



# ADJUSTABLE BASE 10 YEAR PROTECTION PLAN

- Keep this Protection Plan and your original invoice
- Si usted necesita un Plan de Protección en Español, favor llamarnos al (888) 236-3044.

## TERMS OF SERVICE:

This Protection Plan ("Protection Plan") is a Service Contact between you ("You"; "Your"), the original purchaser and consumer, and Service Contract Specialists, Inc. ("SCS"; "We"; "Our"; "Us"), located at: 19 Smiley Ingram Rd Cartersville, GA 30184, (888) 682-3612, except in Florida, where the obligor is Ironwood Warranty of Florida, LLC (license number: 48287), located at: 400 Missouri Ave, Suite 120, Jeffersonville, IN 47130, (833) 775-0249, and in Washington, where the obligor is Lexington National Warranty Services, LLC, located at: P.O. Box 6098, Lutherville, MD 21094, (888) 888-2245. This Protection Plan is administered by SCS.

- This Protection Plan is not a cleaning or maintenance contract, insurance policy, or Your original manufacturer's warranty. This Plan covers Your covered furniture for certain mechanical and structural breakdowns and accidental damage from normal household use, as listed in the "WHAT IS COVERED" section.
- This Protection Plan is only valid for new furniture purchased at the same time as this Protection Plan, and appears on the sales ticket (sales receipt) as such. It is valid for a period of ten (10) years ("the Term") beginning on the delivery date of Your new furniture.
- SCS liability under this agreement is limited to the retail price You paid for Your covered furniture.
- If a covered event occurs during the Term of this Protection Plan, SCS agrees to provide Service ("Service") as outlined in the "SERVICE PROCEDURES" section of this Protection Plan.
- This Protection Plan includes this document as well as Your sales ticket (sales receipt). You must provide a sales ticket (sales receipt) for Your covered furniture and a copy of this Protection Plan to receive service.

## REQUIREMENTS FOR REQUESTING SERVICE:

Failure to meet any of the following requirements can result in a denial of Service under this Protection Plan.

- The furniture must have been delivered and installed soil-free and damage-free from the store where it was purchased;
- You must have performed all routine and preventative maintenance, as recommended by the manufacturer;
- Any damage must be reported to SCS within thirty (30) days of the date that the stain or damage occurred. Notify SCS by calling (888) 236-3044;

## SERVICE PROCEDURES:

If SCS determines that the reported damage is covered under this Protection Plan, SCS will perform one or more of the following:

- SCS may dispatch an authorized technician to repair the damaged area;
- SCS may replace all or part of the affected area, component, or piece of furniture. Replacement parts may be new or rebuilt or refurbished as determined by SCS;
- SCS may provide for a store credit at the original store where purchased in an amount equal to the original purchase price of the affected piece of furniture ("Reselection"). Your Reselection store credit is only valid for 60 days after notification by SCS;
- Replacement or Reselection will complete Your coverage under this Protection Plan on the area, component, or piece of furniture. Replaced or Reselected furniture may be eligible for a new SCS Protection Plan at the discretion of SCS;
- If You submit a covered claim for damage and the particular store location where You originally purchased Your furniture has closed, no longer carries SCS as a supplier, changed ownership, or has stopped selling new furniture since Your purchase, You may be refunded the purchase price of this plan.

## WHAT IS COVERED:

This Protection Plan provides Service for certain mechanical and structural breakdowns as described in the "WHAT IS COVERED" section of this Protection Plan:

1. Breakage of mechanisms including sleeper mechanisms, reclining mechanisms, and heating and vibrating mechanisms;
2. Breakage of steel frames;
3. Breakage of welds;

4. Failure of integral electrical components including wiring, motors, and remote-control devices;
5. Failure of a covered part or component due to a power surge;
6. Lifting and lowering mechanisms;
7. Drive motor;
8. Junction box.

## WHAT IS NOT COVERED:

This Protection Plan provides no Service or benefit for any of the following:

### General

- Any damage that is not specifically listed under the section titled "WHAT IS COVERED;"
- When the actions listed in the "REQUIREMENTS FOR REQUESTING SERVICE" have not been followed.

### Ineligible Furniture & Components

- Furniture sold with damage prior to delivery ("as is");
- Components and mechanisms integrated into furniture; including, but not limited to, sinks, plumbing, TV lifts, fireplace, clocks, and refrigerators;

### Improper Maintenance, Care or Misuse

- Damage on furniture that has not been properly cared for or maintained, as per Your manufacturer's warranty;
- Damage resulting from the improper use or misuse of furniture, including the use of furniture beyond the purpose for which it had been designed;
- Damage resulting from the improper, in-home movement of furniture;
- Damage caused by animals, unless otherwise specified in the "WHAT IS COVERED" section of this document.
- Intentional damage;
- Furniture that shows signs of infestation including, but not limited to, insects, termites, cockroaches, and rodents.

### Manufacturer Quality Issues

- Defects in design, materials or workmanship not specifically listed in the "WHAT IS COVERED" section.

### Non-Household Environments

- Damage that occur during any delivery or installation process, or before the furniture is delivered to Your residence;
- Damage that occur while the furniture is not located within Your residence;
- Damage that occur while the furniture is in storage, or being moved to or from storage, or between residences;
- Furniture that is, or has been, used for commercial, institutional, or rental purposes, including daycare.

### Wear & Tear Caused By Repeated Use (over time)

Damage caused by wear such as, but not limited to, the following:

- Scuffing or other surface abrasions;
- Pilling, pulls, snags, seam separation, or fraying of fabric;

### Miscellaneous

- Dyes and caustic solutions and chemicals;
- Odors;
- Damage covered under any manufacturer's warranties, or under any homeowner's, renter's, or other insurance policy;
- Damage caused by structural problems, including, but not limited to, skylights, roofs, or water pipes;
- Damage caused by appliance malfunctions, including, but not limited to, air conditioners and water heaters;
- Damage caused by fire, smoke, flood, or other natural disaster;
- Damage caused by theft, vandalism, or as a result of any other illegal activity;
- Damage caused by independent contractors such as, but not limited to, maintenance personnel, painters, or other repair or contractor services;

## CANCELLATION

You may cancel this Plan by calling Us at: (888) 236-3044 during normal business hours (Monday through Friday, 8:00 a.m. to 7:00 p.m. or Saturday 8:00 a.m. to 5:00 p.m. eastern time). If cancelled within (30) days, You will receive a refund equal to the purchase price of this Plan. After thirty (30) days, You will receive a pro-rated refund based on the portion of the coverage period that has expired minus the cost of any claims paid. We may not cancel this Plan except for fraud, material misrepresentation or non-payment of premium by You. Notice of such cancellation will be mailed to You at Your last known address at least thirty (30) days prior to cancellation and will include the effective date and reason for cancellation. If We cancel, the return premium is based upon one-hundred percent (100%) of the unearned pro-rated premium.

## ADDITIONAL TERMS AND INFORMATION

In the event that You miss a service appointment, You may be charged a fee of up to \$100.

The purchase price of Your Protection Plan is listed in Your sales ticket (sales receipt). There is no deductible under the Protection Plan. No claims will be paid without prior authorization. You may not sell or transfer Your rights under this Protection Plan to another person. It is not renewable and is non-transferable.

The obligations of us under this plan are limited to repairing or replacing furniture and we do not make any other expressed or implied warranties and shall not be liable for any consequential or indirect damages whatsoever, some states do not allow the exclusion or limitation of indirect or consequential damages and this limitation or exclusion may not apply to You.

Our obligations under this Plan are guaranteed by a reimbursement insurance policy issued by the Insurer of this Plan, Hornbeam Insurance Company, 471 West Main Suite 302, Louisville, KY 40202, telephone 1-833-637-0114, in the following states: AL, AK, AZ, DE, FL, GA, HI, IA, IN, KS, KY, LA, MD, MI, MS, MT, NE, NV, NJ, NC, ND, NM, OH, OR, RI, SC, SD, TN, TX, UT, WV and WY. In all other states, the Insurer of this Plan is Lexington National Insurance Corporation, P.O. Box 6098, Lutherville, MD 21094, telephone number 1-888-888-2245. If, within 60 days, We or Our Administrator have not fulfilled a claim, provided You with a refund, or if You are otherwise dissatisfied, or We are no longer a going concern, You may make a claim directly to the Insurer by contacting the Insurer at the address or phone number listed above. Please enclose a copy of Your Plan when sending correspondence to the Insurer.

STATE VARIATIONS: The following state-specific paragraphs amend the contract. The state-specific amendatory endorsements are only effective in the states to which they apply:

**Alabama:** Section: "Cancellation" is amended to include the following: "A ten percent (10%) penalty per month shall be added to a refund that is not paid or credited within forty-five (45) days after return of the service contract to the provider."

**Arizona:** Section: "Cancellation" the phrase "minus the cost of any claims paid" is deleted and the following sentence is added to the section: "No claim incurred or paid shall be deducted from the amount to be returned under this section."

**Arkansas:** Obligations of the provider under this service contract are guaranteed under a service contract reimbursement insurance policy. If the provider fails to pay or provider service on a claim within 60 days after proof of loss has been filed, the service contract holder is entitled to make a claim directly against the insurance company. The insurance company is Lexington National Insurance Company. Contract holders may make a claim at: P.O. Box 6098, Lutherville, MD 21094 (888) 888-2245 Section: "Cancellation" is amended to include the following: "A ten percent (10%) penalty per month shall be added to a refund that is not paid within forty-five (45) days of return of the service contract to the provider."

**California:** Section "Cancellation" is amended to include the following: "If You cancel this service contract and the refund due is not paid to You within thirty (30) days after We receive written notice of cancellation, the amount of the required refund shall bear interest, payable to You, at the rate of ten percent (10%) per annum for each additional 30 days or fraction thereof." In Section: "Cancellation", all references to "thirty (30)" days are hereby replaced with "sixty (60) days from receipt of the agreement" with respect to the time for which You may receive a full refund.

**Colorado:** Section: "Cancellation" is amended to include the following provision: "If a refund of the service contract provider fee is not paid within forty-five (45) days after the return of the service contract, a ten percent (10%) penalty per month shall be added to the refund."

**Connecticut:** If Your Covered Furniture is sold, lost, stolen, or destroyed, You have the right to cancel this service contract. If You purchased this Plan in Connecticut, You may pursue arbitration to settle disputes between You and the provider of this Plan. You may mail Your complaint to: State of Connecticut, Insurance Department, P.O. Box 816, Hartford, CT 06142-0816, Attn: Consumer Affairs. The written complaint must describe the dispute, identify the price of the product and cost of repair, and include a copy of this service contract. If the examiner is unable to resolve the dispute through mediation, he or she shall transfer it to the Arbitration Unit within the Insurance Department for arbitration proceedings.

**Florida: The price charged for this service contract is not subject to regulation by the Florida Office of Insurance Regulation.** You have the right to receive this contract via United States mail, rather than electronic transmission. If You do not communicate to Us your willingness to receive this service contract by electronic submission, We will mail You a paper copy.

Section "Cancellation" is amended to include the following: If You cancel this service contract, return of premium shall be based upon ninety percent (90%) of the unearned pro-rata premium less any claims that have been paid or less the cost of repairs made on Your behalf. If this service contract is cancelled by Us, return of premium shall be based upon 100% of the unearned pro-rata premium less any claims that have been made or less the cost of repairs made on Your behalf.

**Georgia:** Section: "Cancellation" is amended to include the following: If You cancel this service contract within thirty (30) days of the purchase date We will refund You one hundred percent (100%) of the contract price, less claims paid. After thirty (30) days We shall refund You one hundred percent (100%) of the unearned pro rata purchase price, less any claims paid.

If You cancel this Agreement within thirty (30) days of the purchase date, a ten percent (10%) penalty per month shall be added to a refund that is not paid or credited within forty-five (45) days after the return of the service contract to Us. We may cancel this service contract for non-payment of the contract purchase price, material misrepresentation, or fraud. The notice of such cancellation shall be in writing and shall be sent no less than thirty (30) days before the effective date of such cancellation. The notice shall state the reason for, and effective date of, the cancellation. If We cancel this service contract, We shall refund You one hundred percent (100%) of the unearned pro rata purchase price, less any claims paid.

**Hawaii:** Section: "Cancellation" is amended to include the following: "A ten percent (10%) penalty per month shall be added to any refund that is not paid within forty-five (45) days after the return of the service contract to Us."

**Iowa:** Section: "Cancellation" is amended to include the following: A ten percent (10%) penalty per month will be applied to refunds not paid or credited within thirty (30) days of receipt of returned service contract.

**Maine:** Section: "Cancellation" is amended to include the following: "A monthly penalty equal to ten percent (10%) of the provider fee outstanding will be added to a refund that is not paid to You within forty-five (45) days after return of the service contract to the Us." We shall mail a written notice to you at Your last known address contained in Our records at least fifteen (15) days prior to cancellation by Us. The notice must state the effective date of the cancellation and the reason for the cancellation. If the service contract is cancelled by Us for a reason other than nonpayment of the purchase price, We shall refund to You 100% of the unearned pro-rata purchase price, less any claims paid.

**Maryland:** Section: "Cancellation" is amended to include the following: "If You cancel this agreement and We do not provide You a refund within forty-five (45) days of cancellation, You will be entitled to a penalty equal to ten percent (10%) penalty of the value of the price You paid for the service contract for each month We do not pay You the refund." If we fail to perform required services, this service contract is extended until We provide services due.

**Massachusetts:** Section: "Cancellation" is amended to include the following: "If You cancel this service contract and We do not provide You a refund within forty-five (45) days after return of the service contract to Us, a ten percent (10%) penalty per month shall be added to Your refund." We shall mail a written notice to You, including the effective date of the cancellation and the reason for the cancellation to Your last known address contained in Our records at least five (5) days prior to cancellation by Us unless the reason for cancellation is nonpayment of the purchase price, material misrepresentation or a substantial breach of duties by You relating to the covered part or its use.

**Minnesota:** Section: "Cancellation" is amended to include the following: "If You cancel this agreement and We do not provide You a refund within 45 days after return of the service contract to Us, a ten percent (10%) penalty per month shall be added to Your refund."

**Michigan:** If performance under this service contract is interrupted because of a strike or work stoppage at Our place of business, the effective period of the service contract shall be extended for the period of the strike or work stoppage.

**Minnesota:** Section: "Cancellation" is amended to include the following: A ten percent (10%) penalty per month will be applied to refunds not paid or credited within forty-five (45) days of receipt of returned service contract.

**Mississippi:** Section: "Cancellation" is amended to include the following: A ten percent (10%) penalty per month will be applied to refunds not paid or credited within forty-five (45) days of receipt of returned service contract.

**Missouri:** Section: "Cancellation" is amended to include the following: "If You cancel this service contract and We do not provide You a refund within forty-five (45) days after return of the service contract to Us, a ten percent (10%) penalty per month shall be added to Your refund."

**Nevada:** Section "Cancellation" is amended to include the following: "If You fail to provide You a refund within forty-five (45) days after You return the service contract, We shall pay You a penalty of ten percent (10%) penalty of the purchase price for each thirty (30) day period or portion thereof that the refund remains unpaid." In section "Cancellation" the phrase "minus the cost of any claims paid" is deleted and the following sentence is added to the section: "No claim incurred or paid shall be deducted from the amount to be returned under this section." We reserve the right to cancel this service contract in the event of customer fraud or material misrepresentation by You in obtaining this service contract or in presenting a claim for service, or failure by You to pay an amount when due. In the event We cancel this service contract, return of the purchase price is based upon 100% of the unearned pro-rata purchase price. If You are not satisfied with the manner in which We are handling the claim on this service contract, You may contact the Commissioner by use of the toll-free number of the Division, (888) 872-3234.

This service contract will not cover any unauthorized or non-manufacturer-recommended modifications to the Covered Product, or any damages arising from such unauthorized or non-manufacturer-recommended modifications. However, if the Covered Product is modified or repaired in an unauthorized or non-manufacturer-recommended manner, We will not automatically suspend all coverage. Rather, this service contract will continue to provide any applicable coverage that is not related to the unauthorized or non-manufacturer-recommended modification or any damages arising therefrom, unless such coverage is otherwise excluded by the terms of this service contract. The cost of claims paid, or services provided will not, under any circumstances, be deducted from any refund issued pursuant to this service contract.

**New Hampshire:** In the event You do not receive satisfaction under this contract, You may contact the New Hampshire insurance department, at 21 S. Fruit Street, #14, Concord, NH 03301 or at 603-271-2261.

**New Jersey:** Section: "Cancellation" is amended to include the following: "If We fail to provide You a refund within forty-five (45) days after You return the service contract, We shall pay You a penalty of ten percent (10%) of the purchase price for each thirty (30) day period or portion thereof that the refund remains unpaid."

**New Mexico:** Section: "Cancellation" is amended to include the following: We may not cancel this service contract without providing You with written notice at least fifteen (15) days prior to the effective date of cancellation. Such notice shall include the effective date of cancellation and the reason for cancellation. If this service contract has been in force for a period of seventy (70) days, We may not cancel it before the expiration date or one (1) year, whichever occurs first, unless: 1) You fail to pay any amount due; 2) You are convicted of a crime which results in an increase in the service required under the service contract; 3) You engage in fraud or material misrepresentation in obtaining this service contract; or 4) You commit any act, omission, or violation of any terms of this service contract after the effective date of this service contract which substantially and materially increases the service required under this service contract. A ten percent (10%) penalty per month will be applied to refunds not paid or credited within sixty (60) days of receipt of a returned Agreement.

**New York:** Section: "Cancellation" is amended to include the following: "If We fail to provide You a refund within thirty (30) days after You return the service contract, We shall pay You a penalty of ten percent (10%) of the purchase price for each month that the refund remains unpaid."

**North Carolina:** Section: "Cancellation" is amended to include the following: "We may not cancel this service contract except for non-payment by You or for violation of any of the terms and conditions of this service contract."

**Oklahoma:** Coverage afforded under this contract is not guaranteed by the Oklahoma Insurance Guaranty Association. Service warranty license number: 502983082.

Section: "Cancellation" is amended to include the following: In the event You cancel this service contract, return of purchase price shall be based upon ninety percent (90%) of the unearned pro rata purchase price, less any claims that have been paid or less the cost of repairs made on Your behalf. In the event We cancel this service contract, return of purchase price shall be based upon one hundred percent (100%) of unearned pro rata purchase price less any claims that have been paid or less the cost of repairs made on Your behalf.

**Oregon:** In the event of an emergency repair, please contact a qualified servicer to have the repair performed and contact us the following business day for reimbursement.

Upon Our failure to perform under the service contract, the insurer shall pay on Our behalf any sums We are legally obligated to pay and any service that We are legally obligated to perform. Termination of the reimbursement policy shall not occur until a notice of termination has been mailed or delivered to the Director of the Department of Consumer and Business Services. This notice must be mailed or delivered at least thirty (30) days prior to the date of termination.

Section: "Cancellation" is amended to include the following: You, may apply for reimbursement directly to the insurer if a refund or credit is not paid before the 46th day after the date on which Your service contract is returned to Us.

**South Carolina:** If You purchased this service contract in South Carolina, complaints or questions about this service contract may be directed to the South Carolina Department of Insurance, P.O. Box 100105, Columbia, South Carolina 29202-3105, telephone number 803-737-6180. Section: "Cancellation" is amended to include the following: A ten percent (10%) penalty per month will be applied to refunds not paid or credited within forty-five (45) days of receipt of returned service contract.

**Texas:** The administrator is registered as such in the State of Texas and maintains the following registration number: 737. Section: "Cancellation" is amended to include the following: "If We fail to pay You a required refund before the 46th day after the date of notice of cancellation was received by Us, We will pay You a penalty for each month an amount remains outstanding equal to ten percent (10%) of the amount outstanding. The penalty is in addition to the full or prorated purchase price of the contract owed to You." Unresolved complaints concerning service contract providers and administrators or questions pertaining to service contract regulation may be addressed to the Texas Department of Licensing and Regulation, P.O. Box 12157, Austin, Texas 78711, telephone number (512) 463-2906 or (800) 803-9202.

**Utah:** This service contract is subject to limited regulation by the Utah Insurance Department. To file a complaint, contact the Utah Insurance Department. Coverage afforded under this contract is not guaranteed by the Property and Casualty Guaranty Association. In the event of an emergency repair, please contact a qualified servicer to have the repair performed and contact us the following business day for reimbursement. ANY MATTER IN DISPUTE BETWEEN YOU AND THE COMPANY MAY BE SUBJECT TO ARBITRATION AS AN ALTERNATIVE TO COURT ACTION PURSUANT TO THE RULES OF (THE AMERICAN ARBITRATION ASSOCIATION OR OTHER RECOGNIZED ARBITRATOR), A COPY OF WHICH IS AVAILABLE ON REQUEST FROM THE COMPANY. ANY DECISION REACHED BY ARBITRATION SHALL BE BINDING UPON BOTH YOU AND THE COMPANY. THE ARBITRATION AWARD MAY INCLUDE ATTORNEY'S FEES IF ALLOWED BY STATE LAW AND MAY BE ENTERED AS

A JUDGMENT IN ANY COURT OF PROPER JURISDICTION." Section: "Requirements for Requesting Service" is amended to include the following: "Failure to give any notice or file any proof of loss required by the policy within the time specified in the policy does not invalidate Your claim if You show that it was not reasonably possible to give the notice or file the proof of loss within the prescribed time and that notice was given or proof of loss filed as soon as reasonably possible." Section: "Cancellation" is amended to include the following: Fraud is not an acceptable ground for cancellation. We can cancel this service contract during the first sixty (60) days of the initial annual term by mailing to You a notice of cancellation at least thirty (30) days prior to the effective date of cancellation except that We can also cancel this service contract during such time period for non-payment of purchase price by mailing You a notice of cancellation at least ten (10) days prior to the effective date of cancellation. After sixty (60) days have elapsed, We may cancel this service contract by mailing a cancellation notice to You at least ten (10) days prior to the cancellation date for non-payment of purchase price and thirty (30) days prior to the cancellation date for any of the following reasons: (a) material misrepresentation, (b) substantial change in the risk assumed, unless We should reasonably have foreseen the change or contemplated the risk when entering into the service contract or (c) substantial breaches of contractual duties, conditions, or warranties. The notice of cancellation must be in writing to You at Your last known address and contain all of the following: (1) the service contract number, (2) the date of notice, (3) the effective date of the cancellation and, (4) a detailed explanation of the reason for cancellation.

**Virginia:** If any promise made in this service contract has been denied or has not been honored within sixty (60) days after Your request, You may contact the Virginia Department of Agriculture and Consumer Services, Office of Charitable and Regulatory Programs at [www.vdacs.virginia.gov/food-extended-service-contract-providers.shtml](http://www.vdacs.virginia.gov/food-extended-service-contract-providers.shtml) to file a complaint.

**Washington:** Section: "Cancellation" is amended to include the following: "A ten percent (10%) penalty shall be added to any refund not paid by Us within thirty (30) days of return of the contract to Us." We may not cancel this service contract without providing You with written notice at least twenty-one (21) days prior to the effective date of cancellation. Such notice shall include the effective date of cancellation and the reason for cancellation. In the event any dispute arising under this service contract goes to arbitration, such proceedings shall be held at a location in closest proximity to Your permanent residence. You may make a direct claim with the insurance company at any time. In the event of an emergency repair, please contact a qualified servicer to have the repair performed and contact us the following business day for reimbursement.

**Wisconsin:** THIS CONTRACT IS SUBJECT TO LIMITED REGULATION BY THE OFFICE OF THE COMMISSIONER OF INSURANCE. Section: "Cancellation" is amended to include the following: this service contract may be cancelled by Us only for non-payment of the purchase price, material misrepresentation by You to Us or the Administrator, or substantial breach of duties by You relating to the Covered Product or its use. If We cancel this Agreement, We will provide written notice of cancellation, including the effective date of the cancellation and the actual reason for the cancellation, to the last known mailing address at least five (5) days prior to the effective date of the cancellation. If We cancel this Agreement, We will refund You one hundred

percent (100%) of the service contract purchase price, less any claims paid on Your service contract. If You cancel within thirty (30) days of receipt of Your service contract, You must first return to the Obligor. Proof of loss should be furnished by You to the Administrator as soon as reasonably possible and within one (1) year after the time required by this Agreement. Failure to furnish such notice or proof within the time required by this service contract does not invalidate or reduce a claim. A ten percent (10%) penalty per month will be applied to refunds not paid or credited within forty-five (45) days of receipt of returned service contract. In the event of a total loss of property that is not covered, You shall be entitled to cancel the service contract and receive a pro rata refund of any unearned purchase price, less any claims paid. If We fail to provide, or reimburse or pay for, a service that is covered under this service contract within sixty-one (61) days after You provide proof of loss, or if We become insolvent or otherwise financially impaired, You may file a claim directly with the insurer for reimbursement, payment, or provision of the service.

**Wyoming:** Section: "Cancellation" is amended to include the following: "A ten percent (10%) penalty shall be added to any refund not paid by Us within forty-five (45) days of return of the contract to Us."