

LEXUS OWNERSHIP SOLUTIONS

Fair Wear and Tear Guide

Preparation Date: December 2020



IMPORTANT NOTICE

This Fair Wear and Tear Guide (the Guide) is only applicable if you return your Vehicle on the expiry date. It is to be read with your Lexus Ownership Solutions contract.

It is important that you are familiar with this Guide. It provides a basis for determining what is **reasonable fair wear and tear** for a Vehicle at the end of your contract, based on the term and agreed number of kilometres (End Odometer) as set out in your Lexus Ownership Solutions contract.

What is fair wear and tear?

Fair wear and tear means the deterioration in the repair, working order and appearance of your Vehicle as is reasonably consistent with your obligations to use and maintain your Vehicle, in accordance with:

- **Your Lexus Ownership Solutions contract**, which requires you keep your Vehicle in good order and repair.
- **This Guide**, which defines acceptable damage and wear, along with examples of what Lexus Financial Services will not accept as fair wear and tear.

Why is fair wear and tear relevant to my Lexus Ownership Solutions contract?

Lexus Financial Services has based the Guaranteed Future Value (GFV) for your Vehicle on being returned in good and proper working order (fair wear and tear excepted). It is also based on the number of kilometres that your Vehicle will travel over the contract term, i.e. the End Odometer. If your Vehicle is not returned to Lexus in an acceptable condition, an adjustment will be made to the GFV, resulting in payment of a reduced GFV amount.

When will the assessment of fair wear and tear be made?

Prior to the expiry date of your contract, Lexus Financial Services will contact you to ask whether you are proposing to return your Vehicle on the expiry date in return for Lexus Financial Services paying you the GFV nominated in your Schedule.

Lexus Financial Services' assessment will be based on the condition of your Vehicle at that time and whether it meets this Guide. Lexus Financial Services will also check the odometer to determine whether an Excess Usage Charge will apply.

What happens if the Vehicle meets this Fair Wear and Tear Guide?

If your Vehicle meets this Guide and has not travelled more kilometres than agreed, Lexus Financial Services will apply the GFV to your contract to meet your final payment.

What happens if the Vehicle does not meet the Fair Wear and Tear Guide?

Where the Vehicle does not meet this Guide, Lexus Financial Services will reduce the GFV by the estimated cost of repairing or restoring the Vehicle to the condition it ought to have been at the end of the contract term. This reduced amount is called the Adjusted GFV and will not be sufficient to meet your final payment obligation.

How do you avoid a fair wear and tear adjustment being made to the GFV?

- i. Keep your Vehicle in good order and repair and ensure that it is regularly serviced in accordance with the recommendations set out in the Lexus Service and Warranty Handbook.
- ii. Ensure that your Vehicle does not travel more than the agreed kilometres.

Lack of regular servicing and attention to preventative measures, plus misuse or neglect, are the main reasons for Vehicles not meeting this Guide.

Some tips to ensure that your Vehicle meets the Fair Wear and Tear Guide

- Ensure your Vehicle is regularly serviced in accordance with Lexus recommendations – refer to your Lexus Service and Warranty Booklets.
- Regularly clean your Vehicle inside and out, including the upholstery and trim.
- Regularly check fluid levels and top them up when needed.
- Immediately investigate any unusual mechanical noises or poor running symptoms – refer to your Lexus Dealer for assistance.
- Fix any damage or defects when they occur.
- Ensure that all controls are working.
- Regularly inspect your tyres and wheels to ensure that they are in good condition and safe.
- Do not exceed Lexus's towing guidelines for your Vehicle.

Examples of fair wear and tear are provided on the following pages.
For more information go to www.lexus.com.au/finance



LEXUS OWNERSHIP SOLUTIONS FAIR WEAR AND TEAR GUIDE

This Guide explains what is meant by fair wear and tear and is the standard by which your Vehicle will be assessed when returned to Lexus Financial Services.

Your obligations

The following list of obligations apply to Vehicles returned to Lexus Financial Services at the end of your contract and apply equally to all Vehicles regardless of model, age or kilometres travelled.

Maintenance - Regular maintenance and servicing should be carried out by your Lexus Dealer or by an authorised repairer in accordance with Lexus guidelines, using approved service parts and lubricants only. Any defects or damage occurring during normal Vehicle use should be rectified as soon as possible.

The Lexus Service and Warranty Booklets (including the full service record) and any other documents relating to Vehicle equipment should be retained and made available if the Vehicle is to be returned to Lexus Financial Services at the end of the contract period. All documents must be in the Vehicle upon return - including any details of radio codes.

Appearance - The Vehicle should be returned at the end of the contract period in a suitably clean condition to allow for a proper inspection of the paint, body and interior.

Additional Equipment - Equipment such as car telephones that have been installed are to be removed, and any holes or damage should be repaired to a professional standard. All standard equipment, together with non-standard or 'customised' fittings originally supplied with the Vehicle, must be returned at the end of the contract period.

Badges and Labels - Non-standard badges, labels or advertising fitted to the bodywork or glass of the Vehicle should be removed, with any damage caused by their attachment or removal fixed. Any paintwork colour fade due to the attachment of advertising will result in an adjustment to the GFV. Advertising should never be painted directly onto the Vehicle.

Keys and Security - A full set of keys and remotes must be available and functioning. Return of the master key which controls the Vehicle's engine management system is mandatory.

If the Vehicle was originally supplied with a security system, this should be intact and fully operational, including any key or key fob necessary for operation. Any additional, non-standard security system should be fitted according to a recognised standard.

Mechanical Condition - The Vehicle must be regularly serviced, properly maintained and kept in sound mechanical condition.

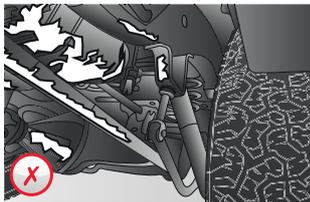
The following examples are conditions usually caused by Vehicle neglect or misuse and therefore are not regarded as fair wear and tear:

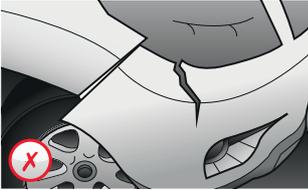
- i. Brakes - Grooved brake discs caused by metal to metal contact.
- ii. Engine - Seized due to running Vehicle with insufficient coolant and lubricating oil, or with broken internal components.
- iii. Transmission - Slipping, erratic gear changing, clutch slipping, noisy transmission or ineffective synchromesh.

FAIR WEAR AND TEAR TABLE

The following table highlights the minimum standards required for Vehicles returned to Lexus Financial Services at the end of your contract, with different standards based on the kilometres travelled.

For more information on fair wear and tear, go to www.lexus.com.au/finance

Category	Under 100,000kms	Over 100,000kms
<p>Interior Includes: carpet, upholstery, seats, roof liner, floor, door trims, dashboard, centre console, luggage area etc.</p>  <p>Torn upholstery</p>	<p>The interior should be clean and tidy with no visible burns, tears or permanent staining to the seats, headlining or carpets. Wear and soiling through normal use is acceptable, as are any repairs that are not readily visible.</p> <p>The following are also acceptable:</p> <ul style="list-style-type: none"> ✓ Moderate scratches/markings ✓ Repaired console holes ✓ Normal odours, tobacco smells ✓ Fading caused by normal exposure to sunlight ✓ Removable stains and singses that have not holed fabric material <p>The following are not acceptable:</p> <ul style="list-style-type: none"> ✗ Torn or ripped fabric ✗ Immovable stains ✗ Singes or burn holes 	
<p>Wheels - rims - trims</p>  <p>Damaged alloy wheels</p>	Scrapes and scratches covering no more than 15% of the surface area.	Scrapes and scratches covering no more than 20% of the surface area.
<p>Body damage Includes: paint, panelling, grille. Excludes: bonnet and bumper bars</p>  <p>Scratches and marks</p>	<p>Scratches</p> <p>No more than 5 scratches per panel or 15 scratches per car. Excludes scratches:</p> <ol style="list-style-type: none"> 1. through to the metal, which are longer than 40mm or wider than 1mm. 2. not through to the metal at any point, but are longer than 120mm or wider than 1mm. 	
	<p>Chips (excluding bonnet)</p> <p>No more than 10 chips per panel. Excludes chips with a diameter greater than 3mm.</p>	
	<p>Chips (bonnet)</p> <p>On any 25% area of the bonnet, no more than 40 chips, of which 20 must be less than 3mm in diameter and the remaining less than 2mm in diameter.</p>	
	<p>Dents</p> <p>No more than 2 dents per panel, or 12 dents per car. Excludes dents greater than 40mm in diameter or 2mm in depth.</p>	
	<p>Rust</p> <p>No rust.</p>	
 <p>Extensive rust/corrosion</p>		

Category	Under 100,000kms	Over 100,000kms
Bumper bars  Split bumper bar	<ol style="list-style-type: none"> 1. Marks covering an area less than 10cm² and no more than 1mm in depth; or 2. dents covering an area less than 20cm²; no more than 3mm in depth and no more than 3 per bumper bar. 	<ol style="list-style-type: none"> 1. Marks covering an area less than 50cm² and no more than 1mm in depth; or 2. dents covering an area less than 60cm²; no more than 3mm in depth and no more than 3 per bumper bar.
Protective moulds and mirror housing	Less than 4 marks, each having a total surface area less than 10cm ² and less than 1mm deep.	Less than 6 marks, each having a total surface area less than 15cm ² and less than 1mm deep.
Cargo Area	<ol style="list-style-type: none"> 1. Less than 8 dents, each having a diameter less than 70mm and less than 3mm deep; and 2. scraping to no more than 25% of the surface area. 	<ol style="list-style-type: none"> 1. Less than 12 dents, each having a diameter less than 75mm and less than 3mm deep; and 2. scraping and surface rust less than 1mm deep.

Definitions

The following terms have been defined to assist the reader. Any terms not defined will have its ordinary meaning.

Chip:

- in relation to glass, when a portion of glass has been damaged/removed from the top surface of glass; or
- the removal of paint topcoat that causes base primer or metal to be exposed.

Bullseye: damage that results from a conical (cone shape) section of the glass being separated from the laminated/bonding layer.

Dent: a depression in the surface caused by a blow or pressure with no paint surface penetration.

Foreign Matter: bird or bat excrement, tree sap and any other acids or material that is etched into the paint.

Scratch:

- in relation to glass, anything that has cut a shallow line in the layer of the glass greater than 1mm; or
- an elongated mark that causes base primer or metal to be exposed that cannot be removed by cut and polish.

Star: a series of line fractures radiating outwards from the point of impact on a Vehicle's windscreen.

Wiper Marks: windscreen wipers which have carved an etching in the top surface of the windscreen.

End of loan

At the end of your Lexus Ownership Solutions contract please ensure:

- the Vehicle is returned with the owner's manual and a complete and accurate service history (including the first service). Service book must be stamped, evidencing each service was performed by an approved service agent.
- that all equipment fitted to the Vehicle at the time of delivery (or after delivery with Lexus's consent) is returned. This includes the master and service key and, where supplied with the Vehicle, two remote controls.
- that any signwriting has been removed from the Vehicle and any damage caused to the exterior paintwork has been repaired.
- that front and rear matching tyres are of the same speed rating and size as those originally fitted to the Vehicle at time of delivery. Tyres must have at least 1.6mm of tread over all the road surface area of the tyre and otherwise be acceptable under Australian Road Safety Standards. No retreads.

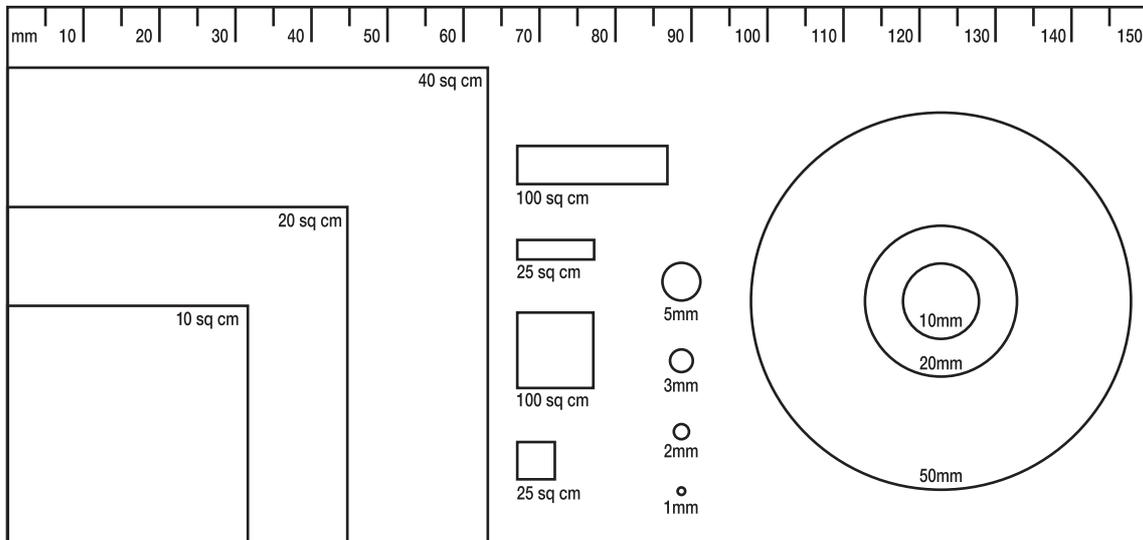
Vehicle pre-inspection

You may elect to have your Vehicle pre-inspected if you are choosing to return it for the GFV.

A copy of the pre-inspection report will be provided highlighting the components which require rectification. Where damage is not rectified, you will be charged for the costs of having the Vehicle repaired after it is returned.

Measuring instrument

The following template is used by our inspectors to assess Vehicles and is provided as a guide only.



Lexus Financial Services

National Customer Solutions Centre

PO Box 9215, Scoresby VIC 3179

T 1300 888 840 E financeprivacy@lexus.com.au

lexusfinance.com.au

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