

Representative Sample Contract

Administrative Offices
One Warranty Plaza
4400 Government Blvd
Mobile, AL 36693



This is a representative sample contract. The actual contract you receive may contain some different language, depending on your state of residence.

VEHICLE SERVICE CONTRACT

COVERAGE AND BENEFITS

We will pay for Covered Repairs, including parts, labor, towing and car rental, subject to the Contract Schedule above, the deductible and all other provisions of this contract. Obligations of the provider under this service contract are backed by the full faith and credit of the provider.

DEFINITIONS

“You”, “Your” or “Yours” refers to the service contract holder named in the above Schedule. Warranty Corporation, the provider, administrator and contract seller of this vehicle service contract, is referred to as “We”, “Us” or “Our”.

“Flat rate” refers to the amount of time it should take to complete a Covered Repair, as indicated in nationally published flat rate manuals.

A “Covered Repair” is a repair to a component identified in the section of the contract entitled COVERED COMPONENTS or a repair of a mechanical failure caused by such a component, wherein We are obligated to provide benefits, because the vehicle indicated in the Contract Schedule is qualified for coverage under the contract provisions, and the service contract holder has fully complied with the contract provisions.

ISSUED DATE

This contract is issued at 12:00 noon standard time at Your residence on the issued date as shown in the Contract Schedule. Coverage under this contract becomes effective after the issued date as shown in the Contract Schedule plus Wait Period or after the vehicle has traveled from the Issued Mileage plus Wait Miles shown in the Schedule, or fourteen (14) days after You provide Us with the service receipt reflecting Issue Miles; whichever occurs last. Coverage shall remain in effect the number of days of Wait Period beyond the Renewal Date as shown in the Contract Schedule or Wait Miles beyond the Renewal Mileage as shown in the Contract Schedule, whichever occurs first. In no event shall Contract Issued Date be later than 90 days from the date You applied for coverage. Any benefit increase rider becomes effective the number of days of Wait Period after the rider application has been accepted and the rider actually issued.

INELIGIBLE VEHICLES

The following vehicles are not eligible for this service contract:

Vehicles used for commercial purposes including, but not limited to: taxi, limousine, or livery service; vehicles used for hire, emergency service, ambulance, towing or police service; vehicles used for postal, newspaper, or delivery service; trucks with a rated hauling capacity exceeding 3/4 ton, a 3,500 lb. towing capacity, or equipped to haul or tow beyond the manufacturer's specifications; commercially used vehicles; vehicles sold or modified for severe off-road use; motorcycles, dune buggies, or other recreational vehicles; vehicles that have been modified, where such modifications are not within the manufacturer's specifications.

Vehicles owned or carried as inventory or on consignment, including demos by auto dealers, brokers, or members of their immediate family; vehicles owned by mechanics, garage owners, body mechanics, or members of their immediate family; vehicles equipped with bumper hitches or trailer balls, where the vehicle is not equipped with a manufacturer's towing package.

Vehicles in which the odometer has exceeded 100,000 miles prior to application for this contract, the odometer has exceeded its mechanical limits or is otherwise inaccurate.

Vehicles that are, or have ever been issued a salvage, rebuilt, scrap or other similar title. Vehicles that have otherwise been deemed to be other than road worthy by any governmental agency or insurer.

Vehicles titled to a driver less than eighteen (18) years of age.

The issuance of this contract by us shall not be deemed as a waiver or restriction of our right to withhold coverage and/or to cancel the contract should it subsequently be discovered that the vehicle for which this contract was issued was not eligible for coverage.

COVERED COMPONENTS

Engine: Every moving part inside the engine, except rubber belts, including the following: pistons and rings; rods and bearings; camshaft and bearings; valves; pushrods and lifters; engine head(s), block and cylinders, if damaged as a result of the failure of other covered component(s); oil pan; flywheel; valve covers; engine mounts; intake and exhaust manifolds; oil pump; distributor shaft, gear and bushing; timing gear chains.

Transmission: Every moving part inside the transmission case, including the following: clutches; bands; pumps; internal shafts; thrust washers and bearings; governor; torque converter; accumulator assemblies; servo; transmission mounts; shift linkage; all gears; synchrohub assemblies; input shaft; and case, if damaged as a result of the failure of other covered components(s). Manual clutch assemblies are not covered.

Electrical (Available only if you have Expanded coverage, as per Contract Schedule): Starter, alternator, generator, voltage regulator, trunk lid motor, windshield washer pump, wiper motors, starter solenoid, ignition control unit, power seat motor.

Suspension (Available only if you have Expanded coverage, as per Contract Schedule): Upper and lower control arms, wheel bearings and bushings, upper and lower ball joints.

Instrumentation (Available only if you have Expanded coverage, as per Contract Schedule): Mechanical instrumentation only, including speedometer, tachometer, temperature gauge, oil pressure gauge and ampere gauge.

Brake Components (Available only if you have Expanded coverage, as per Contract Schedule): Brake cable, compensating valve, brake line tubing and fittings.

Body Components (Available only if you have Expanded coverage, as per Contract Schedule): Mechanical door and trunk locks, door hinges, latches and locks.

TOWING & CAR RENTAL BENEFITS

(available to You if indicated in the Contract Schedule that You have Towing & Car Rental benefits, identified as Rider 04)

Rental Benefits: We will pay for each of a maximum of five (5) days in rental vehicle benefits, if Your vehicle is required to be in the shop for at least four (4) hours of flat rate mechanical labor per day for a Covered Repair, excluding waiting for parts, and excluding waiting for a mechanic to become available. Such payment shall not exceed \$30.00 per day to provide You with rental transportation. The rental car must be obtained from a manufacturer-authorized dealer or from a licensed automobile rental agency.

Towing Coverage: We will pay up to a maximum of \$100.00 for towing costs associated with Covered Repairs for which We make payment (limited to one Covered Repair per calendar year).

(CONTINUED ON REVERSE SIDE)

ENTIRE CONTRACT CHANGES

This contract is issued based on information provided in your application. This contract is the entire contract between You and Warranty Corporation. The captions in this contract are only for convenience and are not part of this contract. No change in this contract, and no oral statements by Our employees, will become effective until approved, in writing, by one of Our officers. This approval must be noted on, or attached to, this contract. If any provision of this contract is invalidated for any reason whatsoever, the remaining provisions of this contract shall remain in full force and effect.

CAUSE OF FAILURE

Subject to other provisions of this contract, when a mechanical breakdown or failure occurs, notice of claim shall be deemed to include a complete diagnosis and estimate for the cause of failure. Usually, it is impossible to properly determine the cause of failure through a visual inspection. Therefore, a disassembly may be required. If it is determined that a covered component was the cause of failure, the cost of disassembly is covered by the contract under the section entitled LOSS SETTLEMENT. However, if it is determined that a non-covered component was the cause of failure, then disassembly charges as well as associated repairs, labor and taxes shall be Your responsibility.

NOTICE OF CLAIM

Notice of claim must be provided to Us and authorization must be received by You prior to obtaining repairs. This is Your responsibility, not your mechanic's responsibility. You will be given an authorization number when repairs are authorized. If repairs are begun before You receive authorization, You will forfeit all benefits for those repairs. This notice should include Your name, contract number, diagnosis and estimate. Notice must be provided while the contract is in effect. If the vehicle is in the custody of the repair facility past expiration of the contract period, coverage will extend until the vehicle is released. Proof of loss in the form of the final repair invoice and cash receipt or other acceptable proof of payment must be submitted to Us within sixty (60) days of claim authorization or all benefits shall be forfeited for the "Covered Repair."

LOSS SETTLEMENT

Covered Repairs and other benefits are provided as follows: We will pay for parts and associated labor to install these parts, associated fluids, filters and gaskets, subject to the deductible listed on the Contract Schedule, up to the "Actual Cash Value" as defined herein. We will then add any incidental benefits and subtract costs relating to any non-covered components, associated labor and taxes. **Parts will be replaced with used, like kind and quality replacement parts.** If We supply the parts, those parts and labor will carry a 100% guarantee as long as the contract remains in force. However, if You decline to accept these parts supplied by Us, the claim will be paid as if Our supplied parts were used. Our liability shall be limited to the cost of like kind and quality replacement components, as obtainable by Us, plus flat rate labor costs as determined in nationally published manuals, with allowance for the skill level required of the servicing mechanic. Any amounts payable to You will be offset by any amounts due to Us.

PRE-EXISTING CONDITIONS

A pre-existing condition is a mechanical condition, which existed prior to the effective date of this contract. Pre-existing conditions are not covered.

EXCEPTIONS

This vehicle service contract does not cover losses caused, in full or in part, as a result of the following conditions:

- 1. Damage as a result of fire, flood, wind, earthquake, or other forms of disaster, vandalism, acts of war or terrorism, accident, neglect, abuse, freezing, overheating, head gasket failure;**
- 2. Regular maintenance including, but not limited to: oil, filters, belts, normal brake repair, seals, gaskets, shocks, struts, mufflers;**
- 3. Repairs to any vehicle where the odometer has stopped, has been disconnected, altered, or replaced by a non-manufacturer-authorized garage;**
- 4. This contract does not cover bodily injury or property damage, loss of use of vehicle, loss of time, inconvenience, commercial loss, or consequential damages.**
- 5. Failures caused by other than a manufacturing defect (such as a design defect).**
- 6. Failures caused by non-covered components.**

MISREPRESENTATION, FABRICATION, FRAUD

This contract is issued based on the information You provided in Your application. Misrepresentation in Your application will void this contract. During the filing of any request for repair benefits, if You present to Us any altered, fabricated, unverifiable, conflicting, or fraudulent documents, You shall forfeit all benefits under this contract.

OTHER COVERAGE

We will not pay for repairs that are covered by other existing service contracts, service agreements, product warranties, service warranties, manufacturers' warranties, or if the repairs are paid for by someone other than the service contract holder or his/her spouse. However, if another warranty requires You to pay any deductible or co-payment amounts, We will cover those amounts in accordance with the section entitled LOSS SETTLEMENT.

INSPECTION

We reserve the right to inspect the vehicle prior to authorizing repairs. We will send an inspector to the location of the vehicle in a timely and prompt manner, so as not to cause undue delay in the commencement of repairs. Also, when filing a claim, You may be asked to send or fax a copy of Your repair order receipt, a copy of either the title, bill of sale or odometer statement.

CANCELLATION

This contract shall not be cancelled by Us except for non-payment of the cost of this contract and any benefit increase rider, lack of proper maintenance as described in YOUR RESPONSIBILITIES, a bad odometer or as described under INELIGIBLE VEHICLES and MISREPRESENTATION, FABRICATION, FRAUD.

Notice: In compliance with Federal law, the contents of this contract should be interpreted and understood within the meaning of a "Service Contract" as referred to in public law #93-637.

YOUR RESPONSIBILITIES

It is a condition precedent to coverage under this contract that You are required to provide proper care and maintenance of Your vehicle as detailed below. If You do not perform all of the required care and maintenance, no benefits will be payable under this contract.

The engine oil and filter must be changed at least every 7,500 miles, or six months, or the manufacturer's maintenance recommendations, whichever occurs first. The transmission fluid and filter must be changed at least every 50,000 miles or two years, or the manufacturer's maintenance recommendations, whichever occurs first.

Before Your coverage will become effective, you must have the engine oil changed, and provide the service receipt to Us. The date of this service must be on, or after the beginning date of the Contract Period shown in the Schedule. Your Issue Miles will become the odometer reading, as reflected on the service receipt.

You must perform all other maintenance as recommended by the manufacturer, including, but not limited to: checking and maintaining all oil, lubricant, and fluid levels; maintaining proper air conditioner freon levels (or other air conditioning coolants as specified by the manufacturer); differential fluid changes; engine tune-ups; replacing constant velocity boots before they leak; proper lubrication of constant velocity joints or any other drive-train components that serve a similar purpose; and replace timing belts before they are worn, cracked, or broken. You must obtain immediate diagnosis and repair when symptoms exist that would indicate mechanical problems. Continued operation of a vehicle in an impaired condition, or with existing mechanical problems, will result in a loss of all benefits.

All service must be performed by a company licensed and qualified to perform such services. You must retain all original receipts for maintenance. These receipts must include the date of service and the vehicle's odometer reading, and must be provided for inspection when filing for benefits, if requested.

ACTUAL CASH VALUE

The "Actual Cash Value" of covered losses, which includes both parts and labor, shall be determined as follows:

The value of the engine shall not exceed three thousand dollars. The value of the transmission shall not exceed one thousand and five hundred dollars. The aggregate value of other components shall not exceed five hundred dollars. The maximum aggregate lifetime benefits payable under any contracts with Us for the vehicle listed in the contract schedule is the lesser of \$5,000.00 or the NADA trade-in value of the covered vehicle at the time the loss occurred.

VENUE SELECTION

By accepting this contract you agree to the following:

All cases will be tried in the court system of Mobile, Alabama.

CONTRACT TRANSFER

You may transfer this contract to a new owner of the vehicle upon payment of a \$40.00 fee. Any transfer is subject to the eligibility requirements set forth in this contract and to Our approval according to Our underwriting standards. We must be notified within 30 days of the sale of the vehicle.

UNCONDITIONAL GUARANTEE

After receiving Your vehicle service contract, if You are not completely satisfied, return it within sixty (60) days after the beginning, and before the end of the initial Contract Period, and We will give You a full refund. If you wish to cancel this agreement after that period, you will receive a refund of 90% of the unearned pro rata premium as of the date that we receive written notice of Your request to cancel. We are the party responsible for honoring cancellation requests. All refunds are issued as stated above, less any claims paid.