

MEPCO FINANCE CORPORATION DEALER AGREEMENT

This DEALER AGREEMENT (this "Agreement") is made and entered into on _____, _____, by and between Mepco Finance Corporation, a Michigan corporation ("Mepco") and _____ ("Dealer").

Mepco is in the business of servicing payment programs for Dealers and administrators ("Administrators") who administer and coordinate the insurance coverage underlying vehicle service contracts ("Service Contracts"). The term "Service Contract" includes but is not limited to Mechanical Breakdown Insurance Policies

Mepco and Dealer agree as follows:

1. Duties of Dealer.

(a) Dealer shall offer Service Contracts with an installment payment plan (the "Payment Plan Agreements") to purchasers ("Purchasers") only on forms (including electronic forms) which have been provided by Mepco for use in the Payment Plan Program.

(b) Dealer shall follow the policies and procedures issued by Mepco with respect to the Payment Plan Program and to properly use and deliver, or cause to be delivered, the forms with respect to the Payment Plan Program and any revisions or amendments thereto in form and manner acceptable to Mepco. Mepco shall receive for its services the applicable fee for the Payment Plan Program, as determined by Mepco from time to time (the "Discount Amount"). The amount of the Discount Amount and other operating procedures with respect to the Payment Plan Program may be amended from time to time by Mepco, upon at least 30 days' prior written notice to Dealer.

(c) Upon execution of a Payment Plan Agreement, Dealer shall retain from the purchaser a minimum down payment of the purchase price for such Payment Plan Agreement as required by the Payment Plan Program, as determined by Mepco from time to time. The amount financed by Mepco must be greater than or equal to the sum of all amounts paid to the Administrator in connection with such Payment Plan Agreement and the Discount Amount.

(d) All Payment Plan Agreements and supporting documentation shall be submitted by Dealer to Mepco. Mepco shall have the right, in its sole discretion, to reject any application for a Payment Plan Agreement.

(e) Dealer bears the responsibility of administering any ACH program; Mepco shall provide operational assistance for such program. All electronic data files must be delivered to Mepco in conformity with this Agreement.

2. Payment to Administrator. Upon receipt of an executed copy of a Payment Plan Agreement and all forms from Dealer, Mepco shall pay Administrator as determined by Mepco.

3. Money Due Dealer. On or about the 10th day of the month following the month in which a Purchaser has made the second installment due under such Purchaser's Payment Plan Agreement, Mepco will remit a check payable to Dealer for the remaining funds due Dealer after adjustments for the Discount Amount, any amounts due Mepco by Dealer and other amounts retained by Mepco.

4. Cancellation. Mepco has the right to terminate a Payment Plan Agreement at any time and from time to time. In the event that a Payment Plan Agreement is canceled at the request of the Purchaser, Mepco or Administrator, Dealer shall be obligated to refund Mepco the following amount: (1) the amount financed by Mepco; plus (2) any late payment charges due to Mepco; less (3) payments Mepco received from the Purchaser; less (4) any amounts received by Mepco from Administrator with respect to the canceled Payment Plan Agreement (the "Refund Amount"). Mepco may offset any unpaid Refund Amount with respect to such Payment Plan Agreement from any amounts due to Dealer by Mepco. Mepco shall give Dealer notice of any such offsets. In the event Mepco deems itself insecure, Mepco shall have the right to retain any funds due Dealer until such time as Mepco deems itself secure. As security for the payment of refunds to Mepco, Dealer hereby assigns and conveys to Mepco the right to receive any and all payments due from Administrator to Dealer with respect to all Payment Plan Agreements sold by Dealer which are administered by Administrator. In the event that Mepco does not receive the Refund Amount within

90 days following the date any Payment Plan Agreement is canceled, Dealer hereby authorizes Administrator, upon notice from Mepco, to remit such amount directly to Mepco out of any funds due Dealer from Administrator.

5. Term/Termination.

(a) This Agreement shall commence as of the date shown above and shall continue until terminated as set forth below.

(b) Either party may terminate this Agreement for any reason upon 30 days' written notice to the other party as provided for herein.

(c) This Agreement may, at the option of Mepco, terminate immediately upon the occurrence of any of the following events:

(i) Dealer shall fail to pay any amount due Mepco within 10 days following the date when due.

(ii) Dealer's assignment or attempted assignment of this Agreement or any portion of any interest in or any payment due under the Payment Plan Agreements without the express prior written consent of Mepco.

(iii) If a petition under Title 11, United States Code or any similar law or regulation shall be filed by or against Dealer or Dealer shall make an assignment for the benefit of creditors.

(iv) Dealer's breach of any provision contained within this Agreement.

(v) Dealer's acts of fraud, defalcation, dishonesty or intentional misrepresentation directed to Administrator or Mepco.

6. Warranties and Representations.

Dealer hereby covenants, represents and warrants that:

(a) Dealer is, and at all times hereafter shall be, duly organized and existing and in good standing under the laws of the state of its formation, and is, and at all times hereafter shall be, qualified or licensed to do business in all states in which the laws thereof require such party to be so qualified and/or licensed.

(b) Dealer has the right, power and capacity, and is duly authorized and empowered, to

enter into, execute, deliver and perform this Agreement. This Agreement constitutes the legal, valid and binding obligation of Dealer and is enforceable in accordance with its terms.

(c) The execution, delivery and/or performance by Dealer of this Agreement shall not, by the lapse of time, the giving of notice or otherwise, constitute a violation of any applicable law or a breach of any provision contained in its organizational, charter, governing documents or similar document or in any agreement, instrument or document to which Dealer is now or hereafter may be a party, or by which Dealer is or may become bound.

(d) Dealer is not in violation of any applicable statute, regulation or ordinance of the United States of America, of any state, city, town, municipality, county or any other jurisdiction, or of any agency thereof, in any respect materially and adversely affecting its business, property, assets, operations or conditions, financial or otherwise, and Dealer shall maintain in force and effect, all material government and other licenses and authorizations necessary for the conduct of its business.

(e) All Payment Plan Agreements are genuine in all respects and are what they purport to be and are not evidenced by a judgment.

(f) All Payment Plan Agreements represent undisputed bona fide transactions completed in accordance with the terms and conditions of the Payment Plan Program and the documents relating thereto.

(g) There are no set offs, counterclaims or disputes existing or asserted with respect to any Payment Plan Agreement and Dealer has not made any agreement with any Purchaser for any discount or deduction with respect to any Payment Plan Agreement.

(h) No Payment Plan Agreement is subject to any prior assignment by Dealer, claim, lien or security interest against Dealer and Dealer will not make any assignment thereof or create any security interest therein, nor permit the same to become subject to any attachment, levy, garnishment, or other judicial process.

(i) Each Service Contract shall (i) have a term of 2 years or more and (ii) be purchased with respect to a new or used automobile or truck.

(j) **Legal Compliance.** Dealer shall perform all activities associated with the solicitation, creation, maintenance, servicing, and cancellation of all Service Contracts and Payment Plan Agreements, and any and all related activities, in compliance with all applicable federal, state, and local laws, rules, regulations, orders, and other directives of any kind (collectively, "Laws"). Without limiting the generality of the preceding sentence, Dealer shall ensure that the Service Contract, Payment Plan Agreement, and any and all other agreements, forms, disclosures, instruments, notices, and other documents entered into with or provided to a Purchaser conform with all Laws and contain all notices, requirements, and other disclosures required by any Law (regardless of whether or not any such documents are provided by Mepco or Administrator to Dealer).

(k) **EFT Laws.** Without limiting the generality of subsection (j) above, Dealer specifically agrees to be responsible for compliance with the federal Electronic Funds Transfer Act and Federal Reserve Regulation E (each as may be amended from time to time, and any and all successor Laws) and any similar state or local Laws (collectively, "EFT Laws") with respect to any payments made by a Purchaser to Administrator, Dealer, or Mepco pursuant to a Service Contract or Payment Plan Agreement by direct debit, ACH, or pre-authorized draft, regardless of the party (i.e., Administrator, Dealer, or Mepco) that would be primarily responsible for compliance under any such EFT Law. With respect to each such direct debit, ACH, or pre-authorized draft, Dealer hereby represents and warrants to Mepco that the Purchaser has authorized such direct debit, ACH, or pre-authorized draft in accordance with all EFT Laws. Dealer shall promptly provide copies to Mepco of all records evidencing such authorizations. Mepco's failure to require Dealer to provide any such records shall not be deemed a waiver of Dealer's obligation pursuant to the preceding sentence. To the extent that this subsection constitutes a delegation of duties required by any EFT Law by Mepco to Dealer, Dealer hereby accepts such delegation and agrees to be fully responsible for the performance of all such duties, as if it were primarily responsible under such EFT Law.

7. **Pricing.** Dealer agrees and understands that the Purchasers are intended to receive interest-free extended payment terms and therefore, it is a strict condition of this Agreement

that each and every Purchaser shall be offered a Service Contract at the same price, whether or not the Purchaser elects to participate in the Payment Plan Program. No discount under any circumstances may be or has been offered or made in any manner by reason of the Purchaser electing to not participate in the Payment Plan Program.

8. **Indemnity.** Subject to the terms, conditions and limitations set forth in this Section 8, Dealer shall indemnify, defend and hold harmless Mepco and its owners, directors, managers, officers, principals, employees and agents from and against any and all losses, costs, obligations, liabilities, settlement payments, awards, judgments, fines, penalties, damages, deficiencies, claims or other charges, absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown and any and all expenses incurred in connection with investigating, defending or asserting any claim, action, suit or proceeding incident to any matter indemnified against hereunder (including court filing fees, court costs, arbitration fees or costs, witness fees, and reasonable fees and disbursements of legal counsel, investigators, consultants, accountants and other professionals) incurred or suffered by Mepco resulting from, in connection with, relating to or arising out of:

(i) Any breach by Dealer of any of its covenants or agreements, or any failure of Dealer to perform any of its obligations, in this Agreement, in any Payment Plan Agreement, in any other agreement between Dealer and Mepco or in any agreement or instrument contemplated hereby.

(ii) Any breach of any warranty or the inaccuracy of any representation of Dealer contained or referred to in this Agreement, in any Payment Plan Agreement, in any other agreement between Dealer and Mepco or in any agreement or instrument contemplated hereby.

(iii) Notice of any claim or potential claim for indemnification under this Section 8 and a tender of defense shall be transmitted to Dealer forthwith. Should the Dealer not accept in writing the tender of defense of any action or proceeding, Mepco shall have the right to proceed to defend said action or proceeding without waiving any right or remedy it may have against Dealer.

(iv) Any action, suit or proceeding by a third party relating to the subject matter of this Agreement.

9. Miscellaneous.

(a) *Governing Law.* This Agreement shall be construed in conformity with the laws of the State of Illinois, without regard to its choice of laws or conflict of laws rules. The parties hereto irrevocably agree that all actions or proceedings in any way, manner or respect, arising out of or from or related to this Agreement, shall be litigated only in courts having situs within Cook County, Illinois. Each party hereby consents and submits to the jurisdiction of any local, state or federal court located within Cook County, Illinois, and waives any right it may have to transfer the venue of any such litigation.

(b) *Protection of Confidential Information.* The parties shall execute a confidentiality agreement in form and manner acceptable to Mepco.

(c) *Severability.* Any provision of this Agreement which is illegal, invalid, prohibited or unenforceable shall be ineffective to the extent of such illegality, invalidity, prohibition or unenforceability without invalidating or impairing the remaining provisions hereof.

(d) *Assignment.* Dealer may not assign its rights nor delegate any duties under this Agreement without the prior written consent of Mepco.

(e) *Prevailing Party Costs.* The prevailing parties in any litigation in connection with this Agreement shall be entitled to recover from the non-prevailing party all costs and expenses, including, without limitation, reasonable attorneys' and paralegals' fees and costs incurred by such party in connection with any such litigation.

(f) *Notices.* Any notices, offers, acceptances and other communications required hereunder shall be in writing and deemed to have been given and received (i) when personally delivered, (ii) on the day sent by facsimile machine, (iii) one day after being sent by a nationally recognized overnight courier with guaranteed next day delivery or (iv) three days after being mailed by United States certified mail, return receipt requested, postage prepaid, to the parties at their respective addresses as set forth below.

(g) *Survival of Rights.* The provisions of Sections 4, 6, 8 and 9 shall survive the termination of this Agreement.

(h) *Rights of Creditors and Third Parties Under the Agreement.* The Agreement is entered into between Dealer and Mepco for the exclusive benefit of Administrator and Mepco and their respective successors and permitted assigns and is expressly not intended for the benefit of any other party. Except and only to the extent provided by applicable law, no other creditor or third party shall have any rights under this Agreement.

(i) *Counterparts.* This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, when taken together, shall be deemed to be the same Agreement. Signatures transmitted by facsimile shall be considered authentic and binding.

(j) *Further Assurances.* Each of the parties hereto shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purposes of this Agreement and as are not inconsistent with the terms hereof. All documents delivered electronically shall be binding on the parties.

(k) *Waiver.* No failure by any party hereto to exercise or delay by any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(l) *Title to Accounts.* Dealer hereby acknowledges and agrees that title to all Payment Plan Agreements and all amounts owing by a Purchaser thereunder shall at all times be vested in Mepco and its assignees, and Dealer shall have no right, title or interest therein.

Mepco and Dealer have executed this Agreement as of the date first set forth above.

MEPCO FINANCE CORPORATION

By: _____
Its: _____

111 N. Canal, Suite 375
Chicago, IL 60606
Fax No: 312-853-3402

DEALER:

By: _____
Its: _____
Name: _____
Address: _____
City, State Zip _____
Attention: _____
Fax No.: _____



Dealer / Seller Profile

River Center
111 North Canal
Suite 375
Chicago, Illinois 60606
800.397.6767
866.656.6518 fax
www.mepco.com

Today's Date: _____

Dealer/Seller Name: _____ Taxpayer ID#: _____

Address: _____

Bus. Phone: () _____ Alt. Phone: () _____ Fax () _____

Billing Contact: _____ Billing Fax or E-Mail: _____

Type of Agency: Sole Proprietorship Partnership Corporation

How Long In Business: _____ How long at location: _____

Number of Employees: _____ Total Volume Written Annually: _____

State(s) of Operation: _____

NOTE: If you are located in Missouri or plan to sell to Missouri customers you must attached your Missouri state license.

Product(s) Sold: _____

Service Contract Administrator(s): _____

Primary Method for Generating Leads (please check all that apply):

Mail Internet Predictive Dialing Other

If other, please specify: _____

Principals

Name: _____ Title: _____ Social Security Number: _____ Birth Date: _____

Name: _____ Title: _____ Social Security Number: _____ Birth Date: _____

Name: _____ Title: _____ Social Security Number: _____ Birth Date: _____

Have there been any changes in management in last two years? Yes/No

If yes, please specify: _____

I hereby authorize Mepco Finance Corporation ("Mepco") to perform any credit and/or business history research on this agency as deemed appropriate by Mepco. Everything stated on this profile, to the best of my knowledge, is truthful and accurate. I also authorize Mepco to retain this information, regardless of approval status, for the sole purpose of internal and confidential use only.

Additionally, I certify that I am aware that is required by law to retain an current Missouri state license if our business is located in or plans to sell to customers who reside in Missouri and agree to provide Mepco with a copy of our current license.

Print Name: _____

Signature: _____

Title: _____

Date: _____

UNCONDITIONAL GUARANTY

For the purpose of inducing Mepco Finance Corporation, a Michigan corporation, or any of its affiliates (collectively, "Mepco"), to enter into a Dealer Agreement or other agreement (collectively, the "Dealer Agreement") with _____ (the "Dealer"), or to continue offering services to Dealer under any existing Dealer Agreement, the undersigned, an owner or principal of Dealer (the "Guarantor"), unconditionally guarantees the prompt and faithful payment to Mepco, when due, of any and all indebtedness and liabilities of any kind or nature of Dealer or any of its affiliates to Mepco, whether now owing or hereafter incurred, including all renewals, extensions, substitutions, and/or modifications of any of the foregoing (collectively, the "Indebtedness"), without limit. Without limiting the generality of the foregoing, the Indebtedness specifically includes all obligations of Dealer under the Dealer Agreement. If Dealer fails for any reason to make any payment or perform any obligation under any Indebtedness when due, the Guarantor promises to pay and/or perform the same upon demand.

The obligations of the Guarantor under this Guaranty and those of Dealer or any other guarantor who may have guaranteed or who hereafter guarantee all or any portion of the Indebtedness are and will be joint and several. Mepco may release, settle, or compromise with Dealer and any one or more other such guarantors at any time without affecting the continuing liability of the Guarantor under this Guaranty. The Guarantor agrees that his or her obligations under this Guaranty shall be satisfied only by the full satisfaction and performance of all Indebtedness.

The Guarantor waives notice of acceptance of this Guaranty and demand, presentment for payment, and any and all notices of protest, default, nonpayment, or dishonor of all or any portion of the Indebtedness and of any instrument, agreement, or other document evidencing any of the Indebtedness. No extension of time or other indulgence granted by Mepco to Dealer or any person that has guaranteed all or any portion of the Indebtedness shall release or affect the obligations of the Guarantor under this Guaranty, and no omission or delay on Mepco's part in exercising any right hereunder or in taking any action to collect or enforce payment of any of the Indebtedness will be a waiver of any such right or release or affect the obligations of the Guarantor under this Guaranty.

The obligations of the Guarantor under this Guaranty are primary and unconditional obligations that shall be enforceable before or after proceeding against Dealer, any other guarantor, or any security held by Mepco, and shall be effective regardless of the solvency or insolvency of Dealer or any other guarantor or the termination of any other guaranty by any other guarantor. The Guarantor agrees that Mepco may, without notice to or consent of the Guarantor, release any collateral securing all or any portion of the Indebtedness without diminishing the obligations of the Guarantor. The Guarantor agrees that Mepco does not have any duty to: marshal security, sue, or otherwise attempt to collect from Dealer or any other party; initiate proceedings against any collateral securing all or any portion of the Indebtedness or any other property; or take any other action of any kind prior to demanding payment from the Guarantor.

All liabilities of Dealer and of the Guarantor shall, to the extent permitted by law, mature immediately upon the occurrence of any of the following events: Dealer's or the Guarantor's default under any agreement or undertaking evidencing all or any portion of the Indebtedness, including (without limitation) the Dealer Agreement and this Guaranty; any sale of all or substantially all of the assets of Dealer; any merger involving Dealer; any change in control of Dealer; the filing by Dealer or the Guarantor of a voluntary petition in bankruptcy; the entry of an order of relief with respect to Dealer or the Guarantor by a United States Bankruptcy Court; the filing of an involuntary petition in bankruptcy against either Dealer or the Guarantor; the assignment by Dealer or the Guarantor for the benefit of its creditors; the entry by Dealer or the Guarantor into an agreement of composition with its or his creditors; the dissolution or liquidation of Dealer; Dealer substantially ceases to operate its business; or the death or permanent disability of Guarantor.

The Guarantor subordinates to the Indebtedness any and all indebtedness now or hereafter owed by Dealer to the Guarantor. The Guarantor agrees that upon Mepco's request, it will execute, or cause execution of, separate subordination agreements in form and substance satisfactory to Mepco.

Mepco's records showing all or any portion of the Indebtedness shall be admissible in evidence in any action or proceeding involving this Guaranty, and such records shall be prima facie proof of the items therein set forth.

The Guarantor's obligations under this Guaranty shall not be terminated, reduced, or otherwise affected by any change in the ownership or operation of Dealer, and the Guarantor shall remain fully liable under this Guaranty even if the Guarantor is no longer an owner, principal, or employee of Dealer. The Guarantor irrevocably agrees and acknowledges that he or she has received sufficient consideration for this Guaranty as a result of his or her past, current, or future association with Dealer.

In the event all or any portion of the Indebtedness is assigned by Mepco, this Guaranty will inure to the benefit of such assignee to the extent of such assignment; provided, however, that such assignment shall not operate to relieve the Guarantor from any obligation to Mepco hereunder with respect to any unassigned Indebtedness and, further, that the rights of any assignee will be subordinate to the rights of Mepco under this Guaranty as to any unassigned Indebtedness.

The rights and remedies of Mepco under this Guaranty and any other rights or remedies are cumulative and may be exercised singularly or concurrently, and the exercise of one or more of them shall not be a waiver of any other. No act, delay, or omission or course of dealing between Mepco and Dealer or any guarantor of any of the Indebtedness shall be a waiver of any of Mepco's rights or remedies under this Guaranty. No waiver, change, modification, or discharge of this Guaranty or any obligation created hereby will be effective unless in writing signed by Mepco. The Guarantor acknowledges and agrees that the Guarantor's obligations under this Guaranty are independent of Dealer's obligations under any agreement or undertaking between Dealer and Mepco, and that the Guarantor shall not raise any defense or claim of set off that may be available to Dealer pursuant to any such agreement or undertaking.

If Mepco institutes legal proceedings to enforce this Guaranty or the terms of any agreement securing this Guaranty, Mepco shall be entitled to collect, in addition to the Indebtedness and interest specified therein, all reasonable costs and expenses of suit, including actual attorney fees.

This Guaranty shall be governed by and construed and interpreted in accordance with the laws of the State of Michigan, excluding its choice of law provisions. In the event any provision hereof is in conflict with any statute or rule of law in the State of Michigan or is otherwise unenforceable for any reason whatsoever, then such provision shall be deemed severable from, or enforceable to the maximum extent permitted by law, as the case may be, and the same shall not invalidate any other provisions hereof, it being the intent of the Guarantor that it is, to the maximum extent permitted by law, fully and unconditionally guaranteeing all Indebtedness. The Guarantor agrees that state and/or federal courts located in Kent County or Ionia County, Michigan, or in Cook County, Illinois, shall have personal and subject matter jurisdiction over any and all actions or disputes concerning this Guaranty.

INTENDING TO BE LEGALLY BOUND, the undersigned Guarantor hereby executes this Unconditional Guaranty as of the date set forth below.

Dated: _____

Signature of Guarantor

Print Name of Guarantor