

Miles Ahead Vehicle Service Contract

TERMS & CONDITIONS

A. DEFINITIONS

ADMINISTRATOR: means Tier One Warranty, LLC, P.O. Box 680144, Houston, TX 77268; 800-497-5633.

BREAKDOWN: means any **COVERED PART(S)** that fails to perform the function it was intended to perform due to a mechanical or electrical defect or fails to perform within manufacturer's specifications.

CONTRACT: means this Vehicle Service Contract.

COVERED PART(S): means individual items specifically listed under Section E for the Coverage plan selected on the Declaration Page.

DEDUCTIBLE: means the amount indicated on the Declaration Page that YOU must pay per visit for covered repairs. The DEDUCTIBLE does not apply to Supplementary Coverages (Section G) and manufacturer's deductible coverage (Section C).

OBLIGOR: refers to the entity required to perform under this CONTRACT, which is Tier One Warranty, LLC, P.O. Box 680144, Houston, TX 77286.

USED VEHICLE TERMS: means the months/mileage during which this CONTRACT is in-force, whichever comes first and includes the time period and mileage of the manufacturer's warranty. Coverage begins on the later of thirty (30) days after the CONTRACT purchase date and one thousand (1,000) miles after the odometer reading shown on the Declaration Page. The mileage is the number of miles in thousands for which this CONTRACT is in-force and is in addition to the VEHICLE'S mileage on the CONTRACT'S purchase date.

VEHICLE: means the VEHICLE covered by this CONTRACT.

WE, US, or OUR: means the OBLIGOR under this CONTRACT which is Tier One Warranty, LLC, P.O. Box 680144, Houston, TX 77268.

YOU, YOUR: means the purchaser of this CONTRACT or properly designated transferee.

B. LIMITS OF LIABILITY

THE DOLLAR TOTAL OF ALL BENEFITS PAID OR PAYABLE UNDER THIS CONTRACT SHALL NOT EXCEED THE ACTUAL CASH VALUE OF THE VEHICLE AS SHOWN IN THE THEN CURRENT NADA OFFICIAL USE CAR GUIDE FOR A VEHICLE IN AVERAGE CONDITION.

LIABILITY FOR INCIDENTAL AND CONSEQUENTIAL DAMAGES, OR FOR BREACH OF ANY IMPLIED WARRANTIES, INCLUDING THE IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, IS EXPRESSLY EXCLUDED. SUCH INCIDENTAL AND CONSEQUENTIAL DAMAGES INCLUDE, BUT ARE NOT LIMITED TO, PROPERTY DAMAGE, LOSS OF USE OF THE VEHICLE, LOSS OF TIME, INCONVENIENCE AND COMMERCIAL LOSS.

THESE LIMITATIONS AND EXCLUSIONS OF LIABILITY APPLY ONLY TO THE EXTENT ALLOWED BY LAW.

C. OTHER SERVICE CONTRACTS, WARRANTIES OR INSURANCE POLICIES

The term of this CONTRACT includes the term of the manufacturer's warranty issued to the original purchaser of the VEHICLE, regardless of whether it is valid, collectible or transferred to YOU. Coverage under this CONTRACT is secondary to, and does not replace, the manufacturer's warranty, but provides certain additional benefits during the term of the manufacturer's warranty. If more than one service contract, warranty or insurance policy can be applied to a BREAKDOWN, coverage under this CONTRACT shall be excess over all other coverage, whether valid or collectible, except for benefits that may be applicable under Section G- **SUPPLEMENTARY COVERAGES**-of this CONTRACT.

D. OUR RESPONSIBILITIES

WE will repair or replace, or have repaired or replaced, any COVERED PART, which breaks down (subject to the DEDUCTIBLE). Follow the procedure described in Section J- **INSTRUCTIONS IN THE EVENT OF A BREAKDOWN**. WE will reimburse YOU for pre-authorized expenses incurred for the repair or replacement of the COVERED PART(S). Reasonable expenses are not to exceed the manufacturer's suggested retail price for parts, and the REPAIR FACILITY'S hourly labor rate (as approved by the ADMINISTRATOR) multiplied by the appropriate operation time as published in an authorized national labor time guide. Replacement may be made, in OUR sole discretion, with a part which is new, of like kind and quality compatible with the original design specifications and wear tolerances of YOUR VEHICLE, remanufactured, or used.

E. LIST OF COVERED PARTS

COVERAGE IS LIMITED TO THE PARTS DESCRIBED BELOW FOR THE PLAN SELECTED ON THE DECLARATION PAGE.

1. POWERTRAIN COVERAGE:

- a. **Engine:** All internal lubricated parts; engine block; engine head(s); exhaust manifold; expansion plugs; intake manifold; mounts; oil pan; super/turbocharger; timing belt or chain; valve cover(s); water pump; and seals and gaskets.
- b. **Transmission** (Including Transfer Case If Four Wheel Drive): All internal lubricated parts within the transmission and transfer case; cooler lines (metal); mounts; throttle valve cable; torque converter; transmission and transfer case housing; vacuum modulator; seals and gaskets.
- c. **Front/Rear Wheel Drive:** All internal lubricated parts within the drive/trans-axle assembly; axles and axle shafts; constant velocity joints (but not constant velocity boots or related failures); drive/trans-axle housing; drive shaft support; front hub bearings; front hub locking assemblies (four wheel drive); propeller shafts; universal joints; and seals and gaskets.

2. POWERTRAIN PLUS COVERAGE: Components listed above for Powertrain Coverage in addition to the following components.

- a. **Brake Group:** Brake booster; calipers; combination valve; lines and fittings (metal only); master cylinder; wheel cylinders; and seals and gaskets.
- b. **Front Suspension:** Ball joints; control arms; bearings; bushings and shafts; kingpins and kingpin bushings; spindles; wheel bearings; wheel seals; and seals and gaskets.
- c. **Steering:** All internal lubricated parts within the steering gear; power steering pump; power cylinder; steering gear and pump housing; and seals and gaskets.
- d. **Electrical:** Alternator; alternator voltage regulator; brake light switch; distributor bushings, gear, housing and shaft (excludes cap, rotor and wires); horns; ignition coil; ignition switch (excludes lock cylinder and coded keys); starter motor, solenoid and starter relay (excludes any damage to flywheel, flexplate and ring gear); and windshield wiper motor.
- e. **Air Conditioning:** Accumulator; blower motor; compressor bearings, clutch, internal parts and pulley; condenser; evaporator; receiver/dryer; seals and gaskets; compressor housing; and refrigerant ONLY if needed in conjunction with the repair of an above listed part.
- f. **Fuel Group (Gasoline):** Distributor; injectors; lines (metal); fuel pump; rail; tank; tank filler neck; and throttle body.
- g. **Anti-Lock Brake System:** Accumulator; electronic control unit and module; hydraulic pump; isolation dump valve; relays; and sensors (excludes sensor rings).

3. PREMIUM COVERAGE: Components listed above for Powertrain Plus Coverage in addition to the following components.

- a. **Cooling System:** Cooling fan blade assembly, clutch and motor; heater core; radiator; thermostat; and seals and gaskets.
- b. **High-Tech Package:** Air conditioning power module, controller, relay, orifice tube, suction control devices and thermostatic expansion valve; antenna motor and mast (power factory installed only); burglar alarm (factory installed) relays, sensors and siren; convertible top motor; cruise control module, and electronic servo/ transducer; front struts (front only and excludes springs) and upper pivot bearing mounting assembly; door lock actuators/solenoids (power only); head lamp door motors (only); ignition cylinder; air conditioning and heating dash control unit/temperature control programmer (excludes cathode-ray tube [CRT] display); idle speed or automatic idle speed assemblies; warm-up regulator; diesel accessory vacuum pump and injector pump; ignition spark control pick-up sensor; instrument cluster electronic driver information display module/power supply, gauges and speedometer head (excludes bulb and CRT display repairs); keyless entry system; level control (electronic only): sensors, limiter valves and compressor; power seat motor and transmission; oil pressure sending unit; sensors (Engine Management); main wiring harness; ignition module; main electronic control unit; sunroof motor; blower motor (heater-A/C) switch; burglar alarm switches (factory installed); convertible top switch; cruise control engagement switch; door lock switches; seat switches; sunroof switch; trunk lid release switch; window switches; trunk lid release activator and motor; washer pump motor; power window gear, motor, regulator and lift tape.

F. EVENTS WHICH ARE NOT COVERED

This CONTRACT does not cover the following:

1. Repairs and/or replacements of COVERED PART(S) that are not authorized by US.
2. Scheduled maintenance, adjustments, wear items and the following: audio-visual systems including television, DVD, VCR and other video equipment; batteries; body and trim items; active, passive or supplemental restraint systems; belts; brake drums and rotors; cellular phone; exhaust system; friction materials; glass; convertible top; global positioning satellite (GPS) system including OnStar; perimeter warning systems; infrared vision systems; hoses; light bulbs; manual transmission clutch disc

lining; throw out bearing and pressure plate; spark plugs; ignition wires; tires; water leaks; noises; wheel balancing; and wiper blades. Filters, lubricants, coolants, and refrigerants are covered only if replacement is required in connection with a BREAKDOWN.

3. Any equipment not installed by the manufacturer.
4. A BREAKDOWN that is the direct result of a mechanical or structural flaw that the manufacturer has acknowledged, or that the manufacturer will repair at its expense.
5. Any replacement part supplied by anyone but the manufacturer of YOUR VEHICLE, unless it is of a kind and quality compatible with the design specifications and wear tolerances of the VEHICLE's manufacturer.
6. Vehicles in excess of one (1) ton, or with dual rear wheels, or with a fifth wheel, or which are equipped for plowing or towing.
7. Vehicles not certified for sale in the United States at the time of manufacture.
8. A BREAKDOWN caused by negligence, misuse, improper servicing, or failure by YOU to perform required services, or a BREAKDOWN caused by the lack of proper and necessary amounts of coolants or lubricants, or by overheating.
9. A BREAKDOWN caused by sludging of oil.
10. A BREAKDOWN caused by accident, civil commotion, riot, terrorism, collision or upset, earthquake, explosion, falling objects, fire, flood, fluid contamination, freezing, fuel contamination, hail, lightning, malicious mischief, oil contamination, corrosion, rust, theft, larceny, vandalism, water, water contamination, windstorm, and other external forces or events.
11. Any VEHICLE used commercially unless the appropriate box is marked on the Declaration Page and the "Commercial Use" surcharge has been paid.
12. Any VEHICLE used for competitive or off road racing.
13. Any VEHICLE used for towing in excess of what is recommended by the manufacturer.
14. Any BREAKDOWN is not covered if the odometer has been tampered with, or disconnected, or the true mileage cannot be determined. If YOU have not promptly repaired a defective odometer, this limitation applies, and coverage will be denied.
15. A gradual reduction in operating performance where a mechanical BREAKDOWN has not occurred. This includes, but is not limited to, valve and ring repairs designed to improve engine compression or reduce oil consumption. However, a covered component not operating within manufacturer's specifications is covered.
16. Any BREAKDOWN which occurred or which may be reasonably assumed to have occurred during the 30 day and 1,000 mile validation period. Repair or replacement of a COVERED PART to correct conditions that may be reasonably assumed to have existed at the inception date of the coverage provided by this CONTRACT.
17. A BREAKDOWN caused by alterations to the VEHICLE that affects the operation of a COVERED PART. This includes, but is not limited to; exhaust headers, oversized tires, and suspension lift kits.
18. A BREAKDOWN or repair occurring outside of the United States or Canada.
19. A BREAKDOWN caused by the failure of a non-covered part.
20. Components or parts which have not failed or resulted in a BREAKDOWN, but which, due to recommendation of the manufacturer or the REPAIR FACILITY, require repair or replacement.
21. Damage caused by failure to take reasonable precautions to prevent further damage when an apparent problem exists.
22. A BREAKDOWN which is or should be covered by the manufacturer's warranty, by recall or special policy from the manufacturer, or by a repairer's warranty or guarantee.
23. Detonation, pre-ignition, carbon buildup, electrolysis, and hazardous waste removal.
24. Repairs if the VEHICLE is a total loss or has been repossessed.
25. Any VEHICLE designed to use alternative fuels (including but not limited to LPG, CNG, methanol, and electricity).
26. The following exclusions apply to Road Hazard Coverage:
 - a. Tire damage resulting from off-road use, racing, collision with curb or another vehicle, misuse, abuse, lack of proper maintenance, misalignment, suspension problems, vandalism, fire, upset, manufacturer defects, and driving on tires which are deflated or improperly inflated.
 - b. Tires that are undersized, oversized, or otherwise not recommended by the vehicle manufacturer for installation on YOUR VEHICLE.
 - c. Tires transferred from another vehicle.
 - d. Tires that do not have at least 3/32-inch tread depth remaining.
 - e. Tires mounted on vehicles other than on-road use private passenger cars and light duty trucks, and any vehicle exceeding 13,500 pounds gross vehicle weight rating.

- f. Damage to tires that does not affect their performance or safety.
- g. Tires not retained by YOU for inspection by the ADMINISTRATOR.

G. SUPPLEMENTARY COVERAGES

SUBSTITUTE TRANSPORTATION COVERAGE

If YOUR VEHICLE requires repair due to a BREAKDOWN of a COVERED PART, even when that part is covered by a factory warranty, and YOUR VEHICLE is required to be in a REPAIR FACILITY overnight, WE will reimburse YOU for actual substitute transportation expenses. This benefit will be at a rate of up to thirty-five dollars (\$35.00) per day for each day YOUR VEHICLE is undergoing covered repairs for a maximum of seven (7) days. A valid licensed rental agency's, auto dealers' or REPAIR FACILITY'S invoice is required for reimbursement.

TOWING / ROAD SERVICE / LOCKOUT

In the event YOUR VEHICLE is disabled, WE will dispatch a service vehicle to YOUR location to assist YOU. In the event YOUR VEHICLE is unable to continue under its own power YOUR VEHICLE may be towed to a location of YOUR choosing. YOU will receive 25 miles of towing at no cost, any additional mileage will be YOUR responsibility and payment will be expected at the time service is rendered. When calling for towing or road service YOU must call 1-800-689-1190. YOU will be required to give the representative assisting YOU the following information: Producer Code – 37497, YOUR CONTRACT Number (located on the front right hand corner of this application) and YOUR plan letter which is U.

TRIP INTERRUPTION

In the event a BREAKDOWN covered by this CONTRACT occurs more than one hundred (100) miles from YOUR home and results in a REPAIR FACILITY keeping YOUR VEHICLE overnight, WE will reimburse YOU for receipted motel and restaurant expenses up to seventy-five dollars (\$75.00) per day for a maximum of three (3) days. The total benefit per occurrence shall not exceed two hundred and twenty-five dollars (\$225.00).

H. YOUR RESPONSIBILITIES

In order for YOU to maintain the benefits of the coverage as indicated on the Declaration Page, YOU must follow the procedures listed below. If YOU fail to follow the listed procedures and YOUR failure causes a BREAKDOWN, YOU will be denied coverage.

1. YOU must reasonably protect YOUR VEHICLE from further damage. Failure to do so will cause any additional loss to become YOUR responsibility.
2. YOU must have YOUR VEHICLE maintained as recommended by the manufacturer and keep all fluids at proper levels between service intervals.
3. YOU must obtain a claim approval reference number from the ADMINISTRATOR prior to repairing, replacing or cleaning any parts. Failure to do so may result in a reduction or denial of coverage.
4. **YOU must save all sales receipts, invoices or work orders showing the date, mileage, a description of YOUR VEHICLE, and the services performed, including parts and fluids used to complete these services. Failure to provide verifiable proof of maintenance will result in denial of coverage.**

I. ROADSIDE ASSISTANCE

ROADSIDE ASSISTANCE

Roadside Assistance is provided through a complementary membership with Nation Safe Drivers.

In the event YOUR VEHICLE is disabled, WE will dispatch a service vehicle to YOUR location to assist YOU. In the event YOUR VEHICLE is unable to continue under its own power YOUR VEHICLE may be towed to a location of YOUR choosing. YOU will receive 25 miles of towing at no cost, any additional mileage will be YOUR responsibility and payment will be expected at the time service is rendered. When calling for towing or road service YOU must call 1-800-689-1190. YOU will be required to give the representative assisting YOU the following information: Producer Code – 37497, YOUR CONTRACT Number (located on the front right hand corner of this application) and YOUR plan letter which is U.

COVERAGE: YOU are entitled to one (1) service per 72-hours. Services available to YOU at no cost are: a tow up to 25 miles; battery jumpstart; flat tire change; fuel delivery (YOU are responsible for the actual cost of the delivered materials); locksmith.

REIMBURSEMENT: In the event YOUR VEHICLE is disabled and YOU contracted for any of the above covered services on YOUR own, YOU will be able to submit YOUR original receipted road service expenses for reimbursement. YOUR reimbursement for towing is \$50. Reimbursement for any other roadside service including locksmith services is \$50. Send to: Nation Safe Drivers, 800 Yamato Road, Boca Raton, FL 33431. **Attn:** Claims

SERVICE PROVIDER NETWORK

Nation Safe Drivers operates through a network of contracted service providers who have agreements with Nation Safe Drivers to perform road and towing service for Nation Safe Drivers members. As independent contractors, they have exclusive control over their own equipment and personnel. Nation Safe Drivers is not responsible for their acts or omissions.

J. INSTRUCTIONS IN THE EVENT OF A BREAKDOWN

1. **Prevent Further Damage:** Take immediate action to prevent further damage. This CONTRACT will not cover the damage caused by continued operation in a failed state, and/or failing to secure a timely repair of the failed component.
2. **Take YOUR VEHICLE to an Approved REPAIR FACILITY:** In the event of a BREAKDOWN, take the VEHICLE to any licensed REPAIR FACILITY approved by the ADMINISTRATOR. YOU may contact the ADMINISTRATOR for assistance in locating a REPAIR FACILITY. Provide the REPAIR FACILITY with a copy of this CONTRACT and/or the CONTRACT Number.
3. **Obtain Prior Authorization from the ADMINSTRATOR:** Prior to any repair being made, instruct the REPAIR FACILITY to contact the ADMINISTRATOR to obtain authorization for the claim and a Claim Authorization Number. It is YOUR responsibility to ensure that authorization has been obtained for any covered repair prior to the work being performed. For authorization, please call the ADMINISTRATOR'S Claim number at 800-682-9774.

Failure to obtain proper authorization will result in a denial of benefits.

The amount authorized by the ADMINISTRATOR is the maximum that will be paid for the repairs covered under the terms of this CONTRACT. Any additional repair costs must receive prior approval. If a BREAKDOWN occurs after the ADMINISTRATOR'S normal working hours, YOU must follow the same procedures for filing a CLAIM, and will be directed to call OUR after-hours phone number to contact a representative to receive a reference number related to YOUR repair. For authorization, please call the ADMINISTRATOR'S Claim number at 800-682-9774.

4. **Review Coverage:** After the ADMINISTRATOR has been contacted, review with the REPAIR FACILITY what will be covered by this CONTRACT and what portions of the repair (if any) that will not be covered.
5. **Tear Down and/or Inspection of the VEHICLE:** In some cases, YOU may need to authorize the REPAIR FACILITY to inspect and/or teardown the VEHICLE in order to diagnose the failure and determine the cost of the repair. YOU will be responsible for these charges if the failure is not covered under this CONTRACT. WE reserve the right to require an inspection of the VEHICLE prior to any repairs being performed.
6. **Substitute Transportation and Towing Requirement:** Prior authorization from the ADMINISTRATOR is required for a Claim made for any **Substitute Transportation** and **Towing** reimbursement. For authorization, please call the ADMINISTRATOR'S Claim number at 800-682-9774.
7. **Pay DEDUCTIBLE and Costs for Non-Covered Repairs:** WE will pay the REPAIR FACILITY or reimburse YOU for the work performed on the VEHICLE that is covered by this CONTRACT for the previously authorized amount, less the applicable DEDUCTIBLE. YOU must pay for any repair or service that is not covered by this CONTRACT.
8. **Submit Repair Orders for Payment:** Once authorization is obtained and the repair is complete, all repair orders and documentation must be submitted, along with the Claim Authorization Number, to the ADMINISTRATOR, within thirty (30) days from the date the covered repair was completed to be eligible for payment. ADMINISTRATOR – Tier One Warranty Services, P.O. Box 680144, Houston, TX 77276.
9. **Emergency Repairs:** PRIOR APPROVAL MUST BE OBTAINED IN ALL CASES. FAILURE TO OBTAIN PROPER AUTHORIZATION SHALL RESULT IN A DENIAL OF BENEFITS. (PLEASE REFER TO ITEM #3 ABOVE FOR AFTER HOURS PROCEDURES.)

K. CONTRACT CANCELLATION PROVISION

1. Contact the ADMINISTRATOR in writing within sixty (60) days after the requested cancellation date, and enclose this CONTRACT.
2. With YOUR refund request, please include proof that there is no lien or outstanding credit obligation against this CONTRACT. If such proof is not provided, or if there is a lien or outstanding credit obligation against this CONTRACT, the lienholder or creditor will be named with YOU as a joint payee of the refund.
3. If this CONTRACT is canceled because the VEHICLE is repossessed, the lienholder or creditor will be the sole payee of the refund.
4. If this CONTRACT is canceled because of a total loss of the VEHICLE, the lienholder or creditor will be the sole payee of the refund, unless YOU provide the ADMINISTRATOR with proof that there is no lien or outstanding credit obligation against this CONTRACT.

5. WE may cancel this CONTRACT at anytime if YOU do not pay the CONTRACT price or if YOU make a material misrepresentation in obtaining the CONTRACT or in the submission of a claim.
6. If this CONTRACT is canceled within the first sixty (60) days, WE will refund the entire CONTRACT purchase price less any claims paid. If this CONTRACT is canceled after the first sixty (60) days, the refund will be the lesser amount yielded by the following two computation methods. The first method is the pro rata method based upon the number of months of the TERM expired at the time of cancellation. The second method is the pro rata method based upon the number of miles driven from purchase date to date of cancellation. In addition, a service charge equal to the lesser of ten percent (10%) of the CONTRACT price or fifty (\$50) dollars will be deducted from the refund. Please call YOUR Provider for a quote.

L. WHO TO CONTACT

IN CASE OF BREAKDOWN CALL: Tier One Warranty Services, P.O. Box 680144, Houston, TX 77268. For claims please call **800-682-9774**. For cancellations or transfers please call **800-497-5633**. For roadside assistance please call: Nation Safe Drivers at **800-689-1190**.

OUR obligations to perform under this CONTRACT are insured by an insurance policy issued to US by **Dallas National Insurance Company, 14160 Dallas Parkway, Dallas, TX 75254**. If the Administrator fails to pay an authorized claim under this CONTRACT within sixty (60) days after proof of loss has been filed, YOU may make a claim directly against the Insurer.

M. TRANSFER OF CONTRACT

This CONTRACT applies to YOU and the VEHICLE described in this CONTRACT. Only YOU can transfer this CONTRACT. This CONTRACT cannot be transferred to or from an automobile dealer. WE will accept transfer of this CONTRACT only:

1. If YOU request a transfer form from the ADMINISTRATOR within fifteen (15) days of change of ownership of the described VEHICLE.
2. If YOU pay off YOUR lease before the end of the lease term (applies to leased vehicles only).
3. If within thirty (30) days of change of ownership YOU provide the ADMINISTRATOR with the following:
 - a. YOUR sales receipts, invoices or work orders showing date, mileage, and the service performed, evidencing the fact that all the maintenance requirements have been met. (See Section H - **YOUR RESPONSIBILITIES** - for maintenance requirements.)
 - b. A licensed dealer's certification of YOUR VEHICLE'S odometer reading.
 - c. A photocopy of the documents YOU sent to the manufacturer showing that YOU transferred YOUR factory warranty, if applicable. If the full original manufacturer's warranty is not transferred or reduced on transfer, the transferee must contact the ADMINISTRATOR for an additional surcharge to complete the transfer. Failure to transfer the manufacturer's warranty or pay the surcharge will result in a nonpayment of a claim.
 - d. A transfer fee of fifty (\$50.00) dollars made payable to Tier One Warranty Services. Send a check or money order only.
 - e. A completed transfer form with the two (2) required signatures.
4. If this CONTRACT is financed, YOU must provide proof that YOUR loan is paid in full.
5. If the transferee does not receive a confirmation of transfer within forty-five (45) days after change of ownership, the transferee should notify the ADMINISTRATOR.

N. GENERAL PROVISIONS

1. YOUR HELP AND COOPERATION

If WE ask, YOU agree to help US enforce YOUR rights against any manufacturer or REPAIR FACILITY that may be responsible to YOU for the cost of repairs covered by this CONTRACT.

2. SUBROGATION

If WE pay for coverage under this CONTRACT, WE may require YOU to assign YOUR rights of recovery against others. WE will not pay for a BREAKDOWN if YOU impair these rights to recovery. YOUR rights to recover from others may not be waived.

3. ALTERNATIVE DISPUTE RESOLUTION CLAUSE

Read The Following Arbitration Provision ("Provision") Carefully. It Limits Certain Of Your Rights, Including YOUR Right to Obtain Relief Or Damages Through Court Action.

As used in this Provision, "YOU" and "YOUR" means the person or persons named in the CONTRACT and all his/her heirs, survivors, assigns and representatives. "WE" and "US" shall mean the Obligor identified above and shall be deemed to include all of its agents, affiliates, successors and assigns, and any retailer or distributor of its products, and all of the dealers, licensees, and employees of any of the foregoing entities.

Any and all claims, disputes, or controversies of any nature whatsoever (whether in contract, tort or otherwise, including statutory or common law fraud (whether by misrepresentation or by omission) or other international tort, property, or equitable

claims) arising out of, relating to, or in connection with (1) this CONTRACT or any prior CONTRACT, and the purchase thereof; and (2) the validity, scope, interpretation, or enforceability of this Provision or of the entire Agreement ("Claim"), shall be resolved by binding arbitration before a single arbitrator. All arbitrations shall be administered by the American Arbitration Association ("AAA") in accordance with its Expedited Procedures of the Commercial Arbitration Rules of the AAA in effect at the time the Claim is filed. The terms of this Provision shall control any inconsistency between the AAA's Rules and this Provision. YOU may obtain a copy of the AAA's Rules by calling (800) 778-7879. The arbitrator will decide whether YOU or WE will be responsible for these fees. The arbitrator shall apply relevant substantive law and applicable statute of limitations and shall provide written, reasoned findings of fact and conclusions of law. This Provision is part of a transaction involving interstate commerce and shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 *et seq.* **If any portion of this Arbitration Provision is deemed invalid or unenforceable, it shall not invalidate the remaining portions of the Arbitration Provision.** This Arbitration Provision shall inure to the benefit of and be binding on YOU and US and shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this CONTRACT.

YOU agree that any arbitration proceeding will only consider YOUR Claims. Claims by, or on behalf of, other individuals will not be arbitrated in any proceeding that is considering YOUR Claims.

YOU AND WE UNDERSTAND AND AGREE THAT BECAUSE OF THIS ARBITRATION PROVISION NEITHER YOU NOR US WILL HAVE THE RIGHT TO GO TO COURT EXCEPT AS PROVIDED ABOVE OR TO HAVE A JURY TRIAL OR TO PARTICIPATE AS ANY MEMBER OF A CLASS OF CLAIMANTS PERTAINING TO ANY CLAIM.

Note: Due to state law restrictions, mandatory and/or binding arbitration may not be allowed in YOUR state. Please refer to Section O – SPECIAL STATE DISCLOSURES to determine if arbitration is allowed in your state.

O. SPECIAL STATE DISCLOSURES

If YOU purchased this CONTRACT in one of the states identified below, the Special State Disclosure for that state applies to YOUR CONTRACT.

- Alabama:** The following is added under Section K – **CONTRACT CANCELLATION PROVISION:**
A ten (10%) percent penalty per month shall be added to a refund that is not paid or credited within forty-five (45) days after the return of the CONTRACT to the ADMINISTRATOR. The right to return this CONTRACT applies only to the original purchaser of this CONTRACT.
Obligations of the Obligor under this Service Contract are guaranteed under a Service Contract reimbursement insurance policy.
- Arkansas:** Under Section N – **GENERAL PROVISIONS** – Paragraph 3. ALTERNATIVE DISPUTE RESOLUTION CLAUSE is deleted and replaced with the following:
Notice: Arbitration is voluntary and non-binding.
- Connecticut:** Connecticut Public Act, 87-393, Laws 1987, requires an automobile dealer to provide a warranty covering certain classes of used motor vehicles as follows:
Used VEHICLES with a sale price of \$3,000, but less than \$5,000: Provides coverage for thirty (30) days or 1,500 miles, whichever comes first.
Used VEHICLES with a sale price of \$5,000 or more: Provides coverage for sixty (60) days or 3,000 miles, whichever comes first.
The VEHICLE YOU have purchased may be covered by this law. If so, the following is added to this CONTRACT: In addition to the dealer warranty required by this law, YOU have elected to purchase this CONTRACT, which may provide YOU with additional protection during the dealer warranty period and provides protection after the dealer warranty period has expired. YOU have been charged separately only for this CONTRACT.
The required dealer warranty is provided free of charge. Furthermore, the Definitions, Coverage and Exclusions stated in this CONTRACT apply only to this CONTRACT and are not the terms of the required dealer warranty.
- Idaho:** **Notice:** The following is added to YOUR CONTRACT: Coverage afforded under this CONTRACT is not guaranteed by the Idaho Insurance Guarantee Association. **Obligations of the Obligor under this agreement are guaranteed under a Service Contract reimbursement insurance policy.**
- Illinois:** Under Section N – **GENERAL PROVISIONS** – Paragraph 3. ALTERNATIVE DISPUTE RESOLUTION CLAUSE is deleted and replaced with the following:
Notice: Arbitration is not mandatory for disputes which may arise from this CONTRACT but may be chosen voluntarily by the parties to this CONTRACT.
Our Obligations to YOU are covered under a Service Contract Reimbursement Policy, issued by Dallas National Insurance Company, 14160 Dallas Parkway, Dallas, TX 75254.

Indiana: **Notice:** The following is added to YOUR CONTRACT: YOUR proof of payment to US or the ADMINISTRATOR or PROVIDER which issued this CONTRACT shall be considered proof of payment to the Insurance Company identified on the Declaration Page which guarantees OUR obligations to YOU, provided such insurance was in effect at the time YOU purchased this CONTRACT.

Iowa: **Notice:** The following is added to YOUR CONTRACT: In the event YOU have any questions regarding YOUR CONTRACT, YOU may contact the Iowa Insurance Commissioner at the following: Iowa Insurance Division, 330 Maple Street, Des Moines, Iowa 50319, 515-281-4441.

Massachusetts: **Notice:** The following is added to YOUR CONTRACT: **NOTICE TO CUSTOMER: PURCHASE OF THIS AGREEMENT IS NOT REQUIRED IN ORDER TO REGISTER OR FINANCE A VEHICLE. THE BENEFITS PROVIDED MAY DUPLICATE EXPRESS MANUFACTURER'S OR SELLER'S WARRANTIES THAT COME AUTOMATICALLY WITH EVERY SALE. THE SELLER OF THIS COVERAGE IS REQUIRED TO INFORM YOU OF ANY WARRANTIES AVAILABLE TO YOU WITHOUT THIS AGREEMENT.**

Chapter 90, Section 7N 1/4 of Massachusetts General Laws requires an automobile dealer to provide a warranty covering certain classes of used motor Vehicles as follows:

Used Vehicles with less than 40,000 miles at the time of sale: Provides coverage for ninety (90) days or 3,750 miles, whichever occurs first.

Used Vehicle with 40,000 miles or more but less than 80,000 miles at the time of sale: Provides coverage for sixty (60) days or 2,500 miles, whichever occurs first.

Used Vehicles with 80,000 miles or more but less than 125,000 miles at the time of sale: Provides coverage for thirty (30) days or 1,250 miles, whichever occurs first.

The VEHICLE YOU have purchased may be covered by this law. If so, the following is added to this CONTRACT: In addition to the dealer warranty required by this law, YOU have elected to purchase this CONTRACT, which may provide YOU with additional protection during the dealer warranty period and provides protection after the dealer warranty has expired. YOU have been charged separately only for this CONTRACT. The required dealer warranty is provided free of charge. Furthermore, the Definition, Coverage, and Exclusions stated in this CONTRACT apply only to this CONTRACT and not the terms of the required dealer warranty.

Mississippi: Under Section N – **GENERAL PROVISIONS** – Paragraph 3. ALTERNATIVE DISPUTE RESOLUTION CLAUSE is deleted and replaced with the following:

Notice: Arbitration is not mandatory for disputes which may arise from this CONTRACT but may be chosen voluntarily by the parties to this CONTRACT.

Our obligations to YOU are covered under a Service Contract Reimbursement Policy, issued by Dallas National Insurance Company, 14160 Dallas Parkway, Dallas, TX 75254.

Missouri: Under Section K– **CONTRACT CANCELLATION PROVISION** – Paragraph 6 is amended to delete the service charge.

Under Section M – **TRANSFER OF CONTRACT**– Paragraph 3 is amended to delete the transfer fee.

Under Section N – **GENERAL PROVISIONS** – Paragraph 3. ALTERNATIVE DISPUTE RESOLUTION CLAUSE is deleted and replaced with the following:

Notice: Arbitration is not mandatory for disputes which may arise from this CONTRACT but may be chosen voluntarily by the parties to this CONTRACT.

Nebraska: Under Section N – **GENERAL PROVISIONS** – Paragraph 3. ALTERNATIVE DISPUTE RESOLUTION CLAUSE is deleted and replaced with the following:

Notice: Arbitration is not mandatory for disputes which may arise from this CONTRACT but may be chosen voluntarily by the parties to this CONTRACT.

Our Obligations to YOU are covered under a Service Contract Reimbursement Policy, issued by Dallas National Insurance Company, 14160 Dallas Parkway, Dallas, TX 75254.

Nevada: Under Section K – **CONTRACT CANCELLATION PROVISION** – Paragraph 6 is deleted and replaced with the following:

YOUR Cancellation Rights

Free Look Period

YOU may cancel YOUR CONTRACT and receive a full refund of the purchase price if YOU have not made a claim under the service contract and if YOU returned the service contract to US:

(a) within twenty (20) days after the date that WE mailed the service contract to YOU;

(b) within ten (10) days after YOU received YOUR service contract at the time of purchase.

WE should refund the purchase price within forty-five (45) days after the service contract is returned. If WE fail to refund the purchase price within that time, WE shall pay YOU an additional ten (10) percent of the purchase price for each thirty (30) day period or portion thereof that the refund and any accrued amounts remain unpaid. WE may not, under any circumstances, deduct paid or pending claims from a refund.

If YOU cancel the CONTRACT outside of the "free look period" described above, WE will refund the unearned portion of the purchase price to YOU. The refund will be the lesser amount yielded by the following two computation methods. The first method is the pro rata method based upon the number of months of the TERM expired at the time of cancellation. The second method is the pro rata method based upon the number of miles driven from purchase date to date of cancellation. In addition, a service charge equal to the lesser of ten (10%) percent of the CONTRACT price or twenty-five (\$25) dollars will be charged. Please call YOUR Provider for a quote.

If the purchase price of the service contract is financed and the loan has not been paid in full, WE will provide the amount still owed to the lender with the balance being paid to YOU.

OUR Cancellation Rights

Grounds for cancellation; date cancellation effective.

1. No service contract that has been in effect for at least seventy (70) days may be cancelled by US before the expiration of the agreed term or one (1) year after the effective date of the service contract, whichever occurs first, except on any of the following grounds:
 - a. Failure by YOU to pay an amount when due;
 - b. Conviction of YOU of a crime which resulting in an increase in the service required under the service contract;
 - c. Discovery of fraud or material misrepresentation by YOU in obtaining the service contract, or in presenting a claim for service there under;
 - d. Discovery of:
 - (a) An act or omission by YOU; or
 - (b) A violation by YOU of any condition of the service contract, which occurred after the effective date of the service contract and which substantially and materially increases the service required under the service contract
 - e. A material change in the nature or extent to the required service or repair which occurs after the effective date of the service contract and which causes the required service or repair to be substantially and materially increased beyond that contemplated at the time that the service contract was issued or sold.
2. No cancellation of a service contract may become effective until at least fifteen (15) days after the notice of cancellation is mailed to YOU.
3. If WE cancel the contract, WE may not charge a cancellation or administrative fee.

THIS CONTRACT IS NOT RENEWABLE.

Obligations of the Obligor under this Service Contract are insured under a Service Contract Reimbursement Policy, issued by Dallas National Insurance Company, 14160 Dallas Parkway, Dallas TX 75254.

New Hampshire: Under Section K – **CONTRACT CANCELLATION PROVISION** – paragraph 6 is deleted and replaced with the following:

If this CONTRACT is canceled within the first thirty (30) days and no CLAIMS have been filed, WE will refund the entire CONTRACT purchase price. If this CONTRACT is canceled after the first thirty (30) days or a Claim has been filed, the refund will be the lesser amount yielded by the following two computation methods. The first method is the pro rata method, based upon the number of months of the TERM expired at the time of cancellation. The second method is the pro rata method, based upon the number of miles driven from the purchase date to the date of cancellation. Please call YOUR Provider for a quote.

North Carolina: Under Section K – **CONTRACT CANCELLATION PROVISION** – Paragraph 6 is deleted and replaced with the following:

YOU may cancel this CONTRACT at any time. If YOU cancel, YOU will receive a pro rata refund less any claims paid and less an administrative fee not to exceed ten (10%) percent of the amount of the pro rata refund. Please call YOUR Provider for a quote.

Under Section N – **GENERAL PROVISIONS** – Paragraph 3. **ALTERNATIVE DISPUTE RESOLUTION CLAUSE** is deleted and replaced with the following:

Notice: Arbitration is not mandatory for disputes which may arise from this CONTRACT but may be chosen voluntarily by the parties to this CONTRACT.

Oklahoma: Under Section K – **CONTRACT CANCELLATION PROVISION** – Paragraph 6 is deleted and replaced with the following:

If this CONTRACT is canceled within the first sixty (60) days and no claims have been filed, WE will refund the entire CONTRACT purchase price. If this CONTRACT is canceled after the first sixty (60) days or a claim has been filed, the refund will be the lesser amount yielded by the following two computation methods. The first method is the pro rata method based upon the number of months of the TERM expired at the time of cancellation. The second method is the pro rata method based upon the number of miles driven from purchase date to date of cancellation. In addition, a service charge of ten (10%) percent of the pro rata refund amount will be applied if this CONTRACT is canceled by YOU. Any claims paid or pending will be deducted from the refund. Please call YOUR Provider for a quote.

The following is added to the CONTRACT: This CONTRACT is not issued by the manufacturer or wholesale company marketing the product. This CONTRACT will not be honored by such manufacturer or wholesale company.

Under Section N – GENERAL PROVISIONS – Paragraph 3. ALTERNATIVE DISPUTE RESOLUTION CLAUSE is deleted and replaced with the following:

Notice: Arbitration is not mandatory for disputes which may arise from this CONTRACT but may be chosen voluntarily by the parties to this CONTRACT.

Rhode Island: Section 31-5-4 of Rhode Island General Business Law requires an automobile dealer to provide a warranty covering certain classes of used motor vehicles as follows:

Used VEHICLES with 36,000 miles or less at the time of sale: Provides coverage for sixty (60) days or 3,000 miles, whichever occurs first.

Used VEHICLES with more than 36,000 miles but less than 100,000 miles at the time of sale: Provides coverage for thirty (30) days or 1,000 miles, whichever occurs first.

The VEHICLE YOU have purchased may be covered by this law. If so, the following is added to this CONTRACT: In addition to the dealer warranty required by this law YOU have elected to purchase this CONTRACT, which may provide YOU with additional protection during the dealer warranty period and provides protection after the dealer warranty period has expired. YOU have been charged separately only for this CONTRACT. The required dealer warranty is provided free of charge. Furthermore, the Definitions, Coverage and Exclusions stated in this CONTRACT apply only to this CONTRACT and are not the terms of the required dealer warranty.

South Carolina: Under Section K – **CONTRACT CANCELLATION PROVISION** – the following is added to Paragraph 6:

A ten (10%) percent penalty per month shall be added to a refund that is not paid or credited within forty-five (45) days after the return of the CONTRACT to the ADMINISTRATOR. The right to return this CONTRACT applies only to the original purchaser of this CONTRACT.

In the event YOU have a question or complaint, YOU may contact the South Carolina Department of Insurance, P.O. Box 100105, Columbia, South Carolina, 29202, Telephone 800-768-3467.

Obligations of the Obligor under this Service Contract are insured under a Service Contract Reimbursement Insurance Policy.

Texas: The following is added under Section K – **CONTRACT CANCELLATION PROVISION:**

A ten (10%) percent penalty per month shall be added to a refund that is not paid or credited within forty-five (45) days after the return of the CONTRACT to the ADMINISTRATOR. The right to return this CONTRACT applies only to the original purchaser of this CONTRACT.

Notice: If YOU have complaints or questions regarding this CONTRACT, YOU may contact the Texas Department of Licensing and Regulation at the following address and telephone number: Texas Department of Licensing and Regulation, P.O. Box 12157, Austin, Texas 78711; 512-463-6599 or 800-803-9202.

Obligations of the Obligor under this Service Contract are insured under a Service Contract Reimbursement Insurance Policy.

Utah: **Notice: Coverage** afforded under this **CONTRACT** is not guaranteed by the Property and Casualty Guarantee Association.

Obligations of the Provider under this service contract are guaranteed under a service contract reimbursement insurance policy. Should the Provider fail to pay or provide service on any claim within sixty (60) days after proof of loss has been filed, the contract holder is entitled to make a claim directly against the

insurance company.

Section J – INSTRUCTION IN THE EVENT OF A BREAKDOWN – is amended to include the following:

YOUR failure to submit repair orders and other documentation within thirty (30) days of the repair will not automatically invalidate YOUR claim if YOU can demonstrate that it was not reasonably possible to file these documents within such time period.

For emergency repairs, should a BREAKDOWN occur after the ADMINISTRATOR'S normal business hours or on a national holiday, the pre-authorization requirement is amended. The ADMINISTRATOR must still be contacted when reasonably possible following the BREAKDOWN. Such unauthorized repair claims will be subject to adjustment in cases of excessive parts or labor charges.

The following is added under Section K – **CONTRACT CANCELLATION PROVISION** – Paragraph 5:

If WE cancel this CONTRACT, WE will mail written notice of cancellation to YOU at least ten (10) days before the effective date if this CONTRACT is cancelled due to non-payment of the CONTRACT selling price, or thirty (30) days prior to the effective date of cancellation if this CONTRACT is cancelled for any other reason.

Under Section N – **GENERAL PROVISIONS** – Paragraph 3. ALTERNATIVE DISPUTE RESOLUTION CLAUSE is deleted and replaced with the following:

Notice: Arbitration is not mandatory for disputes, which may arise from this Contract but may be chosen voluntarily by the parties to this Contract.

Vermont:

Under Section N – **GENERAL PROVISIONS** – Paragraph 3. ALTERNATIVE DISPUTE RESOLUTION CLAUSE is deleted and replaced with the following:

Notice: Arbitration is not mandatory for disputes which may arise from this CONTRACT but may be chosen voluntarily by the parties to this CONTRACT.

Virginia:

This warranty is subject to limited regulation by The Department of Agriculture and Consumer Services, Office of Consumer Affairs.

Wyoming:

The following is added under Section K – **CONTRACT CANCELLATION PROVISION:**

A ten (10%) percent penalty per month shall be added to a refund that is not paid or credited within forty-five (45) days after the return of the CONTRACT to the ADMINISTRATOR.

Under Section N – **GENERAL PROVISIONS** – Paragraph 3. ALTERNATIVE DISPUTE RESOLUTION CLAUSE is deleted and replaced with the following:

Notice: Arbitration is not mandatory for disputes which may arise from this CONTRACT but may be chosen voluntarily by the parties to this CONTRACT.

Obligations of the OBLIGOR under this service CONTRACT are insured under a Service Contract Reimbursement insurance policy. The insurer is Dallas National Insurance Company, 14160 Dallas Parkway, Dallas TX 75254