, please ma'am, ---

MS. SPRUILL: I'll write it down for you.

THE COURT: --- between this time and the morning, just give me what you would ask for an unfair definition -- the definition for unfair and I'll

discuss it before we charge.

MS. SPRUILL: Yes, Your Honor. And I'll go ahead and tell the Plaintiff so they'll have it. The full language I would propose, just straight out of this last Supreme Court opinion, an act is unfair when it's offensive to public policy or when it is immoral, unethical or oppressive. And an act is deceptive when it has a tendency to deceive.

THE COURT: Well, that just adds a little bit to what I said.

MS. SPRUILL: Yeah, it just takes out that business about the statute violation being offensive to public policy. It's just a little different. I just ---

THE COURT: Well, it may be in addition to it, if a statute violates a ---

MS. SPRUILL: Well, I couldn't find that anywhere in the definition of unfair and untrade practices (verbatim) act cases. So I just propose if we're going to do it that way that we do it the way that it's normally done.

And with respect to our proposed -- and with respect to the definition of arbitrary, we think what the Plaintiffs have proposed, if you look at our request to charge number eleven, we think the charge

that's there is a little bit incomplete. Out of the cases, we think we're entitled to motor vehicle dealers are not required to deal with their customers guided solely by fixed rules and standards. Their conduct under the act need only have some reasonable bases.

THE COURT: Where did you get that language?

MS. SPRUILL: That's straight out of *Taylor v. Nix.*

THE COURT: I think motor vehicles are not -- dealers are not required to deal. That's, to me, a charge on the facts.

MS. SPRUILL: All right. Your Honor, we contend we're entitled to it. I'll move along.

THE COURT: Well, here's what I want you to do. Those that I don't agree with you on, you've written them out, so make those a part of the record so you'll be fully protected on them.

MS. SPRUILL: Well, we've signed -- I propose we filed our -- we signed and submitted our written charges, so those should be a part of the record. We'll make sure ---

THE COURT: Well, I know ---

MS. SPRUILL: --- and the court reporter have a copy?

THE COURT: I know I have one, but I don't see where it's been filed with the Court. So just make sure you do that ---

MS. SPRUILL: We'll make sure we get it filed and we'll make sure -- I already gave the Clerk our directed verdict motion. We'll make sure all of this gets filed.

THE COURT: No problem.

MS. SPRUILL: On definition of bad faith, I've got no problem. On the definition of unconscionable, we take the position this arises out of a contract to buy a car, so we're entitled to the contract unconscionability charge, which is my proposed charge number thirteen. And in particular, I think we're entitled to the unconscionability is defined as the absence of meaningful choice on the part of one party. We content Ms. Freeman could have walked away at any time and we think we're entitled to that charge.

THE COURT: Well, she could have walked away at any time, but what this case is all about is whether or not all these alleged inclusion of parking lots and 401k's and whatever else, is that part of the Closing Fee Statute? And if it is, it is. If it's not, it's not. That's what the jury will determine.

That's not a contract. That's whether or not your client is complying with the Closing Fee Statute.

MS. SPRUILL: We contend if they can show a violation of the Closing Fee Statute, we still -- they're still required to choose a violation of the Dealer Act, which is unfair, unconscionable ---

THE COURT: No question about it.

MS. SPRUILL: And so we think we're entitled to an unconscionable charge that reflects the deal that went on here.

THE COURT: You're protected. I'm going to charge unconscionable just like I charged before.

MS. SPRUILL: And the other concern we have is the charge you proposed doesn't include any of our defenses and doesn't include any instruction on calculating damages. And we think both those things are -- and we've got some proposed charges in here on defenses and we've got some proposed charges on damages.

THE COURT: What defenses?

MS. SPRUILL: We think the Consumer Protection Code provides two defenses to us. One is a safe harbor. If we complied with the guidance given by the Department of Consumer Affairs, we've complied with the Consumer Protection Code. We've complied

with the Dealer Act. There's no liability there. This is safe harbor.

THE COURT: Well, I respectfully disagree. And you're protected fully on that.

MS. SPRUILL: The next one, the good faith error defense. If we took -- if our violation was not intentional and resulted from a bonafide effort notwithstanding the maintenance procedures reasonably adapted to avoid the error, we are not liable under the Consumer Protection Code. We think the jury is entitled to consider that.

THE COURT: You're protected on that. I am going to charge 56-15-110, if there's been damage they're entitled to actual damages.

MS. SPRUILL: All right. Well, we do have, in addition, -- let's go back here a little bit. We've talked about that before. We think the unfair charge ought to be, if you're going to give one, the FTC language. We've talked about that. Just to preserve it for the record, that's our request to charge number seven.

THE COURT: You're protected.

MS. SPRUILL: Number eight should sound familiar from the *Ritz* case also. We think the jury is entitled to hear that everybody who signs an

agreement has a duty to read and understand it.

THE COURT: I don't think that's applicable here. You either violated the statute or you didn't. Whether she read it or didn't read it ---

MS. SPRUILL: Well, we think there are elements of bad faith, arbitrary, unconscionable damages caused. We don't think there's any chance she relied on any of this to her detriment under any of these unfair and deceptive language provisions. I think we're entitled to it.

THE COURT: Well, your charge says, one cannot complain of fraud or misrepresentation of the contents if the truth could have been ascertained by reading it. And there's no way in there she could ascertain whether or not these fees charged were for reimbursement of actual costs incurred.

MS. SPRUILL: She could have asked any question she wanted to.

THE COURT: I agree. You're protected.

MS. SPRUILL: And voluntary payment, we've talked about it before.

THE COURT: Yes, ma'am. And I've ruled a number of times.

MS. SPRUILL: Yes, sir. We think we've entitled to a jury charge on it.

THE COURT: You're protected.

MS. SPRUILL: Next is estoppel by silence and waiver. Either she didn't say anything and she went through with it or she waived it when she went through with it. We think they're entitled to hear about that.

THE COURT: Thank you. You're protected. I deny that charge. Or will not charge that.

MS. SPRUILL: We've talked about arbitrary and we're okay on bad faith. We've talked about unconscionable. We think we're entitled to a charge on the record retention portion of the Dealer Act that we've got to hold on to everything and hold on to it in a reasonably organized and orderly fashion for four years. I think that's just the language of 56-15-340.

THE COURT: What do you say to that, gentlemen?

MR. MOORE: Your Honor, we think it's kind of irrelevant to the issue that's going to be before the jury. That statute section is not really the issue in this case. It's not even really a defense. It's more just a commentary on the facts. It's just trying to point out, again, which they've done throughout the trial that, yes, they have some obligation to store certain documents which we would

argue is not even an appropriate consideration under the closing costs and the Closing Fee Statute.

MS. SPRUILL: Your Honor, ---

THE COURT: Isn't that a factual issue for the jury to determine, whether or not retention of the records are all part of the closing?

MS. SPRUILL: Well, you're going to charge them that they've got to figure out what costs are appropriately associated with the closing. We think the storage is. And if we've got to hold it by statute, we think ---

THE COURT: I'll charge it.

MS. SPRUILL: Thank you, sir. Next, we've already talked about damages. I understand your court's ruling. I'd propose that fifteen and sixteen are appropriate. One is a fairly standard damages clause with a last sentence that specifies the damages here.

THE COURT: Here's what I'm going to say about damages. I'm going to say that if you determine that the costs or the fees -- or the costs, fees, and/or, in this case were not associated with closing then you've got to make a determine that if they were all not associated, some not associated or a portion and they have to make that determination.

MS. SPRUILL: That's what we were asking for, Your Honor.

THE COURT: I'll do it in sort of that fashion. I mean, they've got to make an exercise when they -- if they determine that they are -- then fees charged are costs not associated with the transaction, they can find -- it's up to them. They're the finders of the fact as to if it's all included or some included or a portion or whatever. That's for their determination.

MS. SPRUILL: Your Honor, that would suit us. We just wanted some instruction.

THE COURT: I mean, it's not all or none. They can say half of it was and half of it wasn't.

MS. SPRUILL: I would also ask that our number sixteen is speculative damages. You've got to prove damages to a reasonable degree of certainty.

THE COURT: Okay.

MS. SPRUILL: And I think expert witnesses, are you going to give the charges we proposed or ---

THE COURT: I'm going to give the one the Supreme Court gives me to give.

MS. SPRUILL: Okay. And we had two. We had -- this is out of Judge Anderson's book. We had a general charge and if there's a conflict in the

testimony from the experts.

THE COURT: I'm just going to give my normal expert, which you can give it whatever weight, if any, you determine to be given. You don't have to give it any weight if you don't want to.

MS. SPRUILL: Okay. Thank you, Your Honor. I think that's everything that we have for the record. Wait one minute.

THE COURT: Verdict form. Thank you, Mr. Becker.

MR. MOORE: Your Honor, I apologize for interrupting. We just want a clarification on what the charge is going to be with respect to damages? Would it be what you previously charged in the *Ritz* case?

MS. SPRUILL: The *Ritz* case is just damages would be what they've proven. Actual damages by him that he sustained.

THE COURT: No. In the *Ritz* charge it says, you may recover actual damages -- shall recover actual damages by them that they sustained. And I will tell them in this case that if they make a determination that some or all or a portion of the costs were not associated with the closing, they have to make that finding. I mean, they can find that they were all not

a part of it or they all were a part of it. In that case they find for the Defendant. Or they can find a portion was or was not. And they have to make that determination. I mean, it can't be the whole thing. I mean, it could be, but ---

MR. MOORE: I mean, our position is this. If they did not do what they were supposed to do in advance, they charged an illegal fee that they weren't allowed to charge, there's these three things that they can do. If they calculate their closing costs and they charge a closing fee for reimbursement of closing costs, that's fine. If they violate the law and they arbitrarily pick a number out of the air, the entire fee is illegal. They can't keep the benefit of the statute when they didn't comply with the law.

THE COURT: You can certainly argue that. But, you know, you want all or none. You better talk to your senior partner.

MR. RICHARDSON: Yeah, that's an argument. That's not a charge.

MS. SPRUILL: Thank you, Your Honor.

THE COURT: I think they can find that it was done in an arbitrary manner, but some of it was associated with the closing. I'm going to charge they've got a range they can -- they can find all of

it was not part of the closing, some of it.

MR. MOORE: Thank you.

THE COURT: Anything else? The verdict form, I'm going to use the one that Plaintiff submitted for the Plaintiff, for the Defendant, in the amount of actual damages with an exclamation of their job in determining all, if any, or a part or whatever.

MS. SPRUILL: Your Honor, I know you expect me to say we think you ought to use our form. Not only do we think you ought to use our form, we think definitely they need to determine by year. I don't think they've got information to just sit there and figure out we determine damages in the amount of X. Based on the damages -- based on what they've heard, the fee is different at different parts of the period.

MR. BUTLER: Your Honor, there's a chart on that that's in evidence, I think, already.

MS. SPRUILL: They just --

MR. THOMAS: Plus, you just put in all your charts and your data and break it down by year.

MS. SPRUILL: Sure, but are they charging -- are you charging them to determine it for Ms. Freeman or for everybody? What are they doing? I mean, what we were proposing to just let them figure it out, should they find there was non-compliance with the

Closing Fee Statute, then they determine there was a violation of the Dealer Act, then they just had to break it out by year. And we can do the subtraction from the fee we charged that year and multiply it out. All they would have to do is figure out the costs for that year. Makes sense. We can figure it out. Just giving them, we find damages in the amount of X, there's no way to tell them what they rewarded. There's no way for them to figure that out.

THE COURT: Sure there is. Y'all have put up enough evidence that they can figure out -- I mean, y'all said there's no -- you've charged -- your closing fees are a lot more than what you charged. That would be a Defense verdict if they believed you. If they don't believe you, then they have to make a decision as to what was included in closing and what was not, or if it was all for closing or if it was none of it for closing or were they completely arbitrary in how they handled it. They've just got to do that.

MS. SPRUILL: And they're doing it for everybody?

THE COURT: Sure.

MS. SPRUILL: For every year?

THE COURT: It's been brought in a

representative capacity. They've got to look at all four years.

MS. SPRUILL: And this goes back to our underlying concerning about this is a representative action. You've got people with all different facts, who paid all different fees, some of them ---

THE COURT: Ma'am, I ruled long ago that they could bring in a representative ---

MS. SPRUILL: But this verdict form really invites error with just this general ---

THE COURT: You're protected. Anything else you want to know? Anything else you want to put on the record? I'm sorry. Not you want to know.

MS. SPRUILL: Thank you, Your Honor.

THE COURT: I will revisit that in the morning. Mr. Thomas, y'all look at it over the evening, but I don't want to get it so complicated that they can't do it. It's the same verdict form we used before.

Anything else?

MR. THOMAS: Not from the Plaintiffs, Your Honor.

MS. SPRUILL: Thank you, Your Honor. We'll get you that Unfair Trade Practices Act language in the morning.

THE COURT: Everyone have a pleasant evening. We're going to start at nine thirty. Y'all be here about nine in case we need to hash out anything else so we can move right along.

Now, once we complete testimony, ladies and gentlemen, we're going to get right into the arguments. Y'all can look at it as well as I can up here. I think the jury is getting -- they're paying good attention, but they're getting tired. I mean, I can see that and y'all can see that. Let's let them be sharp and ready to do.

Good evening. Everyone have a nice evening.

(WHEREUPON, court was adjourned for the day.)

SEPTEMBER 19, 2013

(WHEREUPON, Court convened with all parties present and the following proceedings were had.)

THE COURT: Mr. Thomas, anything for the record before we start?

MR. THOMAS: You want me to go ahead and address the jury charges we talked about?

THE COURT: Uh-uh (negative). We'll do that when we finish.

MR. THOMAS: Oh, yeah. Jamie wanted me to stipulate on the oil changes.

THE COURT: On the what?

interviews?

A. That is correct. I helped to redefine -- well, I like I said, there may have been some interviews conducted at the beginning, the first visit as well as the second visit. And in between I wanted more clarification as to what I believed the closing would be and to what extend I wanted the closing to -- the full absorption based costing that we had discussed yesterday, I wanted to define, in my mind, what I thought would be fully absorbed and what would not. Say for instance, I wanted to make sure that I wasn't going to include meals and entertainment. I wasn't going to include stuff like uniforms. I wasn't going to include anything at corporate headquarters in Charlotte. So those things ---

Q. Let me ask you this.

A. --- we excluded.

THE COURT: Hold on. Let him finish.

Q. Go ahead.

A. So things we excluded from our calculations, because we did want to provide a conservative evaluation.

Q. You finished?

A. Yes.

Q. Thank you. You've seen absolutely nothing in this

case to suggest that back when Hendrick Honda of Easley was charging Ms. Hair and the five thousand other people that she represents here a fee that they represented to them was for document retrieval and document preparation, you've not seen anything from Hendrick Honda of Easley that would suggest to you that they did any kind of analysis back when they were charging that fee; have you?

A. No, I did not.

Q. Nothing?

A. Nothing.

Q. And Mr. Pendleton said from that same witness chair where you're sitting today the same thing; didn't he?

A. That is correct. And I don't believe it was necessary at that time.

Q. And your -- you've been sitting in the courtroom since last Tuesday -- or since this Tuesday; right?

A. That is correct.

Q. So you've been here Tuesday, Wednesday and Thursday?

A. That is correct.

Q. Well, today, obviously. And you heard Mr. Watkins' deposition testimony that we read into the record; didn't you?

A. I did.

to require a predetermined set fee for the reimbursement of closing costs and there's no evidence whatsoever that the fee that he came up with was predetermined for the reimbursement of closing costs. It was the testimony, it's undisputed, he looked at the bottom line of everything.

THE COURT: All right. I'm going to respectfully deny your motion. Obviously, it's a factual quagmire. The jury's got to plow through it and apply my definition and then they've got to look at the facts and the application of the definition and determine whether or not it's predetermined, whether or not it was arbitrary, unconscionable, bad faith or not involved with the closing. It's all a factual base and it's a question of fact for the jury. Respectfully denied.

Anything else by the plaintiff?

MR. THOMAS: Based on that ruling, no, Your Honor.

THE COURT: Mr. Becker, any motions? Ms. Spruill, any motions?

MS. SPRUILL: We would like to renew the motions we made at the close of the plaintiff's case, I think in our written motion. I think that covers the waterfront, Your Honor.

THE COURT: Likewise, in response to your motion, this is a classic factual issue for a jury's determination. They will apply the facts as they find them to be and the law as I charge it to them. It is a factual matter and I do not think a directional verdict is proper for either side.

Now, I think we went through all the charges last night. Let the record reflect that before we came out this morning we had an in-chambers conference about the damage charge that we talked about last night. And basically, if I understood our in-chambers discussion, Mr. Thomas, you're pretty much in agreement that if they find there's a violation of the Closing Fee Statute and if it was arbitrary, unconscionable, in bad faith, that the jury could perhaps find that a portion of it was applicable to closing and the other portion was not and then the damages would be the difference. In other words, if a hundred dollars was attributable to closing, then the other one ninety-nine or whatever the applicable figure would be, would be damages. And that's -- I told you that's how I was going to charge it. So do you have any opposition to that?

MR. THOMAS: No, Your Honor. Just a further clarification that if the jury finds it's not a

you have no basis for and charging it to people and telling them that it's for closing fees. Fees like document retrieval and document preparation.

All Ms. Hair and all the rest of the folks want is for them to do now what they should have done in the first place. To do the right thing. And, ladies and gentlemen, they took this money improperly. They took illegally. And they should give all these people their money back. And that's what we're asking for. But you might get back in the jury room and decide that there are costs associated with closing. And despite the fact that they broke the law, you might decide that they ought to get something for it. Well, they're going to stand up here and try to tell you that it's the big number that Mr. Thompson, who knew the number on the front end, came up with. But you heard from Mr. Pendarvis who talked to, talk to, actually talked to someone out -- in the automobile industry unlike Mr. Thompson. Twenty-five dollars. That matches what we've got here when you strip away all the stuff that doesn't count for the final meeting between the parties.

We believe that they ought to give all of these folks their money back. They ought to refund the full amount of all of that. And you heard Mr. Thompson say

agree. That's fair. And what's a violation of the Dealers Act is the opposite of that. It's something that's unfair. If you're not calculated it, if you're not doing the math and figuring out what your two forty-nine is really reimbursing you for, it's not there. It's a violation of Closing Fee Statute. It's an arbitrary number pulled out of the air. Mr. Watkins is giving us the test to use. And they should have to give all the money back.

And the reason is this, I've got a seven-year-old son, Ryan. He's a good kid. You know, just like all kids sometimes he makes mistakes. We had some kids over the other night and I had a thing of candy bars there. I had enough candy bars for each kid. Well, I came downstairs, Ryan had all the candy bars. All of them. All the other kids' candy bars. And how do you teach him a lesson? Do you teach him a lesson by saying, no, Ryan, I'm taking these other candy bars back and I'm giving them to the other kids. But oh yeah, buddy, you still get to eat yours. No. He knows what he did was wrong. Just like Mr. Pendleton, he testified yesterday. He knew he was limited to his closing costs. You teach them a lesson by not letting him keep the candy bar. He doesn't get anything.

If you violate the law, if you do it wrong, you

STATE OF SOUTH CAROLINA

COUNTY OF PICKENS

IN THE COURT OF COMMON PLEAS

Case No. 2012-CP-39-01554

Julie Freeman,

Plaintiffs,

v.

J.L.H. Investments, LP, a/k/a Hendrick Honda,

Defendants.

Defendant's Request to Charge (Pre-Charge)

In this case, the Plaintiff, Julie Freeman is alleging in her representative capacity that the Defendant J.L.H. Investments, LP d/b/a Hendrick Honda of Easley violated a statute and I'll read the statute to you at the appropriate time, but it's known commonly as the Manufacturers, Distributors, and Dealer's Act – basically, the Dealer's Act. The Dealer's Act prohibits car dealers from engaging in unfair and deceptive practices, which the Dealer's Act more specifically defines as conduct that is arbitrary, in bad faith, or unconscionable.

Car dealers are allowed through another law or statute to charge what is called a closing fee to consumers when they buy a car or truck from the dealer. That statute is what we call the Closing Fee Statute.

The Plaintiff is claiming that the Defendant, in charging the closing fees to its customers during the period from August 29, 2002 to August 29, 2006, charged fees that were not allowed to be charged under the Closing Fee Statute, and that in doing that, the Defendant violated the Dealer's Act.

The Defendant denies that it charged closing fees in excess of what is allowed under the Closing Fee Statute and denies that it acted in an arbitrary, unreasonable, or unconscionable manner, and, therefore, it also did not violate the Dealer's Act in any way.

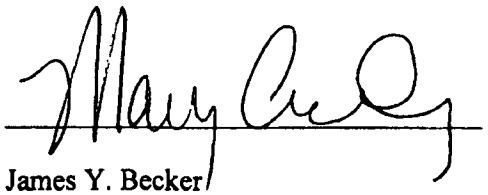
That's, basically, what this case is about. I will instruct you at the close of the case. I'll charge you what the law is. I'll charge you on the Closing Fee Statute and the Dealer's Act.

I will also charge you that the court has defined a closing fee as a predetermined set fee for the reimbursement of closing costs that are actually incurred in closing the sales transaction, and so under the Closing Fee Statute dealers may only charge closing fees for reimbursement of closing costs; and we'll get into that in more detail when I charge you at the end of the case, but if you find the Defendant has charged fees that are not allowed by the Closing Fee Statute, then to find for the Plaintiff, you will also have to find that the Defendant acted in bad faith, or arbitrarily, or unconscionably under the Dealer's Act and that the Plaintiff was damaged by these actions. We'll go over all of that in more detail at the conclusion, before you begin your deliberations.

Based on Ritz Pre-Charge, Transcript, pp. 40-42; S.C. Code Ann. §§ 56-15-30 & -40.

Respectfully submitted,

HAYNSWORTH SINKLER BOYD, P.A.



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September 16, 2013

Dm: 9965883

STATE OF SOUTH CAROLINA

COUNTY OF PICKENS

IN THE COURT OF COMMON PLEAS

Case No. 2012-CP-39-01554

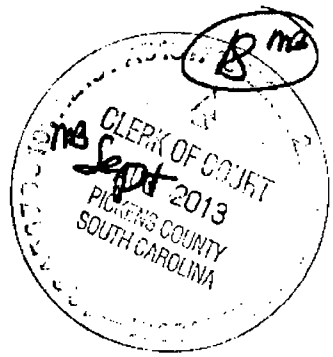
Julie Freeman,

Plaintiffs,

v.

J.L.H. Investments, LP, a/k/a Hendrick Honda,

Defendants.



DEFENDANT'S PROPOSED REQUESTS TO CHARGE

Defendant J.L.H. Investments, LP, a/k/a Hendrick Honda of Easley ("Hendrick Honda of Easley") hereby submits the following proposed jury instructions.

HAYNSWORTH SINKLER BOYD, P.A.

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Attorneys for J.L.H. Investments, Inc. d/b/a Hendrick Honda of Easley

September 16, 2013

Defendant's Request to Charge No. 1
(Closing Fee Statute—S.C. Code Ann. § 37-2-307)

The South Carolina Consumer Protection Code authorizes motor vehicle dealers to register the amount of a "closing fee" it wishes to charge with the South Carolina Department of Consumer Affairs and to charge a "closing fee." Dealers are permitted to charge a closing fee, but are not required to do so. A motor vehicle dealer charging a closing fee must:

(1) Annually register with the Department of Consumer Affairs;

(2) Include the amount of the fee in the advertised price of a motor vehicle, if any;

(3) Disclose the existence of the fee on the sales contract; and

(4) Display a notice that the dealer charges a fee in a conspicuous location in the motor vehicle dealership. The Department of Consumer Affairs provides a sample disclosure form which satisfies this requirement.

S.C. Code Ann. § 37-2-307; Order of the Honorable Doyet A. Early, III dated January 11, 2010; S.C. Dept. of Consumer Affairs Administrative Interpretation 2-307-0101.

Defendant's Request to Charge No. 2
(Definition of Closing Fee)

The "'closing' in relation to the sale of a motor vehicle is . . . 'the final meeting between the parties to a transaction, at which the transaction is consummated.' Closing occurs at the time the [buyer] fills out the motor vehicle sales contract and other paperwork necessary to complete a purchase."

S.C. Code Ann. §37-2-307 authorizes the charging of "closing fees" [by dealers to buyers in motor vehicle sales transactions. Closing fees] are for the reimbursement of set overhead costs, such as document retrieval and document preparation, arising from [the closing of the transaction. The closing fee] charge[d to the buyer] is for the actual cost associated with a closing, which can be predetermined, and does not allow a dealer to name a fee a "closing fee" and then use the fee to make a hidden profit.

The "closing fee" is a pre-determined set fee for the reimbursement of closing costs, such as document retrieval and document preparation.

The "closing fee" is not limited to [reimbursement] of document retrieval and document preparation [costs]; it may include other closing [costs] actually incurred from the consummation of the transaction. [The closing fee] cannot be arbitrarily set, unlimited, or include dealer profit. The dealer may only charge the buyer closing [costs] that are actually incurred and are a necessity to the closing, thus reimbursing the dealer for actual closing [costs] incurred.

Order of the Honorable Doyet A. Early, III dated January 11, 2010.

Defendant's Request to Charge No. 3
(Safe Harbor Provision—S.C. Code Ann. §§ 37-6-104(4) & -506(3))

Except for refund of an excess charge, no liability is imposed under [] the Consumer Protection Code for an act done or omitted in conformity with a rule of the Administrator of the Department of Consumer Affairs notwithstanding that after the act or omission the rule may be amended or repealed or be determined by judicial or other authority to be invalid for any reason.

Defendant's Request to Charge No. 4
(Good Faith Error--S.C. Code Ann. § 37-5-202(7))

A motor vehicle dealer may not be held liable in an action brought for a violation of the Closing Fee Statute if the motor vehicle dealer shows by a preponderance of evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid the error.

Defendant's Request to Charge No. 5
(Dealers Act Unfair Trade Practices–S.C. Code Ann. § 56-15-30)

The South Carolina Regulation of Manufacturers, Distributors, and Dealers Act provides that a motor vehicle manufacturer, distributor, or dealer should not engage in "unfair methods of competition and unfair or deceptive acts or practices."

Defendant's Request to Charge No. 6
(Dealers Act—S.C. Code Ann. § 36-15-40(1))

Under the Manufacturers, Distributors and Dealers Act, an "unfair or deceptive acts or practice[]" is defined as conduct which meets both of the following two requirements:

(1) the action must be arbitrary, in bad faith, or unconscionable, as those terms are defined; and

(2) the action must cause damage to the plaintiff.

A dealer who does no more than it is entitled to do under the law is in compliance with the Dealers Act.

Defendant's Request to Charge No. 7
(Practices Which are Reasonably Avoidable by the Consumer)

For a practice to be an unfair trade practice, the action or practice must cause or be likely to cause substantial injury to consumers which consumers themselves are not reasonably able to avoid. In other words, if consumers are reasonably able to avoid falling victim to a trade practice, that practice is not considered an unfair trade practice. Consumers may reasonably avoid a certain act or practice if they have a free and informed choice. Consumers may take steps to avoid an injury before it occurs if they have reason to anticipate any impending harm and the means to avoid it.

S.C. Code Ann. § 56-15-30(b) (in construing paragraph (a) the courts may be guided by the definitions in the Federal Trade Commission Act (15 U.S.C. § 45)); 15 U.S.C. § 45(n); *Orkin Exterminating Co., Inc. v. F.T.C.*, 849 F.2d 1354 (11th Cir. 1988); *Am. Fin. Servs. Ass'n v. F.T.C.*, 767 F.2d 957 (D.C. Cir. 1985).

Defendant's Request to Charge No. 8
(Duty to Read and Understand Documents Before Signing)

Every contracting party owes a duty to the other party to the contract and to the public to learn the contents of a document before he signs it. One who signs a contract has the duty to exercise reasonable care to protect himself. One cannot complain of fraud and misrepresentation in the contents of a document if the truth could have been ascertained by reading it. The law does not impose a duty on one party to explain to an individual what he could learn from simply reading the document

See Ralph King Anderson, Jr., *South Carolina Requests to Charge-Civil*, 2002, § 19-23; *Burwell v. South Carolina Nat'l Bank*, 288 S.C. 34, 39-40, 340 S.E.2d 786 (1986); *Regions Bank v. Schmauch*, 354 S.C. 648, 663-664, 582 S.E.2d 432 (Ct. App. 2003).

Defendant's Request to Charge No. 9
(Voluntary Payment)

South Carolina law prohibits a plaintiff from recovering money voluntarily paid with the full knowledge of all the facts, and without any fraud, duress, or extortion, even where no obligation to make such payment existed. This rule precludes the recovery by a plaintiff of money that the plaintiff paid voluntarily even if the charge paid was illegal, and even though the plaintiff was unaware of his or her legal rights.

Hardaway v. Southern Ry. Co., 90 S.C. 475, 73 S.E. 1020 (1912); *Moody v Stem*, 214 S.C. 45, 51 S.E.2d 163 (1948); *Robinson v. City Council of Charleston*, 2 Rich. 317, 45 Am. Dec. 739 (1846).

Defendant's Request to Charge No. 10
(Estoppel by Silence/ Waiver)

Estoppel by silence arises where a person owing another a duty to speak refrains from doing so and thereby leads the other to believe in the existence of an erroneous state of facts. Silence, when it is intended, or when it has the effect of misleading a party, may operate as equitable estoppel. Estoppel may also arise when the estopped party fails to act at the first proper and opportune moment.

Waiver involves the intentional relinquishment of a known right. That is, waiver is a voluntary and intentional abandonment or relinquishment of a known right. It may be implied from circumstances indicating an intent to waive. An implied waiver results from acts and conduct of the party against whom the doctrine is invoked from which an intentional relinquishment of a right is reasonably inferable. Acts that are inconsistent with the continued assertion of a right may also give rise to a waiver.

Southern Dev. Land and Golf Co., Ltd. v. S.C. Pub. Serv. Auth., 311 S.C. 29, 426 S.E.2d 748 (1993); *Metromont Materials Corp. v. Pennell*, 270 S.C. 9, 239 S.E.2d 753 (1977); *Provident Life & Acc. Ins. Co. v. Driver*, 317 S.C. 471, 478, 451 S.E.2d 924, 928 (Ct. App. 1994); Ralph King Anderson, Jr., *South Carolina Requests to Charge-Civil*, 2002, § 19-22; *see Parker v. Parker*, 313 S.C. 482, 443 S.E.2d 388 (1994) (waiver is question of fact for finder of fact).

Defendant's Request to Charge No. 11
(Dealers Act—Definition of "Arbitrary")

For purposes of the Manufacturers, Distributors, and Dealers Act, "arbitrary" acts are acts which are unreasonable, capricious, or non-rational; not done according to reason or judgment, depending on will alone. Motor vehicle dealers are not required to deal with their customers guided solely by fixed rules and standards. Their conduct under this Act need only have some reasonable basis.

Estate of Carr ex rel. Bolton v. Circle S Enters., Inc., 379 S.C. 31, 664 S.E.2d 83 (Ct. App. 2008); *Taylor v. Nix*, 307 S.C. 551, 416 S.E.2d 619 (1992).

Defendant's Request to Charge No. 12
(Dealers Act—Definition of "Bad Faith")

For purposes of the Manufacturers, Distributors, and Dealers Act, "bad faith" is defined as the opposite of good faith, generally implying or involving actual or constructive fraud, or a design to deceive or mislead another, or a neglect or refusal to fulfill some duty or some contractual obligation, not prompted by an honest mistake as to one's rights or duties, but by some interested or sinister motive.

Estate of Carr ex rel. Bolton v. Circle S Enters., Inc., 379 S.C. 31, 664 S.E.2d 83 (Ct. App. 2008).

Defendant's Request to Charge No. 13
(Dealers Act—Definition of "Unconscionable")

The term "unconscionable" can be used generally to refer to a person's conduct or to the terms of a written contract. When describing a person's conduct, the term "unconscionable" means conduct that is monstrously harsh and shocking to the conscience. When describing a written contract, unconscionability is defined as the absence of meaningful choice on the part of one party due to one-sided contract provisions, together with terms that are so oppressive that no reasonable person would make them and no fair and honest person would accept them.

BLACK'S LAW DICTIONARY at 1694 (4th ed.); *Carolina Care Plan, Inc. v. United HealthCare Servs.*, 361 S.C. 544, 606 S.E.2d 752 (2004).

Defendant's Request to Charge No. 14
(Dealers Act—Record Keeping and Retention Requirements)

The Manufacturers, Distributors and Dealers Act requires every motor vehicle dealer to keep and maintain records of every motor vehicle sold for a minimum of four years. The records must show the true name and correct address of the person or persons from whom the motor vehicle was acquired, the date of the transaction, a correct description of the vehicle, and, when sold, the true name and correct address of the person to whom the vehicle was sold, and the date of the transaction. The description of the motor vehicle must include the vehicle identification number, make, model, type of body and the odometer reading.

These records must be maintained in a reasonably organized and orderly fashion.

S.C. Code Ann. § 56-15-340.

Defendant's Request to Charge No. 15
(Damages Recoverable under the Dealers Act)

Any person who is injured by a violation of the Manufacturers, Distributors, and Dealers Act may recover actual damages in the amount of any injury to the person's business or property caused by a violation of the Act. Actual damages are awarded to compensate for actual loss or injury. The purpose of awarding compensatory damages is not to enable the Plaintiff to make a profit on the transaction. The Plaintiff is entitled to be fully compensated for her loss, but should not recover more than her loss. As applied to Plaintiff's claim that the Defendant's closing fees exceeded the amount necessary to reimburse the Defendant for its actual closing costs, actual damages are that portion of the fee which exceeded the Defendant's actual closing costs.

S.C. Code Ann. § 56-15-110(1); *Clark v. Cantrell*, 339 S.C. 369, 539 S.E.2d 528 (2000); *Mellen v. Lane*, 377 S.C. 261, 659 S.E.2d 236 (Ct. App. 2008); *Trimble v. Pranca*, 167 S.W.3d 706 (Mo. 2005); 25 C.J.S., *Damages* § 21.

Defendant's Request to Charge No. 16
(Speculative Damages)

The existence or amount of damages cannot be left to conjecture, guess or speculation. However, proof of amount of loss with absolute or mathematical certainty is not required. Damages must be susceptible of ascertainment with a reasonable degree of certainty.

Ralph King Anderson, Jr., *South Carolina Requests to Charge-Civil*, 2002, § 13-10.

Defendant's Request to Charge No. 17
(Fairness to Corporations)

I charge you that it is your duty to hear and determine this case the same as if it were between two individuals. The fact that the Plaintiff is an individual and one of the Defendants is a corporation should make no difference whatever to you. You should look solely to the evidence for the facts and to the instructions given you by the Court for the law and return a true and just verdict according to the facts established by the evidence under the law as laid down by the Court, without reference to the individual or private character of the Plaintiff or to the business or corporate character of the Defendant. The Defendant corporation is entitled to the same equal protection under the law as are all other individuals.

Defendant's Request to Charge No. 18
(Expert Witnesses—General Charge)

Although lay witnesses are limited to testifying about facts within their knowledge and are not allowed to give opinions, certain witnesses, who, by training, education or experience are considered as experts in a particular field, may give opinions in that field based upon the facts of a matter. Their conclusions and opinions constitute evidence to be considered by you in connection with all of the other testimony and evidence in the case. That is to say, you may consider the expert's opinion just as you do all other evidence in the case and it is for you, the jury, to give it such weight as you, in your experience and discretion, may determine. By this, I mean that you must weigh such evidence and accept or reject it in the same manner that you treat all other evidence in the case. In determining the weight to be given the expert's opinion, you should consider the qualifications and credibility of the expert and the reasons given for his opinion.

The testimony of experts on a subject which is little known to the general public is entitled to consideration. Such testimony, however, must be submitted to your judgment and consideration, to be weighed by you as a part of the evidence in connection with all the other facts in this case. The testimony of experts is to aid and assist you as jurors, not to dominate or control you in the decision of questions of facts. Their opinions and deductions from the evidence before you, and their judgments and opinions, do not preclude yours. You are required to decide disputed questions after comparison and consideration of all the evidence in this case.

Ralph King Anderson, Jr., *South Carolina Requests to Charge-Civil*, 2002, § 1-6; *see* Rules 701, 702, 703, 704, and 705, SCRE; *Tiller v. National Health Care Ctr.*, 334 S.C.

333, 513 S.E.2d 843 (1999); *Means v. Gates*, 348 S.C. 161, 558 S.E.2d 921 (Ct. App. 2001); *Small v. Pioneer Machinery, Inc.*, 329 S.C. 448, 494 S.E.2d 835 (Ct. App. 1998); *Hawkins v. Greenwood Development Corp.*, 328 S.C. 585, 493 S.E.2d 875 (Ct. App. 1997); *Doe v. Greenville Hosp. Sys.*, 323 S.C. 33, 448 S.E.2d 564 (Ct. App. 1994); *see also* the following pre-rule cases which are consistent with the current law: *Howle v. PYA/Monarch, Inc.*, 288 S.C. 586, 344 S.E.2d 157 (Ct. App. 1986); *Anderson v. Campbell Tile Co.*, 202 S.C. 54, 24 S.E.2d 104 (1943).

Defendant's Request to Charge No. 19
(Conflict in Testimony of Expert Witnesses)

In this case, there has been a conflict in the testimony of expert witnesses. To that end, you must weigh one expert's opinion against that of the other, and you must consider the reasons given by one as compared with those of the other. You should consider the relative credibility and knowledge of the experts who have testified. Thereupon, you should find in favor of that expert testimony which, in your opinion, is entitled to the greater weight.

Ralph King Anderson, Jr., *South Carolina Requests to Charge-Civil*, 2002, § 1-6; see *Strange v. South Carolina Dep't of Hwys. and Pub. Transp.*, 307 S.C. 161, 414 S.E.2d 138 (1992); *Jones v. Grissett*, 258 S.C. 22, 186 S.E.2d 829 (1972).

DM: 604523 V.4

STATE OF SOUTH CAROLINA

COUNTY OF PICKENS

IN THE COURT OF COMMON PLEAS

Case No. 2012-CP-39-01554

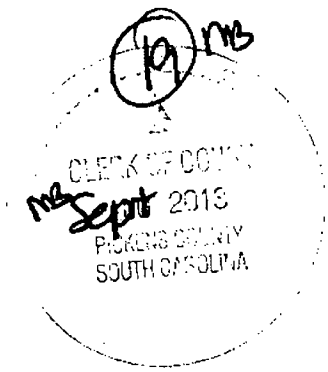
Julie Freeman,

Plaintiffs,

v.

J.L.H. Investments, LP, a/k/a Hendrick Honda,

Defendants.



DEFENDANT'S SUPPLEMENTAL PROPOSED REQUESTS TO CHARGE

Defendant J.L.H. Investments, LP, a/k/a Hendrick Honda of Easley ("Hendrick Honda of Easley") hereby submits the following supplemental proposed jury instructions.

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Attorneys for J.L.H. Investments, Inc. d/b/a Hendrick Honda of Easley

September 19, 2013

DM: 1462370 V.1

Defendant's Request to Charge No. 3
(Safe Harbor Provision—S.C. Code Ann. §§ 37-6-104(4))

Except for refund of an excess charge, no liability is imposed under this title for an act done or omitted in conformity with a rule of the Administrator notwithstanding that after the act or omission the rule may be amended or repealed or be determined by judicial or other authority to be invalid for any reason.

Supplemental Defendant's Request to Charge No. 3A
(Safe Harbor Provision—S.C. Code Ann. §§ 37-6-506(3)

No provision of this title or of any statute to which this title refers which imposes any penalty on any creditor shall apply to any act done, or omitted to be done, in conformity with any rule or regulation so adopted, amended or repealed or in conformity with any written order, opinion, interpretation or statement of the Commission or of the Administrator, notwithstanding that such rule, regulation, order, opinion, interpretation or statement may, after such act or omission, be amended, or rescinded or be determined by judicial or other authority to be erroneous or invalid for any reason.

Supplemental Defendant's Request to Charge No. 7
(Practices Which are Reasonably Avoidable by the Consumer)

For a practice to be an unfair trade practice, the action or practice must cause or be likely to cause substantial injury to consumers which consumers themselves are not reasonably able to avoid. In other words, if consumers are reasonably able to avoid falling victim to a trade practice, that practice is not considered an unfair trade practice. Consumers may reasonably avoid a certain act or practice if they have a free and informed choice. Consumers may take steps to avoid an injury before it occurs if they have reason to anticipate any impending harm and the means to avoid it.

S.C. Code Ann. § 56-15-30(b) (in construing paragraph (a) the courts may be guided by the definitions in the Federal Trade Commission Act (15 U.S.C. § 45)); 15 U.S.C. § 45(n); *Orkin Exterminating Co., Inc. v. F.T.C.*, 849 F.2d 1354 (11th Cir. 1988); *Am. Fin. Servs. Ass'n v. F.T.C.*, 767 F.2d 957 (D.C. Cir. 1985).

If this request to charge is denied, and if the Court rules that it will charge a definition of "unfair" under the South Carolina Unfair Trade Practices Act, the Defendant requests that the following be charged:

An act is 'unfair' when it is offensive to public policy or when it is immoral, unethical, or oppressive. An act is 'deceptive' when it has a tendency to deceive.

Health Promotion Specialists, LLC v. South Carolina Board of Dentistry, 403 S.C. 623, 637, 743 S.E.2d 808, 816 (2013) (quoting *Gentry v. Yonce*, 337 S.C. 1, 12, 522 S.E.2d 137, 143 (1999))

STATE OF SOUTH CAROLINA

COUNTY OF PICKENS

IN THE COURT OF COMMON PLEAS

Case No. 2012-CP-39-01554

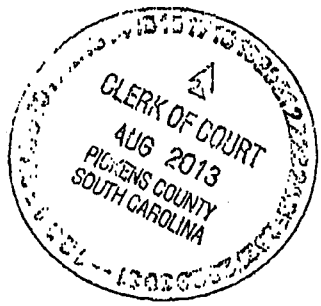
Julie Freeman Hair, individually and for the benefit of all car buyers whom paid "administrative fees" as described below to Defendant,

Plaintiffs,

v.

J.L.H. Investments, LP, a/k/a Hendrick Honda of Easley.

Defendant.



DEFENDANT'S PROPOSED VERDICT FORM

1. Do you find that Defendant Hendrick Honda of Easley failed to comply with the requirements of the South Carolina Closing Fee Statute in any year between 2002 and 2006?

___YES ____NO

If your answer to Question No. 1 is YES, then go to Question No. 2.
If your answer to Question No.1 is NO, then you may stop deliberating.

2. Do you find that the Defendant Hendrick Honda of Easley failed to comply with the South Carolina Regulation of Manufacturers, Distributors and Dealers Act resulting in damages to the plaintiff in any year between 2002 and 2006?

___YES ____NO

If your answer to Question No. 2 is YES, then go to Question No. 3.
If your answer to Question No. 2 is NO, then you may stop deliberating.

3. We find that Defendant Hendrick Honda of Easley's actual closing costs per vehicle in each year are as follows:

Closing Cost Per Vehicle:

2002 _____
2003 _____
2004 _____
2005 _____
2006 _____

_____

FOREPERSON

Respectfully submitted,

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Attorneys for J.L.H. Investments, Inc. d/b/a Hendrick Honda of Easley

September 16, 2013

DM: 608859 V.4

you. Please do not start deliberations and talking about the case. We'll be back in just a few minutes time. I'll charge and then your pizza should be here and y'all can start your deliberations.

Everybody else remain seated.

(WHEREUPON, the jury exited the open court at approximately 12:37 p.m.)

THE COURT: Ladies and gentlemen, we're going to take a quick bathroom break. I'm going to set it as 12:37. Let's be back in ten minutes. Thank you.

(WHEREUPON, the court stood at recess for a short break.)

THE COURT: Is the plaintiff ready to conclude the trial?

MR. THOMAS: Yes, Your Honor.

THE COURT: Mr. Becker?

MR. BECKER: Very much so, Your Honor.

THE COURT: Sir?

MR. BECKER: Very much so.

(WHEREUPON, the jury entered the open court at approximately 12:50 p.m.)

CHARGE

BY THE COURT:

Mr. Foreman, ladies and gentlemen of the jury,

let me once again remind you that, obviously, during the trial of the case that you and I have had two separate and distinct jobs in the trial. Obviously, your job is the most important job in this courtroom. You are the judges of the facts. My position makes me the judge of the law. So if at any time during the trial of the case -- it's been a long trial, and tedious at times, but the lawyers had to put all this testimony in. So if you saw me up here and I looked like I was bored or happy or frowning or chewing on my glasses or raising my eyes or smiling or frowning or shaking my head or nodding my head, and you thought I had some opinion about the facts, please, please, I do not. I cannot. The law does not allow me to have any opinion about the facts whatsoever. I try these cases day in and day out. Next week I'll be somewhere else trying one. Last week I was in Columbia trying one. So I don't have any opinion about the facts of it. If you think I did by anything I did during the trial, set that aside, because I cannot have any opinion whatsoever about the facts. You are the finders of the facts. You determine what evidence convinces you of its truth.

Now, obviously in doing that, you have to determine the credibility of the witnesses who have

testified in the case. Credibility simply means believability. Who do you believe? It is your duty as jurors to evaluate the evidence and determine which evidence convinces you it is true.

Now, in determining the believability of the witnesses who have testified in this case, you can believe one witness over several, several over one. You can disbelieve everything a witness says. You can believe a little bit, disbelieve the other part. You can believe a whole lot of it, disbelieve a little part of it. In other words, you have the right to decide what portions of any or all of the testimony that the witness gave was true. You can reject all of it or accept all of it. You may consider whether the witness has an interest in the result of the trial, whether the witness is prejudiced towards either the Plaintiff or the Defendant, and the opportunity for the witnesses to have seen the matters about which they testified. And you may even consider how the witness acted on the witness stand.

As I told you when we started, the Plaintiff has the burden of proof in this case. This is a civil case and the Plaintiff has to prove her case by the preponderance of the evidence or what we call the greater weight of the evidence. It is evidence which,

as a whole, shows that the fact sought to be proved is more likely true than not. A fact that is sought to be proved is more likely true than not. And as a lot of people, and I did at the beginning of this case, we illustrate that with the scales of justice. In order for the Plaintiff to meet her burden of proof, after you consider all the evidence to determine what evidence is the truth, you'll apply those true facts to the law as she has proven her case by the preponderance or greater weight of the evidence, she's tipped the scales ever so slightly in her favor, then she is entitled to a verdict.

However, after considering all the evidence, the scales remain the same or it preponderates or it tips in favor of the Defendant, then she would not be entitled to a verdict.

Now, we have had a couple of people who testified in this case as experts. Our rules of evidence ordinarily do not permit a witness to testify as to opinions or conclusions. There is an exception to the rule for witnesses we call expert witnesses. A witness who by education, experience and training has become an expert in some art, science or profession, may give an opinion as to the subject the witness claims to be an expert in and may also give the

reasons for the opinion. So they can give an opinion in the field in which they were qualified.

Now, the rule is this. You should consider any expert opinion given by any witness, and like any other evidence, give it the weight, if any, you think it deserves. If you decide that an expert witness's opinion is not based on sufficient education and experience, or if you decide the reasons given in support of his opinions are not sound, or that his opinion is outweighed by other evidence, you can disregard the opinion entirely. An expert witness's testimony is to be given no greater weight than that of any other witness simply because the witness is an expert. And further, you do not have to accept an expert's opinion, even though it is uncontradicted. So that's the rule on experts and their opinions.

In this case, the Defendant is a legal entity, a limited partnership. Our courts, obviously, make no distinction between limited partnerships and individuals. A limited partnership is a person in the eyes of the law and is entitled to the same fair and impartial consideration and to justice by the same legal standards as an individual would be. So treat the Defendant, notwithstanding the fact it's a limited partnership, just like it was a person. Because it's

a partnership, they're treated equal, just as if it's a person. They're a legal entity under our law.

Now, Mr. Foreman, ladies and gentlemen of the jury, that is sort of general propositions of law that I charge in all civil cases when we are around the state.

Now, let's turn our attention to the specific law in this case. And in this case, we are basically dealing with a couple of statutes. And a statute is simply a law that the legislature passes. There's several kinds of law. There's common law, which is not necessarily codified in the statute, but our legislature can pass statutes that's codified and put into our code of laws, that means a lot of code of laws. But in this case, we're dealing with a few specific statutes. And let me talk to you about them individually. Okay?

In this case the Plaintiff is alleging that the Defendant has violated what we call the Closing Fee Statute and the Dealers Act statute. So let's talk about them separately.

The first statute that we're talking about is Section -- if you'll put this up for me -- 37-2-307. That's the closing statute. It's not a very difficult statute. It simply says, every motor vehicle dealer

charging a closing fee on a motor vehicle sales contract shall pay a one-time registration fee of ten dollars during each state's fiscal year to the Department of Consumer Affairs. The closing fee must be included in the advertised price of the motor vehicle disclosed on the sale contract and displayed in a conspicuous location in the motor vehicle dealership. That's the Closing Fee Statute.

A lot of times when the legislature enacts statutes or laws, they will have a definition portion of the law defining certain terms. When this law was enacted, they did not have a definition portion of the statute. They did not have a definition for what is a closing fee. When this lawsuit was brought, one of the causes of action or one of the things that the lawyers filed was what we call a declaratory judgment action. They were asking me to declare what basically the definition of a closing fee is. And by order, you've heard it mentioned here a time or two, I have defined what a closing fee is. And now, if you would put that up.

Now, in my order that has become the law in this case, here is how the Court or I have defined closing fee. The closing -- not the fee, but the closing -- in relation to the sale of a motor vehicle is a final

meeting between the parties to a transaction at which the transaction is consummated. The closing occurs at the time the buyer fills out the motor vehicle sales contract and other paperwork necessary to complete a purchase. That's the closing.

The statute that I just read you, South Carolina Code 37-2-307, authorizes the charging of closing fees by dealers to buyers in motor vehicle sales transactions. Closing fees are for the reimbursement of set overhead costs, such as document retrieval and document preparation arising from the closing of the transaction. The closing fee charged to the buyer is for the actual costs associated with a closing, which can be predetermined and does not allow a dealer to name a closing fee and then use the fee to make a hidden profit. The closing fee is a predetermined set fee for the reimbursement of closing costs such as document retrieval and document preparation. The closing fee is not limited to reimbursement of document retrieval and document preparation costs. It may include other closing costs actually incurred from the consummation of the transaction. The closing fee cannot be arbitrarily set, unlimited, or include dealer profit. The dealer may only charge the buyer closing costs that are actually incurred and are a

necessity to the closing; thus reimbursing the dealer for actual closing costs incurred. That is the definition that I charge you is the law in this case defining what a closing fee is under the statute and what a closing is.

Now, you must make a determination in your findings, in this case your analysis must be as to whether or not what the dealer charged in this case was, in fact, a closing fee as defined by the declaratory judgment order, or was it not a closing fee. If you determine that the costs charged was a closing fee under the statute and under the definition, that would pretty much be the end of your inquiry, because he had complied with the law. If, however, you determine that it is not a closing fee, that the costs were not in connection with the closing of the transaction, as defined I just said, then you have to decide whether or not he has violated what we call the Dealers Act. Okay?

The Dealers Act is -- basically involves two sections. Put up 30 first. Yes, ma'am. It says in 56-15-30 that unfair methods of competition and unfair or deceptive acts or practices, as defined in Section 56-15-40, which I'm getting ready to read you, are hereby declared to be unlawful. Unfair methods of

competition and unfair or deceptive acts or practices as defined in the other part of the Dealers Act, are hereby declared to be unlawful. Now, let's look at 56-15-40. 56-15-40 says, it shall be deemed a violation of what we just read, 56-15-30 about the unfair, for any motor vehicle dealer to engage in any act which is arbitrary, in bad faith or unconscionable and which causes damages to any of the parties or to the public. Okay?

Now, also in the Dealers Act under Section 110, the law says that when an action for damage as such is one of common or general interest to many persons or when the parties are numerous and it is impractical to bring them all before the Court, one or more may sue for the benefit of the whole. So that's what this case is. She's bringing it under 56-15-110, which says that when the parties are too numerous to bring them all into Court, that one person may sue for the whole group. So that's where we are with this.

Now, bringing the action as a representative for the group, the Plaintiff has to prove, by a preponderance or greater weight of the evidence, that they violated this Dealers Act. So let's turn to what the terms in that Act mean. In other words, it's a violation of 15 -- strike that -- 56-15-30 to engage

in any act which is arbitrary, in bad faith or unconscionable.

Now, our Courts have, in the past, defined the terms arbitrary, in bad faith, unconscionable and unfair, unlike they have not defined the closing fee that I had to define. So let's talk about it.

First of all, I'll talk to you about unfair. A trade practice is deemed to be unfair when it is offensive to public policy. An action that violates a statute, violates public policy and a practice is deceptive when it is -- when it has a tendency to deceive. An act is unfair, as I said, when it is offensive to public policy or when it is immoral, unethical or oppressive. So that's how our Courts have defined the term unfair.

Our Courts have also, in previous cases, defined the term arbitrary. Our Courts have held that an act is arbitrary -- those acts are ones that unreasonable, capricious or non-rational, not done according to reason or judgment, depending on will alone. Our Courts, in other cases, have defined arbitrary acts, those which are unreasonable, capricious or non-rational, about the same thing, not done according to reason or judgment, depending on will alone. So that's the definition of arbitrary.

Our Courts have defined the term unconscionable. That generally refers to a person's conduct. When describing a person's conduct, the term unconscionable means conduct which is demonstratively harsh and shocking to the conscience. So that's the definition of unconscionable.

Our Courts have also defined the term bad faith. That basically is the opposite of good faith. Generally implying or involving some type of actual or constructive fraud or a design to deceive or mislead another or neglect or refusal to fulfil some duty or some contractual obligation not prompted by an honest mistake as to one's rights or duties, but by some other interest.

So that's how our Courts have defined these acts that are prohibited under this statute. So that's the definition for unfair, arbitrary, bad faith and unconscionable.

Now, if you decide that closing fees in this case were not part of the closing transaction as I've described, then you have to decide whether or not they were charged in violation of that Dealers Act; i.e., were they charged in an arbitrary, bad faith, unconscionable or unfair way. Then, of course, if you decide that, then you have to decide whether or not

the Plaintiff, in her representative capacity, she and the other members that she represents, have been damaged. And obviously, the statute allows for damages under the Dealers Act. But then you have to decide if, in fact, she has been damaged.

Now, the law says that any person who is injured by a violation of the Dealers Act may recover actual damages in the amount of any injury to that person's business or property caused by a violation of the Act. And that's called actual damages.

And actual damages are intended to award or compensate someone for their actual loss or injury. And obviously, the purpose of awarding these types of damages is not to enable the Plaintiff to make a profit on the transaction, but simply to compensate her and the class for the losses they incurred, if the dealer has violated both of these statutes. But she cannot recover more than her loss. And as applied to this claim and the -- if the Defendant's closing fees exceeded the amount to necessarily reimburse the Defendant for his actual closing costs, then actual damages or a portion of that fee which exceeded the actual closing costs. So if you find that she's entitled to damages, obviously you've got a wide range in this case, anywhere from zero to two hundred

ninety-nine dollars. Of course, she's the representative of the full class, so if you find that maybe perhaps some of it was involved in the closing, but not others, then you can -- you have that discretion. That's a fact to be found in this case if she's entitled to damages, what are the damages.

Now, there's one other portion of the Dealers Act that says this -- this is 56-15-340 dealing with records. The law requires that every dealer to keep complete records of every transaction -- each transaction under which a motor vehicle is transferred, for a period of not less than four years from the date of the transaction. Now, that's the law. It's up to you to determine factually whether or not keeping these records if a part of the closing.

Now, Mr. Foreman, you will have a verdict form in the jury room. It's pretty simple. We find for the Plaintiff, blank dollars actual damages. Or we find for the Defendant. Your verdict has to be unanimous. All twelve of you have to unanimously agree. We're not here to, obviously, reward any friends or punish any enemies. We're here to make a careful deliberation of the testimony that you've heard in this case and come up with what you think are true facts. Apply those facts to the law as I have given

it to you, and then obviously you can render a verdict.

If, during your deliberations, you have a question about something, the protocol is to write it on a piece of paper and to send it out to me. Sometimes I can answer it and sometimes I can't. Depends on what the question is. And I'll send back a response if I can't answer it, basically why I can't. If you have any other questions, just send it out to me. Let me know. Your food should be here in just a few minutes. You will be in charge now, once I send you back there, you can deliberate and eat. You can eat and wait to deliberate. However y'all want to do it. Y'all can handle that.

Once you reach a final verdict, please fill out the verdict form, let the bailiff know, knock on the door and tell him, and we'll receive you back in the courtroom.

I'm going to let you go back to your jury room right now. Please do not start deliberating just yet. I have to ask the lawyers if I've left anything out of the charge and then it'll take us just a couple of minutes to gather the exhibits and we'll send those back to you. You'll have all the exhibits back there for you to review if you choose.

Now, also you have taken -- some of you have taken notes -- maybe all of you, I don't know -- notes during the trial of the case. Please take those notes with you. Honestly you can refer to your notes. Some people take better notes than others. Be considerate of each other's opinions and your notes. If you want to refer to them, obviously you can. That's why you took them. So take those back with you and I'll send the bailiff back with the verdict form and the exhibits in just about five minutes.

Thank you. Mr. Bailiff, separate my alternate from ...

(WHEREUPON, the jury exited the open court at approximately 1:17 p.m.)

THE COURT: All right. Ladies and gentlemen, ---

THE BAILIFF: You want your alternate, sir?

THE COURT: No, sir, I want you to separate him.

THE BAILIFF: I've got him separated.

THE COURT: Sir?

THE BAILIFF: I've got him separated.

THE COURT: He's not standing right there, is he?

THE BAILIFF: Right there, yes, sir.

THE COURT: Put him in another room. How do y'all normally do, put him in another room?

THE BAILIFF: He normally doesn't go ---

THE COURT: Well, I understand that. But I'm not going to let him go quite yet. So put him in another room.

THE BAILIFF: All right, sir.

THE COURT: Any requests for additions, deletions or objections to the charge, by the Plaintiff? Bearing in mind, ladies and gentlemen, that you're fully protected on those charges that you requested that I did not charge. And I don't think we need to re-discuss that. So as to what I charged, is there any ---

MR. THOMAS: Nothing from the Plaintiff, Your Honor.

MS. SPRUILL: I'd simply renew on the charge and verdict form.

THE COURT: You're, I think, more than protected on that.

All right. Mr. Becker, if you and Mr. Thomas, whoever, wants to come up and look at the exhibits to make sure we have everything accounted for and ...

(WHEREUPON, the exhibits which were admitted into evidence were compiled by the court reporter

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF PICKENS	)	Case No.: 2012-CP-39-01554
	)	
Julie Freeman Hair	)	
	)	
Plaintiff,	)	
	)	
vs.	)	
	)	
J.L.H. Investments, LP a/k/a Hendrick Honda	)	
	)	
Defendant.	)	
	)	

VERDICT

We, the Jury, find for the Plaintiff against the Defendant in the amount of

$ 1,445,786.00 actual damages.

FOREPERSON

We, the Jury find for the Defendant against the Plaintiff.

FOREPERSON

THE COURT: All right. Mr. Becker, I'll give y'all ten days, as I said before, to file any post-trial motions unless you want to do them now. I'd suspect you would ---

MR. BECKER: We'd like ten days, Your Honor.

THE COURT: Absolutely. All right, gentlemen, ladies, thank you very much.

[END OF REQUESTED TRANSCRIPT OF RECORD]

STATE OF SOUTH CAROLINA
COUNTY OF PICKENS

IN THE COURT OF COMMON PLEAS
Case No. 2012-CP-39-01554

Julie Freeman, et al.

Plaintiffs,

v.

J.L.H. Investments, LP, a/k/a Hendrick Honda of Easley,

Defendant.

DEFENDANT'S MOTION FOR JUDGMENT NOTWITHSTANDING THE VERDICT, OR, IN THE ALTERNATIVE, A NEW TRIAL OR A NEW TRIAL *NISI REMITTITUR*

Pursuant to Rules 50 and 59, SCRCP, Defendant Hendrick Honda of Easley ("Hendrick Honda" or "Defendant") hereby moves for judgment notwithstanding the verdict ("JNOV"), or, in the alternative, a new trial. In addition, in the event the Court denies the motion for JNOV but rules that this action cannot proceed in a representative capacity without complying with the requirements of Rule 23, SCRCP, Defendant seeks a new trial *nisi remittitur* to reduce the verdict to a level that reflects only the claim of Julie Freeman Hair ("Hair" or "Plaintiff").

This matter was tried before a jury in Pickens County from September 16-19, 2013, resulting in a verdict for the Plaintiff for $1,444,786. The Court granted the parties 10 days leave to file any post-trial motions. Hendrick Honda moves for relief on the grounds set forth below, but expressly reserves the right to submit a memorandum in support of this motion and to submit portions of the trial transcript when they are received.[1] Hendrick Honda incorporates all evidence and arguments made during the trial and in its pre-trial motions and memoranda.

[1] A complete transcript of the trial has been ordered. In addition, Hendrick Honda has requested expedited delivery of the portion of the trial transcript containing the legal arguments presented at the trial. At this time, it has not received those portions of the trial transcript.

GROUNDS FOR MOTION

I. The Court should grant JNOV in favor of Hendrick Honda.

At this time, Hendrick Honda renews its motion for a directed verdict made at the close of Plaintiff's case and renewed at the close of evidence. For the reasons set forth below, Hendrick Honda contends it is entitled to JNOV. Each of these reasons independently support a ruling as a matter of law in favor of Hendrick Honda, and in combination, those arguments become even stronger. Quite simply, there is no basis for liability in this case, for either the Plaintiff or the group she purports to represent.

A. Plaintiff did not have a cause of action under the Dealers Act for Alleged Violation of the Closing Fee Statute.

The Third Amended Complaint in this action included only two causes of action: (1) violations of S.C. Code Ann. § 56-15-10 *et seq.* (the "Dealers Act") and (2) declaratory judgment. Plaintiff did not seek recovery under S.C. Code Ann. § 37-1-101 *et seq.* (the "Consumer Protection Code"). Hendrick Honda maintains that there is no claim under the Dealers Act for a violation of S.C. Code Ann. § 37-2-307 (the "Closing Fee Statute" or "Statute") and that the exclusive remedy for violations of the Closing Fee Statute falls under the Consumer Protection Code, which does not provide for group or representative actions. As there is no basis for recovery under the Dealers Act, Hendrick Honda is entitled to judgment as a matter of law.

B. The Court erred in adding requirements to the Closing Fee Statute that are not present in the statute itself and in applying those new requirements retroactively.

The Court's Declaratory Judgment order in this case, issued on December 18, 2012 ("Declaratory Judgment Order"), which defines the term "closing fee," impermissibly imposes new and additional requirements for compliance with the Closing Fee Statute that are not

contained anywhere in the plain, unambiguous language of the statute. Nor are these new, additional requirements contained in the plain, unambiguous language of the 2001 Administrative Interpretation of the Closing Fee Statute ("Administrative Interpretation") issued by the South Carolina Department of Consumer Affairs ("Department"). Defendant renews its arguments relating to the requirements of the Closing Fee Statute. Very simply, the Court should construe and interpret the Statute according to its plain, unambiguous language and as further interpreted by the Department, and without inserting new and additional requirements into the Statute.

In addition, and assuming only *arguendo* that the Declaratory Judgment Order was proper, the additional statutory requirements imposed through the Court's Declaratory Judgment Order should apply only prospectively. *See Carolina Chloride, Inc. v. S.C. Dep't of Transp.*, 391 S.C. 429, 706 S.E.2d 501 (2011). If so, then under the undisputed evidence at trial, there would be no liability whatsoever for closing fees charged before the date of the Court's original Declaratory Judgment Order, which is January 11, 2010.

Furthermore, if the new, additional requirements of the Declaratory Judgment Order are applied retroactively, as they have been in this case, then these requirements render the Closing Fee Statute unconstitutionally vague and violate Hendrick Honda's federal and state constitutional rights to due process and fair and unambiguous notice of statutory obligations.

Hendrick Honda also notes that Plaintiff Hair was a was a party to the CarMax Settlement previously approved by the Court, which simply required CarMax to comply prospectively with the four discrete requirements of the Closing Fee Statute and made no mention of the requirements of the Declaratory Judgment Order. The CarMax settlement agreement also contained an escalator clause allowing CarMax to increase its closing fees

without regard to cost or profit. In that case, all of the named plaintiffs, including Hair, asserted that the settlement was fair, just, and reasonable and requested that it be approved and incorporated into the order of the Court. The Court's approval of the CarMax settlement is inconsistent with the Declaratory Judgment Order and the "closing fee" charge issued to the jury in this case.

Hendrick Honda is entitled to judgment as a matter of law because the Closing Fee Statute should be construed according to its plain language, particularly in light of the Administrative Interpretation provided by the Department, or alternatively, because the Declaratory Judgment Order should be given only prospective effect.

C. The Court erred in allowing this action to proceed in a representative capacity without following the requirements of Rule 23, SCRCP.

Plaintiff has neither pled nor satisfied the requirements set forth in Rule 23, SCRCP, as required for an action to proceed in a representative capacity. The Court's construction of S.C. Code Ann. § 56-15-110(2) is unconstitutional to the extent it allows for a representative action without providing the procedural, equal protection, and due process protections provided in Rule 23, SCRCP.[2] Since the requirements of Rule 23, SCRCP have not been met, the Court cannot allow the judgment to stand, and doing so would violate the due process and equal protection rights of the Defendant.

D. This action is barred by the filed rate doctrine because Hendrick Honda did not charge a fee in excess of that certified by the Department of Consumer Affairs.

Pursuant to the Closing Fee Statute and the Administrative Interpretation, Hendrick Honda of Easley, at all relevant times, has filed and registered its closing fee with the

[2] Although Plaintiff has never been required to meet her burden of showing this action is appropriate for class treatment, the evidence at trial reflected that every consumer sales transaction is different and that the requirements for the dealership to close a transaction have changed over time.

Department, which is vested with authority to regulate the charging of closing fees by motor vehicle dealers. The uncontroverted testimony of Danny Collins showed that the Department accepted and certified the amount of the closing fees filed and registered by Hendrick Honda. Hendrick Honda has never exceeded the amount of the closing fee filed, registered, accepted, and approved by the Department. Thus, Plaintiff's claims are barred by the filed rate doctrine as adopted by the South Carolina Supreme Court in *Edge v. State Farm Mutual Insurance Company*, 366 S.C. 511, 623 S.E.2d 387 (2005) and its progeny.

E. The evidence in this case does not support a verdict against Hendrick Honda.

1. There is no evidence showing Hendrick Honda violated the Closing Fee Statute.

Quite simply, the only evidence in this case shows that Hendrick Honda complied with the four elements present on the face of the Closing Fee Statute. Without question, Hendrick Honda (1) annually registered with the Department; (2) included the amount of the fee in the advertised price of a motor vehicle, if any; (3) disclosed the existence of the fee on the sales contract; and (4) displayed a notice that the dealer charges a fee in a conspicuous location in the motor vehicle dealership. Counsel for the Plaintiff was willing to stipulate as much in its Motion in Limine. Accordingly, there is no evidence showing any violation of the Closing Fee Statute.

2. There is no evidence showing Hendrick Honda violated the Dealers Act by charging a closing fee or that Hendrick Honda's actions resulted in damage to the Plaintiff.

As an initial matter, if there was not a violation of the Closing Fee Statute, there was no violation of the Dealers Act. Further, if there were some violation of the Closing Fee Statute, Plaintiff would then have the burden of proving "unfair or deceptive acts or practices" by showing: (1) the action must be arbitrary, in bad faith, or unconscionable, as those terms are defined; and (2) the action must cause damage to the plaintiff. S.C. Code Ann. §§ 56-15-30 & -

40. As argued above, Hendrick Honda believes there is no evidence it violated the Closing Fee Statute as written.

Even if the additional requirements of the Declaratory Judgment Order are applied, the Plaintiff was not damaged unless the fee exceeded the closing costs of Hendrick Honda. In this case, there was no evidence showing what that number might be. Hendrick Honda's evidence showed its closing costs exceeded the closing fee, and Plaintiff did not present any evidence showing a lower amount. Further, Plaintiff conceded the fee was fully disclosed, she paid it voluntarily, and she was not misled when she paid it. Therefore, there was no evidence of any type of fraud or deceit or of arbitrary, bad faith, or unconscionable conduct, and there was no evidence of damage as required by S.C. Code Ann. § 56-15-40.

3. The only evidence in the record shows that Hendrick Honda complied with the Administrative Interpretation, and that it put procedures in place to ensure compliance with the Closing Fee Statute.

The Consumer Protection Code provides defenses to Hendrick Honda in the form of safe harbors for regulatory compliance and a good faith error defense.

a. Safe Harbor Defense

Pursuant to S.C. Code Ann. § 37-6-506(3),

> No provision of this title or of any statute to which this title refers which imposes any penalty on any creditor shall apply to any act done, or omitted to be done, in conformity with any rule or regulation so adopted, amended or repealed or in conformity with any written order, opinion, interpretation or statement of the Commission or of the Administrator, notwithstanding that such rule, regulation, order, opinion, interpretation or statement may, after such act or omission, be amended, or rescinded or be determined by judicial or other authority to be erroneous or invalid for any reason.

In this case, there is no dispute that Hendrick Honda acted in conformity with the Administrative Interpretation. As such, there can be no liability.

In addition, the Consumer Protection Code further provides,

> Except for refund of an excess charge, no liability is imposed under this title for an act done or omitted in conformity with a rule of the Administrator notwithstanding that after the act or omission the rule may be amended or repealed or be determined by judicial or other authority to be invalid for any reason.

S.C. Code Ann. § 37-6-104(4). Again, the evidence shows that Hendrick Honda fully complied with the guidance provided by the Department with respect to its closing fee.

b. Good Faith Error Defense

In addition to the safe harbor defense, the Consumer Protection Code further provides:

> A motor vehicle dealer may not be held liable in an action brought for a violation of the Closing Fee Statute if the motor vehicle dealer shows by a preponderance of evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid the error.

S.C. Code Ann. § 37-5-202(7). The evidence in this case shows the concerted and deliberate efforts that Hendrick Honda took to comply with the Statute, as written, and the Administrative Interpretation. The evidence also demonstrates that any violation of the Statute was unintentional. There is no evidence to the contrary. To the extent there may have been a violation of the Closing Fee Statute as a result of some later, judicially created and applied requirement, the good faith error defense applies and should absolve Hendrick Honda of any liability.

4. Plaintiff paid the closing fee with full knowledge of all facts.

South Carolina law prohibits a plaintiff from recovering money voluntarily paid with the full knowledge of all the facts, and without any fraud, duress, or extortion, even where no obligation to make such payment existed. This rule precludes the recovery by a plaintiff of money that the plaintiff paid voluntarily even if the charge paid was illegal, and even though the plaintiff was unaware of his or her legal rights. *Hardaway v. Southern Ry. Co.*, 90 S.C. 475, 73

S.E. 1020 (1912); *Moody v Stem*, 214 S.C. 45, 51 S.E.2d 163 (1948); *Robinson v. City Council of Charleston*, 2 Rich. 317, 45 Am. Dec. 739 (1846). In this case, the fee was fully disclosed and voluntarily paid by a customer who was happy with all aspects of her purchase transaction. These facts alone should bar recovery.

II. In the alternative, the Court should require a new trial in this matter.

A. The Court's charge to the jury failed to give the jury the full and correct law applicable to their determinations.

1. The Court omitted numerous charges submitted by Hendrick Honda when it charged the jury, resulting in prejudice to Hendrick Honda.

As allowed by Rule 51, SCRCP, the parties submitted written jury charges for the Court's consideration. "Ordinarily, a trial court has the duty to give a requested instruction that correctly states the law applicable to the issues and evidence." *Williams v. Addison*, 314 S.C. 35, 443 S.E.2d 582 (Ct. App. 1994). Here, the Court failed to charge on any of Hendrick Honda's affirmative defenses, all of which were properly pled and supported by the evidence adduced at trial. These defenses included the statutory good faith error and safe harbor provisions (Defendant's Requests to Charge 3, 3A, and 4), voluntary payment (Defendant's Request to Charge 9), and estoppel by silence/ waiver (Defendant's Request to Charge 10). The Court further refused to charge the level of certainty required as to damages. (Defendant's Request to Charge 16.) In addition, the Court refused to charge that a party has a duty to read and understand an agreement before signing. (Defendant's Request to Charge 8.) Each of these proposed charges accurately reflected the law of this state and were supported by the evidence. Hendrick Honda was not able defend itself fully and fairly in the absence of these charges. Because of these failures to provide the requested charges, the jury did not have all the pieces to the puzzle, and so a new trial is warranted.

2. **The Court's charge contained inaccurate statements of law or otherwise failed to instruct the jury fully, resulting in prejudice to Hendrick Honda.**

a. **The Court's charge on the Closing Fee Statute fell well outside the language of the Statute and impermissibly deprived the jury of its ability to assess compliance with the Statute as written.**

Hendrick Honda has argued since the beginning of this action that it complied with the Closing Fee Statute as written. The Court issued its own construction of the statute in its Declaratory Judgment Order, over the strenuous objection of Hendrick Honda. As this case progressed, the Court declined to revisit this definition and indicated that it would charge the jury pursuant to that order. At trial, Hendrick Honda again argued that the definition was inappropriate to no avail. In light of this history, Hendrick Honda submitted Defendant's Request to Charge 2 reflecting the Court's previous rulings.

Hendrick Honda again renews its objections to having the jury charged about anything other than the plain, unambiguous language of the Closing Fee Statute. The issue of statutory compliance is one for the jury, and the Court impermissibly interfered with the jury's role by applying its own definitions and additional statutory requirements to the plain terms of the Closing Fee Statute.

b. **The Court's charge regarding "unfair" conduct was unnecessary and was not a correct recitation of the law under the Dealers Act.**

The Court's charge regarding the statutory term "unfair" was not necessary, nor was it a correct recitation of the law under the Dealers Act, because it included a separate definition of the term "unfair" taken from a different statutory scheme. Even if the term "unfair" did require definition, the definition submitted in Defendant's Request to Charge No. 7 was more appropriate. Hendrick Honda argued that liability for "unfair or deceptive acts or practices"

under S.C. Code Ann. § 56-15-30 is limited to the definition provided in S.C. Code Ann. § 56-15-40 and therefore, no separate definition of "unfair" is appropriate. The Court disagreed and provided a definition of "unfair" that was a modified and legally insupportable variation of the definition supplied under the Unfair Trade Practices Act ("UTPA").

Following the Court's denial of its request that there not be a separate charge defining "unfair", Hendrick Honda submitted an alternative charge based on the FTC definition of "unfair." Application of FTC interpretations is permissive under the Dealers Act and mandatory under the UTPA. *See* S.C. Code Ann. §§ 39-5-20 & 56-15-30. Under the FTC definition, conduct cannot be unfair if it was reasonably avoidable by the consumer. 15 U.S.C. § 45(n). Under this standard, the evidence is clear that Plaintiff could have avoided the injury. She admitted at trial that she could have and would have walked away from the transaction at any time if she was not completely satisfied.

When the Court denied that request, Hendrick Honda submitted a definition of "unfair" from the South Carolina Supreme Court's latest case interpreting the UTPA. The Court gave that charge, but added to it additional verbiage along the lines of "an action that violates a statute violates public policy." Hendrick Honda believes this is a misstatement of the law and allowed Plaintiff to conflate a violation of the Closing Fee Statute with a violation of the Dealers Act in contravention of S.C. Code Ann. § 56-15-40. This error was prejudicial.

c. The Court failed to issue a complete charge on the definition of "arbitrary" for purposes of the Dealers Act.

Hendrick Honda submitted a full and complete proposed charge on the definition of the word "arbitrary" for purposes of the Dealers Act, as follows:

> For purposes of the Manufacturers, Distributors, and Dealers Act, "arbitrary" acts are acts that are unreasonable, capricious, or non-rational; not done according to reason or judgment, depending on

> will alone. Motor vehicle dealers are not required to deal with their customers guided solely by fixed rules and standards. Their conduct under this Act need only have some reasonable basis.

Estate of Carr ex rel. Bolton v. Circle S Enters., Inc., 379 S.C. 31, 664 S.E.2d 83 (Ct. App. 2008); *Taylor v. Nix*, 307 S.C. 551, 416 S.E.2d 619 (1992). (Defendant's Request to Charge 11.) The Court charged only the first sentence. Hendrick Honda contends it was entitled to the full charge, and that is was prejudiced by the Court's failure to give the full charge, particularly in light of Plaintiff's arguments that Hendrick Honda was required to do a detailed, written calculation prior to setting the closing fee. Such an argument could have been diffused by a proper charge of the standard for assessing whether conduct was "arbitrary" under the Dealers Act. Hendrick Honda's charging of the closing fee was unquestionably reasonable in light of the closing fee registration forms submitted to and approved by the Department.

d. The Court failed to issue a complete charge on the definition of "unconscionable" in the context of this case.

Hendrick Honda submitted a full and complete proposed charge on the definition of the word "unconscionable," which included the following language: "When describing a written contract, unconscionability is defined as the absence of meaningful choice on the part of one party due to one-sided contract provisions, together with terms that are so oppressive that no reasonable person would make them and no fair and honest person would accept them." (Defendant's Request to Charge 13.) The Court refused to give this instruction. This case stems from a heavily negotiated contract, and so it could not have been unconscionable. Without this portion of the charge, the jury could not properly assess this aspect of the Plaintiff's Dealers Act claim.

e. The Court impermissibly added to the language of S.C. Code Ann. § 56-15-340 in its charge.

Hendrick Honda of Easley submitted a proposed charge on the language of S.C. Code Ann. § 56-15-340. (Defendant's Request to Charge 14.) Although the Court gave the charge, it added additional language to the effect that the jury could ignore it if it found document storage was not an appropriate closing cost. Hendrick Honda contends this was in error.

f. The Court erred in charging the jury that it was to make its ruling for the entire represented group.

In addition, the Court charged that this action was brought in a representative capacity and that the jury should assess damages for the group as a whole. However, the trial court did not tell the jury how it should do this. The evidence showed that the fee changed over time and that every deal was different. In addition to Hendrick Honda's objections to this action proceeding in a representative capacity, the charge as issued did not give the jury the tools it needed to determine damages for the group as a whole. The general verdict form compounded this error.

B. The Court erred in using a verdict form that was not specific enough to address the issues raised by the evidence, and that error was compounded by the Court's charge that the jury was to reach a verdict as to the entire "group."

The Court declined to use the verdict form submitted by Hendrick Honda. The proposed form was short and focused solely on the issues presented in this case: "(1) Do you find that Defendant Hendrick Honda of Easley failed to comply with the requirements of the South Carolina Closing Fee Statute in any year between 2002 and 2006?; (2) Do you find that the Defendant Hendrick Honda of Easley failed to comply with the South Carolina Regulation of Manufacturers, Distributors and Dealers Act resulting in damages to the plaintiff in any year between 2002 and 2006?; and (3) We find that Defendant Hendrick Honda of Easley's actual

closing costs per vehicle in each year are as follows[.]" These three questions would have allowed the jury to work through the claims and issues and render a verdict that accurately reflected its ruling as to the Plaintiff's claims.

Instead, the Court gave a lengthy charge and a general verdict form, which resulted in jury confusion as evidenced by the jury's request for additional instruction and the face of the executed verdict form where the foreman initially signed for a defense verdict and then scratched that out to find for the Plaintiff. Moreover, as charged by the Court, the damages are the amount of any excess fee. The form as issued did not make that clear to the jury.

Given the totality of the errors in the charge and the verdict form, Hendrick Honda is entitled to a new trial.

C. Hendrick Honda was prejudiced by several erroneous evidentiary rulings.

Hendrick Honda is further entitled to a new trial as a result of several erroneous evidentiary rulings. These rulings prevented Hendrick Honda from receiving the fair trial it deserved.

The first of these rulings was that Hendrick Honda could not directly prove that it did not have the benefit of the Court's Declaratory Judgment Order at the time it set the fees in question. At that time, all it had were the Statute and the Administrative Interpretation. This evidence was highly probative on whether there was a violation of the Dealers Act and Hendrick Honda's safe harbor and good faith error defenses.

In addition, the Court barred Hendrick from showing that Plaintiff continued to have the car serviced at Hendrick Honda. This evidence again would have been probative towards establishing that there was not a violation of the Dealers Act in terms of the nature of Hendrick

Honda's conduct and whether Plaintiff suffered any damages because of that conduct. Accordingly, it should have been admitted.

In addition, during the testimony of Randall Clemment, the Court overruled Hendrick Honda's objection to testimony regarding its current practices with respect to the closing fee as subsequent remedial measures. This testimony is not permitted under Rule 407, SCRE, and was confusing and prejudicial to the jury.

Lastly, Defendant's expert Michael Thompson referred to insurance during his testimony. This testimony was improper pursuant to Rule 411, SCRE, and should have been excluded.

D. The Court should exercise its discretion as thirteenth juror and order a new trial in this case.

Hendrick Honda has set forth numerous reasons above why it is entitled to JNOV or a new trial. In the event the Court is not persuaded by any of these arguments, Hendrick Honda asks the Court to grant a new trial in its discretion as thirteenth juror.

Hendrick Honda was entitled to its own trial, on its own facts, and according to the applicable law. Instead, the Court refused to make any changes from its rulings in the earlier *Ritz v. Taylor Toyota* case. This refusal deprived Hendrick Honda of its right to a fair trial based on the applicable law and facts as presented in the trial in this case. For that reason, Hendrick Honda asks that court in its discretion as the thirteenth juror in this matter to order a new trial in which the parties are allowed to fully and fairly present their claims and defenses.

E. In the event the Court decides this action cannot proceed in a representative capacity, the Court should grant a new trial *nisi remittitur* at a level that reflects solely Hair's claim.

In the event the Court revisits its earlier decisions relating to treating this as a group existing outside the procedural and Constitutional safeguards provided by Rule 23, SCRCP, Hendrick Honda moves for a new trial *nisi remittitur* reducing the verdict amount to one that

reflects only the Plaintiff's transaction. Hendrick Honda suggests that that amount would be capped at $299, the amount of the closing fee paid by Plaintiff.

CONCLUSION

As shown in this motion and to be further argued in a memorandum in support of this motion, JNOV is appropriate in this case. In the alternative, Hendrick Honda is entitled to a new trial.

Respectfully submitted,

HAYNSWORTH SINKLER BOYD, P.A.

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Attorneys for J.L.H. Investments, Inc. d/b/a Hendrick Honda of Easley

September 27, 2013

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF PICKENS	)	Case No.: 2012-CP-39-01554
	)	
Julie Freeman Hair, individually and for the benefit of all car buyers whom paid "Administrative Fees" to Defendant.	)	**PLAINTIFF'S MOTION TO RECOVER ATTORNEY'S FEES AND COSTS**
Plaintiff,	)	
	)	
vs.	)	
	)	
J.L.H. Investments, LP a/k/a Hendrick Honda	)	
	)	
Defendant.	)	

Plaintiff Julie Freeman Hair hereby moves the Court requesting that the Court award attorney's fees and costs. Plaintiff is entitled to recover attorney's fees and costs under S.C. Code Ann. §56-15-110 which provides in part:

> (1) In addition to temporary or permanent injunctive relief as provided in § 56-15-40(3)(c), any person who shall be injured in his business or property by reason of anything forbidden in this chapter may sue therefor in the court of common pleas and shall recover double the actual damages by him sustained, and **the cost of suit, including a reasonable attorney's fee.**
>
> (2) When such action is one of common or general interest to many persons or when the parties are numerous and it is impracticable to bring them all before the court, one or more may sue for the benefit of the whole, including actions for injunctive relief.

S.C. Code Ann. § 56-15-110(1) and (2) (emphasis added).

DISCUSSION

1. ATTORNEY FEES

Plaintiff respectfully requests an award of attorney fees in the amount of 1/3 of the judgment.

> Attorney's fees are not recoverable unless authorized by contract or statute. The Dealers Act mandates the recovery of costs, including attorney's fees. S.C.Code Ann. § 56–15–110 (1976).... [T]he court should consider the following six factors when determining a

> reasonable attorney's fee: (1) the nature, extent, and difficulty of the case; (2) the time necessarily devoted to the case; (3) professional standing of counsel; (4) contingency of compensation; (5) beneficial results obtained; and (6) customary legal fees for similar services. Further, on appeal, an award for attorney's fees will be affirmed so long as sufficient evidence in the record supports each factor.

Jackson v. Speed, 326 S.C. 289, 307-08, 486 S.E.2d 750, 759-60 (1997) (internal citations omitted). Each Jackson factor is discussed below.

(1) the nature, extent, and difficulty of the case;

As the Court is well aware, this case has been litigated hard for over seven years. The Parties have engaged in extensive motions practice including motions to dismiss, summary judgment, declaratory judgments and numerous motions to compel. The Parties conducted extensive discovery. This case also included a four jury day trial.

The difficult nature of this case is also shown by the fact that a similar case was tried in Aiken, South Carolina and resulted in a defense verdict. The Defendant in this case obviously recognized the difficulty in this case as evidenced by the fact that the pre-trial settlement offer was zero dollars. Accordingly, the Court should find that the nature, extent and difficulty associated with the case are extraordinary.

(2) the time necessarily devoted to the case;

This case was originally brought with other similar cases. The total time devoted by the Lewis, Babcock, & Griffin, LLP firm to this and the consolidated cases exceeds 4,658 hours. The total time devoted by the Law Offices of Richard Harpootlian exceeds 445 hours. The time devoted by the law firm of Michael E. Spears exceeds 1,000 hours. Similarly, the law firm of Gedney M. Howe, III expended numerous hours. The law firm of Richardson, Patrick, Westbrook & Brickman, LLC invested over 700 hours into the Julie Freeman Hair v. Hendrick Honda case alone.

(3) professional standing of counsel;

Respectfully, the law firms representing the Plaintiff have excellent professional standing and through the years have successfully served their clients in an assortment of complex cases. See http://www.lbglegal.com/attorney-profiles/a-camden-lewis/ (for more information about Attorney Lewis's professional standing);See http://www.gedneyhowe.com/gedney-howe.php (for information about Attorney Howe's professional standing); see http://www.harpootlianlaw.com)for information about Attorney Harpootlian' s professional standing); see http://www.rpwb.com/richardsonpatrickwestbrook/inc/FirmResumeUpdate_Aug30.pdf (for information about their attorneys professional standing); see http://www.mikespearspa.com/attorneys-staff (for more information about Attorney Spears's professional standing); *See also* Layman v. State, 376 S.C. 434, 459, 658 S.E.2d 320, 333 (2008) (recognizing the professional standing of counsel as a basis justifying the hourly fee rates of two of the law firms representing Plaintiff in this current case).

(4) contingency of compensation;

Plaintiff hired the law firms on a forty percent contingency fee. Accordingly, if Plaintiff had lost at trial, counsel would have recovered no compensation for the thousands of hours of manpower invested over seven years of hard fought litigation.

(5) beneficial results obtained;

Plaintiff received a jury verdict in her favor for the exact amount asked for at trial; $1,445,786.00. Under the Dealers Act, this amounts should be doubled so that Plaintiff recovers $2,891.572.00 for damages. Additionally, Plaintiff should also receive pre-judgment interest and

is contemporaneously filing a motion seeking $1,038,025.67 or in the alternative $869,086.12 for prejudgment interest. Thus, the total recovery may between $3.7 and $3.9 million. This result was beneficial for all the impacted customers because they are recovering significantly more than the illegally collected fees.

(6) customary legal fees for similar services.

South Carolina courts have upheld a one-third attorneys' fee award in Unfair Trade Practices actions (§ 39-5-140).

> Global had a modified contingency contract with its attorneys that provided for a $5000 retainer and 40% of any recovery obtained against Halbersberg. The trial court considered the six factors and then awarded Global $311,819.19, one-third of the total damages against Halbersberg. The trial court determined the case presented numerous and complex issues, requiring time-consuming research and trial preparation. The court determined that Global's counsel was in excellent standing. The court recognized that the attorney was to receive 40% under the contract but reduced that amount to a one-third recovery. The court found that Global's attorney had obtained a favorable result. Lastly, the court found that contingent fee arrangements were common in complex cases and found that the typical range of such contingency fees was one-third to one-half the recovery.

Global Prot. Corp. v. Halbersberg, 503 S.E.2d 483, 489 (S.C. Ct. App. 1998). In fact, the South Carolina Supreme Court has affirmed an attorneys' fee award of nearly five times *trebled* damages in UTPA actions.

> CIBL argues the lower court's award of $500,000 in attorney's fees and $24,068 in costs is excessive and not supported by the affidavits of Mrs. Taylor's attorneys. Specifically, CIBL contends the attorney's fee award is substantially more than Mrs. Taylor's trebled damages of $108,726.

Taylor v. Medenica, 503 S.E.2d 458, 460 (S.C. 1998).

> [T]here is no requirement that an attorney's fee be less than or comparable to a party's monetary judgment. This Court has approved an award of attorney's fees where the fee substantially exceeded the actual recovery.

Id. at 462.

In the context of the Wage Payment Act (S.C. Code Ann. § 41-10-80), South Carolina courts have approved awards of attorneys' fees in excess of both the preexisting contingency fee agreement and the initial verdict. *Rice v. Multimedia, Inc.*, 318 S.C. 95, 101, 456 S.E.2d 381, 385 (1995). Under the Dealers Act (S.C. Code Ann. § 56-15-110 (1976)), South Carolina courts have approved hourly rates in excess of those negotiated by the plaintiff and its counsel. "Because the contract between respondents and their attorney did not control the trial judge's determination of a reasonable hourly rate, the trial judge did not abuse his discretion in determining the reasonable hourly rate was $125, instead of the hourly rate of $110 the Jacksons and their attorney had agreed to in their contract." *Jackson v. Speed*, 486 S.E.2d 750, 760 (S.C. 1997).

Under the various South Carolina fee-shifting statutes, state and federal courts have granted attorneys' fees of one-third the total judgment—or more—to successful parties. As a result, an award of the one-third fee in this case would not be excessive or unreasonable.

Application of a Multiplier to the Lodestar Figures

In addition to a review of the *Jackson* factors above, the Court should also note that the 1/3 of the judgment amount for attorney's fees requested would also be appropriate under a Lodestar analysis. The South Carolina Supreme Court has recognized that a pure lodestar figure may need to be multiplied in order to result in a "reasonable" attorneys' fee.

> A lodestar figure is designed to reflect the reasonable time and effort involved in litigating a case, and is calculated by multiplying a reasonable hourly rate by the reasonable time expended. Using this as a starting point for reasonableness, a court may consider other factors justifying an enhancement of the lodestar figure with a "multiplier" before arriving at a final amount.

Layman v. State, 376 S.C. 434, 457-58, 658 S.E.2d 320, 332 (2008) (internal citations omitted).

In determining what multiplier may be appropriate, many courts (including the Layman court) have cited a pertinent decision from the Northern District of Georgia.

> Unless the court knows beforehand precisely what this reasonable value should be, the selection of an appropriate multiplier must follow essentially a trial and error course. If the use of one multiplier over another results in what the court feels is an unreasonably high or low fee, then the multiplier must be adjusted to comport with the court's perception of the proper fee award under the circumstances.

In re Chicken Antitrust Litigation, 560 F.Supp. 963, 995 (N.D. Ga. 1980).

In the instant matter, the plaintiffs are requesting an attorneys' fee of one-third the total judgment be added to the jury verdict pursuant to S.C. Code Ann. § 56-15-110(1).

Prior to the imposition of prejudgment interest, the total verdict (doubled by statute) in this case is $2,891.572.00. Should the court grant plaintiffs' motion for prejudgment interest, the total judgment will grow and may exceed a range of $3.7 to $3.9 million. The proposed one-third fees for these amounts range from $1,232,100.00 to $1,298,700.00. As shown above, the attorneys and their staff have expended over 5,000 hours in this case and in the consolidated cases.

An analysis of the hours spent by counsel on this case, shows that a 1/3 attorney fee is appropriate. This case was filed in 2006 consolidated with multiple other cases. One case *Dannert v. CarMax* was settled prior to December 2007. Set forth below is a calculation by Plaintiff's counsel starting in December 2007 (15 months after the case was filed). This date was

chosen to insure there was no double recovery for any time compensated for by the CarMax settlement. Plaintiff's counsel then excluded all entries that from the records were obviously associated with other cases (*Ritz* trial, correspondence with other lawyers, arbitration appeals, etc.) and also isolated the time entries that were for the depositions, discovery and trial in the Julie Freeman Hair case. After excluding the obviously non-related charges and separating the Julie Freeman Hair charges, Plaintiff's counsel has the following general time entries (non-case specific):

LEWIS, BABCOCK & GRIFFIN, LLP GENERAL TIME THAT BENEFITED ALL CASES

	Hours	Billing Rate	Amount
Jim Griffin	7.8	$500.00	$3,900.00
Keith Babcock	18.2	$500.00	$9,100.00
Mary Lewis	5.9	$400.00	$2,360.00
A. Camden Lewis	589.2	$700.00	$412,440.00
Ariail King	68.4	$300.00	$20,520.00
Brady Thomas	694	$250.00	$173,500.00
Peter Protopapas	334.39	$300.00	$100,317.00
Jonathan Harling	200.2	$300.00	$60,060.00
Maggie Fox	91.4	$250.00	$22,850.00
Jenny Baxley	1.6	$85.00 (paralegal)	$136.00
Melanie Blease	1,090.85	$85.00 (paralegal)	$92,722.25
Richard Glover	5.9	$85.00 (paralegal)	$501.50
Daniel Coble	31.8	$75.00 (law clerk)	$2,385.00
Layton Ruffin	5	$75.00 (law clerk)	$375.00
Luke Gliessner	4.5	$75.00 (law clerk)	$337.50
Mason West	15	$75.00 (law clerk)	$1,125.00
Perry Buckner	97.5	$75.00 (law clerk)	$7,312.50
Weston Jones	60.1	$75.00 (law clerk)	$4,507.50
			Total: $914,449.25

MICHAEL E. SPEARS, PA GENERAL TIME THAT BENEFITTED ALL CASES

	Hours	Billing Rate	Amount
Partner	125	$420.00	$52,500.00
Associate	397.67	$255.00	$104,405.85
Paralegal	179	$85.00	$15,215.00
			Total: $172,120.85

RICHARD HARPOOTLIAN, PA GENERAL TIME

	Hours	Billing Rate	Amount
Richard Harpootlian	395.3	$500.00	$197,650.00
Graham Newman	5	$250.00	$1,255.00
Heather Hardy	44.8	$85.00	$3,808.00
			Total: $202,713.00

LAW OFFICES OF GEDNEY M. HOWE, III PA GENERAL TIME

	Hours	Billing Rate	Amount
TO BE PROVIDED PRIOR TO ANY HEARING			

If you take this general time that benefited all cases and divide it by 7 (the number of cases consolidated together post December 2007), you get $184,183.30.

The Freeman Hair specific time is included below.

LEWIS, BABCOCK & GRIFFIN, LLP FREEMAN HAIR SPECIFIC TIME

	Hours	Billing Rate	Amount
Brady Thomas	36	$250.00	$9,000.00
Melanie Blease	28.2	$85.00 (paralegal)	$2,397.00
			Total: $11,397.00

MICHEAL E. SPEARS, PA FREEMAN HAIR SPECIFIC TIME

	Hours	Billing Rate	Amount
Partner	14.5	$420.00	$6,090.00
Associate	16.5	$250.00	$4,125.00
Paralegal	14.5	$85.00	$1,232.50
			Total: $11,447.50

RICHARDSON, PATRICK, WESTBROOK & BRICKMAN, LLC FREEMAN HAIR SPECIFIC TIME

	Hours	Billing Rate	Amount
Brady Thomas	298.8	$400.00	$119,520.00
Melissa Cruz	117	$95.00 (paralegal)	$11,115.00
Daniel Haltiwanger	1	$525.00	$525.00
Terry Richardson	61.9	$750.00	$46,425.00
David Butler	200.1	$550.00	$110,055.00
Jenny Hehle	1.8	$75.00 (secretary)	$135.00
Carolyn Brown	.5	$50.00 (staff)	$25.00
Christopher Moore	39.25	$350.00	$13,737.50
			Total: $301,537.50

As shown above, the Freeman Hair specific time totals $324,382.00. It should also be noted that Plaintiff's counsel's time continues to accrue and thus these dollar amounts are not final.

If you add the Freeman Hair specific time to the 1/7 of the general time that benefited all cases, it would result in a legal bill of $508,565.30 if the Plaintiff was under an obligation to pay hourly. The difference between the basic, hourly rate of the attorneys in this case and the requested fee requires a lodestar multiplier of between 2.42 to 2.55.[1]

This rate of compensation is half of a 5.0 multiplier which is often used in federal cases.[2] This multiplier is also in the middle of the 1 to 4 range discussed by the Western District of

[1]If the Court finds that Defendant should not be required to compensate Plaintiff's counsel for a portion of the general time that benefited all 7 cases, Plaintiff's counsel respectfully requests that Plaintiff's attorneys be paid 1/3 of the statutory penalty (doubling of the verdict under the dealers act) and 1/3 of the prejudgment interest award because Plaintiff's counsel's time and work resulted in a common fund that obviously benefits the group of impacted purchasers.

[2]Notably, courts have approved multipliers above 5.0 times the lodestar. *See, e.g., In re UnitedHealth Group Inc., PSLRA Litig.*, 643 F. Supp. 2d 1094, 1106 (D. Minn. 2009) (multiplier of 6.5 times lodestar); *In re Enron Corp. Sec. Litig.*, 586 F. Supp. 2d 732, 791 (S.D. Tex. 2008) (approving 5.2 multiplier); *In re Cardinal Health Inc. Sec. Litig.*, 528 F. Supp. 2d 752, 770 (S.D. Ohio 2007) (awarding a multiplier of 6); *In re Charter Communications, Inc. Sec. Litig.*, 2005

Louisiana in a case addressing multipliers. *In re Combustion, Inc.*, 968 F.Supp. 1116, 1133 (W.D. La. 1997) ("[m]ultipliers ranging from one to four frequently are awarded in common fund cases when the lodestar method is applied."). The Southern District of New York has approved a lodestar multiplier of 5.5. In doing so, it shared the following rationale.

> In this instance, the risks of litigation were substantial in view of the nature of the dispute .... The litigation itself was hard fought, with skilled counsel for Texaco waging a relentless defense on all fronts .... The amount of time required to be expended was substantial. The discovery proceedings were extensive and time consuming. There is no evidence that counsel procrastinated or over-worked the case or performed their task in other than an able and professional manner. And the ingenuity of counsel ... likewise merit consideration.
>
> Under such circumstances, a 5.5 times lodestar based on the $3,482,571.75 time charges appears reasonable.

U.S. Dist. LEXIS 14772, at *56 (E.D.M.O. June 30, 2005) (multiplier of 5.61 reasonable on case that settled early in discovery); *In re Rite Aid Corp. Sec. Litig.*, 362 F. Supp. 2d 587, 589 (E.D. Pa. 2005) (multiplier of 6.96 reasonable for settlement during discovery and before depositions); *DI Giacomo v. Plains All Am. Pipeline*, 2001 U.S. Dist. LEXIS 25532, at *32 (S.D. Fla. Dec. 19, 2001) (multiplier of 5.3); *In re Merry-Go-Round Enter., Inc.*, 244 B.R. 327 (Bankr. D. Md. 2000) (lodestar multiplier of 19.6); *Stop and Shop Supermarket Co. v. Smithkline Beecham Corp.*, 2005 U.S. Dist. LEXIS 9705, at *60 (E.D. Pa. May 19, 2005) (15.6 multiplier); *Glendora Comm. Redevelopment Agency v. Demeter*, 155 Cal. App. 3d 465, 202 Cal. Rptr. 389, 398-99 (2d Dist. 1984) (12 times lodestar); *Conley v. Sears, Roebuck & Co.*, 222 B.R. 181, 182 (D. Mass. 1998) (multiplier of 8.9); *Cosgrove v. Sullivan*, 759 F. Supp. 166 (S.D.N.Y. 1991) (lodestar multiplier of 8.75); *Santos v. Camacho*, 2008 U.S. Dist. LEXIS 35991, at *106, 124-25 (D. Guam April 23, 2008) (lodestar of 8 awarded even though little discovery conducted); *Steiner v. American Broad. Co.*, 248 Fed. Appx. 780, 783 (9th Cir. 2007) (lodestar multiplier of 6.85); *In re RJR Nabisco Sec. Litig.*, 1992 U.S. Dist. LEXIS 12702, at *16 (S.D.N.Y. Aug. 24, 1992) (lodestar multiplier of 6); *In re Enron Corp. Sec. Litig.*, 586 F. Supp. 2d 732, 803 (S.D. Tex. 2008) (multiplier of 5.2); *Craft v. County of San Bernardino*, 2008 U.S. Dist. LEXIS 27526, at *27 (C.D. Cal, April 1, 2008) (multiplier of 5.2); *New England Carpenters Health Benefits Fund v. First Data Bank Inc.*, 2009 U.S. Dist. LEXIS 68419, *10 (D. Mass., Aug. 3, 2009) (8.3 lodestar multiplier when "major new hurdle" was a "contentious battle over class certification").

Roberts v. Texaco, Inc., 979 F.Supp. 185, 198 (S.D.N.Y. 1997). Much of the rationale of the Southern District of New York is applicable to this case. Furthermore, at all times, counsel for the Plaintiff worked diligently towards keeping the trial of this case on schedule and towards obtaining a positive result for their client.

Ultimately, this litigation resulted in a large verdict in favor of the Plaintiff. Whereas the United States Supreme Court has recognized that "results obtained"[3] may warrant a lodestar multiplier, and whereas other jurisdictions have recognized that the successful navigation through perilous litigation hurdles may also warrant a lodestar multiplier, the Plaintiff asserts that the Court should find a fee of one-third the total judgment a "reasonable attorneys' fee" under South Carolina law.

2. COSTS

Plaintiff is also entitled to an award of costs. Included below is a chart showing 1/7 of the general costs incurred in prosecuting the car administrative fee cases since December 2007. Plaintiff respectfully requests a refund this amount for the reasons discussed above.

Firm	General Costs
MICHEAL E. SPEARS, PA	$1,187.49
LEWIS, BABCOCK & GRIFFIN, LLP	$2,285.61
RICHARD HARPOOTLIAN, PA	$987.54
LAW OFFICES OF GEDNEY M. HOWE, III PA	TO BE PROVIDED

[3] *Hensley v. Eckerhart*, 461 U.S. 424, 434, 103 S. Ct. 1933, 1940, 76 L. Ed. 2d 40 (1983) ("The product of reasonable hours times a reasonable rate does not end the inquiry. There remain other considerations that may lead the district court to adjust the fee upward or downward, including the important factor of the 'results obtained.'").

Plaintiff also requests an award of costs for the following Freeman specific costs.

Firm	Freeman Hair Specific Costs
RICHARDSON, PATRICK, WESTBROOK & BRICKMAN, LLC	$50,602.64
LEWIS, BABCOCK & GRIFFIN, LLP	$1,860.78

CONCLUSION

In support of this memorandum, undersigned counsel submits an affidavit confirming the factual allegations contained herein are true to the best of his personal knowledge. **(Exhibit 1)**

The Plaintiff respectfully requests, pursuant to S.C. Code Ann. § 56-15-110(1), the Court grant an award of attorneys' fees to the plaintiffs in an amount of one-third of the judgment in this case. Plaintiff also requests that the Court award costs as requested above.

RICHARDSON, PATRICK,WESTBROOK & BRICKMAN, LLC

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J. David Butler
Brady R. Thomas
1730 Jackson Street
Post Office Box 1368
Barnwell, SC 29812
Telephone: 803-541-7850
Facsimile: 803-541-9625

A. Camden Lewis
LEWIS, BABCOCK & GRIFFIN, LLP

Gedney M. Howe, III
LAW OFFICE OF GEDNEY M. HOWE, III P.A.

Richard A. Harpootlian
RICHARD A. HARPOOTLIAN, P.A.

CERTIFICATE OF SERVICE
Undersigned certifies that the pleading or paper to which this certificate is affixed was served upon the party(s) to this action by hand delivery or by depositing a copy of same, enclosed in a first class, postpaid wrapper properly addressed to the attorney(s) of record for such other party(s), in a post office or official pository under the exclusive care and custody of ...e United States Postal Service, on this 30 day of September, 2013, Barnwell, S.C.

Michael E. Spears
MICHAEL E. SPEARS, P.A.

ATTORNEYS FOR THE PLAINTIFF

September 30, 2013

Exhibit 1

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF PICKENS	)	Case No.: 2012-CP-39-01554
	)	
Julie Freeman	)	
	)	
Plaintiff,	)	**AFFIDAVIT OF BRADY R. THOMAS**
	)	
vs.	)	
	)	
J.L.H. Investments, LP a/k/a Hendrick Honda	)	
	)	
Defendant.	)	
	)	

Personally appeared before me, Brady R. Thomas, who, being duly sworn, deposes and states the following:

1. I am over eighteen years of age and competent to testify to the matter stated herein.

2. I am an attorney representing the Plaintiff in the above case and familiar with the issues and work done in this case as well as the companion cases that were filed together. In that regard, the factual allegations contained in Plaintiff's Motion to Recover Attorney's Fees and Costs are true to the best of my personal knowledge.

3. I have reviewed the time records and costs ledgers from my firm as well as those from my co-counsel firms. The numbers set forth in Plaintiff's Motion to Recover Attorney's Fees and Costs are accurate to the best of my knowledge.

4. The ledgers and timesheets at issue contain confidential work product information and therefore I am not attaching same to this affidavit.

5. Redacted versions of these time sheets will be available prior to any hearing in this matter.

FURTHER AFFIANT SAYETH NOT.

Brad K. Thomas

State of South Carolina

County of Barnwell

Sworn to and subscribed before me

This 30 day of September, 2013.

Notary Public

My Commission Expires: 10/22/2018

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF PICKENS	)	Case No.: 2012-CP-39-01554
	)	
Julie Freeman Hair, individually and for the benefit of all car buyers whom paid "Administrative Fees" to Defendant.	)	**PLAINTIFF'S MOTION TO DOUBLE THE DAMAGES AWARD IN THIS CASE**
Plaintiff,	)	
vs.	)	
J.L.H. Investments, LP a/k/a Hendrick Honda	)	
Defendant.	)	

CLERK OF COURT
PICKENS COUNTY
SOUTH CAROLINA
2013 OCT -3 A 11: 05

Plaintiff Julie Freeman Hair hereby moves the Court requesting that the Court double the damages award in this case. Plaintiff is entitled to double damages under S.C. Code Ann. §56-15-110 which provides in part:

> (1) In addition to temporary or permanent injunctive relief as provided in § 56-15-40(3)(c), any person who shall be injured in his business or property by reason of anything forbidden in this chapter may sue therefor in the court of common pleas and **shall recover double the actual damages by him sustained**, and the cost of suit, including a reasonable attorney's fee.
>
> (2) When such action is one of common or general interest to many persons or when the parties are numerous and it is impracticable to bring them all before the court, one or more may sue for the benefit of the whole, including actions for injunctive relief.

S.C. Code Ann. § 56-15-110(1) and (2) (emphasis added). The jury in this case found that the damages sustained were $1,445,786.00. Pursuant to the above statute, this amount should be doubled so that Plaintiff recovers $2,891.572.00.

CONCLUSION

Based on the foregoing, Plaintiff respectfully requests that the Court double the damages award and establish the damages award in this case as $2,891,572.00.

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ATTORNEYS FOR THE PLAINTIFF

September 30, 2013

CERTIFICATE OF SERVICE

Undersigned certifies that the pleading or paper to which this certificate is affixed was served upon the party(s) to this action by hand delivery or by depositing a copy of same, enclosed in a first class, postpaid wrapper, addressed to the attorney(s) of record for such other party(s) in a post office or official depository under the exclusive care and custody of the United States Postal Service, on this [illegible] day of September, 2013, Barnwell, S.C.

CLERK OF COURT
PICKENS COUNTY
SOUTH CAROLINA
2013 OCT -3 A 11: 07

STATE OF SOUTH CAROLINA)	IN THE COURT OF COMMON PLEAS
)	
COUNTY OF PICKENS)	Case No.: 2012-CP-39-01554
)	
Julie Freeman Hair, individually and for the benefit of all car buyers whom paid "Administrative Fees" to Defendant.)	**PLAINTIFF'S MOTION TO ADD PREJUDGMENT INTEREST**
Plaintiff,)	
)	
vs.)	
)	
J.L.H. Investments, LP a/k/a Hendrick Honda)	
)	
Defendant.)	

Plaintiff Julie Freeman Hair hereby moves the Court requesting that the Court add prejudgment interest to the verdict amount in this case.[1]

Plaintiff is entitled to recover pre-judgment interest in the amount of eight and three-fourths percent per annum for all members of the group of customers charged illegal closing fees. Prejudgment interest is governed by S.C. Code Ann. § 34-31-20 which provides in part:

> (A) In all cases of accounts stated and in all cases wherein any sum or sums of money shall be ascertained and, being due, shall draw interest according to law, the legal interest shall be at the rate of eight and three-fourths percent per annum.

S.C. Code Ann. § 34-31-20. "Prejudgment interest is allowed on liabilities to pay money from the time when, either by agreement of the parties or operation of law, the payment was demandable, if the sum is certain or capable of being reduced to certainty." Dixie Bell, Inc. v. Redd, 376 S.C. 361, 371, 656 S.E.2d 765, 770 (Ct. App. 2007).

> The proper test for determining whether prejudgment interest may be awarded is whether the measure of recovery, not necessarily the amount of damages, is fixed by conditions existing at the time the claim arose. The right of a party to prejudgment interest is not affected by rights of discount or offset claimed by the opposing party. It is

[1] Plaintiff properly prayed for a prejudgment interest award in the Complaint.

> the character of the claim and not the defense to it that determines whether prejudgment interest is allowable.

Butler Contracting, Inc. v. Court St., LLC, 369 S.C. 121, 133-34, 631 S.E.2d 252, 259 (2006).

In this case, the Defendant illegally collected closing fees that were arbitrarily determined and outside the protections of the Closing Fee statute because the fees were not for reimbursing Defendant for its closing costs. Because the fees were illegally collected, the fees were demandable by operation of law and the jury properly returned all of the illegally collected fees.

The total fees illegally collected by Defendant are a sum certain capable of ascertainment by computation. Dixie Bell, Inc. v. Redd, 376 S.C. 361, 370-71, 656 S.E.2d 765, 770 (Ct. App. 2007) *quoting* Beckmann Concrete Contractors, Inc. v. United Fire and Cas. Co., 360 S.C. 127, 131-132, 600 S.E.2d 76, 78-79 (Ct.App.2004)

> In *Lewis v. Congress of Racial Equality,* 275 S.C. 556, 274 S.E.2d 287 (1981), our Supreme Court declared: "**In liquidated-damages cases, the amount is** usually a sum certain, or at least the amount is **capable of ascertainment by computation**." *Id.* at 560, 274 S.E.2d at 289. *Black's Law Dictionary* defines liquidated damages as "[a]n amount contractually stipulated" in contrast to unliquidated damages ***371** which are "[d]amages that ... cannot be determined by a fixed formula, so they are left to the discretion of the judge or jury." *Black's Law Dictionary* 395-97 (7th ed.1999). **Liquidated damages** "are damages the amount of which has been made certain and fixed either by the act and agreement of the parties or by operation of law to a sum which cannot be changed by the proof." 22 Am.Jur.2d *Damages* § 489 (2003). "They are also defined as damages the amount of which has been ascertained by judgment or by the specific agreement of the parties or which **are susceptible of being made certain by mathematical calculation from known factors.**" *Id.* "In general, damages are unliquidated where they are an uncertain quantity, depending on no fixed standard, referred to the wise discretion of a jury, and can never be made certain except by accord or verdict." *Id.*

As shown by the jury verdict in this case, the damages at issue were "susceptible of being made certain by mathematical calculation from known factors." See Attachment A, Verdict Form. The jury returned all of the illegally collected closing fees. The known factors necessary for this award were the dollar amounts collected in the applicable time period and were set out on

Plaintiff's Trial Exhibit 17 (an exhibit that both sides stipulated showed the dollars amounts collected by Defendant in the applicable time period.). See Attachment B, Plaintiff's Trial Exhibit 17. The damages at issue are a sum certain that was capable of mathematical calculation and were demandable by operation of law. As such, Plaintiff and the group she represents are entitled to prejudgment interest.

Plaintiff seeks prejudgment interest on the amounts collected annually pursuant to statute at eight and three-fourths percent per annum.[2] Plaintiff's counsel has prepared two alternative computations which are discussed and shown below.

COMPUTATION 1- Interest from January 1 Following Collection to October 1, 2013

The first computation calculates interest accruing from January 1st in the year following the illegal collection of the closing fees forward through September 30, 2013 (the date this motion is filed). For example, the interest for fees collected in 2002 starts to accrue beginning January 1, 2003. Similarly, the interest for fees collected in 2003 starts to accrue beginning January 1, 2004 and so forth. These amounts are set forth in the chart below:

[2] The formula for calculating interest is as follows: Interest = Principal x Rate x Time. See http://math.about.com/od/businessmath/ss/Interest.htm (last checked 9/25/13). The rate in this case is 8.75%.

Illegal Fees Collected by Defendant	Interest From Jan. 1 in the year after collection to Jan. 1, 2013	Interest From Jan. 1, 2013 through September 30, 2013[3]	
$83,415.00 (collected in 2002)	$72,988.12 (10yrs starting on Jan. 1, 2003)	$4,789.85 (9 months)	
$311,001.00 (collected in 2003)	$244,913.28 (9 years starting on Jan. 1, 2004)	$20,409.44 (9 months)	
$304,278.00 (collected in 2004)	$212,994.59 (8 years starting on Jan. 1, 2005)	$19,968.24 (9 months)	
$442,411.00 (collected in 2005)	$270,976.72 (7 years starting on Jan. 1, 2006)	$29,033.22 (9 months)	
$304,681.00 (collected in 2006)	$159,957.52 (6 years starting on Jan. 1, 2007)	$19,994.69 (9 months)	
Total Interest	$961,830.23	$76,195.44	$1,038,025.67
TOTAL INTEREST DOUBLED PURSUANT TO S.C. CODE ANN. §56-15-			**$2,076,051.24**

[3] The formula for calculating interest for January through September 2013 is Interest = Principal x Rate x 9/12.

110(1).			

Of course, this interest continues to accrue and this calculation should be updated on the day that the final judgment is entered.

COMPUTATION 2- Interest from August 29, 2006 (the date the Complaint was filed) to October 1, 2013.

In the alternative, Plaintiff seeks prejudgment interest accruing from the date that Plaintiff filed the Complaint, August 29, 2006, through September 30, 2013. The following chart shows the amount owed if the Court uses the date of filing as the starting date for calculating interest:

SUM DEMANDABLE ON AUGUST 29, 2006	INTEREST ACCUMULATING TO AUGUST 29, 2013	INTEREST ACCUMULATING FROM AUGUST 29, 2013 THROUGH SEPTEMBER 30, 2013[4]	TOTAL PREJUGMENT INTEREST
$1,445,786.00	$885,543.93[5]	$10,542.19	$896,086.12
TOTAL INTEREST DOUBLED PURSUANT TO S.C. CODE ANN. §56-15-110(1).			**$1,792,172.24**

As discussed above, this interest continues to accrue and this calculation should be updated on the day that the final judgment is entered.

[4] This time period is approximately one month. As such, the formula for calculating this interest is Interest= Principal x Rate x 1/12.

[5]The formula for calculating this amount is Interest= $1,445,786.00 x .0875 x 7.

CONCLUSION

Based on the foregoing, Plaintiff respectfully requests that the Court add prejudgment interest to the verdict in this case. Plaintiff asserts that Computation 1 above shows the proper methodology for calculating the prejudgment interest in this case. However, in the alternative if the Court finds that Computation 1 is not the correct method, Plaintiff respectfully requests that the Court add prejudgment interest pursuant to Computation 2.

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CERTIFICATE OF SERVICE
Undersigned certifies that the pleading or paper to which this certificate is affixed was served upon the party(s) to this action by hand delivery or by depositing a copy of same, enclosed in a first class, postpaid wrapper properly addressed to the attorney(s) of record for such other party(s), in a post office or official depository under the exclusive care and custody of the United States Postal Service, on this 30 day of September, 2013, Barnwell, S.C.

September 30, 2013

STATE OF SOUTH CAROLINA COUNTY OF PICKENS	IN THE COURT OF COMMON PLEAS Case No. 2012-CP-39-01554
Julie Freeman, et al. Plaintiffs, v. J.L.H. Investments, LP, a/k/a Hendrick Honda of Easley, Defendant.	

DEFENDANT HENDRICK HONDA OF EASLEY'S
MOTION FOR RECONSIDERATION

Pursuant to Rule 59(e), SCRCP, Defendant Hendrick Honda of Easley ("Hendrick Honda") hereby moves this Court for an order ruling on certain of Hendrick Honda's arguments seeking judgment notwithstanding the verdict ("JNOV"). Hendrick received the Court's order denying its post-trial motions on March 19, 2014.[1]

Hendrick Honda seeks a ruling on the following issues and incorporates herein by reference all supporting arguments made in its post-trial motion and memorandum:

1. This action is barred by the filed rate doctrine because Hendrick Honda did not charge a fee in excess of that certified by the South Carolina Department of Consumer Affairs; therefore, Hendrick Honda was entitled to JNOV.

2. The only evidence in the record shows that Hendrick Honda complied with the South Carolina Department of Consumer Affairs' Administrative Interpretation and also established procedures to ensure compliance with the Closing Fee Statute. Therefore, Hendrick Honda was entitled to JNOV through operation of the safe harbor defense (S.C. Code Ann. §§ 37-6-104(4) and -506(3)) and good faith error defense (S.C. Code Ann. § 37-5-202(7)) found in the Consumer Protection Code.

[1] Hendrick Honda of Easley notes that the certified copy of the order it received from the Pickens County Clerk of Court was misdated as 4/17/2014, rather than 3/17/2014. However, in any event, Hendrick received written notice of the entry of the judgment on March 19, 2014.

3. Plaintiff voluntarily paid the closing fee with full knowledge of all facts; therefore, Hendrick Honda was entitled to JNOV because the voluntary payment doctrine provides a complete defense.

4. There is no evidence showing that Hendrick Honda violated the Dealers Act by charging a closing fee or that Hendrick Honda's actions resulted in damage to the Plaintiff. Therefore, Plaintiff has failed to prove her claim under the Dealers Act, and Hendrick Honda is entitled to JNOV.

Respectfully submitted,

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March 26, 2014

DM: 2250518 V.1

STATE OF SOUTH CAROLINA

COUNTY OF PICKENS

IN THE COURT OF COMMON PLEAS

Case No. 2012-CP-39-01554

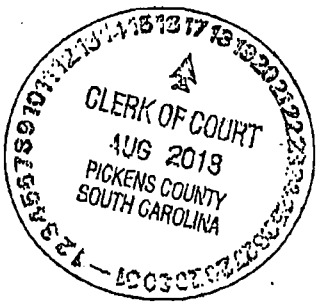
Julie Freeman,

Plaintiffs,

v.

J.L.H. Investments, LP, a/k/a Hendrick Honda,

Defendants.



DEFENDANT'S MOTION FOR A DIRECTED VERDICT

In addition to renewing its arguments for judgment on the pleadings and for summary judgment, Defendant Hendrick Honda of Easley hereby moves pursuant to Rule 50, SCRCP, for a directed verdict on each and all of the following grounds:

1. **Plaintiff has not Presented Evidence Sufficient to Support a Verdict Against the Defendant as a Matter of Law, or in the Alternative, the Evidence Shows that Defendant is Entitled to Prevail as a Matter of Law.**

a. The evidence shows that Defendant complied or substantially complied with the Closing Fee Statute as written and the Department of Consumer Affairs guidance regarding the Closing Fee Statute.

b. The evidence further shows that the Defendant did not act in an arbitrary, bad faith, or unconscionable manner resulting in damages to the Plaintiff as set forth in S.C. Code Ann. § 56-15-40; therefore, there is no liability under the Dealers Act as a matter of law.

c. There is no evidence showing that the Defendant included profit in setting its closing fees for the period in question. Therefore, the closing fee charged by Defendant is in compliance with the Court's order dated December 18, 2012.[1]

d. The evidence is insufficient as a matter of law to support a verdict against this Defendant on Plaintiff's claims.

e. The evidence establishes as a matter of law that Defendant is entitled to prevail on Plaintiff's claims.

f. The evidence establishes as a matter of law that Defendant is entitled to prevail on Plaintiff's claims for violation of the Dealers Act.

g. The evidence establishes as a matter of law that this Defendant did not violate the Dealers Act or the Closing Fee Statute.

h. The evidence is insufficient as a matter of law that Defendant's closing fee was not in compliance with the Closing Fee Statute.

i. The evidence establishes as a matter of law that Defendant's closing fee complied with the Closing Fee Statute.

j. The evidence is insufficient as a matter of law that Defendant's actions in setting and charging the closing fee were arbitrary, in bad faith, or unconscionable and caused damage to Plaintiff or to the public.

[1] Defendant renews its argument relating to the requirements of the Closing Fee Statute. To the extent the Court's order regarding the Plaintiff's Declaratory Judgment Motion defines the term "closing fee" or adds requirements in addition to the language of the statute, Defendant has argued and continues to argue that this interpretation should only apply prospectively. *See Carolina Chloride, Inc. v. S.C. Dep't of Transp.*, 391 S.C. 429, 706 S.E.2d 501 (2011).

2. **Exclusive Remedy.** The South Carolina Consumer Protection Code provides the exclusive remedy for violations of the Closing Fee Statute. An alleged violation of the Closing Fee Statute therefore cannot be used as a basis for a Dealers Act claim.

3. **Actions in Conformity with Rule of the Administrator.** Under S.C. Code Ann. §§ 37-6-104(d) and -506(3), a person who acts in accordance with Rules, Administrative Interpretations, or Declaratory Judgments of the Department of Consumer Affairs incurs no liability with respect to such conduct even if the rule, interpretation or judgment is later amended, repealed or declared to be invalid, except that, if a rule is later determined to be invalid, an excess charge may be recovered. It is undisputed that Defendant acted in accordance with the Department of Consumer Affairs' 2001 Administrative Interpretation of the Closing Fee Statute, and obtained the Department's approval to charge closing fees prior to doing so. As such, Defendant has no liability of any kind for the claims raised in the Third Amended Complaint. The evidence establishes as a matter of law that this Defendant substantially complied with the requirements of the statute and the Department.

4. **Safe Harbor.** The section of the Consumer Protection Code that contains the remedies for a violation of the Closing Fee Statute also contains the following "safe harbor" provision:

> A creditor may not be held liable in an action brought under this section for a violation of this title if the creditor shows by a preponderance of evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid the error.

S.C. Code Ann. § 37-5-202(7). The evidence in this case shows that the Defendant took pains to ensure compliance with the terms of the Administrative Interpretation and the Closing Fee Statute and had policies and procedures specifically intended to ensure its compliance with the

Closing Fee Statute. As such, to the extent there was an error, it "resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid the error."

5. **Voluntary Payment Rule.** It is well-settled law that money voluntarily paid with full knowledge of all material facts and without any fraud, duress, or extortion cannot be recovered, although there was no legal obligation to make such payment." *Shockley v. Wickliffe*, 150 S.C. 476, 480, 148 S.E. 476, 477 (1929); *Bank of Commerce v. Waters*, 215 S.C. 543, 56 S.E.2d 350 (1949). Here, Plaintiff voluntarily paid the closing fee with full knowledge that it was being charged. She cannot recover any portion of the fee.

6. **Filed Rate Doctrine.** Pursuant to the 2001 Administrative Interpretation, Hendrick Honda of Easley, at all relevant times, has been required to and has filed and registered its closing fee with the South Carolina Department of Consumer Affairs, which is vested with authority to regulate the charging of closing fees by motor vehicle dealers. The South Carolina Department of Consumer Affairs has accepted and certified the amount of the closing fees filed and registered by Hendrick Honda of Easley. Hendrick Honda of Easley has never exceeded the amount of the closing fee filed, registered, accepted, and approved by the South Carolina Department of Consumer Affairs. Thus, Plaintiff's claims are barred by the Filed Rate Doctrine as adopted by the South Carolina Supreme Court in *Edge v. State Farm Mutual Insurance Company*, 366 S.C. 511, 623 S.E.2d 387 (2005) and its progeny.

7. **Waiver.** Plaintiff waived her right to object to the closing fee by signing the Buyer's Order and purchasing her vehicle with full knowledge that Hendrick Honda of Easley was charging a closing fee.

> A waiver is a voluntary and intentional abandonment or relinquishment of a known right. Generally, the party claiming waiver must show that the party against whom waiver is asserted, possessed, at the time, actual or constructive knowledge of his rights or of all the material facts upon which they depended.

Janasik v. Fairway Oaks Villas Horizontal Property Regime, 307 S.C. 339, 344, 415 S.E.2d 384, 388-89 (1992) (citing Am Jur. (2d), *Estoppel and Waiver*, §§ 154, 158 (1966)). Waiver may be implied from circumstances indicating an intent to waive. *Bonnette v. State*, 277 S.C. 17, 18, 282 S.E.2d 597, 598 (1981); *Lyles v. BMI, Inc.*, 292 S.C. 153, 158, 355 S.E.2d 282, 285 (Ct. App. 1987). Acts that are inconsistent with the continued assertion of a right may also give rise to a waiver. *Bonnette*, 277 S.C. at 18, 282 S.E.2d at 598.

Plaintiff clearly waived any right to object to Hendrick Honda of Easley's charging of the closing fee. She is a mature, college educated elementary school teacher. Plaintiff signed both the Sales Worksheet and the Buyer's Order, both of which had the closing fee prominently disclosed in bold print. Plaintiff is presumed to have read, understood, and agreed to the statements contained in the documents she signed, regardless of whether she read them or not. Under well-settled law of South Carolina, a person is bound by the documents that she signs. *See, e.g., Regions Bank v. Schmauch*, 354 S.C. 648, 664, 582 S.E.2d 432, 440 (Ct. App. 2003) ("One who signs a written instrument has the duty to exercise reasonable care to protect himself." (internal citations omitted.)). The evidence establishes a matter of law that Plaintiff waived her claim against Defendant.

8. **Estoppel.** Plaintiff is also equitably estopped from objecting to her payment of the closing fee. Under South Carolina law, the essential elements of estoppel are divided between the estopped party and the party claiming estoppel. *Southern Dev. Land and Golf Co. v. South Carolina Pub. Serv. Auth.*, 311 S.C. 29, 33, 426 S.E.2d 748, 750 (1993), *aff'g in part and rev'g in part*, 305 S.C. 507, 409 S.E.2d 428 (Ct. App. 1991). As to the estopped party, the essential elements are:

(1) conduct amounting to a concealment of material facts, or conduct calculated to convey the impression that the facts are otherwise than, and inconsistent with, the party's subsequent assertions;
(2) intention or expectation that such conduct be acted upon by the other party; and
(3) actual or constructive knowledge of the real facts.

Id. As to the party claiming estoppel, the essential elements are:

(1) lack of knowledge or the means of acquiring, with reasonable diligence, knowledge of the true facts;
(2) reasonable reliance on the other party's conduct; and
(3) a prejudicial change in position.

Id. Unlike waiver, the estopped party need not intend to relinquish or change any existing right for estoppel to arise. *Janasik*, 307 S.C. 339, 415 S.E.2d 384. The reliance by the party claiming estoppel must be reasonable, and it must proceed in good faith. *Masonic Temple, Inc. v. Ebert*, 199 S.C. 5, 17, 18 S.E.2d 584, 589 (1942).

As to Plaintiff, her conduct during her transaction is completely inconsistent with her subsequent actions in bringing an action claiming illegal, unconscionable, deceptive, and misleading conduct by Defendant in charging the fee. Plaintiff testified that she would not have completed her transaction if the terms were not acceptable to her. She also admitted that she remembered signing the Sales Worksheet and the Buyer's Order, both of which prominently disclosed the closing fee, and ultimately agreed to purchase the vehicle anyway—all of which signaled to Defendant that Plaintiff had no objections to the terms of the transaction. If Plaintiff had objections to the fee or believed that Hendrick Honda of Easley was misleading her in any way, the time to complain was before the transaction was final. Instead, she knew or reasonably should have expected that Defendant would rely on her voluntary conduct in purchasing the vehicle.

As to Defendant, dealership personnel had no way to know of Plaintiff's objections to the fee. Plaintiff remained silent about her objections throughout the transaction. Defendant reasonably relied on this silence in concluding that Plaintiff had no objection to the fee, only to be prejudiced and surprised a month and a half later when Plaintiff filed suit. If Plaintiff had objected to the fee, Defendant likely would have reduced the purchase price to accommodate her objections (while still accounting for the fee). However, Plaintiff did not give Defendant the opportunity to take such actions because she did not object to the fee during her transaction. The evidence establishes as a matter of law that Plaintiff is equitably estopped from bringing her claim against this Defendant.

9. **Arbitrary Conduct.** Arbitrary acts are acts that are "unreasonable, capricious or nonrational; not done according to reason or judgment; depending on will alone." *Taylor v. Nix*, 307 S.C. 551, 555, 416 S.E.2d 619, 621 (1992). "Motor vehicle dealers are not required to deal with their customers guided solely by fixed rules and standards. Their conduct under this Act need only have some reasonable basis." *Id.* at 556, 416 S.E.2d at 621. In this case, there is no evidence showing Defendant did not have a reasonable basis for setting and collecting its closing fee as it did.

10. **Unconscionable Conduct.** To violate the Dealers Act, an action must: (1) be unconscionable, arbitrary, or in bad faith, and (2) cause damage to the plaintiff. S.C. Code Ann. § 56-15-40(a). Here there is no evidence that any action on the part of the Defendant can be considered unconscionable. In *Fanning v. Fritz's Pontiac-Cadillac- Buick, Inc.*, 472 S.E.2d 242 (S.C. 1996), the South Carolina Supreme Court ruled that: (1) a closing fee is not an "additional fee," but simply part of the cash price of the vehicle; and (2) charging a closing fee is not

unconscionable. The *Fanning* decision controls and Defendant's alleged conduct cannot be considered unconscionable.

Further, unconscionability is defined as the absence of meaningful choice on the part of one party due to one-sided contract provisions, together with terms that are so oppressive that no reasonable person would make them and no fair and honest person would accept them. *Carolina Care Plan, Inc. v. United HealthCare Servs.*, 361 S.C. 544, 606 S.E.2d 752 (2004). Here, Plaintiff freely negotiated the terms of her contract and was free to purchase a vehicle elsewhere. Nothing about her transaction presents evidence of unconscionablity.

11. **Bad Faith.** The term "bad faith" is a contract term. As used in the Dealers Act, it means:

> [T]he opposite of good faith, generally implying or involving actual or constructive fraud, or a design to deceive or mislead another, or a neglect or refusal to [fulfill] some duty or some contractual obligation, not prompted by an honest mistake as to one's rights or duties, but by some interested or sinister motive.

In re Estate of Carr v. Circle S. Enterprises, Inc., 379 S.C. 31, 43, 664 S.E.2d 83, 88-89 (Ct. App. 2008) (quotation omitted). There is no evidence of any bad faith on Defendant's part with respect to Plaintiff; she admits she had a good experience at Hendrick Honda of Easley and would shop there again.

12. **Reasonably Avoidable by Consumer.** Plaintiff alleges that Defendant charges closing fees in violation of the Closing Fee Statute, which they claim is an "unfair" act in violation of S.C. Code Ann. § 56-15-30(a). Defendant argues that S.C. Code Ann. § 56-15-30 is limited in scope be the definitions provided in S.C. Code Ann. § 56-15-40 and therefore no additional definition of "unfair" is needed.

However, should the Court disagree, Defendant urges the Court to apply the definition of unfair provided in the Federal Trade Commission ("FTC") context. Per S.C. Code Ann. § 56-15-

30, courts "**may**" be guided by the definitions in the FTC Act, 15 U.S.C. § 45.[2] According to the FTC, an act is "unfair" when:

> the act or practice causes or is likely to cause substantial injury to consumers which is not **reasonably avoidable** by consumers themselves and not outweighed by countervailing benefits to consumers or to competition. In determining whether an act or practice is unfair, the Commission may consider established public policies as evidence to be considered with all other evidence. Such public policy considerations may not serve as a primary basis for such determination.

15 U.S.C. § 45(n) (emphasis added).

In this case, the evidence unequivocally shows that the fee was disclosed from the minute Plaintiff walked into the dealership and disclosed again through the negotiation process. The evidence further shows that she was free to walk away from the negotiations at any time. Quite simply, if she did not want to pay a closing fee, she could have taken her business to a dealership that does not charge closing fees or she could have further negotiated a lower purchase to offset the amount of the closing fee. Thus, the closing fee was not only reasonably avoidable by Plaintiff, it was absolutely avoidable.

13. **Failure to Prove Damages.** The measure of damages for charging a fee that includes profit is the amount of the profit. According to the Department of Consumer Affairs' Administrative Interpretation, the penalty for a violation of the Closing Fee Statute is a refund of

---

[2] Plaintiff insists that the definitions in cases interpreting the South Carolina Unfair Trade Practices Act, S.C. Code Ann. § 39-5-10, et seq. ("UTPA") be used. The UTPA, however, states that courts interpreting the UTPA "**will**" be guided by interpretations from the FTC and Federal Courts interpreting the FTC Act, 15 USC § 45(a)(1). *See* S.C. Code Ann. § 39-5-20(b). Thus, even if the Court follows the Plaintiff's argument and applies definitions under the UTPA, the court should apply the FTC's definition. *See* S.C. Code Ann. § 39-5-20(b) ("It is the ***intent of the legislature*** that in construing paragraph (a) of this section ***the courts will be guided*** by the interpretations given by the Federal Trade Commission and the Federal Courts . . . .")(emphasis added)). Moreover, South Carolina courts have declared that S.C. Code Ann. § 39-5-20(b), which provides that courts will follow the FTC's interpretation, is mandatory. *See Noack Enterprises, Inc. v. Country Interiors of Hilton Head Island, Inc.*, 290 S.C. 475, 351 S.E.2d 347 (Ct. App. 1986).

the excess charge. S.C. Dept. of Consumer Affairs Administrative Interpretation 2-307-0101. Plaintiff has failed to prove what the total allowable closing fee would be in this case. As such, there is no basis for a jury to assess damages.

14. **This Action Cannot Proceed as a Representative Action Without Compliance with Rule 23, SCRCP.** Defendant hereby renews its objections to this action proceeding in a representative or class faction based on its arguments that the Plaintiff has neither plead nor satisfied the requirements set forth in Rule 23, SCRCP. Defendant further argues that the Court's construction of S.C. Code Ann. § 56-15-110(2) is unconstitutional to the extent it allows for a representative action without providing the procedural, equal protection, and due process protections provided in Rule 23, SCRCP.

Respectfully submitted,

HAYNSWORTH SINKLER BOYD, P.A.

James Y. Becker
Sarah P. Spruill
Mary M. Caskey
1201 Main Street, 22d Floor (29201-3226)
P.O. Box 11889 (29211-1889)
Columbia, South Carolina 29201
Telephone: (803) 779-3080
Fax: (803) 765-1243
Email: jbecker@hsblawfirm.com
Email: sspruill@hsblawfirm.com
Email: mcaskey@hsblawfirm.com

Attorneys for J.L.H. Investments, Inc. d/b/a Hendrick Honda of Easley

September 17, 2013

DM: 1000316 V.4

NOTICE

CLOSING FEES

THIS DEALERSHIP CHARGES A **$299.00** CLOSING FEE AS MEANS OF REIMBURSING IT FOR CERTAIN OVERHEAD COSTS SUCH AS DOCUMENT RETREIVAL AND DOCUMENT PREPARATION. IT IS A CHARGE THAT IS PERMITTED BUT NOT REQUIRED BY LAW. THE FULL CASH PRICE CHARGED AT ANY DEALERSHIP DEPENDS ON MANY FACTORS, INCLUDING ALL PRODUCTS AND SERVICES BOUGHT WITH THE VEHICLE.

JANUARY 1, 2005

A. Many other things. Right.

Q. --- that Hendrick Honda is trying to get back through their closing fee?

A. Yeah. That's one thing. Yeah.

MR. THOMAS: If I may confer real quick to make sure I got all those.

THE COURT: You did.

MR. THOMAS: Okay. There's no more for that.

THE COURT: Next witness, please.

MR. THOMAS: Your Honor, at this time I'd like to move to publish Exhibit Number 2, the closing fee sign, into evidence. We can put it on the post side and put it on the screen.

Notice. Closing fee. This dealership charges a two hundred and ninety-nine dollar closing fee as a means of reimbursing it for certain overhead costs, such as document retrieval and document preparation. It is a charge that is permitted, but not required by law. The full cash price charged at any dealership depends on many factors, including all products and services bought with the vehicle.

(WHEREUPON, Plaintiff Exhibit Number 2 was admitted into evidence.)

THE COURT: Next witness.

FAX 271-4181

Hendrick HONDA

Where it's Easy to Buy

SALES WORKSHEET

DATE 7/11/06

SALESPERSON Randall #

BUYER'S NAME Julie Freeman

EMAIL @

376-92 CO-BUYER'S NAME

CELL PHONE ( ) -

ADDRESS [redacted]

RES. PHONE ( ) -

CITY, ST, ZIP [redacted] Greenville COUNTY

BUS. PHONE ( ) -

165536

VEHICLE BEING PURCHASED

STOCK # 06100M | N D | HN

YEAR 2005 | MAKE Honda | MILES 26,553

MODEL Accord | 2DR ☐ 4DR ☑

TRIM LX | MT ☐ | AT ☑ | COLOR White

VIN 1HGCM56445L060023

USED VEHICLE BEING TRADED

YEAR 99 | MAKE Mazda | MODEL 626

PAYOFF VERIFICATION

ACCOUNT # [redacted]

BANK: [redacted]

PHONE: [redacted]

ADDRESS: [redacted]

CITY, ST, ZIP: [redacted]

QUOTED BY: Susan / ATTN: Sylvia

PAYOFF AMT 372.57

GOOD UNTIL (10 DAY) 7/22/2006

INSURANCE VERIFICATION

COMPANY Nationwide

AGENT Mike Boyd. | PHONE (803) - 738-7002

ADDRESS 5205 Forest Dr

CITY, ST, ZIP Columbia SC 29206

COMPANY

POLICY # [redacted]

EFFECTIVE DATES | FROM 7/13/06 | TO 9/8/06

DEDUCT | COMP 100 | COLL 200

QUOTED BY: Mike / Randall C.

MSRP	$ 18,995
EQUIPMENT TO BE ADDED OR REMOVED	↓
	18,695
	↓
	18,295
TOTAL COST	$

NOTES

9171 PAYMENT INFORMATION

RETAIL	LEASE
TERM	TERM
CASH DOWN	CASH DOWN
PAYMENT	PAYMENT

CASH PRICE OF VEH. AND ACCESS.	$ 17,925.00
TRADE - IN ALLOWANCE	$ 900.00
DIFFERENCE	$ 17,675.00
ADMINISTRATION FEE	$ 299.00
STATE TAX	$ 300.00
LIC/TRANSFER/TITLE/REG FEES	$ 39.00
TOTAL PRICE OF UNIT	$ 17213.00
LIEN PAYOFF	$ 372.57
DOWN PAYMENT	$ 0
BALANCE	$ 18,090.57

SIGNATURES

DEAL NUMBER

SALES MANAGER / DATE 07/11/06

BUYER Julie V. Freeman

CO-BUYER

DEFENDANT'S EXHIBIT 4 Freeman

HENDRICK_HONDA_EASLEY_000014

R.001721

Q. What is this document?

A. So this is the worksheet where -- when we went back to buy the car it was filled in by the salesperson, you know, listing all the details of the prices and what I was trading in, and the payoff of that other car.

MR. THOMAS: Your Honor, at this time the plaintiff would like to move Plaintiff's Exhibit 3A into evidence?

THE COURT: Any objections?

MR. BECKER: No objection.

(WHEREUPON, Plaintiff Exhibit Number 3A was admitted into evidence.)

Q. Okay. So, 3A is the one on the left-hand side. On the left-hand column of 3A there's some information on there about your trade-in vehicle?

A. Uh-huh (affirmative).

Q. And how did you get your trade-in car to Easley?

A. So, the next day when we were, we were ready to buy the car my dad drive my old car up from Chapin and met us there at the dealership since that was the car that we would be trading in.

Q. Okay. I'm going to zoom in down here on 3A again. It's got a seventeen nine seven five. Is that the same car as they told you from the day before?

HONDA

R. Hendrick MANAGEMENT CORPORATION

Hendrick HONDA

4609 CALHOUN MEMORIAL HIGHWAY
EASLEY, SC 29640
TELEPHONE (864) 855-1234 TOLL FREE 1-800-829-1815
WEBSITE: www.hendrickhondasc.com

It's Easy in Easley

PURCHASER'S NAME JULIE VALISKA FREEMAN DATE 07/12/06

PURCHASER'S ADDRESS [redacted] RES. PHONE [redacted]

CITY, STATE & ZIP [redacted] BUS. PHONE [redacted]

VEHICLE BEING PURCHASED	
STOCK NO.	061001A
YEAR	2005
MAKE	HONDA
MILEAGE	26553
MODEL	ACCORD
BODY TYPE	☐ 2 DR. ☐ 4 DR. ☐ WAGON, VAN ☐ TRUCK
SERIES	
TRANS	
COLOR	WHITE
SER. NO.	1HGCM56445L000230

USED VEHICLE WARRANTY DISCLAIMER

I UNDERSTAND THAT THIS VEHICLE IS BEING SOLD **"AS IS"** WITH ALL FAULTS AND IS NOT COVERED BY ANY DEALER WARRANTY. I UNDERSTAND THAT THE DEALER IS NOT REQUIRED TO MAKE ANY REPAIRS AFTER I BUY THIS VEHICLE. I WILL HAVE TO PAY FOR ANY REPAIRS THIS VEHICLE WILL NEED.

SIGNATURE OF BUYER

VEHICLE BEING TRADED	
YEAR	1999
MAKE OF TRADE-IN	MAZDA
MODEL OR SERIES	626
BODY TYPE	4 DOOR SEDAN
COLOR	GREEN
SER. NO.	1YVGF22C9X5884463
ENG. TYPE	
LIENHOLDER	SC TELCO FED CREDIT UNION
PAYOFF	$ 377.57
THRU	
ADDITIONAL LIENS:	

MSRP	$ 17975.00
INSTALLED ACCESSORIES	$ N/A
ACCESSORIES TO BE ADDED	$ N/A
CASH PRICE OF VEHICLE & ACCESSORIES	$ 17975.00
TRADE-IN ALLOWANCE	$ 900.00
DIFFERENCE	$ 17075.00
PROCUREMENT FEE	$ 299 00
STATE TAXES	$ 300.00
LICENSE, LICENSE TRANSFER, TITLE, REGISTRATION FEE	$ 39.00
TOTAL PRICE OF UNIT	$ 17713.00
LIEN PAYOFF OWED CUSTOMER GUARANTEES	$ 377.57
DOWN PAYMENT	$ N/A
BALANCE	$ 18090.57

SECURITY AGREEMENT: Purchaser hereby grants Seller, its successors and assigns, a security interest in the motor vehicle, equipment and accessories to be purchased pursuant to this agreement, and such security interest shall remain in effect until all sums due hereunder have been paid in full.

FOR SALES INVOLVING DEALER ARRANGED FINANCING ONLY: This sale is conditioned upon approval of your proposed retail installment sale contract or lease as submitted to or through the dealer. If that proposed retail installment sale contract or lease is not approved under the terms agreed to with the dealer, you may cancel this sale and any down payment and/or trade-in you submitted will be returned to you, provided that any vehicle delivered to you by the dealer pursuant to this agreement is returned to the dealer in the same condition as delivered to you within twenty-four hours of written or oral notice to you of the credit denial.

RANDALL A CLEMMENT
Salesperson

Signed (1) JULIE VALISKA FREEMAN
Purchaser

Manager

(2) Purchaser

This order is not valid unless signed and accepted by the Dealer or his authorized representative.

Reynolds and Reynolds RO612365 D (0606)

DEFENDANT'S EXHIBIT 6 Freeman

HENDRICK_HONDA_EASLEY_000015

pay to get the car. It was just part of the transaction.

Q. Okay.

MR. THOMAS: Your Honor, if I may approach.

Q. Ms. Hair, I'm going to hand you what we've pre-marked as Plaintiff's Exhibit 5. And similarly I'm going to ask you, what is this document?

A. This, I guess, is called the bill of sale. It lists what I'm trading in, what I'm buying, and then the prices.

MR. THOMAS: Your Honor, at this time I'd like to move Plaintiff's Exhibit 5 into evidence.

THE COURT: Any objections?

MR. BECKER: No objection.

(WHEREUPON, Plaintiff Exhibit Number 5 was admitted into evidence.)

Q. And similarly on the bottom right-hand corner of this document it's got some information on here as well. There's a line on this one called procurement fee. What, if anything, do you remember about that item on this document?

A. There again, I just -- I thought it was just part of transaction, what I needed to pay to get the car. To be honest, I didn't pay a whole lot of attention to it.

Philip S. Porter
Administrator
and
Consumer Advocate

THIS IS A CERTIFIED TRUE COPY:
Date 5/7/13
Signature Danny R. Collins

The State of South Carolina
Department of Consumer Affairs

3600 FOREST DRIVE
P.O. BOX 5757
COLUMBIA, S.C. 29250-5757

THIS IS A CERTIFIED TRUE COPY:
Date
Signature

Commissioners
Barbara B. League
Chairman
Greenville
Lonnie Randolph, Jr.
Vice Chairman
Columbia
Jim Miles
Secretary of State
Columbia
Louis Mayrant, Jr.
Pineville
Tony Macomson
Cowpens
W. Chuck Cross
Greenville
Steven M. Calcutt
Florence
Samuel E. White
Fort Mill
Virginia A. McGee
Columbia

June 7, 2001

Administrative Interpretation 2.307-0101

The assessment of a "closing" or "documentation" fee (also occasionally denominated as an "administrative," "processing," or "procurement" fee) in a consumer credit sale of a motor vehicle is dependant on four factors: 1.) The dealer must pay the Department a registration fee each state fiscal year in the amount of ten ($10.00) dollars prior to the assessment of a closing fee; 2.) The existence of a closing fee must be disclosed on the sales contract; 3.) The closing fee must be disclosed in a statement displayed in a conspicuous location in the motor vehicle dealership; and 4.) If the closing fee is charged, and the vehicle is advertised, the closing fee must be included in the advertised price. A dealership may use the attached form to make its filing with the Department. A closing fee may only be assessed once these factors are met and the dealership has in its possession a date stamped copy of its disclosure stamped by the Department. The charging of a "closing," "documentation," or similar fees in connection with a consumer credit sale of a motor vehicle in the absence of any of these requirements constitutes the charging of an excess charge for Consumer Protection Code purposes.

In Part II, Section 82 of the 2000-2001 General Appropriations Act, the General Assembly passed an amendment to the Consumer Protection Code to add Section 37-2-307 which reads as follows:

> Every motor vehicle dealer charging closing fees on a motor vehicle sales contract shall pay a one-time registration fee of ten dollars during each state fiscal year to the Department of Consumer Affairs. The closing fee must be included in the advertised price of the motor vehicle, disclosed on the sales contract, and displayed in a conspicuous location in the motor vehicle dealership.

Previously, there had been some question concerning the propriety of charging such fees. The Supreme Court, in the case of *Fanning v. Fritz's Pontiac-Cadillac-Buick*, 322 S.C. 399, 472 S.E.2d 242 (1996), clarified the issue somewhat by stating that based on the stipulated facts of that case (that the fees were charged to cash and credit customers alike, and that the fees were disclosed and subject to negotiation prior to the consumer being obligated to the contract), the

TELEPHONE (AREA CODE 803)
ADMINISTRATOR
734-4197
ACCOUNTING
734-4283

PUBLIC INFORMATION
734-4191
E-mail: SCDCA@DCA.STATE.SC.US
www.state.sc.us/consumer

CONSUMER ADVOCACY
734-4200
(1) FAX: 734-4287
(2) FAX: 734-4286

INVESTIGATORS
734-4236
ENFORCEMENT
734-4236

CONSUMER COMPLAINTS
734-4200
WATS1-800-922-1594
VOICE/TT - 1-800-735-2905

dealership did not violate the Consumer Protection Code's provisions concerning excess charges [*S.C. Code Ann.* § 37-2-201 and -202] or unconscionability [*S. C. Code Ann.* § 37-5-108].

With Section 37-2-307 the General Assembly provided further clarification concerning whether and under what circumstances such fees may be charged. The section does not give an indication of the meaning of the term "motor vehicle dealer." For purposes of construing this section, the Department will assume the intended meaning of the term "motor vehicle dealer" will be the definition used elsewhere in the Code, at *S. C. Code Ann.* § 56-15-10(h).

As clearly indicated from the terminology of Section 37-2-307, from the effective date of that section (June 30, 2000), any dealer choosing to assess a closing or documentation fee must: 1.) File a registration fee of ten dollars ($10.00) with the Department each state fiscal year prior to the assessment of a closing fee; 2.) Disclose the closing fee on its sales contract; 3.) Display in a conspicuous place in the dealership a statement that indicates the closing fee may be charged; and 4.) If the closing fee is charged, and the vehicle is advertised, the closing fee must be included in the advertised price so that consumers cannot be unfairly surprised by having the closing fee added on after the acceptance of an advertisement's terms. In the absence of any of these requirements, the charging of a closing or other similar fee is an excess charge for Consumer Protection Code purposes.

The section clearly contemplates that the registration fee must be charged in future fiscal years but is silent as to what date if any in the fiscal year might be deemed as a due date beyond which the filing is ineffective under the then existing statute. The only analogous statute of which the Department is aware requiring similar filings in a fiscal year are Sections 37-2-305(8) and -3-305(8), concerning the maximum rate schedule filing. Subsection 37-2-305(8) was amended by Section 6 of Act 142 of 1991 to specify that the deadline for filing maximum rate schedules was January 31 of each year, as subsection 37-3-305(8) for consumer loans had been previously amended pursuant to Section 3 of Act 119 of 1989. Previously, the subsection had not affirmatively stated a deadline but simply specified that the filings had to be made once each state fiscal year. The Department construed such filings to have lapsed as of July 1 of any year in which there had been no filing on any day during the previous State fiscal year (July 1 to June 30). The Court of Appeals upheld this construction in *Bell Finance Co., Inc. v. S.C. Department of Consumer Affairs*, 297 S.C. 111, 374 S.E.2d 918 (1988). We construe Section 37-2-307 similarly to the versions of Sections 37-2-305 and -3-305 as they existed prior to the enactment of Act 142 of 1991.

While the section does not directly say so, the registration fee is referred to as a registration fee and not merely as a fee, with the apparent implication that the dealership seeking to charge closing fees should likewise file or register the disclosure it seeks to use. The attached disclosure may be used for this purpose. It is not required that the dealers use the attached form, but if they do, they will be deemed compliant if the form is properly filled out. Forms considered to be deceptive or to misstate the law will be rejected by the Department.

The section does not specify the content of the disclosure other than to indicate that it must be displayed in a conspicuous place. Regarding this conspicuousness requirement, the word "conspicuous" is defined in Section 37-1-301(9) as follows: " 'Conspicuous' means a term or clause is conspicuous when it is so written that a reasonable person against whom it is to operate ought to have noticed it. Whether a term is conspicuous or not is for decision by the Court." Thus, the disclosure should be displayed in order to ensure that the consumer has an opportunity to see it prior to making a purchasing or financing decision.

The Supreme Court specifically indicated in its holding in *Fanning* that it did not imply such fees might not be actionable under other applicable law. 322 S.C. at 404, 472 S.E.2d at 245, N.8. Likewise, the General Assembly did not further clarify the issue other than to indicate the fees might be legally charged for Consumer Protection Code purposes if the requisite filing and disclosures are made. The Department is aware of nothing in the General Assembly's enactment that legitimizes a closing fee or any fee or charge if it is assessed through fraud or misrepresentation.

S. C. Department of Consumer Affairs
Closing Fee Registration Form

To be completed and mailed to:
S. C. Department of Consumer Affairs
P. O. Box 5757
Columbia SC 29250-5757

NOTICE -- CLOSING FEES

THIS DEALERSHIP CHARGES CLOSING FEES AS A MEANS OF REIMBURSING IT FOR CERTAIN OVERHEAD COSTS SUCH AS DOCUMENT RETRIEVAL AND DOCUMENT PREPARATION. IT IS A CHARGE THAT IS PERMITTED BUT NOT REQUIRED BY LAW. THE FULL CASH PRICE CHARGED AT ANY DEALERSHIP DEPENDS ON MANY FACTORS, INCLUDING ALL PRODUCTS AND SERVICES BOUGHT WITH THE VEHICLE.

THE CLOSING FEE CHARGED BY
DEALERSHIP NAME:_____
DEALERSHIP ADDRESS:_____
CITY, SC, ZIP CODE:_____

WILL NOT EXCEED $_____PRIOR TO JULY 1, 2002

[ ] Enclosed is a $10.00 Check for Registration Purposes.

Signed:_____

charged appropriately, then we would not have anything else to do.

Q. And are you familiar with the Dealers Act?

A. Very little.

Q. Okay. Are you aware that the Dealers Act empowers consumers to prosecute cases against car dealers?

MR. BECKER: Objection, Your Honor. It's calling for -- he asking him now to interpret the Dealers Act.

MR. BUTLER: I'm just asking him what he aware of, Your Honor.

THE COURT: Rephrase the question.

Q. Do you understand or do you have enough familiarity with the Dealers Act to know whether or not the Dealers Act empowers consumers to prosecute cases against car dealers?

A. There are at least two provisions that would allow that in certain cases. Yes.

MR. THOMAS: Thank you. I have nothing further.

(WHEREUPON, Plaintiff Exhibit Number 9 was admitted into evidence.)

THE COURT: Anything on redirect, Mr. Becker?

MR. BECKER: Just a couple questions.

Hendrick Honda of Easley

Closing fees collected from August 29, 2002 to August 29, 2006

Time period	Number of sales	Annual Fee	Aggregate closing fees collected
8/29/2002 to 12/31/2002	335	$249	$83,415
2003	1,249	$249	$311,001
2004	1,222	$249	$304,278
2005	1,489	$299[1]	$442,411
1/1/2006 to 8/29/2006	1,019	$299	$304,681

[1] The closing fee changed on January 19, 2005, from $249 to $299.

hundred and forty-nine dollars to two hundred and ninety-nine dollars. Aggregate closing fees collected, four hundred and forty-two thousand four hundred eleven dollars.

Time period January 1, 2006 to August 29, 2006. Number of sales, one thousand nineteen. Annual fee, two hundred and ninety-nine dollars. Aggregate closing fees collected, three hundred four thousand six hundred and eighty-one dollars.

(WHEREUPON, Plaintiff Exhibit Number 17 was admitted into evidence.)

THE COURT: Next witness.

MR. THOMAS: The plaintiff rests, Your Honor.

THE COURT: Madam Forelady, ladies and gentlemen, what that means is that concludes the plaintiff's presentation. Next up will be the defendant's presentation. I have to listen to some matters of law for a few minutes. It comes at a good time, because it comes at your morning break. So we'll take about a fifteen or twenty minute break and come back in and start with the defense side. And please do not discuss the case or start any deliberations or refer to any notes. I'll see you back in about fifteen or twenty minutes.

June 7, 2001

Administrative Interpretation 2.307-0101

- **The assessment of a "closing" or "documentation" fee (also occasionally denominated as an "administrative," "processing," or "procurement" fee) in a consumer credit sale of a motor vehicle is dependant on four factors: 1.) The dealer must pay the Department a registration fee each state fiscal year in the amount of ten ($10.00) dollars prior to the assessment of a closing fee; 2.) The existence of a closing fee must be disclosed on the sales contract; 3.) The closing fee must be disclosed in a statement displayed in a conspicuous location in the motor vehicle dealership; and 4.) If the closing fee is charged, and the vehicle is advertised, the closing fee must be included in the advertised price. A dealership may use the attached form to make its filing with the Department. A closing fee may only be assessed once these factors are met and the dealership has in its possession a date stamped copy of its disclosure stamped by the Department. The charging of a "closing," "documentation," or similar fees in connection with a consumer credit sale of a motor vehicle in the absence of any of these requirements constitutes the charging of an excess charge for Consumer Protection Code purposes.**

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Previously, there had been some question concerning the propriety of charging such fees. The Supreme Court, in the case of *Fanning v. Fritz's Pontiac-Cadillac-Buick*, 322 S.C. 399, 472 S.E.2d 242 (1996), clarified the issue somewhat by stating that based on the stipulated facts of that case (that the fees were charged to cash and credit customers alike, and that the fees were disclosed and subject to negotiation prior to the consumer being obligated to the contract), the dealership did not violate

DEFENDANT'S EXHIBIT 8H

the Consumer Protection Code's provisions concerning excess charges [S.C. Code Ann. § 37-2-201 and -202] or unconscionability [S.C. Code Ann.§ 37-5-108].

With Section 37-2-307 the General Assembly provided further clarification concerning whether and under what circumstances such fees may be charged. The section does not give an indication of the meaning of the term "motor vehicle dealer." For purposes of construing this section, the Department will assume the intended meaning of the term "motor vehicle dealer" will be the definition used elsewhere in the Code, at S.C. Code Ann. § 56-15-10(h).

As clearly indicated from the terminology of Section 37-2-307, from the effective date of that section (June 30, 2000), any dealer choosing to assess a closing or documentation fee must: 1.) File a registration fee of ten dollars ($10.00) with the Department each state fiscal year prior to the assessment of a closing fee; 2.) Disclose the closing fee on its sales contract; 3.) Display in a conspicuous place in the dealership a statement that indicates the closing fee may be charged; and 4.) If the closing fee is charged, and the vehicle is advertised, the closing fee must be included in the advertised price so that consumers cannot be unfairly surprised by having the closing fee added on after the acceptance of an advertisement's terms. In the absence of any of these requirements, the charging of a closing or other similar fee is an excess charge for Consumer Protection Code purposes.

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While the section does not directly say so, the registration fee is referred to as a registration fee and not merely as a fee, with the apparent implication that the

dealership seeking to charge closing fees should likewise file or register the disclosure it seeks to use. The attached disclosure may be used for this purpose. It is not required that the dealers use the attached form, but if they do, they will be deemed compliant if the form is properly filled out. Forms considered to be deceptive or to misstate the law will be rejected by the Department.

The section does not specify the content of the disclosure other than to indicate that it must be displayed in a conspicuous place. Regarding this conspicuousness requirement, the word "conspicuous" is defined in Section 37-1-301(9) as follows: "'Conspicuous' means a term or clause is conspicuous when it is so written that a reasonable person against whom it is to operate ought to have noticed it. Whether a term is conspicuous or not is for decision by the Court." Thus, the disclosure should be displayed in order to ensure that the consumer has an opportunity to see it prior to making a purchasing or financing decision.

The Supreme Court specifically indicated in its holding in *Fanning* that it did not imply such fees might not be actionable under other applicable law. 322 S.C. at 404; 472 S.E.2d at 245, N.8. Likewise, the General Assembly did not further clarify the issue other than to indicate the fees might be legally charged for Consumer Protection Code purposes if the requisite filing and disclosures are made. The Department is aware of nothing in the General Assembly's enactment that legitimizes a closing fee or any fee or charge if it is assessed through fraud or misrepresentation.

NOTICE- CLOSING FEES

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THE CLOSING FEE CHARGED BY

DEALER NAME
DEALER ADDRESS
CITY, S.C. ZIP CODE

WILL NOT EXCEED $_____
PRIOR TO July 2, 1001

charged appropriately, then we would not have anything else to do.

Q. And are you familiar with the Dealers Act?

A. Very little.

Q. Okay. Are you aware that the Dealers Act empowers consumers to prosecute cases against car dealers?

MR. BECKER: Objection, Your Honor. It's calling for -- he asking him now to interpret the Dealers Act.

MR. BUTLER: I'm just asking him what he aware of, Your Honor.

THE COURT: Rephrase the question.

Q. Do you understand or do you have enough familiarity with the Dealers Act to know whether or not the Dealers Act empowers consumers to prosecute cases against car dealers?

A. There are at least two provisions that would allow that in certain cases. Yes.

MR. THOMAS: Thank you. I have nothing further.

(WHEREUPON, Plaintiff Exhibit Number 9 was admitted into evidence.)

THE COURT: Anything on redirect, Mr. Becker?

MR. BECKER: Just a couple questions.

05 03

S.C. Department of Consumer Affairs

Registration Fee and Disclosure for Motor Vehicle Dealer Closing Fees

(S.C. Code Ann. Section 37-2-307)

CERTIFIED MOTOR VEHICLE DEALER CLOSING FEE

JUN 27 2002

SC DEPT. OF CONSUMER AFFAIRS

Note: This original form must accompany a $10.00 filing fee

JLH Investments LP
Business Name Used in S.C.
Hendrick Honda

931 5476
Registration No.

Company Name
Easley SC 29640
City State Zip

Telephone Number 864-855-1234

Contact Person Don Pendleton

INSTRUCTIONS

1. If you wish to charge closing fees on motor vehicle sales, please complete the disclosure below or attach this form to your disclosure of closing fees charged and submit a $10.00 registration fee payable to the Department of Consumer Affairs at P.O. Box 5246, Columbia, SC 29250-5246. See Administrative Interpretation summary on back of this form
2. **All required registrations and payments must be received by the Department before the closing fee is charged to customers. While filings may be made at any time, the Department urges dealers to file between July 1 and August 31 of each year. The filing lapses automatically if any full State fiscal year (July 1-June 30) elapses without a renewal. If the amount of closing fees are increased during the year, a new disclosure filing is required along with a new registration fee.**
3. Listed below on this form is a suggested format for disclosing closing fees. It is not required that dealers use this format and language on this form, but if you do, you will be deemed compliant if the form is properly filled out.
4. If you have questions, please contact the Accounting and Regulatory Filing Division at 734-4283.

Disclosure of Closing Fees Notice

This dealership charges closing fees as a means of reimbursing it for certain overhead costs such as documents retrieval and document preparation. It is a charge that is permitted but not required by law. The full cash price charged at any dealership depends on many factors, including all products and services bought with the vehicle.

The closing fee charged by
Dealer Name Hendrick HONDA

Dealer Address 4609 Calhoun Memorial Hwy

City, State Zip Easley SC 29640

Will not exceed $ 249.00

Prior to July 1, 2003

6-24-02
Date

Don Pendleton
Signature

Don Pendleton
Name of Officer (Typed)

Title GM

FILE BY AUGUST 31 OF EACH YEAR

(Display in a conspicuous location of dealership)

02MVCF2

HENDRICK_HONDA_EASLEY_000046

6979

7455

R.001736

MR. THOMAS: Yeah, subject to the objections we made ---

THE COURT: I understand. Mr. Bennett did it already.

MR. BECKER: 27.

MR. THOMAS: Same issue.

MR. BECKER: 32.

MR. THOMAS: Same issue.

MR. BECKER: 33.

MR. THOMAS: Same issue.

MR. BECKER: And 34.

MR. THOMAS: Same issue.

THE COURT: Ms. Spruill, make sure what she has emailed over there is the same thing.

MS. SPRUILL: Yes, Your Honor.

(WHEREUPON, Defendant Exhibit Numbers 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 17, 18, 19, 20,21, 22, 23, 26, 27, 32, 33, and 34 were admitted into evidence.)

MR. BECKER: Your Honor, if we could also go ahead and just enter them on the record, the stipulation as to -- it is the stipulation with respect to Defendant's Exhibit 13, whether Julie Freeman-Hair's service records at Hendrick Honda of Easley ---

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CERTIFIED MOTOR VEHICLE DEALER CLOSING FEE

JUN 27 2003

SC DEPT. OF CONSUMER AFFAIRS

S.C. Department of Consumer Affairs

Registration Fee and Disclosure for Motor Vehicle Dealer Closing Fees

(S.C. Code Ann. Section 37-2-307)

Note: This original form must accompany a $10.00 filing fee

MVO1 9315476
HENDRICK HONDA
4609 CALHOUN MEMO HWY
EASLEY SC 29640

9315476
Registration No.

(864) 855-1234
Telephone Number

Don Pendleton
Contact Person

City State Zip

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The closing fee charged by
Dealer Name: Hendrick Honda

Dealer Address: 4609 Calhoun Memorial Hwy

City, State Zip: Easley, SC 29640

Will not exceed $ 299.00
Prior to July 1st, 2004

06-25-2003
Date

Signature

Don Pendleton
Name of Officer (Typed)

Title GM

FILE BY AUGUST 31 OF EACH YEAR
(Display in a conspicuous location of dealership)

02MVCF2

HENDRICK_HONDA_EASLEY_000045

6978

7454

R.001738

MR. THOMAS: Yeah, subject to the objections we made ---

THE COURT: I understand. Mr. Bennett did it already.

MR. BECKER: 27.

MR. THOMAS: Same issue.

MR. BECKER: 32.

MR. THOMAS: Same issue.

MR. BECKER: 33.

MR. THOMAS: Same issue.

MR. BECKER: And 34.

MR. THOMAS: Same issue.

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05 05

STATE OF SOUTH CAROLINA
DEPARTMENT OF CONSUMER AFFAIRS

CERTIFIED MOTOR VEHICLE DEALER CLOSING FEE

AUG 0 4 2004

SC DEPT. OF CONSUMER AFFAIRS

Registration Fee and Disclosure for Motor Vehicle Dealer Closing Fees

S.C. Code Ann. § 37-2-307

NOTE: THIS ORIGINAL FORM MUST ACCOMPANY A $10.00 FILING FEE

Bu: 9315476 S MV 39 040602
HENDRICK HONDA
Co: 4609 CALHOUN MEMO HWY
Ad: EASLEY SC 29640

City: _____ State: ___ Zip: _____

Registration No.: _____

Contact Person: Vicki R. Edgerton

Telephone No.: (864) 855-1234

Disclosure of Closing Fees Notice

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The closing fee charged by

Dealer Name Hendrick Honda

Physical Address 4609 Calhoun Memorial Hwy.

City, State Zip Easley SC 29640

Mailing Address Hendrick Honda 4609 Calhoun Memorial Hwy Easley SC 29640

Will not exceed $ 299.00

Prior to July 1, 2005

D-L Pendleton
Signature

Don L. Pendleton
Name of Officer (Typed)

8-3-04
Date

GM
Title

FILE BY AUGUST 31 OF EACH YEAR
(Display in a conspicuous location of dealership)

Motor Vehicle Dealer Closing Fees
Revised 05/04
Page 1 of 2

HENDRICK_HONDA_EASLEY_000044

6977

7453

R.001740

MR. THOMAS: Yeah, subject to the objections we made ---

THE COURT: I understand. Mr. Bennett did it already.

MR. BECKER: 27.

MR. THOMAS: Same issue.

MR. BECKER: 32.

MR. THOMAS: Same issue.

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~~CERTIFIED MOTOR VEHICLE~~
DEALER CLOSING FEE

STATE OF SOUTH CAROLINA
DEPARTMENT OF CONSUMER AFFAIRS

JUN 17 2005

SC DEPT. OF CONSUMER AFFAIRS

Motor Vehicle Dealer Closing Fees
S.C. Code Ann. § 37-2-307 et seq. (Supp. 2004)
www.scconsumer.gov
803-734-4264/800-922-1594

Mailing Address
P.O. Box 5246
Columbia, SC 29250-5246

Physical Address
3600 Forest Drive
Columbia, SC 29204-4006

NOTE: THIS ORIGINAL FORM MUST ACCOMPANY A $10.00 FILING FEE

Business Nam 9315476 S MV 39 053105
Company Nan HENDRICK HONDA
Address: 4609 CALHOUN MEMO HWY
City, State Zi EASLEY SC 29640

Registration No. 9315476
Contact Person: Don L. Pendleton
Telephone No.: (864) 855-1234

Disclosure of Closing Fees Notice

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The closing fee charged by

Dealer Name	Hendrick Honda	Mailing Address	Hendrick Honda
Physical Address	4609 Calhoun Memorial Hwy		4609 Calhoun Memorial Hwy
City, State Zip	Easley, SC 29640		Easley, SC 29640

Will not exceed $ 399.00

Prior to July 1, 2006

Signature

Don L. Pendleton
Name of Officer (Typed)

June 15, 2005
Date

General Manager
Title

FILE BY AUGUST 31 OF EACH YEAR
(Display in a conspicuous location of dealership)

04533

HENDRICK_HONDA_EASLEY_000004

R.001742

MR. THOMAS: Yeah, subject to the objections we made ---

THE COURT: I understand. Mr. Bennett did it already.

MR. BECKER: 27.

MR. THOMAS: Same issue.

MR. BECKER: 32.

MR. THOMAS: Same issue.

MR. BECKER: 33.

MR. THOMAS: Same issue.

MR. BECKER: And 34.

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STATE OF SOUTH CAROLINA
DEPARTMENT OF CONSUMER AFFAIRS

07 07

Motor Vehicle Dealer Closing Fees

S.C. Code Ann. § 37-2-307 et seq. (Supp. 2004)
www.scconsumer.gov
803-734-4264/800-922-1594

Mailing Address
P.O. Box 5246
Columbia, SC 29250-5246

Street Address
3600 Forest Drive
Columbia, SC 29204-4006

NOTE: THIS ORIGINAL FORM MUST ACCOMPANY A $10.00 FILING FEE

Busin 9315476 S MV 39 060429
HENDRICK HONDA
Comp 4609 CALHOUN MEMO HWY
Addre EASLEY SC 29640
City,

Registration No. 9315476
Contact Person: DON L. PENDLETON
Telephone No.:

Disclosure of Closing Fees Notice

This dealership charges closing fees as a means of reimbursing it for certain overhead costs such as documents retrieval and document preparation. It is a charge that is permitted but not required by law. The full cash price charged at any dealership depends on many factors, including all products and services bought with the vehicle.

The closing fee charged by

Dealer Name	HENDRICK HONDA	Mailing Address	4609 CALHOUN MEMORIAL HWY
Physical Address	4609 CALHOUN MEMORIAL HWY		EASLEY, SC 29640
City, State Zip	EASLEY, SC 29640		

Will not exceed $ 399.00

Prior to July 1, 2007

Signature

DON L. PENDLETON
Name of Officer (Typed)

GENERAL MANAGER
Title

JUNE 15, 2006
Date

FILE BY AUGUST 31 OF EACH YEAR
(Display in a conspicuous location of dealership)

CERTIFIED MOTOR VEHICLE DEALER CLOSING FEE
JUN 19 2006
SC DEPT. OF CONSUMER AFFAIRS

04531

MR. THOMAS: Yeah, subject to the objections we made ---

THE COURT: I understand. Mr. Bennett did it already.

MR. BECKER: 27.

MR. THOMAS: Same issue.

MR. BECKER: 32.

MR. THOMAS: Same issue.

MR. BECKER: 33.

MR. THOMAS: Same issue.

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NOTICE

CLOSING FEES

THIS DEALERSHIP CHARGES A **$299.00** CLOSING FEE AS MEANS OF REIMBURSING IT FOR CERTAIN OVERHEAD COSTS SUCH AS DOCUMENT RETREIVAL AND DOCUMENT PREPARATION. IT IS A CHARGE THAT IS PERMITTED BUT NOT REQUIRED BY LAW. THE FULL CASH PRICE CHARGED AT ANY DEALERSHIP DEPENDS ON MANY FACTORS, INCLUDING ALL PRODUCTS AND SERVICES BOUGHT WITH THE VEHICLE.

JANUARY 1, 2005

HENDRICK_HONDA_EASLEY_000006
R.001746

MR. THOMAS: Yeah, subject to the objections we made ---

THE COURT: I understand. Mr. Bennett did it already.

MR. BECKER: 27.

MR. THOMAS: Same issue.

MR. BECKER: 32.

MR. THOMAS: Same issue.

MR. BECKER: 33.

MR. THOMAS: Same issue.

MR. BECKER: And 34.

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SECURE DOCUMENT FILES

Year 2005
Make Honda Accord
VIN 1HGCM56445L000230
Motor No.
Date of Purchase 4-12-06
Purchased From Samue [redacted] Redacted
Address
City
State Zip
Title No. 70490137620611A SC
License No.

Stock No. 06-1001A
Date Sold 1-12-06
Invoice No. 31863
Mileage 26553 / 41897

Sold To Julie Valiska Freeman William Thomas Freeman
Address [redacted]
City [redacted]
State [redacted] Zip 29607
Phone No. [redacted] Redacted

221- K. Clemolent

☐ Bill of Sale

☐ Certificate of Title

☑ [redacted] Certification

RDC [illegible]

SECURE DOCUMENTS ENCLOSED

RETURN TO SECURE DOCUMENT AREA

Received Title

FORM SA-1221 (BLUE) SA-1221-B (Blue) SA-1221-G (Green) SA-1221-BX (Green) SA-1221-B (Green) SA-1221-B (Blue) SA-1221 [illegible]

DEF 011

HENDRICK0001

R.001748

SECURE DOCUMENT FILES

SECURE DOCUMENTS ENCLOSED

RETURN TO SECURE DOCUMENT AREA

Hendrick AUTOMOTIVE GROUP www.hendrickauto.com

VEHICLE APPRAISAL

Date 4/7/06

Hendrick Dealer Location

Salesperson Jamey Stone Appraised by [illegible]

Customer Name [Redacted] Interested in 06 Civic

Address _____ City _____

State _____ Zip _____ Phone _____ (home) _____ (work)

Y 2005 Make Honda Model Acc E-Mail Address _____ Aftermarket Conversion ○

Trim Level LX Trim Pkg _____

VIN 1HGCM56445A002330 Miles 96,536 Actual ○ Over ○ Unknown ○

ACV $ 16500

10th Digit: K=89 L=90 M=91 N=92 P=93 R=94 S=95 T=96 V=97 W=98 X=99 Y=00 Z=01

RVLS $

RETAIL $

ADD THIS TO THE "NEED TO MOVE" LIST ○

DEALER STOCK # NOT YET TRADED ○

CAR Hatchback/Liftback ○ Coupe ○ Sedan ✓ Doors 4 (2,4)

Station Wagon ○ Fastback ○ Convertible ○

TRUCK Cab Type: Standard ○ Extended ○ Crew ○ Sport Utility ○ Doors ( ) (2,4)

Box Options: Long Wide ○ Dually ○ Short Wide ○ Short Narrow ○

No Box ○ Payload: 1/2 Ton ○ 3/4 Ton ○ 3/4 Ton H.D. ○ 1 Ton ○

VAN Std. Length ○ Ext. Length ○

Payload: 1/2 Ton ○ 3/4 Ton ○ 3/4 Ton H.D. ○ 1 Ton ○

Sliding Side Door ○ Cargo Side Doors ○

ASSESSMENT

1. How many miles on your car? _____
2. Is this true mileage? Yes ~~No~~ ○ No ○ 3. When was the last oil change? 96,536
4. How many miles on tires? Avg 5. Are there any problems with the car? NO
6. Has your car been accident or flood damaged or theft returned? NO
7. If so, give details: _____
8. Did you buy vehicle new? Yes ~~No~~ ○ No ○
9. What equipment will be removed? NO
10. Who holds title? AHFC
11. Does car have a service contract? _____
12. Condition: Above Avg. _____ Avg. _____ Below Avg. _____
13. What brought you to our dealership? _____

Signature _____

Primary Exterior Color (Select One Number From Color Group) [1]

Secondary Exterior Color (For Two-Tone Vehicle Select Additional Color) [ ]

Interior Color (Select One Number From Color Group) [1]

Lt. Md. Dk.

1. White 6. Brown 11. Tan
2. Black 7. Silver 12. Maroon
3. Red 8. Yellow 13. Green
4. Blue 9. Teal 14. Charcoal
5. Grey 10. Gold 15. Woodgrain

Engine Options:
- Liters/Displacement [.]
- Cylinders (3,4,5,6,8,10,12) [4]
- Factory Turbo Charged ○
- Factory Super Charged ○
- Factory High output ○
- Gasoline ✓
- Diesel ○
- Other ○

Transmission Type:
- Automatic ○
- Automatic Overdrive ✓
- Manual/Stickshift 3 speed ○
- Manual/Stickshift 4 speed ○
- Manual/Stickshift 5 speed ○
- Manual/Stickshift 6 speed ○

Rear Axle Ratio: [.] (For 3/4 & 1-Ton only)

Drive Train Options:
- 4X4 /All Wheel Drive ○
- Traction Control System ○
- Power Steering ○
- Four Wheel Steering ○
- Power Brakes ○
- Anti-Lock Brakes ○
- Camper/Tow Package ○

Wheel and Cover Type:
- Standard Steel Wheels ✓
- Deluxe Wheel Covers ○
- Factory Upgrade Wheels ○
- Wire Wheel Covers ○
- Chrome Wheels ○
- Alloy Wheels ○

Interior Options:
- Tilt Wheel Steering ✓
- Cruise Control ✓
- Power Windows ✓
- Power Locks ✓
- Air Conditioning ✓
- Climate Control ○
- Rear Air Conditioning ○
- Privacy Glass ✓
- Power Driver Seat ○
- Power Passenger Seat ○
- Power Rear Seat ○
- Driver Airbag ✓
- Passenger Airbag ✓

Seating Options:
- Bench Seat ○
- Split Bench Seat ○
- Bucket Seats ✓
- Third Seat ○
- Captain's Chairs (Truck) ○

Van Seating Options:
- Seating Capacity [ ] (1,2,5,7,11,15)
- 2 Bucket Seats ○
- 2 Captains Chairs ○
- 4 Captains Chairs ○

Seating Material Type:
- Vinyl Upholstery ○
- Cloth Upholstery ✓
- Leather Upholstery ○

Stereo Options:
- No Radio ○
- AM Only ○
- AM/FM ✓
- AM/FM Cassette ○
- Compact Disc ✓
- Factory Highline Stereo ○

Roof Options:
- Vinyl Top ○
- Flip-up Glass Sunroof ○
- Sliding Sunroof ○
- T-Top/Targa Top ○
- Removable Glass Roof ○
- Removable Hardtop ○
- Luggage Rack ○
- Canopy/Shell ○
- Raised Roof ○

Rear Door Type: (Suburban & Tahoe Only)
- Tailgate ○
- Cargo Doors ○

Additional options:
- Running Boards ○
- Bed Liner ○
- Roll Bar ○
- Sliding Rear Window ○
- Optional Fuel Tank ○
- Television ○
- Video Cassette Player ○
- Rear Stereo System ○

FRONT

	ENG.		METAL
	TRANS.		PAINT
	DIFF.		GLASS
	EJECT.		TOP
	TIRES		UPHOL.
	DETAIL		SHOCKS
	BRAKES		MUFFLER
	AXLE		CLUTCH

Reynolds and Reynolds RVLS-3 (04/05)

RVLS Fax Number: (704) 563-8527

DEF 011

HENDRICK0003

R.001750

Honda Certified Used Cars 150 point Inspection Checklist

VIN 1HGCM56445L000230 Stock # 061001A Mileage 26537
Year 2005 Model Accord Color White

Certified Used Cars

REQUIRED: Manuals and Documentation

Provide the following in glove box or at time of delivery:

- ○ Owners Manual
- ○ New Car Warranty Booklet
- ○ Certified Warranty Booklet
- ○ Vehicle History Report copy (Full History/Title Check Report)
- ○ Copy of HCUC 150-pt. Inspection checklist (once completed)
- ○ Radio security code
- ○ Navigation code (if applicable)

VIN Inspection

	Meets Honda Standards	Needs Service	
1.	☐	☐	Vehicle VIN plates match, engine compartment, door jambs and dash
2.	☐	☐	VIN/FMVSS label on door jamb
3.	☐	☐	Perform VIN Status Inquiry check and perform applicable recall or campaign repairs

Mechanical Inspection

	Meets Honda Standards	Needs Service	
Minimum Replacement Items			
4.	☑	☐	Engine oil & filter (with genuine Honda filter)
5.	☑	☐	Air filter (if dirty or at service interval)
6.	☑	☐	Brake fluid (if discolored or at service interval)
7.	☑	☐	Floor mats (install new mats if missing, stained or damaged)
8.	☑	☐	Wiper blades (replace unless they wipe windshield clean)
9.	☑	☐	Coolant (replace if discolored or at service interval with genuine Honda fluid)
10.	☐	☑	Tires – minimum tread depth 5/32 across tread width
11.	☐	☑	Disc brake pads – if wear is greater than 50%
12.	☐	☑	Brake shoes – if wear is greater than 50%
13.	☐	☐	Antenna mast – if bent or sticking (if applicable)
14.	☐	☐	Automatic transmission fluid – if discolored or at service interval
15.	☐	☐	Differential fluid - if discolored or at service interval (if applicable)
16.	☐	☐	Rear Differential fluid - if discolored or at service interval (if applicable)
Scheduled Maintenance			
17.	☑	☐	Nearest scheduled maintenance must be performed if within 3 months or 2500 miles of service interval or if no record of service exists
Road Test			
18.	☑	☐	Starting (cold/hot)
19.	☑	☐	Idle vibration (cold/hot)
20.	☑	☐	Engine noise (cold/hot & high/low speeds)
21.	☑	☐	Acceleration (power)
22.	☑	☐	Engine operating temperature
23.	☑	☐	Driveability (smoothness)
24.	☑	☐	AT shift quality /AT shift points
25.	☐	☐	MT shifter operation
26.	☐	☐	MT clutch (smoothness, effort, slippage)
27.	☑	☐	Transmission/Transaxle noise (cold/hot)
28.	☐	☑	CV joint/drive axle noise (full lock turn r/l)
29.	☑	☐	Braking (noise, vibration, effort)
30.	☑	☐	Parking brake operation
31.	☑	☐	Steering effort, (drifting right or left)
32.	☑	☐	Steering wheel free play/steering wheel centered
33.	☑	☐	Cruise control operation (including resume)
34.	☑	☐	Horn operation
35.	☑	☐	Wind noise/squeaks/rattles
36.	☑	☐	Speedometer/odometer operation
37.	☑	☐	Heater/defroster operation
38.	☑	☐	A/C cooling performance/vent outlet temperature
39.	☑	☐	Tire or steering wheel vibration
40.	☑	☐	Body/Suspension (performance/noise/rough road test)
Underhood - Check for unacceptable aftermarket modifications			
41.	☑	☐	Battery (condition, fluid level, load test)
42.	☑	☐	Alternator (belt condition/tension, charging)
43.	☑	☐	Starter operation
44.	☑	☐	Distributor (cap & rotor condition, shaft looseness)
45.	☑	☐	Ignition system operation
46.	☑	☐	Fuel system operation, (connections/leakage)
47.	☑	☐	Fuel filter (replace per maintenance schedule)
48.	☑	☐	Radiator (leaks, road hazard damage)
49.	☑	☐	A/C condenser (corrosion, road hazard damage)
50.	☑	☐	Cooling fan operation
51.	☑	☐	Coolant (replace if discolored, insufficient protection)
52.	☑	☐	Coolant hoses (check condition)
53.	☑	☐	Power steering (fluid level, belt condition/tension)
54.	☑	☐	A/C compressor (proper cycling, belt condition/tension)
55.	☑	☐	Heater valve adjustment
56.	☑	☐	Engine Valve noise
57.	☑	☐	Engine/Transmission mount condition
58.	☑	☐	Engine (remove valve cover, verify adequate maintenance, one valve cover for V-6 engine)
59.	☑	☐	Timing belt condition
Under Vehicle - Check for unacceptable aftermarket modifications			
60.	☑	☐	Tires – OEM size, speed and load rating
61.	☑	☐	Tires – Matching brand & type
62.	☑	☐	Tires – No road hazard damage/proper tire pressure
63.	☑	☐	Tires – Check for uneven wear or sidewall cracking
64.	☑	☐	Wheels/rims – Check for damage
65.	☑	☐	Valve stem condition
66.	☑	☐	Wheel lug nuts (all present and properly torqued)
67.	☑	☐	Spare tire (condition/pressure)
68.	☑	☐	Engine – oil leaks, drain plug threads
69.	☑	☐	Transmission leaks
70.	☑	☐	Coolant leaks

Inspected by [signature] 162 4-12-06
Dealer Technician Signature — Technician DPTS Number — Date

Distribution: White - Sales, Yellow - Customer, Pink - Service

Version-08/04

Re-order # UC012

DEF 011

HENDRICK0004

R.001751

Honda Certified Used Cars 150 point Inspection Checklist

Stock # 61001A

Certified Used Cars

Mechanical Inspection (continued)

	Meets Honda Standards	Needs Service	
71.	☑	☐	CV Joint/boots/drive-shaft/universal joint (cracks, leakage)
72.	☑	☐	Brake pad thickness
73.	☑	☐	Brake rotor thickness and surface
74.	☑	☐	Brake caliper free movement
75.	☑	☐	Brake caliper leakage
76.	☑	☐	Rear lining thickness (if applicable)
77.	☑	☐	Rear wheel cylinder leakage (if applicable)
78.	☑	☐	Rear drum thickness and surface
79.	☑	☐	Hydraulic hose/line leakage
80.	☑	☐	Suspension (springs proper ride height)
81.	☑	☐	McPherson strut/shock absorber leakage
82.	☑	☐	Bushing condition
83.	☑	☐	Ball joint tightness
84.	☑	☐	Tie rod end tightness
85.	☑	☐	Power steering rack leakage
86.	☑	☐	Entire exhaust system (condition, leaks, damage, noise)

Exterior - Check for unacceptable aftermarket modifications

87.	☑	☐	Headlights (high/low operation and headlight aim, cracks, chips, scratches, pitting)
88.	☑	☐	Brake lights
89.	☑	☐	Turn signal lights (operation, cracks, chips, scratches)
90.	☑	☐	Parking lamps
91.	☑	☐	Fog lamps (if applicable)
92.	☑	☐	Running lights (if applicable)
93.	☑	☐	License plate light
94.	☑	☐	Tail lights (operation, cracks, chips, scratches, damage)
95.	☑	☐	Back-up lamps
96.	☑	☐	Emergency flasher
97.	☑	☐	Water leaks

Interior - Check for unacceptable aftermarket modifications

98.	☑	☐	Fuel gauge operation
99.	☑	☐	Temperature gauge operation
100.	☑	☐	All warning lights illuminated with ignition "ON"
101.	☑	☐	Dash light operation
102.	☑	☐	Windshield wiper/washer operation
103.	☑	☐	Audio System - radio/CD/cassette, speaker operation (audio steering wheel controls if applicable)
104.	☐	☐	Navigation operation (if applicable)
105.	☑	☐	Clock functions
106.	☑	☐	Steering wheel tilt/lock
107.	☐	☐	Sunroof operation (if applicable)
108.	☑	☐	Headliner condition
109.	☑	☐	Cigarette lighter/power outlets (if equipped)
110.	☑	☐	Alarm/theft system operation (check remote)
111.	☑	☐	SRS Airbags (exterior condition/check warning lamp self check)
112.	☑	☐	Outside mirror operation, left & right
113.	☑	☐	Rear view mirror operation (day/night operation)
114.	☑	☐	Window operation - noise, speed and full travel
115.	☑	☐	Door locks (check manual and or power operation and child safety function)
116.	☑	☐	Seat belts - condition, proper latching and retraction operation
117.	☑	☐	Seat upholstery/leather condition (front & rear)
118.	☑	☐	Power seat operation (if equipped)
119.	☑	☐	Seat heaters (if equipped)
120.	☑	☐	Headrest movement
121.	☑	☐	Rear defrost operation
122.	☑	☐	Inside mirror/vanity light operation
123.	☑	☐	Interior lights (switch/door operation)
124.	☑	☐	Glove box/glove box light operation
125.	☑	☐	Luggage compartment (jack & tool present)
126.	☑	☐	Trunk lid release/trunk lid light operation
127.	☑	☐	Fuel door release
128.	☑	☐	Hood release operation

Appearance Inspection

Exterior - Check for Dent, Dings & Scratches on all body panels and bumpers

129.	☑	☐	Underhood (clean engine compartment)
130.	☑	☐	Front bumper (facia, guards, finish)
131.	☑	☐	Grille (headlights, other lights, trim, emblems)
132.	☑	☐	Hood (emblems & finish)
133.	☑	☐	LF Fender (finish, trim)
134.	☑	☐	LF Door (finish, trim)
135.	☑	☐	LR Door (finish, trim)
136.	☑	☐	LR Fender (finish, trim)
137.	☑	☐	Trunk lid (finish, trim)
138.	☐	☑	Rear bumper (facia, guards, trim)
139.	☑	☐	RR Fender (finish, trim)
140.	☑	☐	RR Door (finish, trim)
141.	☑	☐	RF Door (finish, trim)
142.	☑	☐	RF Fender (finish trim)
143.	☑	☐	Roof (finish, trim)
144.	☑	☐	Windshield/Glass (cracks, chips, scratches, pitting)

Interior

145.	☑	☐	Carpet & Mats (condition)
146.	☑	☐	Dash & Instrument panels
147.	☑	☐	Console/center arm rest/cup holders
148.	☑	☐	Front Doors (controls, trim condition)
149.	☑	☐	Rear Doors/Quarter Trim (controls, trim condition)
150.	☑	☐	Luggage compartment (mat/trim/carpet condition)

Notes: (any items not covered by checklist above)

Inspected by: Richardson

Dealer Technician Signature | 162 Technician DPTS Number | 4-12-06 Date

Distribution: White - Sales, Yellow - Customer, Pink - Service

Version-06/04

Re-order # UC012

DEF 011

HENDRICK0005

R.001752

HONDA

HENDRICK HONDA

4609 Calhoun Mem. Hwy.
EASLEY, S.C. 29640
Telephone (864) 855-1234

RECEIVED APR 1 3 2006

SOLD TO SAMUEL Redacted

INVOICE 31092

ADDRESS Redacted

DATE 04/12/06

Home Ph - Redacted

YEAR	NEW OR USED	MAKE	COLOR	MODEL	INVOICE	STOCK NO.	DEAL NO.	USED STK. NO.	MILES
2006	N	HONDA	GREY	4 DR EX	L084525	061001	47728		13

V.I. OR SERIAL NO. 1HGFA168X6L084525 | CUSTOMER NO. 34337 | SALESMAN'S NUMBER 132 | MODEL NUMBER CIVIC

INSURANCE COVERAGE INCLUDES

☐ FIRE & THEFT ☐ PUBLIC LIABILITY-AMT. $
☐ COLLISION-AMT. DED. $ ☐ PROPERTY DAMAGE-AMT. $

OPTIONAL EQUIPMENT AND ACCESSORIES

GROUP	DESCRIPTION	PRICE

POSTED 4-12-06

DESCRIPTION OF TRADE-IN

YEAR	MAKE	BODY COLOR	MODEL
2005	HONDA	WHITE	ACCORD

V.I. OR SERIAL NO. 1HGCM56445L000230

Payoff to AMERICAN HONDA FINANCE CORP

17443.61 Good Until **PAID 4/14/06**
Verified With **CK 42447**

DESCRIPTION	ACCT. NO.	SALE	K	COST
		N/A		
			-	
CIVIC 3 DOOR	401		-	
CIVIC-4 DOOR	402	21065.00	-	
CIVIC-2 DOOR	403		-	
ACCORD 2 DOOR	404		-	
ACCORD 4 DOOR	405		-	
			-	
			-	
FLEET	410			
USED CAR RETAIL	440		-	
USED CAR WHOLESALE	442		-	
			-	
			-	
USE TAX	333	233.46	-	
LICENSE AND TITLE	321	25.00	-	
PROCUREMENT FEE		299.00	-	
TOTAL CASH PRICE		21622.45		
FINANCING		6219.46		
INSURANCE		N/A		
TOTAL TIME PRICE		27841.91		
DEPOSIT	322		+	
CASH ON DELIVERY	210	N/A	+	
			+	
TRADE-IN ALLOW.		15700.00		
LESS PAYOFF		17443.61		
MONTHS 72 410.91 DOLLARS PER MONTH		29585.52		
TOTAL		27841.91		
A & H C.L. INS. %	309	N/A		
PAY OFF BAL. OWING FINANCE CO.	320	17443.61	-	
A & H C.L. INS. % INCOME	4AC	N/A	-	
SERVICE CONTRACTS	5AC	N/A	-	
AMOUNT FINANCED AHFC	205	23366.06	+	
TOTAL COMMISSION	331	N/A	-	
		N/A	+	
		N/A	+	
INS. COMM. RECV.	272		+	
			+	
			+	
FINANCE RESV.	271	291.31	+	
FINANCE INCOME	3AC	291.31	+	
			+	
			+	
			+	
			-	
VALUE OF TRADE-IN(S)	250@		-	
✓061001A	250	✓16500.00 N/A	-	

ANY WARRANTIES ON THE ITEM/ITEMS SOLD HEREBY ARE THOSE MADE BY THE MANUFACTURER. THE SELLER, HENDRICK HONDA, HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND HENDRICK HONDA, NEITHER ASSUMES NOR AUTHORIZES ANY OTHER PERSON TO ASSUME FOR IT ANY LIABILITY IN CONNECTION WITH THE SALE OF THIS ITEM/ITEMS.

Reynolds and Reynolds OK72302 O (07/04)

S.C. Department of Public Safety
Form 5047 (Rev. 9/00)

POWER OF ATTORNEY - ODOMETER DISCLOSURE FORM

NOTICE: This form may be used only when title is physically held by lienholder or has been lost. This form must be submitted to the DMV by the person exercising Power of Attorney. Failure to do so may result in fines and/or imprisonment.

VEHICLE DESCRIPTION: Year 2005 Make HONDA Model Type ACCORD Body Type 4 DOOR

VIN (Vehicle Identification Number) 1HGCM56445L000230

PART A. POWER OF ATTORNEY TO DISCLOSE MILEAGE 49 USC 327 (580.13)

Federal and State law requires that you state the mileage upon transfer of ownership (49 CFR Chapter 327/SC 56-19-240). Providing a false statement may result in fines and/or imprisonment (49 USC 32709/SC 56-19-240(4)).

PLEASE PRINT: I, SAMUEL [redacted] (Seller/Transferor's Name), appoint HENDRICK HONDA (Dealer/Transferee's Name) as my attorney-in-fact, to sign all papers and documents required to secure the title and further grant the authority to endorse and transfer title thereto and to disclose the mileage on the title for the vehicle described above, exactly as stated in my following disclosure.

I state that the odometer now reads 26536 (no tenths) miles and to the best of my knowledge that it reflects the actual mileage of the vehicle described herein, unless one of the following statements is checked.

____ 1. I hereby certify that to the best of my knowledge the odometer reading reflects the amount of mileage in excess of its mechanical limits.

____ 2. I hereby certify that the odometer reading is NOT the actual mileage. WARNING: ODOMETER DISCREPANCY

Samuel [redacted] SAMUEL [redacted] Samuel [redacted] 04/12/06

(Transferor's Signature) (Printed Name) (Date of Statement)

[redacted]

Transferor's Address (Street, City, State Zip Code)

(Transferee's Signature) (Printed Name of Individual Signing as Transferee)

HENDRICK HONDA 4609 CALHOUN MEMORIAL HWY EASLEY SC 29640

(Transferee's Name - Print or Type Name of Business or Company) Licensed Dealer, Transferee's Address (Street, City, State, Zip Code)

PART B. Power of Attorney to Review Title Documents and Acknowledge Disclosure 49 USC 327 (580.14)
(PART B IS INVALID UNLESS PART A HAS BEEN COMPLETED.)

PLEASE PRINT: I, _____ (Transferee's name), appoint _____ (Transferor's dealership name) as my attorney-in-fact, to sign the mileage disclosure on the title for the vehicle described above, only if the disclosure is exactly as the disclosure completed below.

(Transferee's Signature) (Printed Name)

(Transferee's Name - Print or Type Name of Business or Company)

(Transferee's Street Address, City, State, Zip Code)

Federal and State law requires that you state the mileage upon transfer of ownership (49 CFR Chapter 327/SC 56-19-240). Providing a false statement may result in fines and/or imprisonment (49 USC 32709/SC 56-19-240(4)).

I state that the odometer now reads _____ (no tenths) miles and to the best of my knowledge that it reflects the actual mileage unless one of the following statements is checked.

____ 1. I hereby certify that to the best of my knowledge the odometer reading reflects the amount of mileage in excess of its mechanical limits.

____ 2. I hereby certify that the odometer reading is NOT the actual mileage. WARNING: ODOMETER DISCREPANCY

(Transferor's Signature) (Printed Name) (Date of Statement)

Transferor's Address (Street, City, State Zip Code)

PART C. CERTIFICATION - To be completed when Part A or Parts A and B have been used) 49 USC 327 (580.15)

PLEASE PRINT: I, _____, (Person exercising above powers of attorney) hereby certify that the mileage I have disclosed on the title document is consistent with that provided me in the above power of attorney. Further, upon examination of the title and any reassignment documents for the vehicle described above, the mileage disclosure I have made on the title pursuant to the power of attorney is greater than that previously stated on the title and reassignment documents. This certification is not intended to create any new or additional liability under Federal or State Law.

(Signature) (Printed Name) (Date of Certification)

(Street Address) (City) (State) (Zip Code)

This document is void if any information entered hereon has been erased or altered by any means. Unauthorized printing or reproduction of this document is strictly prohibited. Photo copy may be made only as a completed document for record keeping purposes for the parties named herein.

INSTRUCTIONS

WHEN TO USE THIS FORM

Use this form if you have a vehicle that is subject to odometer disclosure and the title is lost, destroyed or physically held by a security interest holder.

HOW TO COMPLETE THE FORM

Top Section

(1) Type or print year, make, model, body type and vehicle identification number in the spaces provided.

PART A - Power of attorney to disclose mileage.

(1) PART A authorizes the buyer* to transfer the odometer disclosure to the title when the title is received. PART A also appoints the buyer as attorney-in-fact to sign the seller's* name to transfer the title.

(a) The seller* (transferor) needs to complete the odometer disclosure on the power or attorney and then sign.

(b) The buyer* (transferee) must transfer the odometer disclosure from the power of attorney to the title once it is received from the security interest holder or when a replacement title is received.

PART B - Power or attorney to review title document and acknowledge disclosure.

(1) PART B is used only when PART A has been used and the vehicle is resold prior to receiving the title from the security interest holder or to receiving a replacement title.

(2) The new buyer* authorizes the seller-transferor* (Buyer/Transferee listed in PART A) to make the odometer disclosure on the title when it is received. The odometer disclosure made on the title must be exactly the same as the odometer disclosure made on PART B of this form. PART B also appoints the seller* as attorney-in-fact to sign the buyer's* name to transfer the vehicle's title.

PART C - Certification

(1) PART C is used when PART A or PARTS A and B of this form have been used.

(2) PART C is completed once the title is received from the security interest holder or a replacement title is received. The person* exercising power of attorney certifies that the title and any reassignment documents have been received and reviewed, and no mileage discrepancies exist.

*If the (buyer/transferee)/(seller/transferor) is a company, the person completing the assignment on behalf of the company must print and sign the name of the company as well as their own personal name.

FILING OF COPIES

This power if attorney form is a single original and may be copied for record keeping only.

Original - to be attached to the certificate of title when it is received, and to be submitted with that title when a new title is applied for.

First Copy - To be used in making a separate odometer filing with the state. If upon receipt of the title, the person who is granted the power of attorney does not submit the title and original power of attorney to the state, or submits them to a state other than South Carolina, a copy of the power of attorney must be submitted to the South Carolina DMV along with a copy of the front and back of the title, showing the odometer disclosure.

Second Copy - To be retained by the person (e.g. dealer, insurance company, etc.) who was granted power of attorney for a period of five (5) years.

Additional copies - Additional copies may be made of the completed power of attorney, such as to meet federal requirements that the buyer under PART B be given a copy. A copy may also be used to apply for a replacement title on behalf of the seller under PART A.

SCADA

AFFIDAVIT & NOTIFICATION OF
SALE OF MOTOR VEHICLE
(Entire Form Must Be Typed or Printed)

No. 35783807

Personally appeared before me SAMUEL [redacted]
(Seller) (Dealer Retail Tax #)

[redacted]
(Address)

who being duly sworn, deposes and says that on the 12th day of APRIL 20 06,

he sold the following motor vehicle: Make HONDA Model ACCORD

Year 2005 Identification (Serial) No. 1HGCM56445L000230

License No. _____ to HENDRICK HONDA
(Buyer)

4609 CALHOUN MEMORIAL HWY EASLEY SC 29640
(Street) (City) (County) (State) (Zip)

Special Mailing Address

Deponent further states that there are no liens or encumbrances on the said vehicle except as listed below:

Lienholder _____ Amount _____

Address _____ Date 04/12/06

I certify that the odometer now reads 26536 (no tenths) miles and to the best of my knowledge that it reflects the actual mileage of the vehicle described below, unless one of the following statements is checked.

☐ (1) I hereby certify that to the best of my knowledge, the odometer reading reflects the amount of mileage in excess of its mechanical limits.

☐ (2) I hereby certify that the odometer reading is NOT the actual mileage. WARNING - ODOMETER DISCREPANCY

Federal law (and State law, if applicable) requires that you state the mileage upon transfer of ownership. Failure to complete or providing a false statement may result in fines and/or imprisonment.

Samuel [redacted]
(Signature of Seller)

SAMUEL RAY LESLEY SAMUEL [redacted]
(Print Seller's Name)

Randall Clement
(Signature of Buyer)

HENDRICK HONDA Randall Clement
(Print Buyer's Name)

Property Tax Section

Check One:

_____ Purchase License Plate

D.L. Number _____

License Plate Issued _____

X Transfer License Plate

_____
Signature of Buyer/if purchasing plates

Property taxes will be due in 120 days

TOP COPY - TO DIVISION OF MOTOR VEHICLES WITH TITLE AND LICENSING APPLICATION. YELLOW COPY - FOR DEALER'S FILE. PINK COPY - TO DIVISION OF MOTOR VEHICLES IF NEW TAGS ARE TO BE OBTAINED. GOLDENROD COPY - TO BUYER.

SCADA

AFFIDAVIT & NOTIFICATION OF
SALE OF MOTOR VEHICLE
(Entire Form Must Be Typed or Printed)

No. 35783807

Personally appeared before me SAMUEL [redacted] (Seller) (Dealer Retail Tax #)

[redacted] (Address)

who being duly sworn, deposes and says that on the 12th day of APRIL 20 06,

he sold the following motor vehicle: Make HONDA Model ACCORD

Year 2005 Identification (Serial) No. 1HGCM56445L000230

License No. _____ to HENDRICK HONDA (Buyer)

4609 CALHOUN MEMORIAL HWY EASLEY SC 29640
(Street) (City) (County) (State) (Zip)

Special Mailing Address

Deponent further states that there are no liens or encumbrances on the said vehicle except as listed below:

Lienholder _____ Amount _____

Address _____ Date 04/12/06

I certify that the odometer now reads 26536 (no tenths) miles and to the best of my knowledge that it reflects the actual mileage of the vehicle described below, unless one of the following statements is checked.

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Federal law (and State law, if applicable) requires that you state the mileage upon transfer of ownership. Failure to complete or providing a false statement may result in fines and/or imprisonment.

[redacted] (Signature of Seller)

SAMUEL RAY LESLEY SAMUEL [redacted] (Print Seller's Name)

(Signature of Buyer)

HENDRICK HONDA (Print Buyer's Name)

Property Tax Section

Check One:

_____ Purchase License Plate

D.L. Number _____

License Plate Issued _____

X Transfer License Plate

_____
Signature of Buyer/if purchasing plates

Property taxes will be due in 120 days

TOP COPY - TO DIVISION OF MOTOR VEHICLES WITH TITLE AND LICENSING APPLICATION. YELLOW COPY - FOR DEALER'S FILE. PINK COPY - TO DIVISION OF MOTOR VEHICLES IF NEW TAGS ARE TO BE OBTAINED. GOLDENROD COPY - TO BUYER.

DEF 011

HENDRICK0010
R.001757

SCADA

AFFIDAVIT & NOTIFICATION OF
SALE OF MOTOR VEHICLE
(Entire Form Must Be Typed or Printed)

No. 35783807

Personally appeared before me SAMUEL [Redacted]
(Seller) (Dealer Retail Tax #)

[Redacted]
(Address)

who being duly sworn, deposes and says that on the 12th day of APRIL 20 06

he sold the following motor vehicle: Make HONDA Model ACCORD

Year 2005 Identification (Serial) No. 1HGCM56445L000230

License No. _____ to HENDRICK HONDA
(Buyer)

4609 CALHOUN MEMORIAL HWY EASLEY SC 29640
(Street) (City) (County) (State) (Zip)

Special Mailing Address

Deponent further states that there are no liens or encumbrances on the said vehicle except as listed below:

Lienholder _____ Amount _____

Address _____ Date 04/12/06

I certify that the odometer now reads 26536 (no tenths) miles and to the best of my knowledge that it reflects the actual mileage of the vehicle described below, unless one of the following statements is checked.

☐ (1) I hereby certify that to the best of my knowledge, the odometer reading reflects the amount of mileage in excess of its mechanical limits.

☐ (2) I hereby certify that the odometer reading is NOT the actual mileage. WARNING - ODOMETER DISCREPANCY.

Federal law (and State law, if applicable) requires that you state the mileage upon transfer of ownership. Failure to complete or providing a false statement may result in fines and/or imprisonment.

[Redacted]
(Signature of Seller)

SAMUEL RAY LESLEY [Redacted]
(Print Seller's Name)

(Signature of Buyer)

HENDRICK HONDA
(Print Buyer's Name)

Property Tax Section

Check One:

____ Purchase License Plate

D.L. Number _____

License Plate Issued _____

____ Transfer License Plate

Signature of Buyer if purchasing plates

Property taxes will be due in 120 days

TOP COPY - TO DIVISION OF MOTOR VEHICLES WITH TITLE AND LICENSING APPLICATION. YELLOW COPY - FOR DEALER'S FILE. PINK COPY - TO DIVISION OF MOTOR VEHICLES IF NEW TAGS ARE TO BE OBTAINED. GOLDENROD COPY - TO BUYER.

06/001A

STATE OF SOUTH CAROLINA

CERTIFICATE OF TITLE OF A VEHICLE

VEHICLE ID NUMBER	YEAR	MAKE	MODEL	NEW/USED
1HGCM56445L000230	2005	HOND	ACCORD	NEW

BODY STYLE	DATE ISSUED	ODOMETER	WEIGHT	TITLE NUMBER
4S	02-07-2005	175	3089	770490137670611A

VEHICLE BRAND(S)
ACTUAL MILEAGE

FULL NAME OF OWNER(S) CUSTOMER NUMBER: 017890301
HONDA LEASE TRUST
8601 MCALPINE PARK DR STE 230
CHARLOTTE NC 282116305

FIRST LIENHOLDER
HONDA LEASE TRUST
8601 MCALPINE PARK DR STE 230
CHARLOTTE NC 282116305
DATE OF LIEN: 12/29/2004

1ST LIEN RELEASED 4-12-06
(DATE)
BY [signature]
(AUTHORIZED AGENT)
HONDA LEASE TRUST

THE SOUTH CAROLINA DEPARTMENT OF MOTOR VEHICLES HEREBY CERTIFIES THAT THE PERSON HEREIN IS REGISTERED BY THIS DEPARTMENT AS THE LAWFUL OWNER OF THE VEHICLE DESCRIBED SUBJECT TO THE LIENS, IF ANY, HEREIN SET FORTH.

MARCIA S. ADAMS
EXECUTIVE DIRECTOR

MARK SANFORD
GOVERNOR

035420647

REMOVE SIDE EDGES FIRST
THEN SLIDE FINGER UNDER LONG EDGE TO OPEN

SOUTH CAROLINA DEPARTMENT OF MOTOR VEHICLES

ASSIGNMENT OF A VEHICLE

Federal and State law requires that you state the mileage in connection with the transfer of ownership. Failure to complete or providing a false statement may result in fines and/or imprisonment.

****NOTICE: ANY ALTERATIONS OR ERASURE VOIDS THE ASSIGNMENT**** ASSIGNMENT(S) MUST BE MADE IN DARK INK

The undersigned hereby certifies that title to the vehicle described herein has been transferred on this 12 day of April year 2006 to:

Name: Hendrick Honda Easley Street: [illegible] City: [illegible] State: [illegible] Zip Code: [illegible] and is subject to the following lien

Name of Lienholder: [illegible] Address: [illegible] Date of Lien: [illegible]

I certify to the best of my knowledge that the odometer reading is the ACTUAL mileage of the vehicle unless one of the following statements is checked:
STOP! DO NOT check one of the following unless it applies.

Odometer Reading (no tenths) 26534

☐ 1. The mileage stated is in excess of its mechanical limits.
☐ 2. The odometer reading is not the actual mileage.
WARNING: ODOMETER DISCREPANCY

Date of Sale	4-12-06
Sales Price	$ For
Less Trade-In	Resale
Taxable Total	$

I am aware of the above odometer certification made by the seller(s)

Signature(s) of Buyer(s) [Redacted]

Hand Print Name of Buyer(s) [Redacted]

Signature of Seller(s) HONDA LEASE TRUST [illegible]

Hand Print Name(s) of Seller(s) HONDA LEASE TRUST Lora Davis

Address 8601 McAlpine Park Dr Ste 330 Charlotte NC 28211

ASSIGNMENTS BY DEALER/WHOLESALER/AUCTION

The undersigned hereby certifies that title to the vehicle described herein has been transferred on this _____ day of _____ year _____ to:

_____ and is subject to the following lien
Name Street City State Zip Code

_____ _____ _____
Name of Lienholder Address Date of Lien

I certify to the best of my knowledge that the odometer reading is the ACTUAL mileage of the vehicle unless one of the following statements is checked: STOP! DO NOT check one of the following unless it applies.

Odometer Reading (no tenths) _____

☐ 1. The mileage stated is in excess of its mechanical limits.
☐ 2. The odometer reading is not the actual mileage.
WARNING: ODOMETER DISCREPANCY

Dealer/Wholesaler Auctions License Number _____

I am aware of the above odometer certification made by the seller(s)

Signature(s) of Buyer(s) _____

Hand Print Name of Buyer(s) _____

Signature of Seller(s) _____

Hand Print Name(s) of Seller(s) _____

Address _____

[illegible] [illegible]

This undersigned hereby certifies that title to the vehicle described herein has been transferred on this _____ day of _____ year _____ to:

_____ and is subject to the following lien
Name Street City State Zip Code

_____ _____ _____
Name of Lienholder Address Date of Lien

I certify to the best of my knowledge that the odometer reading is the ACTUAL mileage of the vehicle unless one of the following statements is checked: STOP! DO NOT check one of the following unless it applies.

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I am aware of the above odometer certification made by the seller(s)

Signature(s) of Buyer(s) _____

Hand Print Name of Buyer(s) _____

Signature of Seller(s) _____

Hand Print Name(s) of Seller(s) _____

Address _____

NO ADDITIONAL RE-ASSIGNMENT PERMITTED - LAST ASSIGNEE MUST RETITLE BEFORE DISPOSAL

REMOVE SIDE EDGES FIRST
THEN SLIDE FINGER UNDER LONG EDGE TO OPEN

SOUTH CAROLINA DEPARTMENT OF MOTOR VEHICLES

ASSIGNMENT OF A VEHICLE

Federal and State law requires that you state the mileage in connection with the transfer of ownership. Failure to complete or providing a false statement may result in fines and/or imprisonment.
NOTICE: ANY ALTERATIONS OR ERASURE VOIDS THE ASSIGNMENT ASSIGNMENT(S) MUST BE MADE IN DARK INK

The undersigned hereby certifies that title to the vehicle described herein has been transferred on this 12 day of April year 2006 to:

Hendrick Honda Easley
Name Street City State Zip Code and is subject to the following lien

Name of Lienholder Address Date of Lien

I certify to the best of my knowledge that the odometer reading is the ACTUAL mileage of the vehicle unless one of the following statements is checked:
STOP! DO NOT check one of the following unless it applies.

Odometer Reading (no tenths) 26536

☐ 1. The mileage stated is in excess of its mechanical limits.
☐ 2. The odometer reading is not the actual mileage.
WARNING: ODOMETER DISCREPANCY

Date of Sale 4-12-06
Sales Price $ FOR
Less Trade-In RESALE
Taxable Total $

I am aware of the above odometer certification made by the seller(s)

Signature(s) of Buyer(s) Redacted

Hand Print Name of Buyer(s) Redacted

Signature of Seller(s) HONDA LEASE TRUST

Hand Print Name(s) of Seller(s) HONDA LEASE TRUST Tina Davis

Address 8601 McAlpine Park Dr Ste 200 Charlotte NC 28211

ASSIGNMENTS BY DEALER/WHOLESALER/AUCTION

The undersigned hereby certifies that title to the vehicle described herein has been transferred on this _____ day of _____ year _____ to:

Name Street City State Zip Code and is subject to the following lien

Name of Lienholder Address Date of Lien

I certify to the best of my knowledge that the odometer reading is the ACTUAL mileage of the vehicle unless one of the following statements is checked: STOP! DO NOT check one of the following unless it applies.

Odometer Reading (no tenths) _____

☐ 1. The mileage stated is in excess of its mechanical limits.
☐ 2. The odometer reading is not the actual mileage.
WARNING: ODOMETER DISCREPANCY

Dealer/Wholesaler Auctions License Number _____

I am aware of the above odometer certification made by the seller(s)

Signature(s) of Buyer(s) _____

Hand Print Name of Buyer(s) _____

Signature of Seller(s) _____

Hand Print Name(s) of Seller(s) _____

Address _____

TITLE TEXT

The undersigned hereby certifies that title to the vehicle described herein has been transferred on this _____ day of _____ year _____ to:

Name Street City State Zip Code and is subject to the following lien

Name of Lienholder Address Date of Lien

I certify to the best of my knowledge that the odometer reading is the ACTUAL mileage of the vehicle unless one of the following statements is checked: STOP! DO NOT check one of the following unless it applies.

Odometer Reading (no tenths) _____

☐ 1. The mileage stated is in excess of its mechanical limits.
☐ 2. The odometer reading is not the actual mileage.
WARNING: ODOMETER DISCREPANCY

Dealer/Wholesaler Auctions License Number _____

I am aware of the above odometer certification made by the seller(s)

Signature(s) of Buyer(s) _____

Hand Print Name of Buyer(s) _____

Signature of Seller(s) _____

Hand Print Name(s) of Seller(s) _____

Address _____

NO ADDITIONAL RE-ASSIGNMENT PERMITTED - LAST ASSIGNEE MUST RETITLE BEFORE DISPOSAL

061001A

STATE OF SOUTH CAROLINA
CERTIFICATE OF TITLE
OF A VEHICLE

VEHICLE ID NUMBER	YEAR MAKE	MODEL	NEW/USED
1HGCM56445L000230	2005 HOND	ACCORD	NEW

BODY STYLE	DATE ISSUED	ODOMETER	WEIGHT	TITLE NUMBER
4S	02-07-2005	175	3089	770490137670611A

VEHICLE BRAND(S)
ACTUAL MILEAGE

FULL NAME OF OWNER(S) CUSTOMER NUMBER: 017890301
HONDA LEASE TRUST
8601 MCALPINE PARK DR STE 230
CHARLOTTE NC 282116305

FIRST LIENHOLDER
HONDA LEASE TRUST
8601 MCALPINE PARK DR STE 230
CHARLOTTE NC 282116305
DATE OF LIEN: 12/29/2004

1ST LIEN RELEASED 4-12-06 (DATE)
BY [signature] (AUTHORIZED AGENT)
HONDA LEASE TRUST

THE SOUTH CAROLINA DEPARTMENT OF MOTOR VEHICLES HEREBY CERTIFIES THAT THE PERSON HEREIN IS REGISTERED BY THIS DEPARTMENT AS THE LAWFUL OWNER OF THE VEHICLE DESCRIBED SUBJECT TO THE LIENS, IF ANY, HEREIN SET FORTH.

MARCIA S. ADAMS
EXECUTIVE DIRECTOR

MARK SANFORD
GOVERNOR

[illegible] TO VALIDATE FOR SECURITY [illegible]

035420647

REMOVE SIDE EDGE FIRST
THEN FLIP CORNER UNDER LONG EDGE TO OPEN

SOUTH CAROLINA DEPARTMENT OF MOTOR VEHICLES

ASSIGNMENT OF A VEHICLE

Federal and State law requires that you state the mileage in connection with the transfer of ownership. Failure to complete or providing a false statement may result in fines and/or imprisonment.
"NOTICE: ANY ALTERATIONS OR ERASURE VOIDS THE ASSIGNMENT" ASSIGNMENT(S) MUST BE MADE IN DARK INK

The undersigned hereby certifies that title to the vehicle described herein has been transferred on this 12 day of April year 2006 to:

Hendrick Honda Easley _____ and is subject to the following lien
Name Street City State Zip Code

_____
Name of Lienholder Address Date of Lien

I certify to the best of my knowledge that the odometer reading is the ACTUAL mileage of the vehicle unless one of the following statements is checked:
STOP! DO NOT check one of the following unless it applies.

Odometer Reading (no tenths) 26536

☐ 1. The mileage stated is in excess of its mechanical limits.
☐ 2. The odometer reading is not the actual mileage.
WARNING: ODOMETER DISCREPANCY

Date of Sale	4-12-06
Sales Price	$ FOR
Less Trade-In	RESALE
Taxable Total	$

I am aware of the above odometer certification made by the seller(s)

Signature(s) of Buyer(s) Redacted

Hand Print Name of Buyer(s) Redacted

Signature of Seller(s) HONDA LEASE TRUST

Hand Print Name(s) of Seller(s) HONDA LEASE TRUST Tara Davis

Address 8601 NC Alpine Park Dr Ste 230 Cinc Cliffe NC 28211

ASSIGNMENTS BY DEALER/WHOLESALER/AUCTION

The undersigned hereby certifies that title to the vehicle described herein has been transferred on this _____ day of _____ year _____ to:

_____ and is subject to the following lien
Name Street City State Zip Code

_____
Name of Lienholder Address Date of Lien

I certify to the best of my knowledge that the odometer reading is the ACTUAL mileage of the vehicle unless one of the following statements is checked: STOP! DO NOT check one of the following unless it applies.

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☐ 1. The mileage stated is in excess of its mechanical limits.
☐ 2. The odometer reading is not the actual mileage.
WARNING: ODOMETER DISCREPANCY

Dealer/Wholesaler
Auctions License Number _____

I am aware of the above odometer certification made by the seller(s)

Signature(s) of Buyer(s) _____

Hand Print Name of Buyer(s) _____

Signature of Seller(s) _____

Hand Print Name(s) of Seller(s) _____

Address _____

The undersigned hereby certifies that title to the vehicle described herein has been transferred on this _____ day of _____ year _____ to:

_____ and is subject to the following lien
Name Street City State Zip Code

_____
Name of Lienholder Address Date of Lien

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Dealer/Wholesaler
Auctions License Number _____

I am aware of the above odometer certification made by the seller(s)

Signature(s) of Buyer(s) _____

Hand Print Name of Buyer(s) _____

Signature of Seller(s) _____

Hand Print Name(s) of Seller(s) _____

Address _____

NO ADDITIONAL RE-ASSIGNMENT PERMITTED - LAST ASSIGNEE MUST RETITLE BEFORE DISPOSAL

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

HONDA

Hendrick HONDA

4609 CALHOUN MEMORIAL HIGHWAY
EASLEY, SC 29640
TELEPHONE (864) 855-1234
WEBSITE: www.hendrickhondasc.com

JL Hendrick MANAGEMENT CORPORATION

67-160
532

CHECK# 42447

42447

PAY **SEVENTEEN THOUSAND FOUR HUNDRED FORTY THREE DOLLARS AND 61/100**

DATE	AMOUNT
04/14/06	$17,443.61

TO THE ORDER OF
HONDA FINANCE EXCHANGE, INC
PO BOX 70252
PHILADELPHIA PA 19176-0252

M*

M*
AUTHORIZED SIGNATURE

BB&T
GREENVILLE, S.C.

⑈042447⑈ ⑆053201607⑆ 5120524390⑈

NAME	NUMBER	DATE
HONDA FINANCE EXCHANGE, INC	M	04/14/06

LIEN PAYOFF FOR SAMUEL [Redacted]
061001A

A/c # 63879147 05 ACCORD 320

1HGCM56445L000230 17443.61

SEND TITLE TO: HENDRICK HONDA EASLEY
4609 CALHOUN MEMORIAL HWY
EASLEY SC 29640

REMITTANCE ADVICE
DETACH AND RETAIN

Hendrick HONDA
EASLEY, SC 29640
JL Hendrick MANAGEMENT CORPORATION

CHECK NO.	NET AMOUNT	
42447		$17,443.61

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HONDA

Hendrick HONDA

HOIS129351

J. Hendrick MANAGEMENT CORPORATION

HOIS129351

4609 CALHOUN MEMORIAL HIGHWAY
EASLEY, SC 29640
TELEPHONE (864) 855-1234 TOLL FREE 1-800-829-1815
WEBSITE: www.hendrickhondasc.com

0201HOIS129351

CUSTOMER NO.	ADVISOR	TAG NO.	INVOICE DATE	INVOICE NO.
100	JOEL SIMPSON 146	4377	04/25/06	HOIS129351

HENDRICK HONDA EASLEY
4609 CALHOUN MEMORIAL HWY
EASLEY, SC 29640

LABOR RATE	LICENSE NO.	MILEAGE	COLOR	STOCK NO.
		26,537	WHITE/	061001A

YEAR / MAKE / MODEL	DELIVERY DATE	DELIVERY MILES
05/HONDA/ACCORD/4 DR	12/29/04	26,536

VEHICLE I.D. NO.	SELLING DEALER NO.	PRODUCTION DATE
1 H G C M 5 6 4 4 5 L 0 0 0 2 3 0		

F. T. E. NO.	P.O. NO.	R.O. DATE
03911951-4		04/13/06

RESIDENCE PHONE	BUSINESS PHONE	COMMENTS
864-855-1234	864-855-1234	MO: 26537

LABOR & PARTS

J# 1 32HOZCERTIFIED USED CERTIFIED HOURS: 2.00 TECH(S):162 138.00
PERFORM CERTIFIED PRE-OWNED INSPECTION
COMPLETED INSPECTION AS PER FACTORY SPEC'S

PARTS	QTY	FP NUMBER	DESCRIPTION	UNIT PRICE	
JOB # 1	1	PKUCI	INSPECTION	****	****
JOB # 1	4	BOLTS	TAG	0.50	2.00
JOB # 1	2	DECAL	HENDRICK	1.00	2.00
JOB # 1	1	55	WASHERFLD	1.80	1.80
JOB # 1	2	FOB	KEY	1.20	2.40
JOB # 1	1	FRAME	CHROME TA	2.95	2.95
JOB # 1	1	MTAG	METAL TAG	2.60	2.60
JOB # 1	1	65221	FUEL TREA	9.95	9.95
JOB # 1	1	PTAG	TAG	1.30	1.30
JOB # 1	1	PK1	HONDA OF & SEAL	****	****
JOB # 1	1	15400-PLM-A02	FILTER, O 15400	6.58	6.58
JOB # 1	1	94109-14000	WASHER, D 90400	0.27	0.27
JOB # 1	2	08732-9001	CLEANER, 08732	4.75	9.50

JOB # 1 TOTAL PARTS 41.35

JOB # 1 TOTAL LABOR & PARTS 179.35

J# 2 04HOZC COMPLETE AUTO DETAIL HOURS: TECH(S) 163 130.00
( ) WASH EXTERIOR OF CAR
( ) CLEAN ENGINE COMPARTMENT
( ) CLEAN AND DRESS TIRES
( ) SHAMPOO INTERIOR CARPET
( ) SHAMPOO SEATS
( ) CLEAN DOOR JAMS AND TRUNK AND HOOD OPENINGS
( ) DRESS INNER FENDER WELLS
( ) CLEAN DASH AND CONSOLE AREAS
( ) EMPTY ASH TRAYS
( ) CLEAN A/C VENTS AND APPLY DRESSING TO ALL VYNAL SUFACES
( ) SPEED BUFF WHERE NEEDED
( ) APPLY EXTERIOR COAT OF WAX
( ) 100% GAURANTEE OF TOTAL SATISFACTION!!
THANK YOU FOR USING HENDRICK HONDA AS YOUR SERVICING DEALER

JOB # 2 TOTAL LABOR & PARTS 130.00

J# 3+28HOZ1 TRIM HOURS: 0.50 TECH(S):162 34.50
Added Operation (JSIMPSON @ 04/14/2006 11:13)
INSTALL OVERHEAD LIGHT COVER
COMPLETED

PARTS	QTY	FP NUMBER	DESCRIPTION	UNIT PRICE	
JOB # 3	1	34402-SDA-A01	LENS, L 34999	3.81	3.81

JOB # 3 TOTAL PARTS 3.81

JOB # 3 TOTAL LABOR & PARTS 38.31

DISCLAIMER OF WARRANTIES

The only warranties applying to this part(s) are those which may be offered by the manufacturer. The selling dealer hereby disclaims all warranties, either express or implied including any implied warranties of merchantability or fitness for a particular purpose and neither assumes nor authorizes any other person to assume for it any liability in connection with the sale of this part(s) and/or service. Buyer shall not be entitled to recover from the selling dealer any consequential damages to property, damages for loss of use, loss of time, loss of profits, or income, or any other incidental damages.

IMPORTANT

You may receive a questionnaire from Honda Motors. Please return the completed survey to Honda Motors. Thank you, Hendrick Honda

THANK YOU

FOR THIS OPPORTUNITY

TO SERVE YOU.

SERVICE DEPT. HOURS

MONDAY THRU FRIDAY
7:30 A.M. – 6:00 P.M.

SATURDAY
8:00 A.M. – 5:00 P.M.

SHUTTLE SERVICE AVAILABLE

SEE REVERSE SIDE FOR IMPORTANT INFORMATION →

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ERAINTIM6 6F813729 0 (12/03)

DEF 011

HENDRICK0018

R.001765

HONDA

Hendrick HONDA

HOIS129351

J. Hendrick MANAGEMENT CORPORATION

HOIS129351

4609 CALHOUN MEMORIAL HIGHWAY
EASLEY, SC 29640
TELEPHONE (864) 855-1234 TOLL FREE 1-800-829-1815
WEBSITE: www.hendrickhondasc.com

0201IHOIS129351

CUSTOMER NO	ADVISOR	TAG NO.	INVOICE DATE	INVOICE NO.
100	JOEL SIMPSON 146	4377	04/25/06	HOIS129351

HENDRICK HONDA EASLEY
4609 CALHOUN MEMORIAL HWY
EASLEY, SC 29640

LABOR RATE	LICENSE NO.	MILEAGE	COLOR	STOCK NO.
		26,537	WHITE/	061001A

YEAR / MAKE / MODEL	DELIVERY DATE	DELIVERY MILES
05/HONDA/ACCORD/4 DR	12/29/04	26,536

VEHICLE I.D. NO.	SELLING DEALER NO.	PRODUCTION DATE
1HGCM56445L000230		

F.T.E. NO.	P.O. NO.	R.O. DATE
03911951-4		04/13/06

RESIDENCE PHONE	BUSINESS PHONE	COMMENTS
864-855-1234	864-855-1234	MO: 26537

LABOR & PARTS

J# 4+09HOZADJUST SERVICE REAR BRAKES. HOURS: 0.50 TECH(S):162 34.50
Added Operation (JSIMPSON @ 04/14/2006 11:13)
PARKING BRAKE OUT OF ADJUSTMENT.
REAR BRAKES DIRTY AND OUT OF ADJUSTMENT.
SERVICED REAR BRAKES AS REQUESTED

JOB # 4 TOTAL LABOR & PARTS 34.50

G.O.G. & SUPPLIES

JOB # 1	5.0	AUTOMOTIVE OIL	@ 2.190 /UNIT		10.95
JOB # 3		FREIGHT (PARTS)			4.79
				TOTAL - GOG	15.74

MISC

	CODE	DESCRIPTION	CONTROL NO	
JOB # 1	SHOP	SHOP SUPPLIES		4.14
JOB # 1	HAZWASTE	ENVIRONMENTAL COMPLIANCE FEE		1.00
JOB # 2	SHOP	SHOP SUPPLIES		10.00
			TOTAL - MISC	15.14

TOTALS

CONTROL#	ACCOUNT#	AMOUNT
061001A	250	413.04

TOTAL LABOR....	337.00
TOTAL PARTS....	45.16
TOTAL SUBLET...	0.00
TOTAL G.O.G....	15.74
TOTAL MISC.CHG.	15.14
TOTAL MISC.DISC	0.00
TOTAL TAX.....	0.00
TOTAL INVOICE $	**413.04**

APPROVED BY SIGNATURE

DISCLAIMER OF WARRANTIES

The only warranties applying to this part(s) are those which may be offered by the manufacturer. The selling dealer hereby disclaims all warranties, either express or implied including any implied warranties of merchantability or fitness for a particular purpose and neither assumes nor authorizes any other person to assume for it any liability in connection with the sale of this part(s) and/or service. Buyer shall not be entitled to recover from the selling dealer any consequential damages to property, damages for loss of use, loss of time, loss of profits, or income, or any other incidental damages.

IMPORTANT

You may receive a questionnaire from Honda Motors. Please return the completed survey to Honda Motors. Thank you, Hendrick Honda

THANK YOU

FOR THIS OPPORTUNITY

TO SERVE YOU.

SERVICE DEPT. HOURS

MONDAY THRU FRIDAY
7:30 A.M. – 6:00 P.M.

SATURDAY
8:00 A.M. – 5:00 P.M.

SHUTTLE SERVICE AVAILABLE

SEE REVERSE SIDE FOR IMPORTANT INFORMATION →

Copyright © 1988 The Reynolds and Reynolds Company
ERAINTINVE - 6P513730 Q (12/03)

VEHICLE COPY-I

[END OF INVOICE] 12:11pm

DEF 011

HENDRICK0019

R.001766

DEALER 207984 CERTIFIED USED CERTIFICATION ACKNOWLEDGEMENT 04/25/06

VIN	STOCK NBR	MESSAGE
1HGCM56445L000230	061001A	ACCEPTED CERTIFICATION REQUEST CERTIFICATION EXPIRES ON 07/24/06

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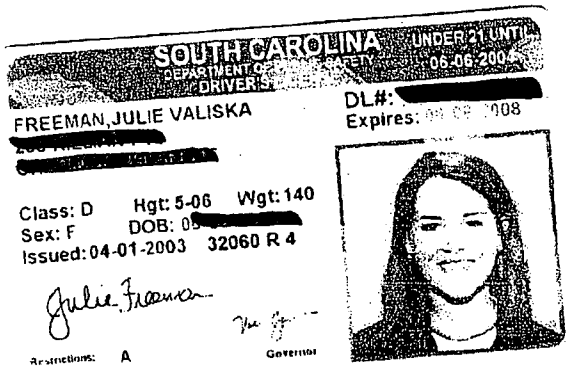

SOUTH CAROLINA
DEPARTMENT OF
DRIVER
UNDER 21 UNTIL
06-06-2004
FREEMAN,JULIE VALISKA
[redacted]
DL#: [redacted]
Expires: [redacted]008
Class: D Hgt: 5-06 Wgt: 140
Sex: F DOB: [redacted]
Issued: 04-01-2003 32060 R 4
Julie Freeman
Restrictions: A
Governor

Hendrick AUTOMOTIVE GROUP www.hendrickauto.com

VEHICLE APPRAISAL

Hendrick Dealer Location

Date 2/11/06

Salesperson [redacted] Appraised by John Miller

Customer Name Julie Freeman Interested in

Address [redacted] City [redacted]

State [redacted] Zip [redacted] Phone 803-331-[redacted] (home) (work)

Y 1999 Make [redacted] Model 626 E-Mail Address Aftermarket Conversion ○

Trim Level [redacted] Trim Pkg LX

VIN 1YVGF22C9X5884963 Miles 134[redacted] Actual ○ Over ○ Unknown ○

ACV $ [redacted]

10th Digit: K=89 L=90 M=91 N=92 P=93 R=94 S=95 T=96 V=97 W=98 X=99 Y=00 Z=01

CAR Hatchback/Liftback ○ Coupe ○ Sedan ● Station Wagon ○ Fastback ○ Convertible ○ Doors 4 (3,4)

TRUCK Cab Type: Standard ○ Extended ○ Crew ○ Sport Utility ○ Doors (3,4)
Box Options: Long Wide ○ Dually ○ Short Wide ○ Short Narrow ○
No Box ○ Payload: 1/2 Ton ○ 3/4 Ton ○ 3/4 Ton H.D. ○ 1 Ton ○

VAN Std. Length ○ Ext. Length ○
Payload: 1/2 Ton ○ 3/4 Ton ○ 3/4 Ton H.D. ○ 1 Ton ○
Sliding Side Door ○ Cargo Side Doors ○

RVLS $ [redacted]

ADD THIS TO THE "NEED TO MOVE" LIST ○

RETAIL $

DEALER STOCK #

NOT YET TRADED ○

Primary Exterior Color (Select One Number From Color Group) 13 Lt. Md. Dk.
Secondary Exterior Color (For Two-Tone Vehicle Select Additional Color) 16 Lt. Md. Dk.
Interior Color (Select One Number From Color Group) Lt. Md. Dk.

1. White 6. Brown 11. Tan
2. Black 7. Silver 12. Maroon
3. Red 8. Yellow 13. Green
4. Blue 9. Teal 14. Charcoal
5. Grey 10. Gold 15. Woodgrain

Engine Options:
Liters/Displacement
Cylinders (3,4,5,6,8,10,12) 04
Factory Turbo Charged ○
Factory Super Charged ○
Factory High output ○
Gasoline ●
Diesel ○
Other ○

Transmission Type:
Automatic ○
Automatic Overdrive ●
Manual/Stickshift 3 speed ○
Manual/Stickshift 4 speed ○
Manual/Stickshift 5 speed ○
Manual/Stickshift 6 speed ○

Rear Axle Ratio: (For 3/4 & 1-Ton only)

Drive Train Options:
4X4 /All Wheel Drive ○
Traction Control System ○
Power Steering ●
Four Wheel Steering ○
Power Brakes ●
Anti-Lock Brakes ○
Camper/Tow Package ○

Wheel and Cover Type:
Standard Steel Wheels ○
Deluxe Wheel Covers ○
Factory Upgrade Wheels ○
Wire Wheel Covers ○
Chrome Wheels ○
Alloy Wheels ●

Interior Options:
Tilt Wheel Steering ●
Cruise Control ●
Power Windows ●
Power Locks ●
Air Conditioning ●
Climate Control ○
Rear Air Conditioning ○
Privacy Glass ○
Power Driver Seat ○
Power Passenger Seat ○
Power Rear Seat ○
Driver Airbag ●
Passenger Airbag ●

Seating Options:
Bench Seat ○
Split Bench Seat ○
Bucket Seats ●
Third Seat ○
Captain's Chairs (Truck) ○

Van Seating Options:
Seating Capacity (1,2,5,7,11,15)
2 Bucket Seats ○
2 Captains Chairs ○
4 Captains Chairs ○

Seating Material Type:
Vinyl Upholstery ○
Cloth Upholstery ●
Leather Upholstery ○

Stereo Options:
No Radio ○
AM Only ○
AM/FM ○
AM/FM Cassette ●
Compact Disc ●
Factory Highline Stereo ○

Roof Options:
Vinyl Top 626
Flip-up Glass Sunroof ○
Sliding Sunroof ○
T-Top/Targa Top ○
Removable Glass Roof ○
Removable Hardtop ○
Luggage Rack ○
Canopy/Shell ○
Raised Roof ○

Rear Door Type: (Suburban & Tahoe Only)
Tailgate ○
Cargo Doors ○

Additional options:
Running Boards ○
Bed Liner ○
Roll Bar ○
Sliding Rear Window ○
Optional Fuel Tank ○
Television ○
Video Cassette Player ○
Rear Stereo System ○

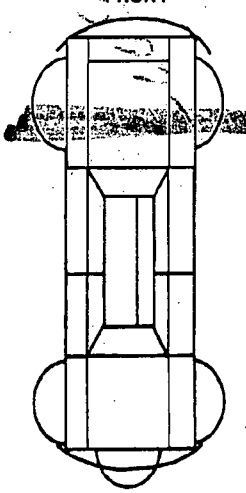
ASSESSMENT

1. How many miles on your car? 134,000
2. Is this true mileage? Yes ● No ○ 3. When was the last oil change? [redacted]
4. How many miles on tires? 2/32 5. Are there any problems with the car? [redacted]
6. Has your car been accident or flood damaged or theft returned? NO
7. If so, give details. [redacted]
8. Did you buy vehicle new? Yes ○ No ●
9. What equipment will be removed? [redacted]
10. Who holds title? SC Telco Credit [redacted]
11. Does car have a service contract? No.
12. Condition: Above Avg. [redacted] Avg. [redacted] Below Avg. [redacted]
13. What brought you to our dealership? [redacted]

Signature [redacted]

	ENG.		METAL
	TRANS.		PAINT
	DIFF.		GLASS
	EJECT.		TOP
	TIRES		UPHOL.
	DSTAIL		SHOCKS
	BRAKES		MUFFLER
	AXLE		CLUTCH

FRONT



RVLS-2 (cs/oo)

Reynolds and Reynolds

RVLS Fax Number: (704) 568-8527

DEF 011

HENDRICK0022

R.001769

FAY 271-4181.

Hendrick HONDA

Where it's Easy to Buy

SALES WORKSHEET

DATE 7/11/06.

SALESPERSON [redacted] #

BUYER'S NAME Julie Freeman

EMAIL @

176-92 CO-BUYER'S NAME

CELL PHONE ( ) [redacted]

ADDRESS [redacted]

RES. PHONE ( ) -

CITY, ST, ZIP [redacted] Greenville SC COUNTY

BUS. PHONE ( ) [redacted]

16536

VEHICLE BEING PURCHASED

STOCK # 06100M	N CD D	HN	
YEAR 2005	MAKE Honda	MILES 26,553	
MODEL Accord	2DR ☐ 4DR ☐		
TRIM LX	MT ☐ AT ☐	COLOR Willow	
VIN 1HGCM56495L002300			

USED VEHICLE BEING TRADED

YEAR 99	MAKE Mazda	MODEL 626

PAYOFF VERIFICATION

ACCOUNT # [redacted]

BANK: [redacted]

PHONE: [redacted]

ADDRESS: [redacted]

CITY, ST, ZIP: [redacted]

QUOTED BY: Susan / ATTN: Sylvia

PAYOFF AMT 372.57

GOOD UNTIL (10 DAY) 7/22/2006

INSURANCE VERIFICATION

COMPANY Nationwide.

AGENT Mike Boyd. PHONE (803) 738-7002

ADDRESS 5205 Forest Dr.

CITY, ST, ZIP Columbia SC 29206

COMPANY

POLICY # [redacted]

EFFECTIVE DATES FROM 7/13/06 TO 9/8/06

DEDUCT COMP 100 COLL 200

QUOTED BY: Mike / Randall C.

MSRP	$ 18,995
EQUIPMENT TO BE ADDED OR REMOVED	
	18,695
	18,295
TOTAL COST	$

NOTES

29171 PAYMENT INFORMATION SC

RETAIL	LEASE
TERM	TERM
CASH DOWN	CASH DOWN
PAYMENT	PAYMENT

CASH PRICE OF VEH. AND ACCESS.	$ 17,995.00
TRADE – IN ALLOWANCE	$ 900.00
DIFFERENCE	$ 17,095.00
ADMINISTRATION FEE	$ 299.00
STATE TAX	$ 300.00
LIC/TRANSFER/TITLE/REG FEES	$ 39.00
TOTAL PRICE OF UNIT	$ 17713.00
LIEN PAYOFF	$ 372.57
DOWN PAYMENT	$ 0
BALANCE	$ 18,090.57

SIGNATURES

DEAL NUMBER

SALES MANAGER / DATE 07/11/06

BUYER Julie V Freeman

CO-BUYER

Reynolds and Reynolds CC05658B Q (05/06)

MSRP	$ 18,995
EQUIPMENT	
TOTAL COST $	

866-513-9364
Marty
62803

SELLING PRICE	TRADE
$ ~~18,295~~ 17,975.00 7/11/06 Good for 2 weeks if this car available	$ 1200 Not seen Payoff EST 400.00
CASH DOWN	**PAYMENT** W.A.C
A) _____ 1500 Down 500 Down	A) 60 X 350.20 B) 60 X 315.02 60 X 334.35
CASH ON DELIVERY	**MONTHLY LEASE PAYMENT**
$ 0 Down	$ 60 X 344.02

Providing all terms are agreeable, I will purchase this vehicle now.

Signature: _____

DEF 011

HENDRICK0024
R.001771

White
2004 Accord LX
126,000 miles
17,975
$4,111 mo

CUSTOMER Fleeman SALESPERSON Randall C

	DEAL # 49320		MANAGER
	STOCK# 061001A		DATE 7/12/06
	SALES		FINANCE
✓	SALES WORKSHEET		BUYERS ORDER
✓	WE OWE		CREDIT APP
✓	PRIVACY NOTICE		CBI REPORT
✓	DRIVERS LICENSE		BANK APPROVAL
✓	TERMS ADDEMDUM		PTO
✓	APPRASIAL SHEET		FORM 400
	~~REGISTRATION~~ / ~~COPY OF TAG~~ NEW TAG		INSURANCE FORM ✓
	NEW CAR INSPECTION FORM		TRADE PTO
✓	TRADE PAY-OFF		P.O.A.
✓	BUYERS GUIDE		INVOICE
	COPY OF INVOICE / MONRONEY LABEL		RECAP
	OTHER REQUIREMENTS		LEASE AGREEMENT
	OWNER LINK		LEADERSHIP PURCHASE
			L.P. WORKSHEET
	PROTECTION PROGRAMS		NORTH CAROLINA
	EXTENDED SERVICE AGGREEMENT		MVR1
	MAINTENANCE AGREEMENT		MVR330 LEASE
	GAP		MVR 181 USED CAR
	SILENT SECURITY		GEORGIA
	CARCARE		MV1
	LIFE/ACCIDENT AND HEALTH		AFFIDAVIT FOR INTENT TO LICENSE
	LO JACK		SPECIAL FINANCE
	MENU FORM		INCOME VERIFICATION
	DECLINATION FORM		REFERENCE FORM
			PHONE BILL
			OTHER MAIL

11:25 JUL 1 REC'D

C:\Documents and Settings\JCMiller\My Documents\DEAL CHECKLISK 2.doc

HENDRICK0026
R.001773

WE OWE

4249

NAME Julie Freeman STK. NO. 061001A NEW USED

ADDRESS [redacted] YEAR 2005 MAKE Honda

CITY [redacted] STATE [redacted] ZIP [redacted] MODEL Accord LX

PHONE [redacted] VIN NO. 1HGCM56445L000230

SALESPERSON Randall C DEL. DATE

QTY.	NAME OF ITEM	PART	LABOR
1	Delivery wash.		
	Certified		

DEAL JACKET

I hereby accept this WE-OWE with the understanding that it is valid for only (30) THIRTY DAYS FROM DATE OF ISSUANCE, and that I must make an ADVANCE APPOINTMENT WITH THE SERVICE DEPARTMENT before the above work can be performed.

(FOR APPOINTMENT CALL SERVICE DEPT.)

DATE 7.12.06

CUSTOMER Julie Freeman

APPROVED [signature] MGR.

FORM SA-1506 REV. (1/95) Reynolds and Reynolds

WE OWE

4249

NAME Julie Freeman STK NO. 06R001A NEW USED

ADDRESS [redacted] YEAR 2005 MAKE Honda

CITY [redacted] STATE SC ZIP [redacted] MODEL Accord LX

PHONE [redacted] VIN NO. 1HGCM56415A000230

SALESPERSON Kenneth C. DEL DATE

QTY.	NAME OF ITEM	PART	LABOR
1	Delivery wash.		
	Certified		

PARTS DEPT.

I hereby accept this WE-OWE with the understanding that it is valid for only (30) THIRTY DAYS FROM DATE OF ISSUANCE, and that I must make an ADVANCE APPOINTMENT WITH THE SERVICE DEPARTMENT before the above work can be performed.

(FOR APPOINTMENT CALL SERVICE DEPT.)

DATE 7-12-06

CUSTOMER Julie Freeman

APPROVED [signature] MGR

FORM SA-1506 REV. (1/95) Reynolds and Reynolds

BUYERS GUIDE

IMPORTANT: Spoken promises are difficult to enforce. Ask the dealer to put all promises in writing. Keep this form.

HONDA	ACCORD	2005	1HGCM56445L000230
VEHICLE MAKE	MODEL	YEAR	VIN NUMBER

061001A
DEALER STOCK NUMBER (optional)

WARRANTIES FOR THIS VEHICLE:

☐ AS IS-NO WARRANTY

YOU WILL PAY ALL COSTS FOR ANY REPAIRS. The dealer assumes no responsibility for any repairs regardless of any oral statements about this vehicle.

☒ WARRANTY

☐ **FULL** ☒ **LIMITED WARRANTY.**

The dealer will pay 100% of the labor and 100% of the parts for the covered systems that fail during the warranty period. Ask the dealer for a copy of the warranty document for a full explanation of warranty coverage, exclusions, and the dealer's repair obligations. Under state law, "implied warranties" may give you even more rights.

HONDA CERTIFIED

Your Honda Certified Used Car is covered by the following Honda Certified Used Car Limited Warranty: * **POWERTRAIN COVERAGE:** 7 Years or 100,000 miles from original warranty registration date. **NON-POWERTRAIN COMPONENT COVERAGE** : An additional 12 months or 12,000 miles after the new car warranty expires. **ELIGIBLE VEHICLES:** Current model years and up to 5 previous years vehicles with 80,000 miles or fewer at time of certification. **START OF COVERAGE:** Experation of the Honda New Car Limited Warranty , or the Honda Certified Used Car Retail Delivery date, whichever is later. **SEE CONTRACT FOR FULL DETAILS OF COVERED PARTS.**

COVERAGE DURATION: 84 Months or 100,000 Miles whichever occurs first.

☒ **SERVICE CONTRACT.** A service contract is available at an extra charge on this vehicle. Ask for details as to coverage, deductible, price, and exclusions. If you buy a service contract within 90 days of the time of sale, state law "implied warranties" may give you additional rights.

PRE-PURCHASE INSPECTION: ASK THE DEALER IF YOU MAY HAVE THIS VEHICLE INSPECTED BY YOUR MECHANIC EITHER ON OR OFF THE LOT.

SEE BACK OF THIS FORM for important additional information, including a list of some major defects that may occur in used motor vehicles.

Below is a list of some major defects that may occur in used motor vehicles.

Frame & Body
- Frame—cracks, corrective welds, or rusted through
- Dogtracks—bent or twisted frame

Engine
- Oil leakage, excluding normal seepage
- Cracked block or head
- Belts missing or inoperable
- Knocks or misses related to camshaft lifters and push rods
- Abnormal exhaust discharge

Transmission & Drive
- Improper fluid level or leakage, excluding normal seepage
- Cracked or damaged case which is visible
- Abnormal noise or vibration caused by faulty transmission or drive shaft.
- Improper shifting or functioning in any gear
- Manual clutch slips or chatters

Differential
- Improper fluid level or leakage excluding normal seepage
- Cracked or damaged housing which is visible.
- Abnormal noise or vibration caused by faulty differential

Cooling System
- Leakage including radiator
- Improper functioning water pump

Electrical System
- Battery leakage
- Improperly functioning alternator, generator, battery or starter

Fuel System
- Visible leakage

Inoperable Accessories
- Gauges or warning devices
- Air conditioner
- Heater & Defroster

Brake System
- Failure warning light broken
- Pedal not firm under pressure (DOT specs.)
- Not enough pedal reserve (DOT specs.)
- Does not stop vehicle in straight line (DOT specs.)
- Hoses damaged
- Drum or rotor too thin (Mfgr. specs.)
- Lining or pad thickness less than 1/32 inch
- Power unit not operating or leaking
- Structural or mechanical parts damaged

Steering System
- Too much free play at steering wheel (DOT specs.)
- Free play in linkage more than 1/4 inch
- Steering gear binds or jams
- Front wheels aligned improperly (DOT specs.)
- Power unit belts cracked or slipping
- Power unit fluid level improper

Suspension System
- Ball joint seals damaged
- Structural parts bent or damaged
- Stabilizer bar disconnected
- Spring broken
- Shock absorber mount loose
- Rubber bushings damaged or missing
- Radius rod damaged or missing
- Shock absorber leaking or functioning improperly

Tires
- Tread depth less than 2/32 inch
- Sizes mismatched
- Visible damage

Wheels
- Visible cracks, damage or repairs
- Mounting bolts loose or missing

Exhaust System
- Leakage

DEALER

ADDRESS

SEE FOR COMPLAINTS

Receipt of copy Acknowledged Julie Freeman

(TRANSFEREE'S SIGNATURE-BUYER)

IMPORTANT: The information on this form is part of any contract to buy this vehicle. Removal of this label before consumer purchase (except for the purpose of test-driving) is a violation of federal law (16 C.F.R. 455).

PRIVACY NOTICE

In connection with your transaction, Hendrick Honda may acquire information about you as described in this notice, which we handle as stated in this notice.

1. We collect non-public personal information about you from the following sources.
   - Information we receive from you on applications or other forms
   - Information about your transaction with us
   - Information we receive from a consumer reporting agency
2. We do not disclose, nor do we reserve the right to disclose, any non-public personal information about our consumers, customers or former customers to anyone, except as permitted by law. We may disclose non-public personal information about you, as a consumer, customer or former customer, to non-affiliated third parties as permitted by law.
3. We restrict access to the non-public personal information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your non-public personal information.

Customer Acknowledgement: I (we) acknowledge that I (we) received copy of this notice on the date indicated below.

Customer Signature	Customer Name (printed)	Date
Julie Freeman	Julie Freeman	7-12-06
Customer Signature	Customer Name (printed)	Date

TRADE PAY OFF

I (Customer Name) Julie Freeman understand that Hendrick Honda is using as the pay-off figure for the vehicle I am trading, an estimate of $ 377.57 made by myself and Hendrick Honda. Hendrick Honda will verify the figure in question with the lending institution involved. Should there be an overage in the estimated pay-off versus the actual pay-off, Hendrick Honda will remit the amount of the overage to me. Should there be a shortage between the pay-off and the estimated pay-off, I shall agree to remit the amount of shortage to Hendrick Honda.

Customer Signature:	Date:
Julie Freeman	7-12-06
Business Manager:	Date:

Reynolds and Reynolds FL009843 C (05/06)

Part 1 - Accounting Copy Part 2 - Customer Copy

ADDENDUM REGARDING
ADDITIONAL TERMS AND CONDITIONS

The undersigned agree that the Buyer's Order, Lease Agreement, Retail Installment Contract and/or any other agreements between the parties entered into this date involving the sale or lease of a vehicle is hereby modified and amended to add the following additional terms and conditions:

1) Though this Addendum refers to buyer/seller, it applies to either a purchase or lease of a vehicle. If the transaction is a lease, all references in this addendum to buyer include lessee and all references to seller include a lessor.

2) The seller will make reasonable efforts to assign buyer's retail installment contract or lease to a bank or sales finance company. The parties agree that the seller does not make any representations regarding whether its attempts to assign the retail installment contract or lease will be successful. The ultimate decision with respect to such assignment is with the bank or sales finance company.

3) If the seller is unable to assign the buyer's retail installment contract or lease, the buyer agrees to promptly return the vehicle to the seller. Upon prompt return of the vehicle, seller will refund the buyer's down payment less any costs incurred and either: (a) the buyer's trade-in vehicle upon deduction from the down payment of a reasonable charge for storage and repairs or (b) the actual cash value of the trade-in as previously determined in the transaction documents.

4) The buyer understands and agrees that in the event the vehicle is not promptly returned pursuant to this Addendum the seller has the right to proceed without judicial process to recover the vehicle under South Carolina Code of Laws Section 36-9-609.

5) Buyer agrees that if buyer is in default under this or any other agreement with the seller, buyer will pay all costs incurred by seller and permitted by law for collection, damages or otherwise, including reasonable attorney fees.

6) The terms of this Addendum may not be changed or modified by any salesman. Any change or modification must be in writing and signed by the seller.

7) The buyer understands the payoff information for the liens on any trade-in may be an estimate. The financial institution holding the lien will be contacted for the exact figures required to execute a release of lien so seller will receive a free and clear title to the trade-in. The buyer is responsible for any difference between the estimated amount and any higher pay-off amount. Any overage will be refunded by the bank, the sales finance company or the seller to the buyer. The seller may require that buyer re-execute the transaction documents containing the correct pay-off amount.

7-12-06
Date

Gillie Freeman
Buyer

Date

Co-Buyer

Hendrick
Seller

By Joe Phillips

Title Finance Mgr

HEN-SDA-SC Reynolds and Reynolds TO ORDER: www.reysource.com; 1-800-344-0998; fax 1-800-631-9055
LENDER

ADDENDUM REGARDING
ADDITIONAL TERMS AND CONDITIONS

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7-12-06
Date

Buyer

Date

Co-Buyer

Seller: Hendrick

By:

Title:

A HIGHER LEVEL OF PROTECTION

✓ I do not choose to purchase Hendrick Extended Service Agreement.
✓ I do not choose to purchase Hendrick Maintenance Care.
✓ I do not choose to purchase Hendrick Guaranteed Asset Protection.
✓ I do not choose to purchase Hendrick Environmental Car Care System.
✓ I do not choose to purchase Hendrick Silent Security Theft Protection and Hendrick LoJack Vehicle Recovery System.
✓ I do not choose to purchase Hendrick Life, Accident and Health.
All of the above products were fully explained to me. Please check the product(s) you do not wish to purchase. Customer Signature D. Day _____ Date _____ Dealership Representative _____

HENDRICK AUTOGUARD INC.

Base Payment _____

A Higher Level of Protection

Ownership Menu Options

Option 1	Option 2	Option 3	Option 4
Hendrick Extended Service Agreement	Hendrick Extended Service Agreement	Hendrick Extended Service Agreement	Hendrick Extended Service Agreement
Hendrick's Manufacturer's Specific Maintenance	Hendrick's Manufacturer's Specific Maintenance	Hendrick's Manufacturer's Specific Maintenance	Hendrick's Manufacturer's Specific Maintenance
Environmental Car Care System	Environmental Car Care System	Environmental Car Care System	
Guaranteed Asset Protection Program	Guaranteed Asset Protection Program		
Silent Security Protection Program			
LoJack			
Mos _____ Pymt _____	Mos _____ Pymt _____	Mos _____ Pymt _____	Mos _____ Pymt _____
Mos _____ Pymt _____	Mos _____ Pymt _____	Mos _____ Pymt _____	Mos _____ Pymt _____
Addition to Payment Life, A & H	Addition to Payment Life, A & H	Addition to Payment Life, A & H	Addition to Payment Life, A & H

Customer Signature _____ **Option #** Non

This is not a contract nor an offer to purchase. You do not have to purchase any of these products to secure financing. Products may be purchased separately. See product agreement for details. You must qualify to secure financing, as payments vary depending upon credit. Products do not reflect interest rate nor approval. Finance charge, amount financed, total of payments and total sales price will be clearly displayed on your actual contract.

DEF 011

HENDRICK0035
R.001782

HONDA

JL Hendrick MANAGEMENT CORPORATION

Hendrick HONDA

4609 CALHOUN MEMORIAL HIGHWAY
EASLEY, SC 29640
TELEPHONE (864) 855-1234 TOLL FREE 1-800-829-1815
WEBSITE: www.hendrickhondasc.com

It's Easy in Easley

PURCHASER'S NAME JULIE VALISKA FREEMAN DATE 07/12/06

PURCHASER'S ADDRESS [redacted] RES. PHONE [redacted]

CITY, STATE & ZIP GREENVILLE SC 29607 BUS. PHONE 864)355-2700

VEHICLE BEING PURCHASED	
STOCK NO. 061001A	
YEAR 2005 MAKE HONDA MILEAGE 26553	
MODEL ACCORD BODY TYPE ☐ 2 DR. ☐ 4 DR. ☐ WAGON, VAN ☐ TRUCK	
SERIES 1HGCM56445L000230 TRANS COLOR WHITE	
SER. NO.	

USED VEHICLE WARRANTY DISCLAIMER

I UNDERSTAND THAT THIS VEHICLE IS BEING SOLD "AS IS" WITH ALL FAULTS AND IS NOT COVERED BY ANY DEALER WARRANTY. I UNDERSTAND THAT THE DEALER IS NOT REQUIRED TO MAKE ANY REPAIRS AFTER I BUY THIS VEHICLE. I WILL HAVE TO PAY FOR ANY REPAIRS THIS VEHICLE WILL NEED.

SIGNATURE OF BUYER

VEHICLE BEING TRADED	
YEAR 1999 MAKE OF TRADE-IN MAZDA	
MODEL OR SERIES 626 BODY TYPE 4 DOOR SEDAN	
COLOR GREEN	
SER. NO. 1YVGF22C9X5884463 ENG. TYPE	
LIENHOLDER SC TELCO FED CREDIT UNION PAYOFF $ 377.57 THRU	
ADDITIONAL LIENS:	

MSRP	$ 17975.00
INSTALLED ACCESSORIES	$ N/A
ACCESSORIES TO BE ADDED	$ N/A
CASH PRICE OF VEHICLE & ACCESSORIES	$ 17975.00
TRADE-IN ALLOWANCE	$ 900.00
DIFFERENCE	$ 17075.00
PROCUREMENT FEE	$ 299.00
STATE TAXES	$ 300.00
LICENSE, LICENSE TRANSFER, TITLE, REGISTRATION FEE	$ 39.00
TOTAL PRICE OF UNIT	$ 17713.00
LIEN PAYOFF OWED CUSTOMER GUARANTEES	$ 377.57
DOWN PAYMENT	$ N/A
BALANCE	$ 18090.57

SECURITY AGREEMENT: Purchaser hereby grants Seller, its successors and assigns, a security interest in the motor vehicle, equipment and accessories to be purchased pursuant to this agreement, and such security interest shall remain in effect until all sums due hereunder have been paid in full.

FOR SALES INVOLVING DEALER ARRANGED FINANCING ONLY: This sale is conditioned upon approval of your proposed retail installment sale contract or lease as submitted to or through the dealer. If that proposed retail installment sale contract or lease is not approved under the terms agreed to with the dealer, you may cancel this sale and any down payment and/or trade-in you submitted will be returned to you, provided that any vehicle delivered to you by the dealer pursuant to this agreement is returned to the dealer in the same condition as delivered to you within twenty-four hours of written or oral notice to you of the credit denial.

RANDALL A CLEMMENT
Salesperson

Signed (1) JULIE VALISKA FREEMAN
Purchaser

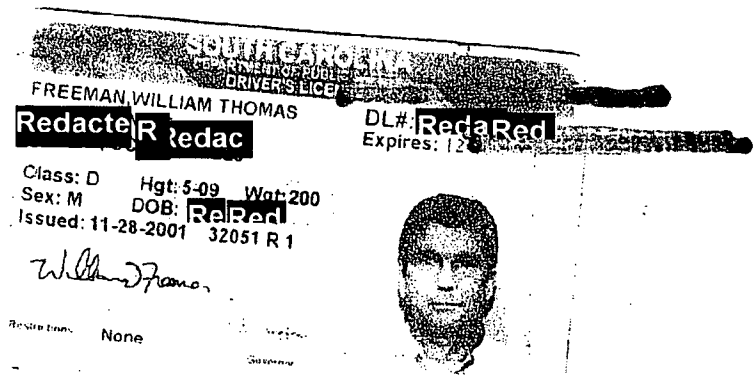
Manager

(2) Purchaser

This order is not valid unless signed and accepted by the Dealer or his authorized representative.

Reynolds and Reynolds (ROI) 2235 © (05/06)

[redacted]


FREEMAN,WILLIAM THOMAS
Redacte R edac
DL#: Reda Red
Class: D
Sex: M
Issued: 11-28-2001
Hgt: 5-09
Wgt: 200
DOB: Re Red
32051 R 1
None

SCADA

AFFIDAVIT & NOTIFICATION OF
SALE OF MOTOR VEHICLE
(Entire Form Must Be Typed or Printed)

No. 35890809

Personally appeared before me WILLIAM THOMAS FREEMAN (Seller) (Dealer Retail Tax #)

[redacted] (Address)

who being duly sworn, deposes and says that on the 12th day of JULY 20 06,

he sold the following motor vehicle: Make MAZDA Model 626

Year 1999 Identification (Serial) No. 1YVGF22C9X5884463

License No. _____ to HENDRICK HONDA (Buyer)

4609 CALHOUN MEMORIAL HWY EASLEY SC 2964[redacted]
(Street) (City) (County) (State) (Zip)

Special Mailing Address

Deponent further states that there are no liens or encumbrances on the said vehicle except as listed below:

Lienholder _____ Amount _____

Address _____ Date 07/12/06

I certify that the odometer now reads 134302 (no tenths) miles and to the best of my knowledge that it reflects the actual mileage of the vehicle described below, unless one of the following statements is checked.

☐ (1) I hereby certify that to the best of my knowledge, the odometer reading reflects the amount of mileage in excess of its mechanical limits.

☐ (2) I hereby certify that the odometer reading is NOT the actual mileage. WARNING - ODOMETER DISCREPANCY

Federal law (and State law, if applicable) requires that you state the mileage upon transfer of ownership. Failure to complete or providing a false statement may result in fines and/or imprisonment.

(Signature of Seller)

WILLIAM THOMAS FREEMAN
(Print Seller's Name)

(Signature of Buyer)

HENDRICK HONDA
(Print Buyer's Name)

Property Tax Section

Check One:

_____ Purchase License Plate

D.L. Number _____

License Plate Issued _____

_____ Transfer License Plate

_____
Signature of Buyer/If purchasing plates

Property taxes will be due in 120 days

TOP COPY - TO DIVISION OF MOTOR VEHICLES WITH TITLE AND LICENSING APPLICATION. YELLOW COPY - FOR DEALER'S FILE. PINK COPY - TO DIVISION OF MOTOR VEHICLES IF NEW TAGS ARE TO BE OBTAINED. GOLDENROD COPY - TO BUYER.

SCADA

AFFIDAVIT & NOTIFICATION OF
SALE OF MOTOR VEHICLE
(Entire Form Must Be Typed or Printed)

No. 35890810

Personally appeared before me HENDRICK HONDA 03911951-4
(Seller) (Dealer Retail Tax #)

4609 CALHOUN MEMORIAL HWY EASLEY SC 29640 [redacted]
(Address)

who being duly sworn, deposes and says that on the 12th day of JULY 20 06,

he sold the following motor vehicle: Make HONDA Model ACCORD

Year 2005 Identification (Serial) No. 1HGCM56445L000230

License No. _____ to JULIE VALISKA FREEMAN
(Buyer)

[redacted]
(Street) (City) (County) (State) (Zip)

Special Mailing Address

Deponent further states that there are no liens or encumbrances on the said vehicle except as listed below:

Lienholder SC TELCO FEDERAL CREDIT UNION Amount 18090.57

Address P O BOX 3287 GREENVILLE SC 29603 Date 07/12/06

I certify that the odometer now reads 26553 (no tenths) miles and to the best of my knowledge that it reflects the actual mileage of the vehicle described below, unless one of the following statements is checked.

☐ (1) I hereby certify that to the best of my knowledge, the odometer reading reflects the amount of mileage in excess of its mechanical limits.

☐ (2) I hereby certify that the odometer reading is NOT the actual mileage. WARNING - ODOMETER DISCREPANCY

Federal law (and State law, if applicable) requires that you state the mileage upon transfer of ownership. Failure to complete or providing a false statement may result in fines and/or imprisonment.

(Signature of Seller)

HENDRICK HONDA Joseph E. Phillips
(Print Seller's Name)

(Signature of Buyer)

JULIE VALISKA FREEMAN
(Print Buyer's Name)

Property Tax Section

Check One:

____ Purchase License Plate

D.L. Number [redacted]

License Plate Issued _____

____ Transfer License Plate

Signature of Buyer/If purchasing plates

Property taxes will be due in 120 days

TOP COPY - TO DIVISION OF MOTOR VEHICLES WITH TITLE AND LICENSING APPLICATION. YELLOW COPY - FOR DEALER'S FILE. PINK COPY - TO DIVISION OF MOTOR VEHICLES IF NEW TAGS ARE TO BE OBTAINED. GOLDENROD COPY - TO BUYER.

SC TELCO
FEDERAL CREDIT UNION

P.O. BOX 10708
GREENVILLE, SC 29603

5-709
110

ISSUED BY: TRAVELERS EXPRESS COMPANY, INC.
P.O. BOX 9478, MINNEAPOLIS, MN 55480
DRAWEE: BOSTON SAFE DEPOSIT & TRUST CO.
BOSTON, MASSACHUSETTS

No.0000116789

OFFICIAL CHECK

07/12/06

$18,090.57

AMOUNT: EXACTLY 18,090 dols 57 cts

PAY TO THE ORDER OF: HENDRICK HONDA
RE: JULIE FREEMAN

41897

DRAWER: SC TELCO FCU
TWO SIGNATURES REQUIRED OVER $5,000.00

AUTHORIZED SIGNATURE

⑈0000116789⑈ ⑆011100709⑆016001133956 6⑈

ENDORSEMENT OF THIS CHECK INSURES THAT A FIRST LIEN HAS BEEN RECORDED TO SC TELCO FEDERAL CREDIT UNION P.O. BOX 10705 GREENVILLE, SC 29603 ON A

2005 Honda Accord

SERIAL # 1HGCM56405A[illegible]

MEMBER John Fredrick

DEALER Hendrick Honda

HONDA

HENDRICK HONDA

4609 Calhoun Mem. Hwy.
EASLEY, S.C. 29640
Telephone (864) 855-1234

INVOICE 31863

SOLD TO JULIE VALISKA FREEMAN
WILLIAM THOMAS FREEMAN
ADDRESS [redacted]
[redacted] SC 29607

DATE 07/12/06

Home Ph: [redacted] Bus Ph [redacted]

YEAR	NEW OR USED	MAKE	COLOR	MODEL	INVOICE	STOCK NO.	DEAL NO.	USED STK NO.	MILES
2005	USED	HONDA	WHITE	4 DR	L000230		49320	061001A	26553

V.I.N. OR SERIAL NO. 1HGCM56445L000230 CUSTOMER NO. 41897 SALESMAN'S NUMBER 221 MODEL NUMBER ACCORD

INSURANCE COVERAGE INCLUDES

☐ FIRE & THEFT ☐ PUBLIC LIABILITY AMT. $
☐ COLLISION AMT. DED. $ ☐ PROPERTY DAMAGE AMT. $

OPTIONAL EQUIPMENT AND ACCESSORIES

GROUP	DESCRIPTION	PRICE

DESCRIPTION OF TRADE-IN

YEAR	MAKE	BODY COLOR	MODEL
1999	MAZDA	GREEN	626

V.I.N. OR SERIAL NO. 1YVGF22C9X5884463

Payoff to SC TELCO FED CREDIT UNION

377.57 Good Until
Verified With

PAID 07/14/06
CHECK# 43643

ANY WARRANTIES ON THE ITEM/ITEMS SOLD HEREBY ARE THOSE MADE BY THE MANUFACTURER. THE SELLER, HENDRICK HONDA, HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND HENDRICK HONDA, NEITHER ASSUMES NOR AUTHORIZES ANY OTHER PERSON TO ASSUME FOR IT ANY LIABILITY IN CONNECTION WITH THE SALE OF THIS ITEM/ITEMS.

DESCRIPTION	ACCT NO.	SALE
		N/A
CIVIC 2 DOOR	401	
CIVIC 4 DOOR	402	
CIVIC 5 DOOR	403	
ACCORD 2 DOOR	404	
ACCORD 4 DOOR	405	
FLEET	410	
USED CAR RETAIL	440	17975.00
USED CAR WHOLESALE	442	
USE TAX	333	300.00
LICENSE AND TITLE	321	39.00
PROCUREMENT FEE		299.00
TOTAL CASH PRICE		18613.00
FINANCING		N/A
INSURANCE		N/A
TOTAL TIME PRICE		18613.00
DEPOSIT	322	
CASH ON DELIVERY	210✓	18090.57
TRADE-IN ALLOW.		900.00
LESS PAYOFF		377.57
60 MONTHS @ N/A DOLLARS PER MONTH		N/A
TOTAL		18613.00
A & H C.L. INS.	309	N/A
PAY OFF BAL. OWING FINANCE CO.	320	377.57
[redacted]	[redacted]	[redacted]
SERVICE CONTRACTS	5AC	N/A
AMOUNT FINANCED	205	N/A
TOTAL COMMISSION	331	N/A
		N/A
		N/A
INS. COMM. RECV.	272	
FINANCE RESV.	271	N/A
FINANCE INCOME	3AC	N/A
VALUE OF TRADE-IN(S)	250@ 250	900.00

Reynolds and Reynolds DR-2282 0 07 04

DEAL RECAP

17975.00

☐ Truth in Lending
☐ Check in Slip ☐ Bank SC TELCO FEDERAL CREDIT UNION
☐ Appraisal Slip ☐ Other [redacted]
☐ Odometer Certs
☐ Power Sheet
☐ Insurance 17373.04
☐ Cash Receipts: GAP - 40.00
Amt. Cert Fee No. 350.00
Amt. No. 17772.04
Amt. PAC No. 400.00
☐ Trade: Disc. Lic. Lic. 18172.04
☐ P.O. Amt.
☐ Good Till
☐ Verified By
☐ Registration
Title In Due
Source

SELLING PRICE (Inc. all Acc) [redacted]	18274.00
SALES TAX	300.00
TRADE ALLOWANCE	900.00
PAY-OFF	377.57
LIENHOLDER	SC TELCO FED CREDIT UNION
CASH DEPOSIT	N/A
C.O.D.	18090.57
DEFERRED DOWN No. 1	N/A
DEFERRED DOWN No. 2	N/A
DEFERRED DOWN No. 3	N/A
TOTAL CASH DOWN PAYMENT	18090.57
NUMBER OF PAYMENTS/PAYMENT	60 @ N/A
NO. DAYS BEFORE 1st PMT./DATE	45 08/26/06
ADD-ON INTEREST RATE/APR	N/A N/A
LICENSE AND REGISTRATION	39.00

XMAS - 10.00

AMOUNT FINANCED	N/A	DISCOUNT RATE:	N/A	FINANCE RESERVE:	N/A
ALARM	PREMIUM N/A		COST N/A		N/A
CREDIT LIFE	N/A		N/A	RESERVE:	N/A
CREDIT A & H	N/A		N/A	RESERVE:	N/A
MAINT	N/A		N/A		N/A
PHYSICAL DAMAGE	N/A		N/A	RESERVE:	N/A
SERVICE CONTRACTS	N/A		N/A	RESERVE:	N/A
OTHER	N/A		N/A	RESERVE:	N/A

STOCK # 061001A DESCRIPTION 2005 HONDA ACCORD
DEAL # 49320 I.D. # 1HGCM56445L000230
CUSTOMER JULIE VALISKA FREEMAN DATE 07/12/06
ADDRESS [redacted]
SALESMAN 1 RANDALL A CLEMMENT MGR.
SALESMAN 2

A/C

PRICE OF VEHICLE	17975.00	
COST OF VEHICLE 18172.04	~~17373.04~~	18172.04
PACK	349.00	
TRADE ALLOWANCE	900.00	(PAYABLE GROSS)
A.C.V. OF TRADE	900.00	252.96
OVER-ALLOWANCE	N/A	
UNDER-ALLOWANCE	N/A	
COMMISSION No. 1/BONUS	N/A	N/A
COMMISSION No. 2/BONUS	N/A	N/A
MANAGER COMM.	N/A	
PROFIT OF SALE 202.96	~~252.96~~	197.04

APPROVED LIC - 100.00

TOTAL INSURANCE RESERVE:	N/A
TOTAL F & I RESERVE:	N/A
FINANCE COMMISSION:	N/A
LAH INSURANCE COMMISSION:	N/A
SERVICE CONTRACT COMMISSION:	N/A
PDI COMMISSION:	N/A
NET F & I RESERVE:	N/A

TRADE STK# 061001B
TRD YR,MAKE,MODEL: 1999 MAZDA 626
TRADE PAYOFF: 377.57

GROSS PROFIT: 252.96

FORM RFI-237 (3-05 REINSTATED) Reynolds and Reynolds ORDER TOLL FREE: 1-800 344-0906 FAX: 1-800-631-9066

INTERACTIVE NETWORK

• = Required

Retail Delivery Registration

Vehicle Information

VIN•	1HGCM56445L000230	P.D.I. Date	/ /
Sales Class•	CERTIFIED USED Honda Vehicle	Retail Sales Date	/ /
Sales Type•	RETAIL	Delivery Date•	07 / 12 / 2006
Mileage•	26553	Security Code	

Trade-In Information

VIN	
Color	

Personnel Information

Salesperson•	RANDALL CLEMMENT	XXX-XX-	6675	D192333
Sales Manager•	DENNIS COLSON	XXX-XX-	8464	D145226
PDI Technician		XXX-XX-		
F & I Manager•	JOSEPH PHILLIPS	XXX-XX-	0998	D305656

Owner Information

Owner Type: INDIVIDUAL — Owner is Primary Driver: YES

Name: Title | First• WILLIAM | M.I. T | Last• FREEMAN | Suffix

Address•: [redacted]

City•: [redacted] State• [redacted] Zip• [redacted]

Telephone No.: Work ([redacted]) [redacted] Ext | Home ([redacted]) [redacted] | Fax ( ) -

Signup For OwnerLink | Radio Code | Navi Code

e-mail Address

Date Of Birth / / | Gender

Primary Driver Or Co-Owner Information

Driver Or Co-Owner: CO-OWNER

Name: Title | First• JULIE | M.I. V | Last• FREEMAN | Suffix

Address•: [redacted]

City•: [redacted] State• [redacted] Zip• [redacted]

Telephone No.: Work ( ) - | Home ([redacted]) [redacted] | Fax ( ) -

e-mail Address

Date Of Birth / / | Gender

Finance Information

Finance Type

HENDRICK0044
R.001791

Dealer-Installed Accessory Information

☐ Alloy Wheels	☐ Moonroof Visor	☐ Special 'A'
☐ Cassette Player	☐ Security System	☐ Special 'B'
☐ CD Changer	☐ Splash Guards	☐ Special 'C'
☐ Floor Mats	☐ Spoilers	☐ Special 'D'
☐ Fog Light Kit	☐ Underbody Kit	☐ Special 'E'

Other Installed Accessories

	Serial Number	Part Type	Part	Description
Radio		P		
CD Player		P		

▲ BACK TO TOP

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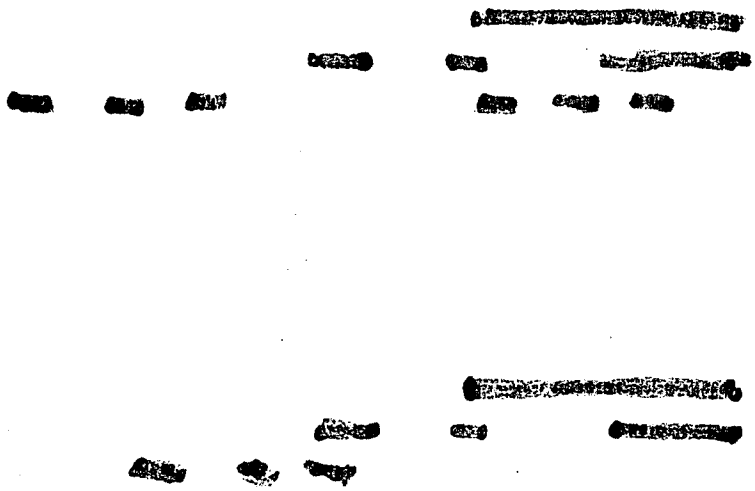

OFAC SDN Search Results for (JULIE FREEMAN)

No Results Found for (JULIE FREEMAN).

Search Time: 2006-07-13 11:15:42
Search From: 10.28.104.128
Last Import:
Search took 0.06243896484375 seconds.

OFAC SDN Search Results for (JULIE FREEMAN)

No Results Found for (JULIE FREEMAN).

Search Time: 2006-07-14 11:23:03
Search From: 10.28.104.127
Last Import:
Search took 0.060302972793579 seconds.

HONDA

HENDRICK HONDA

4609 Calhoun Mem. Hwy
EASLEY, S.C. 29640
Telephone (864) 855-1234

RECEIVED JUL 14 2006

INVOICE 31863

SOLD TO JULIE VALISKA FREEMAN
WILLIAM THOMAS FREEMAN

ADDRESS [redacted]

DATE 07/12/06

Home Ph: [redacted]

YEAR	NEW OR USED	MAKE	COLOR	MODEL	INVOICE	STOCK NO.	DEAL NO.	USED STK. NO.	MILES
2005	USED	HONDA	WHITE	4 DR	L000230		49320	061001A	26553

VI. OR SERIAL NO. 1HGCM56445L000230 CUSTOMER NO. 41897

SALESMAN'S NUMBER 221 MODEL NUMBER ACCORD

INSURANCE COVERAGE INCLUDES

- ☐ FIRE & THEFT
- ☐ COLLISION-AMT. DED. $
- ☐ PUBLIC LIABILITY-AMT. $
- ☐ PROPERTY DAMAGE-AMT. $

OPTIONAL EQUIPMENT AND ACCESSORIES

GROUP	DESCRIPTION	PRICE

DESCRIPTION	ACCT. NO.	SALE	K	COST
		N/A		
			-	
CIVIC 3 DOOR	401		-	
CIVIC 4 DOOR	402		-	
CIVIC 2 DOOR	403		-	
ACCORD 2 DOOR	404		-	
ACCORD 4 DOOR	405		-	
			-	
			-	
FLEET	410			
USED CAR RETAIL	440	17975.00	-	
USED CAR WHOLESALE	442		-	
			-	
			-	
USE TAX	333	300.00	-	
LICENSE AND TITLE	321	39.00	-	
PROCUREMENT FEE		299.00	-	
TOTAL CASH PRICE		18613.00		
FINANCING		N/A		
INSURANCE		N/A		
TOTAL TIME PRICE		18613.00		
DEPOSIT	322		+	
CASH ON DELIVERY	210✓	18090.57	+	
			+	
TRADE-IN ALLOW.		900.00		
LESS PAYOFF		377.57		
MONTHS @ N/A DOLLARS PER MONTH		N/A		
TOTAL		18613.00		
A & H C.L. INS. %	309	N/A		
PAY OFF BAL. OWING FINANCE CO.	320	377.57	-	
A & H C.L. INS. % INCOME	4AC	N/A	-	
SERVICE CONTRACTS	5AC	N/A	-	
AMOUNT FINANCED	205	N/A	+	
TOTAL COMMISSION	331	N/A	-	
		N/A	+	
		N/A	+	
INS. COMM. RECV.	272		+	
			+	
			+	
FINANCE RESV.	271	N/A	+	
FINANCE INCOME	3AC	N/A	+	
			+	
			+	
			+	
			-	
VALUE OF TRADE-IN(S) 06-100218	250@ 250	900.00	-	

DESCRIPTION OF TRADE-IN

YEAR	MAKE	BODY COLOR	MODEL
1999	MAZDA	GREEN	626

VI. OR SERIAL NO. 1YVGF22C9X5884463

Payoff to SC TELCO FED CREDIT UNION

377.57 Good Until
Verified With

PAID 07/14/06
CHECK# 43643

ANY WARRANTIES ON THE ITEM/ITEMS SOLD HEREBY ARE THOSE MADE BY THE MANUFACTURER. THE SELLER, HENDRICK HONDA, HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND HENDRICK HONDA, NEITHER ASSUMES NOR AUTHORIZES ANY OTHER PERSON TO ASSUME FOR IT ANY LIABILITY IN CONNECTION WITH THE SALE OF THIS ITEM/ITEMS.

Reynolds and Reynolds OK72382 D (07/04)

RECEIPT

CASH RECEIVED FROM

JULIE FREEMAN

[redacted] 41897

[redacted] BUTLER RD APT 419
GREENVILLE, SOUTH CAROLINA 29607

NUMBER [redacted] 10805

RECEIVED BY KIM P HILES

DATE 07/14/06

TIME 16:17

ACCT.	AMOUNT	CONTROL NUMBER
210	18090.57	41897

PAYMENT TYPE	AMOUNT
CHECK	18090.57

SIGNATURE

PAYMENT FOR 061001A
SC TELCO FCU CHK

PAGE 1

HONDA

Hendrick HONDA

JL Hendrick MANAGEMENT CORPORATION

4609 CALHOUN MEMORIAL HIGHWAY EASLEY, SC 29640
TELEPHONE (864) 855-1234 WEBSITE: www.hendrickhondasc.com

FORM ERA-LZHC (1/95)

Reynolds and Reynolds ORDER TOLL FREE: 1-800-344-5904 FAX: 1-800-431-0855

Copyright © 1998 The Reynolds and Reynolds Company ERA-HONDA SF61JFZ-G (12/03)

HONDA

Hendrick HONDA

4609 CALHOUN MEMORIAL HIGHWAY
EASLEY, SC 29640
TELEPHONE (864) 855-1234
WEBSITE: www.hendrickhondasc.com

67-160
532

CHECK# 43643

43643

PAY **THREE HUNDRED SEVENTY SEVEN DOLLARS AND 57/100**

DATE	AMOUNT
07/14/06	$377.57

TO THE ORDER OF
SC TELCO FEDERAL CREDIT UNION
PO BOX 3287
CAYCE WEST COLUMB SC 29171

BB&T
GREENVILLE, S.C.

AUTHORIZED SIGNATURE

⑈043643⑈ ⑆053201607⑆ 5120524390⑈

NAME	NUMBER	DATE
SC TELCO FEDERAL CREDIT UNION	M	07/14/06

LIEN PAYOFF - JULIE & WILLIAM THOMAS FREEMAN
0610018

1YVGF22C9X5884463 A/C# [redacted] 377.57 320

[redacted]

SEND TITLE TO: HENDRICK HONDA EASLEY
4609 CALHOUN MEMORIAL HWY
EASLEY SC 29640

REMITTANCE ADVICE
DETACH AND RETAIN

Hendrick HONDA
EASLEY, SC 29640

CHECK NO.	NET AMOUNT
43643	$377.57

DEF 011

HENDRICK0050
R.001797

SCDMV

Application for Certificate of Title and Registration for Motor Vehicle or Manufactured Home/Mobile Home
Form 400 (Rev.10/04)
For more information, visit our website at www.scdmvonline.com or call our Customer Call Center at (803)737-4000.

Check the box next to the type of transaction you need. Please enclose the required documents and fees with your completed and signed application. For expedited services (within 3 business days) include an additional $20.00 fee. Please print or type in black ink only. DO NOT SEND CASH.

NEW TITLE & XX REGISTRATION
1) Manufacturer Statement of Origin (MSO) or Title
2) Paid Property Tax Receipt
3) $15.00 title fee and regular registration fee
4) Sales Tax (5% of selling price or $300.00 max.)
5) Insurance Information

☐ TITLE AND PLATE TRANSFER
1) Manufacturer Statement of Origin (MSO) or Title.
2) List Previous Tag #_____
3) Previous registration in owner's name.
4) $15.00 title – $10.00 transfer fee
5) Sales Tax (5% of selling price or $300.00 max.)
6) Insurance Information

☐ MOBILE OR MANUFACTURED HOME
1) Manufacturer Statement of Origin (MSO) or Title.
2) Consumer Insulation Report required for $300.00 sales tax cap, if mobile home is energy efficient.
3) $15.00 title fee

☐ TITLE ONLY
1) Manufacturer Statement of Origin (MSO) or Title.
2) $15.00 title fee
3) Sales Tax (5% of selling price or $300.00 max.)

☐ DUPLICATE TITLE
1) ___ Lost ___ Stolen or ___ Destroyed Title
2) $15.00 title fee.

☐ LEASED VEHICLE
1) Do not complete Section 3. Complete Section 4 and all other applicable sections

MAIL YOUR APPLICATION TO:
SCDMV
P.O. Box 1498
Blythewood, SC 29016 - 0024

SECTION 1 - VEHICLE INFORMATION

VEHICLE IDENTIFICATION NUMBER	MAKE	YEAR MAKE	BODY STYLE	MODEL	EMPTY WEIGHT	GVW
1HGCM56445L000230	HONDA	2005	4 DR	ACCORD	3089	

SECTION 2 - ODOMETER MILEAGE

FEDERAL AND STATE LAW REQUIRES THAT YOU STATE THE MILEAGE IN CONNECTION WITH THE TRANSFER OF OWNERSHIP. FAILURE TO COMPLETE OR PROVIDING A FALSE STATEMENT MAY RESULT IN FINES AND/OR IMPRISONMENT.

I STATE THAT THE ODOMETER NOW READS 26553 (NO TENTHS) AND TO THE BEST OF MY KNOWLEDGE THAT IT REFLECTS THE ACTUAL MILEAGE OF THE VEHICLE DESCRIBED ABOVE UNLESS ONE OF THE FOLLOWING STATEMENTS IS CHECKED:

STOP DO NOT CHECK ONE OF THE FOLLOWING UNLESS IT APPLIES.

☐ EXEMPT

☐ I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE THE ODOMETER READING REFLECTS THE AMOUNT OF MILEAGE IN EXCESS OF ITS MECHANICAL LIMITS.

☐ I CERTIFY THAT THE ODOMETER READING IS NOT THE ACTUAL MILEAGE. WARNING ODOMETER DISCREPANCY.

SECTION 3 - OWNER INFORMATION

Your complete legal name must be used on all title and registration documents.

OWNER COMPLETE LEGAL NAME (LAST, FIRST, MIDDLE)	CUSTOMER NO., DRIVER LICENSE NO., SOC. SEC. OR FEIN NO.	DATE OF BIRTH
FREEMAN JULIE VALISKA	[redacted]	[redacted]
CO-OWNER COMPLETE LEGAL NAME (LAST, FIRST, MIDDLE) — SHARED OWNERSHIP ☐ AND ☐ OR	CUSTOMER NO., DRIVER LICENSE NO., SOC. SEC. OR FEIN NO.	DATE OF BIRTH
	[redacted]	[redacted]

RESIDENCE STREET ADDRESS (APT. NO. IF APPLICABLE)	CITY	STATE	ZIP CODE	COUNTY
[redacted] APT 41C	[redacted]	[redacted]	[redacted]	GREENVILLE
MAILING ADDRESS (IF DIFFERENT FROM ABOVE)	CITY	STATE	ZIP CODE	COUNTY
ADDRESS WHERE VEHICLE IS HOUSED (IF DIFFERENT FROM ABOVE)	CITY	STATE	ZIP CODE	COUNTY

DAYTIME TELEPHONE NUMBER	TEMPORARY ADDRESS (IF APPLICABLE)	EXPIRATION OF TEMPORARY ADDRESS
[redacted]		

SECTION 4 - LEASING INFORMATION

Complete only for a leased vehicle.

LEASING COMPANY NAME	PHONE NO.	CONTACT PERSON	CUSTOMER NO.

ADDRESS	CITY	STATE	ZIP CODE

NAME OF LESSEE (PERSON LEASING VEHICLE)	DRIVER LICENSE NO., SOC. SEC. NO. OR FEIN NO.	DATE OF BIRTH

RESIDENCE STREET ADDRESS (APT. NO. IF APPLICABLE)	CITY	STATE	ZIP CODE	COUNTY
MAILING ADDRESS (IF DIFFERENT FROM ABOVE)	CITY	STATE	ZIP CODE	COUNTY
ADDRESS WHERE VEHICLE IS HOUSED (IF DIFFERENT FROM ABOVE)	CITY	STATE	ZIP CODE	COUNTY

SECTION 5 - LIEN INFORMATION

CUSTOMER NO. OR FEIN NO.	LIENHOLDER NAME (FIRST LIEN)	DATE OF LIEN	CONTACT PERSON	TELEPHONE NUMBER
	SC TELCO FEDERAL CREDIT UNION	07/12/06		

MAILING ADDRESS	CITY	STATE	ZIP CODE
P O BOX 3287	GREENVILLE	SC	29603

CUSTOMER NO. OR FEIN NO.	LIENHOLDER NAME (SECOND LIEN)	DATE OF LIEN	CONTACT PERSON	TELEPHONE NUMBER

MAILING ADDRESS	CITY	STATE	ZIP CODE

SECTION 6 - SATISFACTION OF LIEN

SATISFACTION OF FIRST LIEN
THIS IS TO CERTIFY THAT THE LIEN AGAINST THE VEHICLE HAS BEEN FULLY SATISFIED ON:

DATE _____

NAME OF LIEN HOLDER _____

CERTIFIED BY _____

TITLE _____

SATISFACTION OF SECOND LIEN
THIS IS TO CERTIFY THAT THE LIEN AGAINST THE VEHICLE HAS BEEN FULLY SATISFIED ON:

DATE _____

NAME OF LIEN HOLDER _____

CERTIFIED BY _____

TITLE _____

SECTION 7 - SALES TAX EXEMPTION

Complete this section if you are entitled to a sales tax exemption.

VEHICLE PURCHASED FROM INDIVIDUALS AND TITLED IN SOUTH CAROLINA ARE SUBJECT TO SALES TAX UNLESS EXEMPT. THE TAX IS 3% OF THE SALES PRICE UP TO A MAXIMUM OF $300.00. (MOBILE HOMES ARE CALCULATED DIFFERENTLY.)

THE VEHICLE WAS TRANSFERRED FROM: ○ MY PARENT ○ MY SPOUSE ○ MY CHILD ○ MY BROTHER/SISTER ○ MY GRANDPARENT ○ MY GRANDCHILD

THE VEHICLE WAS TRANSFERRED TO ME AS: ○ LEGAL HEIR ○ BENEFICIARY ○ DISTRIBUTEE

☐ I AM NON-RESIDENT MILITARY PERSONNEL ☐ THE VEHICLE WAS A BONAFIDE GIFT

SECTION 8 - ADDITIONAL INFORMATION

DATE OF PURCHASE	DATE FIRST OPERATED IN S.C.	ENERGY EFFICIENT MANUFACTURED/MOBILE HOME?
07/12/06	07/12/06	☐ YES ☐ NO

NEW OR USED?	PRIOR TITLE NUMBER	PRIOR TITLE STATE
USED	770490137670611 A	SC

THE VEHICLE DESCRIBED ON THIS APPLICATION IS: ☐ REBUILDABLE ☐ NON-REBUILDABLE

THE VEHICLE SUSTAINED THE FOLLOWING DAMAGE: ☐ COLLISION ☐ FIRE ☐ WATER ☐ STOLEN (RECOVERED) ☐ STOLEN (UNRECOVERED)

AGENCY REFERENCE NUMBER

SALVAGE% - _____

Calculate the Salvage Percentage: Predamaged Value _____ Estimate for Repairs _____ Percentage _____

SECTION 9 - SELLER INFORMATION

SELLER OR DEALER NAME	SC DEALER/WHOLESALER NUMBER	SC SALES TAX NUMBER	SALES PRICE
HENDRICK HONDA	02602	039119514	17975.00

ADDRESS	CITY	STATE	ZIP CODE
4609 CALHOUN MEMORIAL HWY	EASLEY	SC	29640

SECTION 10 - INSURANCE CERTIFICATION

A VEHICLE MUST BE INSURED WITH LIABILITY INSURANCE COVERAGE WHEN IT IS REGISTERED AND IT MUST REMAIN INSURED WHILE REGISTERED, WHETHER OR NOT IT IS OPERATED, OR THE UNINSURED MOTORIST FEE MUST BE PAID. PENALTIES ARE SEVERE FOR VIOLATION OF THIS REQUIREMENT.

UNDER PENALTIES OF PERJURY, I (WE) DECLARE THAT THIS VEHICLE IS INSURED BY A LIABILITY INSURANCE POLICY ISSUED THROUGH AN INSURANCE COMPANY LICENSED TO DO BUSINESS IN SOUTH CAROLINA AND IT WILL REMAIN INSURED THROUGHOUT THE REGISTRATION PERIOD.

NAME OF INSURANCE COMPANY NATIONWIDE

SECTION 11 - GIFT OF LIFE TRUST FUND

DO YOU WISH TO DONATE AN ADDITIONAL $1.00 OR MORE TO THE GIFT OF LIFE TRUST FUND? ☐ YES ☑ NO AMOUNT $ _____

SECTION 12 - SIGNATURE OF OWNER

UNDER PENALTIES OF PERJURY, I DECLARE THAT I AM THE OWNER OF THIS VEHICLE AND REQUEST THAT A SOUTH CAROLINA CERTIFICATE OF TITLE AND/OR REGISTRATION BE ISSUED. I FURTHER CERTIFY THAT THE INFORMATION ON THIS APPLICATION IS CORRECT TO THE BEST OF MY KNOWLEDGE. THE VEHICLE IS SUBJECT TO THE LIENS NAMED AND NO OTHERS.

Julie V Freeman 7-15-06

SIGNATURE OF OWNER (S) - MUST BE SIGNED IN INK BY OWNER OR AUTHORIZED AGENT (ATTACH POWER OF ATTORNEY IF APPLICABLE) DATE

DISCLOSURE STATEMENT

56-3-240 (SOUTH CAROLINA CODE OF LAWS) - THE DEPARTMENT SHALL OBTAIN THE FEDERAL EMPLOYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER WHEN A VEHICLE IS REGISTERED WITH A GROSS VEHICLE WEIGHT OF MORE THAN 26,000 POUNDS OR A BUS COMMON CARRIER. THE DRIVER PRIVACY PROTECTION ACT OF 1994 (DPPA), 18 USC SECTION 2721-2725 RESTRICT THE DISCLOSURE OF PERSONAL INFORMATION CONTAINED IN OUR RECORDS.

PENALTY FEES

FAILURE TO REGISTER WITHIN 45 DAYS OF THE DATE OF PURCHASE WILL RESULT IN PENALTY FEES IN ADDITION TO REGULAR TITLE AND/OR REGISTRATION FEES. THE LATE PENALTY FEE SCHEDULE IS AS FOLLOWS:
46 - 60 DAYS LATE - $10.00 61 - 75 DAYS LATE - $25.00 76 - 135 DAYS LATE - $50.00 OVER 135 DAYS LATE - $75.00

THIS SECTION FOR DMV USE ONLY

STAMP VEHICLE BRANDS

RATED BY	
OFFICE/OFFICE NUMBER	
PLATE NUMBER	
EXPIRATION DATE	
PLATE CLASS	
SUSPENSE REASON	

TRANSACTION FEES

EXPEDITED FEE		WEIGHT INCREASE	
LICENSE FEE		TRANSFER	
UNINSURED FEE		TITLE	
USE OR SALES TAX		GIFT OF LIFE FUND	
PENALTY		TOTAL	

STAPLE HERE

S.C. DOCUMENT OF REGISTRATION
S.C. DEPARTMENT OF MOTOR VEHICLES

MARCIA S. ADAMS
EXECUTIVE DIRECTOR

PLATE NUMBER 296VNU
PLATE CLASS RP
ISSUE DATE 07/26/2006
PLATE EXP. 07/2008
DECAL EXP. 07/2007
VIN 1HGCM56445L000230
YEAR 2005
MAKE HOND
BODY 4S
MODEL ACCORD
VEHICLE TYPE 1
EMPTY / GVW 3089 / 0

CUSTOMER NO. 23313430
FREEMAN, JULIE VALISKA

[redacted]

TITLE 770390162857895B
EQUIPMENT NO.
COUNTY 21
VEHICLE NO. 17936618
FLEET NUMBER

SC [redacted] 73363144

APPLICATION INSTRUCTIONS

1. Clean plate thoroughly and dry plate completely.
2. Remove backing paper by bending over finger at scoreline face up, pull decal slowly.
3. Position on clean and dry plate as shown below.
4. Firmly press and rub decal and edges down with thumb.

PEEL HERE

PLACEMENT INSTRUCTIONS ON REVERSE

PLEASE NOTE: Make sure all information is correct before placing license plate or decal on your vehicle.

South Carolina Code of Law 23-3-450 requires a person convicted of a tax offense to register with the county sheriff within 10 days of establishing residency in this state.

491 AV

MR. BECKER: Your Honor, I do need to move to admit those pages of Defendant's Exhibit 11 that we reviewed with Ms. Freeman into evidence.

THE COURT: I think there's no objection.

MR. THOMAS: Yeah, there's no objection.

THE COURT: No problem.

(WHEREUPON, Defendant Exhibit Number 11 was admitted into evidence.)

THE COURT: All right. Mr. Thomas, your next witness.

MR. THOMAS: Your Honor, we're going to publish some deposition testimony of Mr. Don Pendleton, individually.

THE COURT: All right. Ladies and gentlemen, the use of a deposition is allowed in this matter by our rules of depositions as I discussed with you before. It's sworn testimony. So, treat this as if the witness were testifying live in the courtroom. Mr. Thomas.

MR. THOMAS: Your Honor, we've already added their designated testimony as well, so we're going to invoke the same ...

THE COURT: Okay. What he means by that is prior to trial each side has to notify the other side of what portions of a deposition they're using. And

Hendrick Automotive Group

Transaction Compliance Policy

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Confidential Material

HENDRICK_HONDA_EASLEY_001128
R.001802

Hendrick Automotive Group

Transaction Compliance Policy

Section I - Ethics

Confidential Material

HENDRICK_HONDA_EASLEY_001129
R.001803

Hendrick Automotive Group

Transaction Compliance Policy

Section I

Ethics

This policy applies to employees, applicants for employment, customers, suppliers and anyone else who does business or seeks to do business with the Company.

- The Company does not discriminate against any person on the basis of race, religion, color, sex, age, national origin, disability, other factors prohibited by federal or state nondiscrimination law or any other characteristics protected by applicable law.
- The Company is committed to the principle that all of its premises will be drug free workplaces in accordance with the Company's Drug and Alcohol Policy.
- The Company and its employees are committed to dealing with the public and each other in a fair, truthful and impartial manner. The Company is fair and accurate in its advertising and promotional literature.
- Dishonesty and theft of property or funds from the Company or other associates will not be tolerated.
- Employees may not become involved in any transaction or situation where their own interests would conflict, or appear to conflict, with the interests of the Company.
- Employees and their family members may not seek or accept any payments, fees, loans or other consideration for their personal account from any person or entity which does business or seeks to do business with the Company.
- Falsifying company records, misuse of Company records or release of proprietary information, trade secret information, or other information subject to legal privilege is forbidden.
- Employees and their family members may not seek or accept any gifts, entertainment or other favors that exceed reasonable and customary courtesies, from any person or entity that does business or seeks to do business with the Company.
- The Company is committed to the principles of fair and open competition. Employees are expressly prohibited from making any kickbacks, loans, or gifts to any person or entity for the purpose of obtaining unfair advantage in the conduct of any aspect of the Company's business.

Any employee who learns of any violation of this Policy, or who is approached or solicited by anyone to violate this Policy, is required to immediately report any such incident to the General Manager. The Company will not take action against any employee because he or she makes a good faith report. The Company will investigate the report and take appropriate action.

Employee Signature Date

Dealership GM Signature Date

Dealership OM/Comptroller Signature Date

1340jad
10/21/04

Confidential Material

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P.001804

Hendrick Automotive Group

Transaction Compliance Policy

Section II – Standards of Conduct

Confidential Material

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R.001805

Hendrick Automotive Group

Transaction Compliance Policy

Section II

Standards of Business Conduct

The Company will conduct its business in compliance with all applicable laws, rules, and regulations, with honesty and integrity and with a strong commitment to the highest standards of ethics.

The Company does business with the following commitments:

(1) To its customers, to fairly and ethically provide quality products and services;

(2) To its franchisor, to proudly represent its product line in the manner expected;

(3) To the communities in which it does business, to be a responsible corporate citizen committed to conducting its business in a moral and ethical manner;

(4) To its employees, to provide employment in an atmosphere of honesty and forthrightness in which all employees will be proud to work.

The conduct of each employee should reflect the highest standards of honesty, integrity and fairness.

Each employee is responsible for the propriety and consequences of his/her actions. Employee misconduct will not be excused because the action was directed or requested by another person.

STANDARDS OF CONDUCT

Employees are expected to exercise good judgment in their work and business relationships to avoid violation of these Standards of Conduct. Employees should strive to avoid even the appearance of impropriety in the discharge of their responsibilities. Practices and standards of other companies may not be used as justification for ignoring or modifying the intent of this policy.

Unethical or questionable practices, regardless of degree, will not be tolerated.

Specific Standards of Conduct include, but are not limited to the following:

Compliance With Applicable Laws And Regulations

It is the Company's policy to comply fully with the spirit and the letter of all laws and regulations governing its operations.

Any violation of any law, regulation or other regulatory requirement applicable to the Company's operations, including violations of these Standards of Conduct, or applicable to any transaction to which the Company is a party, when committed by a Company officer, director or employee, of which any employee gains actual knowledge, must be promptly reported to the General Manager. Or, if the General Manager is perceived to be involved with the violation, the employee should contact the Human Resources Department or the appropriate Vice President.

Employees will not discriminate against any customer because of race, color, sex, age, religion, National Origin, disability, or any other factor prohibited by applicable State, Federal or local laws. This prohibition extends to all aspects of customer relations including business practices, communications with customers and customer access to our facilities and services. Examples of prohibited conduct include sexual or racial harassment, unwelcome sexual advances or comments, and verbal comments and gestures that denigrate or show hostility toward a customer because of the customer's race, color, sex, age, religion, National Origin, disability or any other protected characteristic. This does not preclude the extending of special courtesies or consideration to a customer for legitimate business reasons, such as customer loyalty, repeat buying, etc., as long as the basis for the treatment is not based on prohibited factors.

Competitive Practices

Employees will compete vigorously, independently and ethically but must avoid any practice that could be characterized as unfair or deceptive or otherwise contrary to this policy, other company policies or the published values of the organization.

Advertising

All advertising of the Company's products and services must be done in a clear, conspicuous and accurate manner that fully complies with applicable legal requirements. This includes disclosing credit terms in accordance with the federal Truth in Lending Act and consistent with state and local law.

Sales Practices

The Company's sales personnel will act professionally and will at all times:

- Embrace the spirit and the letter of the law governing the retail sales of new and used vehicles.
- Be honest and truthful when dealing with customers.
- Be knowledgeable about the products they sell.
- Follow the Company's steps to a sale completely and respond candidly and fully to each customer's questions.
- Always treat each customer in a professional manner.
- Fully disclose to each customer entering a transaction that it is a binding obligation and respond accurately to the customer's questions about the terms of the transaction.
- Be responsible for the prompt performance of post-sale administrative and delivery procedures.

Financing and Insurance

The Company's finance and insurance personnel will act professionally and at all times will:

- Embrace the spirit and letter of the law governing the sale of finance and insurance products.
- Disclose fully to customers the costs, terms, and contractual obligations of credit and lease transactions in a simple, plain, and conspicuous manner.
- Present finance and insurance documents in an open and ethical manner, allowing customers the opportunity to fully review them.
- Respond candidly and completely to questions by customers concerning the terms of their transactions.
- Offer optional insurance or other optional products in a clear and informative manner. Any purchase of such a product must reflect a voluntary choice by the customer.
- Offer financing terms to each customer without regard to race, color, religion, sex, national origin, age, physical or mental disability, or any other basis that may not be lawfully considered.
- Offer financing terms on a competitive basis to each customer in accordance with Company policy.

Completion of Transactional Paperwork

It is the Company's policy that paperwork done in connection with any transaction will fully and fairly represent the terms of the transaction as disclosed to the customer. No false or misleading terms will be included in any transaction paperwork for any reason.

Employee Reporting

It is the policy of the Company that all employees shall be required to report all violations of these Standards of Conduct and any other activity that may be deemed illegal or unethical, actual or apparent, to the Company. All such reports shall be made in absolute confidence without fear of reprisal or embarrassment unless the reporting employee is directly involved in the violation. A report should be made to the General Manager. In case of a serious violation of the Standards of Conduct, a report may be made directly to the Human Resources Department or the appropriate Vice President.

The Company expects employees' conduct to be governed by the highest ethical standards, good judgment and consideration of others. Any act by any employee that may be considered contrary to the policy and purposes of these Standards of Conduct, or harmful to a customer, another employee, or the Company, may be cause for disciplinary action, up to and including discharge. It is not an acceptable defense that the employee believed he/she was acting in the best interests of the Company and/or received no personal benefit.

Employee Signature Date

Dealership GM Signature Date

Dealership OM/Comptroller Signature Date

Confidential Material

HENDRICK_HONDA_FACILITY_001134

Hendrick Automotive Group

Transaction Compliance Policy

Section III – Transaction Elements

A. Reserve & Product Profit Policy Standards & Document Fee Policy Standards

B. Transaction Paperwork

C. Transaction Paperwork Policy

D. Responsibility Structure

E. Required Daily Meeting Discipline

F. Training Requirements

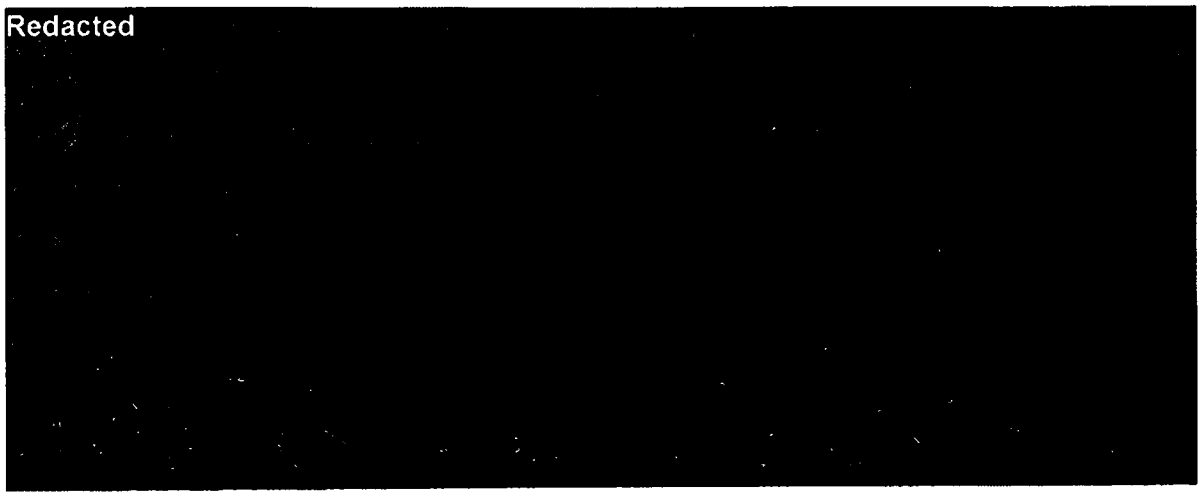
Confidential Material

HENDRICK_HONDA_FACTORY_001135

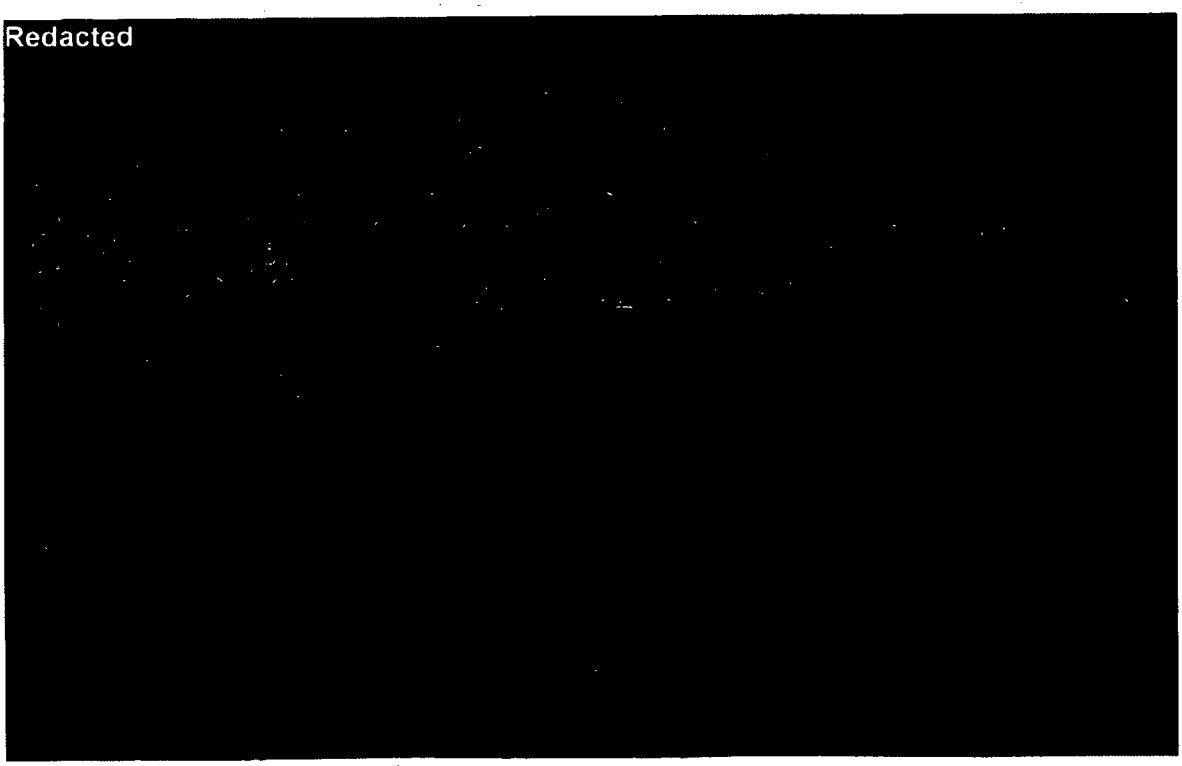
Section III

A. Reserve & Product Policy Standards & Document Fee Policy Standards

Rate Reserve Policy Standards



Product Profit Policy Standards



Confidential Material

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Fee Collection

On all deals (see **fee exceptions**), the Company collects the fees listed below for all retail customers on all transactions. No deal will be billed without collection and separate documentation of the fees. In cases where retail customers refuse to pay the fees, the only options are a reduction in sales price by the amount of the fees or the sale will be voided. In all cases, any retail sale will include collection and separate documentation of the listed fees.

Current Doc Fee $_____ Policy - Doc Fee Not to Exceed $399

Fee exceptions:

1. As detailed by the Manufacturer, certain qualified employees and suppliers of the Manufacturer must not include certain fees. Upon positive written identification of qualification, such sales shall not include the fees listed.

2. The Company elects to not collect fees for any authorized commercial or fleet account provided such sale is in the authorized company name. Fees will be collected for sales to employees or owners of the authorized commercial or fleet account.

Collection violations of the above fees must be reported immediately to the general manager. Intentional disregard for the established fee caps will result in appropriate disciplinary action up to and including termination.

Confidential Material

HENDRICK_HONDA_EAGLEY_001137

Section III
B. Transaction Paperwork

On all deals, the Company includes the following forms on all transactions, as applicable - to contain appropriate company language. Signed all certificates for product purchased by the customer.

1. Worksheet
2. Buyer's order
3. F & I Menu and Declination
4. Retail installment contract/Lease contract
5. Recap sheet
6. Credit application
7. Spot delivery agreement
8. Proof of insurance
9. OFAC clearance
10. Credit bureau
11. Odometer statement
12. Due bill – we owe
13. Lemon law / buyer's guide
14. Title application and supplements
15. Registration information
16. Copy of customer driver's license
17. Copy of co-customer's driver's license
18. Customer Privacy Notice
19. Co-customer Privacy Notice
20. All product certificates
21. Manufacturer Rebate form

Confidential Material

HENDRICK_HONDA_EDGLEY_001138

22. Trade appraisal

23. Delivery stamp/statement

24. Notice to Co-signer

25. Standardized Pay-off form

Deal files delivered to accounting without the above forms must be reported immediately to the general manager. Intentional disregard for the established policies on deal paperwork should result in appropriate disciplinary action up to and including termination.

Confidential Material

HENDRICK_HONDA_EASLEY_001139

Section III
C. Transaction Paperwork Policy

On all deals, the Company enforces the following policies on all retail and wholesale vehicle sale transactions:

General

1. All documents must remain in the deal file. When re-contracting is required, the original documents will be VOIDED and included in the file.
2. Other than Worksheets and credit applications, no handwriting will be allowed on any document. The only handwriting should be the signatures of the customer and co-customer, and the Company's agent.
3. A Privacy Notice must be provided to each customer and co-customer prior to the sales process.
4. OFAC clearance must be obtained prior to the sales process.
5. Blank forms of any type must never be signed by a customer or co-customer.
6. Customer applications must be in the file and be completed, signed and dated by the customer.
7. Spot Delivery Agreements, when applicable, must be signed by the customer, co-customer, and Company's agent.
8. Foreign language contracts must be used with customers of whom Spanish has been used during the sales process.
10. A copy of the customer and co-customer driver's license must be included in the file. Signatures on the driver's licenses must be compared to signatures on all documents for consistency and validity.
11. All documents must be physically released to the customer and co-customer for personal inspection prior to signing.
12. A signed copy of each document must be provided to each customer.

Worksheet

1. Each Worksheet must be clear and conspicuous based on terms negotiated for the transaction.
2. Each Worksheet must include clear and specific dollar amounts for value of trade-in and related payoff.
3. Each Worksheet must include clear and specific dollar amounts for cash down payment.
4. Previous, superceded Worksheets must be voided and kept in the deal file.
5. The final Worksheet must be signed by the customer, co-customer, and the Company's agent.
6. The specific amounts (purchase price, trade-in, payoff, cash down) must be transferred to the F & I menu and match exactly.

Confidential Material

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F & I Menu

1. The agreed upon amounts from the Worksheet must match the F & I menu exactly.
2. The customer and co-customer agree to purchase certain F & I products as detailed on the menu. All customers are consistently presented each product on the F & I menu. Any product not chosen by customer must be acknowledged with signature on declination.
3. Once the customer agrees to purchase, monthly payments, term in months, and APR are detailed specifically on the form and printed from the computer system.
4. The purchase price (including tax, title, license, and other fees) must be adjusted for the purchased F & I products.
5. Agreed changes to cash down payment must be adjusted on the F & I menu.
6. Previous, superceded F & I menus must be voided and kept in the deal file.
7. The final F & I menu must be signed by the customer, co-customer, and the Company's agent.
8. The specific amounts (purchase price, F & I products, trade-in, payoff, cash down, monthly payments, term, and APR) must be transferred to the Buyer's Order and match exactly.

Buyer's Order

1. The agreed upon amounts from the F & I menu must match the Buyer's Order exactly.
2. Each specific F & I product selected by the customer and co-customer must be itemized separately on the Buyer's Order with associated sales price.
3. The specific amounts (purchase price, F & I products, trade-in, payoff, cash down, monthly payments, term and APR) are printed from the computer system on the Buyer's Order.
4. The Buyer's Order must not contain any handwritten prices, blank prices, or prices marked as "None" or "N/A."
5. Previous, superceded Buyer's Orders must be voided and kept in the deal file.
6. The final Buyer's Order must be signed by the customer, co-customer, and the Company's agent.
7. The amount financed on the Buyer's Order must match Retail Installment Sales Contract exactly.
8. The specific amounts (purchase price, F & I products, trade-in, payoff, cash down, monthly payments, term, and APR) must match the Retail Installment Sales Contract exactly.

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Retail Installment Sales Contract

1. The agreed upon amounts from the Buyer's Order must match the Retail Installment Sales Contract exactly.

2. All payments and premiums to third parties must be separately and properly listed on the Retail Installment Sales Contract.

3. Previous, superceded Retail Installment Sales Contracts must be voided and kept in the deal file.

4. The final Retail Installment Sales Contract must be signed by the customer, co-customer, and the Company's agent.

Section III
D. Responsibility Structure

Structure of Responsibility for Transaction Compliance

- General Manager – Driver
- Office Manager – Facilitator
- Department Managers – Execution
    - Variable Ops
        - New Car
        - Pre-Owned
        - F&I
    - Administrative Operations

Confidential Material

HENDRICK_HONDA_EASLEY_001143

Section III
E. Required Daily Meeting Discipline

Daily Disciplines

- Bucket Meeting – each day at designated time
  - Participants should include -
    - General Manager
    - Office Manager/Controller
    - Variable Ops Department Managers – New, Pre-Owned & F&I

This meeting should include review of business delivered for transaction compliance, gross tie out and funding. The transactions that should be reviewed are potential, current and historic for the month.

A daily self audit process of your transactions and a record of your findings should be kept to review each morning in your meetings, as well as be available for third party audit inquires. Repeated on your cash management text section – and available for third party audit requirements.

Confidential Material

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Section III
F. Training Requirements

- AFIP Certification – All Variable Managers
- Financial Services Training – once per year – All Financial Services personnel – novice or experienced level personnel.
- Safeguard orientation and testing

Violation of the above policies must be reported immediately to the general manager. Intentional disregard for the established policies will result in appropriate disciplinary action up to and including termination.

Employee Signature Date

Dealership GM Signature Date

Dealership OM/Comptroller Signature Date

Confidential Material

HENDRICK_HONDA_EASLEY_001145

MR. THOMAS: Yeah, subject to the objections we made ---

THE COURT: I understand. Mr. Bennett did it already.

MR. BECKER: 27.

MR. THOMAS: Same issue.

MR. BECKER: 32.

MR. THOMAS: Same issue.

MR. BECKER: 33.

MR. THOMAS: Same issue.

MR. BECKER: And 34.

MR. THOMAS: Same issue.

THE COURT: Ms. Spruill, make sure what she has emailed over there is the same thing.

MS. SPRUILL: Yes, Your Honor.

(WHEREUPON, Defendant Exhibit Numbers 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 17, 18, 19, 20,21, 22, 23, 26, 27, 32, 33, and 34 were admitted into evidence.)

MR. BECKER: Your Honor, if we could also go ahead and just enter them on the record, the stipulation as to -- it is the stipulation with respect to Defendant's Exhibit 13, whether Julie Freeman-Hair's service records at Hendrick Honda of Easley ---

Hendrick Automotive Group

Transaction Compliance Policy

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Confidential Material

HENDRICK_HONDA_EASLEY_001146

Hendrick Automotive Group

Transaction Compliance Policy

Section I - Ethics

Confidential Material

HENDRICK_HONDA_EASLEY_001147
R.001622

Hendrick Automotive Group

Transaction Compliance Policy

Section I

Ethics

This policy applies to employees, applicants for employment, customers, suppliers and anyone else who does business or seeks to do business with the Company.

- The Company does not discriminate against any person on the basis of race, religion, color, sex, age, national origin, disability, other factors prohibited by federal or state nondiscrimination law or any other characteristics protected by applicable law.
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- The Company and its employees are committed to dealing with the public and each other in a fair, truthful and impartial manner. The Company is fair and accurate in its advertising and promotional literature.
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- Employees may not become involved in any transaction or situation where their own interests would conflict, or appear to conflict, with the interests of the Company.
- Employees and their family members may not seek or accept any payments, fees, loans or other consideration for their personal account from any person or entity which does business or seeks to do business with the Company.
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Any employee who learns of any violation of this Policy, or who is approached or solicited by anyone to violate this Policy, is required to immediately report any such incident to the General Manager. The Company will not take action against any employee because he or she makes a good faith report. The Company will investigate the report and take appropriate action.

Employee Signature Date

Dealership GM Signature Date

Dealership OM/Comptroller Signature Date

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11/17/04

Confidential Material

Hendrick Automotive Group

Transaction Compliance Policy

Section II – Standards of Conduct

Confidential Material

HENDRICK_HONDA_EASLEY_001149

Hendrick Automotive Group

Transaction Compliance Policy

Section II

Standards of Business Conduct

The Company will conduct its business in compliance with all applicable laws, rules, and regulations, with honesty and integrity and with a strong commitment to the highest standards of ethics.

The Company does business with the following commitments:

(1) To its customers, to fairly and ethically provide quality products and services;

(2) To its franchisor, to proudly represent its product line in the manner expected;

(3) To the communities in which it does business, to be a responsible corporate citizen committed to conducting its business in a moral and ethical manner;

(4) To its employees, to provide employment in an atmosphere of honesty and forthrightness in which all employees will be proud to work.

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STANDARDS OF CONDUCT

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Unethical or questionable practices, regardless of degree, will not be tolerated.

Specific Standards of Conduct include, but are not limited to the following:

Compliance With Applicable Laws And Regulations

It is the Company's policy to comply fully with the spirit and the letter of all laws and regulations governing its operations.

Any violation of any law, regulation or other regulatory requirement applicable to the Company's operations, including violations of these Standards of Conduct, or applicable to any transaction to which the Company is a party, when committed by a Company officer, director or employee, of which any employee gains actual knowledge, must be promptly reported to the General Manager. Or, if the General Manager is perceived to be involved with the violation, the employee should contact the Human Resources Department or the appropriate Vice President.

Confidential Material

HENDRICK_HONDA_EASLEY_001150

Employees will not discriminate against any customer because of race, color, sex, age, religion, National Origin, disability, or any other factor prohibited by applicable State, Federal or local laws. This prohibition extends to all aspects of customer relations including business practices, communications with customers and customer access to our facilities and services. Examples of prohibited conduct include sexual or racial harassment, unwelcome sexual advances or comments, and verbal comments and gestures that denigrate or show hostility toward a customer because of the customer's race, color, sex, age, religion, National Origin, disability or any other protected characteristic. This does not preclude the extending of special courtesies or consideration to a customer for legitimate business reasons, such as customer loyalty, repeat buying, etc., as long as the basis for the treatment is not based on prohibited factors.

Competitive Practices

Employees will compete vigorously, independently and ethically but must avoid any practice that could be characterized as unfair or deceptive or otherwise contrary to this policy, other company policies or the published values of the organization.

Advertising

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Sales Practices

The Company's sales personnel will act professionally and will at all times:

- Embrace the spirit and the letter of the law governing the retail sales of new and used vehicles.
- Be honest and truthful when dealing with customers.
- Be knowledgeable about the products they sell.
- Follow the Company's steps to a sale completely and respond candidly and fully to each customer's questions.
- Always treat each customer in a professional manner.
- Fully disclose to each customer entering a transaction that it is a binding obligation and respond accurately to the customer's questions about the terms of the transaction.
- Be responsible for the prompt performance of post-sale administrative and delivery procedures.

Confidential Material

HENDRICK_HONDA_EASLEY_001151

Financing and Insurance

The Company's finance and insurance personnel will act professionally and at all times will:

- Embrace the spirit and letter of the law governing the sale of finance and insurance products.
- Disclose fully to customers the costs, terms, and contractual obligations of credit and lease transactions in a simple, plain, and conspicuous manner.
- Present finance and insurance documents in an open and ethical manner, allowing customers the opportunity to fully review them.
- Respond candidly and completely to questions by customers concerning the terms of their transactions.
- Offer optional insurance or other optional products in a clear and informative manner. Any purchase of such a product must reflect a voluntary choice by the customer.
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- Offer financing terms on a competitive basis to each customer in accordance with Company policy.

Completion of Transactional Paperwork

It is the Company's policy that paperwork done in connection with any transaction will fully and fairly represent the terms of the transaction as disclosed to the customer. No false or misleading terms will be included in any transaction paperwork for any reason.

Employee Reporting

It is the policy of the Company that all employees shall be required to report all violations of these Standards of Conduct and any other activity that may be deemed illegal or unethical, actual or apparent, to the Company. All such reports shall be made in absolute confidence without fear of reprisal or embarrassment unless the reporting employee is directly involved in the violation. A report should be made to the General Manager. In case of a serious violation of the Standards of Conduct, a report may be made directly to the Human Resources Department or the appropriate Vice President.

The Company expects employees' conduct to be governed by the highest ethical standards, good judgment and consideration of others. Any act by any employee that may be considered contrary to the policy and purposes of these Standards of Conduct, or harmful to a customer, another employee, or the Company, may be cause for disciplinary action, up to and including discharge. It is not an acceptable defense that the employee believed he/she was acting in the best interests of the Company and/or received no personal benefit.

_____
Employee Signature Date

_____
Dealership GM Signature Date

_____
Dealership OM/Comptroller Signature Date

Confidential Material

HENDRICK_HONDA_EASLEY_001152

Hendrick Automotive Group

Transaction Compliance Policy

Section III – Transaction Elements

A. Reserve & Product Profit Policy Standards & Document Fee Policy Standards

B. Transaction Paperwork

C. Transaction Paperwork Policy

D. Responsibility Structure

E. Required Daily Meeting Discipline

F. Training Requirements

G. Amendments

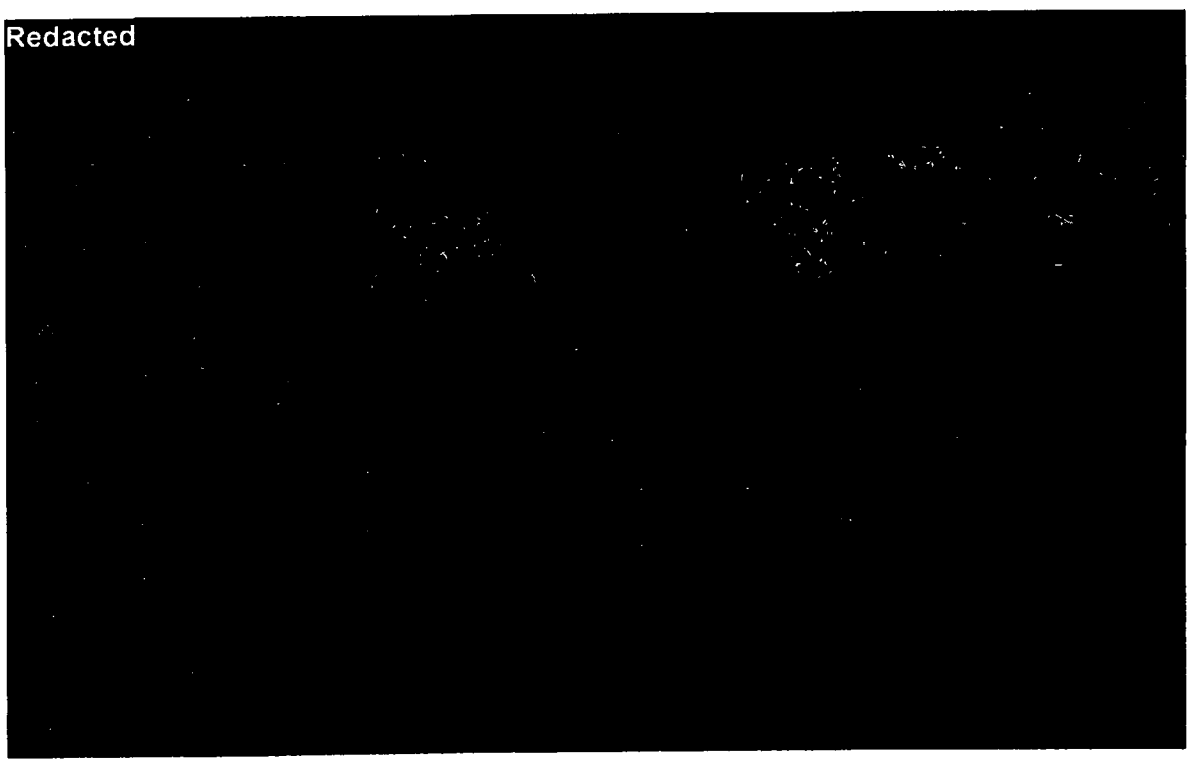
Confidential Material

HENDRICK_HONDA_EASLEY_001153

Section III
A. Reserve & Product Policy Standards & Document Fee Policy Standards

Rate Reserve Policy Standards

Product Profit Policy Standards

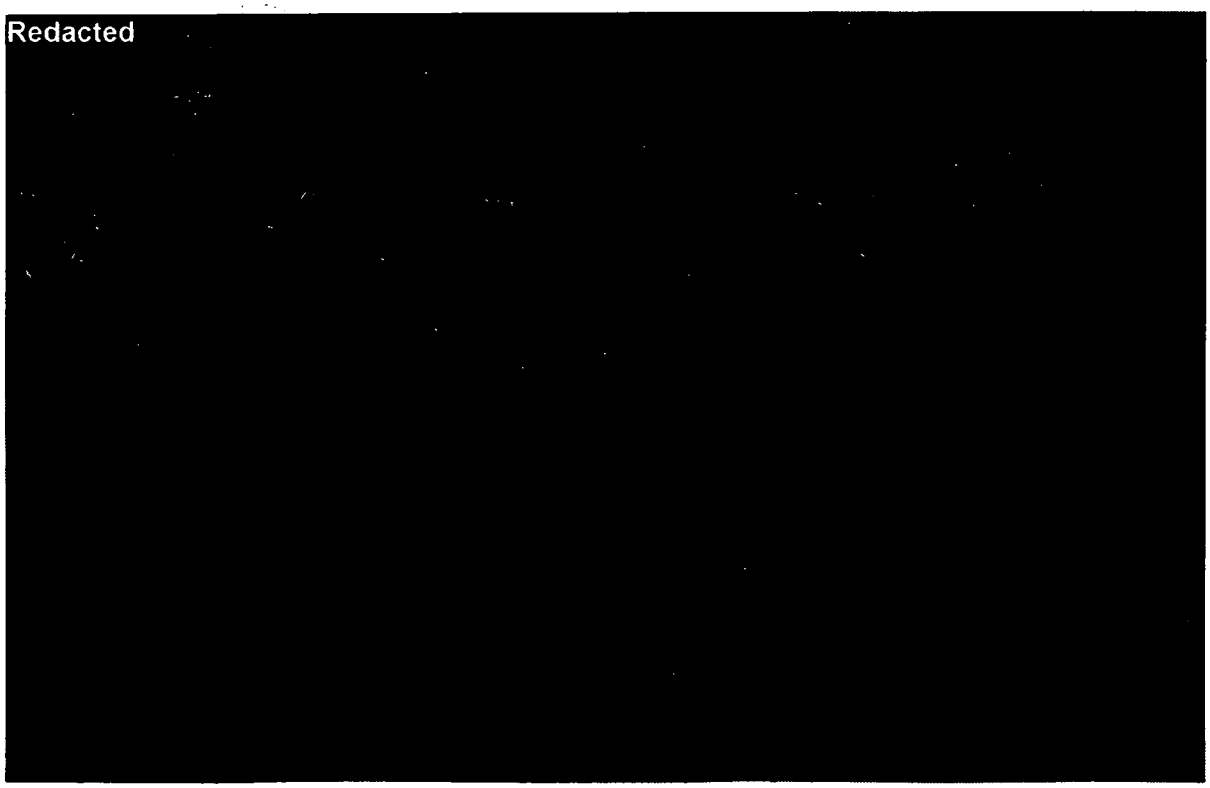


Section III

A. Reserve & Product Policy Standards & Document Fee Policy Standards

Rate Reserve Policy Standards

Product Profit Policy Standards



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Fee Collection

On all deals (see **fee exceptions**), the Company collects the fees listed below for all retail customers on all transactions. No deal will be billed without collection and separate documentation of the fees. In cases where retail customers refuse to pay the fees, the only options are a reduction in sales price by the amount of the fees or the sale will be voided. In all cases, any retail sale will include collection and separate documentation of the listed fees.

Current Doc Fee $_____ Policy - Doc Fee Not to Exceed $399

Fee exceptions:

1. As detailed by the Manufacturer, certain qualified employees and suppliers of the Manufacturer must not include certain fees. Upon positive written identification of qualification, such sales shall not include the fees listed.

2. The Company elects to not collect fees for any authorized commercial or fleet account provided such sale is in the authorized company name. Fees will be collected for sales to employees or owners of the authorized commercial or fleet account.

Collection violations of the above fees must be reported immediately to the general manager. Intentional disregard for the established fee caps will result in appropriate disciplinary action up to and including termination.

Confidential Material

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Section III
B. Transaction Paperwork

On all deals, the Company includes the following forms on all transactions, as applicable - to contain appropriate company language. Signed all certificates for product purchased by the customer.

1. Worksheet
2. Buyer's order
3. F & I Menu and Declination
4. Retail installment contract/Lease contract
5. Recap sheet
6. Credit application
7. Spot delivery agreement
8. Proof of insurance
9. OFAC clearance
10. Credit bureau
11. Odometer statement
12. Due bill – we owe
13. Lemon law / buyer's guide
14. Title application and supplements
15. Registration information
16. Copy of customer driver's license
17. Copy of co-customer's driver's license
18. Customer Privacy Notice
19. Co-customer Privacy Notice
20. All product certificates
21. Manufacturer Rebate form

Confidential Material

HENDRICK_HONDA_EASLEY_001157
R.001852

22. Trade appraisal

23. Delivery stamp/statement

24. Notice to Co-signer

25. Standardized Pay-off form

Deal files delivered to accounting without the above forms must be reported immediately to the general manager. Intentional disregard for the established policies on deal paperwork should result in appropriate disciplinary action up to and including termination.

Confidential Material

HENDRICK_HONDA_EASLEY_001158
R.001833

Section III

C. Transaction Paperwork Policy

On all deals, the Company enforces the following policies on all retail and wholesale vehicle sale transactions:

General

1. All documents must remain in the deal file. When re-contracting is required, the original documents will be VOIDED and included in the file.

2. Other than Worksheets and credit applications, no handwriting will be allowed on any document. The only handwriting should be the signatures of the customer and co-customer, and the Company's agent.

3. A Privacy Notice must be provided to each customer and co-customer prior to the sales process.

4. OFAC clearance must be obtained prior to the sales process.

5. Blank forms of any type must never be signed by a customer or co-customer.

6. Customer applications must be in the file and be completed, signed and dated by the customer.

7. Spot Delivery Agreements, when applicable, must be signed by the customer, co-customer, and Company's agent.

8. Foreign language contracts must be used with customers of whom Spanish has been used during the sales process.

9. A copy of the customer and co-customer driver's license must be included in the file. Signatures on the driver's licenses must be compared to signatures on all documents for consistency and validity.

10. All documents must be physically released to the customer and co-customer for personal inspection prior to signing.

11. A signed copy of each document must be provided to each customer.

Worksheet

1. Each Worksheet must be clear and conspicuous based on terms negotiated for the transaction.

2. Each Worksheet must include clear and specific dollar amounts for value of trade-in and related payoff.

3. Each Worksheet must include clear and specific dollar amounts for cash down payment.

4. Previous, superceded Worksheets must be voided and kept in the deal file.

5. The final Worksheet must be signed by the customer, co-customer, and the Company's agent.

6. The specific amounts (purchase price, trade-in, payoff, cash down) must be transferred to the F & I menu and match exactly.

F & I Menu

1. The agreed upon amounts from the Worksheet must match the F & I menu exactly.

2. The customer and co-customer agree to purchase certain F & I products as detailed on the menu. All customers are consistently presented each product on the F & I menu. Any product not chosen by customer must be acknowledged with signature on declination.

3. Once the customer agrees to purchase, monthly payments, term in months, and APR are detailed specifically on the form and printed from the computer system.

4. The purchase price (including tax, title, license, and other fees) must be adjusted for the purchased F & I products.

5. Agreed changes to cash down payment must be adjusted on the F & I menu.

6. Previous, superceded F & I menus must be voided and kept in the deal file.

7. The final F & I menu must be signed by the customer, co-customer, and the Company's agent.

8. The specific amounts (purchase price, F & I products, trade-in, payoff, cash down, monthly payments, term, and APR) must be transferred to the Buyer's Order and match exactly.

Buyer's Order

1. The agreed upon amounts from the F & I menu must match the Buyer's Order exactly.

2. Each specific F & I product selected by the customer and co-customer must be itemized separately on the Buyer's Order with associated sales price.

3. The specific amounts (purchase price, F & I products, trade-in, payoff, cash down, monthly payments, term and APR) are printed from the computer system on the Buyer's Order.

4. The Buyer's Order must not contain any handwritten prices, blank prices, or prices marked as "None" or "N/A."

5. Previous, superceded Buyer's Orders must be voided and kept in the deal file.

6. The final Buyer's Order must be signed by the customer, co-customer, and the Company's agent.

7. The amount financed on the Buyer's Order must match Retail Installment Sales Contract exactly.

8. The specific amounts (purchase price, F & I products, trade-in, payoff, cash down, monthly payments, term, and APR) must match the Retail Installment Sales Contract exactly.

Confidential Material

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Retail Installment Sales Contract

1. The agreed upon amounts from the Buyer's Order must match the Retail Installment Sales Contract exactly.

2. All payments and premiums to third parties must be separately and properly listed on the Retail Installment Sales Contract.

3. Previous, superceded Retail Installment Sales Contracts must be voided and kept in the deal file.

4. The final Retail Installment Sales Contract must be signed by the customer, co-customer, and the Company's agent.

Confidential Material

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Section III
D. Responsibility Structure

Structure of Responsibility for Transaction Compliance

- General Manager – Driver
- Office Manager – Facilitator
- Department Managers – Execution
    - Variable Ops
        - New Car
        - Pre-Owned
        - F&I
    - Administrative Operations

Confidential Material

HENDRICK_HONDA_EASLEY_001162
R.001637

Section III
E. Required Daily Meeting Discipline

Daily Disciplines

- Bucket Meeting – each day at designated time
  - Participants should include -
    - General Manager
    - Office Manager/Controller
    - Variable Ops Department Managers – New, Pre-Owned & F&I

This meeting should include review of business delivered for transaction compliance, gross tie out and funding. The transactions that should be reviewed are potential, current and historic for the month.

A daily self audit process of your transactions and a record of your findings should be kept to review each morning in your meetings, as well as be available for third party audit inquires. Repeated on your cash management text section – and available for third party audit requirements.

Confidential Material

HENDRICK_HONDA_EASLEY_001163
R.001838

Section III
F. Training Requirements

- AFIP Certification – All Variable Managers
- Financial Services Training – once per year – All Financial Services personnel – novice or experienced level personnel.
- Safeguard orientation and testing

Violation of the above policies must be reported immediately to the general manager. Intentional disregard for the established policies will result in appropriate disciplinary action up to and including termination.

Employee Signature Date

Dealership GM Signature Date

Dealership OM/Comptroller Signature Date

Confidential Material

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R.001839

Section III
G. Amendments

Amendment to Section III A, Page 9

Product Profit Policy Standards

Employee Signature Date

Dealership GM Signature Date

Dealership OM/Comptroller Signature Date

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Confidential Material

HENDRICK_HONDA_EASLEY_001165

MR. THOMAS: Yeah, subject to the objections we made ---

THE COURT: I understand. Mr. Bennett did it already.

MR. BECKER: 27.

MR. THOMAS: Same issue.

MR. BECKER: 32.

MR. THOMAS: Same issue.

MR. BECKER: 33.

MR. THOMAS: Same issue.

MR. BECKER: And 34.

MR. THOMAS: Same issue.

THE COURT: Ms. Spruill, make sure what she has emailed over there is the same thing.

MS. SPRUILL: Yes, Your Honor.

(WHEREUPON, Defendant Exhibit Numbers 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 17, 18, 19, 20,21, 22, 23, 26, 27, 32, 33, and 34 were admitted into evidence.)

MR. BECKER: Your Honor, if we could also go ahead and just enter them on the record, the stipulation as to -- it is the stipulation with respect to Defendant's Exhibit 13, whether Julie Freeman-Hair's service records at Hendrick Honda of Easley ---

Hendrick Automotive Group

Transaction Compliance Policy

Teamwork • Integrity • Commitment • Passion • Accountability

Index of Policy Changes

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C. Transaction Forms/Documents — Page 17

D. Damage Acknowledgement of Disclosure by Dealer — Page 18

E. Frame/Unibody Damage Disclosure — Page 19

F. Product Process Certification — Page 19

G. Spot Delivery — Page 19

J. Responsibility Structure — Page 20

K. General Manager Confirmation — Page 21

Section IV – Commitment to Compliance

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Corrective Action — Page 24

Transaction Compliance Policy Acknowledgement Certifications — Page 25/26

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Hendrick Automotive Group

Transaction Compliance Policy

Section I

Ethics

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12/05

HENDRICK_HONDA_EASLEY_001302

Hendrick Automotive Group

Transaction Compliance Policy

Section I

Ethics

This policy applies to employees, applicants for employment, customers, suppliers and anyone else who does business or seeks to do business with the Company.

- The Company does not discriminate against any person on the basis of race, religion, color, sex, age, national origin, disability, other factors prohibited by federal or state nondiscrimination law or any other characteristics protected by applicable law.
- The Company is committed to the principle that all of its premises will be drug free workplaces in accordance with the Company's Drug and Alcohol Policy.
- The Company and its employees are committed to dealing with the public and each other in a fair, truthful and impartial manner. The Company is fair and accurate in its advertising and promotional literature.
- Dishonesty and theft of property or funds from the Company or other associates will not be tolerated.
- Employees may not become involved in any transaction or situation where their own interests would conflict, or appear to conflict, with the interests of the Company.
- Employees and their family members may not seek or accept any payments, fees, loans or other consideration for their personal account from any person or entity which does business or seeks to do business with the Company.
- Falsifying company records, misuse of Company records or release of proprietary information, trade secret information, or other information subject to legal privilege is forbidden.
- Employees and their family members may not seek or accept any gifts, entertainment or other favors that exceed reasonable and customary courtesies, from any person or entity that does business or seeks to do business with the Company.
- The Company is committed to the principles of fair and open competition. Employees are expressly prohibited from making any kickbacks, loans, or gifts to any person or entity for the purpose of obtaining unfair advantage in the conduct of any aspect of the Company's business.

Dealership GM Signature Date

Dealership OM/Controller Signature Date

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Hendrick Automotive Group

Transaction Compliance Policy

Section II

Standards of Conduct

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Hendrick Automotive Group

Transaction Compliance Policy

Section II

Standards of Conduct

The Company will conduct its business in compliance with all applicable laws, rules, and regulations, with honesty and integrity and with a strong commitment to the highest standards of ethics.

The Company does business with the following commitments:

(1) To its customers, to fairly and ethically provide quality products and services;

(2) To its franchisor, to proudly represent its product line in the manner expected;

(3) To the communities in which it does business, to be a responsible corporate citizen committed to conducting its business in a moral and ethical manner;

(4) To its employees, to provide employment in an atmosphere of honesty and forthrightness in which all employees will be proud to work.

The conduct of each employee should reflect the highest standards of honesty, integrity and fairness.

Each employee is responsible for the propriety and consequences of his/her actions. Employee misconduct will not be excused because the action was directed or requested by another person.

Employees are expected to exercise good judgment in their work and business relationships to avoid violation of these Standards of Conduct. Employees should strive to avoid even the appearance of impropriety in the discharge of their responsibilities. Practices and standards of other companies may not be used as justification for ignoring or modifying the intent of this policy.

Unethical or questionable practices, regardless of degree, will not be tolerated.

Specific Standards of Conduct include, but are not limited to the following:

HENDRICK_HONDA_EASLEY_001305

Compliance with Applicable Laws and Regulations

It is the Company's policy to comply fully with the spirit and the letter of all laws and regulations governing its operations.

Any violation of any law, regulation or other regulatory requirement applicable to the Company's operations, including violations of these Standards of Conduct, or applicable to any transaction to which the Company is a party, when committed by a Company officer, director or employee, of which any employee gains actual knowledge, must be promptly reported to the General Manager. Or, if the General Manager is perceived to be involved with the violation, the employee should contact the Human Resources Department or the appropriate Vice President.

Employees will not discriminate against any customer because of race, color, sex, age, religion, National Origin, disability, or any other factor prohibited by applicable State, Federal or local laws. This prohibition extends to all aspects of customer relations including business practices, communications with customers and customer access to our facilities and services. Examples of prohibited conduct include sexual or racial harassment, unwelcome sexual advances or comments, and verbal comments and gestures that denigrate or show hostility toward a customer because of the customer's race, color, sex, age, religion, National Origin, disability or any other protected characteristic. This does not preclude the extending of special courtesies or consideration to a customer for legitimate business reasons, such as customer loyalty, repeat buying, etc., as long as the basis for the treatment is not based on prohibited factors.

Competitive Practices

Employees will compete vigorously, independently and ethically but must avoid any practice that could be characterized as unfair or deceptive or otherwise contrary to this policy, other company policies or the published values of the organization.

Advertising

All advertising of the Company's products and services must be done in a clear, conspicuous and accurate manner that fully complies with applicable legal requirements. This includes disclosing credit terms in accordance with the federal Truth in Lending Act and consistent with state and local law.

Sales Practices

The Company's sales personnel will act professionally and will at all times:

- Embrace the spirit and the letter of the law governing the retail sales of new and used vehicles.
- Be honest and truthful when dealing with customers.
- Be knowledgeable about the products they sell.
- Follow the Company's steps to a sale completely and respond candidly and fully to each customer's questions.
- Always treat each customer in a professional manner.
- Fully disclose to each customer entering a transaction that it is a binding obligation and respond accurately to the customer's questions about the terms of the transaction.
- Be responsible for the prompt performance of post-sale administrative and delivery procedures.

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Finance and Insurance

The Company's finance and insurance personnel will act professionally and at all times will:

- Embrace the spirit and letter of the law governing the sale of finance and insurance products.
- Disclose fully to customers the costs, terms, and contractual obligations of credit and lease transactions in a simple, plain, and conspicuous manner.
- Present finance and insurance documents in an open and ethical manner, allowing customers the opportunity to fully review them.
- Respond candidly and completely to questions by customers concerning the terms of their transactions.
- Offer optional insurance or other optional products in a clear and informative manner. Any purchase of such a product must reflect a voluntary choice by the customer.
- Offer financing terms to each customer without regard to race, color, religion, sex, national origin, age, physical or mental disability, or any other basis that may not be lawfully considered.
- Offer financing terms on a competitive basis to each customer in accordance with Company policy.

Completion of Transactional Paperwork

It is the Company's policy that paperwork done in connection with any transaction will fully and fairly represent the terms of the transaction as disclosed to the customer. No false or misleading terms will be included in any transaction paperwork for any reason.

Dealership GM Signature Date

Dealership OM/Controller Signature Date

HENDRICK_HONDA_EASLEY_0001307

Hendrick Automotive Group

Transaction Compliance Policy

Section III

Transaction Elements

HENDRICK_HONDA_EASLEY_0001308

A. Reserve & Product Policy Standards & Document Fee Policy Standards

Rate Reserve Policy Standards

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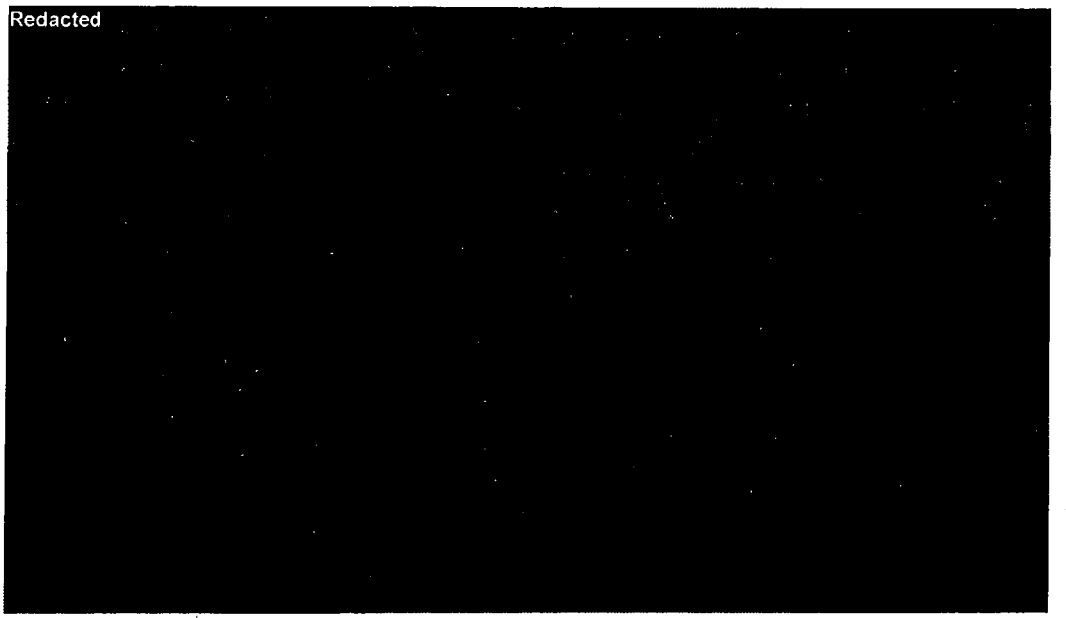

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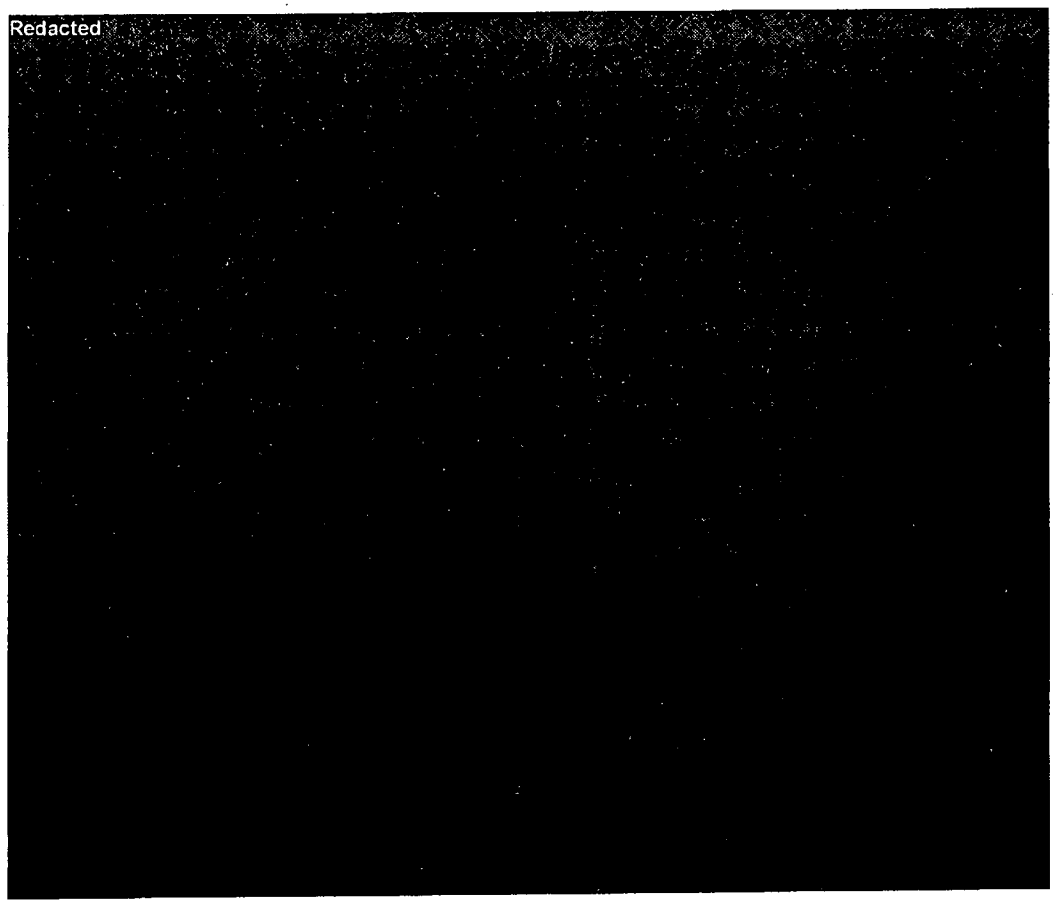
Product Profit Policy Standards



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Fee Collection

On all deals (see **fee exceptions**), the Company collects the fees listed below for all retail customers on all transactions. No deal will be billed without collection and separate documentation of the fees. In cases where retail customers refuse to pay the fees, the only options are a reduction in sales price by the amount of the fees or the sale will be voided. In all cases, any retail sale will include collection and separate documentation of the listed fees.

Current Doc Fee $_____ Policy - Doc Fee Not to Exceed $399

Fee exceptions:

1. As detailed by the Manufacturer, certain qualified employees and suppliers of the Manufacturer must not include certain fees. Upon positive written identification of qualification, such sales shall not include the fees listed.

2. The Company elects to not collect fees for any authorized commercial or fleet account provided such sale is in the authorized company name. Fees will be collected for sales to employees or owners of the authorized commercial or fleet account.

Collection violations of the above fees must be reported immediately to the General Manager.

B. Transaction Paperwork Policy

General

On all deals, the Company enforces the following policies on all retail, wholesale vehicle, and lease sale transactions:

1. All documents must remain in the deal file. When re-contracting is required, the original documents will be VOIDED and kept in the file.
2. Other than worksheets, credit applications, and forms not programmed into the DMS System, no handwriting will be allowed on any document except the signatures of the customer and co-customer.
3. A Privacy Notice must be provided to each customer and co-customer prior to the sales process.
4. OFAC clearance must be obtained prior to the sales process.
5. Under no circumstances should blank forms of any type be signed by the customer or co-customer.
6. Customer applications must be in the file and be completed, dated and signed by the customer.
7. Spot Delivery Agreements, when applicable, must be signed by the customer, co-customer, and Company's agent.
8. Applicable state and federal regulations must be followed when dealing with customers whose primary language is Spanish.
9. A copy of the customer and co-customer driver's license must be included in the file. Signatures on the driver's licenses must be compared to signatures on all documents for consistency and validity.
10. The customer and co-customer must have the opportunity to review all forms and documents prior to signing.
11. When applicable, a signed copy of each document must be provided to each customer.

Worksheet – (Not Applicable in California)

1. Each Worksheet, when applicable, must be clear and conspicuous based on terms negotiated for the transaction.

2. Each Worksheet, when applicable, must include clear and specific dollar amounts for value of trade-in and related payoff.

3. Each Worksheet, when applicable, must include clear and specific dollar amounts for cash down payment.

4. Previous, superceded Worksheets, when applicable, must be voided and kept in the deal file.

5. The final Worksheet, when applicable, must be signed by the customer, co-customer, and the Company's agent.

6. The specific amounts (purchase price, trade-in, payoff, cash down, and any applicable product) must be transferred to the Financial Services menu and match exactly.

F & I Menu

1. All customers are to be consistently presented each product on the Financial Services menu.

2. Once the customer agrees to purchase certain products, the term in months, monthly payments, and APR are to be detailed specifically on the menu and printed from the computer system.

3. Any product not chosen by the customer must be acknowledged with a signature on the customer waiver form (disclosure form).

4. Agreed changes to cash down payment must be adjusted on the Financial Services menu.

5. Previous, superceded Financial Services menus must be voided and kept in the deal file.

6. The final Financial Services menu must be signed by the customer, co-customer, and the Company's agent.

7. The specific amounts (purchase price, Financial Services products, trade-in, payoff, cash down, monthly payments, term, and APR) must be transferred to the Buyer's Order and match exactly.

Buyer's Order – (Not Applicable in California)

1. The agreed upon amounts from the Financial Services menu must match the Buyer's Order exactly.

2. Each specific Financial Services product selected by the customer and co-customer must be itemized separately on the Buyer's Order with associated sales price.

3. The specific amounts (purchase price, Financial Services products, trade-in, payoff, cash down, monthly payments, term and APR) are printed from the computer system on the Buyer's Order.

4. The Buyer's Order must not contain any handwritten prices, blank prices, or prices marked as "None" or "N/A."

5. Previous, superceded Buyer's Orders must be voided and kept in the deal file.

6. The final Buyer's Order must be signed by the customer, co-customer, and the Company's agent.

7. The amount financed on the Buyer's Order must match Retail Installment Sales Contract exactly.

8. The specific amounts (purchase price, Financial Services products, trade-in, payoff, cash down, monthly payments, term, and APR) must match the Retail Installment Sales Contract exactly.

Retail Installment Sales Contract

1. The agreed upon amounts from the Buyer's Order must match the Retail Installment Sales Contract exactly.

2. All payments and premiums to third parties must be separately and properly listed on the Retail Installment Sales Contract unless the lender specifically mandates a certain product be included in line one (vehicle sales price).

3. Previous, superceded Retail Installment Sales Contracts must be voided and kept in the deal file.

4. The final Retail Installment Sales Contract must be signed by the customer, co-customer, and the Company's agent.

C. Transaction Forms/Documents

On all deals, the Company includes the following forms on all transactions, as applicable - to contain appropriate company language.

1. As-Is Lemon Law/Buyers Guide
2. Buyer's order
3. Conditional Delivery/Spot Delivery Agreement
4. Credit Application
5. Credit Bureau
6. Credit Life, A&H
7. Customer Menu
8. Customer Waiver Form
9. Damage Disclosure (Includes Used Vehicle Disclosure, Acknowledgement and Waiver)
10. Delivery Stamp
11. Doc Fees
12. Drivers License/Buyer
13. Drivers License/Co-Buyer
14. Lien Payoff Form
15. Manufacturer Rebate/Incentive Form
16. Notice to Co-Signer
17. Odometer Statement
18. OFAC Clearance
19. Power of Attorney
20. Privacy Notice
21. Product Certificates
22. Proof of Insurance
23. Recap Sheet
24. Retail Installment Contract/Lease Contract
25. Title Application, Supplemental Documents, Registration Information
26. Trade Appraisal/ACV
27. We Owe – Due Bill
28. Worksheet

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29. Car Care System Appearance
30. GAP (Guaranteed Asset Protection
31. Extended Service Agreement
32. Extended Service Agreement/WRAP
33. LoJack Vehicle Recovery
34. Prepaid Maintenance QuickCare
35. Prepaid Manufacturer Specific Maintenance

NOTE: Both the customer and the dealership representative must sign each individual product certificate.

Deal files delivered to accounting without the above forms, if applicable, must be reported immediately to the General Manager.

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D. Used Vehicle Disclosure, Acknowledgement and Waiver

ALL USED VEHICLES SOLD MUST BE CHECKED THROUGH A VEHICLE HISTORY REPORT PROVIDER SUCH AS CARFAX, AUTOCHECK, ETC. UTILIZING THE FORM BELOW.

USED VEHICLE DISCLOSURE, ACKNOWLEDGEMENT AND WAIVER

In connection with the purchase from _____ ("Dealer") of the Year: _____ Make: _____ Type: _____ Stock No.: _____ Serial No.:_____ (the "Vehicle"), Dealer has provided you with a vehicle history report prior to your purchase of the Vehicle. Dealer's policy is that no sales representative or other agent of Dealer is authorized to make verbal or written statements about the history of a used vehicle. Dealer cannot and does not allow such statements because information concerning a vehicle's prior use (such as whether it has been a rental vehicle) or possible defects caused by an accident is often unavailable or unreliable, and you may not rely on statements from Dealer's representatives regarding the history of any vehicle. You should conduct your own independent investigation of the Vehicle and obtain a diagnosis by an expert mechanic selected by you before you purchase the Vehicle. **By signing below, you acknowledge and agree that (i) you have either obtained a expert mechanic's diagnosis on the Vehicle or voluntarily and willfully chosen to not obtain such diagnosis, (ii) you have received a vehicle history report and read the terms and conditions thereof, (ii) that you are not relying on the vehicle history report as a guarantee of the history or condition of the Vehicle, (iii) that Dealer cannot and does not make any guarantee that the Vehicle has never been damaged, (iv) if the vehicle history report reflects prior damage to the Vehicle, Dealer has no additional knowledge with respect to such damage and (iv)** THAT YOU HEREBY RELEASE AND COVENANT NOT TO SUE DEALER OR ITS AFFILIATES OR REPRESENTATIVES UNDER ANY LEGAL THEORY RELATING DIRECTLY OR INDIRECTLY TO THE PRIOR HISTORY OF THE VEHICLE.

Date: _____ "PURCHASER(S)"

_____

_____

_____
Witness

HENDRICK_HONDA_EASLEY_001316

E. Frame/Unibody Damage Disclosure

All pre-owned vehicles must undergo an inspection process as outlined in our Fixed Operations Policies and Procedures. This inspection process will be conducted sufficiently to ensure frame damage is identified and appropriate actions taken to prevent retail delivery of the damaged vehicle.

F. Product Process Certification

Car Care, Silent Security, and LoJack programs must be presented to the customer by utilizing the Financial Services Menu. After the customer has been given the opportunity to select one or more of these products, the process of installing the product(s) can be initiated.

G. Spot Delivery

The Transaction Compliance Policy recognizes spot delivery occurs when a buyer and dealership signs a Retail Installment Agreement for the sale of a motor vehicle and the buyer takes delivery "immediately". Essentially, the buyer signs a "rider" or "amendment" to the contract that states the buyer fully understands that financing has not been finalized. The buyer further agrees that in the event financing is not secured in a certain period of time, the buyer will promptly return the vehicle to the dealer. The following must be considered when spot delivering a vehicle:

1. Have two managers (the Financial Services Manager and one other manager) make a decision to spot deliver the vehicle.
2. Ensure the customer signs a spot delivery form that states they fully understand the spot delivery process.
3. Ensure the funds are collectible.
4. Ensure all deal forms and documents have been signed.

H. Required Daily Meeting Discipline

Daily Disciplines

- Bucket Meeting – each day at designated time
  - Participants should include -
    - General Manager
    - Office Manager/Controller
    - Variable Ops Department Managers – New, Pre-Owned & Financial Services

This meeting should include review of business delivered for transaction compliance, gross tie out and funding. The transactions that should be reviewed are potential, current and historic for the month.

A daily self audit process of your transactions and a record of your findings should be kept to review each morning in your meetings, as well as be available for third party audit inquires. Repeated on your cash management text section – and available for third party audit requirements.

I. Training Requirements

- AFIP Certification – All Variable Managers
- Financial Services Training – once per year – All Financial Services personnel – novice or experienced level personnel
- Safeguard orientation and testing
- All employees to view Safeguards and Transaction Compliance videos

J. Responsibility Structure

Structure of Responsibility for Transaction Compliance

- General Manager – Driver
- Office Manager – Facilitator
- Department Managers – Execution
  - Variable Operations
    - Retail Operations Manager
    - General Sales Manager
    - New Car Manager
    - Pre-owned Manager
    - Financial Services Manager
    - E-Business Manager
    - All Managers who have responsibility to create and execute transactions
  - Administrative Operations

HENDRICK_HONDA_EASLEY_0001318

K. General Manager Confirmation

It is the responsibility of the General Manager to ensure each employee reads and fully understands each section of the Transaction Compliance Policy. Each employee must watch the Safeguards and Transaction Compliance videos. As noted in *Transaction Elements, Responsibility Structure, Section J*, each Manager must sign a Transaction Compliance Policy (four areas require a signature: Ethics, Standards of Conduct, Transaction Elements, and Commitment to Compliance), and this copy will remain in the personnel file. The Policy will be updated on an "as needed" basis or January 1st of each year, whichever comes first.

_____
Dealership GM Signature Date

_____
Dealership OM/Controller Signature Date

HENDRICK_HONDA_EASLEY_0001319

Hendrick Automotive Group

Transaction Compliance Policy

Section IV

Commitment to Compliance

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Hendrick Automotive Group

Transaction Compliance Policy

Section IV

Commitment to Compliance

The Company is strongly committed to ensuring that all employees understand and comply with all aspects of the Transaction Compliance Policy. As such, it is the policy of the Company that all employees are required to report all violations or possible violations of the Transaction Compliance Policy, and any other activity that may be deemed illegal or unethical, whether actual or apparent, to the Company. Any employee who learns of a violation of this Policy, or who is approached or solicited by anyone to violate this Policy, is required to immediately report any such incident to the General Manager. In case of a serious violation of this Policy, a report may be made directly to the Director of Transaction Compliance Support, the Human Resources Department, the appropriate Senior Vice President – Retail Operations, or Senior Vice President – Retail Support Operations.

All such reports shall be made in absolute confidence without fear of reprisal or embarrassment and the Company will not take action against any employee because he or she makes a good faith report. However, employees who are found to have violated the policy will be subject to appropriate disciplinary action.

The Company expects employees' conduct to be governed by the highest ethical standards, good judgment and consideration of others. Any act by any employee that may be considered contrary to the policy or harmful to a customer, another employee, or the Company may be cause for disciplinary action, up to and including discharge. It is not an acceptable defense that the employee believed he/she was acting in the best interests of the Company and/or received no personal benefit. It is also not an acceptable defense that the employee engaged in behavior that was contrary to this policy because he/she was told to do so by a manager or co-worker.

Investigation of Possible Non-Compliance

The Company will investigate all reports of possible or actual violations of the Transaction Compliance Policy. Any investigation should comply with the following guidelines:

- The General Manager is responsible for overseeing the investigation and for making any final determinations.
- The General Manager should notify the Director of Transaction Compliance Support or the Human Resources Department of any investigations into allegations of violations of the Policy.
- The General Manager should prepare an investigation file to document the investigation. This file should include:
  - Notes from employee or other witness interviews.
  - Copies of any documents reviewed during the investigation
  - Employee or other witness statements submitted as part of the investigation
  - Counseling form for any employees who were disciplined as a result of the investigation.

- Summary of any process changes or other corrective action taken to prevent further non-compliance.

- A copy of the investigation file should be forwarded to the Director of Transaction Compliance Support at the conclusion of the investigation. After review, the file will then be forwarded to the Human Resources Department and will be maintained in the dealership file.

Corrective Action

If after the completion of the investigation it is determined that a violation of the Transaction Compliance Policy has occurred, it is the responsibility of the General Manager to ensure that an appropriate level of correction action is taken. At a minimum, any employee directly involved in an act or pattern of non-compliance must receive a written warning and is required to recertify their knowledge and understanding of the Transaction Compliance Policy by re-reading and signing the Policy. This documentation will be placed in the employee's personnel file. More severe disciplinary action, up to and including discharge, may be taken based on the circumstances of the violation. All disciplinary action must be documented using the Company's Employee Counseling Form (HR-11) and copies of any disciplinary action resulting from a violation of the Transaction Compliance Policy must be forwarded to the Director of Transaction Compliance Support for Hendrick Automotive Group.

Dealership GM Signature Date

Dealership OM/Controller Signature Date

HENDRICK_HONDA_EASLEY_0086322

TRANSACTION COMPLIANCE POLICY
ACKNOWLEDGEMENT CERTIFICATION

VARIABLE MANAGER

By signing below, I hereby certify that I have read, fully understand, and agree to comply with all four sections of the Transaction Compliance Policy. I have viewed both the Safeguards and Transaction Compliance videos and pledge to commit to a level of conduct governed only by the highest ethical standards, good judgment, and consideration of others.

Manager Name (please print) Date

Manager Signature Date

Witness Date

HENDRICK_HONDA_EASLEY_0001323

TRANSACTION COMPLIANCE POLICY
ACKNOWLEDGEMENT CERTIFICATION

EMPLOYEE

I have viewed both the Safeguards and Transaction Compliance videos and pledge to commit to a level of conduct governed only by the highest ethical standards, good judgment, and consideration of others.

Employee Name (please print) Date

Employee Signature Date

Witness Date

1340a jad
12/05

MR. THOMAS: Yeah, subject to the objections we made ---

THE COURT: I understand. Mr. Bennett did it already.

MR. BECKER: 27.

MR. THOMAS: Same issue.

MR. BECKER: 32.

MR. THOMAS: Same issue.

MR. BECKER: 33.

MR. THOMAS: Same issue.

MR. BECKER: And 34.

MR. THOMAS: Same issue.

THE COURT: Ms. Spruill, make sure what she has emailed over there is the same thing.

MS. SPRUILL: Yes, Your Honor.

(WHEREUPON, Defendant Exhibit Numbers 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 17, 18, 19, 20,21, 22, 23, 26, 27, 32, 33, and 34 were admitted into evidence.)

MR. BECKER: Your Honor, if we could also go ahead and just enter them on the record, the stipulation as to -- it is the stipulation with respect to Defendant's Exhibit 13, whether Julie Freeman-Hair's service records at Hendrick Honda of Easley ---

Hendrick Automotive Group

Transaction Compliance Policy

Teamwork • Integrity • Commitment • Passion • Accountability

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Effective January 1, 2007

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Hendrick Automotive Group

Transaction Compliance Policy

Section I

Ethics

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Hendrick Automotive Group

Transaction Compliance Policy

Section I

Ethics

This policy applies to employees, applicants for employment, customers, suppliers and anyone else who does business or seeks to do business with the Company.

- The Company does not discriminate against any person on the basis of race, religion, color, sex, age, national origin, disability, other factors prohibited by federal or state nondiscrimination law or any other characteristics protected by applicable law.
- The Company is committed to the principle that all of its premises will be drug free workplaces in accordance with the Company's Drug and Alcohol Policy.
- The Company and its employees are committed to dealing with the public and each other in a fair, truthful and impartial manner. The Company is fair and accurate in its advertising and promotional literature.
- Dishonesty and theft of property or funds from the Company or other associates will not be tolerated.
- Employees may not become involved in any transaction or situation where their own interests would conflict, or appear to conflict, with the interests of the Company.
- Employees and their family members may not seek or accept any payments, fees, loans or other consideration for their personal account from any person or entity which does business or seeks to do business with the Company.
- Falsifying company records, misuse of Company records or release of proprietary information, trade secret information, or other information subject to legal privilege is forbidden.
- Employees and their family members may not seek or accept any gifts, entertainment or other favors that exceed reasonable and customary courtesies, from any person or entity that does business or seeks to do business with the Company.
- The Company is committed to the principles of fair and open competition. Employees are expressly prohibited from making any kickbacks, loans, or gifts to any person or entity for the purpose of obtaining unfair advantage in the conduct of any aspect of the Company's business.

_____
Dealership GM Signature Date

_____
Dealership OM/Controller Signature Date

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Hendrick Automotive Group

Transaction Compliance Policy

Section II

Standards of Conduct

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Hendrick Automotive Group

Transaction Compliance Policy

Section II

Standards of Conduct

The Company will conduct its business in compliance with all applicable laws, rules, and regulations, with honesty and integrity and with a strong commitment to the highest standards of ethics.

The Company does business with the following commitments:

(1) To its customers, to fairly and ethically provide quality products and services;

(2) To its franchisor, to proudly represent its product line in the manner expected;

(3) To the communities in which it does business, to be a responsible corporate citizen committed to conducting its business in a moral and ethical manner;

(4) To its employees, to provide employment in an atmosphere of honesty and forthrightness in which all employees will be proud to work.

The conduct of each employee should reflect the highest standards of honesty, integrity and fairness.

Each employee is responsible for the propriety and consequences of his/her actions. Employee misconduct will not be excused because the action was directed or requested by another person.

Employees are expected to exercise good judgment in their work and business relationships to avoid violation of these Standards of Conduct. Employees should strive to avoid even the appearance of impropriety in the discharge of their responsibilities. Practices and standards of other companies may not be used as justification for ignoring or modifying the intent of this policy.

Unethical or questionable practices, regardless of degree, will not be tolerated.

Specific Standards of Conduct include, but are not limited to the following:

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Compliance with Applicable Laws and Regulations

It is the Company's policy to comply fully with the spirit and the letter of all laws and regulations governing its operations.

Any violation of any law, regulation or other regulatory requirement applicable to the Company's operations, including violations of these Standards of Conduct, or applicable to any transaction to which the Company is a party, when committed by a Company officer, director or employee, of which any employee gains actual knowledge, must be promptly reported to the General Manager. Or, if the General Manager is perceived to be involved with the violation, the employee should contact the Human Resources Department or the appropriate Vice President.

Employees will not discriminate against any customer because of race, color, sex, age, religion, National Origin, disability, or any other factor prohibited by applicable State, Federal or local laws. This prohibition extends to all aspects of customer relations including business practices, communications with customers and customer access to our facilities and services. Examples of prohibited conduct include sexual or racial harassment, unwelcome sexual advances or comments, and verbal comments and gestures that denigrate or show hostility toward a customer because of the customer's race, color, sex, age, religion, National Origin, disability or any other protected characteristic. This does not preclude the extending of special courtesies or consideration to a customer for legitimate business reasons, such as customer loyalty, repeat buying, etc., as long as the basis for the treatment is not based on prohibited factors.

Competitive Practices

Employees will compete vigorously, independently and ethically but must avoid any practice that could be characterized as unfair or deceptive or otherwise contrary to this policy, other company policies or the published values of the organization.

Advertising

All advertising of the Company's products and services must be done in a clear, conspicuous and accurate manner that fully complies with applicable legal requirements. This includes disclosing credit terms in accordance with the federal Truth in Lending Act and consistent with state and local law.

Sales Practices

The Company's sales personnel will act professionally and will at all times:

- Embrace the spirit and the letter of the law governing the retail sales of new and used vehicles.
- Be honest and truthful when dealing with customers.
- Be knowledgeable about the products they sell.
- Follow the Company's steps to a sale completely and respond candidly and fully to each customer's questions.
- Always treat each customer in a professional manner.
- Fully disclose to each customer entering a transaction that it is a binding obligation and respond accurately to the customer's questions about the terms of the transaction.
- Be responsible for the prompt performance of post-sale administrative and delivery procedures.

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Finance and Insurance

The Company's finance and insurance personnel will act professionally and at all times will:

- Embrace the spirit and letter of the law governing the sale of finance and insurance products.
- Disclose fully to customers the costs, terms, and contractual obligations of credit and lease transactions in a simple, plain, and conspicuous manner.
- Present finance and insurance documents in an open and ethical manner, allowing customers the opportunity to fully review them.
- Respond candidly and completely to questions by customers concerning the terms of their transactions.
- Offer optional insurance or other optional products in a clear and informative manner. Any purchase of such a product must reflect a voluntary choice by the customer.
- Offer financing terms to each customer without regard to race, color, religion, sex, national origin, age, physical or mental disability, or any other basis that may not be lawfully considered.
- Offer financing terms on a competitive basis to each customer in accordance with Company policy.

Completion of Transactional Paperwork

It is the Company's policy that paperwork done in connection with any transaction will fully and fairly represent the terms of the transaction as disclosed to the customer. No false or misleading terms will be included in any transaction paperwork for any reason.

Dealership GM Signature Date

Dealership OM/Controller Signature Date

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Hendrick Automotive Group

Transaction Compliance Policy

Section III

Transaction Elements

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Confidential Material

A. Reserve & Product Policy Standards & Document Fee Policy Standards

Rate Reserve Policy Standards

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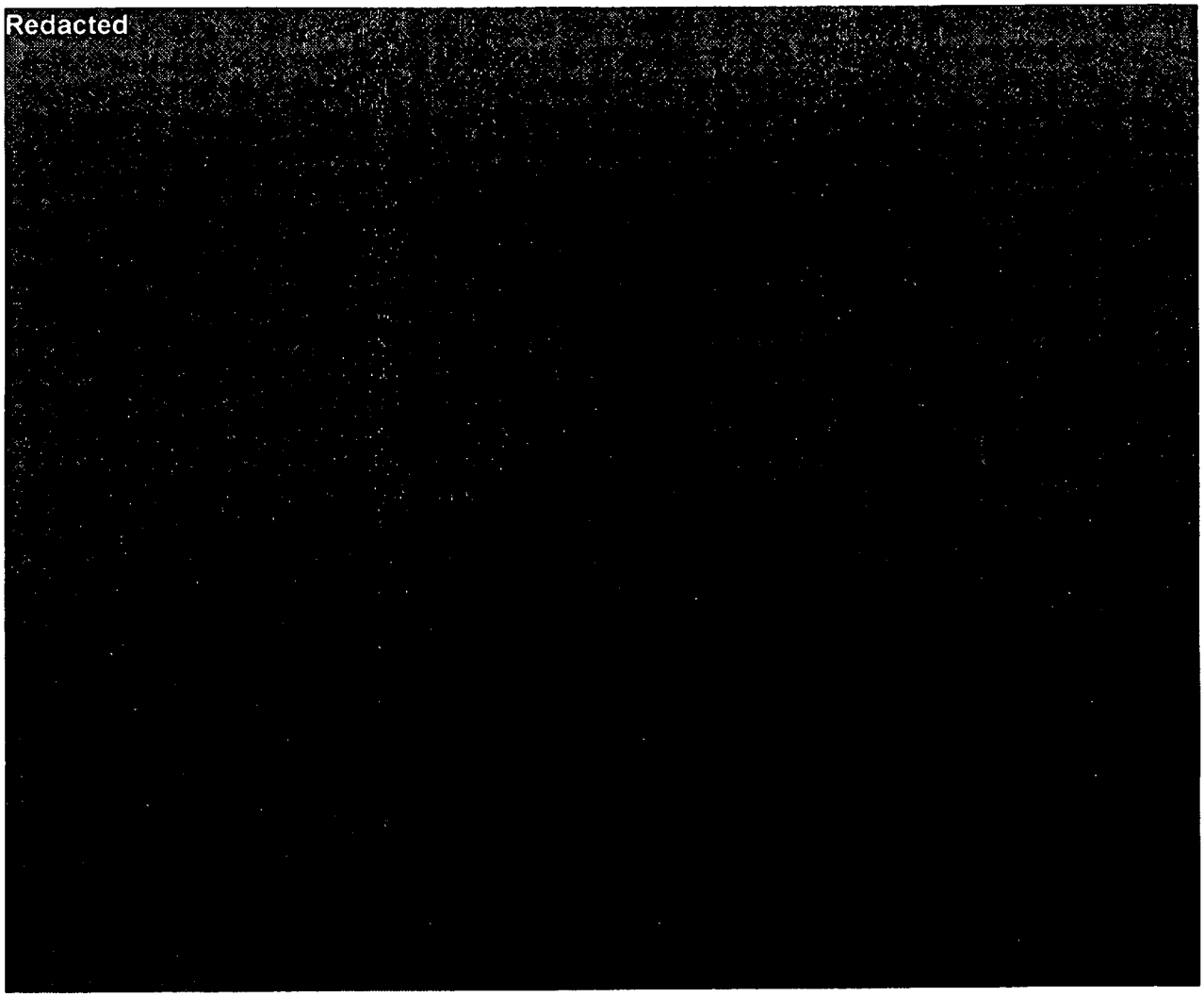
Product Profit Policy Standards



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Fee Collection

On all deals (see **fee exceptions**), the Company collects the fees listed below for all retail customers on all transactions. No deal will be billed without collection and separate documentation of the fees. In cases where retail customers refuse to pay the fees, the only options are a reduction in sales price by the amount of the fees or the sale will be voided. In all cases, any retail sale will include collection and separate documentation of the listed fees.

Current Doc Fee $_____ Policy - Doc Fee Not to Exceed $399

Fee exceptions:

1. As detailed by the Manufacturer, certain qualified employees and suppliers of the Manufacturer must not include certain fees. Upon positive written identification of qualification, such sales shall not include the fees listed.

2. The Company elects to not collect fees for any authorized commercial or fleet account provided such sale is in the authorized company name. Fees will be collected for sales to employees or owners of the authorized commercial or fleet account.

Collection violations of the above fees must be reported immediately to the General Manager.

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B. Transaction Paperwork Policy

General

On all deals, the Company enforces the following policies on all retail, wholesale vehicle, and lease sale transactions:

1. All documents must remain in the deal file. When re-contracting is required, **the original documents will be VOIDED and kept in the file.**
2. Other than worksheets, credit applications, and forms not programmed into the DMS System, no handwriting will be allowed on any document except the signatures of the buyer and co-buyer unless specified by state government regarding policies.
3. A Privacy Notice must be provided to each buyer and co-buyer prior to the sales process.
4. OFAC clearance must be obtained prior to the sales process.
5. Under no circumstances should blank forms of any type be signed by the buyer or co-buyer.
6. Customer applications must be in the file and be complete and signed by the buyer/co-buyer.
7. Conditional Delivery Agreements, when applicable, must be signed by the buyer, co-buyer, and Company's agent.
8. **Applicable state and federal regulations must be followed when dealing with customers whose primary language is Spanish.**
9. A copy of the buyer's and co-buyer's driver's license must be included in the file. Signatures on the driver's licenses must be compared to signatures on all documents for consistency and validity.
10. The buyer and co-buyer must have the opportunity to review all forms and documents prior to signing.
11. When applicable, a signed copy of each document must be provided to each customer.

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Worksheet – (Not Applicable in California)

1. Each Worksheet, when applicable, must be clear and conspicuous based on terms negotiated for the transaction.

2. Each Worksheet, when applicable, must include clear and specific dollar amounts for value of trade-in and related payoff.

3. Each Worksheet, when applicable, must include clear and specific dollar amounts for cash down payment.

4. Previous, superceded Worksheets, when applicable, must be voided and kept in the deal file.

5. The final Worksheet, when applicable, must be signed by the buyer, co-buyer, and the Company's agent.

6. The specific amounts (purchase price, trade-in, payoff, cash down, and any applicable product) must be transferred to the Financial Services menu and match exactly.

F & I Menu

1. All customers are to be consistently presented each product on the Financial Services menu.

2. Once the customer agrees to purchase certain products, the term in months, monthly payments, and APR are to be detailed specifically on the menu and printed from the computer system.

3. Any product not chosen by the customer must be acknowledged with a signature on the customer waiver form (disclosure form).

4. Agreed changes to cash down payment must be adjusted on the Financial Services menu.

5. Previous, superceded Financial Services menus must be voided and kept in the deal file.

6. The final Financial Services menu must be signed by the buyer, co-buyer, and the Company's agent.

7. The specific amounts (purchase price, Financial Services products, trade-in, payoff, cash down, monthly payments, term, and APR) must be transferred to the Buyer's Order and match exactly.

Optional Products and Services Disclosure (See Tab)

The Optional Products and Services Disclosure, as applicable, must be used in all retail and lease deals (business and commercial transaction excluded) so the buyer/co-buyer can acknowledge the charges for each of the products/services described and contained in the sales/lease contract.

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Buyer's Order – (Not Applicable in California)

1. The agreed upon amounts from the Financial Services menu must match the Buyer's Order exactly.

2. Each specific Financial Services product selected by the buyer and co-buyer must be itemized separately on the Buyer's Order with associated sales price.

3. The specific amounts (purchase price, Financial Services products, trade-in, payoff, cash down, monthly payments, term and APR) are printed from the computer system on the Buyer's Order.

4. The Buyer's Order must not contain any handwritten prices, blank prices, or prices marked as "None" or "N/A."

5. Previous, superceded Buyer's Orders must be voided and kept in the deal file.

6. The final Buyer's Order must be signed by the buyer, co-buyer, and the Company's agent.

7. The amount financed on the Buyer's Order must match Retail Installment Sales Contract exactly.

8. The specific amounts (purchase price, Financial Services products, trade-in, payoff, cash down, monthly payments, term, and APR) must match the Retail Installment Sales Contract exactly.

Retail Installment Sales Contract

1. The agreed upon amounts from the Buyer's Order must match the Retail Installment Sales Contract exactly.

2. All payments and premiums to third parties must be separately and properly listed on the Retail Installment Sales Contract unless the lender specifically mandates a certain product be included in line one (vehicle sales price).

3. Previous, superceded Retail Installment Sales Contracts must be voided and kept in the deal file.

4. The final Retail Installment Sales Contract must be signed by the buyer, co-buyer, and the Company's agent.

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C. Transaction Forms/Documents

On all deals, the Company includes the following forms on all transactions, as applicable - to contain appropriate company language.

1. As-Is Lemon Law/Buyers Guide
2. Buyer's order
3. Conditional Delivery/Spot Delivery Agreement
4. Credit Application
5. Credit Bureau
6. Credit Life, A&H
7. Customer Menu
8. Customer Waiver Form
9. Damage Disclosure (Includes Used Vehicle Disclosure, Acknowledgement and Waiver)
10. Delivery Stamp
11. Doc Fees
12. Drivers License/Buyer
13. Drivers License/Co-Buyer
14. Lien Payoff Form
15. Manufacturer Rebate/Incentive Form
16. Notice to Co-Signer
17. Odometer Statement
18. OFAC Clearance
19. Optional Products and Services Disclosure (California Dealers Only)
20. Power of Attorney
21. Privacy Notice
22. Product Certificates
23. Proof of Insurance
24. Recap Sheet
25. Retail Installment Contract/Lease Contract
26. Title Application, Supplemental Documents, Registration Information
27. Trade Appraisal/ACV
28. We Owe – Due Bill
29. Worksheet

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30. Car Care System Appearance
31. GAP (Guaranteed Asset Protection
32. Extended Service Agreement
33. Extended Service Agreement/WRAP
34. LoJack Vehicle Recovery
35. Prepaid Maintenance QuickCare
36. Prepaid Manufacturer Specific Maintenance/Flexible Maintenance

NOTE: Both the customer and the dealership representative must sign each individual product certificate.

Deal files delivered to accounting without the above forms, if applicable, must be reported immediately to the General Manager.

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D. Used Vehicle Disclosure, Acknowledgement and Waiver

ALL USED VEHICLES SOLD MUST BE CHECKED THROUGH A VEHICLE HISTORY REPORT PROVIDER SUCH AS CARFAX, AUTOCHECK, ETC. UTILIZING THE FORM BELOW.

USED VEHICLE DISCLOSURE, ACKNOWLEDGEMENT AND WAIVER

In connection with the purchase from _____ ("Dealer") of the Year: _____ Make: _____ Type: _____ Stock No.: _____ Serial No.:_____ (the "Vehicle"), Dealer has provided you with a vehicle history report prior to your purchase of the Vehicle. Dealer's policy is that no sales representative or other agent of Dealer is authorized to make verbal or written statements about the history of a used vehicle. Dealer cannot and does not allow such statements because information concerning a vehicle's prior use (such as whether it has been a rental vehicle) or possible defects caused by an accident is often unavailable or unreliable, and you may not rely on statements from Dealer's representatives regarding the history of any vehicle. You should conduct your own independent investigation of the Vehicle and obtain a diagnosis by an expert mechanic selected by you before you purchase the Vehicle. **By signing below, you acknowledge and agree that (i) you have either obtained a expert mechanic's diagnosis on the Vehicle or voluntarily and willfully chosen to not obtain such diagnosis, (ii) you have received a vehicle history report and read the terms and conditions thereof, (ii) that you are not relying on the vehicle history report as a guarantee of the history or condition of the Vehicle, (iii) that Dealer cannot and does not make any guarantee that the Vehicle has never been damaged, (iv) if the vehicle history report reflects prior damage to the Vehicle, Dealer has no additional knowledge with respect to such damage and (iv)** THAT YOU HEREBY RELEASE AND COVENANT NOT TO SUE DEALER OR ITS AFFILIATES OR REPRESENTATIVES UNDER ANY LEGAL THEORY RELATING DIRECTLY OR INDIRECTLY TO THE PRIOR HISTORY OF THE VEHICLE.

Date: _____ "PURCHASER(S)"

_____

_____

_____
Witness

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R:001187

E. Frame/Unibody Damage Disclosure

All pre-owned vehicles must undergo an inspection process as outlined in our Fixed Operations Policies and Procedures. This inspection process will be conducted sufficiently to ensure frame damage is identified and appropriate actions taken to prevent retail delivery of the damaged vehicle.

F. Product Process Certification

Car Care, Silent Security, and LoJack programs must be presented to the customer by utilizing the Financial Services Menu. After the customer has been given the opportunity to select one or more of these products, the process of installing the product(s) can be initiated.

G. Conditional Delivery Agreement (See Tab)

The Transaction Compliance Policy recognizes a conditional delivery occurs when a buyer and dealership signs a Retail Installment Agreement for the sale of a motor vehicle and the buyer takes delivery "immediately". Essentially, the buyer signs a "rider" or "amendment" to the contract that states the buyer fully understands that financing has not been finalized. The buyer further agrees that in the event financing is not secured in a certain period of time, the buyer will promptly return the vehicle to the dealer. The following must be considered when conditionally spot delivering a vehicle:

1. Have two managers (the Financial Services Manager and one other manager) make a decision to conditionally deliver the vehicle.
2. Ensure the customer signs a conditional delivery form that states they fully understand the conditional delivery process.
3. Ensure the funds are collectible.
4. Ensure all deal forms and documents have been signed.
5. If applicable, ensure the customer's trade-in is maintained at the dealership until the dealership "assigns" and the financial institution "accepts" the customer's retail installment sales contract or lease agreement.

H. Loaner Vehicle Agreement (See Tab)

The Loaner Vehicle Agreement is a binding agreement between the dealership and customer whereby the customer acknowledges and accepts the terms of the agreement as defined by the dealership concerning acceptance and return of the vehicle, customer license and insurance, use of the vehicle, vehicle damage, and customer indemnity and release. The Loaner Vehicle Agreement must be used every time a dealership loans a vehicle to a customer.

Confidential Material

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R.001888

I. Hendrick Automotive Group Policy Regarding Security Breaches

This Addendum to the Hendrick Automotive Group Safeguards Manual defines "security breach" as **the unauthorized access to and acquisition of personal information, including identity theft.** If you learn of or suspect a security breach, immediately notify the Director of Transaction Compliance at (704) 566-3357 or (704) 953-6867 and follow the procedure outlined in the Addendum.

J. Required Daily Meeting Discipline

Daily Disciplines

- Bucket Meeting – each day at designated time
  - Participants should include -
    - General Manager
    - Office Manager/Controller
    - Variable Ops Department Managers – New, Pre-Owned & Financial Services

This meeting should include review of business delivered for transaction compliance, gross tie out and funding. The transactions that should be reviewed are potential, current and historic for the month.

A daily self audit process of your transactions and a record of your findings should be kept to review each morning in your meetings, as well as be available for third party audit inquires. Repeated on your cash management text section – and available for third party audit requirements.

K. Training Requirements

- AFIP Certification – All Variable Managers
- Financial Services Training – once per year – All Financial Services personnel – novice or experienced level personnel
- Safeguard orientation and testing
- All employees to view Safeguards and Transaction Compliance videos

L. Fixed Operations

Repair Orders

- Ensure customer signs repair order or early bird envelope prior to work started
  - Do not accept any personal keys other than those necessary to operate vehicle
  - If vehicle is *Towed in*, make note of it on signature line
- Document customer's authorization to proceed with necessary repairs
  - If customer is not present to sign repair authorization, document time and date the customer was contacted and ensure the amount authorized by the customer is properly noted on the repair order

Confidential Material

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R.001889

- If customer picks up vehicle after hours, ensure a copy of the invoice is left in the vehicle. Note "*Late-Pick Up*" on signature line
- Ensure Parts invoice is written in Customer's Name and signed.

Loaner Vehicle Agreements

- Ensure the customer is given an opportunity to read and fully understand Manufacturer's or HAG approved Loaner Vehicle Agreement / Ensure Customer Signature
- Ensure a copy of the driver's license and proof of insurance is obtained prior to releasing the loaner vehicle

Weapons or Sensitive Data

- Request Customer to remove any sensitive data, (paper or electronic), and any type of weapon from vehicle upon check in. If a weapon or sensitive data is found with the customer not present, ensure your manager is immediately notified so the weapon or sensitive data can be secured. Under no circumstances leave the weapon or sensitive data in the vehicle while the vehicle is in our care and repairs are being completed
    - Sensitive data is as follows: Social Security Numbers, Driver's License Numbers, Checking Account Numbers, Credit Card Numbers, Credit Application Information and Credit Bureau Information.

Cashier Office/Service Consultant Work Area

- Any individual that accepts payment from customers should ensure forms of payments and any sensitive data as described above be properly secured

Keys

- When making new keys, ensure customer provides proof of ownership

Customer History Files

- Due to space limitations, it is necessary for some dealerships to store customer files in a non-secured area such as the service drive. In those cases, all sensitive data, as described above, should be removed from the files and placed in secure document folders that are properly safeguarded

Delivery Drivers

- Delivery drivers should secure forms of payment and ensure any documents that contain sensitive data is properly secured.

Employment or Credit Applications

- All Employment / Credit applications / other sensitive documents to be secured per Safeguard requirements

General Body Shop Procedures

- Greet Customer
- Explain estimate and repair process
- Check parts availability
- Check safety of vehicle

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R.001890

- If scheduled, all necessary paper work in customer folder and in designated appointment area at front counter
- Secure authorization to begin process of repair
    a. Signed repair order
    b. Power of Attorney
    c. Authorization to repair
- Signed drop-off / vehicle inspection form
- Mark windshields
    a. Name
    b. Repair order number
    c. Date in / Date out
    d. Advisor / Estimator
    e. Insurance Company
- Tag keys
- Log customer / vehicle information on tracking system
- Necessary copies to parts department for ordering
- Repair order and estimate in clear folders for Technicians
- Repair order and estimate on dash of vehicle
- Daily updates with technicians on progress
- Obtain any necessary supplement authorizations and process in computer
- Any ordering as necessary per supplement
- Invoice repair order as per estimate / supplement
- Final claim process as per insurance companies procedures
- Secure any additional monies due in writing from liable company
- Clean up check list
- Test drive when necessary
- Final customer contact explaining payment due
- Personal delivery
    a. Explain repairs
    b. Collect necessary monies due
    c. Secure any signed documents necessary
    d. Secure customer signature on department invoice copy with delivery date
    e. Explain written guarantee
    f. Thank you

M. Responsibility Structure

Structure of Responsibility for Transaction Compliance

- General Manager – Driver
- Office Manager – Facilitator
- Department Managers – Execution
    - Variable Operations
        - Retail Operations Manager
        - General Sales Manager
        - New Car Manager
        - Pre-owned Manager
        - Financial Services Manager
        - E-Business Manager
        - All Managers who have responsibility to create and execute transactions
    - Administrative Operations

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N. General Manager Confirmation

It is the responsibility of the General Manager to ensure each employee reads and fully understands each section of the Transaction Compliance Policy. Each employee must watch the Safeguards and Transaction Compliance videos. As noted in *Transaction Elements, Responsibility Structure, Section J,* each Manager must sign a Transaction Compliance Policy (four areas require a signature: Ethics, Standards of Conduct, Transaction Elements, and Commitment to Compliance), and this copy will remain in the personnel file. The Policy will be updated on an "as needed" basis or January 1st of each year, whichever comes first.

_____
Dealership GM Signature Date

_____
Dealership OM/Controller Signature Date

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Hendrick Automotive Group

Transaction Compliance Policy

Section IV

Commitment to Compliance

Confidential Material

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R.001893

Hendrick Automotive Group

Transaction Compliance Policy

Section IV

Commitment to Compliance

The Company is strongly committed to ensuring that all employees understand and comply with all aspects of the Transaction Compliance Policy. As such, it is the policy of the Company that all employees are required to report all violations or possible violations of the Transaction Compliance Policy, and any other activity that may be deemed illegal or unethical, whether actual or apparent, to the Company. Any employee who learns of a violation of this Policy, or who is approached or solicited by anyone to violate this Policy, is required to immediately report any such incident to the General Manager. In case of a serious violation of this Policy, a report may be made directly to the Director of Transaction Compliance Support, the Human Resources Department, the appropriate Senior Vice President – Retail Operations, or Senior Vice President – Retail Support Operations.

All such reports shall be made in absolute confidence without fear of reprisal or embarrassment and the Company will not take action against any employee because he or she makes a good faith report. However, employees who are found to have violated the policy will be subject to appropriate disciplinary action.

The Company expects employees' conduct to be governed by the highest ethical standards, good judgment and consideration of others. Any act by any employee that may be considered contrary to the policy or harmful to a customer, another employee, or the Company may be cause for disciplinary action, up to and including discharge. It is not an acceptable defense that the employee believed he/she was acting in the best interests of the Company and/or received no personal benefit. It is also not an acceptable defense that the employee engaged in behavior that was contrary to this policy because he/she was told to do so by a manager or co-worker.

Investigation of Possible Non-Compliance

The Company will investigate all reports of possible or actual violations of the Transaction Compliance Policy. Any investigation should comply with the following guidelines:

- The General Manager is responsible for overseeing the investigation and for making any final determinations.
- The General Manager should notify the Director of Transaction Compliance Support or the Human Resources Department of any investigations into allegations of violations of the Policy.
- The General Manager should prepare an investigation file to document the investigation. This file should include:
  - Notes from employee or other witness interviews.
  - Copies of any documents reviewed during the investigation
  - Employee or other witness statements submitted as part of the investigation

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R.001894

- Counseling form for any employees who were disciplined as a result of the investigation.
- Summary of any process changes or other corrective action taken to prevent further non-compliance.

- A copy of the investigation file should be forwarded to the Director of Transaction Compliance Support at the conclusion of the investigation. After review, the file will then be forwarded to the Human Resources Department and will be maintained in the dealership file.

Corrective Action

If after the completion of the investigation it is determined that a violation of the Transaction Compliance Policy has occurred, it is the responsibility of the General Manager to ensure that an appropriate level of correction action is taken. At a minimum, any employee directly involved in an act or pattern of non-compliance must receive a written warning and is required to recertify their knowledge and understanding of the Transaction Compliance Policy by re-reading and signing the Policy. This documentation will be placed in the employee's personnel file. More severe disciplinary action, up to and including discharge, may be taken based on the circumstances of the violation. All disciplinary action must be documented using the Company's Employee Counseling Form (HR-11) and copies of any disciplinary action resulting from a violation of the Transaction Compliance Policy must be forwarded to the Director of Transaction Compliance Support for Hendrick Automotive Group.

Dealership GM Signature Date

Dealership OM/Controller Signature Date

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TRANSACTION COMPLIANCE POLICY
ACKNOWLEDGEMENT CERTIFICATION

VARIABLE MANAGER

By signing below, I hereby certify that I have read, fully understand, and agree to comply with all four sections of the Transaction Compliance Policy. I have viewed both the Safeguards and Transaction Compliance videos and pledge to commit to a level of conduct governed only by the highest ethical standards, good judgment, and consideration of others.

_____

Manager Name (please print) Date

_____

Manager Signature Date

_____

Witness Date

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R.001898

TRANSACTION COMPLIANCE POLICY
ACKNOWLEDGEMENT CERTIFICATION

EMPLOYEE

I have viewed both the Safeguards and Transaction Compliance videos and pledge to commit to a level of conduct governed only by the highest ethical standards, good judgment, and consideration of others.

_____
Employee Name (please print) Date

_____
Employee Signature Date

_____
Witness Date

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R.001897

MR. THOMAS: Yeah, subject to the objections we made ---

THE COURT: I understand. Mr. Bennett did it already.

MR. BECKER: 27.

MR. THOMAS: Same issue.

MR. BECKER: 32.

MR. THOMAS: Same issue.

MR. BECKER: 33.

MR. THOMAS: Same issue.

MR. BECKER: And 34.

MR. THOMAS: Same issue.

THE COURT: Ms. Spruill, make sure what she has emailed over there is the same thing.

MS. SPRUILL: Yes, Your Honor.

(WHEREUPON, Defendant Exhibit Numbers 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 17, 18, 19, 20,21, 22, 23, 26, 27, 32, 33, and 34 were admitted into evidence.)

MR. BECKER: Your Honor, if we could also go ahead and just enter them on the record, the stipulation as to -- it is the stipulation with respect to Defendant's Exhibit 13, whether Julie Freeman-Hair's service records at Hendrick Honda of Easley ---

9 RECORD RETENTION

9.1 RECORD RETENTION

9.1.1 Retention years are not "rolling years". You should keep the records for the current year plus whatever retention years are noted in the policy.

9.1.2 The policy states that invoices to and from customer/vendors should be kept for seven (7) years. This does not pertain to Repair Orders. These should be kept for the current year, plus two (2) years. Parts Invoices are sales invoices and should be kept for the current year, plus six (6) years.

9.1.3 Beyond just what to keep and the length of time is should be kept, there are some basic rules of record retention. You should find a clean, dry space to store the records. They should be properly boxed and labeled as to the contents and which year they relate to so they can be easily retrieved. Do not co-mingle years.

	TYPE OF RECORD	6 months	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	10 years	Permanent	Post
I.	ACCOUNTING OFFICE DOCUMENTATION:												
	Accounts Payable ledgers and schedules								✓				
	Accounts receivable ledgers and schedules								✓				
	Audit Reports											✓	
	Bank reconciliation						✓						
	Bank statements						✓						
	Cash Disbursement & Cash Receipts Journal								✓				
	Chart of accounts											✓	
	Checks (canceled – see exception below)						✓						
	Checks (canceled for important payments, i.e. taxes, purchases of property, special contracts, etc. Checks should be filed with the papers pertaining to the underlying transactions).											✓	
	Contracts, mortgages, notes and leases (expired)								✓				
	(unexpired)											✓	
	Correspondence (general)							✓					
	Correspondence (legal and tax matters)											✓	
	Dealer Financial Statements											✓	
	Deeds, mortgages and bills of sale											✓	
	Depreciation schedules											✓	
	Duplicate deposit slips						✓						
	Employment applications, terminated & not hired			✓									
	Expense analyses and schedules							✓					
	Expense reimbursement reports							✓					

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	TYPE OF RECORD	6 months	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	10 years	Permanent	Post
	Garnishments								✓				
	General ledgers/year-end trial balances											✓	
	Insurance policies (expired)						✓						
	Internal audit reports				✓								
	Inventory Schedules (including year end invoices)											✓	
	Invoices to and from customers/vendors								✓				
	Notes receivable ledgers and schedules								✓				
	Petty cash vouchers				✓								
	Property appraisals by outside appraisers											✓	
	Purchase orders								✓				
	Receiving sheets		✓										
	Requisitions		✓										
	Sales commission reports				✓								
	Sales records								✓				
	Voucher register and schedules								✓				
II.	DEALERSHIP OPERATIONS												
	Accident reports/claims (settled cases) From Settlement Date								✓				
	Bills of Lading									✓			
	CAR DEALS:												
	❖ Car Invoices						✓						
	❖ Car Purchase Orders									✓			
	❖ Credit Applications - denied		✓										
	❖ Credit Applications - approved												
	❖ Customer Files									✓			
	❖ Internal Repair Orders			✓									
	❖ Odometer Statements					✓							
	❖ Retail Installment Contract, assigned									✓			
	❖ Retail Installment Contract, not assigned									✓			
	❖ Service Contracts/Extended Warranties									✓			
	The above items would ordinarily be in the car deal jacket.												
	Each item has its own retention requirement. However, unless you want to strip the file, keep the car deal for 10 years.												
	Repairs Estimates	✓											

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	TYPE OF RECORD	6 months	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	10 years	Permanent	Post
	Repair Order			✓									
	Sales Invoices							✓					
	Shipping and Receiving Reports							✓					
	Underground Storage Tanks-testing results & DNR correspondence											✓	
	Uniform Hazardous Waste Manifests				✓								
	Union Agreements											✓	
III.	**INTERNAL REVENUE SERVICE RECORDS**												
	Form 8300, Cash Reporting, schedules & documentation						✓						
	Highway Use Tax Reports, schedules & documentation						✓						
	Luxury Tax Reports, schedules & documentation						✓						
	Personal Property tax returns, schedules & documentation						✓						
	Sales tax reports, schedules & documentation						✓						
	Form W-9, Request for TIN Information						✓						
	Any other reports filed with federal or state government agencies						✓						
	Income Tax Returns – Federal and State											✓	
	Income Tax Returns – all related work papers							✓					
IV.	**EMPLOYMENT RELATED RECORDS**												
	Payroll records and summaries							✓					
	Personnel files (terminated) (7yrs from termination date)							✓					
	Quarterly/Annual tax reports (Form 940, 941, etc.)				✓								
	Retirement and pension records										✓		
	Time books/cards			✓									
	Training manuals										✓		
	Withholding tax statements (W-2 and W-4 forms)							✓					
	A. Title VII of the Civil Rights Act of 1964												
	❖ EEO-1 Reports			✓									
	❖ If you have apprenticeship programs – all records related to EEO-2 reports.		✓										
	❖ A consolidated EEO poster covering Title VII, ADEA, and the Equal Pay Act.											✓	
	B. Age Discrimination in Employment Act												

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TYPE OF RECORD	6 months	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	10 years	Permanent	Post
❖ Records for each employee, containing: (a) name, address, DOB, occupation, rate of pay, and weekly compensation; (b) personnel or employment records related to job applications, promotions, discharges, job orders, employer-administered test results, physical examination results, and employment advertisements; and (c) employee application forms.				✓								
❖ Copies of employee benefit plans.											✓	
C. Equal Pay Act												
❖ Records made in the regular course of business which (1) relate to the payment of wages, wage rates, job evaluations, job descriptions, relief systems, collective bargaining arrangements, and descriptions of pay practices, or other matters; (2) describe or explain the basis for payment of any wage differential to employees of opposite sex in the same establishment; and (3) may be pertinent to a determination of whether a wage differential is based on a factor other than sex.				✓								
D. Employee Polygraph Protection Act												
❖ If a polygraph is administered in connection with an ongoing investigation involving economic injury or loss: copy of a statement describing the specific activity under investigation and the basis for testing and other documents.			✓									
❖ Poster summarizing provision of the law.											✓	
E. Fair Labor Standards Act												
❖ Records for each employee subject to the FLSA minimum wage and/or overtime provisions.			✓									
❖ Minimum wage notice.										✓		
F. Employee Retirement Income Security Act												
❖ Pension, retirement, and welfare benefit plan (health plan) records, such as summary plan descriptions and Forms 5500.										✓		
❖ Records relating to participants' entitlement to benefits.										✓		

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TYPE OF RECORD	6 months	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	10 years	Permanently	Post
G. Occupational Safety and Health Administration												
❖ If required to participate in an annual survey: log of all recordable injuries and illnesses.						✓						
❖ Exposure and medical records.												
❖ Fire prevention records, e.g., an emergency action plan and evidence of fire extinguisher inspection and testing.											✓	
❖ Inspection records for respiratory protection equipment, resistance welding equipment, man-lifts and powered platforms, and overhead and gantry cranes.											✓	
❖ Record for an exemption from asbestos monitoring standard.											✓	
❖ Written hazard communication program.											✓	
❖ OSHA poster.												✓
H. Americans with Disabilities Act												
❖ Applications and other personnel records, requests for reasonable accommodation		✓										
I. Family & Medical Leave Act												
❖ Basic employee data (e.g., name, address, position, pay rate, hours worked, deduction from pay, etc.)			✓									
❖ Dates and hours of leave taken			✓									
❖ Copies of employee notices and documents describing policies and practices regarding paid and unpaid leave			✓									
❖ Records of premium payments			✓									
❖ Records of any dispute regarding the designation of leave			✓									
J. Immigration Reform & Control Act												
❖ INS Form I-9 for all employees from termination date			✓									
K. Fair Credit Reporting Act												
❖ Records and disclosure forms pertaining to criminal,							✓					

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	TYPE OF RECORD	6 months	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	10 years	Permanent	Post
	credit, drivers license reports, etc. from termination date (1 year if not hired)												
V.	**DEPARTMENT OF TRANSPORTATION RECORDS:**												
	Odometer mileage disclosures and related power-of-attorney documents, issued and received (dealers and lessors).						✓						
	Names and addresses of tire purchasers, and tire ID #'s				✓								
VI.	**FEDERAL TRADE COMMISSION RECORDS**												
	A. Equal Credit Opportunity Act (Regulation B)												
	Copies of credit applications, supplemental information used in evaluating credit applicants, and written notifications concerning actions taken.		✓										
	B. Truth-in-Lending Act												
	If disclosures are made pursuant to Regulation Z: copies of disclosure statements.		✓										
	C. Truth-in-Leasing Act												
	If disclosures are made pursuant to Regulation M: copies of pertinent disclosures.		✓										
	D. Used Car Rule												
	Copies of buyers' guides, sales contracts, and related warranty or service contract documents.										✓		
	E. Pre-sale Availability of Warranties Warranty information for parts.											✓	

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MR. THOMAS: Yeah, subject to the objections we made ---

THE COURT: I understand. Mr. Bennett did it already.

MR. BECKER: 27.

MR. THOMAS: Same issue.

MR. BECKER: 32.

MR. THOMAS: Same issue.

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MS. SPRUILL: Yes, Your Honor.

(WHEREUPON, Defendant Exhibit Numbers 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 17, 18, 19, 20,21, 22, 23, 26, 27, 32, 33, and 34 were admitted into evidence.)

MR. BECKER: Your Honor, if we could also go ahead and just enter them on the record, the stipulation as to -- it is the stipulation with respect to Defendant's Exhibit 13, whether Julie Freeman-Hair's service records at Hendrick Honda of Easley ---

This guide is designed to assist dealers with paperwork requirements mandated by **federal** law. Dealers should contact their state and/or local dealer associations, dealership attorneys, and outside CPAs for information on **state, local, and other** paperwork requirements.

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A Dealer Guide to Federal Records Retention and Reporting

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A Dealer Guide to Federal Records Retention and Reporting

I. INTRODUCTION

Like most businesses these days, automobile and truck dealerships handle a tremendous amount of paperwork which, if left to accumulate unchecked, can become overwhelming. Even with the availability of electronic storage options, paperwork is costly to store and maintain. Therefore, it may become necessary to periodically dispose of or archive older documents. **Before doing so, keep in mind that the majority of citations issued to dealers for violating federal laws involve improper or nonexistent recordkeeping or reporting.**

Before disposing of any records, review the federal paperwork requirements outlined in this guide. Be sure also to obtain and review paperwork and record-keeping guidelines available from state or local dealer associations, dealership attorneys, and outside CPA firms addressing state, local, and other paperwork requirements. (A model general-record-keeping guideline, developed after reviewing several dealer association and CPA guidelines, is provided in Appendix C). Vehicle manufacturers, lending institutions, and other entities doing business with dealerships may also require that records be kept and reports filed.

The federal paperwork requirements discussed in this guide are arranged by agency and are also formatted as a checklist in Appendix B. Throughout the guide, we have referenced NADA publications which contain additional information related to topics addressed here. These publications are listed as endnotes in Appendix A. Questions regarding this guide may be directed to NADA's Legal and Regulatory Group (703-821-7040).

II. INTERNAL REVENUE SERVICE (IRS) RECORDS[1]

A. Income Tax

Maintain personal and corporate income tax records for **at least three years** (longer if material to the administration or enforcement of an IRS law), including backup documentation, books, receipts, and agreements for all income, business expenses, depreciation allowances, deductions, contributions, distributions, transfers and exchanges of property, inventory, dividends, minimum tax preference items, etc. Keep copies of old tax returns and any other filings or communications with the IRS. Retain records of the names, tax I.D. numbers, and addresses of any tax preparers used.

B. Estate and Gift Tax

Generally, keep records related to an estate for the **duration of the estate** and records adequate to determine the amount of taxable gifts **until the donor's estate is closed.**[2] Executors must keep records sufficient to allow the IRS to accurately determine estate tax liability, including copies of appraisal lists of items in the estate or trust, balance sheets, financial

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statements, and stock valuations. Retain gift records sufficient to complete a gift tax return, including books of account showing all gifts and generation-skipping transfers with the deductions used to determine the amount of taxable interests.

C. Employment Taxes

Keep employment tax records for as long as they are material to the computation of any tax. Normally this is for **four years after the date the tax was paid or due, whichever is later.** Retain W-2 and W-4 forms for **at least three years.** Employment tax records include sick payments under a wage continuation plan, unemployment tax records, Social Security tax records, deductions and withholdings from income tax, and the payment to employees of over-collections.[3] Also retain copies of all returns, schedules, statements, and documents related to refunds, credits, and abatements. Keep logs and other records related to the employee use of demonstrators and other business-use vehicles.[4]

D. Retail Excise Tax

Retain luxury and truck excise tax documents for **as long as they may be material to the computation of a tax.** Keep copies of excise tax returns, schedules, statements, and other filings or communications with the IRS for **at least three years.** If liable for truck excise taxes or claiming tax-free truck, trailer, and/or tractor sales, maintain records of the gross vehicle weight ratings and/or serial numbers of each vehicle for **at least three years,** with documents outlining taxable and tax-free transactions.[5] Similar requirements apply to the luxury tax (*e.g.*, sales for export and sales to other dealers and leasing companies).[6] Keep records of annual CFC-12 (Freon) floor stocks inventories for **at least three years.**

E. LIFO[7]

File form 970 to elect a LIFO method and form 3115 to change an accounting method. Keep these forms, as well as all inventory invoices, **indefinitely.**

F. Cash Reporting[8]

File form 8300 within **fifteen days** after receipt of over $10,000 cash in one transaction or two or more related transactions. Keep copies of cash receipts, journals, and bank deposit slips **for three years.**

III. DEPARTMENT OF TRANSPORTATION (DOT) RECORDS

Sellers and lessors must keep copies of all odometer mileage disclosures and related power-of-attorney documents, issued and received, for **at least five years.**[9]

A. National Highway Traffic Safety Administration (NHTSA)

Make copies of the current year NHTSA insurance cost information booklet available to prospective purchasers. While not mandatory, the names and addresses of tire purchasers, along with tire I.D. numbers, should be retained for **at least three years after sale.** Keep "gray market" import certificate-of-conformity-related documents for **at least eight years.**

Truck dealers involved in "further manufacturing" and all dealers involved in vehicle alteration must affix certification or alteration labels to such vehicles.[10] Carefully document purchaser information when selling/leasing vans designed to carry more than ten passengers.[11]

Return air bag switch installation forms to NHTSA within **7 working days.**[12] It is recommended, but not required that copies of air bag switch installation and deactivation authorization letters and waiver forms be kept **indefinitely.**

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B. Federal Highway Administration (FHWA)[13]

If operating commercial motor vehicles in interstate commerce, file a Motor Carrier Identification Report and keep a copy **indefinitely**. Mark these vehicles with the dealership's FHWA I.D. number. **Indefinitely** retain a copy of the FHWA's regulations and the results of any safety/compliance reviews. Keep a record of reportable accidents for **at least one year after they occur**. Keep inspection and maintenance records for **fourteen months, or six months after the vehicle leaves the dealership's control, whichever is longer.** Place an inspection sticker or decal on each vehicle or keep a copy of the inspection report on board.

Maintain driver/employee records, including traffic violation, physical disqualification, and general qualification records, for **at least three years following termination of employment**. Keep driver drug testing program administration and results records for **at least five years** (except keep individual negative test results for **one year**). Employee Assistance Programs should be well documented. Retain daily driver logs (if any) for **at least six months following receipt.** Keep daily vehicle condition reports for **three months** and brake inspector qualification evidence for **one year after termination of employment**.

C. Research and Special Programs Administration (RSPA)[14]

Properly mark and label hazmat containers and use appropriate shipping papers. Keep copies of hazmat employee training/testing documentation until **three months after employees leave.** If shipping hazmat requiring manifests, retain manifests for **three years.**

IV. ENVIRONMENTAL PROTECTION AGENCY (EPA) RECORDS

A. Hazardous Waste[15] and Used Oil[16]

File Form 8700-12 to obtain an EPA I.D. number. Properly label hazardous waste storage containers. For off-site hazardous waste shipments, keep copies of manifests along with any exception or biannual reports, for **at least three years.** Retain waste determination, testing, and analyses records (if any) for **at least three years**. Mark used oil storage containers "Used Oil" and post a sign indicating a willingness to accept "Do-it-Yourselfer" used oil. An off-site used oil shipment log should be kept (not mandatory).

B. Underground Storage Tanks[17]

Retain underground storage tank (UST) notification forms **indefinitely**. Keep UST design, construction, installation, and notification records for **at least the life of the tank and piping**. Retain the three most recent inspection results for cathodically protected USTs. Keep documentation of UST storage system repairs for **at least the life of the tank**. Document UST leak detection performance claims for **at least five years**. Retain release detection sampling, testing, and/or monitoring results and documentation of the calibration, maintenance, and repair of release detection systems for **at least one year.** Keep site investigation records for **at least three years** after completion of a permanent UST closure or change-in-service. Retain records evidencing required UST financial responsibility **indefinitely.**

C. Vehicles

Keep current copies of EPA's Gas Mileage Guide in the new vehicle showroom. Provide a dealer emission certification to **each** new light duty vehicle customer.[18] If installing aftermarket catalytic converters within the emissions warranty period, retain repair orders and signed statements justifying their exempt installation. Keep "gray market" vehicle or engine documents for **at least six years** from date of entry.

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D. Miscellaneous — If storing over 10,000 lbs. of a hazardous chemical (*e.g.*, approximately 1,600 gallons of fuel), file a Tier Two Emergency and Hazardous Chemical Inventory form with the state emergency response commission, local emergency planning commission, and local fire department, annually and keep copies for **at least three years.** For national pollutant discharge elimination (NPDES) permits, maintain sampling, monitoring, and/or measurement documentation for **at least three years.** Keep underground injection well permit applications for **at last three years.**

E. Air Conditioning Refrigerant Recycling[19] — One time filing of facility certification forms to EPA. Keep copies of air conditioning technician certifications on file for **three years**. If selling refrigerant, post a sales restriction sign and keep resale purchaser records for **three years**. Keep records of the names and addresses of off-site refrigerant recycling facilities used (if any) for **three years**.

V. FEDERAL TRADE COMMISSION (FTC) RECORDS

A. Equal Credit Opportunity Act/ Regulation B[20] — Retain copies of credit applications, supplemental information used in evaluating applicants, and written notifications for **at least 25 months after notifying applicants of actions taken.**

B. Truth-in-Lending/ Reg Z[21] and Truth-in-Leasing/ Reg M[22] — Keep disclosure statements made pursuant to Regulations Z or M for **at least two years after date disclosures are required to be made or actions are required to be taken.**

C. Used Car Rule[23] — Put Buyer's Guides on all used cars offered for sale. Retain copies along with sales contracts and related warranty or service contract documents (not mandatory).

D. Pre-Sale Availability of Warranties — Post a sign in the parts department indicating that warranty information is available upon request.

VI. EMPLOYMENT RELATED RECORDS

Retain personnel and employment records, including job applications, hiring, promotion, and termination records, for **at least six months from the date made or the date personnel action is taken, whichever is later.** Dealers with 100 or more employees should retain a copy of the most recently filed Employer Information Records form (EEO-1). Dealers with apprenticeship programs requiring EEO-2 reports must keep related records for **at least two years.** Obtain and display a consolidated EEO poster (available by calling 800-USA-EEOC). Revise employee handbooks, job applications, job descriptions, etc. to meet ADA.

A. Title VII of the Civil Rights Act/ Americans With Disabilities Act[24]

B. Age Discrimination in Employment Act — Keep employee records containing name, address, birth date, occupation, pay rate, and weekly compensation until **three years after separation**, and information related to job applications, promotions, discharges, job orders, employer-administered test results, physical examination results, employment advertisements, and job applications for **one year.** Keep copies of employee benefit plans until **one year after plan termination.**

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C. Equal Pay Act

Maintain records relating to wage payments, wage rates, job evaluations, job descriptions, relief systems, collective bargaining arrangements, and pay practices, that describe or explain the basis for payment of any wage differential to employees of the opposite sex in the same establishment, and that may be pertinent to determining that a wage differential is based on a factor other than sex. Keep these for **at least three years.**

D. Immigration[25]

Keep copies of Immigration and Naturalization Service Employment Eligibility Verification Forms (I-9) for **the later of three years after the date of hire or one year after termination.**

E. Employee Polygraph Protection Act (EPPA)

If administering a polygraph in connection with an ongoing investigation involving economic injury or loss, keep a copy of a statement setting forth the incident or activity under investigation and the basis for testing, for **at least three years.** Document the loss or injury in question and the nature of the employee's access to the person or property under investigation. Display an EPPA poster (available from DOL Wage and Hour local office).

F. Fair Labor Standards Act/ Wage and Hour Law[26]

Maintain records for **at least three years** including employee name, address, birth date, sex, occupation, time of day and day work week begins, regular hourly pay rate, hours worked each day and total hours worked each week, straight-time earnings, overtime earnings, total additions, subtractions and wages paid each pay period, payment date, and pay period covered. Also keep back-pay records. Display a minimum wage poster (available from DOL Wage and Hour local office).

G. Employee Retirement Income Security Act

Keep pension, retirement, and welfare benefit plan records, such as summary plan descriptions and Forms 5500, for **at least six years from the filing date. Indefinitely** retain records relating to participant entitlement to benefits.

H. Family Medical and Leave Act (FMLA)[27]

Post a FMLA poster (available from DOL Wage and Hour local office) and provide employees with dealership FMLA policy information. Keep copies of leave justification documentation, medical certifications, and other records related to FMLA for **three years.**

I. Occupational Safety and Health Administration

If participating in an injury and illness annual survey, keep the results for **at least five years** (dealers are normally exempt from injury and illness record-keeping). Make exposure test records and medical records available for inspection for **30 years.** Keep fire prevention records, including an emergency action plan and evidence of fire extinguisher inspection and testing. Retain inspection records for respiratory protection equipment, resistance welding equipment, man lifts, powered platforms, and cranes.

Develop an asbestos monitoring exemption record (objective evidence test) and label asbestos-containing wastes.[28] Maintain a written hazard communication program, including a list of hazardous chemicals and material safety data sheets.[29] Since no OSHA record retention period is specified for these records, keep them **indefinitely.** Display an OSHA poster (available from DOL OSHA local office).

Maintain a written lockout/tagout procedure.[30] Maintain a dealership blood-borne pathogens exposure control plan, keep training records for **three years,** and medical records for the **duration of employment plus thirty years.**[31]

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VII. FEDERAL ACQUISITION REGULATION SYSTEM RECORDS	Maintain documentation of transactions involving goods or services provided to the federal government. For Federal contracts totaling $10,000 or more, keep complete employment records of handicapped applicants and employees for **at least one year,** make annual reports on the number of veterans in the work force, and regularly file EEO compliance reports.
VIII. SMALL BUSINESS ADMINISTRATION RECORDS	Retain all records related to SBA loan applications **indefinitely.**

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Appendix A

REFERENCES TO RELATED PUBLICATIONS

Document Key:

(MS) NADA Management Series. Obtain the complete NADA Management Series Index and order form from NADA Fax-On-Demand (FOD) at 800-778-7209. Request document #2.

(ATD) American Truck Dealers Publication. Obtain the complete ATD Management Series Index and order form from NADA Fax-On-Demand at 800-778-7209. Request document #3.

(LR) Legal and Regulatory Group Publication. LR publications are available on the "Members Only" side of the NADA Web Site. Go to the Regulatory Information File, http://www.nada.org/private/gov/legalreg/infofile.htm

1 L.32 *Dealer Guide to Federal Tax Issues* (MS)

2 *Estate and Gift Tax Changes/Taxpayer Relief Act of 1997* (LR)

3 BM.10 *Taxpayer Identification and Backup Withholding* (MS)

4 L.17, *Dealer Guide to the Federal Tax Treatment of Demos* (MS); *Important Tax Information, Federal Tax Treatment of Demonstrators* (LR)

5 TLR.6, TLR.7, TLR.12, TLR.14, TLR.16, TLR.17, TLR.18, TLR.23, and TLR.24: *Various ATD Federal Excise Tax publications* (ATD)

6 L.32 (MS); L.35 *1996 Legislative and Regulatory Update* (MS); *Overview of Federal Luxury Tax* (LR)

7 L.32 (MS); *Important Tax Information, New Alternative LIFO Revenue Procedure* (LR); *LIFO Conformity Settlement: Revenue Ruling 97-42, Revenue Procedure 97-44* (LR); *A Dealer Guide to the LIFO Conformity Settlement* (LR)

8 L.32 (MS); L.28 *Dealer Guide to the IRS Cash Reporting Rule* (MS); *Money Laundering: Final IRS Regulations on the Definition of Cash* (LR); *The Buck Stops Here:Cash Reporting, Money Laundering, the Law and You* (MS Videotape—for brochure and order form request Fax-On-Demand document #6)

9 L.25 *Dealer Guide to the Federal Odometer Law* (MS)

10 TLR.11 *Truck Dealer Liability Regarding NHTSA Regulations on Manufacturing (Kitting) and Truck Certification* (ATD)

11 *Dealer's Questions About Federal School Bus Safety Requirements* (LR)

12 *NHTSA Air Bag Switch Retrofit and Deactivation Rule* (LR); *Air Bag Switch Forms and Labels* (LR)

13 TLR.25 *Dealer Guide to the FHWA Motor Carrier Regulations* (ATD)

14 L.37 *Dealer Guide to the Federal Hazmat Transportation Regulations* (MS)

15 L.15 *Dealer Guide to the Federal Hazardous Waste Law* (MS)

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16 *EPA Used Oil Regs Effective March 8, 1993* (LR)

17 L.23 *Dealer Guide to the EPA Underground Storage Tank Regulation* (MS)

18 *EPA Modifies Dealer Certification Requirements* (LR)

19 L.30 *EPA Mobile Air Conditioning Coolant Recycling Regulation* (MS)

20 L.19 *Dealer Guide to Responsibilities Under the Equal Credit Opportunity Act and Revised Regulation B* (MS)

21 L.4 *Dealer Guide to Closed-end Credit: Disclosure and Advertising* (MS)

22 L.34 *Dealer Guide to Consumer Leasing-Regulation M;* L.35 *1996 Legislative and Regulatory Update;* L.36 *Advertising Update: The Rules Have Changed* (MS); *Regulation M Model Contract* (LR)

23 L.12 *Dealer Guide to the FTC Used-car Rule* (MS)

24 L.27, 29 *Dealer Guide to the Americans With Disabilities Act, Parts 1 and 2* (MS)

25 L.21 *Dealer Guide to Compliance with the Immigration Reform and Control Act* (MS)

26 L.1 *Dealer Guide to the Federal Wage-hour Law and Equal Pay Act* (MS)

27 L.33 *Dealer Guide to the Family and Medical Leave Act* (MS)

28 L.18 *Updated OSHA Asbestos Standard* (MS)

29 L.22 *Dealer Guide to the OSHA Hazard Communication Standard* (MS)

30 *Summary of the OSHA Lockout/Tagout Standard* (LR)

31 *Summary of the OSHA Medical Services/First Aid Standard and Bloodborne Pathogens Rules* (LR)

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Appendix B

FEDERAL PAPERWORK CHECKLIST

The requirements outlined in this Guide are summarized in the following checklist. Note that the checklist simplifies this information and does not detail the limitations and qualifications that apply to most of the paperwork discussed. View it as a reminder or guideline, not as a definitive list. A column is provided to add state and local retention requirements.

Type of Record	Recommended or Mandated Retention Period										
	6 months	1 year	2 years	3 years	4 years	5 years	6 years	8 years	Indefinitely	Post in dealership at all times	State/local requirements
I. IRS RECORDS											
A. Income Tax Records											
1. Personal and corporate income tax records.				✔							
2. Tax files material to the administration or enforcement of any tax law.									✔		
B. Estate and gift tax records											
1. Records related to an estate.	Duration of the estate.										
2. Taxable gift amount records	Until the donor's estate is closed.										
C. Employment taxes											
1. Majority of employment tax records.					✔						
2. W-2 and W-4 forms.				✔							

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Type of Record	6 months	1 year	2 years	3 years	4 years	5 years	6 years	8 years	Indefinitely	Post in dealership at all times	State/local requirements
D. Retail Excise Taxes											
1. Documents, in general.	As long as material to computation of a tax.										
2. Tax returns, schedules, statements, and other filings or communications with the IRS.				✔							
3. Gross vehicle weight ratings and/or serial numbers for potentially taxable trucks, trailers, and tractors sold tax-free.				✔							
4. Luxury taxable sales.				✔							
5. Annual CFC-12 floor stocks inventories.				✔							
E. LIFO											
1. Inventory records.									✔		
F. Cash Reporting											
1. File Form 8300	Within 15 days after receipt of cash										
2. Cash receipts, journals, and bank receipts.				✔							
II. DOT RECORDS											
A. NHTSA											
1. Odometer mileage disclosures and related power-of-attorney documents, issued and received by dealers and lessors.					✔						
2. Insurance cost information booklets.	Make current year copies available										
3. "Gray market" vehicle certificates of conformity.							✔				
4. Names and addresses of tire purchasers, and tire ID numbers (recommended).			✔								
5. Dealers involved in the further manufacture or alteration of vehicles.	Attach labels										
6. Sales of large passenger vans.	Document purchaser information										
7. Air bag switch installation forms.	Return to NHTSA within 7 days; keep copies indefinitely										

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Type of Record	6 months	1 year	2 years	3 years	4 years	5 years	6 years	8 years	Indefinitely	Post in dealership at all times	State/local requirements
B. FHWA											
1. MCIR forms, regulations, and safety/ compliance review results.									✔		
2. Reportable accident records.		✔									
3. Inspection and maintenance records.	14 months (or six months after vehicle leaves dealer's control)										
4. Driver/employee traffic violation, physical disqualification, and general qualification records.				✔							
5. Drug testing records.	5 years if positive; 1 year if negative										
6. Daily driver logs.	✔										
7. Daily vehicle condition reports.	3 months										
8. Brake inspector qualifications.		✔									
C. RSPA											
1. Hazmat employee training records.	Until 3 months after employee leaves										
2. Hazmat manifests.				✔							
III. **EPA**											
A. Hazardous Waste and Used Oil											
1. Off-site hazardous waste shipment manifests and exception and biannual reports.				✔							
2. Hazardous waste determination list and waste test results or analyses.				✔							
3. Used oil "do-it-your selfer" signage.										✔	
B. Underground Storage Tanks									✔		
1. UST notification forms.	Life of tank and piping										
2. New UST design, construction, installation, and notification records.											
3. Three most recent cathodically protected UST inspection results.		✔									

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Type of Record	6 months	1 year	2 years	3 years	4 years	5 years	6 years	8 years	Indefinitely	Post in dealership at all times	State/local requirements
4. UST storage system repair documents.	Life of tank										
5. UST leak detection performance documents.						✔					
6. UST release detection sampling, testing, or monitoring results and equipment calibration, maintenance, and repair documents.		✔									
7. Closed UST site investigation results.				✔							
8. Financial responsibility evidence records.									✔		
C. Vehicles											
1. Current copies of EPA's Gas Mileage Guide.										✔	
2. Repair orders and signed statements for exempt "in warranty" installation of after-market catalytic converters.									✔		
3. "Gray market" vehicle or engine documents.							✔				
D. Miscellaneous											
1. "Tier Two" chemical inventory forms.				✔							
2. NPDES permit sampling, monitoring, and/or measurement documentation.				✔							
3. Underground injection well permit applications and supplemental information.				✔							
E. Air Conditioning Recycling Refrigerant											
1. Air conditioning technician certifications, refrigerant sales records, and off-site recycler records.				✔							
IV. FTC RECORDS											
A. Equal Credit Opportunity Act/Regulation B											
1. Copies of credit applications, supplemental information used in evaluating applicants, and written notifications.	25 months										
B. Truth-in-Lending Act/Regulation Z											
1. Copies of disclosure statements.		✔									

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Type of Record	6 months	1 year	2 years	3 years	4 years	5 years	6 years	8 years	Indefinitely	Post in dealership at all times	State/local requirements
C. Truth-in-Leasing Act/Regulation M											
1. Copies of disclosures statements.			✔								
D. Used Car Rule											
1. Copies of buyers' guides, sales contracts, and warranty or service contract documents.									✔		
E. Pre-sale Availability of Warranties											
1. Parts warranty information.										✔	
V. EMPLOYMENT RELATED RECORDS											
A. Title VII of the Civil Rights Act and Americans With Disabilities Act											
1. Personnel and employment records including job applications, hiring, promotion, termination records and EEO-1s.	✔										
2. Apprenticeship program EEO-2 report records.			✔								
3. A consolidated EEO poster covering Title VII, ADEA, and the Equal Pay Act.										✔	
B. Age Discrimination in Employment Act.											
1. Employee name, address, DOB, occupation, pay rate, and weekly compensation records.				✔							
2. Job applications, promotions, discharges, job orders, employer-administered test results, physical examination results, and employment advertisements.		✔									
3. Copies of employee benefit plans.		✔									
C. Equal Pay Act.											
1. Records on the basis for paying wage differentials to employees of the opposite sex in the same establishment that may be pertinent to determining that wage differentials are based on factors other than sex.			✔								

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Type of Record	6 months	1 year	2 years	3 years	4 years	5 years	6 years	8 years	Indefinitely	Post in dealership at all times	State/local requirements
D. Immigration											
1. Copies of I-9 Forms.	Later of 3 years after hire or one year after termination										
E. Employee Polygraph Protection Act											
1. Copies of a statement describing the activity under investigation and the basis for polygraphs administered in connection with investigations of economic injury or loss.				✔							
2. Poster summarizing provisions of the law.										✔	
F. Fair Labor Standards Act/Wage and Hour Law											
1. Records for employees subject to the minimum wage and/or overtime provisions.				✔							
2. Minimum wage poster.										✔	
G. Employee Retirement Income Security Act											
1. Pension, retirement, and welfare plan records							✔				
2. Participant benefit entitlement records.									✔		
H. Family Medical Leave Act											
1. FMLA poster										✔	
2. Leave justification, medical certification, and other FMLA records.				✔							
I. OSHA											
1. Log of all recordable injuries and illnesses (only if participating in an annual survey).					✔						
2. Exposure and medical records.	30 years										
3. Fire prevention records and inspection records for respiratory protection equipment, resistance welding equipment, man-lifts, powered platforms, and cranes.									✔		
4. Asbestos monitoring exemption record.									✔		

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Type of Record	6 months	1 year	2 years	3 years	4 years	5 years	6 years	8 years	Indefinitely	Post in dealership at all times	State/local requirements
5. Written hazard communication program.									✔		
6. OSHA poster.										✔	
VI. FARS RECORDS											
A. Transaction records for goods sold or services provided to the Federal government.		✔									
B. For Federal contracts totaling $10,000 or more, maintain:											
1. Complete employment records of handicapped applicants and employees, annual reports on the number of veterans in the work force, and EEO compliance reports.		✔									
VII. SBA RECORDS											
A. All records related to SBA loan applications.									✔		

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Appendix C

SAMPLE GENERAL RECORDS CHECKLIST

This sample general records checklist reflects NADA's collection and studied review of several dealer association and CPA checklists. **Please be sure to review state-specific requirements before relying on this sample checklist.**

Description of Items	Retention Period
Bank Records	
Bank Drafts and Paid Notices	10 years
Bank Statements and Reconciliations	10 years
Cancelled Checks	10 years
Duplicate Deposit Tickets	10 years
Employee Records	
Demonstrator Agreements	6 years
Employee Evaluation and Conduct Files	1 year
Employee Applications	1 year
Employment Contracts	Indefinitely
Payroll Records	6 years
Salespersons Compensation Records	3 years
Teminated Employee File—General	3 years
Termination of Employment and Benefits Notice	Indefinitely
Time Tickets	3 years
Withholding from Wages Authorizations	4 years
Accounts Payable Record	3 years
Accounts Payable Voucher	3 years
Accounts Receivable Record	Indefinitely
Cash Receipt	2 years
Claims Register	3 years
Compenstation Records	6 years
Credit Memos	6 years
Daily Parts and Accessories Counter Sales Summary	3 years
Daily Service Sales Summary	3 years
Fixed Asset Inventory and Depreciation Record	6 years
Journal Voucher	3 years
Monthly Analysis Sheet	3 years
Notes Receivable Record	3 years
Peg Strip Cash Receipt	2 years
Petty Cash Summary	3 years
Petty Cash Vouchers	3 years
Prepaid and Accrued Schedules	3 years
Purchase Orders	2 years
Retirement and Pension Records	Indefinitely

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Disability and Sick Benefit Records	6 years
Journals—Accounting	
Cash Disbursements	6 years
Cash Receipts	6 years
Disbursements and Purchase	6 years
General	6 years
Internal Sales	6 years
New Vehicle Sales	6 years
Parts and Accessories Counter Sales	6 years
Payroll	6 years
Purchase	6 years
Service Sales	6 years
Standard Entries	3 years
Lease Agreements	Indefinitely
Mortgages, Notes and Leases (expired)	10 years
Ledgers—Accounting	
Expense	Indefinitely
General	Indefinitely
Sales and Cost of Sales	Indefinitely
Motor Vehicle-Sales/Inventory/Other Records	
Car Deal Envelope	3 years
Dealer Vehicle Reassignment Forms	4 years
Motor Vehicle Consignment Agreements	4 years
Motor Vehicle Purchase Contracts	4 years
New Vehicle Inventory	3 years
Used Vehicle Appraisal Reports	1 year
Used Vehicle Disclosure Statements	4 years
Used Vehicle Inventory	3 years
Used Vehicle Log Book	5 years
Vehicle Invoices (Factory and Other)	4 years
Inventory Schedules for New and Used Vehicles	6 years
Parts Department Records	
Parts and Accessories Sales Invoice	3 years
Parts Back Order Forms	Until filled
Receiving Report	1 year
Stock Requisition	1 year
Service Department Records	
Customer Repair Orders	
Office Copy	7 years
Hard Copy	7 years
Daily Time and Job Ticket	3 years

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Internal Repair Orders	
Office Copy	7 years
Hard Copy	7 years
New Car Get Ready	6 months
Sublet Repair Invoices	10 years
Insurance	
Policies	Indefinitely
Accident Reports	10 years
Insurance Claims (after settlement)	10 years
Safety Reports	10 years
Group Disability Records	10 years
Fire Inspection Reports	6 years
Claims (after settlement)	10 years
Traffic (Receiving and Shipping)	
Export Declarations	4 years
Freight Bills	4 years
Manifest	4 years
Shipping and Receiving Reports	4 years
Waybills and Bills of Lading	4 years
Other Records—General	
All Customer Files	10 years
All Correspondence Files	6 years
Audit Reports	Indefinitely
Depreciation Schedules	Indefinitely
Capital Stock Books	Indefinitely
Construction Contracts	Indefinitely
Corporate Minute Book of Directors, Stockholders, By-Laws, & Charter	Indefinitely
Credit Application and All Related Records	25 months
Financial Statements	Indefinitely
Government Contracts	Indefinitely
Installment Contracts—Customer	1 yr. after last payment
Papers Pertaining to Litigation	Indefinitely
Promissory Notes	Until satisfied
Vendors Invoices	10 years
Warranty and Service Contract Copies	6 years
Patents, Copyright and Trademark Registrations	Indefinitely
Proxies	10 years
Business License Filings	6 years
Deeds and Easements	Indefinitely
Partnership Agreements	Indefinitely

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MR. THOMAS: Yeah, subject to the objections we made ---

THE COURT: I understand. Mr. Bennett did it already.

MR. BECKER: 27.

MR. THOMAS: Same issue.

MR. BECKER: 32.

MR. THOMAS: Same issue.

MR. BECKER: 33.

MR. THOMAS: Same issue.

MR. BECKER: And 34.

MR. THOMAS: Same issue.

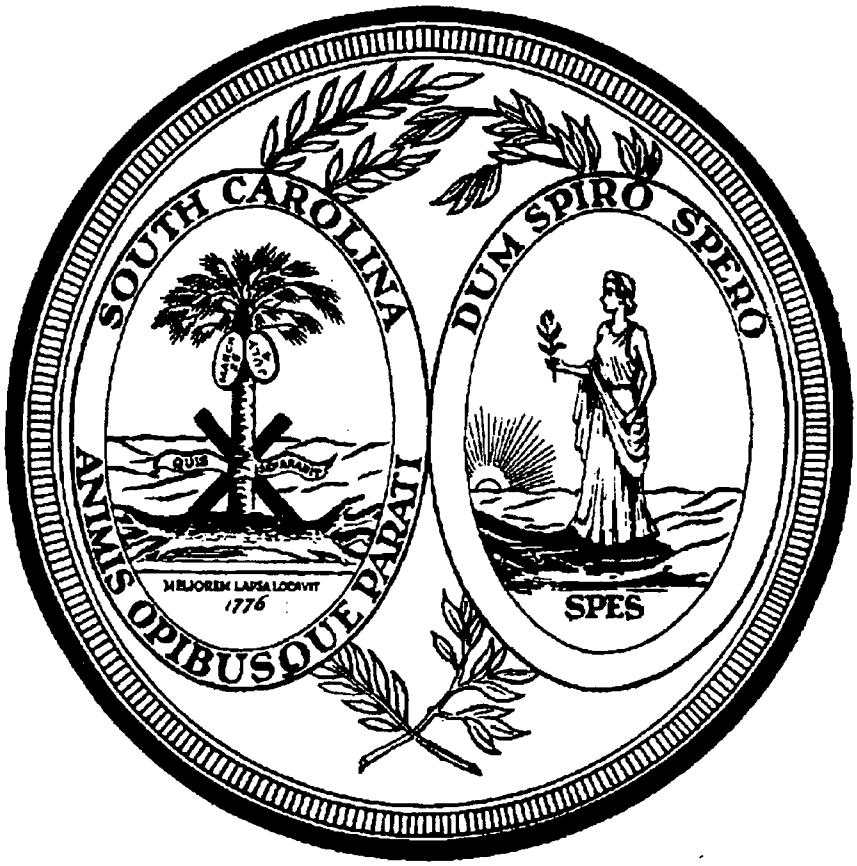
THE COURT: Ms. Spruill, make sure what she has emailed over there is the same thing.

MS. SPRUILL: Yes, Your Honor.

(WHEREUPON, Defendant Exhibit Numbers 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 17, 18, 19, 20,21, 22, 23, 26, 27, 32, 33, and 34 were admitted into evidence.)

MR. BECKER: Your Honor, if we could also go ahead and just enter them on the record, the stipulation as to -- it is the stipulation with respect to Defendant's Exhibit 13, whether Julie Freeman-Hair's service records at Hendrick Honda of Easley ---

South Carolina
Department of Motor Vehicles



Dealer and Wholesaler Manual
2007

DEF 023

R.001928

PURPOSE AND SCOPE

The South Carolina Department of Motor Vehicles (DMV) has developed a Dealer and Wholesaler Manual to provide new and existing dealers with up-to-date information. This manual lists requirements mandated by state and federal law, and DMV's policy. It is also designed to instruct dealers on how to complete certain types of documents and about the proper maintenance of dealer records.

Dealers should review the Dealer Manual and familiarize themselves with its contents. The sections of the Dealer Manual are arranged by topic, with a table of contents and with instruction sheets for certain documents. The information in this Dealer Manual is not protected by copyright, and may be reproduced in part or in whole, as needed.

Changes in law or policy may require periodic updates to the Dealer Manual. The manual will be placed on DMV's website. Sections of the law appearing in this manual may be paraphrased for simplicity or to reflect DMV's interpretation. Customers wishing to research specific sections of the law may do so by visiting our website at: **www.scdmvonline.com**

If you have comments or suggestions related to this manual, please contact us at the below address or via phone at (803) 896-2611:

South Carolina Department of Motor Vehicles
Dealer License & Audit Unit
P. O. Box 1498
Blythewood, SC 29016-0023

DISCLAIMER:

The state motor vehicle laws are not reproduced in their entirety and the wording is not identical. Due to possible legislative changes in federal and state law and SCDMV policy, the information in this manual may not always be current. SCDMV will make every effort to incorporate any changes as soon as possible. If a conflict appears between the language of this manual and the language of South Carolina law, the law will prevail.

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A Message from the Executive Director

As a South Carolina dealer or wholesaler, the services you provide your customers are an important part of the state's economy. This manual is designed to assist you in the operation of your business and give you a better understanding of the procedures required by law.

We know that the buying, selling, titling and registration of motor vehicles can be a complicated process and SCDMV employees are available to assist you. It is important to maintain accurate records and ensure that each and every transaction is documented correctly.

Please review this manual and contact our Dealer Licensing and Audit Unit if you have any questions. As laws change, this publication will be supplemented to keep you informed.

Marcia S. Adams, Executive Director
S.C. Department of Motor Vehicles

SECTION I

DEALER LICENSES

TYPES OF DEALER LICENSES

The Department of Motor Vehicles (DMV) issues several types of licenses for buying, selling and trading motor vehicles. The type of business you wish to operate should determine the type of license appropriate for you. Each license is valid for 12 months and must be displayed prominently in your place of business. Each license applies to only one dealer at one business location and is not transferable to any other dealer or location. The fee for each license is $50. If you operate as a dealer or wholesaler without the proper license, you may be convicted of a misdemeanor and fined up to $10,000 and/or imprisoned for up to two (2) years.

MOTOR VEHICLE DEALER LICENSE

A motor vehicle retail dealer license, the most commonly issued license, will allow you to sell retail or wholesale motor vehicles in your inventory. Vehicles may be sold to the general public and any other dealer or wholesaler.

As a licensed dealer, you are not required to sell a specific number of vehicles to maintain your license. However, you must have a dealer license if you do the following:

- sell or attempt to sell more than five (5) vehicles in a calendar year.

MOTOR VEHICLE WHOLESALER LICENSE

Licensed motor vehicle wholesalers differ from dealers in that the law restricts to whom they can sell motor vehicles. As a licensed wholesaler, you may only sell vehicles in your inventory to licensed motor vehicle dealers or other licensed wholesalers. There are no limitations on or requirements for the number of vehicles you sell in a calendar year. In addition, as a licensed wholesaler, you are not required to sell a specific number of vehicles to maintain your license. However, you must have a wholesaler license if you do the following:

- sell or attempt to sell more than five (5) vehicles in a calendar year.

MOTOR VEHICLE WHOLESALE AUCTION LICENSE

A motor vehicle wholesale auction license allows you to conduct a motor vehicle auction in your place of business. You do not own the vehicles auctioned. Other businesses actually own, buy or sell the vehicles. Your wholesale auction license permits you to provide a building or place to conduct the auction. If you choose to purchase and sell vehicles belonging to the auction, you may do so.

MOTORCYCLE DEALER LICENSE

As a retail motorcycle dealer, you are licensed to sell retail or wholesale motorcycles in your inventory to the general public or any other dealer or wholesaler. As a licensed motorcycle dealer, you are not required to sell a specific number of motorcycles to maintain your license. However, you must have a dealer license if you do the following:

- sell or attempt to sell more than five (5) motorcycles in a calendar year.

MOTORCYCLE WHOLESALER LICENSE

Licensed motorcycle wholesalers are limited to selling motorcycles to licensed motorcycle dealers or other licensed motorcycle wholesalers. In addition, as a licensed wholesaler, you are not required to sell a specific number of vehicles to maintain your license. However, you must have a motorcycle wholesaler license if you do the following:

- sell or attempt to sell more than five (5) motorcycles in a calendar year.

TRAVEL TRAILER DEALER LICENSE

You are required to be a travel trailer dealer if you do the following:

- sell or attempt to sell one travel trailer that has never been titled.
- sell or attempt to sell more than three (3) previously titled travel trailers in a calendar year.

(NOTE: These dealers are issued a regular dealer's license marked *Travel Trailer Dealer.* This dealer license expires on December 31 regardless of issue date. Only travel trailers [also called campers, RVs, and motor homes] are issued this type of license. The sale of utility and other trailers do not require a dealer license.)

(TEMPORARY) TRAVEL TRAILER/CAMPER DEALER LICENSE

You must be a licensed South Carolina travel or camper trailer dealer to apply for a temporary travel trailer dealer license. This temporary license permits you to exhibit and sell travel trailers or motor homes at fairs, recreational and sports shows, vacation shows and other similar events. Dealers may not purchase more than six (6) temporary licenses in one year. This license applies to only one dealer operating in one location and is not transferable to any other dealer or location.

The temporary travel trailer/dealer camper license is valid for 10 consecutive days, and the fee is $20 per license. DMV Form 417-C, "Application for a Temporary Motor Home or Travel Trailer Dealer License" must be completed in order to obtain this license.

TRANSPORTER PERMIT

A "transporter" is a person engaged in the business of moving motor vehicles for the following purposes:

- from a manufacturer to a dealer;
- from a railroad terminal to a storage facility;
- for further construction of cabs or bodies; or
- in connection with the foreclosure or repossession of a vehicle.

A person applying for a transporter permit must complete DMV Form DLA-3, Application for License as Motor Vehicle Transporter. The annual fee for a transporter permit is $50. Transporters may also purchase transporter plates for an annual fee of $10 per plate. Transporter plates may be transferred from vehicle to vehicle, but must not be used on vehicles that are loaned, rented, or leased. To use transporter plates you must have obtained a transporter permit or be an employee of the permit holder with your name and drivers license on file with the DMV.

Brokers and/or Internet Dealers/Wholesaler

Brokers and/or Internet Dealers/Wholesalers must comply with all current dealer requirements.

PENALTY

If you operate as a dealer, wholesaler, auto auction, or transporter without the proper license, you may be convicted of a misdemeanor and fined up to:

1. $200 and/or imprisoned for up to 30 days for first offense.
2. $1,000 and/or imprisoned for up to six (6) months for second offense.
3. $10,000 and/or imprisoned for up to two (2) years for third and subsequent offenses.

HOW TO APPLY

Before beginning business operations as a dealer or wholesaler, you must pay all required fees to the Department of Motor Vehicles. Depending upon the type of license you require and whether you have been licensed before, your licensing requirements may differ.

INITIAL/NEW DEALER LICENSE APPLICATIONS

To obtain any type of dealer or wholesaler license, you must complete all required applications and pass an inspection by the Department of Motor Vehicles' Dealer Licensing and Audit Unit. As a first-time applicant or wholesaler changing to a retail dealer license you must, submit the following documents:

- DMV Form DLA-1, "Application for Dealer or Wholesaler License"
- DMV Form DLA-1B, "Motor Vehicle Dealer and Wholesaler Surety Bond" with an appropriate power of attorney
- Certificate of Completion from an approved eight (8) hour dealer pre-licensing class

No fees are required when submitting your application. Your application and documents must be presented or mailed to the address below:

South Carolina Department of Motor Vehicles
Dealer Licensing and Audit Unit
P.O. Box 1498
Blythewood, SC 29016-0023
For questions, call (803) 896-2611

Application

DMV Form DLA-1, "Application for Dealer or Wholesaler License" is the application to complete for a dealer or wholesaler license. You must indicate the type of business you intend to operate, the address of your dealership and information regarding your employees. The application also requires you to provide estimates regarding the number of vehicles you expect to sell during the first year of operation.

Surety Bond

DMV Form DLA-1B, "Motor Vehicle Dealer and Wholesaler Surety Bond" insures that every dealer or wholesaler applicant furnishes a surety bond. The amount of the bond varies depending on the type of dealer or wholesaler (see DMV form DLA-1B for details). You must submit your original Surety Bond and Power of Attorney with DMV Form DLA-1, "Application for Dealer or Wholesaler License" at the time of your application. The purpose of the bond is to provide indemnity for loss or damage caused an individual due to fraud or fraudulent representation in relation to a sale or transfer of a motor vehicle by a licensed dealer, wholesaler, or their employees.

Your bond must be in effect before the DMV will issue a license to you. The owner, partner, or corporate officer of the dealership must sign the surety bond. If you should change your bonding company, you must mail a new surety bond and Power of Attorney to the Dealer Licensing and Audit Unit as indicated below:

South Carolina Department of Motor Vehicles
Dealer Licensing and Audit Unit
P.O. Box 1498
Blythewood, SC 29016-0023

DEALER PRE-LICENSE COURSE

Certificate of Completion from an Approved Eight (8) Hour Dealer Pre-licensing Class. (**Note:** Franchised dealers, wholesalers, auto auctions, and motorcycle dealers are exempt from the pre-license course.)

INFORMATION CHANGES

Any changes in the information provided on your application (DMV Form DLA-1, "Application for Dealer or Wholesaler License") must be reported to the SCDMV Dealer License & Audit Unit within 30 days, along with a new surety bond or a rider. If you move your dealership to a new location, change the name of the business, change ownership or change your status from a wholesaler to a dealer, you must complete and submit a new application. In the event you cease operating as a dealer or wholesaler, you must notify the DMV within 10 days and return your dealer or wholesaler license as well as any dealer plates issued to you.

INITIAL INSPECTION

Once your application is processed by the Dealer Licensing and Audit Unit, a DMV agent will contact you to schedule an initial inspection of your place of business. During this inspection, the DMV agent will determine whether or not your place of business and operational procedures qualify you as a motor vehicle dealer. Depending upon your status as a dealer or wholesaler, certain requirements must be met for you to pass the inspection (see Sections 1-8 and 1-9 Dealership Requirements).

Once the inspection is completed, you will be notified within 10 working days whether your license is approved or disapproved. If disapproved, you may request an administrative hearing to contest the DMV's action. See Section V of this manual on how to request an administrative hearing.

If you have multiple locations, you must apply for a separate license and have a separate surety bond for each location.

RENEWAL APPLICATIONS

Your dealer license expires 12 months from the month of issue, except travel trailer dealer licenses, which expire on December 31. To renew your dealer or wholesaler license, you must complete and submit the following documents to a local DMV field office:

- **DMV Form DLA-1, "Application for Dealer or Wholesaler License",**
- **DMV Form DLA-1C, "Certification of Vehicles Sold by Dealer"** (required if purchasing dealer plates.)

Dealers may substitute another form to certify sales. However, the identical information that the DMV requires must be indicated. The DMV reserves the right to authorize other certifications.

Individual bills of sale or other individual documents will not be accepted.

(Note: If you purchased a new surety bond since your last application, you must submit your original bond and Power of Attorney when you renew your license at your local DMV Field office.

Inspections for Renewals

Some applicants require facility inspection prior to renewal. The following criteria determine whether or not an inspection is required for a renewal applicant:

1. The dealer or wholesaler license has been expired for more than 90 days;
2. The status of the license has changed (wholesaler to retail dealer or vice versa);
3. The name and/or address of the dealer or wholesaler changed;
4. The ownership or location changed.

(NOTE: If any of these changes occur, you must contact the Dealer Licensing and Audit Unit at 803-896-2611.)

TIPS TO REMEMBER...

- The name and address on your surety bond must match the name and address on your application.
- The names, addresses, and driver's license numbers of all your employees must be furnished on the reverse side of your application. If additional space is needed, please attach a separate sheet of paper.
- Prior to moving or changing the name of your dealership, a DMV agent must inspect your new location before a new license can be issued.
- If you have been assigned a new address by the 911 system or post office, you must submit a new application, letter from the Post Office and an address change rider from your bond company.
- If you are applying for a retail license, you must provide your South Carolina sales tax number.
- If you are applying for a wholesale only license, you must provide your South Carolina Sales Tax exempt number..
- You should submit only original documents for processing.
- Before you apply for a dealer license, you must file articles of authorization with the S. C. Secretary of State. Example: "Inc" or "LLC."

DEALERSHIP REQUIREMENTS

Certain criteria must be met for your business to operate legally in South Carolina. Your Dealer Agent can explain the requirements and offer suggestions.

BUILDING REQUIREMENTS

Building Structure (Not Required for Wholesalers)
As a motor vehicle dealer, you must maintain a bona fide established place of business that is a permanent enclosed structure or building. Your building, whether a permanent structure or mobile home, must have at least 96 square feet of floor space. The structure cannot be a residence, tent, temporary stand or other temporary quarters. The building also must be easily accessible to the public. The principal business conducted in the building by the dealer (except motorcycle dealers) must be the selling or exchanging of vehicles. Your records, files, and books shall also be maintained and housed in this structure. Businesses must post the days and hours of operation.

Sign (Not Required for Wholesalers)
Your business location must display a permanent sign with lettering that is at least six inches (6") in height. Your sign must be clearly legible from the nearest avenue of traffic, and must clearly identify your business.

Lot (Not Required for Wholesalers)
As a dealer, you must have a reasonable area and/or lot to properly display motor vehicles. Reasonable area is defined as a 2,000-square-foot minimum, excluding alleys and driveways. The total area may include a display area and lot located at the same address. Dealers are encouraged to contact the Dealer Licensing and Audit Unit at (803) 896-2611 to discuss facility requirements.

Zoning and Business License Regulations
Dealers should research and comply with all local zoning and business license regulations.

Garage Liability Insurance
You must obtain garage liability insurance prior to applying for dealer demonstration plates. Upon cancellation of garage liability insurance, you will be required to surrender dealer plates to your local DMV. If you decide to operate your business without dealer plates, obtaining garage liability insurance is optional. **(NOTE: Dealers may discuss any potential issues with their respective dealer agents by contacting the Dealer Licensing and Audit Unit (803) 896-2611.)**

DISPLAYING YOUR DEALER OR WHOLESALER LICENSE

Once you receive your dealer license, you must display it in a prominent place in your business.

BUYER'S GUIDE

Federal law requires that every used vehicle for sale on a dealer lot must have a completed "Buyer's Guide Form" in the window. This form indicates whether the used vehicle is being sold

under warranty or "As Is" without a warranty. When the vehicle is sold, one copy of the form must remain with the dealer's records and another copy must be given to the customer buying the vehicle. The purchaser should sign both copies. This requirement protects dealers and customers from any misunderstandings. A "Buyer's Guide" must be signed by both parties to be enforceable.

RECORDS

Every dealer is required to keep complete records of each sales transaction at the licensed location. These records must be maintained for four (4) years from the date of the transaction. To be accurate and complete, these records must reflect the following on all incoming and outgoing documents:

1. The correct name and address of the buyer and seller of the vehicle.
2. The correct date of the transaction.
3. A correct description of the vehicle, which includes the vehicle identification number, year, make, model, and body type.
4. The Federal Odometer Disclosure Statement; the odometer reading at the time the vehicle was transferred to and from the dealer or wholesaler.

The DMV requires that these records be available for inspection and duplication by a DMV agent during normal business hours at all reasonable times. Your records must be maintained in a reasonably organized and orderly manner. All entries must be legible upon inspection. If your records are not kept in this fashion, you could receive a sanction from the DMV. Any dealer or wholesaler who fails to keep the required records or fails to make them available upon inspection is guilty of a misdemeanor. Upon conviction, the dealer or wholesaler may be fined up to $200, imprisoned for up to 30 days and/or lose his or her dealer license.

SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS

All businesses including Motor Vehicle Dealers that extend credit to consumers and have gross sales in excess of $150,000 are required to file a "Consumer Credit Grantor Notification" form with the South Carolina Department of Consumer Affairs (SCDCA). Additionally, all businesses, including Motor Vehicle Dealers, that impose a finance charge on credit sales or consumer loans in excess of 18% APR must file a Maximum Rate Schedule with the SCDCA. Also, every Motor Vehicle Dealer charging closing fees on a Motor Vehicle sales contract shall pay a one time registration fee of ten dollars ($10.00) during each state fiscal year (July - August 31).

For more information contact:
South Carolina Department of Consumer Affairs
3600 Forest Drive, Suite 300
P.O. Box 5246
Columbia, South Carolina 29250
Website: www.scconsumer.gov
(Forms available on Web)
or call (803) 734-4200

SOUTH CAROLINA DEPARTMENT OF REVENUE

You can register for the most common state business taxes by completing Form SCTC-111, Business Tax Application, which can be obtained from the Department of Revenue (DOR) website at www.sctax.org or by calling DOR's Forms Office at (803) 898-5599. You can use this

form to register for a retail license, a purchaser's certificate of registration, solid waste tax, business personal property tax, and income tax withholding.

$300 MAXIMUM TAX

A maximum sales tax of $300 is imposed on the sale or lease of motor vehicles, boats, aircraft, motorcycles, trailers or semi-trailers pulled by a truck tractor, horse trailers, recreational vehicles and certain self-propelled light construction equipment. For more information on the maximum tax, please contact the DOR Sales Tax Department at (803) 898-5800.

SALES OF MOTOR VEHICLES TO NON-RESIDENTS

Sales of new or used motor vehicles, trailers, semi-trailer and pole trailers to residents of another state are taxed at the rate imposed by the purchaser's state of residence. The tax cannot exceed the $300 maximum tax imposed by South Carolina.

For South Carolina sales tax purposes, sales tax due on a sale to non-residents of new or used motor vehicles, trailers, semi-trailers, and pole trailers that are registered and licensed in the purchaser's state of residence are taxed at the lesser of the following:

1. Sales tax that would be imposed on the purchaser's state of residence, or
2. Tax that would be imposed under Chapter 36 of the South Carolina Code of Laws

No sales tax is due in South Carolina if a non-resident purchaser cannot receive credit in their resident state for sales tax paid to South Carolina. Form ST-385, Vehicle Affidavit for Nonresident must be completed on each vehicle sold to a non-resident.

For more information pertaining to taxes, visit the Department of Revenue's home page on the Internet at **www.sctax.org**. Tax laws, regulations, policy documents, publications, forms, electronic services, various links and attorney general opinions may be found there.

SALES TAX

As a retail dealer, you must collect sales tax on any sale. You can obtain your required sales tax number from the Department of Revenue. For each sale, you should complete DMV Form 400, "Application for Certificate of Title and Registration for Motor Vehicle or Manufactured Home/Mobile Home," and indicate your dealer license number and sales tax number.

DEALER PLATES

Once you become a licensed dealer or wholesaler, you may purchase dealer (demonstration) plates from your local DMV. The purchase and use of these plates are limited as listed below:

QUALIFYING FOR DEALER PLATES

To be eligible to purchase dealer plates, you must:

1. Be a licensed South Carolina dealer or wholesaler;
2. Furnish proof of garage liability insurance; and
3. Document the number of vehicles sold in the previous year on DMV Form DLA-1C, "Certification of Vehicles Sold by Dealer."

If a dealer has been in business one year, s/he may purchase dealer plates based on the number of vehicles sold in the preceding 12 months. (**Example:** The first 20 vehicles sold, you may purchase 2 dealer plates; for each 15 additional vehicles you sell beyond that number, you may purchase 1 additional plate.) This formula will vary depending upon the type of dealer plate you purchase. **(NOTE: Issuance of dealer plates to new dealers will be based on estimated sales.)** The table below lists the types of dealer plates available:

DEALER TYPE	DEALER PLATE INFORMATION	SPECIAL RESTRICTIONS (OTHER RESTRICTIONS LISTED BELOW)
Auto, Motorcycle or Travel Trailer/Camper/RV, Dealers and/or Wholesalers	2 plates may be purchased after 20 sales. 1 additional plate may be purchased for each 15 sales. No maximum limit on purchase.	Dealers are restricted from carrying cargo. Purchasers may carry cargo for up to 7 days with a demo certificate.
Heavy Trucks	No minimum sales required. No maximum limit on purchase.	May only be used on heavy trucks (16,000 lbs. or greater.) Dealers are restricted from carrying cargo. Purchasers may carry cargo for up to 3 days with a demo certificate.
Antique Dealer	Plates may be purchased after 5 sales. Purchases are not restricted by formula. No maximum limit on purchase.	May only be used on antique vehicles (30 years old or older).
Wholesale Auto Auction	2 plates may be purchased after 20 sales. 1 additional plate may be purchased for each 50 sales. Maximum limit is 75 plates.	Use to transport vehicles in the course of doing business.

Dealer plates cost $20 per plate. Dealer plates are for demonstration vehicles. They cannot be used on wreckers, rollbacks, leased, rented, or service vehicles. The vehicle (except heavy trucks) cannot perform a commercial service.

The transfer of ownership between the same individual or corporation more than once is considered one sale. Multiple transfers of motor vehicles between dealers for the purpose of meeting eligibility requirements are prohibited.

DEALER PLATE RESTRICTIONS

The use of dealer plates is limited to vehicles that are:

1. Owned by the dealership;
2. Assigned to the dealership; and
3. Issued to prospective buyers for test-driving purposes.

Vehicles equipped with dealer plates may be driven on South Carolina highways by owners, employees, and dealership corporate officers.

Employees, owners, and agents who drive or may drive dealer-owned vehicles using dealer plates must be listed on the dealer license application. If personnel changes occur that affect the listing, the DMV must be notified immediately by fax or in writing. Dealer employee revisions must include the following:

- dealer's name and dealer number;
- name of employee to be added or deleted along with the employee's address;
- employee's driver's license number; and
- signature of the shareholder of the dealership.

Prospective vehicle buyers may also drive motor vehicles with dealer plates while test-driving. If you choose to allow your customers to drive a vehicle, you must provide them with a completed DMV Form MV-38, "Motor Vehicle Demonstration Certificate," or DMV approved equivalent. Prospective buyers are limited to driving vehicles with dealer plates up to seven (7) days.

When demonstrating or test driving heavy-duty trucks 16,000 GVW or greater, the prospective buyer may use the truck to carry merchandise or cargo for up to three (3) days with a special heavy-duty dealer plate. You must provide the customer with a completed DMV Form MV-38, "Motor Vehicle Demonstration Certificate."

PENALTY

Any person who misuses a dealer license plate may be fined $300, required to forfeit the plate and/or lose his or her dealer license.

TEMPORARY TAG LAW

A dealer of new or used vehicles should issue to the purchaser of a vehicle at the time of its sale a temporary license plate that must contain the following:

1. A rectangular box with a white background on the bottom of the plate in dimensions of not less than six inches (6") wide and two (2") inches high.
2. The rectangular box must contain, in characters not less than one-quarter (¼) inch wide and one-and-one-half (1½) inches high, the expiration date of the period within which the purchaser must register the vehicle.
3. The expiration date, which must be written using a permanent black marker with at least a one-quarter (¼) inch wide tip. It must contain a numerical month, date, and year.

(NOTE: Temporary tags must be dated 45 days from the purchase date.)

The temporary license plate must be made of heavy stock paper or plastic, inscribed with contrasting indelible ink and designed to resist deterioration or fading from exposure to the elements during the period the tag is displayed. The plate must contain the dealer's name, city, and phone number, or the dealer's name and computer website address. Expiration date should be legible from a distance of 25 feet.

The "Bill of Sale," title or a copy of one of the two (2) documents must be maintained in the vehicle at all times to verify the vehicle's date of purchase to a law enforcement officer. The "Bill of Sale," title or a copy of either document must contain:

1. a description of the vehicle;
2. the name and address of both the seller and purchaser of the vehicle; and
3. the date of sale.

A dealer may issue a temporary license plate only to a purchaser of a vehicle and may not use a temporary license plate for any other purpose. A dealer who issues a temporary license plate or allows a temporary plate to be issued and violates this law is guilty of a misdemeanor and, upon conviction, must be fined $100 for each occurrence. S/he also may receive sanctions against his or her dealer license.

TRANSFERRING TAGS

South Carolina law allows owners of vehicles to transfer license plates from one vehicle to another. If a person intends to transfer a license plate from one vehicle to another vehicle, s/he may place the license plate to be transferred on the newly acquired vehicle on the date of purchase. The "Bill of Sale" for the new vehicle and a copy of the registration that corresponds to the license plate must be maintained in the new vehicle at all times to verify its date of purchase to a law enforcement officer.

The purchaser must register the vehicle with the DMV within 45 days from its purchase date. A person who transfers a license plate or allows a license plate to be transferred and violates this law is subject to the vehicle registration and licensing provisions of the law. Effective March 1, 2006, a consumer may transfer a license plate only to a specific vehicle one (1) time without paying additional property taxes.

NOTES

SECTION II

TITLING AND REGISTERING VEHICLES

SOUTH CAROLINA REQUIREMENTS

As a dealer, you may provide registration services to your customers. If you choose to provide these services, you must have a good understanding of South Carolina requirements. Errors can cause more work for you, as well as delays for your customer.

A South Carolina resident who purchases a new or used vehicle must obtain a South Carolina title and registration within 45 days of purchasing the vehicle. This time limit is the same whether customers are purchasing new license plates or transferring old ones. If you choose to process the title or registration for your customer, you must deliver the title or registration to the customer within the same 45-day period.

You may give the title and all the necessary documentation required to title the vehicle to the purchaser. **If you give your customer the title and other necessary documents, it is important that you maintain a "customer-signed receipt" specifying the customer accepts responsibility for titling and registering the vehicle. This receipt will verify you have complied with the law requiring that the title be delivered within 45 days. You must also maintain copies of all documents surrendered to the customer since customers will sometimes lose their records.** Providing these documents to the customer is considered the same as delivering the title.

For a financed sale, you must have the new owner's name and lien information recorded on the title and DMV Form 400, "Application for Certificate of Title and Registration for a Motor Vehicle or Manufactured Home/Mobile Home."

Valid license plates that will not be transferred should be returned to the DMV immediately or on the same day of insurance cancellation. Customers who return their plates to the DMV will receive a receipt and may request a prorated refund if their plates are still valid for more than 12 months. If the vehicle is sold or used as a trade-in, county property taxes may also be refunded by the county treasurer's office.

Specific information is required for titling and registering new and used vehicles. As a dealer, you should be aware of the documents you need, as well as the requirements and fees for each type of transaction. If your dealership helps customers finance their newly purchased vehicles, customers may ask you to include the sales tax, title, and tag in the total financial agreement for the vehicle. Having that knowledge helps you help your customer.

TYPES OF TITLES & MANUFACTURER'S CERTIFICATE OR STATEMENT OF ORIGIN

SOUTH CAROLINA CERTIFICATE OF TITLE

A title is issued to an individual vehicle owner. When a vehicle is sold, the seller must provide the title and the title must be must be submitted to the DMV before a new title can be issued to the buyer. The back of the title must be completed and properly assigned to the buyer. If the title was issued before June 19, 1989, DMV Form 4031, "Secured Bill of Sale," or a Property Tax Odometer (PTO) Form must also be submitted, indicating the sale price of the vehicle and odometer information. Certificates of Title issued after June 19, 1989 include an area on the back of the form to list odometer information. If the vehicle owner's title is lost, the owner must obtain a duplicate title from the DMV. The DMV will not accept the title if you erase or "white out" any portion of the form.

OUT-OF-STATE TITLE

An out-of-state title is a legal document created by a state other than South Carolina. It lists the ownership and vehicle information. An out-of-state title is used to issue a South Carolina title to a vehicle entering South Carolina from another state. The vehicle could have been purchased by a South Carolina resident from an out-of-state dealer or individual, or it could be a vehicle owned by a new South Carolina resident. In combination with this title service, a new license plate can be issued or a plate can be transferred.

MANUFACTURER'S CERTIFICATE OF ORIGIN (MCO) OR MANUFACTURER'S STATEMENT OF ORIGIN (MSO)

The Manufacturer's Certificate of Origin (MCO) or Manufacturer's Statement of Origin (MSO) is a document issued by the manufacturer recording the first transfer of the vehicle from the manufacturer to the dealer or distributor. The MCO or MSO lists the vehicle identification number, vehicle description, and the dealer or distributor receiving the vehicle.

TRUTH IN MILEAGE REGULATIONS

The odometer mileage statement on South Carolina Certificates of Title issued after June 19, 1989, meets the Truth in Mileage standard. Certificates of Title issued before that date do not meet the Truth in Mileage standard. The odometer statement must be given for every vehicle.

The first assignment of a Certificate of Title must now be completed by the owner on the title document itself. A separate secured assignment will not be accepted.

Exceptions were written into the regulations for those persons signing the Certificate of Title using DMV Form 5047, Secured Power of Attorney – Odometer Disclosure. This form is only used by dealers, wholesalers, auto auctions and insurance companies when the buyer and the seller are one and the same. The Secured Power of Attorney – Odometer Disclosure can only be used:

- if the Certificate of Title is being held for a lien; and
- if the Certificate of Title is lost and a duplicate is needed.

In addition to stating the odometer reading at the time of sale, the odometer statement is a certification by the seller of the vehicle to the buyer that to the best of his or her knowledge:

- the odometer reading reflects the actual mileage;
- the odometer reading reflects the amount of mileage in excess of the vehicle's mechanical limits; or
- the odometer reading is not the actual mileage.

Dealers should follow the instructions listed on the back of the DMV form 5047. Odometer fraud is a violation of both state and federal law.

STATE AND COUNTY TAXES

SALES TAX

In South Carolina, the law requires that everyone, including individuals, pay sales or excise tax on every motor vehicle or motorcycle for which a new South Carolina Certificate of Title is issued. Sales tax is due when the vehicle is sold to a consumer. The amount of the tax is five percent (5%) of the fair market value, or total purchase price, of the vehicle. However, the amount cannot exceed $300. For out-of-state sales, you must complete Form ST-385, Department of Revenue Affidavit, and collect sales tax up to $300 if the state charges sales tax and has a reciprocity agreement with South Carolina. For further information regarding sales taxes, contact the South Carolina Department of Revenue at (803) 898-5800 or in writing to 301 Gervais Street, Columbia, SC 29214.

PERSONAL PROPERTY TAX

In South Carolina, counties must receive yearly property tax payments for vehicles before registrations and decals can be issued.

PURCHASING NEW PLATES

As a dealer in South Carolina, you have the option of giving your customers extra time to pay their property taxes for vehicles purchased by South Carolina residents by completing DMV Form 4031 Bill of Sale Form with a Property Tax Odometer (PTO) section. This form will defer the property tax on the vehicle for 120 days. The DMV does not provide Property Tax Odometer (PTO) Forms. To order Bill of Sale Forms with a Property Tax Odometer (PTO) section, contact the Carolinas Independent Automobile Dealers Association (CIADA) by calling 1-800-432-4232.

You must disburse the above copies in the following manner:

1. keep a copy for your files;
2. give one copy to the customer; and
3. send the top copy (secured sheet) and the pink copy to the DMV along with the title and registration paperwork.

Please note that this extension for the payment of property taxes does not apply to the titling and registration of vehicles. Vehicles must still be titled and registered in South Carolina within 45 days from the date of purchase.

TRANSFERRING PLATES

Customers who transfer a license plate from one vehicle to a newly purchased vehicle are not required to pay property taxes at the time of the transfer. They will be billed by their county treasurer's office when the taxes are due again. Any person who willfully or knowingly makes a false statement for the purpose of avoiding any tax is guilty of a misdemeanor in this state and may be fined up to $3,000 and/or imprisoned for up to one (1) year.

OUT-OF-STATE BUYERS

An out-of-state customer who purchases a vehicle in South Carolina has different titling and registration needs. To provide better customer service, you should be aware of the options available to you and your customers.

TEMPORARY PLATES

Many states do not allow new vehicles to be driven on the road without proper registration or tags. In these states, the proof of purchase paperwork and a dealership paper tag is not enough. They require official registration.

In South Carolina, the law allows for this instance and offers the customer a temporary plate and registration through the DMV. As a dealer, you have the option of processing this paperwork for your customer just as you would process South Carolina title and registration paperwork, or you may purchase temporary license plates from the DMV and issue them from your office.

The temporary plate and registration is good for 30 days and may be used to transport the vehicle back to the customer's resident state. You can issue these plates only to customers who purchased their vehicles from you and who will be permanently licensing their vehicles in another state. The plate is not transferable to any other person or vehicle.

South Carolina law requires that you maintain a permanent record of all the temporary plates and registrations you issue. Each record should be kept for at least one (1) year from the date of issue. If you choose to issue the plates and registrations from your dealership, you should request the following form from the DMV:

- DMV Form 433, 30-Day Temporary Plate Registration

If you do not wish to issue these plates from your place of business, you may inform your customers of the proper procedures and refer them to your local DMV branch office.

PENALTY

Any person found guilty of the misuse of a temporary license plate or permit is guilty of a misdemeanor in this state and may be fined up to $200 and/or imprisoned for up to 30 days.

WORKING WITH OTHER STATES

If your place of business is located near the state line, you may have more out-of-state purchases than other dealerships. If this is the case, you may wish to contact the other state and find out more about their titling and registration procedures. You may be able to prepare the paperwork from that state for your customer.

COURTESY VEHICLES

A South Carolina resident can purchase a vehicle from an out of state dealer, who will be responsible for transporting the vehicle to a S. C. dealer so that the customer can pick the vehicle up from a local dealership.

SC Code of Law §2-37-2610 allows the use of a property tax odometer (PTO) form for this situation, and states that taxes are not due on these vehicles for 120 days. When this type of transaction occurs, the dealer should write on the PTO form "courtesy delivery" so that DMV and the County will know that the owner has 120 days to pay his/her property taxes.

Courtesy deliveries DO NOT require a paid tax receipt, provided that the PTO clearly indicates "courtesy delivery." In addition, courtesy deliveries are also subject to the same requirements for use tax as other out of state sales: the owner must show that sales tax has already been paid, or that the out of state dealer has a S. C. sales tax number, OR that the vehicle is exempt from sales taxes in S. C. If the owner does not meet one of these requirements, DMV will collect any S. C. use tax due.

TIPS TO REMEMBER WHEN TITLING AND REGISTERING VEHICLES:

- Use clear and legible handwriting. If rubber stamps are used, they must be properly aligned.
- Properly assign the back of the title.
- Type within the spaces provided on DMV Form 400, Application for Certificate of Title and Registration for Motor Vehicle or Manufactured Home/Mobile Home – not on the lines.
- Verify that the information on DMV Form 400, Application for Certificate of Title and Registration for Motor Vehicle or Manufactured Home/Mobile Home, and the title match.
- Verify the vehicle identification number on the vehicle against the number on the title.
- Verify the owner's name and signature.
- Before choosing an option, read the instructions on the odometer statement carefully on DMV Form 400, Application for Certificate of Title and Registration for Motor Vehicle or Manufactured Home/Mobile Home.
- Properly complete all lien information.
- Abbreviate the owner's address on the form if it is more than 30 characters long.
- Provide the correct dealer and sales tax number.

Title and Registration Documents Required for Various Transactions

SCENARIO	TYPE OF TRANSACTION	DOCUMENTS REQUIRED
A S.C. resident purchases a brand new vehicle from a S.C. dealer.	Title with New Registration	▪ DMV Form 400 ▪ MCO (Manufacturer's Certificate of Origin) or MSO (Manufacturer's Statement of Origin) ▪ PTO (Affidavit & Notification of Sale of Motor Vehicle)
A S.C. resident purchases a used vehicle previously titled and registered in another state.	Title with New Registration	▪ Form 400 ▪ Out-of-State Title ▪ PTO (Affidavit & Notification of Sale of Motor Vehicle)
A S.C. resident purchases a used vehicle previously titled and registered in South Carolina.	Title with New Registration	▪ Form 400 ▪ S.C. Title ▪ PTO (Affidavit & Notification of Sale of Motor Vehicle)
A S.C. resident purchases a brand new vehicle from a S.C. dealer.	Title with a Transfer Plate	▪ DMV Form 400 ▪ MCO (Manufacturer's Certificate of Origin) or MSO (Manufacturer's Statement of Origin) ▪ PTO (Affidavit & Notification of Sale of Motor Vehicle) ▪ Valid License Plate
A S.C. resident purchases a used vehicle previously titled and registered in another state.	Title with a Transfer Plate	▪ DMV Form 400 ▪ Out-of-State Title ▪ PTO (Affidavit & Notification of Sale of Motor Vehicle) ▪ Valid License Plate

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SCENARIO	TYPE OF TRANSACTION	DOCUMENTS REQUIRED
A S.C. resident purchases a used vehicle previously titled and registered in South Carolina.	Title with a Transfer Plate	▪ DMV Form 400 ▪ S.C. Title ▪ PTO (Affidavit & Notification of Sale of Motor Vehicle) ▪ Valid License Plate
A S.C. resident purchases a used vehicle previously titled and registered in another state.	Title with Transfer & Replace Plate	▪ DMV Form 400 ▪ Out-of-State Title ▪ PTO (Affidavit & Notification of Sale of Motor Vehicle) ▪ Form 452 (Lost/Stolen or Destroyed License plate Affidavit Form)
A S.C. resident purchases a used vehicle previously titled and registered in South Carolina.	Title with Transfer & Replace Plate	▪ DMV Form 400 ▪ S.C. Title ▪ PTO (Affidavit & Notification of Sale of Motor Vehicle) ▪ Form 452 (Lost/Stolen or Destroyed License plate Affidavit Form)
A S.C. resident wants to purchase a vehicle and wants to trade in the currently owned vehicle. The customer has lost the S.C. title.	Duplicate Title	▪ DMV Form 400 ▪ Satisfaction of Title Lien form (if applicable)

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ELECTRONIC VEHICLE REGISTRATION (EVR) PROGRAM

The South Carolina Electronic Vehicle Registration (EVR) Program allows authorized business partners to apply for registrations and titles electronically. The EVR system is supplied through a Service Provider (third party) who works with the DMV to provide licensed South Carolina auto dealers with a computer-based system that provides the ability to register and title vehicles by electronic means. The DMV provides dealer/business partners with materials and authorization to process customers' vehicle registrations and make initial applications for their vehicle titles. This allows an auto dealer/business partner to register the vehicle and put it on the road with valid registration in the same day, which minimizes the need for temporary plates.

With EVR, everyone is a winner. Dealers and other partners win because they save time and money; customers win because they get one-stop shopping without the wait for registration and title application processing. DMV wins because customers can be served efficiently.

Some of the requirements to participate in the EVR program are as follows:

- the dealer must be in active licensed status with the DMV;
- The dealer must have and maintain a sales volume of 420 units per year;
- The dealer must agree to process a minimum of 90% of his or her eligible transactions through the EVR program; and
- The dealer must maintain an error ratio of no more than 2%.

For further information related to this program, you may review the SCDMV Electronic Vehicle Registration Program Standards at www.scdmvonline.com or contact the service provider listed below:

Computerized Vehicle Registration (CVR) at www.cvrreg.com or 1-800-333-6995.

NOTES

SECTION III

DEALER AUDITS AND INSPECTIONS

DEALER LICENSING AND AUDIT UNIT

The DMV is responsible for all dealer and wholesaler licensing and inspections. The Dealer Licensing and Audit Unit has been appointed to carry out this statewide responsibility for the DMV.

DMV dealer agents that are located and assigned throughout the state conduct the majority of dealer audits and inspections. However, other authorized agents may also conduct inspections and will have proper credentials to identify themselves to you. DMV dealer agents conduct initial inspections for new dealers and wholesalers, investigate customer complaints against dealers and wholesalers, and conduct random audits of dealers and wholesalers on a routine basis or as necessary.

Should you have questions or concerns about proper procedures or legal requirements, you may contact the DMV Dealer Licensing and Audit Unit by dialing (803) 896-2611. Someone from the DMV Dealer Licensing and Audit Unit can also identify and supply you with the phone number for your local dealer agent.

PRE-LICENSING INSPECTION

After preliminary processing of your application for a dealer or wholesaler license, a DMV dealer agent will contact you to schedule your first inspection. During this inspection, s/he will determine whether your place of business and operational procedures qualify you for the license you have applied for. When inspecting your place of business, the DMV dealer agent will complete DMV Form DLA-2, Licensed Dealer Auditors Report, discuss the findings with you, and recommend to the DMV that your license be approved or disapproved, and the reason(s) for the approval or disapproval. Regardless of the outcome, you will be provided with a copy of DMV Form DLA-2, Licensed Dealer Auditors Report detailing the result of the inspection and any deficiencies indicated. If you are disapproved and wish to continue with the application process, you may make the appropriate improvements and request that your dealership be re-inspected; you may also appeal the disapproval by requesting an administrative hearing. See Section V of this manual on how to request an administrative hearing.

After you pass your inspection, you will receive an official correspondence from the DMV indicating how to proceed with your license purchase.

DEALER LICENSE INSPECTION CRITERIA

Refer to Section I, DEALERSHIP REQUIREMENTS for detailed requirements.

During the initial inspection, the DMV dealer agent will inspect your business for the following:

- proper building structure;
- proper signage; and
- proper lot

TIPS TO REMEMBER:

Your place of business will not pass inspection, if the DMV dealer agent finds any of the following:

- you do not have a bona fide place of business;
- your principal business is not buying, selling or exchanging vehicles (except motorcycle dealers);
- you do not have a building or your building does not meet the necessary qualifications;
- you do not have a sign or your sign does not meet the necessary qualifications;
- you do not have an adequate lot and/or display area to display your vehicles;
- your business is not located at the address on your application.

WHOLESALER INSPECTIONS

During the initial visit, the DMV dealer agent will inspect your business to ensure that you have an appropriate place to conduct business. You are not required to house your business in a separate structure or display your vehicles on an open lot, but you should have adequate space to conduct your business transactions.

TIPS TO REMEMBER:

Your place of business will not pass inspection if any of the following is found:

- you do not have a bona fide place of business;
- your business is not located at the address listed on your application.

DEALER AND WHOLESALER AUDITS

Dealer and wholesaler audits are conducted at random; you will not be notified when an audit is required of your place of business. When a DMV dealer agent arrives, you must give him or her complete cooperation. The agent understands your concerns and will do all that is possible to complete your audit in a timely and professional manner. The audit will follow a set pattern, and the DMV dealer agent should proceed in a similar manner as follows:

- The agent will show you his or her DMV credentials and inform you of the purpose of the visit.
- The agent will ask to see all titles on hand in your place of business. S/he may temporarily remove any open titles from your files to make the appropriate copies. Once copies are made, the original will be returned to the dealer. The agent may request a copy of any titles not assigned to your dealership and require them to be completed. Agents will issue a receipt for any and all items removed from your dealership.
- The agent will record dealer information such as the name of your business, owner, address, dealer type, dealer number, and the date of the audit.
- The agent will record the vehicle identification numbers of the vehicles on your lot and check your records to ensure that incoming documents related to each vehicle are maintained.
- The agent will review the records of vehicles sold since your last audit or inspection to determine whether proper incoming and outgoing records are maintained for each transaction.
- The agent will request that the dealer account for all demo plates. The agent may also verify the previous year's sales volume to justify the number of dealer plates obtained by the dealer.
- The agent will record garage liability insurance information if the dealer has dealer plates.
- The agent will record any violations found in your place of business.
- The agent will answer any questions you may have.
- The agent will advise you via DMV Form DLA-2, Licensed Dealer Auditors Report of his or her findings. However, any sanctions resulting from the audit will be issued from headquarters and delivered in written form.

(NOTE: A random audit or administrative investigation conducted in your place of business does not imply that you are suspected of any misconduct or wrongdoing.)

RECORD INSPECTIONS

Anytime a DMV dealer agent inspects or audits your place of business, a thorough review of your records will take place. It is important that you organize all of your records, ensure that they are legible, and maintain the proper supporting documents for your transactions.

South Carolina law requires that you maintain records on all transactions for four (4) years from the date of the transaction. All records must be kept at the licensed place of business and must be available during reasonable business hours. The agent will review your records for the following information:

Acquired Vehicles

1. The true name of the person or persons from whom the vehicle was acquired.
2. The correct and complete address of the person or persons from whom the vehicle was acquired.
3. The correct date of the transaction.
4. A complete description of the vehicle including the vehicle identification number, make, model, and type of vehicle.
5. The correct odometer statement. A copy of the statement received by the dealer must be kept. This copy could be on the back of the Certificate of Title, a Bill of Sale, or on a separate odometer disclosure statement.

Transferred Vehicles

1. The true name of the person or persons to whom the vehicle was transferred or sold.
2. The correct and complete address of the person or persons to whom the vehicle was transferred or sold.
3. The correct date of the transaction.
4. A complete description of the vehicle including the vehicle identification number, make, model, and type of vehicle.
5. The correct odometer statement. A copy of the statement received by the dealer must be kept. This copy could be on the back of the Certificate of Title, a Bill of Sale, or on a separate odometer disclosure statement.

All Transactions

Titles, bills of sale, odometer statements, and other documents containing the required information for each transaction.

Dealer Plates

1. The location of the dealer plates issued to the dealership.
2. Documentation of the correct use of dealer plates.
3. Verification of garage liability insurance.

TIPS TO REMEMBER:

Your cooperation is necessary to complete the inspection process. Failure to cooperate with the agent or produce the required records may result in sanctions being imposed against the dealership.

NOTES

SECTION IV
COMPLAINTS

COMPLAINT INVESTIGATIONS

DMV dealer agents also have authority to conduct administrative investigations resulting from complaints against dealers and wholesalers. In most cases, the type of complaint registered with the DMV determines the depth of the investigation. Customers registering complaints must complete DMV Form DLA-5, Dealer Complaint Form, and submit it to the Dealer Licensing and Audit Unit along with copies of any pertinent paperwork. DMV Form DLA-5 requires the name and address of the dealership, as well as that of any salesperson that may be involved. Customers are asked to provide a complete and thorough report of any incident or complaint.

If a DMV dealer agent is called to administratively investigate a complaint against your place of business, you may not receive any warning. Once the agent arrives, you will be informed of the complaint and asked to provide any information you have regarding the incident or complaint. You must cooperate with him or her fully. Your records must be at the disposal of the agent to ensure a thorough investigation.

After conducting an administrative investigation, the agent will complete DMV Form DLA-5A, Investigation of Complaint Regarding Dealer/Wholesaler. The Dealer agent will review any pertinent records involved or indicated in the complaint and may make copies of your records. The agent will attempt to answer any questions you may have and you will be informed of the results of the investigation at a later date. Any criminal violations of laws will be transferred to an appropriate law enforcement agency. Non-criminal issues not under the jurisdiction of the Department of Motor Vehicles will be forwarded to South Carolina Consumer Affairs or other appropriate agency.

NOTES

SECTION V
LEGAL SECTIONS

KNOW YOUR LEGAL RIGHTS

If you or someone employed at your place of business becomes the subject of an official complaint with the DMV or legal action in a court of law, you should be aware of your legal rights as a dealer. Knowing your options and possible penalties is vital.

In addition to the legal action someone can take against you in a court of law, a complaint can also be made against you with the DMV. In this case, the DMV will review the complaint and may begin an administrative process. Violation of law will be forwarded to the appropriate law enforcement agency. Complaints might not result in a lawsuit, but can still cost you time, money, and legal fees. You should be aware that if you are found guilty of any wrongdoing, your dealer or wholesaler license could be denied, cancelled, suspended, or even revoked.

DEALER VIOLATIONS

All South Carolina dealer and wholesaler licenses are subject to South Carolina laws. The DMV is responsible for administering these laws. Your license can be denied, suspended, cancelled, or revoked if the DMV determines you are responsible for doing any of the following:

- Making a material misstatement in the application for your license.
- Violating any provision provided for in South Carolina dealer laws.
- Being found by a competent court jurisdiction to have committed fraud connected with the sale or transfer of a motor vehicle.
- Employing fraudulent devices, methods or practices in connection with meeting the requirements placed on dealers and wholesalers by the laws of this state.
- Being convicted of any violation of law involving the acquisition or transfer of a title to a motor vehicle or any violation involving tampering with, altering or removing motor vehicle identification numbers or markings.
- Being found by a competent court jurisdiction to have violated any federal or state law regarding the disconnecting, resetting, altering or other unlawful tampering with a motor vehicle odometer.
- Refusing or failing to comply with the DMV's reasonable requests to inspect or copy the records, books, and files of the dealer or wholesaler.
- Failing to maintain records of each motor vehicle transaction as required by state and federal law pertaining to odometer records.
- Having given, loaned, or sold a dealer license plate to any person or otherwise allowing the use of any dealer license plate in any way not authorized by law.
- Improperly displaying a dealer plate on any vehicle or placing a dealer plate in the possession of any unauthorized person.
- Improperly using or issuing temporary license plates. A temporary license plate may be issued for a vehicle sold by the licensed dealer. The plate must contain the expiration date (45 days from the date of sale) and a bill of sale must be kept in the vehicle to indicate to law enforcement that it is a newly acquired vehicle.

DEALER SANCTIONS

The Department of Motor Vehicles may issue administrative sanctions against dealers or wholesalers determined to be in violation of South Carolina law or DMV policy relating to the buying, selling or trading of motor vehicles. Depending upon the severity and frequency of occurrences, the following sanctions will apply:

Verbal Warning
Written Warning, Level I or Level II
Suspension (ranging from 7-30 days)
Denial
Cancellation
Revocation

If as a result of a sanction(s), your dealer status is changed to any non-participating status; you will be notified in writing by the DMV and may contest that action by following the Administrative Hearing's process outlined in the next section. The statute of limitation for sanctions to remain in DMV files is three (3) years.

ADMINISTRATIVE HEARINGS

If your dealer or wholesaler license is denied, suspended or revoked by the DMV, you have the right to contest the action by requesting an administrative hearing.

The DMV will notify you in writing at your business or special mailing address of any intention to deny, suspend, or revoke your license at least 20 days prior to the date of the action. Within 10 days of receiving notice from the DMV, you may make a written request for a hearing. Your request for a hearing must be mailed to the address below along with a $150 non-refundable filing fee.

Division of Motor Vehicle Hearings
S.C. Administrative Law Court
Edgar A. Brown Building
1205 Pendleton Street, Suite 325
Columbia, SC 29201
(803) 734-3201

The Division of Motor Vehicle Hearings has a similar name to the DMV, but is a separate agency administered by the Administrative Law Court to review these and other DMV determinations.

Failure to request a hearing within 10 days of notice makes the DMV's decision final. Upon the denial, suspension or revocation of a dealer or wholesaler license, the license and any dealer license plates issued must be returned to the DMV immediately if you do not contest the sanction through a hearing. The change in the dealer license status will take effect as previously stated in the correspondence sent to you.

If you contest the DMV's decision, your sanction will be stayed pending the outcome of the hearing; however, if the DMV finds that public health, safety, or welfare requires emergency action, your license may be suspended pending the hearing proceedings. Someone from the Administrative Law Court will notify you of the time and date of the administrative hearing at which you can present your case. Once the case has been heard, the Administrative Law Court will send you and the DMV Dealer License Unit written notification of the outcome. The notification will include the following:

- A statement of the time, place, and nature of the hearing.
- A statement of the legal authority and jurisdiction under which a hearing is to be held.
- A reference to the particular section of the statutes and rules involved.
- A short and plain statement concerning the basis of the matter.

Depositions
During the procedures, you or any party involved may request that depositions be taken from witnesses. These depositions will be taken in the same manner as those taken in civil lawsuits and the same rules apply. The opposing party will be notified of the deposition, and the deposition will be transcribed and certified. Unless precluded by law, informal depositions may be made in any contested case by stipulation, settlement, consent order, or default.

Subpoenas
The Administrative Law Court may issue subpoenas for the attendance and testimony of witnesses. These witnesses may be chosen to produce and examine books, papers, and records. If subpoenaed, these persons are subject to punishment for contempt of court if they fail to appear to give testimony or produce the required books, papers or records. Such subpoenas may be issued to the sheriff of a county in the form of a warrant requiring the arrest of a person who does not appear at a hearing.

Evidence and Arguments
All parties involved in a hearing will be given the opportunity to respond and present evidence and arguments regarding the issues involved. All findings of fact will be based exclusively on the evidence presented and on matters officially noticed. Records will be kept in all contested cases and shall include the following:

- All pleadings, motions, intermediate rulings, and depositions.
- Evidence received or considered.
- A statement of matters officially noticed.
- Questions and offers of proof, objections, and rulings.
- Proposed findings and exceptions.
- Any decision, opinion or report by the officer presiding at the hearing.
- Oral proceedings shall be transcribed at the request of any party at the expense of the party requesting the transcript. All hearings are tape recorded, and any party may have a court reporter present at their own expense.

Evidence presented in hearings is subject to the same rules as those in a court of law. These rules include the following:

- All irrelevant, immaterial or repetitious evidence will be excluded.
- Objections to evidence offered will be noted in the records.
- Documentary evidence may be received in the form of copies or excerpts if the original document is not readily available. Parties will be given an opportunity to compare the copies with the original upon request.
- Any party may conduct cross examination.
- Notice may be taken of judicial facts. In addition, notice may be taken of generally recognized technical or scientific facts within the DMV's specialized knowledge.

Decisions
Final decisions in contested cases will be issued in writing or stated in the records of the case. Findings of facts will be accompanied by a concise and explicit statement of the underlying facts supporting the findings. In some cases, the decision will include a ruling on each proposed finding. The parties involved will be notified either personally or by mail of any decision or order.

Unless required by law, members or employees of the presiding agency assigned to render a decision or make findings in a case will not communicate, directly or indirectly, with any person or party involved in the case. The only exception is when all parties are present.

Penalty
Any person violating the provisions of the law regarding communication between Department employees assigned to render decisions and parties involved in a case is guilty of a misdemeanor and may be fined up to $250 or imprisoned for six (6) months.

Right to Appeal
If the Division of Motor Vehicle Hearings upholds the DMV's determination, and the dealer or wholesaler may have exhausted all administrative appeals to obtain or retain a license and still be denied, suspended, or revoked. If the dealer or wholesaler still does not agree with the ruling, s/he has the right to appeal to a court of competent jurisdiction (circuit court) within 30 days of the ruling from the administrative hearings office.

The dealer or wholesaler may also obtain a review of any final judgment of the circuit court with the South Carolina Supreme Court. The appeal will be taken as in other civil cases.

SECTIONS OF LAW REGULATING S.C. DEALERS

If you wish to review the laws as they are written, you may do so by visiting www.scdmvonline.com and clicking on "Links," followed by "S.C. Code of Laws" under the "State Links" heading.

1. Section 56-15-10 through 56-15-350, of the S.C. Code of Laws provides for the regulation and license of vehicle dealers and wholesalers.

2. Section 56-3-2320 of the S.C. Code of Laws provides for the issue and use of dealer and wholesaler plates.

3. Sections 56-16-10 through 56-16-210 of the S.C. Code of Laws provide for the regulation of motorcycle manufacturers, distributors, dealers and wholesalers.

4. Sections 56-15-510 through 56-15-600 of the S.C. Code of Laws provide for the regulation and license of wholesale motor vehicle auctions.

5. Section 56-3-2350 of the S.C. Code of Laws provides for the regulation and license of motor vehicle transporters.

6. Sections 56-10-10 through 56-10-20 of the S.C. Code of Laws provide for requirements for garage liability insurance.

7. Section 56-3-210 of the S.C. Code of Laws provides for regulations for the issuance of temporary tags.

8. Section 31-17-510 of the S.C. Code of Laws provides for the regulation and license of travel trailer dealers.

As a dealer or wholesaler, you should be aware of the laws and requirements affecting you, your manufacturer or distributor and your customers. These laws are meant to protect all parties involved in a motor vehicle transaction.

NOTES

SECTION VI
FORMS

COMMONLY USED DMV FORMS

Each required form serves a specific purpose for DMV and state records. If forms are not completed correctly, the paperwork for your transaction will be returned to you.

This section specifies the documents required to process title and registration transactions. (All dealer titling transaction packages must be signed in at a DMV branch office for completion. A branch office will not process more than three (3) title applications per visit per day.)

Commonly used forms that are covered in this section include the following:

- DMV Form 400, "Application for Certificate of Title and Registration for Motor Vehicle or Manufactured Home/Mobile Home"
- MCO, "Manufacturer's Certificate of Origin) or MSO (Manufacturer's Statement of Origin"
- OOS Title, "Out-of-State Title"
- South Carolina Title
- Property Tax Offset Form (Affidavit & Notification of Sale of Motor Vehicle)
- DMV Form 4031, "Bill of Sale"
- DMV Form 452, "Lost/Stolen or Destroyed License Plate Report Replacement Application"
- DMV Form 4057, "Application for Name and/or Address Change, Date of Birth and/or Social Security Correction, or Special Mailing"

Form 400 – Application for Certificate of Title and Registration

DMV Form 400 is an application that must be completed by the registrant to process name transfer from one owner to another.

Steps for completing Form 400. Make sure you use a paperclip to attach all documents to the back of the application. Do NOT staple. Identify the transaction by checking the appropriate box in the top section of the form.

Section 1 – Vehicle Information

- Vehicle Identification Number – Enter the complete VIN or serial number of the vehicle, which must match the titling documents.
- Make – Always use the manufacturer's name (example: Ford, Chevrolet, etc.)
- Year Make – Enter the year the vehicle was manufactured, which appears on the titling documents.
- Body Style – Enter the body style of the vehicle being registered. (Example: 2dr, 4dr, wgn, etc.)
- Model – List the model name (example: Escort, Impala, etc.).
- Empty Weight – Enter the vehicle's weight when applicable.
- GVW – Enter the total weight of vehicle and payload or the combined weight of tractor-trailer and payload when applicable. (**NOTE:** This information is required for trucks.)

Section 2 – Odometer Mileage

Enter the odometer mileage of the vehicle being registered. If DMV Form 400 is used to apply for a duplicate title; the CSR will assist you with the mileage. Do not enter tenths of miles.

Section 3 – Owner Information (For a leased vehicle, complete Section 4 section.)

Owner's Complete Legal Name – Enter the name of the applicant to whom the vehicle is to be titled. The name should match the name found on the driver's license.

- Customer Number, Driver's License Number, Social Security Number or Federal Employer Identification Number (FEIN)
- Date of Birth

Co-Owner's Complete Legal Name – Enter the name of the applicant to whom the vehicle is to be titled. The name should match the name found on the driver's license.

- Joint Shared – If shared ownership, specify relationship by checking "and" or "or." (**NOTE:** "And" means both signatures are required when conducting transactions. "Or" means only one signature is required when conducting transactions.)
- Customer Number, Driver's License Number, Social Security Number or FEIN
- Date of Birth

Residence Street Address – Enter the complete address of the owner as a street, route or rural box number. A post office box number is not acceptable in this field and can be entered only in the mailing address field. This must be a South Carolina address.

Mailing Address – Where mail is received. A post office box number can be used here.

Address Where Vehicle is Housed – This is the address that will be used for property taxes. (Example: Customer lives in Lexington County, but vehicle is housed in Pickens County where child attends school. Pickens County would be the housed address.)

Daytime Telephone Number – This information is optional.

Temporary Address – This is an address that will be used only for a limited time.

- Expiration Date is required if a Temporary Address is entered.

Section 4 – Leasing Information

Leasing Company Name - Owner of the vehicle (Example: GMC Leasing)

- Phone Number – This information is optional.
- Contact Person – This information is optional.
- Customer Number

Address – Enter the complete address of the owner. (**NOTE:** It can be an out-of-state of address.)

Name of Lessee – Person leasing the vehicle

- Driver's License Number, Social Security Number or FEIN of person leasing the vehicle
- Date of Birth of person leasing vehicle

Residence Street Address – The complete address of the person leasing the vehicle as a street, route, or rural box number. A post office box number is not acceptable in this field and can be entered only in the mailing address field. This must be a South Carolina address.

Mailing Address – Where mail is received. A post office box number can be used here.

Address Where Vehicle is Housed – This is the address that will be used for property taxes. (Example: Customer lives in Lexington County, but vehicle is housed in Pickens County where child attends school.)

Section 5 – Lien Information

The lien information on DMV Form 400 must agree with the titling documents.

Customer Number or FEIN of lien holder

- Lien Holder Name (First Lien) – This information is required.
- Date of Lien – This information is required.
- Contact Person – This information is optional.
- Telephone Number – This information is optional.

Mailing Address - Where mail is received. A post office box number can be used here.

Customer Number or FEIN

- Lien Holder Name (Second Lien) – This information is required.
- Date of Lien – This information is required.
- Contact Person – This information is optional.
- Telephone Number – This information is optional.

Mailing Address – Where mail is received. A post office box number can be used here.

Section 6 – Satisfaction of Lien will be completed by the lien holder only if the lien has been satisfied and DMV Form 400 is for a duplicate title.

Satisfaction of First Lien

- Date of lien satisfaction – This information is required.
- Name of Lien Holder – This information is required.
- Certified By signature of authorized agent – This information is required.
- Title of authorized agent – This information is required.

Satisfaction of Second Lien

- Date of lien satisfaction – This information is required.
- Name of Lien Holder – This information is required.
- Certified By signature of authorized agent – This information is required.
- Title of authorized agent – This information is required.

Section 7 – Sales Tax Exemption

Check the appropriate box that applies for casual sales tax exemption.

Section 8 – Additional Information

Date of Purchase

- Date first operated in South Carolina
- Energy Efficient Manufactured/Mobile Home

New or Used

- Prior Title Number – Enter the title number of the title being surrendered; if vehicle is new, write MCO in this field.
- Prior Title State – Enter the name of the state where the vehicle was previously registered and titled.

The Vehicle Described on this Application Is – For Salvage Use Only
The Vehicle Sustained the Following Damage – For Salvage Use Only
Agency Reference Number – If Applicable
Salvage Percentage – For Salvage Use Only
Calculate the Salvage Percentage – For Salvage Use Only

Section 9 – Seller Information

Enter the seller's name (dealer information when applicable).

- South Carolina Dealer/Wholesaler Number
- South Carolina Sales Tax Number
- Sales Price of the vehicle
- Address – Enter the complete address of the seller.

Section 10 – Insurance Certification

Enter the name of the liability insurance company if applicant is titling and registering the vehicle. (**NOTE:** It is imperative that the correct insurance information be listed. Incorrect information may result in the suspension of the owner's driver license and license plate.)

Section 11 – Gift of Life Trust Fund

Indicates whether a Gift of Life donation was given and the contribution amount.

Section 12 – Signature of Owner

Ensure that the owner(s) has/have signed and dated DMV Form 400. This information is required.

THIS SECTION FOR DMV/DEALER USE ONLY – This section is to be completed in its entirety by a DMV employee.

Form 452 – Lost/Stolen or Destroyed License Plate Report Replacement Application

The Lost/Stolen or Destroyed License Plate Report Replacement Application is used to report that a plate was lost, stolen, or destroyed. This application must be completed before a replacement plate is issued to a customer.

Steps for Completing DMV Form 452

1. License Plate Number – That you are reporting missing (if applicable)
   - State – Enter SC
   - Year of Expiration
2. Name and Address of Registered Owner (that appears on Certificate of Title)
   - Name of registered owner
   - Street Address (residence address)
   - City in which owner resides
   - State where vehicle is registered
   - Home Telephone Number of registered owner
   - Work Telephone Number of registered owner
3. I certify that the plate listed above was – You must indicate whether it was lost, stolen or destroyed.

Date of Loss – Date first noticed missing (lost, stolen, or destroyed)
City in which the plate/decal was lost, stolen, or destroyed
State in which the plate/decal was lost, stolen, or destroyed
Circle the one that applies – "I do" or I "do not" wish to replace at this time
Owner's Signature – Registered owner's signature if he or she is the person making the report
Signature of Person Making Report – Signature of person making the report if not the registered owner
Print Name and Address of Person Making Report – The person making the report if different from the registered owner

Insurance Certification

Name of Insurance Company – You must list the name of insurance company if replacing plate/decal. Insurance information must be accurate. Do not guess.
Signature of Owner – Registered owner must sign the insurance section.

FOR DMV USE ONLY

This section is to be completed by a DMV employee only.

Form 4057 – Application for Name and/or Address Change, Date of Birth Correction, or Special Mailing

The Application for Name and/or Address Change, Date of Birth Correction, or Special Mailing will be used by the dealer to make an address correction **only**. The customer must complete this application. Any other change will have to be done in person at a local SCDMV branch office. (**NOTE:** The address on DMV Form 400 must match the address on file with the DMV. If the address does not match DMV files, DMV Form 4057 must be completed and signed by the customer or the titling application will be denied or returned by the DMV branch office for necessary corrections. The address on file with DMV should be the same as the address on the customer's driver's license.)

It is the responsibility of the clerk to verify that each section is completed when the application returns.

Property Tax Odometer (PTO) Form – Affidavit & Notification of Sale of Motor Vehicle

A PTO is a form used by the dealership to waive the property taxes for 120 days when a customer purchases a vehicle. This form is similar to a Bill of Sale. **(NOTE: The pink copy of the PTO will be delivered to the local SCDMV branch office by the dealership. The branch office will distribute to the appropriate county.)**

Form 4031 – Bill of Sale

A South Carolina Bill of Sale is required if the current Certificate of Title was issued before June 1989. The form documents the sale price of the vehicle, odometer information, and the seller and buyer information. Dealers also use DMV Form 4031 or a Property Tax Odometer (PTO) Form to document the transfer of a vehicle from one dealership to another dealership. The form may be used for that purpose until the vehicle is transferred to an individual who is not a dealer. This form will not be accepted by the DMV if you erase or "white out" any portion of the form.

BUYERS GUIDE

IMPORTANT: Spoken promises are difficult to enforce. Ask the dealer to put all promises in writing. Keep this form.

VEHICLE MAKE _____ MODEL _____ YEAR _____ VIN NUMBER _____

DEALER STOCK NUMBER (Optional) _____

WARRANTIES FOR THIS VEHICLE:

☐ AS IS - NO WARRANTY

YOU WILL PAY ALL COSTS FOR ANY REPAIRS. The dealer assumes no responsibility for any repairs regardless of any oral statements about the vehicle.

☐ WARRANTY

☐ FULL ☐ LIMITED WARRANTY. The dealer will pay _____% of the labor and _____% of the parts for the covered systems that fail during the warranty period. Ask the dealer for a copy of the warranty document for a full explanation of warranty coverage, exclusions, and the dealer's repair obligations. Under state law, "implied warranties" may give you even more rights.

SYSTEMS COVERED:

DURATION:

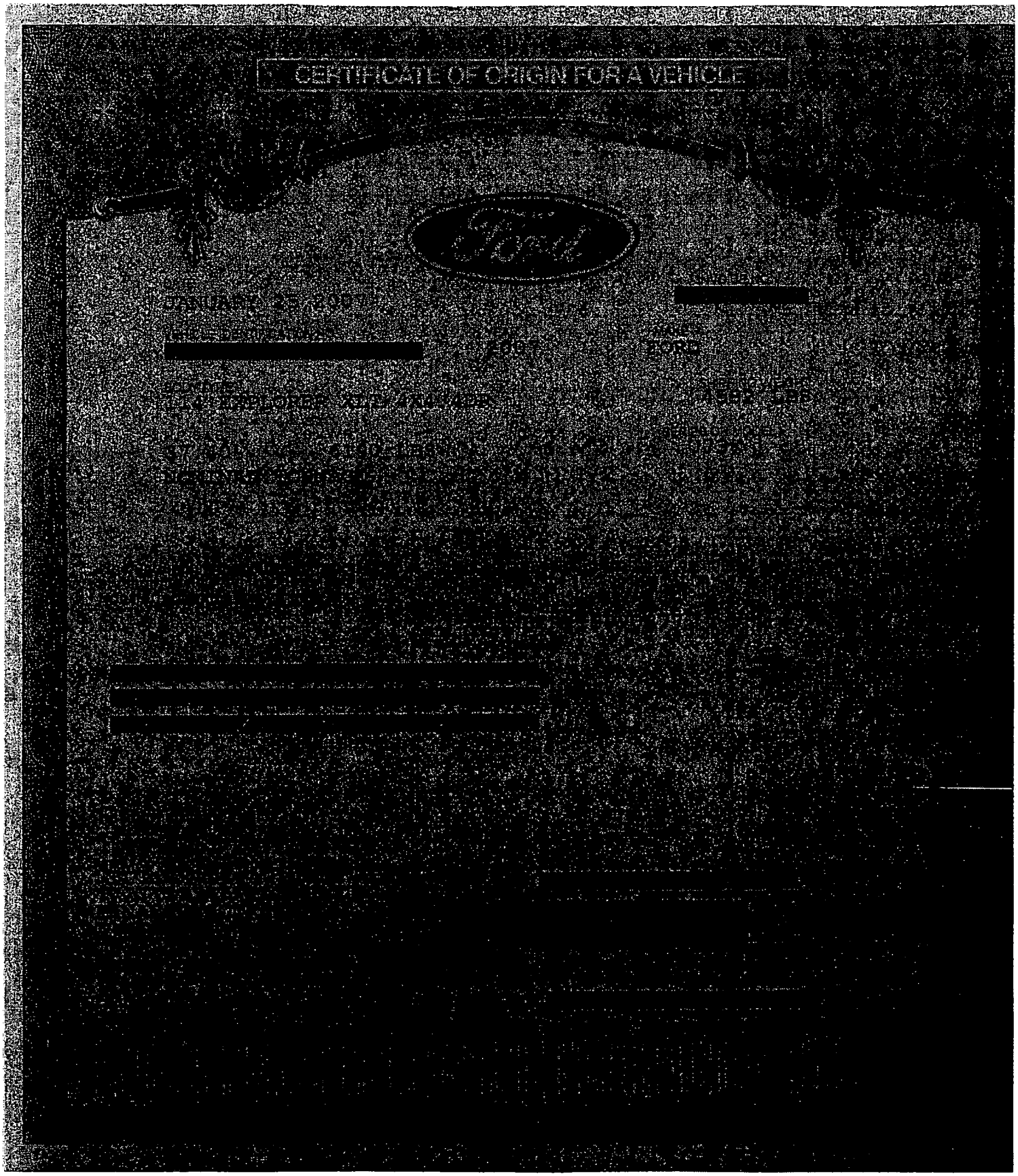
☐ SERVICE CONTRACT. A service contract is available at an extra charge on this vehicle. Ask for details as to coverage, deductible, price, and exclusions. If you buy a service contract within 90 days of the time of sale, state law "implied warranties" may give you additional rights.

PRE PURCHASE INSPECTION: ASK THE DEALER IF YOU MAY HAVE THIS VEHICLE INSPECTED BY YOUR MECHANIC EITHER ON OR OFF THE LOT.

SEE THE BACK OF THIS FORM for important additional information, including a list of some major defects that may occur in used motor vehicles.

Re-order from: Elaine Nixon - P.O. Box 547, Laurens, SC 29360 - (864) 984-5523

SAMPLE


CERTIFICATE OF ORIGIN FOR A VEHICLE
Ford

STATE OF SOUTH CAROLINA

CERTIFICATE OF TITLE

OF A VEHICLE

VEHICLE ID NUMBER | YEAR | MAKE | BODY STYLE | MODEL

WEIGHT | NEW/USED | TITLE NUMBER | ODOMETER | DATE ISSUED

USED | 00000000 | * | 09-04-1996

FULL NAME OF OWNER(S)

VEHICLE BRAND(S)

*ACTUAL MILEAGE

FIRST LIENHOLDER

1ST LIEN RELEASED _____ DATE

BY _____ AUTHORIZED AGENT

DATE OF LIEN

SECOND LIENHOLDER

2ND LIEN RELEASED _____ DATE

BY _____ AUTHORIZED AGENT

DATE OF LIEN

SPECIMEN

THE SOUTH CAROLINA DEPARTMENT OF PUBLIC SAFETY HEREBY CERTIFIES THAT THE PERSON HEREIN IS REGISTERED BY THIS DEPARTMENT AS THE LAWFUL OWNER OF THE VEHICLE DESCRIBED SUBJECT TO THE LIENS, IF ANY, HEREIN SET FORTH.

WILLIAM E. GUNN
INTERIM DIRECTOR
DEPT. OF PUBLIC SAFETY

DAVID M. BEASLEY
GOVERNOR

KEEP IN A SAFE PLACE. ANY ALTERATION OR ERASURE VOIDS THIS TITLE.

00000000

South Carolina Department of Motor Vehicles

APPLICATION FOR A DEALER OR WHOLESALER LICENSE

DLA-1
(Rev. 7/06)

NOTE: Form must be completed in its entirety. If space provided is insufficient, please reply on a separate sheet of paper and attach as part of the application. Submit original bond and power of attorney with application.

Check One: ☐ **Renewal** ☐ **First Time Application** ☐ **Change of Name, Address or Category**
(NOTE: All Changes must include a rider from your surety company indicating change being made.)

☐ Wholesale Only ☐ Travel Trailer Only ☐ Motorcycle Only ☐ Dealer (Retail/Wholesale) ☐ Wholesale Auction

I (we) hereby apply for license to engage in the PRINCIPAL BUSINESS of selling or dealing in motor vehicles within the State of South Carolina.

Name of Dealership

Street Address for Dealership

City	State	Zip Code	County

Telephone Number
(__ __ __)__ __ __ -- __ __ __ __

Special Mailing Address and E-Mail Address

Check Only One: ☐ Franchised ☐ Non-Franchised
If franchised, list Make(s) of Vehicles

1. _____
2. _____
3. _____

DEPARTMENT USE ONLY

License Year _____ Date of Issue _____
Specialist's Code _____

Fee Schedule

_____ Dealer/Wholesaler License Fee $50.00
_____ Demonstration Plate @ $20.00 per plate
_____ Total Dealer License Number _____

Demonstration Plates Assigned:

No. _____ No. _____
No. _____ No. _____
No. _____ No. _____

Check One Statement:

_____ Information below same as on computer file.
_____ Changes made to information below.

☐ Yes ☐ No 1. Do you have a surety bond in effect? Name and address of surety company _____

Surety Bond Number _____ Effective Date _____ to _____
Name of principal _____
Name of liability insurance company _____
Policy Number _____ Effective Dates _____ to _____
Name of Policyholder _____
Name of agent/agency _____ Phone Number _____

☐ Yes ☐ No 2. Was the Business a licensed dealer/wholesaler during previous year?

If yes, list license number _____
Indicate number of demonstration plates assigned _____
Average number of employees during previous year _____
Number of motor vehicles PURCHASED during the previous year _____
Number of motor vehicles SOLD during the previous year _____
Number of travel trailers PURCHASED during the previous year _____
Number of travel trailers SOLD during the previous year _____
Number of motorcycles PURCHASED during the previous year _____
Number of motorcycles SOLD during the previous year _____

For First Time Dealers or Dealers licensed less than one calendar year:

I hereby estimate that I will sell approximately _____ motor vehicles during the upcoming year. I understand that the number of license plates may be increased or decreased according to actual sales.

3. Are there any records for each vehicle transaction indicated in question two (2) which reflect the following:

☐ Yes ☐ No A. Dates of purchase and sale

☐ Yes ☐ No B. Vehicle Identification Number

☐ Yes ☐ No C. Name and address of seller, purchaser, and copy of odometer statement from seller to dealer/wholesaler and from dealer/wholesaler to purchaser. If no, explain on a separate sheet of paper

☐ Yes ☐ No 4. Sales Tax number assigned by S.C. Department of Revenue _____
Have monthly sales tax reports been filed with the S.C. Department of Revenue?

☐ Yes ☐ No 5. Do you sell motor vehicles on credit?

☐ Yes ☐ No If Yes, have you filed any credit notifications or maximum rate documents with the Department of Consumer Affairs?

☐ Yes ☐ No 6. Do you have a Dealer's Manual? (DMV Specialist's Code _____)

☐ Yes ☐ No 7. Is your business financially backed by another person or business? If yes, give details _____

_____

☐ Yes ☐ No 8. Does your business financially back any other dealer or wholesaler? If yes, list name and address of business _____

_____

☐ Yes ☐ No 9. Has the applicant, owner, sales personnel or agent been licensed as a motor vehicle dealer? If yes, answer the following on a separate sheet of paper: name of business, address, and the dates the business was in operation. Also indicate whether any claims or charges of fraudulent or deceptive trade practices or odometer rollbacks were brought against these individuals or entities.

☐ Yes ☐ No 10. Has the owner, applicant, sales personnel or agent ever been convicted of any offense involving any motor title or registration, auto theft, or odometer rollbacks? If yes, give details, name and address of court, date of convictions, offense convicted of and punishment imposed on a separate sheet of paper.

☐ Yes ☐ No 11. Has the owner, applicant, sales personnel or agent allowed the use of demonstration plates to operate wrecker in use by the business or to operate vehicle owned by the business that are leased or rented by the public? If yes, give details on a separate sheet of paper.

☐ Yes ☐ No 12. Has the license or demonstration plates of your business or any employee of your business ever been suspended or revoked or subject to suspension revocation? If yes, give details on a separate sheet of paper.

13. List complete name (do not use initials), address and driver's license number of the actual owner of the business. (Any person who has at least 10% ownership in the business): _____

_____

14. List name, address and driver's license number of principal sales manager of your business: _____

_____

15. List name, address and driver's license number of employees/agents of your business: _____

_____

Under penalties of perjury, I declare that I am the owner, partner or corporate officer of the business named on this application and that all of the information is true and correct. I further understand that false responses to these questions may result in denial, suspension or revocation of the motor vehicle license being sought and may subject me to prosecution for perjury and other criminal offenses. I have freely and knowingly executed the formalities of an oath in this affirmation and I hereby certify that I am authorized to apply for the license and to supply the information on behalf of the applicant.

_____
Print full name of person signing below

_____
Signature

Mail to:

South Carolina Department of Motor Vehicles
Dealer Licensing & Audit Unit
P.O. Box 1498
Blythewood, South Carolina 29016-0023

VISIT OUR WEBSITE AT www.scdmvonline.com

South Carolina Department of Motor Vehicles

Requirements for Obtaining a Motor Vehicle Dealer or Wholesaler License

DLA-1a (IS)
(Rev. 8/06)

Any Motor vehicle dealer or wholesaler applying for the first time will be required to be inspected prior to being issued a license. For the purpose of determining which dealers need to be inspected, the following guidelines will be used:

a) Any dealer or wholesaler who is applying for the first time.
b) Any dealer or wholesaler who is reapplying after having been closed for a year or having a license that has been expired more than ninety (90) days.
c) Any wholesaler changing from a wholesale to a retail dealer or visa versa.
d) Any dealer or wholesaler moving to a new location.
e) Any dealer or wholesaler changing ownership of a location.
f) Any dealer or wholesaler changing the name of the business.

In order to qualify as a Motor Vehicle Dealer, you must meet the following criteria:

1. "Motor Vehicle Dealers" must maintain a bona fide place of business consisting of a permanent structure containing at least 96 square feet of floor space, occupied by the applicant and easily accessible to the public. A bona fide place of business does not mean a residence, tent, temporary stand or other temporary quarters. The selling or exchanging of motor vehicles must be the principal business conducted from the location.
2. Place of business must display a permanent sign with letters at least six (6) inches in height, clearly readable from the nearest avenue of traffic. The sign must clearly identify the licensed business. The dealer's place of business must have a reasonable area or lot to properly display motor vehicles.
3. Must obtain liability insurance covering vehicles offered for sale. Demonstration plates will not be issued unless proof of liability insurance coverage is furnished.
4. Effective December 1, 2006 all dealers or wholesalers applying for an original dealer or wholesaler license must furnish a surety bond in the amount of $30,000.00, along with its Power of Attorney. An existing dealer or wholesaler must also obtain a new $30,000 surety bond or obtain a rider which increases your current bond to $30,000, along with its Power of Attorney. **Note, the current $15,000 surety bond requirement did not increase for the following dealer or wholesaler license groups, Travel Trailer , Motorcycle and Wholesale Auto Auctions.**
5. Must keep complete records of each transaction for a period of not less than five years from the date of the transaction. Records must be available for Department inspection upon demand during normal business hours.
6. Sales tax must be collected on any sale by a retail dealer. A sales tax number must be obtained from the South Carolina Department of Revenue, Tax Division. Applications for Title, Forms 400, must be completed reflecting the Dealer License Number, Sales Tax Number, and Dealers Signature.

In addition to the above requirements, an applicant for a non-franchise dealer license must attend an eight-hour pre-licensing course prior to being issued a dealer license. A copy of the certificate of completion of the course must accompany this application. You may contact the Dealer Licensing and Audit Unit at (803) 896-2611 for provider information or you may visit our website at www.scdmvonline.com. This requirement does not apply to non-franchised dealers owned and operated by a franchised automobile dealer, a non-franchised automobile dealer whose primary business is salvage or non-franchised dealers whose primary business objective and substantial business activity is the rental of motor vehicles.

A Motor Vehicle "Wholesaler" must meet all the requirements above except for items 1 and 2. A "Wholesaler" is not required to maintain a permanent place of business or display a sign. Wholesalers are not permitted to sell vehicles to individuals. They are licensed to sell to other licensed dealers only.

A Dealer or Wholesaler License applies to only one place of business of the applicant and is not transferable to another person or place of business.

For first time applications as defined by the guidelines indicated above, submit a completed and signed Form DLA- 1, *Application for a Motor Vehicle License* and DLA-1 B, *Surety Bond* along with its Power of Attorney, to the following address: Department of Motor Vehicles, Dealer Licensing and Audit Unit, PO Box 1498, Blythewood, South Carolina 29016-0023 No fees will be submitted at this time. Telephone Number: (803) 896-2611

Upon approval or disapproval of the application, you will be notified accordingly of the additional steps necessary.

For renewal of a Motor Vehicle License, submit the following to your local Department of Motor Vehicles Branch Office:

- Form DLA-1, Application for Motor Vehicle License, must be completed in its entirety and signed.
- Form DLA-1C, Certification of Vehicles Sold during the previous dealer license year.
- Fees are as follows:
  - Dealer or Wholesaler License $50.00
  - Demonstration Plates $20.00 each

VISIT US AT OUR WEBSITE www.scdmvonline.com

South Carolina Department of Motor Vehicles
Motor Vehicle Dealer and Wholesaler Surety Bond

DLA-1b
(Rev. 9/06)

Dealer Number: _____

Please read instructions on second page before executing bond.

Bond Number: _____ Effective Date: _____ Time: _____ ☐ AM ☐ PM

KNOW ALL MEN BY THESE PRESENTS: that we _____
(Firm Name as Licensed)

Doing business at _____

As Principal and _____ as Surety

are duly authorized to do business within the State of South Carolina, are held and firmly bound unto the people of the State of South Carolina to indemnify any owner of a motor vehicle, or his legal representative, who may be aggrieved by any fraud, fraudulent representation or violation by said Principal, salesmen, or representatives acting for such Principal within the scope of employment of such salesmen or representatives, of any of the provisions of Title 56 of the South Carolina Code of Laws relating to Motor Vehicle Dealers and the sale and transfer of motor vehicles, in the amount of:

(CHECK ONE)

☐ Thirty Thousand Dollars ($30,000) – All dealers and/or wholesalers not specifically listed in the next category,

☐ Fifteen Thousand Dollars ($15,000) – Wholesale Auto Auction, Travel Trailer and/or Motorcycle Dealers or Wholesalers,

lawful money of the United States of America, for which payment, well and truly to be made, we bind ourselves, jointly and severally, our joint and several heirs, executors, administrators, successors, and assigns, firmly by these presents.

WHEREAS, the above bounden Principal desires that a motor vehicle dealer's or wholesaler's license be issued and thereafter reissued from time to time by South Carolina Department of Motor Vehicles;

WHEREAS, this bond executed by the said Principal and Surety is filed with the South Carolina Department of Motor Vehicles, to enable said Principal to obtain a license from the Department under the provisions of that law.

NOW THEREFORE, the conditions of this obligation are such that if the Principal shall well and truly observe and strictly and faithfully comply with the aforesaid requirements of law and shall save and keep harmless any owner of a motor vehicle or his legal representation made to him by such Principal, such Principal's salesmen or representatives acting for the Principal or within the scope of the employment of such salesmen or representatives, or from any loss or damage suffered by reason of the violation such Principal or any such salesmen or representatives of any of the provisions of Title 56 of the South Carolina Code of Laws relating to Motor Vehicle Dealers and the sale and transfer of motor vehicles, then this obligation shall be null and void; otherwise it shall remain in full force and effect. It is understood that the injured party need not obtain a judgment against the Principal before making claim against the Surety on this bond.

This bond shall not automatically expire with the license for which it is initially issued, but shall continue indefinitely, from license year to license year, upon timely payment of the premium thereon. Before this bond may be cancelled, a thirty (30) day written notice must be given to the Department of Motor Vehicles. Such cancellation does not affect any liability incurred or accrued prior to cancellation.

_____ _____
(Principal) (Surety)

By: _____ By: _____
(Title) (Title)

VISIT US AT OUR WEBSITE: www.scdmvonline.com

South Carolina Department of Motor Vehicles

Motor Vehicle Dealer's and Wholesaler's Surety Bond Instructions

DLA-1b (IS)
(Rev. 9/06)

1. Every applicant for a motor vehicle dealer's and wholesaler's license must furnish the original Surety Bond for the amount required and Power of Attorney on a form to be prescribed by the Executive Director of the Department of Motor Vehicles. The purpose of the bond is to provide indemnity for loss or damage caused an individual due to fraud or fraudulent representation in relation to a sale or transfer of a motor vehicle by a licensed dealer, wholesaler or their employees.

Surety Bond Amount	Which Dealers and Wholesalers must furnish a Surety Bond for this Amount
Thirty Thousand Dollars ($30,000)	All dealers and/or wholesalers not specifically listed in the next category.
Fifteen Thousand Dollars ($15,000)	Wholesale Auto Auction, Travel Trailer and/or Motorcycle Dealers or Wholesalers.

2. The Executive Director of the Department of Motor Vehicles has prescribed a standard form of bond for motor vehicle dealers - Motor Vehicle Dealer and Wholesaler Surety Bond (Form DLA-1B), which is set forth on the reverse side hereof.

3. This bond must be executed by the applicant, as principal, and by a corporate surety company authorized to do business in this State, as surety, and given to the Department before the application can be acted upon.

4. This bond must be signed by either the owner, partner or corporate officer of the dealership (Principal) and an agent from your surety company.

5. The bond must be effective prior to or at the time of the granting of a license.

6. If the bonding company has changed, please submit a new original bond and Power of Attorney at the time of renewal.

7. If, during the license year, there is any change in a principal's name, address or ownership then an endorsement from the surety agent or a new bond will be required along with a new application for Dealer/Wholesaler License.

South Carolina Department of Motor Vehicles

CERTIFICATION OF VEHICLES SOLD BY DEALER

DLA-1C
(Rev 6-05)

DEALER NUMBER	DEALER NAME	DATE

NO.	DATE OF SALE	COMPLETE NAME & ADDRESS OF INDIVIDUAL SOLD TO	YEAR	MAKE	VIN	SALE $

This form may be reproduced as necessary.

The substitution of reports will be accepted on standard size paper with identical information.

Visit our website at www.scdmvonline.com

South Carolina Department of Motor Vehicles

APPLICATION FOR LICENSE AS MOTOR VEHICLE TRANSPORTER

DLA-3
(Rev. 2/04)

DMV USE ONLY	Transporter Plates Assigned		
Date of Issue _____	No. _____	No. _____	No. _____
Office Number and Specialist's Code _____	No. _____	No. _____	No. _____

I am applying for this license to engage in the business of limited operation of motor vehicles to facilitate the manufacture or constructions of cabs or bodies or the foreclosure or repossession of such motor vehicles, pursuant to the provisions of Section 56-3-2350, 1976 Code of Laws, as and if amended.

Name of Business	FEE SCHEDULE
Street Address (business location)	19 _____ Transporter License Fee **$50.00**
Mailing Address (if different from location)	_____ Transporter Plate(s) @ $10.00 per plate _____ Total _____
Telephone Number of Business	Transporter Permit No. _____
Indicate principal nature of business, i.e. whether construction of cabs or bodies or foreclosure or repossession of vehicles:	

Name of Liability Insurance Company _____

Policy Number _____ Effective Dates: _____ to _____

Name of Policyholder _____

Name of Agency/Agent _____

Is the location address above a ☐ commercial establishment or a ☐ residence? (check one)

Was the business a licensed transporter during 19_____ ? ☐ Yes ☐ No If yes, give permit no. _____

If the answer to the above question is yes, indicate number of transporter license plates issued to business for 19_____ : _____

Number of employees on payroll: _____

How many transporter license plates are you applying for with this application? _____

Is this business financially backed by another individual, dealer or company? _____

If the answer is yes, please give details: _____

(continued on reverse side)

Does transporter financially back any licensed motor vehicle dealer or transporter? If yes, give name of the dealer, the ownership and the address: _____

_____

List the names and address of the actual owners of the applicant's business. (Any person who has at least 10% ownership in the business):

_____

_____

Has this business or any of its owners, sales personnel, or agents had any claims or official charges made against it for unfair deceptive trade practices? If yes, give details: _____

_____

Has the applicant, owners, or agents been licensed in any other state as a motor vehicle transporter? _____ If so, give the name of the business , address, the dates the business was in operations, and indicate whether any claims or charges of unfair or deceptive trade practices were brought against these individuals or entitles. _____

_____

_____

Has the owner, applicant, or agent ever been convicted of any offense involving any motor vehicle registration or auto theft? _____

If yes, give details: _____

_____

Has the transporter license or transporter plates of this business (or any official or employee of this business) ever been suspended or revoked or subject to suspension or revocation? _____ If the answer is yes, please give details.

_____

State of _____ County of _____

I certify that I am the owner, partner or corporate officer of the business named on this application and that all of the above information is true and correct. I further understand that false responses to these questions may result in denial, suspension, or revocation of the motor vehicle transporter license being sought and may subject me to prosecution for perjury and other criminal offenses. I further certify that I am authorized to apply for the license and to supply the information on behalf of the applicant.

_____

Signature of Applicant

CERTIFICATION OF INSPECTION

This is to certify that I, the undersigned, a duly appointed agent of the South Carolina Department of Motor Vehicles, have reviewed this application and have made a personal investigation of the facilities and location as described hereon and in my opinion the said individual(s) or corporation maintain an established place of business of construction cabs or bodies or foreclosing or respossessing vehicles as set forth in Section 56-3-2350 of the 1976 Code of Laws.

_____

Agent's Signature

NOTE: This application, upon completion, must be reviewed and signed by an authorized agent of the South Carolina Department of Motor Vehicles prior to applying for a Transporter License. If space provided for answers is insufficient, please reply on a separate sheet of paper and attach as part of the application.

DEF 023

South Carolina Department of Motor Vehicles

DEALER COMPLAINT FORM

DLA-5
(Rev. 1/05)

OFFICE USE ONLY	MAIL OR FAX TO:
CASE # _____	Dealer Licensing & Audit Unit
COMPLAINT # _____	P.O. Box 1498
	Blythewood, SC 29016-0023
	Fax: (803)896-2619

TODAY'S DATE _____

YOUR NAME _____

ADDRESS _____

HOME TELEPHONE # _____ DAYTIME TELEPHONE # _____

DEALERSHIP INVOLVED _____ SALES PERSON _____

ADDRESS _____

The South Carolina Freedom of Information Act may require the Department of Motor Vehicles to release a copy of your complaint as a public record.

* ***PLEASE ATTACH A COPY OF THE BILL OF SALE***

PLEASE PROVIDE AN EXPLANATION OF YOUR COMPLAINT: _____

WHAT DO YOU WANT THE DEALER TO DO? _____

IS AN ATTORNEY HANDLING THIS COMPLAINT? _____ NAME _____

HAVE YOU CONSULTED ANY OTHER AGENCY? _____ NAME _____

_____
SIGNATURE OF COMPLAINANT

South Carolina Department of Motor Vehicles

MV-38
(Rev. 6/04)

☐ **MOTOR VEHICLE DEMONSTRATION CERTIFICATE** *(EXPIRES IN 7 DAYS)*

☐ **TRUCK DEMONSTRATION CERTIFICATE** *(EXPIRES IN 3 DAYS)*
(16,000 GVW OR GREATER)

Dealership Name
Dealer License Number — Dealer Plate Number
Complete Name of Prospective Purchaser
Beginning Date — Ending Date
Signature of Authorized Dealer

AFFIDAVIT & NOTIFICATION OF
SALE OF MOTOR VEHICLE

1779175

(Entire Form Must Be Typed or Printed)

Personally appeared before me _____
(Seller) (Dealer Retail Tax #)

_____
(Address)

who being duly sworn, deposes and says that on the _____ day of _____ 20 _____ ,

he sold the following motor vehicle: Make _____ Model _____

Year _____ Identification (Serial) No. _____

License No. _____ to _____
(Buyer)

_____
(Street) (City) (County) (State) (Zip)

_____
Special Mailing Address

Deponent further states that there are no liens or encumbrances on the said vehicle except as listed below:

Lienholder _____ Amount _____

Address _____ Date _____

I certify that the odometer now reads _____ (no tenths) miles and to the best of my knowledge that it reflects the actual mileage of the vehicle described below, unless one of the following statements is checked.

☐ (1) I hereby certify that to the best of my knowledge, the odometer reading reflects the amount of mileage in excess of its mechanical limits.

☐ (2) I hereby certify that the odometer reading is NOT the actual mileage. WARNING-ODOMETER DISCREPANCY

Federal law (and State law, if applicable) requires that you state the mileage upon transfer of ownership. Failure to complete or providing a false statement may result in fines and/or imprisonment.

_____
(Signature of Seller)

_____
(Print Seller's Name)

_____
(Signature of Buyer)

_____
(Print Buyer's Name)

Property Tax Section
Check One:

_____ Purchase License Plate

D.L. Number _____

License Plate Issued _____

_____ Transfer License Plate

_____
Signature of Buyer/if purchasing plates

WHITE COPY - TO HIGHWAY DEPARTMENT WITH TITLE AND LICENSING APPLICATION. YELLOW COPY - FOR DEALER'S FILE.
PINK COPY - TO HIGHWAY DEPARTMENT IF NEW TAGS ARE TO BE OBTAINED. GOLDENROD COPY - TO BUYER.

DEF 023
6-19

SCDMV

Application for Certificate of Title and Registration for Motor Vehicle or Manufactured Home/Mobile Home
Form 400 (Rev.10/05)
For more information, visit our website at **www.scdmvonline.com** or call our Customer Call Center at (803)896-5000.

Check the box next to the type of transaction you need. Please enclose the required documents and fees with your completed and signed application. For expedited services (within 3 business days) include an additional $20.00 fee. Please print or type in black ink only. **DO NOT SEND CASH.**

☐ **NEW TITLE & REGISTRATION**
1) Manufacturer Statement of Origin (MSO) or Title.
2) Paid Property Tax Receipt
3) **$15.00** title fee and regular registration fee.
4) Sales Tax (5% of selling price or $300.00 max.)
5) Insurance Information

☐ **TITLE AND PLATE TRANSFER**
1) Manufacturer Statement of Origin (MSO) or Title.
2) List Previous Tag #_____
3) Previous registration in owner's name.
4) **$15.00** title + **$10.00** transfer fee
5) Sales Tax (5% of selling price or $300.00 max.)
6) Insurance Information

☐ **MOBILE OR MANUFACTURED HOME**
1) Manufacturer Statement of Origin (MSO) or Title.
2) Consumer Insulation Report required for $300.00 sales tax cap, if mobile home is energy efficient.
3) **$15.00** title fee

☐ **TITLE ONLY**
1) Manufacturer Statement of Origin (MSO) or Title.
2) **$15.00** title fee
3) Sales Tax (5% of selling price or $300.00 max.)

☐ **DUPLICATE TITLE**
1) ___ Lost ___ Stolen or ___ Destroyed Title
2) **$15.00** title fee.

☐ **LEASED VEHICLE**
1) Do not complete Section 3. Complete Section 4 and all other applicable sections.

MAIL YOUR APPLICATION TO:
SCDMV
P.O. Box 1498
Blythewood, SC 29016 - 0024

SECTION 1 - VEHICLE INFORMATION

VEHICLE IDENTIFICATION NUMBER	MAKE	YEAR MAKE	BODY STYLE	MODEL	EMPTY WEIGHT	GVW

SECTION 2 - ODOMETER MILEAGE

FEDERAL AND STATE LAW REQUIRES THAT YOU STATE THE MILEAGE IN CONNECTION WITH THE TRANSFER OF OWNERSHIP. FAILURE TO COMPLETE OR PROVIDING A FALSE STATEMENT MAY RESULT IN FINES AND/OR IMPRISONMENT.

I STATE THAT THE ODOMETER NOW READS _____ (NO TENTHS) AND TO THE BEST OF MY KNOWLEDGE THAT IT REFLECTS THE **ACTUAL MILEAGE** OF THE VEHICLE DESCRIBED ABOVE **UNLESS** ONE OF THE FOLLOWING STATEMENTS IS CHECKED:

STOP **DO NOT CHECK ONE OF THE FOLLOWING UNLESS IT APPLIES.**

☐ EXEMPT

☐ I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE THE ODOMETER READING REFLECTS THE AMOUNT OF MILEAGE IN EXCESS OF ITS MECHANICAL LIMITS.

☐ I CERTIFY THAT THE ODOMETER READING IS NOT THE ACTUAL MILEAGE. **WARNING ODOMETER DISCREPANCY.**

SECTION 3 - OWNER INFORMATION

Your complete legal name must be used on all title and registration documents.

OWNER COMPLETE LEGAL NAME (LAST, FIRST, MIDDLE)		CUSTOMER NO., DRIVER LICENSE NO., SOC. SEC. OR FEIN NO.			DATE OF BIRTH
CO-OWNER COMPLETE LEGAL NAME (LAST, FIRST, MIDDLE)	SHARED OWNERSHIP ☐ AND ☐ OR	CUSTOMER NO., DRIVER LICENSE NO., SOC. SEC. OR FEIN NO.			DATE OF BIRTH
RESIDENCE STREET ADDRESS (APT. NO. IF APPLICABLE)		CITY	STATE	ZIP CODE	COUNTY
MAILING ADDRESS (IF DIFFERENT FROM ABOVE)		CITY	STATE	ZIP CODE	COUNTY
ADDRESS WHERE VEHICLE IS HOUSED (IF DIFFERENT FROM ABOVE)		CITY	STATE	ZIP CODE	COUNTY
DAYTIME TELEPHONE NUMBER	TEMPORARY ADDRESS (IF APPLICABLE)		EXPIRATION OF TEMPORARY ADDRESS		

SECTION 4 - LEASING INFORMATION

Complete only for a leased vehicle.

LEASING COMPANY NAME	PHONE NO.	CONTACT PERSON	CUSTOMER NO.	
ADDRESS	CITY	STATE	ZIP CODE	
NAME OF LEASEE (PERSON LEASING VEHICLE)	DRIVER LICENSE NO., SOC. SEC. NO. OR FEIN NO.	DATE OF BIRTH		
RESIDENCE STREET ADDRESS (APT. NO. IF APPLICABLE)	CITY	STATE	ZIP CODE	COUNTY
MAILING ADDRESS (IF DIFFERENT FROM ABOVE)	CITY	STATE	ZIP CODE	COUNTY
ADDRESS WHERE VEHICLE IS HOUSED (IF DIFFERENT FROM ABOVE)	CITY	STATE	ZIP CODE	COUNTY

SECTION 5 - LIEN INFORMATION

CUSTOMER NO. OR FEIN NO.	LIENHOLDER NAME (FIRST LIEN)	DATE OF LIEN	CONTACT PERSON	TELEPHONE NUMBER
MAILING ADDRESS		CITY	STATE	ZIP CODE
CUSTOMER NO. OR FEIN NO.	LIENHOLDER NAME (SECOND LIEN)	DATE OF LIEN	CONTACT PERSON	TELEPHONE NUMBER
MAILING ADDRESS		CITY	STATE	ZIP CODE

SECTION 6 - SATISFACTION OF LIEN

SATISFACTION OF FIRST LIEN
THIS IS TO CERTIFY THAT THE LIEN AGAINST THE VEHICLE HAS BEEN FULLY SATISFIED ON:

DATE _____

NAME OF LIEN HOLDER _____

CERTIFIED BY _____

TITLE _____

SATISFACTION OF SECOND LIEN
THIS IS TO CERTIFY THAT THE LIEN AGAINST THE VEHICLE HAS BEEN FULLY SATISFIED ON:

DATE _____

NAME OF LIEN HOLDER _____

CERTIFIED BY _____

TITLE _____

SECTION 7 - SALES TAX EXEMPTION

Complete this section if you are entitled to a sales tax exemption.

VEHICLE PURCHASED FROM INDIVIDUALS AND TITLED IN SOUTH CAROLINA ARE SUBJECT TO SALES TAX UNLESS EXEMPT. THE TAX IS 5% OF THE SALES PRICE UP TO A MAXIMUM OF $300.00. (MOBILE HOMES ARE CALCULATED DIFFERENTLY.)

☐ THE VEHICLE WAS TRANSFERRED FROM: ◯ MY PARENT ◯ MY SPOUSE ◯ MY CHILD ◯ MY BROTHER/SISTER ◯ MY GRANDPARENT ◯ MY GRANDCHILD

☐ THE VEHICLE WAS TRANSFERRED TO ME AS: ◯ LEGAL HEIR ◯ BENEFICIARY ◯ DISTRIBUTEE

☐ I AM NON-RESIDENT MILITARY PERSONNEL ☐ THE VEHICLE WAS A BONAFIDE GIFT

SECTION 8 - ADDITIONAL INFORMATION

DATE OF PURCHASE	DATE FIRST OPERATED IN S.C.	ENERGY EFFICIENT MANUFACTURED/MOBILE HOME? ☐ YES ☐ NO
NEW OR USED?	PRIOR TITLE NUMBER	PRIOR TITLE STATE

THE VEHICLE DESCRIBED ON THIS APPLICATION IS: ☐ REBUILDABLE ☐ NON-REBUILDABLE

THE VEHICLE SUSTAINED THE FOLLOWING DAMAGE: ☐ COLLISION ☐ FIRE ☐ WATER ☐ STOLEN (RECOVERED) ☐ STOLEN (UNRECOVERED)

AGENCY REFERENCE NUMBER

SALVAGE% _____

Calculate the Salvage Percentage:
Predamaged Value _____
Estimate for Repairs _____
Percentage _____

SECTION 9 - SELLER INFORMATION

SELLER OR DEALER NAME	SC DEALER/WHOLESALER NUMBER	SC SALES TAX NUMBER	SALES PRICE

ADDRESS	CITY	STATE	ZIP CODE

SECTION 10 - INSURANCE CERTIFICATION

A VEHICLE MUST BE INSURED WITH LIABILITY INSURANCE COVERAGE WHEN IT IS REGISTERED AND IT MUST REMAIN INSURED WHILE REGISTERED, WHETHER OR NOT IT IS OPERATED, OR THE UNINSURED MOTORIST FEE MUST BE PAID. PENALTIES ARE SEVERE FOR VIOLATION OF THIS REQUIREMENT.

UNDER PENALTIES OF PERJURY, I (WE) DECLARE THAT THIS VEHICLE IS **INSURED** BY A **LIABILITY INSURANCE** POLICY ISSUED THROUGH AN INSURANCE COMPANY LICENSED TO DO BUSINESS IN SOUTH CAROLINA AND IT WILL REMAIN INSURED THROUGHOUT THE REGISTRATION PERIOD.

NAME OF INSURANCE COMPANY _____

SECTION 11 - GIFT OF LIFE TRUST FUND

DO YOU WISH TO DONATE AN ADDITIONAL $1.00 OR MORE TO THE GIFT OF LIFE TRUST FUND? ☐ YES ☐ NO AMOUNT $ _____

SECTION 12 - SIGNATURE OF OWNER

UNDER PENALTIES OF PERJURY, I DECLARE THAT I AM THE OWNER OF THIS VEHICLE AND REQUEST THAT A SOUTH CAROLINA CERTIFICATE OF TITLE AND/OR REGISTRATION BE ISSUED. I FURTHER CERTIFY THAT THE INFORMATION ON THIS APPLICATION IS CORRECT TO THE BEST OF MY KNOWLEDGE. THE VEHICLE IS SUBJECT TO THE LIENS NAMED AND NO OTHERS.

_____

SIGNATURE OF OWNER (S) - MUST BE SIGNED IN INK BY OWNER OR AUTHORIZED AGENT (ATTACH POWER OF ATTORNEY IF APPLICABLE) DATE

DISCLOSURE STATEMENT

58-3-240 (SOUTH CAROLINA CODE OF LAWS) - THE DEPARTMENT SHALL OBTAIN THE FEDERAL EMPLOYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER WHEN A VEHICLE IS REGISTERED WITH A GROSS VEHICLE WEIGHT OF MORE THAN 26,000 POUNDS OR A BUS COMMON CARRIER. THE DRIVER PRIVACY PROTECTION ACT OF 1994 (DPPA), 18 USC SECTION 2721-2725 RESTRICT THE DISCLOSURE OF PERSONAL INFORMATION CONTAINED IN OUR RECORDS.

PENALTY FEES

FAILURE TO REGISTER WITHIN 45 DAYS OF THE DATE OF PURCHASE WILL RESULT IN PENALTY FEES IN ADDITION TO REGULAR TITLE AND/OR REGISTRATION FEES. THE LATE PENALTY FEE SCHEDULE IS AS FOLLOWS:

46 - 60 DAYS LATE - $10.00 **61 - 75 DAYS LATE - $25.00** **76 - 135 DAYS LATE - $50.00** **OVER 135 DAYS LATE - $75.00**

THIS SECTION FOR DMV USE ONLY

STAMP VEHICLE BRANDS

RATED BY	**TRANSACTION FEES**	
OFFICE/OFFICE NUMBER	EXPEDITED FEE	WEIGHT INCREASE
PLATE NUMBER	LICENSE FEE	TRANSFER
EXPIRATION DATE	UNINSURED FEE	TITLE
PLATE CLASS	USE OR SALES TAX	GIFT OF LIFE FUND
SUSPENSE REASON	PENALTY	TOTAL

DEF 023

R.002000