

# DEALER-ADMINISTRATOR AGREEMENT

THIS AGREEMENT, is made this \_\_\_\_ day of \_\_\_\_\_, 200\_\_, between \_\_\_\_\_, whose principal place of business is 8282 South Memorial, Tulsa, Oklahoma 74133, hereinafter referred to as the "Administrator", and \_\_\_\_\_, whose principal place of business is \_\_\_\_\_, hereinafter referred to as the "Dealer".

WHEREAS, the Dealer desires to provide an Extended Service Contract Program to its retail vehicle customers;

AND WHEREAS, the Dealer has reviewed the program offered by the Administrator;

AND WHEREAS, the Administrator desires to provide, maintain, and administer an Extended Service Contract Program for the benefit of the Dealer and its customers;

AND WHEREAS, the Dealer agrees to provide the Extended Service Contract only as set forth in the current underwriting guidelines;

NOW THEREFORE, in consideration of the promises and mutual covenants herein contained, the parties agree as follows:

1. The Dealer:

- A. Agrees to offer Extended Service Contracts (hereinafter called "Service Contract") to its retail vehicle customers (hereinafter called "Purchaser") on all eligible vehicles during the term of this Agreement.
- B. Agrees to follow the underwriting guidelines issued by the Administrator from time to time on forms supplied by the Administrator. Such guidelines will determine which vehicles are eligible for use in the Administrator's Extended Service Contract Program (hereinafter called "Program"). Any violations of such guidelines will render the Service Contract voidable, or if the Service Contract cannot be voided, result in the loss of claims reimbursement to the Dealer.
- C. Agrees to remit within 15 days after the end of the month in which the business was written to the Administrator on forms supplied by the Administrator: transmittal forms, completed applications, waivers (if applicable) and appropriate monies which are due to the Administrator. Dealer agrees to issue Service Contract applications to Purchasers in numerical sequence and submit both completed and voided or spoiled contract applications to the Administrator. Failure to submit to the Administrator the above within 45 days of the application's inception date may result in denial of services or coverage.
- D. Agrees that eligible vehicles include not only those vehicles that follow the Administrator's guidelines but are in sound mechanical condition at time of sale. Dealer further agrees that any pre-existing condition(s) are the sole responsibility of the Dealer and not covered under the Service Contract.
- E. In the event of a cancellation, the Dealer agrees to return to the Lender, which financed the purchase price of the Service Contract, its retained portion of the total charge for the Service Contract in the amount calculated by the Administrator pursuant to the terms of the Service Contract. In the event the Service Contract was not financed, the Dealer agrees to return to the Purchaser its retained portion of the total charge for the Service Contract in the amount calculated by the Administrator pursuant to the terms of the Service Contract.

- F. Agrees to permit the Administrator or its authorized representatives during normal business hours to enter Dealer's place of business to inspect and examine all records relative to the issuance of Service Contracts or the subject matter of this Agreement until one (1) year following the expiration of such Service Contracts for the purpose of review and audit.
- G. Agrees to stop offering Service Contracts to Purchasers should this Agreement be cancelled by either the Dealer or the Administrator.
- H. Agrees, where applicable, to collect and remit to the State Department of Revenue any state sales taxes which may be levied against Service Contracts sold by the Dealer.
- I. Agrees that if the Administrator declines to issue a Service Contract to Purchaser, that Dealer is responsible to refund all monies due Purchaser for said Service Contract and will notify Purchaser that all coverage is null and void.

2. The Administrator:

- A. Agrees to provide, maintain, and administer a Service Contract Program and further agrees that reimbursement for all valid Service Contract claims will be provided by the Insurer or the Administrator, as appropriate.
- B. Agrees to supply to the Dealer, Service Contract forms, transmittals, underwriting guidelines, rate charts, product brochures and other such forms as the Administrator may hereafter supply for use in the Program in the quantities needed from time to time by the Dealer.
- C. The Administrator assumes no obligation for the workmanship, quality of repairs or replacement of parts; nor for any bodily injury or property damage caused directly or indirectly by failure or malfunction, or any other cause, of a vehicle or any part thereof, nor for any other obligation not specifically provided for in the Service Contract; and the Dealer agrees to hold the Administrator harmless from all such obligations, damage, and expense.
- D. The Administrator shall be responsible to service only those Service Contract applications that have been received and accepted by the Administrator with appropriate charges.
- E. The Administrator reserves the right to decline any Service Contract application submitted by the Dealer that does not qualify under the Administrator's guidelines, or is not submitted within 45 days from the date of purchase.

3. Dealer's Obligations to Perform on Valid Service Contract Claims: Valid Service Contract claims are defined as those claims which have been approved by the Administrator.

- A. Agrees in its capacity as a qualified repair facility to repair or replace any covered part(s) due to mechanical failure or arrange to provide the cost for covered repairs in accordance with any Service Contract issued by the Administrator's Program.
- B. Agrees to inform the Administrator before initiating any repair or replacement of all circumstances or conditions including but not limited to Purchaser's neglect, abuse, failure to perform required services, alteration of vehicle, etc. that would exclude coverage under the terms of the Service Contract.
- C. Agrees to charge Purchaser for any applicable deductible and such costs that are not covered under the terms of the Service Contract.
- D. Agrees to retain the following records for a minimum of two (2) years following the payment of any claim:
  - 1. All original hard copies and accounting copies of repair orders.

- a. The hard copy must be flagged indicating by name and number the Dealer's employees performing the repair. The repair time should be substantiated by use of a time clock when applicable.
  - b. All repair order copies must list the parts replaced and show labor amounts in hours and dollars.
2. All detail records used for preparing the payroll for Dealership employees who have performed warranty repairs, including technicians' time tickets, technicians' payroll, W-2 and W-4 forms, etc.
  3. All original sublet invoices from vendors or other shops and a record of payment of such invoices.
  4. Parts Inventory Records: Parts inventory cards with a manual system or computer inventory listings with an automated system.
  5. Any and all other records used by the Dealer to substantiate the information as recorded on a Service Contract claim.

E. Agrees that reimbursement for all valid Service Contract claims will be provided by the Insurer or the Administrator, as appropriate. Such payments in regards to the method of labor manual used for calculating repair times and hourly rate charged will be as set forth in the Dealer Information Form. Parts pricing is agreed not to exceed the manufacturer's suggested list price. Sublet repair will be reimbursed at actual Dealer cost. The Administrator reserves the right to change the manner of reimbursement made to the Dealer, provided that any such change shall be effective following thirty (30) days written notice to the Dealer.

F. Agrees to submit repair orders and all other documents pertaining to authorized claims to the Administrator within ninety (90) days after the date the claim is authorized.

G. Agrees to unconditionally guarantee all services and materials as supplied by the Dealer against faulty workmanship and/or defective materials under normal use for a minimum of ninety (90) days or four thousand (4,000) miles whichever shall occur first from the date repairs are completed and vehicle returned to Purchaser.

H. H. In the event of a material breach of its obligations set out in paragraph 3, the Dealer agrees that the Administrator shall have the right to designate alternate repair facilities and to so advise Service Contract Purchasers.

#### 4. Assignments and Notices:

A. This Agreement shall be binding upon and inure to the benefit of, and be enforceable by the successor, assigns, and/or personal representatives for the respective parties hereto, and may not be assigned by either party without written consent of the other party.

B. All notices, demands, or communications regarding this Agreement shall be in writing, signed by the party serving the same, and deposited, postage prepaid, in the United States Postal Service as Certified or Registered Mail to the Dealer or the Administrator at their respective addresses as shown on page one of this Agreement.

#### 5. Cancellation:

A. This Agreement may be cancelled at any time by either party upon giving thirty (30) days written notice to the other party. The Administrator may initiate immediate cancellation of this Agreement in the event of (including but not limited to) fraud, insolvency, misrepresentation, or misappropriation of funds by the Dealer. In the event of cancellation, the Dealer agrees to stop offering Service Contracts to Purchasers. Unless so cancelled, this Agreement shall be a continuing agreement.

- B. All supplies furnished to the Dealer by the Administrator shall be returned to the Administrator on termination of this Agreement.
- C. Upon termination, all obligations hereunder, by either party shall cease provided, however, that the Dealer and the Administrator shall remain responsible in accordance with the provisions of this Agreement for all Service Contracts issued and paid prior to date of termination.

6. Right to Offset:

The parties hereto agree the Administrator may offset any debts, due or owing at any time by the Dealer to the Administrator, against any monies payable by the Administrator under this or any other Agreement with the Dealer.

7. General Provisions:

This Agreement replaces any and all previously written and/or verbal Dealer-Administrator Agreements between the parties.

Both the Dealer and the Administrator agree to abide by the terms, conditions, rules, etc. of the current operations manual and other materials issued by the Administrator from time to time. Such material is hereby incorporated as part of this contract.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

\_\_\_\_\_  
THE DEALER:

By: \_\_\_\_\_

Name & Title: \_\_\_\_\_

\_\_\_\_\_  
THE ADMINISTRATOR:

By: \_\_\_\_\_

Name & Title: \_\_\_\_\_