

**LIFT SHIELD HEAVY EQUIPMENT SERVICE CONTRACT
POWER TRAIN COVERAGE
TERMS AND CONDITIONS**

1001

This CONTRACT is subject to the following terms, provisions, conditions, limitations, extensions, exceptions and definitions. No person has the authority to change or to waive any of its provisions. This CONTRACT is for the sole benefit of the CONTRACT HOLDER named herein and applies only to the EQUIPMENT described in the Declaration Section of this CONTRACT.

KEY TERMS AND DEFINITIONS:

- **CONTRACT:** means this EQUIPMENT SERVICE CONTRACT. It is a CONTRACT between YOU and US.
- **WE, US, OUR:** means the Provider issuing this CONTRACT
- **YOU, YOUR, CONTRACT HOLDER:** means the owner of the EQUIPMENT listed in the Declaration Section this CONTRACT.
- **EQUIPMENT/MACHINE:** means the EQUIPMENT described in the Declaration Section of this CONTRACT.
- **ADMINISTRATOR:** means the company appointed by US to administer this CONTRACT. The ADMINISTRATOR has no liability to YOU.
- **MECHANICAL BREAKDOWN or FAILURE:** means the actual breaking or electronic failure of any covered part of the covered MACHINE while in ordinary use arising from faults attributable to manufacturing defects in workmanship or materials in such MACHINE causing sudden stoppage of the functions thereof and necessitating repair before it can resume work.
- **DEDUCTIBLE:** means the portion of the repair that is covered by this CONTRACT which YOU must first pay for each unrelated FAILURE. The DEDUCTIBLE amount is outlined in the Declarations Section of this CONTRACT.

WHAT YOUR CONTRACT COVERS:

I. ENGINE

A. MAJOR ASSEMBLIES

BLOCK GROUP: Including liners and sleeves, housings and covers. Front and rear covers, cover housing, flywheel housing. Timing rear plate/ housing, timing gear cover, cylinder block, cylinder liner, liner seat/insert, spacer plate, cylinder block sleeve, cylinder block cylinder, and cylinder block main bearing bores.

CRANKSHAFT GROUP: Including main bearings, seals, pulley, damper, and balancer. Crankshaft front seal, crankshaft rear seal, crankshaft, crankshaft main bearing, crankshaft gear, vibration damper/pulley, and balancer.

FLYWHEEL GROUP: Including adapters, flywheel and flywheel ring gear. (Refer to block group for flywheel housing).

PISTON GROUP: Including connecting rods, rod bearings and rings, piston and liner, piston, piston rings, connecting rod, connecting rod bearing, piston and connecting rod assembly.

GEAR GROUP: Front and rear, including timing and drive gears, bearings and shafts. Engine output transfer gears, and timing/accessory gears.

CAMDRIE GROUP, HEAD GROUP/CYLINDER: Including camshaft, drive gear, valve mechanism, cam gear, covers, housing, and pre chamber/adaptor. Cylinder head assembly, cylinder head casting, rocker shaft assembly, valve seat/insert, valve guide, valve, pre chamber/nozzle adapter, valve cover, valve spring, valve rotator, camshaft (overhead), camshaft bearing (overhead), camshaft follower (overhead), camshaft housing assembly (overhead), water director, compression release, valve cover base, push rod, valve lifters, camshaft, camshaft bearing, and camshaft gear.

B. FUEL SYSTEM

PUMP GROUP, FUEL TRANSFER: Fuel transfer pump housing, fuel transfer pump, and auxiliary fuel transfer pump.

VALVES AND LINES GROUP, FUEL: Including high pressure lines, nozzles. Fuel injection lines, fuel injection valve/nozzle. (Refer to governor group for unit injectors).

GOVERNOR GROUP, PUMP GROUP/INJECTION: Including housing, unit injector, fuel system group (with variable timing), governor drive, mechanical shut off, and torque control. Fuel injection pump, fuel injection pump housing, fuel rack/control shaft, governor, speed limiter, variable timing unit, fuel injection pump lifters, fuel injection pump housing and governor, governor housing, fuel injection pump/governor drive, hydraulic/electric governor, unit injector, output shaft governor, camshaft (fuel system), unit injector control linkage.

CONTROL GROUP AIR/FUEL RATIO: Fuel ratio control

C. AIR INDUCTION AND EXHAUST SYSTEM

MANIFOLD GROUPS, INLET AND EXHAUST: Inlet manifold and piping between turbo compressor and manifold. Exhaust manifold.

TURBO GROUP INCLUDING CONTROLS: Turbocharger, turbocharger cartridge, turbocharger cartridge housing, exhaust bypass valve, turbocharger compressor housing, turbocharger turbine housing, turbocharger thrust plate assembly, turbocharger heat shield, differential

pressure regulator (pressure ratio regulator), turbocharger shaft and wheel assembly, and boost control valve.

AFTERCOOLER GROUP, AIR EXCHANGER CORE: Aftercooler, and aftercooler core.

D. LUBRICATION SYSTEM

PUMP GROUP AND DRIVE, MAIN LUBRICATION: Oil pan, oil pump, oil scavenge pump, oil pump drive, and oil pressure relief valve.

PUMP GROUP AND DRIVES, AUXILIARY: Includes pre lube pumps (see cooler group, exchanger group, head for oil cooler). Oil filter housing/base, and pre lube pump.

E. COOLING SYSTEM

DRIVE GROUP, FAN: Includes fan group, belt tighteners, fan assembly, fan drive assembly, hydraulic fan motor, and hydraulic fan pump.

PUMP GROUP, JACKET WATER: Includes drive group, water pump, water pump impeller, water pump housing, and water pump pulley.

COOLER GROUP, HEAT EXCHANGER GROUP: Includes cores, housing, brackets (all coolers except radiator), brake oil cooler, brake and torque converter oil cooler, retarder cooler, torque converter/transmission oil cooler, torque converter, transmission oil cooler, engine oil cooler, and heat exchanger.

LINES GROUP: Includes thermostat/water temperature regulator.

II. POWER TRANSMISSION

A. MANUAL SHIFT TRANSMISSION

TRANSMISSION GROUP, DIRECT: Includes shafts, gears, bearings, manual shift transmission, transmission gears, reverse box, transmission shaft, and transmission case.

B. FLYWHEEL CLUTCH AND CLUTCH BRAKE

CLUTCH GROUP, FLYWHEEL: Including clutch, shaft, and bearing, dry clutch, oil clutch, clutch shaft, clutch plate, clutch booster, and throw out bearing.

BRAKE GROUP, CLUTCH: Including disc drum, bands, and clutch brake.

CONTROL GROUP, CLUTCH: Includes flywheel clutch hydraulic control.

C. TORQUE CONVERTER, DIVIDER AND RETARDER

CONVERTER GROUP, TORQUE: Including stator, gear, impeller, and housing. torque converter, torque converter clutch, and torque converter housing.

CONTROL GROUP, CONVERTER AND DIVIDER: Including valves (see pump group, transmission), torque converter and retarder, torque divider, torque divider transmission control valve, torque divider transmission governor, and torque divider planetary carrier.

RETARDER GROUP: Including adapter, seals, and retarder.

CONTROL GROUP: Including valves, retarder/extended braking control, and retarder control valve.

D. POWER SHIFT TRANSMISSION

VALVE GROUP, TRANSMISSION HYDRAULIC: Including selector and pressure control valves, transmission control valve, transmission pump, manual selector valve, automatic selector valves, transmission hydraulic control, transmission electronic control, transmission shift valve, transmission neutralizer control valve, transmission control lock, and thermal bypass valve.

PLANETARY GROUP: Including case, housing, clutches, gears, bearings, covers, support bracket, transmission arrangements and groups, and parking brake when part of transmission, transmission clutches, transmission planetary, clutch housing, clutch piston, power shift transmission planetary carrier thrust surface, and transmission case.

GOVERNOR GROUP: Including automatic shift and governor drive, and transmission governor.

PUMP GROUP: Including torque converter pump, pump drive. Includes power train scavenge pump, oil filter base, and transmission lubrication relief valve.

GEAR GROUP, TRANSFER: Includes transfer gears (not parking brake).

E. HYDROSTATIC TRANSMISSION

VALVE GROUP, CONTROL: Including all internal valves, hydraulic flow control, servo control valve, manifold/metering valve, hydrostatic main control valve, high pressure relief valve, charge and main relief valve, synchronizing valve, hydrostatic transmission underspeed valve, hydrostatic transmission lines and hoses (excluding external lines), hydrostatic transmission pilot over speed valve, hydrostatic transmission speed control valve, and drive control valve.

PUMP GROUP, PISTON: Including variable displacement pump

PUMP GROUP, CHARGE: Including charge pump

SERVO GROUP, ROTARY: Including cylinder, servo pump and control linkage (internal only).

F. COUNTERSHAFT TRANSMISSION

CLUTCH GROUP: Including housings, plates, discs, bearings, countershaft clutch, countershaft clutch housing, and countershaft clutch piston.

BRAKE GROUP, TRANSMISSION AND INTERNAL SERVICE BRAKES: Including oil pump when part of the brake group, and countershaft brake.

PUMP GROUP, TRANSMISSION: Including manifold and lines, torque converter pumps and lines (internal lines only), and countershaft oil pump.

CONTROL GROUPS, PNEUMATIC: Including valves when part of the pneumatic control groups. Pneumatic control groups.

GEAR GROUP, CASE GROUP: Including housings, gears, bearings and shafts, countershaft case, transfer gears, countershaft shaft, and countershaft output gears.

CONTROL GROUPS, HYDRAULIC: Including valves when part of the control group, pressure control valve, hydrostatic control groups, and electronic control groups.

G. POWER FLOW CONNECTORS

SHAFT GROUP, VEHICLE DRIVE, and JOINT GROUP/UNIVERSAL: Includes universal joint (excluding auxiliary shaft groups), drive line/shaft, drive shaft support, and constant velocity universal joint.

COUPLING GROUP: Including flexible couplings, and yoke group.

DRIVE GROUP, PUMP: Including gear driven PTO's (internal engine), engine power takeoff drive, accessory drive, power takeoff drive (internal transmission), hydrostatic transmission, hydrostatic transmission output shaft, and engine output drive assembly.

III. DRIVE SYSTEMS

A. STEERING CLUTCHES AND BRAKES (TRACK VEHICLES ONLY - EXCLUDES DIFFERENTIAL STEER MACHINES)

CLUTCH GROUP, STEERING (NOT CASE): Including combined steering brake and clutch groups, bevel gear and shaft when part of steering clutch group, steering clutch/ oil type, and steering clutch/dry type.

BRAKE GROUP AND BRAKE HYDRAULIC MECHANISMS: Including steering brake group, brake band/lining, brake control valve, steering brake and hydraulic mechanism, parking brake adapters, and

drive line seals on excavators and hydrostatic loaders, brake booster, brake actuating mechanism, and brake lubrication relief valve.

CONTROL GROUP, STEERING AND BRAKE: Including valve and pump, steering clutch control valve, steering clutch control pump, steering clutch booster, steering clutch relief valve, steering clutch release piston, steering clutch and brake control valve.

B. DIFFERENTIAL STEERING AND BRAKES Differential steering planetary, differential drive and brake, planetary and brake, and differential steering control valve.

C. DRIVE LINE (TRACK AND WHEELED VEHICLES)

DIFFERENTIAL GROUP, BEVEL GEAR, AND SHAFT: Including gear, shaft case, bearing and controls, bevel gear/shaft, bevel gear shaft bearing, differential, double reduction differential, differential lock, nospin differential, differential lock cylinders, differential lock control valve, differential lock actuator valve, differential bevel gear and shaft, and steering clutch bevel gear and shaft.

DRIVE GROUP, FINAL: Including wheel but excluding brake on combined groups. Final drive brake and wheel, final drive, final drive and wheel, final drive seal, drive axle hub/gear assembly (includes driveshaft only on excavator parking brake group), final drive hub, final drive gears, final drive pinion flange, sprocket shaft/bore, final drive case/bore, final drive oil pump, outer bearing support assembly, final drive outer section, final drive inner section, final drive pinion, and final drive planetary carrier thrust surface.

D. WHEELS AND AXLES (WHEELED VEHICLES ONLY)

DRIVE GROUP, TANDEM: (excludes dry brakes) including wet brakes, drive chain, tandem drive, tandem drive chain, tandem drive housing, tandem drive stub axle, tandem drive sprocket, and driven sprocket tandem drive.

PISTON MOTOR GROUP, HYDRAULIC DRIVE: Includes piston motor, hydrostatic piston motor link and differential steering piston motor, and piston pump, and track motor.

E. DRIVE AXLE GROUP, FRONT AND REAR Drive axle, and axle housing.

IV. VIBRATORY COMPONENTS (VIBRATORY COMPACTORS ONLY)

A. VIBRATORY VALVES: Vibratory control valve group, drum selector valve group, and vibratory cooling valve group.

B. PUMPS AND MOTORS: Vibratory pump, vibratory motor, and vibratory charge pump.

C. VIBRATORY MECHANISM: Vibratory mechanism, hydraulic pump and motor, hydraulic valves, weights, shaft, u-joints, bearings, and drum isolation system. Components not covered include drums, switches, and solenoids.

V. SWING GEAR ASSEMBLY: Includes swing gear, swing gear motor, and swing gear reduction unit.

VI. SERVICE TRUCK TIME and MILEAGE (OPTIONAL)

If the EQUIPMENT/MACHINE must be or is serviced at the job-site due to the FAILURE of a part covered by this CONTRACT, YOU will be reimbursed for the reasonable and customary cost of a service truck technician's labor time and the associated, reasonable and customary per-mile charges to send a service truck to a job-site where a MACHINE covered under this CONTRACT is in need of a covered repair(s) as opposed to bringing the MACHINE to the repair shop. This benefit is limited to a maximum of \$500 in aggregate over the term of this CONTRACT. Reimbursement is only applicable when the EQUIPMENT/MACHINE is repaired by a qualified, licensed heavy equipment repair service company. Time and Mileage reimbursement is not subject to a DEDUCTIBLE. THIS COVERAGE IS OPTIONAL AND A SURCHARGE IS APPLIED TO THE TERM SELECTED.

WHAT IS NOT COVERED:

- 1. MECHANICAL BREAKDOWN or FAILURE:**
 - i.** caused by negligence, misuse or abuse;
 - ii.** caused by lack of maintenance (see maintenance requirements in Section "B YOUR RESPONSIBILITIES");
 - iii.** caused by any external cause, such as fire, lightning, explosion, the extinguishing of a fire or subsequent demolition, aircraft and other aerial devices or articles dropped therefrom, collapse of buildings, theft or any attempt of threat, earthquake, tsunami, volcanic eruption, or other convulsion of nature, subsidence, landslide, rock fall, avalanche, hurricane, tornado, typhoon, cyclone or other atmospheric disturbances, flood, inundation, escaping water from water containing apparatus, or clearance of debris, demolition or dismantling arising from these causes;
 - iv.** arising out of the FAILURE of an otherwise covered part that does not meet manufacturers specifications, including modification and/or alterations to the EQUIPMENT not approved by the manufacturers authorized representative or the ADMINISTRATOR;
 - v.** caused by the application of any tool or process during the course of maintenance, inspection, modification or overhaul; transportation to and from repair facility;
 - vi.** covered by warranty, repairers guarantee, other service contract, or insurance policy;
 - vii.** of any part(s), component(s), or repair(s) described as covered by the manufacturers warranty for the term and meter hours of such coverage at the time of first retail sale, whether collectible or not;
 - viii.** caused by the imposition of abnormal conditions, directly or indirectly resulting from testing, intentional overloading or experiments;
 - ix.** directly occasioned by pressure waves caused by aircraft or other aerial devices traveling at sonic or supersonic speeds;
 - x.** where it is determined that for more than one (1) month or two hundred (200) hours that the service meter has been inaccurate, inoperative, or altered so that the EQUIPMENT'S true usage cannot be verified;
 - xi.** that is a direct result of a mechanical or structural defect when the manufacturer has announced a public recall or a product support program for the purpose of correcting such defect;
 - xii.** due to continued operation and failure to protect the EQUIPMENT from further damage caused by lack of necessary coolants or lubricants;
 - xiii.** of a covered part which is damaged by fuel or lubricant contamination or rust;
 - xiv.** that occurs prior to this CONTRACT'S ISSUE DATE/EFFECTIVE DATE, whichever is earlier, or after this CONTRACT'S expiration;
 - xv.** occasioned by or through or in consequence directly or indirectly of any of the following occurrences:
 - a.** war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority;
 - b.** the act of any person acting on the behalf of or in connection with any organization with activities directed toward the overthrow by force of the government de jure or de facto or to the influence of it by terrorism or violence;
 - c.** riot, strike, lock-out, civil commotion, confiscation, commandeering or requisition by order of any lawfully constituted authority.
 - xvi.** directly or indirectly caused by or contributed to by or arising from:
 - a.** ionizing radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;
 - b.** the radioactive, toxic, or explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
 - xvii.** caused by any operation in which a load is shared between any item of MACHINE classed as lifting EQUIPMENT (whether covered hereunder or not) unless otherwise agreed in writing by the ADMINISTRATOR.
- 2.** Loss of time, inconvenience, bodily injury and property damage, or other incidental or consequential damage that results from MECHANICAL BREAKDOWN or FAILURE, including: loss of use of any EQUIPMENT or consequential loss of any nature whatsoever, penalties for delay or detention, or in connection with guarantees of performance or efficiency.
- 3.** Storage, freight charges and taxes.
- 4.** Repairs to any non-covered parts or ground engaging tools.
- 5.** Loss or damage to frame or failure of hardware attaching covered components to the frame, propulsion, exchangeable or replaceable parts not contained within or forming an operational part of the engine, transmission or final drive axle assembly or exchangeable or replaceable parts and attachments such as flexible drives or tools used for cutting, drilling, grinding, polishing or similar purposes; moulds, patterns, pulverizing and crushing surfaces; refractory linings, ropes, chains, belts, elevator and conveyer bands, batteries, tires, connecting wire and cables, flexible pipes jointing, packing material and all other parts not made of metal (except the insulation of electrical conductors and non-metallic parts contained within the power train); fuel filters cooling media, lubricants, catalysts, chemicals or other operating media or materials; paint, radiator hose, wiper blades, bulbs, seat and cushion, engine tune up, supply items such as brake clean, silicone gasket material or welding rods, door latches, handles or hinges, seat belts, grab rails, horn, operating lights, radiator cap, back up alarm, ac filters, water filters, air filters, etc.; engine dipstick and transmission dipstick, bed liner, teeth on shank assembly, door, window, mirror, mirror bracket, weather stripping, track shoe/pad rebar (grouser).
- 6.** Undercarriage components on track-type and track belt machines-including sprockets, drive wheels, track assemblies, track belts, track rollers, mid-wheels, idlers, roller frames tensioning system and non-powered axles.
- 7.** Radiator.
- 8.** Engine attachments such as alternator, starter, air compressor and air conditioning compressor.
- 9.** External hoses and lines for oil, water, and air (except hydrostatic lines & hoses between the drive pump and motor).
- 10.** The cost of establishing preventative procedures or the cost of recall by the Manufacturer of the covered EQUIPMENT or any part thereof nor the cost of alterations, additions, improvements or overhauls.
- 11.** Additional loss or damage which is occasioned by the CONTRACT HOLDER or operator's failure to use all reasonable precautions to protect the EQUIPMENT from any further loss or damage after a MECHANICAL BREAKDOWN or FAILURE has occurred.
- 12.** The cost of tear down, disassembly or assembly if coverage cannot be applied.
- 13.** Any costs if verifiable proof of maintenance, as required in Section B, "YOUR RESPONSIBILITIES" is not furnished on request.
- 14.** Any wastage of material, wearing away or wearing out of any part of the EQUIPMENT caused by or resulting from ordinary usage, rust, boiler scale, other deposits, erosion, corrosion, cavitation or deterioration due to chemical or atmospheric conditions, or other scratching of painted or polished surfaces and or other environmental conditions. Slowly developing, deformation, distortion, cracks, fractures, blisters, laminations, flaws or grooving or the making good of defective tube joints or other defective joints or seams unless such defects in damage otherwise covered under this CONTRACT.
- 15.** Any legal liability of whatsoever nature;
- 16.** Damage to a covered component that is caused by the failure of a non-covered component.
- 17.** Minor adjustments.
- 18.** Notwithstanding any provision to the contrary within the CONTRACT (or within any other endorsement which forms part of this CONTRACT), this CONTRACT does not provide coverage for land (including but not limited to land on which the covered EQUIPMENT is located), water or air, however and wherever occurring, or any interest or right therein. Seepage and/or pollution and/or contamination. Any loss, damage, cost or expense, or any increase in covered loss, damage, cost or expense, or any loss, damage, cost, expense, fine or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of, or by an

agreement with, any court, government agency or any public or military authority, or threat thereof, (and whether or not as a result of public or private litigation), which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from use of the covered EQUIPMENT, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean up or removal of such seepage or pollution and/or contamination or threat thereof. The term "any kind of seepage or any kind of pollution and/or contamination" as used herein includes (but is not limited to); Seepage of, or pollution and/or contamination by, anything, including but not limited to, any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as "hazardous material" by the United States Department of Transportation, or defined as a "toxic substance" by the Canadian Environmental Protection Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal, or other law, ordinance or regulation; and the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

19. Replacement parts and repairs made by US pursuant to the CONTRACT coverage shall assume only the unused portion of this CONTRACT and not extend the stated CONTRACT period.
20. This CONTRACT does not cover any loss, damage, cost, claim, or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:
 - a: the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware program, or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the CONTRACT HOLDER or not; or
 - b: any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the CONTRACT HOLDER or not. This clause applies regardless of any other clause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

CONTRACT RESPONSIBILITIES, LIMITATIONS AND EXTENSIONS

A. OUR RESPONSIBILITIES

WE agree to repair, replace, or reimburse YOU for the reasonable cost to repair or replace any of the parts covered, if required due to a MECHANICAL BREAKDOWN or FAILURE. At OUR election, WE will repair or pay the reasonable cost of repair for any MECHANICAL BREAKDOWN or FAILURE of a covered part. WE will also pay the dismantling and reassembly charges incurred for the purpose of effecting the repairs including customs duties, if applicable.

B. YOUR RESPONSIBILITIES

To keep this CONTRACT valid, YOU must have YOUR EQUIPMENT serviced as recommended by the EQUIPMENT manufacturer. If requested, proof of required service showing date and service meter hours of the EQUIPMENT at the time of service must be presented to the ADMINISTRATOR during the time period in which a claim is being considered for payment. Failure to provide proof of service may terminate the service contract. Upon customary and reasonable notice of the occurrence of a MECHANICAL BREAKDOWN or FAILURE, YOU shall protect the EQUIPMENT from further damage, whether or not such MECHANICAL BREAKDOWN or FAILURE is covered by this CONTRACT. Any operation of the EQUIPMENT that results in further damage, related to the original MECHANICAL BREAKDOWN or FAILURE, shall be considered YOUR failure to protect the EQUIPMENT and shall not be covered under this CONTRACT.

The ADMINISTRATOR must be notified of any proposed alterations or additions to the EQUIPMENT and of any proposed departure from ordinary working conditions and if any such modifications be made/or the maximum current or pressure at which the EQUIPMENT is designed to operate, or any lower maximum stipulated by the ADMINISTRATOR in writing be exceeded without the written consent of the ADMINISTRATOR, then in the event of BREAKDOWN, no coverage shall exist. If the ADMINISTRATOR cannot approve the proposed modification, the coverage may be terminated.

C. CONTRACT PERIOD/TERRITORY

If this is a new EQUIPMENT CONTRACT, as outlined in the Declaration Section of this CONTRACT, the time and hour limits of the term selected start the day the EQUIPMENT Manufacturers Warranty starts and at zero (0) hours. Coverage expires when the length of time or accumulated hours (whichever occurs first) of the term selected is reached.

If this is a used EQUIPMENT CONTRACT, as outlined in the Declaration Section of this CONTRACT, the time and hour limits of the term selected start on the DATE ISSUED/EQUIPMENT DELIVERY DATE and from the hours on the service meter on that date. Coverage expires when the length of time of the term selected shown in the Declaration Section of this CONTRACT is reached or total hours on the EQUIPMENT is equal to the sum of the selected term hours plus stated hours on the EQUIPMENT at delivery date, whichever comes first. This CONTRACT applies only to a MECHANICAL BREAKDOWN or FAILURE occurring within the United States and Canada.

D. LIMITS OF LIABILITY

Limit shall be limited to the reasonable price for repair or replacement of any covered part; not to exceed the manufacturer's suggested retail price. The "Reasonable Price" for repair or replacement is based upon nationally recognized flat rate and/or factory manuals. Labor reimbursement will be based on the dealer's suggested list price for shop labor. The contract will only allow for a \$3.00 dollar differentiation between different labor classifications as they are related to the dealer's suggested list price for shop labor. Replacement may be made with parts of like kind and quality, when available. If any parts are found to be unprocurable, OUR liability shall be limited to the manufacturer's or supplier's latest manufacturer's suggested retail price thereon. In no event will the liability for each MECHANICAL BREAKDOWN or FAILURE, under this CONTRACT, exceed 20% of the original EQUIPMENT reported price Glynn General used to compute the premium. Additionally, the total of all benefits payable shall never exceed 50% of the reported price Glynn General used to compute the premium. The intent of this extended warranty is not to restore the product to a like-new condition, but rather to restore the product to its operating condition just prior to the extended warranty covered failure. All repairs must be performed by a manufacturer authorized repair facility. The repair facility that performs the repairs must warrant its work for a period no less than 6 months or 1000 hours, starting from the date that the machine is put back into service, to be free of defects in material or poor workmanship.

E. SUBROGATION

YOU agree that WE, after honoring a claim on YOUR CONTRACT, have all rights of subrogation against those who may be responsible for YOUR MECHANICAL BREAKDOWN. YOU shall do whatever is necessary to secure such rights. YOU shall do nothing to prejudice such rights and YOU shall execute and deliver to US instruments and papers required either securing or maintaining such rights. All amounts recovered by YOU for which YOU were previously reimbursed under this CONTRACT shall become OUR property or the property of OUR designee and shall be forwarded to same by YOU, up to the total amount paid by US under this CONTRACT.

F. ARBITRATION

In the event of any dispute concerning the interpretation of the CONTRACT by Us and/or the ADMINISTRATOR, it shall be resolved by arbitration in accordance with the rules of the American Arbitration Association. YOU must first request arbitration from US or the ADMINISTRATOR in writing within sixty (60) days after YOU receive written notice that the dispute cannot be resolved. For claims arbitration, written demand must be made to either the ADMINISTRATOR or US within sixty (60) days of the claim denial. All arbitration proceedings must be held in Brunswick, GA.

G. TRANSFER OF THIS CONTRACT

Contact US and submit the following:

1. This CONTRACT
2. Written evidence verifying all maintenance requirements have been met.
3. A copy of documentation evidencing change of ownership and service hours at date of sale.
4. Photocopies of documents sent to the manufacturer verifying transference of factory warranty, if applicable.

Conditions

1. This CONTRACT cannot be transferred to other EQUIPMENT. It can only be transferred to a different owner.
2. The EQUIPMENT is subject to inspection.
3. Transfer must take place within fifteen(15) days of change of ownership.
4. All remaining underlying warranties must be transferred to the new owner.
5. Failure to notify the ADMINISTRATOR of the transfer will void the remaining contract period.

H. CANCELLATION

This CONTRACT is noncancelable, except by the ADMINISTRATOR in the first sixty(60) days, should the EQUIPMENT not meet underwriting guidelines. In such a case, YOU will receive a full refund of the CONTRACT charge from US.

IN CASE OF MECHANICAL BREAKDOWN OR FAILURE

1. Give immediate notice of details of the MECHANICAL BREAKDOWN to the ADMINISTRATOR by telephone or facsimile and send written confirmation of those details within forty-eight (48) hours of the FAILURE. Details shall include: the CONTRACT number, date of FAILURE, service meter hours at time of FAILURE, and description of FAILURE.
2. When it is not reasonably practical or possible for YOU to give immediate notice as outlined in 1. above, YOU must take all reasonable steps to give notice of the details of FAILURE as soon as possible.
3. If the cost of repair is greater than one thousand (\$1000.00) dollars, YOU must, if requested, provide the ADMINISTRATOR with adequate photographic evidence of the affected parts, or preserve the parts affected, and make them available for inspection by the ADMINISTRATOR, or its representative. If the repair estimate exceeds five thousand (\$5,000.00) dollars, contact Glynn General before proceeding with repairs. FAILURE to pre-notify could disqualify the claim.
4. This program reimburses labor at approved shop labor rate and field rate with the difference between the two being a maximum of \$3.00 USD.
5. Within ninety (90) days of the date of FAILURE, YOU must provide the ADMINISTRATOR with a Repair Order detailing the FAILURE and the repairs, along with such other explanations or evidence as may be reasonably required by the ADMINISTRATOR, including a statutory declaration verifying the contents of the Repair Order, other explanations or evidence. If WE ask YOU, YOU must allow the ADMINISTRATOR to inspect YOUR EQUIPMENT to gather necessary information regarding any claim. YOU may be required to supply the ADMINISTRATOR with all maintenance records for service performed on the EQUIPMENT.
6. All repairs must be performed by a manufacturer authorized repair facility. The repair facility that performs the repairs must warrant its work for a period no less than 6 months or 1000 hours, starting from the date that the machine is put back into service, to be free of defects in material or poor workmanship.

IF YOU HAVE A MECHANICAL BREAKDOWN:

Notify:
Glynn General Corporation
800-541-8585 or 912-638-4320
Facsimile 912-638-5931

Submit claims to:
Glynn General Corporation
Claim Department
P.O. Box 21237
St. Simons Island, GA 31522

Adminstrated by:
Glynn General Corporation
P.O. Box 21237
St. Simons Island, GA 31522
Equipment Service Contract