

How the BBB Sonata Engine Arbitration Program Works

HYUNDAI MOTOR AMERICA

2016 CLASS ACTION SETTLEMENT

Pursuant to the settlement of a class action lawsuit concerning oil consumption on certain 2011-2014 Hyundai models, Hyundai Motor America ("HMA") is making BBB AUTO LINE arbitration available to Settlement Class Members.

This BBB AUTO LINE arbitration process is only available to resolve such disputes. Before seeking arbitration through the BBB AUTO LINE Sonata Engine Arbitration Program, Class Vehicle Owners must have submitted claims directly to the Settlement Administrator.

You can get more information about the lawsuit and settlement at

<https://SonataEngineSettlement.HyundaiUSA.com>

The arbitration program described below is administered by the Council of Better Business Bureaus, Inc. under the BBB AUTO LINE Sonata Engine Arbitration Program Rules, modified to incorporate the terms of the Class Settlement Agreement in this case.

The arbitrator's authority in these claims is limited solely to deciding (1) whether the Class Vehicle Owner and claim are eligible for arbitration under the Class Settlement Agreement, (2) whether the Class Vehicle Owner is entitled under the terms of the Class Settlement Agreement, to the reimbursement requested.

The decision of the BBB AUTO LINE arbitrator is final and binding on both parties.

What is BBB AUTO LINE?

BBB AUTO LINE is a dispute resolution program administered by the Better Business Bureaus ("BBB") system to settle motor vehicle warranty disputes as an alternative to court.

BBB AUTO LINE does not charge any fees to consumers. To protect impartiality, funding for staff and administrative costs of BBB AUTO LINE are committed in advance by the participating manufacturers. BBB AUTO LINE staff and arbitrators are independent of manufacturers that participate in BBB AUTO LINE, and perform no duties for these manufacturers other than providing impartial dispute resolution services.

If you are a Settlement Class Member who requested reimbursement from HMA for Out-of-Pocket-Expenses related to engine issues and your request has not been resolved to your satisfaction, this document will tell you about the BBB AUTO LINE program and how it can help you resolve your dispute.

Please read all of the information sent to you. You will receive a Customer Claim Form along with a letter that tells you how to complete it. The attached Sonata Engine Arbitration Program Rules ("Rules") describe the claims that are eligible for arbitration and the remedies that may be awarded in arbitration.

How do I contact BBB AUTO LINE?

You can reach BBB AUTO LINE by calling 1.800.955.5100. All documents, correspondence, notices and requests for records should be sent to BBB AUTO LINE, Council of Better Business Bureaus, 3033 Wilson Blvd, Suite 600, Arlington, VA 22201. Documents and case-related information also may be faxed to BBB AUTO LINE at 703-247-9700. Please include your case number on all documents submitted.

Beginning the process:

Settlement Class Members start the BBB AUTO LINE process by providing information to the Council of Better Business Bureaus (CBBB) at 1.800.955.5100. We send written information to each Settlement Class Member explaining the program and the requirements to open a claim in the Sonata Engine Arbitration Program.

Key information to begin the process includes:

- The Settlement Class Member's name and address
- The Vehicle Identification Number (VIN) of your vehicle
- The make, model and year of your vehicle
- An indication that the claim is filed under the HMA 2016 Class Action Settlement

We notify you when all required information has been received. The notification may identify additional information that is necessary to establish BBB AUTO LINE's authority over the claim (such as a signed Customer Claim Form) or that will assist you in review of your claim.

We will investigate, gather and organize information necessary for a fair and expeditious resolution of your dispute. It is important that you submit complete information about your vehicle request for reimbursement. Should you encounter difficulty obtaining information, please share your concern with us.

Advising HMA about your complaint:

When we open your case in BBB AUTO LINE, we send a copy of your claim form to HMA.

Efforts to resolve the dispute by settlement:

The settlement process is voluntary, and you may proceed to arbitration (if eligible) at any point.

Upon receipt of the information about your case, a representative from HMA may explore settlement options directly, or you may be assisted by your Dispute Resolution Specialist from our office.

If you and the HMA representative agree to a settlement, please inform your Dispute Resolution Specialist as soon as possible.

We will work with you and the HMA representative to help parties take an objective look at the issues in dispute and the standards that will be considered by the arbitrator. The role of our staff is to open communication between you and the HMA representative and to facilitate the exchange of offers. We will not comment on whether or not an offer made to you is "fair" or "unfair"; to do so would compromise our neutrality. Only you can decide whether an offer is satisfactory.

If a settlement is reached before the date of the deadline for written submissions or of the arbitration hearing, we will draft a letter that summarizes the terms of the agreement. This letter will be sent out to both parties, and we will follow up with you to confirm the terms of the agreement were carried out.

Telephone settlement conference:

In some cases, a pre-arbitration "settlement conference" will be held by telephone if all parties are willing to do so. During that telephone conference—which will include you, an HMA representative and the Dispute Resolution Specialist—you will discuss your claim and explore possibilities for a mutually-agreed settlement of your claim.

What is arbitration?

Arbitration under the Class Settlement Agreement is an informal process in which HMA and a Settlement Class Member in a dispute present their positions in writing to an impartial third party, an arbitrator. The arbitrator reviews the written testimony and evidence and makes a decision that he or she deems fair and falls within the BBB AUTO LINE Sonata Engine Arbitration Program Rules applicable to the Class Settlement Agreement.

The arbitrator's authority is defined by the BBB AUTO LINE Sonata Engine Arbitration Program Rules. The specific issues the arbitrator is asked to consider will be outlined in a document called the Agreement to Arbitrate that will be consistent with the BBB AUTO LINE Sonata Engine Arbitration Program Rules and the Class Settlement Agreement. The outcome of the arbitration process is a written decision that is **binding** on both parties. While each party to arbitration believes strongly in the merits of his or her case, only one party can prevail.

Who is the arbitrator?

BBB AUTO LINE Sonata Engine Arbitration Program arbitrators are attorneys or other persons with arbitration experience, who are interested in the fair and expeditious resolution of consumer disputes. They are trained by the CBBB to conduct arbitrations and make decisions in accordance with the BBB AUTO LINE Sonata Engine Arbitration Program Rules.

The arbitrator will not necessarily have automotive expertise. We will provide a biography with the arbitrator's qualifications and background prior to arbitration. A single arbitrator will be assigned to decide your claim. Your arbitrator will not be an employee or agent of either party. The arbitrator will have no direct involvement in the manufacture, distribution, sale or service of any product. The arbitrator will be selected in an impartial manner and sign an oath. If the arbitrator believes that he or she cannot make an unbiased decision, he/she will refuse to serve.

What will happen at the hearing?

In most instances an arbitrator will issue a decision based only on the written submissions

of The Class Vehicle Owner and HMA. Initial positions will be exchanged between the parties for rebuttal comments prior to being sent to the arbitrator. If an arbitration hearing is scheduled, you will receive a request to submit an initial position in writing. **If the arbitrator requests it, a telephonic hearing may be held, in which the Class Member and HMA will present their cases by phone.** Remember, the arbitrator will be using only your position and evidence to make a fair decision. You should be prepared to convince the arbitrator.

Arbitrators may not have technical expertise, so your presentation may be more productive if you can use layperson's terms to describe what happened to your vehicle.

Suggestions for preparing your case:

A clear, concise, and well-organized presentation supported by relevant facts and good documentation will help the arbitrator fulfill his or her responsibility.

Documentation/Testimony

Please submit to BBB AUTO LINE a copy of all documents and testimony you wish the arbitrator to consider.

Contact potential witnesses and ask them to provide a written statement. You are responsible for your witnesses' submission of evidence.

Documents that might be useful include:

- Sales agreement or other proof of ownership or lease
- Vehicle's warranty information
- Vehicle's repair/service and maintenance records
- Correspondence and receipts from the parties, dealers, agents or representatives
- Other documents that may support your case, e.g., receipts, payment statements, etc.

What will the arbitrator consider?

You should provide written testimony and evidence about the following:

- The existence of the vehicle problems upon which you are basing your case
- Why you believe the problems are the responsibility of HMA under the Class Action Settlement Agreement
- Why you believe you have not contributed to the cause of the problems

The HMA representative should also address these issues from HMA's perspective.

BBB AUTO LINE[®] Sonata Engine Arbitration Program Rules

1. DEFINITIONS

The following list defines key words as they are used in these *Rules*.

- A. "Arbitration" shall mean the process in which an impartial person hears and decides disputes between Class Members and Hyundai Motor America ("Hyundai") arising from the terms of that certain Settlement Agreement that will have been judicially approved in *In re Hyundai Sonata Engine Litigation*, No. 5:15-cv-1685 (N.D. Cal.) (the "Settlement Agreement").
- B. "BBB" shall mean a Better Business Bureau that administers certain aspects of the BBB Sonata Engine Arbitration Program.
- C. "BBB Sonata Engine Arbitration Program" shall mean the out-of-court forum administered by CBBB and BBBs to resolve disputes between consumers and vehicle manufacturers or distributors, under the BBB AUTO LINE Arbitration Rules modified to incorporate the terms of the Settlement Agreement.
- D. "CBBB" refers to the Council of Better Business Bureaus, Inc., which is the administrator of the BBB Sonata Engine Arbitration Program, with offices in Arlington, VA, and Clearwater, FL.
- E. "Claim" is a request for money, reimbursement, or warranty coverage under the Settlement Agreement.
- F. "Class" or "Class Members" refers to all owners and lessees of a Class Vehicle who purchased or leased the Class Vehicle in the United States, excluding the territories, or abroad while on active military duty. Also excluded from the Class are HMA; any affiliate, parent, or subsidiary of HMA, any entity in which HMA has a controlling interest; any officer, director, or employee of HMA, any successor or assign of HMA, any judge to whom this Action is assigned, his or her spouse, and all persons within the third degree of relationship to either of them, as well as the spouses of such persons.
- G. "Class Vehicles" refer to all 2011, 2012, 2013, and 2014 model year Hyundai Sonata vehicles factory equipped with a Theta II 2.0 liter or 2.4 liter gasoline direct injection engine, which were purchased or leased in the United States, excluding the territories, or abroad while a Class member was on active military duty.
- H. "Proof of Repair Expense" shall be comprised of the original or a copy of any document(s) generated at or around the time expense was incurred for a Qualifying Repair that identifies the Qualifying Repair's nature, date performed, and cost incurred by the Class Member for the Qualifying Repair.
- I. "Proof of Repair-Related Expense" shall be comprised of the original or a copy of any document(s) generated at or around the time that expense was incurred for a rental car, towing service, or other out-of-pocket expense in direct conjunction with obtaining a Qualifying Repair, and which identifies that the expense was incurred for

a rental car and/or towing service, the date the cost was incurred, and the dollar amount.

- J. "Qualifying Repair" refers to any type of repair, replacement, diagnosis, or inspection of the Class Vehicle short block assembly consisting of the engine block, crankshaft and bearings, connecting rods and bearings, and pistons. For purposes of reimbursement of repairs that occurred before the Class member received notice of this settlement or NHTSA Campaign Number 15V568000, "Qualifying Repair" also includes any other Class Vehicle components, such as the Class Vehicle long block (and the long block's components), battery, or starter, provided that the corresponding Proof of Repair Expense reflects that the work was conducted in attempt to address engine seizure, engine stall, engine noise, or illumination of the oil lamp, excepting any repairs for which the Proof or Repair Expense reflects that the repairs were plainly unrelated to the engine short block assembly issues (for example, a stall caused by a fuel pump, oxygen sensor, or the electrical system). Any repairs or replacement of a Class Vehicle in an attempt to address engine seizure, engine stall, engine noise, or illumination of the oil lamp arising from a short block assembly issue based on TSB No. 12-EM-006 will be presumed to be included within the definition of a Qualifying Repair. Nothing in this definition shall require HMA to provide repairs caused by a collision involving a Class Vehicle.

2. SCOPE OF BBB AUTO LINE SONATA ENGINE PROGRAM ARBITRATION

A dispute falls within the jurisdiction of these *Rules*, if the Claim is filed by or on behalf of a Class Member in relation to the engine on a Class Vehicle, such as for example, the appropriate amount to be reimbursed by Hyundai for a Qualifying Repair, the appropriate amount to be paid to a Class Member for the effect on fair market value of a Class Vehicle that previously experienced an engine issue that necessitated a Qualifying Repair, and whether a prospective repair of a Class Vehicle is correctly covered under the Extended Warranty described in the Settlement Agreement. Such disputes shall be resolved through a Better Business Bureau ("BBB") administered dispute resolution process.

3. AGREEMENT TO ARBITRATE

Upon the opening of a Claim, a BBB Dispute Resolution Specialist shall prepare an Agreement to Arbitrate that describes the nature of the Claim that a Class Member is making in relation to the engine on a Class Vehicle.

The Agreement to Arbitrate shall include only the issues that fall within the Settlement Agreement and these *Rules*.

The Agreement to Arbitrate shall be provided to each party so each party may properly prepare its presentation. If the Agreement to Arbitrate does not correctly describe the dispute the Class Member wishes to address in the Arbitration, the Class Member shall immediately inform the Dispute Resolution Specialist.

The remedies sought by each party must be within these *Rules*. The arbitrator has discretion to award any eligible remedy specified in these *Rules*. Remedies not specified in these *Rules*, such as punitive damages, allegations of fraud or claims for personal injury or mental anguish, shall not be arbitrated.

4. SELECTING YOUR ARBITRATOR

BBB AUTO LINE maintains a pool of individuals who are interested in the fair and expeditious resolution of consumer disputes. These persons have been trained and certified by the Council of Better Business Bureaus. They do not necessarily have mechanical or legal expertise.

For the BBB Sonata Engine Arbitration program, the CBBB shall select the arbitrator from this pool in a procedure designed to avoid any conflict of interest and to provide the parties with a neutral arbitrator to resolve the dispute. If a financial, competitive, professional, family, or social relationship exists with any party (even if the arbitrator believes the relationship is so minor that it will have no effect on the decision), it shall be revealed to the parties, and either may decide whether this arbitrator should serve in the case.

If the arbitrator believes he or she cannot make an impartial decision, he or she shall refuse to serve. CBBB reserves the right to reject an arbitrator for any reason(s) it believes will affect the credibility of the program.

5. COMMUNICATING WITH THE ARBITRATOR

The Class Member or anyone representing a Class Member shall not communicate in any way with the arbitrator about the dispute unless the arbitrator requests a telephonic hearing.

All communication with the arbitrator must be sent through the Dispute Resolution Specialist.

Violation of this rule compromises the impartiality of the arbitration process and may result in the case being discontinued.

6. REPRESENTATION

A Class Member may present his or her own case or have someone represent the Class Member at the Class Member's own expense, including Class Counsel.

In the event a telephonic hearing is set, if the Class Member intends to be represented at the hearing by a lawyer, the Class Member must give the lawyer's name, address and telephone number to the CBBB at least 10 days before the hearing.

8. HEARING NOTICE

In most cases, the arbitrator will issue a decision based on written information that the parties have provided. The CBBB will set a date (usually 25-35 days after the case is opened) by which parties must submit written positions, documentation, and any other evidence (including, where applicable, Proof of Repair Expense and Proof of Repair-Related Expense). Notice of this deadline for submissions will be sent to the parties at least 10 days in advance. A telephonic hearing can be requested by the arbitrator.

9. RECORD OF HEARING:

The CBBB will maintain basic file information such as witness names and documents presented as evidence. Copies of these materials and other official arbitration forms relating to your case will be given to you upon request. A reasonable copying fee may be charged.

10. SETTLEMENT:

If all parties voluntarily decide to settle the dispute before the hearing, the settlement will end the dispute and no hearing will be held. The Dispute Resolution Specialist will send each party a letter detailing the terms of the settlement.

11. TIME LIMITS:

The CBBB will make every effort to obtain a decision in a Class Member's case within 40 days from the time that written submissions are received.

12. THE DECISION:

When the arbitrator has reached a decision in your case, all parties will receive a written decision accompanied by the arbitrator's reason for the decision. We will not read a decision to a party over the phone.

A. Scope of Decision

A decision shall be binding on both parties and shall be one that the arbitrator considers fair and falls within the scope of these *Rules* (as defined above) and the terms of the Settlement Agreement, which are incorporated herein.

If the arbitrator determines that a Class Member is entitled to additional compensation from Hyundai pursuant to the scope of these *Rules* and the Settlement Agreement, then the arbitrator shall issue a decision requiring Hyundai to pay the Class Member within 120 days after HMA receives notice of the decision.

B. Potential Remedies

1) Warranty Extension for Engine Short Block

HMA will extend its Powertrain Warranty to cover the engine short block assembly, consisting of the engine block, crankshaft and bearings, connecting rods and bearings, and pistons, during the 10- year and 120,000 mile period (whichever ends first) following the original sale or lease of each vehicle. The Extended Warranty shall cover all costs associated with inspections and repairs including, without limitation, the costs associated with replacement parts, labor, and diagnoses.

2) Reimbursement for Past Repairs

HMA will reimburse money spent on certain Class Vehicle repairs, based on:

(a) Date of repair: the repair must have been within the new extended warranty period (i.e., within 10 years and 120,000 miles of when the vehicle was first sold or leased) and the repair must have been before November 9, 2015 for 2011 and 2012 model year vehicles, or September 28, 2016 for 2013 and 2014 model year vehicles.

(b) Type of repair:

- (1) Any repair to the engine short block assembly (which includes the engine block, crankshaft and bearings, connecting rods and bearings, and pistons).**
- (2) Repairs to any other components (such as the long block assembly, battery, or starter) if paperwork shows the work was an attempt to address (i) engine seizure, (ii) engine stalling, (iii) engine noise, or (iv) illumination of the oil lamp. (Repair costs will not be reimbursed if the paperwork reflects that the repairs were plainly unrelated to the short block assembly).**
- (3) Any replacement of an oil filter based on Hyundai TSB No. 12-EM-006 necessitated by an engine short block assembly issue.**

(c) Timeliness of claim

3) Reimbursement for Rental Cars, Towing, Etc.

Money spent by Class Members on rental cars, towing services, and similar services will also be reimbursed in full if the expense was reasonably related to obtaining one of the qualifying repairs listed above and the Class Member made a timely claim.

4) Compensation if a Class Member Sold or Traded-In a Class Vehicle

If, before November 9, 2015 for 2011 and 2012 model year vehicles, or September 28, 2016 for 2013 and 2014 model year vehicles, a Class Vehicle (i) experienced an engine seizure, engine stall, engine noise, or illumination of the oil lamp diagnosed as requiring repair of the engine block, and (ii) a Class Member sold or traded-in the Class Vehicle without first procuring the recommended repair, the Class Member may receive compensation for any effect on fair market value of the Class Vehicle that resulted. The amount of compensation will be based on the sale or trade-in transaction as a whole (among other considerations).

C. Clarifying the Decision

A party may request that the arbitrator clarify a decision if that party does not understand what action is required by the decision, or if that party and the other party disagree about what action is required by the decision.

The parties may not, however, ask the arbitrator to clarify the reasons for a decision. A request for clarification will not be accepted if it attempts only to challenge the conclusions of the arbitrator or reargue the case.

A request for clarification must be in writing and received by the CBBB before the time performance is required under the decision.

An appropriate request for clarification of the decision will be sent to the other party for response. The CBBB will send the clarification request and any response to the arbitrator, who may either clarify the decision or let the decision stand as originally written. Before making a decision on the clarification request, the arbitrator may request a telephonic conference with all parties.

D. Correcting the Decision or Reasons for Decision

A party may request correction of the decision or reasons for decision only if the decision or reasons contain a mistake of fact, a miscalculation of figures, or exceeds the arbitrator's authority – as defined below. A mistake of fact is not a conclusion of the arbitrator with which the party disagrees; it is a true error in an objective fact such as a date, time, place or name, and may justify correction only if it concerns the essence of the decision.

A miscalculation of figures is not a dollar figure that a party considers to be unfair; it is an arithmetic error.

The arbitrator has exceeded his or her authority if the award does not fall within the scope of the *Rules*.

A request for correction of a decision must be in writing and received by the CBBB before the time performance is required by the decision.

If a party's written statement to the CBBB is an appropriate request for correction, it will be handled in the same manner as a clarification request.

E. Decision Is Impossible to Perform or to Perform on Time

If any party believes the arbitrator's decision cannot be performed within the established time limit or at all, that party should immediately inform the CBBB in writing. The CBBB will process your submission in the same manner as a request for clarification.

The arbitrator may request additional evidence or do anything necessary to confirm or deny the claim of impossibility of performance. If the arbitrator confirms such impossibility, the original decision may then be changed to include any remedy falling within the scope of these *Rules*.

If HMA has exceeded the time for performance specified in the decision, the Class Member should notify us in writing. The CBBB will immediately contact Hyundai and attempt to determine the reasons for its noncompliance.

F. Post-decision Settlement

If the parties agree on a resolution that differs from the decision rendered, they should notify the Dispute Resolution Specialist so he/she can draft a Post-Decision Settlement form, which will identify the terms of the agreement and modify or supersede the arbitrator's decision.

G. Mathematical Errors/Correction

The CBBB reserves the right to correct obvious mathematical errors in the decision and/or obvious errors in the description of any person, thing or monetary amount.

H. Suspending the Time to Perform

If a party submits to the CBBB a written statement relating to clarification, correction or impossibility of performing the decision, the time for performance of a decision shall be suspended until the issue is resolved.

I. After the Decision Is Issued

The CBBB will send the arbitrator's decision to the Class Member and HMA.

Once the decision has been issued:

- The parties will be bound to abide by the decision and comply with its terms.
- If HMA fails to perform according to the arbitrator's decision, the Class Member should notify the CBBB, who will then notify counsel for the class and HMA.

J. Verification of Performance

All parties must do what the decision requires within the time limits set by the arbitrator.

Unless otherwise stated in the decision, the time for performance shall begin when HMA receives written notice of the decision. Within ten days after the performance date, the CBBB shall contact the Class Member to verify whether the decision has been performed.

13. TIMELY OBJECTIONS

Any failure to follow these *Rules* that may significantly affect the independence, impartiality or fairness of the arbitration process should be brought to the attention of BBB AUTO LINE at the earliest opportunity.

Any party raising such objections should attempt to document the specific harm caused by the failure to follow these *Rules*. The CBBB may request that party put its objection in writing. The CBBB will make a final decision on the appropriate action to be taken if we determine a failure to follow these *Rules* has significantly affected the independence, impartiality or fairness of the arbitration process.

14. CONFIDENTIALITY OF RECORDS

It is the CBBB's policy that records of the dispute resolution process are private and confidential.

CBBB, BBB and the arbitrator will not release the results of an individual case to any person or group that is not a party to the arbitration unless all parties agree or unless such release is required by state law or regulation or pertinent to judicial or governmental administrative proceedings.

We may use information in BBB AUTO LINE Sonata Engine Arbitration Program records to conduct general research, which may lead to the publication of aggregate demographic data, but will not result in the reporting or publication of any personal information provided to us.

15. LEGAL PROCEEDINGS / EXCLUSION OF LIABILITY

In submitting to arbitration under these *Rules*, the parties agree that the arbitrator and/or impartial technical expert shall not be subpoenaed by either party in any subsequent legal proceeding.

The parties further agree that the BBB (including its employees), the CBBB (including its employees), and/or the arbitrator shall not be liable for any act or omission in connection with any BBB AUTO LINE Sonata Engine Arbitration Program case.

16. INTERPRETATION OF RULES / RIGHT TO DISCONTINUE ARBITRATION

The CBBB reserves the right, consistent with applicable state or federal law and the Settlement Agreement, to make the final decision on procedural questions, the scope of issues to be arbitrated, a Class Vehicle Owner's and claim's eligibility for arbitration, and any other questions concerning the application and interpretation of these *Rules*.

The BBB or CBBB at all times reserves the right to discontinue or decline administration of arbitration for any case(s) due to a conflict with the Settlement Agreement, any state or federal law or regulation, or due to the behavior of a party.