



## How It Works

- a. The AutoGrade™ platform allows auctions to submit vehicle damage information and generate condition report scoring while preserving the anonymity of the auction, the consignor, and the vehicle. In short,
  - i. Auctions collect and submit vehicle damage information to Auto Auction Services Corporation (“AASC”) via AutoIMS;
  - ii. AASC strips from that information all identifiable vehicle data and auction name, and transmits the data to the AutoGrade™ platform;
  - iii. The AutoGrade™ platform then generates scoring and reporting information back to the auction via AASC.

## Defining the Purpose of the AutoGrade™ Service

- To providing consistency of condition grade assessment, across the industry, by removing subjectivity in the condition grade assignment.
- The AutoGrade™ platform uses a Manheim-developed algorithm, known as the AutoGrade™ Vehicle Condition Scale, and makes this scale available to the entire wholesale vehicle inspection industry via AASC (U.S. Patent No. 8,230,362).
- AutoGrade™ Vehicle Condition Scale is based on the concept introduced in the NAAA established Condition Grade Scale Guidelines.
- Additionally, extensive research, data analysis, customer and user input has been included to ensure accuracy of a vehicle’s calculated condition grade.

## What are the Benefits

- a. The AutoGrade™ platform helps auctions and sellers across North America maintain a consistent vehicle grading system.
- b. The AutoGrade™ platform encourages reporting consistency in the automotive wholesale marketplace.
- c. This consistency helps sell more cars.

## How is AutoGrade™ Vehicle Condition Scale Calculated?

- AutoGrade™ Vehicle Condition Scale is a calculation of the overall vehicle condition based on an inspection process that provides a thorough disclosure condition report that captures vehicle conditions, damages and disclosures.
- AutoGrade™ Vehicle Condition Scale compliant condition reports are written based on an industry standard instruction process to support consistency.
- AutoGrade™ Vehicle Condition Scale takes into consideration the collective existing and repaired damages captured in the condition report when determining the grade.

**What does impact the AutoGrade™ Vehicle Condition Scale?  
Item , Damage Type & Damage Severities and their impact on the grading calculations**

Major Grade Reductions	Moderate Grade Reductions	Minor Grade Reductions
<ul style="list-style-type: none"> <li>• Hail Damage*</li> <li>• Poor Previous Repairs – Body</li> <li>• Body Damage/Panel replacement *</li> <li>• No Keys Present/Non-Drivable</li> <li>• Structural Damage</li> <li>• Mechanical /Engine Damages</li> <li>• Fire – Flood – Biohazards</li> </ul>	<ul style="list-style-type: none"> <li>• Glass / Windshield*</li> <li>• Wheel Damage*</li> <li>• Body Damage /Repair*</li> <li>• Tire Replacement Required* (3/32<sup>nd</sup> or less tread depth)+</li> <li>• Interior Damages*</li> <li>• Damaged / Missing Parts*</li> </ul>	<ul style="list-style-type: none"> <li>• Body Damage / Cosmetic*</li> <li>• Bumpers / Partial*</li> <li>• Tire Wear* (4/32<sup>nd</sup> – 7/32<sup>nd</sup>)</li> <li>• Acceptable Previous Repairs</li> </ul>

\*Damage Size / Severity /Number of Occurrences per damage line item may have a graduated impact on total grade.

+ Tire tread depth is NOT used to calculate the grade unless a tire(s) is marked with 3/32 or less tread depth and has no associated tire replacement damage on the respective tire.  
In other words, AutoGrade™ does not use both tread depth AND the tire damage line item to calculate the grade, ensuring there is no “double dipping” for tire replacement.

**What Does Not Impact AutoGrade™ Vehicle Condition Scale?**

<ul style="list-style-type: none"> <li>• Mileage – Odometer Reading</li> <li>• Model / Trim Level</li> <li>• Value Add Equipment</li> <li>• Announcements</li> </ul>	<ul style="list-style-type: none"> <li>• Model Year</li> <li>• Color</li> <li>• Estimated Repair Costs</li> <li>• Repair Action</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacture / Make</li> <li>• Options</li> <li>• MSRP</li> </ul>
--	--	---

**Who Can Utilize the AutoGrade™ Platform**

While initially offered only to NAAA member auctions, the AutoGrade™ platform service is now offered to all non-NAAA auctions and wholesale marketplaces as well as other support entities, including third-party inspection companies, software vendors and consignors.

Any organization involved in the wholesale vehicle remarketing process can access the AutoGrade platform™. Being an AutoIMS member is not required to utilize the AutoGrade™ Platform. A nominal transaction fee may be charged for access to the platform.

**Q & A**

**Q:** Does AutoGrade™ Vehicle Condition Scale consider the cost of repairs  
**A:** No – Repair labor rates can vary from shop to shop skewing the grade. AutoGrade™ Vehicle Condition Scale remains consistent by using the damage descriptions.

**Q:** Does approving repair of high dollar damage line items impact the grade more significantly?  
**A:** Making repairs based on the Major, Moderate, Minor columns above will return the appropriate post recon grade improvements. Grade is not determined by the price of the repairs.

**Q:** How does AutoGrade™ Vehicle Condition Scale help a buyer or seller determine the price of a vehicle?  
**A:** When AutoGrade™ Vehicle Condition Scale information is combined with mileage, year, make, model, then used in conjunction with industry valuation tools, the most accurate value can be determined.

Q: How often is AutoGrade™ Vehicle Condition Scale updated?

A: The AutoGrade™ Vehicle Condition Scale is constantly being evaluated based on industry updates, client feedback and vehicle updates to ensure the most accurate and up-to-date platform is available.

Most updates are done on a quarterly basis.

Q: How do I sign up for the AutoGrade™ platform or inquire for more information?

A: Contact Ken Goodwin at AutoIMS by phone at (678) 597-3900 or by email [kgoodwin@autoims.com](mailto:kgoodwin@autoims.com)