



**CNC ASSET
MANAGEMENT**

"THE COMPANY" GUARANTEE FOR BREAKDOWN OF CONSTRUCTION EQUIPMENT

Contents

Page 2 & 3	DEFINITIONS
Page 4	BREAKDOWN DEFINITION
Page 4 – 6	CONDITIONS
Page 6 - 7	RECOVERY PROCEDURES AND CONDITIONS
Page 7 - 9	WHAT THE GUARANTEE PROVIDER IS NOT RESPONSIBLE FOR
Page 9	COMPLAINTS PROCEDURE
Pages 10 - 12	SCHEDULE

This Guarantee contains general provisions and specific exclusions that define the extent of protection provided by this Guarantee. It is particularly important the Guarantee Holder checks that they and the Machinery meet the eligibility criteria of this Guarantee by carefully reading this document.



DEFINITIONS

Acceptance Date	<p>The Acceptance Date is as follows:-</p> <p><u>a) For Machinery sold by the Machinery Supplier and not in use:</u></p> <p>The date in the acceptance certificate issued by the Machinery Supplier following delivery of the Machinery.</p> <p><u>b) For Machinery in use</u></p> <p>The date agreed by the Guarantee Holder and the Guarantee Provider</p>
Administrator	CNC Asset Management, CNC House, Finmere, Buckingham MK18 4AR
Agreement	A finance or rental agreement entered into by the Guarantee Holder in respect of the Machinery or its Guarantee
Guarantee Holder	The individual, partnership or company as detailed in the Schedule.
Guarantee Holder's Contribution	The amount shown on the Schedule which will be deducted from each and every occurrence forming a recovery under this Guarantee.
Guarantee Provider	"Company Name and Address" of Guarantee Holder
Machinery	The item(s) specified in the Schedule attaching to this Guarantee.
Limit of Protection	<p>The Limit of Protection during the Period provided by this Guarantee shall not exceed:</p> <p>25% of the Sum Protected in respect of any one recovery and 50% in the aggregate for all recoveries aggregated.</p>
Machinery Servicing Agent	Shall mean the Machinery Supplier or in the event the Machinery Supplier is unable to perform a firm authorised by the Administrator.
Machinery Supplier	The company named in the Schedule who supplied the Machinery
Master Parts Schedule	<p>The Master Parts Schedule is limited to the following components:</p> <p><u>A) All Machinery other than hammer compactors</u></p> <p>1) Engine</p> <p>a) Block, Crankshaft, Flywheel, Piston, Gear and Camshaft Groups</p> <p>b) Fuel Systems, Transfer Pump, Valves and Lines, Governor, Injection Pump and Air/Fuel Ratio Groups</p> <p>c) Air Induction and Exhaust System Manifolds, Inlet and Exhaust Turbo Group, Including Controls, Aftercooler Group, Air Exchanger Core</p> <p>d) Lubrication System, Pump Group and Drives</p> <p>e) Cooling System; Fan Drive Pump, and Cooler Group</p>



2) Power Transmission

- a) Manual Shift Transmission
- b) Flywheel Clutch, Brake Group and Control Group
- c) Torque Converter, Divider and Retarder
- d) Power Shift Transmission (Includes Internal Valves)
- e) Hydrostatic Transmission (Includes Internal Valves)
- f) Countershaft Transmission (Includes Pneumatic and Hydraulic Control Groups)
- g) Power Flow Connectors (Includes Shaft and Coupling Groups)

3) Drive Systems

- a) Steering Clutches and Brakes (Track Vehicles Only Excludes Differential Steer Machines)
- b) Differential Steering and Brakes
- c) Drive Line (Track and Wheeled Vehicles)
- d) Wheels and Axles (Wheeled Vehicles Only)
- e) Drive Axle Group, Front and Rear
- f) Piston Motor Group, Hydraulic Drive

4) Hydraulic Systems

- a) Cooling System, Steering System, and Hydraulic System
- b) Lift, Tilt, Tip Controls
- c) Motor Grader Implement Controls
- d) Scraper Controls
- e) Ripper, Tool Bar, & Other Implement Controls
- f) Excavator, Backhoe, Front Shovel & Other Implement Controls
- g) Logger & Skidder Controls
- h) Side Shift Cylinder, Fork Positioner/Levelling Cylinder, Compensation Cylinder

5) Ring Gear Assembly

B) All Machinery including Hammer Compactors

1) Hammer Components (Hammer Compactors Only)

All components in a) above and including

- a) Vibratory Valves
- b) Pumps and Motors
- c) Hammer Mechanism

Period provided by this Guarantee

Period commences as from the Acceptance Date or from the expiry of any manufacturer's warranty period, if later, as stated in the Schedule, and shall terminate on expiry of the Guarantee as stated in the Schedule.

Schedule

The Schedule attaching to this Guarantee containing details of the Machinery and the period and extent of protection provided to the Guarantee Holder on the Machinery under this Guarantee.

Sum Protected

The Sum Protected shall be the value shown on the Machinery Supplier's invoice, including delivery costs and any accessories that are to be covered. For any Machinery that is used at the time of sale, the Sum Protected shall be the market value at the time of resale. For any Machinery that is in operation by the Guarantee Holder, the Sum Protected shall be the amount determined by the Guarantee Provider.



Territorial Limits	The Sum Protected shall be shown on the Schedule. The United Kingdom and the Republic of Ireland.
Waiting Period	A period following the Acceptance Date during which any Breakdown recoveries shall not be recoverable under this Guarantee for any Machinery which were: I) Subject to the Assignment Condition, in which case the Waiting Period shall be 14 days or 50 hours whichever the later effective from the date the Machinery Supplier confirms the Machinery has been satisfactorily tested and delivered.

DEFINITION OF BREAKDOWN

Breakdown	The sudden and unforeseen breaking, distortion, overheating, hydraulic failure or electrical burnout of any part of the Machinery as described in the Master Parts Schedule which occurs whilst the Machinery is in use, resulting in its immediate stoppage of function and requiring repair and/or replacement before normal working can be resumed and which occurs after the expiry of the manufacturer's warranty period
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CONDITIONS

Termination	The protection provided by this Guarantee shall be terminated a) at the expiry of the Period shown in the Schedule b) at the date when any payments for this Guarantee remains unpaid more than 30 days after the due date c) in the event of total loss, on the date of such loss d) at the date on which the Machinery is returned to the company providing the finance e) at the date on which the Machinery is repossessed or a judgement is entered in any court with respect to the Guarantee Holder's obligations under such judgement whichever is the earliest f) in the event all losses aggregated exceed the Limit of Protection
Information Supplied	Any proposal or information supplied by the Guarantee Holder to the Machinery Supplier in connection with this coverage shall form part of the Guarantee.
Selling of Machinery and Transfer of the Guarantee	a) In the event the Guarantee Holder sells the Machinery or ceases to trade before the expiry of the Guarantee, any unexpired portion of the Guarantee can be transferred to the new owner, provided that:- i) the Guarantee Holder gives notice to the Administrator, prior to the date of sale, that the Machinery is to be sold; ii) the recoveries record on the Machinery is acceptable to the Guarantee Provider. The Guarantee Provider will advise the Administrator accordingly. iii) the new owner is domiciled within the Territorial Limits;



	<p>iv) the Machinery is transferred directly from the Guarantee Holder to the new owner for immediate use as set out under paragraph v) below. Where the Machinery is held in storage at the Guarantee Holder's premises or elsewhere, the assignment benefit is invalidated;</p> <p>v) full details of the new owner, including the address are supplied by the Guarantee Holder to the Administrator who will issue confirmation to the new owner that the Guarantee has been transferred, subject to the Guarantee Provider not being liable for any Breakdown that occurs for a period of 14 days or 50 hours, whichever occurs the later as from the date the Machinery Supplier confirms the Machinery has been satisfactorily tested and delivered.</p> <p>b) In the event the Guarantee Holder i) sells the Machinery and any unexpired portion of the Guarantee is not to be transferred to the new owner, or ii) ceases to trade, the Guarantee Provider shall allow a return of the payment for any protection purchased by the Guarantee Holder to him, provided that the recoveries record on the Machinery is acceptable to the Guarantee Provider. If it is acceptable, any refund of payment shall take into account a) the recoveries paid by the Guarantee Provider and b) the period and / or hours the Machinery has been in use. The Administrator reserves the right to deduct up to £250 administration fee from any agreed return of the Guarantee payment.</p>
Non Payment	<p>The Guarantee Provider shall not have any liability under this Guarantee in respect of any Machinery where the Guarantee Holder has failed to pay the Guarantee Provider or any company arranging finance under a Agreement within 30 days of the date of sale of the Machinery.</p>
Assignment	<p>A Guarantee Holder may not assign this Guarantee unless any related Agreement is also transferred with the written consent of the Guarantee Provider. If assignment does take place without the consent of the Guarantee Provider the protection provided by this Guarantee will be terminated from the date of the assignment.</p>
Access & Reasonable Precautions	<p>The Guarantee Holder shall</p> <ul style="list-style-type: none">a) provide reasonable facilities for the Machinery Supplier to examine any Machinery and carry out any required dismantling and re-assembly required by the Machinery Supplier in making examinations;b) take all reasonable precautions to avoid loss or damage and enforce the observance of all proper safeguards against damage to the Machinery;c) ensure that all statutory and other regulations are observed;d) keep the Machinery in a proper state of repair and maintain it in accordance with the manufacturer's recommendations.
Observance	<p>Observance of the terms and conditions of this Guarantee by the Guarantee Holder shall be precedent to any payment by the Guarantee Provider.</p>
Misrepresentation & Non-Disclosure	<p>This Guarantee shall be avoidable in the event of misrepresentation, mis-description or non-disclosure of any material fact by the Guarantee Holder.</p>
Jurisdiction	<p>This Guarantee shall be governed by English Law and English Courts shall have exclusive jurisdiction in any dispute arising hereunder (save where the Guarantee Holder is domiciled in Scotland in which event Scottish Law shall apply and the Courts of Scotland shall have exclusive jurisdiction).</p>



Guarantee Holder's responsibilities

The Guarantee Holder is responsible for ensuring that:-

- a) the Machinery is properly maintained in accordance with the recommended servicing procedures at intervals prescribed by the manufacturer in the Machinery's operating manual;
- b) throughout the ownership of the Machinery there are preventative maintenance procedures in place as agreed with the Machinery Supplier or the Machinery Servicing Agent;
- c) the Machinery is only operated by a Guarantee Holder's employee or hiree who has been properly trained in the use of the Machinery in accordance with the manufacturer's instructions;
- d) any replacement parts fitted to the Machinery are authentic parts made and approved by the manufacturer or appropriate generic parts;

RECOVERY PROCEDURES AND CONDITIONS

Recovery Procedure

In the event of any defect or repair likely to arise under this Guarantee, the Guarantee Holder shall:-

- a) give the Machinery Servicing Agent immediate notice of any defect or damage likely to give rise to a recovery under this Guarantee;
- b) promptly make the Machinery available to the Machinery Servicing Agent for repair;
- c) take precautions to prevent further breakage to the Machinery. The Guarantee Provider shall not be liable for any further damage resulting from the continued use of the Machinery until it has been repaired to its satisfaction;
- d) retain all broken parts for at least 90 days for possible inspection and where instructed return the defective part or parts at their cost to the Guarantee Provider as directed, ensuring that the part(s) are properly packed;
- e) complete and sign a recovery form and return it to the Guarantee Provider via the Machinery Supplier within 30 days of the date of the failure
- f) Pay the Machinery Supplier the Guarantee Holder's Contribution and the VAT costs of the recovery

Fraudulent Recoveries

In the event any recovery is made by the Guarantee Holder which is unfounded or fraudulent or intentionally exaggerated or if any false declaration or statement is made in support thereof, then no recovery shall be made under this Guarantee.

Control of Recoveries

The Guarantee Provider shall be entitled in the name of the Guarantee Holder to take all necessary steps for enforcing any rights against any party before or after meeting the recovery. The Machinery Supplier shall be given information and assistance by the Guarantee Holder as may be necessary.

Insurance

Where at the time of any costs recoverable under this Guarantee there shall be any insurance covering such Breakdown the Guarantee Provider shall only be liable for its rateable proportion of that Breakdown.



Basis of Recovery Settlement	<p>The basis of settlement covered under this Guarantee shall be</p> <p>a) in the case of repairable breakage the cost of repair including replacement parts, standard labour charges and reasonable travel costs at ordinary rates less the value of salvage parts excluding VAT</p> <p>b) in the case of a total loss</p> <p>i) the market value at the time of the loss occurrence and the cost of dismantling the damaged Machinery less the value of any salvage parts and excluding VAT.</p> <p>Provided that the maximum liability of the Guarantee Provider shall not exceed the Limit of Protection less any amount shown as the Guarantee Holder's Contribution.</p> <p>An item of Machinery will be considered a total loss if the cost of repair as defined in a) above equals or exceeds the market value of the Machinery at the time of the Breakdown.</p>
Obsolete Parts	<p>In the case of obsolete parts or any item or part of any item of the Machinery which is unobtainable, the Guarantee Provider shall only be liable to pay the last listed price of that part or item or the nearest equivalent price at the time of the Breakdown.</p>
Liquidation	<p>In the event of liquidation or administration of the Guarantee Holder this Guarantee responds first to the interests of the finance company providing finance for the Guarantee.</p>
Suspension of Cover	<p>Following a recovery, the Guarantee Provider reserves the right at any time to suspend the protection afforded to any Machinery until its requirements have been fulfilled. Such suspension of cover will be notified in writing by the Guarantee Provider to the Guarantee Holder via the Administrator.</p>
Arbitration	<p>In the event any difference shall arise as to the amount to be paid under this Guarantee (liability being otherwise admitted) such difference shall be referred to an arbitrator to be mutually appointed by the parties. Where any difference is referred to arbitration, the making of an award shall be a condition precedent to any right of action against the Guarantee Provider.</p>

THE GUARANTEE PROVIDER SHALL NOT BE RESPONSIBLE FOR :-

Fire and damage from other extraneous causes	<p>The amount stated in the Schedule as the Guarantee Holder's Contribution in respect of each and every Breakdown.</p> <p>Any costs caused by or arising from fire, lightning, explosion, aircraft or other aerial devices or articles dropped therefrom, storm, tempest, flood, inundation, escape of water from water containing apparatus, leakage from sprinkler installations, theft or attempted theft or damage from any other extraneous cause, including damage from objects or equipment not forming an integral part of the Machinery system or cell.</p>
Dismantling	<p>Any costs to Machinery from the commencement of dismantling and/or disconnecting and /or during the course of re-erection.</p>
Transit	<p>Any costs whilst in transit.</p>



Mechanical Breakdown	Any breakdown caused by derangement.
Prototypes	Any costs to any item which is a prototype or was a prototype at inception of the Guarantee.
Consumables tooling attachments & tyres	Breakdown of: a) Any part not named in the Master Parts Schedule b) Machinery which has been altered or modified from the manufacturer's original specification; c) Parts that have not been supplied and fitted to the Machinery by the Machinery Servicing Agent, or by the manufacturer or the Machinery Supplier during the manufacturer's warranty period. d) Ground Engaging Gear
Cables & Pipes	Any costs to trailing cables or flexible pipes other than when accompanied by other damage to the Machinery.
Consequential Breakage	Consequential costs to parts not covered as a result of the Breakdown of a part, as listed in the Master Parts Schedule caused by the failure of a non-covered part.
Overloading and Wilful Acts	Recoveries arising from the execution of repairs, intentional overloading or experiments involving the imposition of any abnormal conditions on the Machinery and any costs caused by abuse, misuse, wilful act or neglect
Operational Use	Recoveries arising out of the use of the Machinery outside the manufacturer's recommended specifications.
Manufacturer's Liability	Recoveries which are the responsibility of the manufacturer and/or supplier and/or maintenance supplier under contract, guarantee, maintenance agreement or otherwise.
Manufacturer's Warranty terms and conditions	Any exclusions contained in the manufacturer's warranty terms and conditions that are not otherwise specified herein.
Insurance	Recoveries which are covered by any insurance
Proper State of Repair and Maintenance	Recoveries arising out of the failure to keep the Machinery in a proper state of repair or failure to maintain the Machinery in accordance with the manufacturer's recommendations.
Unauthorised Repair or Installation or Testing	Recoveries from Installation or Testing and any recovery where the Recoveries Procedure has not been followed
Improvements	The cost of any alterations, additions, improvements or overhauls carried out on the occasion of a repair.
Continued Use	Recoveries arising out of the continued use of broken Machinery.



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Wear & Tear	The cost of rectification or making good of wear and tear, gradual deterioration, rust, corrosion or oxidisation, gradually developing defects, cracks, flaws or fractures, scratching of painted or polished surfaces, and gradual reduction in operating performance of any part where this can reasonably be considered to be due to wear, tear or deterioration commensurate with the age, hours and condition of the Machinery.
Replaced and Repaired Parts	Any part that has been repaired or replaced by the Guarantee Provider for a period of 3 months.
Application of tools	Recoveries caused by the application of any tool or process to the Machinery during the course of maintenance, inspection, modification or overhaul.
Accessories	Any accessory being used with the Machinery which was not originally supplied with the Machinery or added to the Schedule without the appropriate additional payment being made.
Consequential Loss	Liquidated damages, penalties for delay or detention or in connection with guarantees of performance or consequential costs not otherwise protected by this Guarantee.
Waiting Period	Any costs during the Waiting Period as defined.

COMPLAINTS PROCEDURE

Complaints Procedure	<p>Any enquiries and complaints the Guarantee Holder may have regarding this protection should be addressed , in the first instance to:-</p> <p>CNC Asset Management, CNC House, Finmere, Buckingham, MK18 4AR Telephone No. + 44 (0) 1280 848800, Fax No. + 44 (0) 1280 848811, e mail: recoveries@cncassetmanagement.co.uk</p> <p>Quote the Guarantee number or reference number as appropriate in any correspondence.</p> <p>This complaints procedure is without prejudice to the Guarantee Holder's right to take legal proceedings.</p>
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