Volkswagen has agreed to arbitrate claims covered by the Arkansas lemon law. Volkswagen has also agreed to arbitrate certain warranty claims not covered by the lemon law.

**LEMON LAW CLAIMS**

A claim seeking relief under the Arkansas lemon law must meet all standards set out by that law. The claim must be received by BBB AUTO LINE within the time period for filing a civil or administrative action under that law. Please see the attached description of the Arkansas lemon law provisions.

If the claim meets all standards set out by the Arkansas lemon law, the arbitrator will award a refund or replacement vehicle including all remedies specifically provided by that law excluding attorney’s fees. An arbitrator may not award any penalties or multiple damages.

Please note:

- The award will be reduced for the customer’s use of the vehicle in accordance with the Arkansas lemon law.
- The arbitrator may adjust the award based on damage to the vehicle exceeding normal wear and tear.
- The arbitrator will decide whether the Arkansas lemon law permits an adjustment to the award for any trade-in over-allowance or debt from a previous transaction.
- The award will not include any manufacturer rebate the customer received or used as a down payment or capitalized cost reduction.

**WARRANTY CLAIMS NOT COVERED BY THE LEMON LAW**

A claim that does not meet all standards of the Arkansas lemon law must meet certain conditions. Please see the attached description of “non-lemon law” warranty claims that may be resolved through BBB AUTO LINE.

**CUSTOMER RESPONSIBILITIES**

If a repurchase or replacement is awarded, the customer will be responsible for turning over the vehicle with a current registration and in a similar condition as it was at the time of the hearing. The customer will also be responsible for providing clear title to the vehicle and signing all documents necessary to effect transfer of the title.
CLAIMS THAT WILL NOT BE ARBITRATED

- Claims involving salvaged or “total loss” vehicles, or vehicles otherwise not covered by a Volkswagen USA Warranty.
- Claims alleging that an airbag failed to deploy or deployed when it should not have.
- Claims involving a vehicle defect if the customer alleges – either as part of the BBB AUTO LINE claim or at any other time – that the vehicle defect has caused an accident or fire that resulted in damage to any vehicle or damage to property.
- Claims involving a vehicle defect if the customer alleges – either as part of the BBB AUTO LINE claim or at any other time – that the vehicle defect has caused bodily injury.
- Allegations of fraud or other violations of law.
- Claims covered by insurance or by warranties of other manufacturers.
- Claims seeking compensation for legal fees or loss of wages.
- Claims seeking compensation for personal injury or mental anguish.
- Claims seeking punitive damages.
- Claims identical to any claim that was resolved by a previous mediation or arbitration, court action, settlement, or agreement between the customer and Volkswagen.

OTHER IMPORTANT INFORMATION

- The customer must own or lease the vehicle throughout the entire arbitration process.
- If the customer files suit or a state administrative action against Volkswagen prior to the completion of the arbitration process, Volkswagen will not be obligated to continue with the arbitration.
- A test drive may be taken in the vehicle only if the customer has liability insurance that satisfies his/her state’s minimum requirements.

The BBB will let the parties know if other restrictions apply.
WARRANTY CLAIMS NOT COVERED
BY THE LEMON LAW

TIME PERIOD FOR FILING CLAIMS

Claims under the New Vehicle Limited Warranty must be received within 3 years or 36,000 miles – whichever comes first – from the date the vehicle was originally placed into service.

ELIGIBLE CLAIMS

Claims must allege a defect in material or workmanship covered by the Volkswagen Limited New Vehicle Warranty.

Unless the customer is seeking reimbursement for past repairs, the vehicle must have a current defect.

ELIGIBLE VEHICLES

The customer’s vehicle must be

♦ Owned or leased in the name of an individual; or
♦ Used primarily for personal, family or household purposes.

REMEDIES

The arbitrator may award the following remedies:

♦ Repairs.
♦ Reimbursement for money the customer paid to repair the vehicle pursuant to the terms of the Volkswagen Limited New Vehicle Warranty.
♦ Reimbursement for reasonably incurred towing costs and car rental costs – excluding car rental costs incurred for same day service.
♦ Repurchase of the vehicle.
♦ Replacement of the vehicle if it was purchased or leased new.

REPAIRS/REIMBURSEMENT FOR REPAIRS

The arbitrator may award repairs to, or reimbursement for money paid for the repair of, defects in material or workmanship. If repairs are awarded, the arbitrator may not order a change in the vehicle’s options or its design.
REPURCHASE OR REPLACEMENT

If a repurchase or replacement is awarded, the arbitrator may award up to the following remedies:

- **Owned vehicle repurchase** – The actual amount paid for the vehicle. This will not include taxes, fees, and finance charges.

- **Leased vehicle repurchase** – To the lessor: pay-off amount pursuant to the lease. To the lessee: any trade-in allowance/downpayment and all base monthly payments actually paid, excluding all collateral charges (e.g., taxes, fees, and finance/lease charges).

- **Replacement of a vehicle purchased or leased new** – The customer will receive a vehicle that is substantially identical to the current vehicle (not including modifications or additions after the vehicle’s purchase/lease). The Manufacturer’s Suggested Retail Price (M.S.R.P.) of the replacement vehicle may not exceed 105% of the M.S.R.P. of the current vehicle. If the replacement vehicle is new, the customer will also be required to pay for the current vehicle’s use as set out in the “Use Deduction/Payment” provision below.

  **Important:** Replacement is not an available remedy for vehicles which were purchased or leased used.

**Deductions/Exclusions from a Repurchase or Replacement Award**

- The repurchase award will be reduced, or the replacement award will require payment, for the customer’s use of the vehicle in accordance with the following formula:

\[
\text{Use Deduction/Payment} = \frac{\# \text{ miles attributable to the customer at the time of the arbitration hearing}}{100,000} \times \text{Vehicle purchase price or gross capitalized cost}
\]

- The award will be reduced or require payment for damage to the vehicle exceeding normal wear and tear.

- The award will not include debt from a previous transaction.

- The award will not include any manufacturer rebate the customer received or used as a down payment or capitalized cost reduction.