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April 22, 2009

**Re: ARA Services Corporation NMVTIS Reporting Service**

Dear Auto Recycler:

The purpose of this letter is to provide you with an update on the efforts being made by ARA Services Corporation and Car-Part.com to assist auto recyclers in complying with their monthly reporting obligations under the Anti-Car Theft Act of 1992 (as amended by the Anti-Car Theft Improvements Act of 1996) (the "Anti-Car Theft Act").

What is NMVTIS?

The Anti-Car Theft Act requires the establishment of an information system (commonly referred to as the National Motor Vehicle Title Information System or NMVTIS) and requires salvage yards and junk yards (as such terms are defined in the Anti-Car Theft Act) to provide to the operator of NMVTIS an inventory of all junk automobiles or salvage automobiles obtained by the yard on a monthly basis. Currently, the operator of NMVTIS is the American Association of Motor Vehicle Administrators ("AAMVA").

On January 30, 2009, the Department of Justice ("DOJ"), the governmental agency charged with responsibility of implementing NMVTIS and the other provisions of the Anti-Car Theft Act, published the final rules which implement the NMVTIS reporting requirements imposed on salvage yards under the Anti-Car Theft Act. The rules require any individual or entity operating a salvage yard within the United States to provide to the operator of NMVTIS, on a monthly basis as designated by the operator of NMVTIS, an inventory of all junk automobiles or salvage automobiles obtained in the prior month.

Additional information regarding NMVTIS is available on the DOJ's [www.NMVTIS.gov](http://www.NMVTIS.gov) website and on AAMVA's website ([www.AAMVA.org](http://www.AAMVA.org)).

What Information has to be Reported?

The final NMVTIS rules require that the inventory report to be filed with the operator of NMVTIS include the following information:

- (1) the name, address, and contact information for the reporting entity;
- (2) VIN;
- (3) the date the automobile was obtained;
- (4) the name of the individual or entity from whom the automobile was obtained; and
- (5) a statement of whether the automobile was crushed or disposed of, for sale or other purposes, to whom it was provided or transferred, and if the vehicle is intended for export out of the United States.

The rules also require that this inventory be provided to the NMVTIS operator in a format acceptable to the NMVTIS operator and that these reporting obligations will commence no later than March 31, 2009. In addition, AAMVA has identified the following additional desired information that it would like salvage yards to report: (a) mileage/odometer reading; (b) vehicle description (make, model, year); (c)

title number; (d) state of title; and (e) state brand(s). This additional desired information is not required under the final NMVTIS rule but will be included in the NMVTIS database if reported.

*When do the NMVTIS Reporting Requirements go into Effect?*

As summarized above, Section 25.56(a) of the final NMVTIS rules (28 CFR §25.56(a)) provides that “[b]y no later than March 31, 2009, and continuing on a monthly basis as designated by the operator, any individual or entity engaged in the business of operating a junk yard or salvage yard within the United States shall provide, or cause to be provided on its behalf, to the operator and in a form acceptable to operator, an inventory of all junk automobiles or salvage automobiles obtained in whole or in part by that entity in the prior month.” The DOJ has repeatedly indicated that its initial focus regarding NMVTIS reporting will be on compliance and not on enforcement. In an NMVTIS update posted on the [www.nmvtis.gov](http://www.nmvtis.gov) website on March 13, 2009, the DOJ: (1) recognized that the reporting mechanisms may not be in place and/or operating in a manner to allow the required NMVTIS reporting by auto recyclers by March 31, 2009; and (2) indicated that an auto recycler should file the required data with respect to all junk and salvage automobiles obtained on or after March 1, 2009 even if their initial report is delayed after the March 31, 2009 date referenced in the NMVTIS rules. While ARASC cannot assure you that the DOJ will not change its position with respect to focusing on compliance rather than enforcement (or provide you guidance regarding when the DOJ will begin focusing more intently on the enforcement provisions relating to the NMVTIS rules), based on the statements made by DOJ to date ARASC does not believe that an auto recycler should be overly concerned if its initial NMVTIS reporting is delayed for a period after March 31, 2009 (so long as the auto recycler is prepared to report the required data with respect to all vehicles acquired on or after March 1, 2009 when it makes its initial NMVTIS report).

*To whom do I have to Report the Information?*

AAMVA, the operator of the NMVTIS system, has indicated that it does not intend to collect the required data directly from salvage yards. Rather, it intends to designate data consolidators to which salvage yards will be required to submit their data and such data consolidators will report the information to AAMVA for inclusion in the NMVTIS system. The DOJ has indicated that it would like AAMVA to appoint enough data consolidators so that free market forces are able to take effect and that salvage yards will be able to report their data at little or no cost. In the discussion of certain comments submitted in response to the proposed NMVTIS rules, the DOJ indicated that it will require AAMVA to designate at least 3 data consolidators to which salvage yards may report their data. In our discussions with AAMVA, AAMVA has indicated that it eventually hopes to designate at least 4-5 such data consolidators. However, due to the time constraints currently faced by AAMVA in getting the reporting mechanisms and consumer access portals in place, it will initially only work with Auto Data Direct, Inc. and Insurance Services Office, Inc., both of which have already been announced as authorized data consolidators.

The National Salvage Vehicle Reporting Program (“NSVRP”), a reporting program being administered by Howard Nusbaum, has indicated that NSVRP participants will have their data submitted into NMVTIS for no per-transaction cost (although NSVRP has indicated that it expects Insurance Services Office, the data consolidator to be used by participants in the NSVRP program, to charge an initial setup fee and a yearly renewal fee) if they provide the information required to be reported under the final NMVTIS rules (along with certain other information designated by the NSVRP) to the National Insurance Crime Bureau (“NICB”). NICB is permitted to use the information submitted pursuant to NSVRP for law enforcement, anti-fraud, and other unspecified non-commercial purposes.

We recommend that auto recyclers contact Auto Data Direct, Insurance Services Office and NSVRP directly for more information on their respective fees, reporting methods, technical specifications and their respective timeframes for being able to begin submitting auto recyclers' inventory reports into NMVTIS.

*What are ARA Services Corporation and Car-Part.com doing with respect to NMVTIS Reporting?*

Although the methods and procedures for NMVTIS reporting are still in a state of flux, ARA Services Corporation and Car-Part.com have agreed to work together in an effort to assist you in complying with your monthly reporting obligations under the Anti-Car Theft Act.

ARA Services Corporation has been in regular communication with the AAMVA and the DOJ in an effort to be designated as an authorized data consolidator. It is ARA Services Corporation's desire to become an authorized data consolidator as quickly as possible and to provide an NMVTIS Reporting Service free of charge to all Car-Part.com web services customers that authorize Car-Part.com to forward VIN data to ARA Services Corporation (provided that ARA Services Corporation is not required to pay a fee to AAMVA or any other party in order to serve as a data consolidator). ARA Services Corporation intends to offer an NMVTIS reporting service that will:

- be fully-automated and integrated within many inventory management systems (including Checkmate, FastParts, Hollander, Powerlink I, Powerlink II, Pinnacle Classic, AIMS, and ISoft);
- provide auto recyclers the ability to report only the minimum information required by the NMVTIS rules;
- provide auto recyclers the ability to report only the information relating to junk automobiles or salvage automobiles obtained on or after March 1, 2009; and
- protect the data of auto recyclers from being used in a manner that is not in the best interest of auto recyclers.

Car-Part.com already collects most of the information that is required to be reported under NMVTIS in its standard inventory upload process. Car-Part.com is also already in the process of modifying its inventory upload process to include all of the information that is required to be reported by auto recyclers under the NMVTIS rules. Car-Part.com expects that the inventory upload processes will be updated on all inventory management systems supported by Car-Part.com to collect all required NMVTIS data by the end of April. AAMVA has recently advised us that they do not expect to designate another data consolidator until late May.

We understand that Car-Part.com has developed reports for Checkmate and Fast Parts customers as an interim step that will allow them to extract the required NMVTIS data into a CSV (comma separated values) file as required by the NSVRP program. We understand that these reports are currently undergoing the final stages of beta testing and will be available to Checkmate and Fast Parts customers in the near future. Checkmate and Fast Parts customers will need to contact either Auto Data Direct, Insurance Services Office or NSVRP for instructions on how to obtain an NMVTIS reporting entity identification number (only Auto Data Direct and Insurance Services Office are currently in a position to assign such numbers) and on what to do with the CSV file in order to allow Auto Data Direct, Insurance

Services Office or NSVRP to make the NMVTIS reporting on behalf of such recycler. We also understand that detailed instructions regarding which fields to enter the required NMVTIS information into for the various inventory management systems and how to run the Checkmate and Fast Part reports described above will be provided by Car-Part.com to all of its customers in the near future.

*Who is ARA Services Corporation?*

ARA Services Corporation is a joint venture between Car-Part.com and the Automotive Recyclers Association whose primary business is to provide VIN data feeds to others (including Car-Fax and Experian). Car-Part.com is the data collector and manager of ARA Services Corporation. Contributing your VIN data to ARA Services Corporation in this manner is also a good way to promote the interests of auto recyclers in general. To help support ARA's efforts and initiatives on behalf of auto recyclers, over \$145,000 was paid to ARA from ARA Services Corporation's VIN data feed revenue in the fiscal year ended August 31, 2008.

We hope that ARA Services Corporation will be designated as an authorized data consolidator in the near future and that you will elect to use the ARA Services Corporation NMVTIS Reporting Service in the event that ARA Services Corporation is designated as an authorized data consolidator. We will endeavor to keep you informed of ARA Services Corporation's status and any other new developments regarding the reporting obligations of junk yards and salvage yards under the Anti-Car Theft Act. If you have any questions regarding the foregoing or the ARA Services Corporation NMVTIS Reporting Service, please contact us at [NMVTISReporting@car-part.com](mailto:NMVTISReporting@car-part.com).

**Roger Schroder**

Roger Schroder  
Vice President and Treasurer  
of ARA Services Corporation

*On behalf of the Directors of ARA Services Corporation*

Jim Watson  
Roger Schroder  
Joe Nissenbaum  
Jeff Schroder  
David Gold