

# Terms of Business with Integrity Exports Co. Ltd.

Our goal at Integrity Exports is to do business with integrity. Unlike many exporters, we have detailed Terms of Business. These have been written clearly and carefully so that you know exactly where you stand

Please read these Terms of Business carefully and [if you have a question, please contact us](#) so we can help you.

## **1. This Contract**

These Terms of Business (hereafter “Terms”) cover all business transactions between Integrity Exports Co. Ltd of Ikeda-shi, Osaka, Japan (hereafter “the Company”) and the individual or legal entity who indicates agreement to be bound by these Terms by completing an application form (hereafter “the Customer”).

These Terms are the full and sole expression of all rights and obligations existing between the Company and the Customer.

## **2. Changes to These Terms of Business**

The Company may make changes to these Terms. However, in the event that changes are made, the Company will notify the Customer at least 1 calendar month before they are going to come into effect.

If the Customer continues transacting business with the Company on or after the date on which the changes come into effect, this constitutes the Customer's full acceptance of and agreement to be bound by these revised Terms.

The Customer does not have the right to make changes to these Terms. However, the Company may consider making changes on the basis of suggestions from the Customer.

## **3. The Application Form**

A Customer can be either an individual, or a legal entity such as a company. When an individual or legal entity completes an application form, they warrant that they have the legal capacity to enter contracts.

By completing and signing the application form that the Company provides, the Customer is agreeing to abide by and be bound by these Terms.

An individual or legal entity becomes a Customer when they complete the application form, pay the deposit and are accepted by the Company as a Customer. The Company can reject any application in its sole discretion. The Company, in its sole discretion, may cease doing business with the Customer at any time. In this situation (assuming the Customer is not in breach of any of these Terms), the Company will complete processing and shipping of vehicles, and will return any positive balance that is in the Customer's account minus transfer fees.

## **4. Information Supplied by the Customer**

The Customer has an obligation to ensure that he / she supplies the Company with the accurate information required to transact business in a timely manner. Failure to do so can result in loss or extra charges. The Company is not liable for any losses or damages resulting from such a failure. These are the sole responsibility of the Customer.

## **5. Deposit**

The purpose of the deposit is so that the Company can ensure that the Customer is a serious individual or legal entity who intends to honor these Terms.

The Company will not consider proxy bids from the Customer unless the Company has a deposit from the Customer. The standard deposit amount is 100,000 Japanese Yen and must be paid to the Company through bank transfer, PayPal or other electronic means as offered by the Company.

If the Customer wishes to purchase a vehicle with an auction price of 1 million Yen or more, the Company reserves the right to ask the customer to pay a larger deposit equivalent to 10% of the anticipated auction price prior to the Company bidding on this vehicle for the Customer.

The deposit is fully refundable if the Customer has bought more than 2 vehicles and is not in breach of these Terms. If the Customer has bought 2 or fewer vehicles, then the Company shall retain 50,000 Yen of the deposit and refund the remainder. If the Customer is in breach of these Terms, then no refund will be made while the breach is ongoing.

A deposit refund can be done either using a bank transfer, or by putting this amount towards payment due on a vehicle. If the Customer elects to have the Company make the refund using a bank telegraphic transfer, the cost of remittance will be deducted from the sum sent. The Company will also not cover intermediary bank charges, or recipient bank charges. In some cases this may result in the final amount received being less than the deposit amount remitted.

If the Customer is not in breach of these Terms and is eligible for a refund of this deposit, the refund will be sent within 14 days of receiving this request in written form.

## **6. The Website and Online Auction System**

The Company will make every reasonable effort to ensure that its website ([integrityexports.com](http://integrityexports.com)) and associated online car auction system are operational and available for the Customer to access. The Company also makes every reasonable effort to ensure that the online facilities it provides are secure and that the information displayed there is accurate.

It is the Customer's responsibility to ensure that he / she has access to a computer and Internet connection suitable for accessing and using these facilities. The Customer is only permitted to use the Company's online auction system for the purpose of purchasing cars for export from the Company.

The Customer is responsible for the security of his / her log in and password details. Anytime the Company's online facilities are accessed with the Customer's user name and password, this shall be taken to be an action that the Customer him / herself is carrying out and the Customer will be solely liable for the results of these actions. So it is vitally important to keep your password and user name safe and confidential.

The Company carries out its business online and therefore the Customer needs to ensure that he / she accesses these facilities regularly to receive and input new information.

All exchanges about specific proxy bids prior to bidding on a vehicle must be carried out through the Company's online system and not by other means such as email or phone.

## **7. Basic FOB Charges**

Unlike many other exporters, Integrity Exports avoids complex charging schemes and hidden costs. The basic FOB (Free On Board – cost of vehicle and all Japan-side costs, but not including international shipping) charge for a vehicle is made up of the following four factors:

- The “raw” auction price of the vehicle.
- The internal transport cost to bring it from the auction to the port.

- The cost of passing the vehicle through Japanese customs (customs fee and custom broker charge)
- The Company's commission.

The “raw” auction price does not include Japanese sales tax, bidding fee, recycle fee or other costs which the Company does not pass on to the Customer.

The Company has the following two commission charge structures:

#### *Pre-Pay Commission Rate*

If the Customer has sent funds to the Company in advance such that his / her account with the Company is positive to at least the FOB value of the vehicle (as calculated using the Pre-Pay rate) at the time of purchase, and the “raw” auction price of the car is 1,000,000 JPY or less, then the commission amount will be 70,000 Yen total.

*(So, if a customer has sent money in advance and has 500,000 Yen as a positive balance in her account, if she then buys a car that will be 475,000 Yen FOB with the Pre-Pay rate is applied, this purchase is covered fully by her positive account balance and so this purchase is eligible for the Pre-Pay Commission Rate of 70,000 Yen.)*

#### *Regular Commission Rate*

If the Customer's purchase is not eligible for the Pre-Pay Commission Rate, then the following rate will be charged as commission:

(“Raw” auction price of vehicle \* 5%) + 70,000 Yen

*(For example, if a customer is paying the Regular Commission Rate on a car that was bought for a raw auction price of 200,000 Yen, then the amount of commission charged would be: (200,000 Yen \* 5%) + 70,000 Yen = 80,000 Yen.)*

The FOB charges above cover the basic purchase and export of a normally-functioning vehicle on a RORO ship: The purchase at the auction, the transport to the port and the process of deregistering the vehicle, passing it through Japan-side customs, photographing it, getting it on a ship, and paying for maritime insurance.

In some circumstances, or for exporting vehicles to particular countries, extra work may be required in addition to the standard export. For example, some countries require a JEVIC or JAAI certificate in order to import a vehicle. Another possibility is that some countries do not have a RORO service available and so vehicles must be shipped by container, incurring additional loading, THC and drayage etc. costs.

It is the Customer's responsibility to ask the Company in advance if additional information about particular charges for his / her vehicle purchases is required.

## **8. Purchasing**

The Customer uses the Company's online car auction system to search for vehicles to purchase and to get information about these vehicles. The Customer then places proxy bids telling the company which vehicles to bid on and his / her maximum bid amount. The Company then bids live in the vehicle auctions throughout Japan, trying to get the vehicle at the best price within the Customer's maximum bid.

By placing a proxy bid, the Customer commits to pay the full amount due for the vehicle itself and all related charges if the Company is successful in winning it at the auction.

The Customer may cancel his / her proxy bid by entering a message in the Company's online car auction

system clearly stating that the proxy bid should be canceled. The Customer must enter this message before 9AM Japan time (JST) on the day of the auction for the proxy bid cancellation to be valid.

The Company will make every effort to keep within the Customer's bidding maximum. However, the nature of the vehicle auction bidding in Japan is such that close bidding near the Customer's maximum can sometimes result in vehicles being bought for a little more than the Customer's limit. However, in these cases, the Company will discount the amount by which the bought price exceeded the Customer's maximum bid from the commission so that the customer is not over his / her budget.

The Company commits to charge the Customer the actual raw auction price of the vehicle. At the Customer's request, the Company will provide a scan of the invoice from the original vehicle auction showing the raw auction price with only sensitive information and information about other customer's cars disguised for privacy reasons. If the Company fails to provide this within 2 Japanese business days, the Customer will be entitled to receive a 10,000 JPY credit in his / her account with the Company.

“Japanese business day” refers to a weekday that is not a public holiday in Japan, nor does it fall within the traditional Japanese Golden Week (end of April and start of May) or Obon (mid-August) periods.

## **9. Receiving Payments**

A payment is deemed as having been made by the Customer at the moment funds from the Customer arrive in the Company's bank account in Japan. The Customer should bear in mind that there is often a delay of several days between when funds are sent, and when they arrive in the Company's bank account.

The amount credited to the Customer's account is the final amount the Company receives in its bank account after all sending, intermediary and recipient bank charges have been deducted.

## **10. Ownership of Vehicles**

Vehicles purchased for the Customer are the sole property of the Company until the Customer has paid the full F.O.B. price of the vehicle and all other related charges.

## **11. Canceling Purchases**

The Customer may cancel the purchase of a vehicle at any time between the moment the Company purchases this vehicle at auction for the customer until 10 Japanese business days prior to the estimated time of departure (ETD) of the ship on which the vehicle is booked to leave. After this time, the Customer cannot cancel the purchase of the vehicle and must pay the full amount due.

There will be a cancellation charge consisting of all the actual costs of re-auctioning the vehicle plus a 40,000 Yen fee.

If the Customer cancels a vehicle and the Company then re-auctions this vehicle, the Company will then invoice the Customer with the above charges. The Customer must make full payment to the Company by the end of business (Japan time) on the Friday of the calendar week after the week in which the Customer was invoiced.

## **12. Vehicle Descriptions**

Data, photos and images of vehicles in the auctions around Japan are received from the auctions and displayed on the Company's website. This information is displayed as-is, and as such the Company does not give any warranty expressed or implied that this information reflects the actual condition of the vehicles.

### **13. Auction Sheet Translations**

Customers may request human translations into English of the auction sheet (the auction inspector's report) for vehicles that they are seriously considering bidding on. The Company will have translations done by a person with the ability to do this work to a high standard of accuracy. The Company warrants that these human translations are accurate.

We strongly advise you to request a translation prior to confirming your proxy bid.

Translations are provided at no charge to Customers. However, the Company has the right to refuse to provide a translation, or it may not be able to provide a translation, if a suitable translator is not available at that time. The customer can then decide to proceed without a translation, or to cancel the proxy bid.

The translation will cover comments written in Japanese on the auction sheet by the inspector that pertain to those negative and positive features of the vehicle that are likely to influence the customer's decision to enter a proxy bid or not.

*(For example, the translator will translate a comment such as "rust underneath" written in Japanese. However, the translator will not translate a comment such as "Recycle fee 12,780 Yen" since this is something that has no bearing on the quality of the vehicle itself and will not affect the cost of the vehicle to the Customer.)*

Some things the translation will not include are:

- Anything in the data about the car displayed on the online car auction system.

*(For example, the data will often already show information such as "air conditioning", "power windows" etc. that the translator will not enter into the translation as well.)*

- Anything written in Roman letters and Arabic numerals on the auction sheet.

*(For example, if the auction sheet has "2WD" (two-wheel drive) written on it, the translator will not enter this in the translation as well.)*

- Anything written on the "car map" (the diagram on the auction sheet which shows the exterior condition of the car) in Roman letters and Arabic numerals. However, anything written in Japanese on the car map will be entered into the translation. The Company will supply information to assist the Customer in decoding the information written on the car map in letters and numbers.

### **14. Language of Communication**

The Company will communicate with the Customer in English. The Company will make every effort to communicate clearly in written and spoken English, using standard, internationally recognized business English as much as possible.

The Customer is responsible for his / her understanding of the Company's communications. The Company will bear no responsibility for the Customer's failure to understand these communications.

Similarly, it is the Customer's responsibility to make sure that his / her communications with the Company are in clear, standard, internationally recognized business English. We strongly advise the Customer to avoid slang and other non-standard expressions. The Company will bear no responsibility for its failure to understand and act on non-standard English used by the Customer.

*(For example, if you want to cancel a proxy bid, you should input a message such as, "Please cancel this proxy bid." In the same situation, you should not enter a message such as, "Scrub it", and hope that we will understand that you really want to cancel.)*

## **15. Advice**

The Company may offer advice to the Customer sometimes. This advice will be given honestly and in good faith. However, it is the Customer's responsibility to consider and weigh this advice. The final decision made is the sole responsibility of the Customer. The Company will not be liable for any direct or indirect losses that may result from the Customer's reliance on this advice.

## **16. Maintenance**

The Customer should carry out maintenance on vehicles as soon as they arrive. At a minimum, the Company recommends giving vehicles a full service and replacing perishable items such as oil, oil filters, brake pads, tires etc as required.

## **17. Liability for Damage and Defects**

Integrity Exports makes every effort to deal with reputable and careful sub-contractors and suppliers, as well as making every effort itself to be careful and conscientious in the work it does.

The Company will be responsible for applicable damage or defects caused while vehicles are in the possession of the Company or its sub-contractors up to the point at which they pass through customs clearance in Japan.

Damage and defects that were caused by third parties before or after the vehicle is in the possession of the Company or its sub-contractors are not the responsibility of the Company. The company will also not be responsible for damage or defects that were not disclosed by third parties before the Company won the vehicle at auction.

## **18. How to Make Claims**

Claims must be made in writing and must be received by the Company within 14 days of the vehicle arriving in the foreign destination port. The Customer should describe the damage or defect in question in as much detail as possible and, where appropriate, provide photos as well. The Company also has the right to ask the customer to supply an independent registered mechanic's report in English before it will consider the claim.

The Company will not consider any claim from a Customer who is in breach of these Terms at the time of the claim.

## **19. Items Excluded from Claims**

Claims will not be considered for the following:

1. Vehicles graded with a grade of 3 or lower by the auction at the time of purchase at auction.
2. Vehicles 10 years old or older at the time of the claim.
3. Vehicles with 100,000KM or more of total mileage at the time of purchase at auction.
4. Vehicles stated on the auction sheet to have had their odometers changed.
5. Any items from a vehicle that are not firmly affixed to the vehicle.
6. Car stereos, navigation systems, monitor screens and similar items.
7. Any item for which the claims procedure in section 18 has not been followed.

## **20. Settling Claims**

The Company and the Customer agree to settle claims in good faith through negotiation, with the decision of the Company being final. If the claim is in the Customer's favor, the Company will credit the agreed amount to the Customer's account with the Company up to a maximum of half of the full FOB value of the vehicle.

## **21. Shipping**

The Company will arrange shipping on the earliest possible available ship. The Company will permit a Customer to postpone shipping a vehicle, provided there is a suitable yard available to store it and on condition that the Customer pays all the applicable storage fees and other charges related to the storage. It is the Customer's sole responsibility to ensure that the Company has the correct shipping information (port, consignee details etc.) in good time. Failure to do so can result in delays and potentially additional costs, which will be charged to the Customer.

In the case where shipping costs have to be paid on the Japan side (in other words, CIF terms), the Company will provide the Customer with a copy of the invoice from the shipping company as soon as it is available, and the Customer will make full payment of this invoiced amount by the end of business on the Friday of the following week. No documentation will be sent to the Customer until full payment has been received.

In the case where container shipping is required, the company will arrange loading using reputable loading companies. All additional charges associated with container shipping (loading fees, THC, drayage etc) will be borne by the Customer, who will be charged at the applicable rates.

## **22. Documentation**

The following basic set of documents will be supplied to the Customer with each purchase:

1. First Bill of Lading (hereafter "BL").
2. A paper invoice
3. The deregistration certificate (in Japanese)

The Company will retain the Second and Third BLs in case the First is lost in transit. All three BLs have equal legal validity.

If additional documentation is required for importing, the Customer is solely responsible to inform the Company of this as soon as possible after the vehicle is acquired at auction. Any delay that results in documentation becoming unobtainable is the sole responsibility of the Customer.

Documentation will be sent to the Customer by DHL as a single package. There will be no charge for this. However, there may be additional charges if the Customer requests a different method to send the documents (such as EMS etc) or if Customer requires more than one package to be sent for the same vehicle.

The Customer may request changes to be made to the BL. However, the Company cannot guarantee that the shipping company will make these changes. In this case, the Company will not be held responsible for this failure. Where the requested changes are not the result of an error by the Company or its suppliers, there will also be a charge to the Customer of 10,000 Yen for any changes made at the Customer's request, irrespective of their extent.

## **23. Import Regulations**

Compliance with import and other regulations of the country into which the vehicle is being imported or discharged to transit overland to a third country is the Customer's sole responsibility. Integrity Exports,

strongly advises its customers to use professional local service providers to ensure compliance with import procedures.

In the case that particular documentation is required for importing or related procedures, the Customer should refer to section 22 above to see how to obtain this.

## **24. Charges Incurred After Leaving Japan**

Once a vehicle clears customs in Japan, it is deemed to have left Japan and any fees / charges incurred after this point are the sole responsibility of the Customer.

## **25. Payment Terms**

The full FOB value of the vehicle must be received by the end of business on the Friday of the week following the week in which the vehicle was acquired at auction. Similarly, payment for shipping or other charges must be received by the end of business on the Friday at the end of the week following the week in which the Customer was invoiced for these charges.

All amounts due are quoted in Japanese Yen. It is the Customer's sole responsibility to ensure the Company receives the correct amount of Japanese Yen by the correct time.

## **26. Making Payments**

Payments for vehicles must be made by Bank Telegraphic Transfer or PayPal. It is the Company's responsibility to supply the Customer with current and accurate bank details for the account to which payment should be sent. If the Customer requests to make payment via PayPal, the Company will have a PayPal invoice sent to the Customer for the required amount plus PayPal fees from the Company's business PayPal account.

The Company's bank can receive payments in Japanese Yen, or in US Dollars. However, if payment is received in US Dollars, it is converted to Yen at the time it is received, and the Customer's account is credited with this Yen amount. The conversion of US Dollars to Japanese Yen is done by the Company's bank, whose prevailing rates and charges at that time will be applied.

## **27. Late Payment and Non-Payment Penalties**

If payment from the Customer is late under these Terms, the Company in its sole discretion may take any or all of the following actions:

1. Suspend the customer's access to the online auction system.
2. Cease processing for shipment vehicles acquired for the Customer.
3. Retain paperwork for vehicles that have been shipped.
4. Offer vehicles acquired for the Customer for sale to other parties at whatever price the Company determines with the sole purpose of recouping the overdue amount.
5. Take any legal action or other action open to it to recoup the overdue amount.
6. Charge a late payment penalty for each day the payment is overdue. This daily amount may be up to the equivalent of 1% of the FOB value of the vehicle for which payment is late.

## **28. Breaches of these Terms**

In addition to the penalties mentioned above, the Company in its sole discretion may suspend the Customer's access to the online auction system and related online systems while the Customer is in breach



of any of these Terms.

Where the Customer has been in breach of these Terms and the breach has since been rectified, the Company in its sole discretion may decide to cease doing business with the Customer.

## **29. Resolution of Disputes**

The Company and the Customer agree to resolve any disputes following the provisions of these Terms of Business through mutual negotiation in good faith. If reasonable efforts at negotiation have failed and one or both parties decide to take recourse to legal action, this legal action shall be conducted in a venue of the Company's choosing under Japanese law.

## **Contact Information**

**Integrity Exports Co. Ltd Hachizuka 3-Chome 7-16-A, Ikeda-shi, Osaka-fu 563-0024 Japan**

Integrity Exports is a limited liability company (*kabushiki kaisha*) registered in Japan and is [member number 436 of JUMVEA \(the Japan Used Motor Vehicle Exporters Association\)](#).

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