

# GENERAL BUSINESS TERMS FOR VEHICLES BUY-OUT



## 1. Introductory provisions

1.1. These general terms and conditions of sale (hereinafter "**GTCS**") form an integral part of each sales agreement, whose object is the sale of a motor vehicle as specified in the purchase agreement (hereinafter "**automobile**"), closed between the legal or physical entity specified in the purchase agreement as the seller on one side (hereinafter "**seller**") and AAA AUTO Company, Inc., Business Id. No.: 26699648 with domicile Husovo nám. 14, Postal Code: 253 01, Hostivice, recorded in the Trade Register, administered at the Municipal Court in Prague, section B., file 8578 as the purchaser on the other side (hereinafter "**purchaser**").

1.2. On the basis of the purchase agreement, the seller sells the purchaser the automobile along with its parts and accessories for the purchase price specified in the purchase agreement and the purchaser buys the automobile from the seller for this purchase price and accepts it into his/her ownership.

## 2. Declaration of seller

2.1. The seller declares and guarantees to the purchaser that

a) the automobile does not have any legal defects, specifically that it is not the object of lien, lease, or other right of use, or any other right of a third party. The seller further declares that no enforcement of judgement or bankruptcy procedures are being executed against him/her and that the automobile and personal property of the seller are not the object of an enforcement of judgement or distraint procedures, respectively, and that the automobile is not on a list of assets procured by a distrainer or executor. The seller further declares that no proposal, whatsoever, was issued for initiating bankruptcy or distraint procedures on his/her property, nor is the object of bankruptcy proceedings, according to respective regulations.

b) that the automobile has not been damaged by flooding (i.e. specifically that the Automobile has not stood for an extended period of time in a flood area, or been immersed in water, that the interior was not filled with mud or flood deposits).

c) that the automobile's odometer reading, as specified in the purchase agreement, reflects the actual condition of driven kilometres, is true and accurate.

2.2. If the automobile is the joint property of a married couple, the seller declares that he/she has informed his wife/husband about the intended sale of the automobile as specified in the purchase agreement and that he/she has expressed consent.

2.3. The seller was instructed and notified about the legal consequences of untruthfulness of the declarations above and herewith about the possibility of commitment of the criminal act of fraud according to the respective provisions of the Criminal Code.

## 3. Liability for defects

3.1. The seller is liable for defects that the automobile possessed during the period of transfer of dangerous defects on the automobile with the exception of defects that purchaser was aware of, or must have been aware of (obvious defects) at the time of closure of the purchase agreement.

3.2. The contractual parties have agreed that the term for submitting a report to the seller about defects of the goods specified in § 428, paragraph 1 of the currently valid Commercial Code of the Czech Republic shall be extended by six months from the period when the purchaser discovered such defect, however, no later than two years from the date of delivery to the purchaser. This objective period, however, shall not apply if it concerns a legal defect, when the purchaser shall be able to apply the defect within six months from the date in which he/she has discovered the defect, without limitation to the latest objective term; the provisions in § 428, paragraph 1, letters b) and c) shall not apply.

3.3. In the event that any defect is discovered on the automobile, for which the seller bears liability, the purchaser shall have the right, according to his/her discretion, to request a discount of the purchase price or shall have the right to withdraw from the purchase agreement. In the event that the purchaser claims the right to a discount from the purchase price, the seller is obligated to remit the request discount amount to the purchaser within 15 (fifteen) days from delivery of the application for its payment, otherwise the seller shall be obligated to pay the purchaser a default interest in the amount of 0.1% of the outstanding amount for every day of delay. Should a delay arise in the remission of the discount on the purchase price, the purchaser shall equally have the right to withdraw from the purchase agreement.

3.4. Aside from the rights specified in article 3.3 of the GTCS, the purchaser shall have the right to

compensation of damages, as well as a contractual fine, if so negotiated.

## 4. Contractual penalties

4.1. If it is discovered that the automobile was, at the time of sale of the purchaser by the seller, in the ownership of a leasing company or any other third party (hereinafter "**original owner**") and/or other circumstances arise that are in violation of any declaration of the seller specified in article 2.1, letter a) of the GTCS after which the purchaser, in the frame of his/her business activity, sells the automobile further to a new owner (hereinafter "**new owner**"), the purchaser shall have the right to request a contractual penalty in the full purchase price of the automobile specified in the purchase agreement (including VAT, if applicable), in the event the following conditions are met:

a) the new owner issues the automobile to active authorities in criminal, bankruptcy, executive or distraint proceedings, or directly to the original owner of the automobile, if necessary, or the automobile shall be possessed by such an authority and the  
b) purchaser shall return the purchase cost, for which he/she sold the automobile himself/herself, to the owner.

4.2. The purchaser shall further have the right to request from the seller payment of a contractual penalty in the full amount of the purchase price of the automobile as specified in the purchase agreement (including VAT, if applicable) in the event that, following the delivery of the automobile from the seller and prior to its sale to the new owner, it is discovered that the automobile was, during the period of sale by the seller to the purchaser, in the ownership of a leasing company or any other third person, and/or any other circumstances that are in violation of any declaration of the seller specified in article 2.1, letter a) of the GTCS and the purchaser himself/herself shall personally deliver the automobile to active criminal, bankruptcy, distraint authorities, as applicable, or the vehicle shall be possessed by such authority.

4.3. Should it, at any time, including after the sale of the automobile to the purchaser, be discovered that circumstances in violation of the declaration of the seller specified in article 2.1, letter c) of the GTCS exist, the purchaser shall have the right to demand a contractual penalty from the seller in the amount of 100,000 CZK. In this regard, the contractual parties, and the seller specifically, shall not question and shall consider the specified contractual penalty in terms of amount as entirely appropriate and justified, especially considering the possible damage to the purchaser's reputation. Aside from the negotiated contractual penalty, the seller obligates to compensate the purchaser for damages incurred as a result of the purchaser's liability for any discrepancy in the odometer reading with the actual mileage driven during the subsequent sale of the automobile to a third person.

4.4. Contractual fines, according to this article 4 of the GTCS are payable within ten days following which the notification of the fulfilment of such conditions for payment are provided, either in written or oral form, to the seller.

4.5. Payment of the contractual fine shall not affect the purchaser's right to compensation of damages incurred by the breach of obligations, to which this contractual penalty applies. The purchaser shall have the right to the compensation of damages in full extent.

## 5. Withdraw from the agreement

5.1. The seller is entitled to withdraw from this agreement, aside for reasons specified in law or other provisions of this GTCS, also

a) at any time, as well as after the sale of the automobile by the purchaser to a third person (hereinafter "**new owner**"), if it is discovered that any of the seller's declarations specified in article 2.1 or 2.2 of the GTCS are untrue, irrespective of whether or not the seller had knowledge of this at the time of sale,

b) the respective public administration authority, for any reason whatsoever, refuses to transfer the automobile to the purchaser or new owner.

## 6. Acquisition of right of ownership to the automobile

6.1. The purchaser becomes the owner of the vehicle upon closure of the purchase agreement.

## 7. Delivery of the automobile and transfer of risk of damage to the automobile

7.1. The seller obligates to deliver the automobile to the purchaser no later than on the day of signature of the purchase agreement, based on a delivery record, inclusive documentation necessary for delivery and use of the automobile, specifically the technical

inspection certificate, and vehicle registration certificate.

7.2. The risk of damage to the automobile shall be transferred upon the purchaser at the moment the purchaser accepts the delivery of the automobile.

## 8. Other provisions

8.1. In case the effectiveness of the purchase agreement is cancelled by the agreement of the parties on request of the seller before the automobile is sold to a third person, the seller is obliged to pay the costs for buy-out of the automobile to the purchaser agreed between the parties as a lump sum of 3% of the agreed purchase price.

8.2. In case the purchase agreement is cancelled the seller is obliged to take over the automobile from the purchaser in five days after the cancellation of the purchase agreement. In case of breach of this obligation the seller is obliged to pay the purchaser the contractual penalty in amount of CZK 350 for each day of delay with the take over of the automobile till the day of take over from the purchaser; the provision about the contractual penalty does not exclude the right of the purchaser to demand damages in full amount.

8.3. The seller authorizes the purchaser to acquire a copy of the identification card, or other submitted personal document, if applicable, in accordance with § 15a paragraph 2, of Act No. 328/1999 Coll., on identification cards, as currently valid, or if applicable, in accordance with § 2, paragraph 3, Act. No. 329/1999 Coll., on travel documents, as currently valid, for the purpose of recording the seller in the purchaser's record of customers, to secure changes in the motor vehicle registry, if necessary.

8.4. The seller voluntarily provides consent, until such time as his/her consent is withdrawn, for the purchaser to use his/her (seller's) personal information for the purpose of administering changes in vehicle registration and for the purpose of soliciting sales, services or customer benefits to the seller. The seller further confirms that he/she was informed about his/her right to waive his/her consent in the event that his/her consent need not be necessary for the fulfilment of the provisions set forth herein. The purchaser has the right to use statistical information acquired from its activity (e.g. average customer age, the relative representation of professions or educational and other similar statistical and demographic data) to advertise their personal activity as well as other purposes associated with the provision of services. More details on the use of personal information and protection of personal data may be found at [www.aaaauto.cz](http://www.aaaauto.cz). The provision herein shall apply in the event that the seller is a physical entity.

## 9. Final provisions

9.1. The contractual parties have explicitly agreed that all disputes arising from and relating to the purchase agreement shall be finally decided with the Arbitration Court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic by one arbitrator appointed by the President of the Arbitration Court.

9.2. Diverging provisions contained the purchase agreement shall have precedence over the provisions of these GTCS.

9.3. Any agreement for the modification of the purchase agreement must be in written form.

9.4. The purchase agreement shall be governed by the legal order of the Czech Republic.

9.5. The purchase agreement shall come to effect on the date of its signature by both contractual parties. The day of the execution of taxable fulfilment is the day when the purchaser becomes owner of the automobile.

9.6. These GTCS become valid and effective on the date of 1 July 2010.

Date:

Signature: \_\_\_\_\_