



Flood, Puddle or Stream Policy

Effective Date
April 17, 2017

Vehicles are frequently exposed to moisture during their ordinary operation, maintenance, and reconditioning. Occasionally, such exposure may leave residual marks or indicators similar to those left by exposure or immersion of the vehicle in floodwater. In determining what conditions require disclosure or in arbitrating vehicles for flood exposure/damage it is critical that the total condition of the vehicle be considered including VIN data history.

Disclosure Not Required

No disclosure is required nor is arbitration allowed for the following types of water exposure, provided that none of the components outlined below are damaged:

- a. Rain, snow or sleet due to open windows, doors or tops or leaking seals.
- b. Car wash or rinse water.
- c. Carpet or upholstery shampooing or cleaning.
- d. Stream, pond, puddle or floodwater that does not rise above the rocker panel or otherwise enter the passenger compartment.
- e. Stream, pond, puddle or floodwater that enters the luggage compartment, but does not damage any electrical components (such as lighting or wiring harness) or does not enter the passenger compartment.

Disclosure Required

Disclosure is required and arbitration shall be allowed under the following conditions:

- a. The title has been correctly branded indicating flood history of the vehicle.
- b. Any of the following components have been damaged due to stream, pond, puddle or floodwater immersion/ingress:
 - i. Front or rear internal lighting or wiring harnesses
 - ii. Engine and its major components
 - iii. Transmission and differential
 - iv. Dash instrument panel and wiring
 - v. Passenger seat cushions
 - vi. Power seat functions or window motor
 - vii. Major sound system components

Recommended Disclosure

The recommended disclosure is "Flood Damage." This declaration should be made whenever existing or prior flood damage is found and therefore requires disclosure. While the vehicle is recommended to be sold under the red light, the disclosure "Flood Damage" is required for all sale lights.



National Auto Auction Association — Flood Policy Amendment - Effective 9/5/2017

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The NAAA Standards Committee has made an adjustment to the NAAA Arbitration Policy.

Currently, a Flood Damage disclosure (from sellers to buyers) was only required for vehicles selling under the following sale light combinations:

- Green light only
- Green/Yellow light
- Yellow light only

For vehicles sold under the Red light a disclosure was NOT required.

Effective September 5, 2017 until further notice, Sellers will now be responsible for any/all flood damage disclosures to buyers when selling regardless of sale light which includes the red light.

The time period for Flood Damage via auction inspection is now extended from the "B & C" to "30 days from sale date". The time period for Flood Damage via DMV and/or insurance company records will remain the same "120 days".

The NAAA Standards Committee strongly urges all selling and buying clients to inspect the vehicles prior to the transaction to avoid arbitration issues. See NAAA.com's reference page for flood damage inspection best practices.

Questions, please email Matt Arias at matt.arias@coxautoinc.com or Kurt Madvig at kurt.madvig@adesa.com.

National Arbitration Policy Guidelines									
Category	Level 1 (Green)	Level 2 (Yellow)	Level 3 (Red)	Level 4 (Red)	Level 5 (Red)	Level 6 (Red)	Level 7 (Red)	Level 8 (Red)	Level 9 (Red)
Vehicle Condition
Flood Damage
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[Flood Policy Inspection Checklist](#)

[Flood Damage Poster](#)

[Arbitration Policy Guidelines - 9/5/17](#)

Flood Damage Indicator Checklist



IX. Flood, Damage Policy

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1. Disclosure Not Required

No disclosure is required nor is arbitration allowed for the following types of water exposure, provided that none of the components outlined below are damaged:

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- b. Car wash or rinse water.
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- d. Stream, pond, puddle or floodwater that does not rise above the rocker panel or otherwise enter the passenger compartment.
- e. Stream, pond, puddle or floodwater that enters the luggage compartment, but does not damage any electrical components (such as lighting or wiring harness) or does not enter the passenger compartment.

2. Disclosure Required

Disclosure is required and arbitration shall be allowed under the following conditions:

- a. The title has been correctly branded indicating flood history of the vehicle.
- b. Any of the following components have been damaged due to stream, pond, puddle or floodwater immersion/ingress:
 - i. Front or rear internal lighting or wiring harnesses
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- Fluid contamination
 - Engine
 - Transmission
 - Coolant
 - Differential
- Dampness in seat cushions, headliner, visors, and other upholstered components.
- Mud, silt or sludge build-up in wheel wells, inside bumpers, hinge boxes, door openings/sills, door drain holes, under carpets or luggage compartment floor mats.
- Surface rust on underbody components, brake rotors/drums, exhaust system, pinch welds, brake lines, chassis components
- Mud or sludge build-up inside door panels, behind luggage compartment side walls, beneath dash, inside glove box, etc.
- High water marks on door panels, upholstery, trunk interior, or head or tail light lenses.
- The deposit of debris such as silt, grass, and small twigs.
- Accumulation of silt/rust inside major mechanical components.
- Extremely rusty wiring harness, fuse boxes, etc.
- Interior odors, musty smell
- Inspect under dash for surface rust on unfinished stamped steel brackets (light rust may be common to your area)
- Inspect under seats for surface rust on unfinished steel seat springs, frames and brackets.
- Corrosion in cigarette lighter/fuse box and sockets
- Fully extract seat belts and retractable shoulder harnesses inspecting for silt accumulation and/or water stains on belt material and/or odors
- Water lines in fabric and insulation material
- Water lines in interior carpet, seatbelt
- Corrosion or rust on metal parts under seats or dash
- Water plugs in floor or trunk that have been removed
- Sand or mud on engine, transmission, suspension, lights, carpet, etc.
- Water lines on firewall, interior carpet material and/or exterior
- Pull up carpet section and inspect for silt and flood debris. (Dirt or Dust is not an indication of flood damage.)
- Inspect wire harness for an accumulation of silt. Peel back black rubber grommet in A and B pillars and inspect for silt and flood debris.
- Inspect wire harness/connections for corrosion and rust
- Remove interior door panel and inspect for silt and flood debris inside door
- Title discrepancy/brand indicating "flood-damage" or "water damage"

Reference/Support: Matt.arias@manheim.com