



1980 Highland Pike, Ft. Wright, KY 41017

April 3, 2009

**RE: Update on NMVTIS Reporting**

Dear Car-Part.com customer:

As you are aware, the National Motor Vehicle Title Information System (“*NMVTIS*”) reporting rules recently went into effect. These rules require auto recyclers to provide a monthly inventory report regarding all of the junk and salvage automobiles obtained in the prior month. The inventory report must include the following information for each such automobile:

- (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 American Association of Motor Vehicle Administrators (“*AAMVA*”), the operator of NMVTIS, has decided that it will not collect the required data directly from auto recyclers. Auto recyclers are required to submit their data to a designated data consolidator and the data consolidator will report the information to AAMVA for inclusion in NMVTIS. The Department of Justice (“*DOJ*”), the agency responsible for administering NMVTIS, has announced that it will require AAMVA to designate at least 3 data consolidators. However, only two such data consolidators have been designated by AAMVA to date: Auto Data Direct, Inc. (“*ADD*”) and Insurance Services Office, Inc. (“*ISO*”). At least one more data consolidator will be announced in the near future. Both ADD and ISO offer fee-based NMVTIS reporting services for auto recyclers.

The National Salvage Vehicle Reporting Program (“*NSVRP*”), a reporting program being administered by Howard Nusbaum, has partnered with the National Insurance Crime Bureau (“*NICB*”) and ISO to offer an NMVTIS reporting option. NSVRP participants can meet their NMVTIS reporting obligations for no out-of-pocket cost if they provide the information required for participation in NSVRP (which includes the information required to be reported under the NMVTIS rules plus additional information designated by NSVRP) to NICB. NICB is permitted to use all of such information for law enforcement, anti-fraud, and other unspecified non-commercial purposes. It is our understanding that ISO is the data consolidator that will report NSVRP participants’ data into NMVTIS.

Car-Part.com has been working hard on behalf of auto recyclers to minimize both the cost and administrative burden associated with meeting their NMVTIS reporting obligations. Car-Part.com and ARA Services Corporation, a joint venture between the Automotive Recyclers’ Association (“*ARA*”) and Car-Part.com, have agreed to work together in an effort to assist auto recyclers in complying with the NMVTIS reporting obligations. 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. ARA Services Corporation intends to offer an NMVTIS reporting service that will:

- be fully-automated and integrated within many inventory management systems (including Checkmate, Fast Parts, Hollander, Powerlink I, Powerlink II, Pinnacle Classic, AIMS, and ISoft);
- allow auto recyclers to choose to report only the minimum information required by the NMVTIS rules;
- allow auto recyclers to choose 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. We expect 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 advised us that they do not expect to designate another data consolidator until later in April.

As an interim step, Car-Part.com has developed reports for Checkmate and Fast Parts customers that will allow them to extract the required NMVTIS data into a CSV (comma separated values) file as required by the NSVRP program. 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 ADD, ISO or NSVRP for instructions on how to obtain an NMVTIS reporting entity identification number (only ADD and ISO are currently in a position to assign such numbers) and on what to do with the CSV file in order to allow ADD, ISO or NSVRP to make the NMVTIS reporting on behalf of such recycler. 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 to all Car-Part.com customers in the near future.

The DOJ has repeatedly indicated that its initial focus regarding NMVTIS reporting will be on compliance and not on enforcement. At this point, Auto recyclers should not be overly concerned with the timing of their initial NMVTIS filing. 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 Car-Part.com cannot provide you with definitive guidance on how to proceed at this point, based on the statements made by DOJ to date Car-Part.com 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). With the reports described above, Car-Part.com will provide Checkmate and Fast Parts customers the ability to currently file the required NMVTIS reports through one of the authorized data consolidators (ADD or ISO) or by participation in the NSVRP program. However, if an auto recycler is not satisfied with any of the NMVTIS reporting options that are currently available they may also choose to wait until additional data consolidators are designated by AAMVA. We cannot assure you that the

Car-Part.com Customer

April 3, 2009

Page 3

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), however, we currently believe that it is unlikely that the DOJ will penalize auto recyclers that choose to wait until an additional data consolidator is designated to make their initial NMVTIS reporting.

Car-Part.com intends to keep its customers informed of new developments relating to the NMVTIS reporting (including any announcements or decisions by AAMVA regarding the authorization of additional data providers). We will be posting NMVTIS reporting updates on the ARASC VINS tab of the <http://products.car-part.com> website. If you have any questions regarding NMVTIS reporting, please contact your support rep or e-mail them to [NMVTISReporting@car-part.com](mailto:NMVTISReporting@car-part.com).

Sincerely,

*Roger Schroder*

Roger Schroder

Vice-President