

Installment Sales Contract / Loan GAP Waiver Addendum - Election Form

Effective Date: _____

Borrower/Debtor Name: _____

Address: _____ Loan Officer: _____

City, State, Zip: _____ Loan Number: _____

Lending Institution: _____

Vehicle Year/Make/Model: _____

Vehicle ID Number (VIN): _____

Amount Financed: _____

Installment Sales Contract/Loan Term: _____ Months

YES, I ELECT THE GAP WAIVER.

I understand that the purchase of the GAP Waiver Addendum is voluntary and is not required by the Seller/Lender to obtain credit. I understand that this GAP Waiver Addendum is not an offer of insurance coverage. I may wish to consult an insurance agent to determine whether similar coverage may be obtained and at what cost. I understand that the GAP benefits may decrease over the term of this contract and that GAP is not a substitute for collision or property damage insurance. I understand that by purchasing the GAP Waiver Addendum for my loan or installment sales contract that the Seller/Lender waives*, in the event of a Constructive Total Loss or Unrecovered Theft, its contractual right to hold me liable for the GAP Amount, subject to the provisions and exclusions identified on the reverse side of this election form. I understand that should I decide I do not wish to retain this waiver, I can request cancellation at any time within 60 days from my loan inception date and that I will receive a full refund of the waiver cost. I understand that the Seller/Lender may retain all of the one-time fee, or pay a portion to a third party as a service fee, or for indemnification. I further understand the maximum term for this Addendum shall not exceed 60 months. I understand that I should carefully review all of the terms and conditions of this GAP Waiver Addendum prior to signing.

The one-time cost is \$ _____

(full refund if cancelled within 60 days,
nonrefundable after 60 days)

GAP Plus Advantage Protection: \$1,000.00

Signature: _____ Date: _____

Signature: _____ Date: _____

***This Waiver Does Not include protection for:**

- Any refundable additions to amount financed.
- Delinquent Payments.
- Lender Deferred Payments or "Skip-a-Pays".
- Late charges, fees or principal amounts added after installment sales contract/loan inception.
- Primary Insurer's Insurance deductible in excess of \$500.
- Any portion of installment sales contract/loan that exceeds 125%† of MSRP (new) or NADA retail (used).

† For any installment sales contracts/loans secured by multiple items of collateral, where one item is deemed the covered collateral, the maximum MSRP/NADA limit will be 100% for that covered collateral and protection for any amount that exceeds the limit is not included in this waiver; no coverage is extended to the other items securing the installment sales contract/loan.

NO, I DO NOT ELECT THE GAP WAIVER.

In the event my vehicle is stolen or a total loss and my Primary Insurer pays less than the amount of my installment sales contract/loan, I understand I will be fully responsible for any deficiency balance.

Signature: _____ Date: _____

Signature: _____ Date: _____

DEFINITIONS

"We", "us", and "our" refer to the seller/lender; "you" and "your" means the borrower/debtor or buyer shown on the reverse side of this form.

For the purposes of this GAP Waiver Addendum, the following words are defined and their meanings will be as follows:

"Covered Collateral" is the collateral listed on page one of this GAP Waiver Addendum.

"Eligible Collateral" are identified as the following, being principally garaged in the United States and not used for commercial purposes:

- Private Passenger Vehicles with a loan balance not to exceed \$50,000: four-wheeled passenger vehicles, vans, pickups, or light trucks not to exceed 1-ton load capacity. Vehicles used for construction, commercial trades, limousine, livery, or "shuttle" service are excluded.
- Miscellaneous Collateral with a loan balance not to exceed \$50,000: any motorcycle, all-terrain vehicles (ATV), snowmobiles, personal watercraft (PWC), or equipment found in a published valuation guide, including but not limited to tractors, balers, and lawn mowers.
- Travel Trailers and Motor Homes with a loan balance not to exceed \$50,000: conventional trailers and motor homes 12 to 35 feet in length, fifth-wheel travel trailers, folding camping trailers, or truck camper units.
- Watercraft with a loan balance not to exceed \$50,000: boats from 7 to 50 feet in length; inboards, outboards, inflatables, jet drives, houseboats, sailboats, stern drives and trailers.

"GAP Amount" means the amount obtained by subtracting the Primary Insurance Settlement or, if uninsured, the Covered Collateral's Actual Cash Value, from the Unpaid Net Balance of the installment sales contract/loan. The GAP Amount waived shall not exceed \$50,000 in total.

"Constructive Total Loss" means a loss where the cost to repair or replace the Covered Collateral would exceed the Actual Cash Value, as determined by the Primary Carrier, or designated appraiser or by Us if the Covered Collateral is not protected by a Primary Insurer.

"Unrecovered Theft" means the Covered Collateral has been reported as stolen by you to both the police and Primary Insurer, who have made every effort, yet have failed to find and return the Covered Collateral.

"Actual Cash Value" means the amount determined by the Primary Insurer at the time of loss. However, if there is no Primary Insurer at the time of a loss, Actual Cash Value shall mean the retail value of the Covered Collateral using the National Automobile Dealer's Association (NADA) Official Used Car Guide with appropriate adjustments for mileage or optional equipment.

"Primary Insurer" means the insurance company that: 1) is used by you to provide physical damage insurance on the Covered Collateral for comprehensive and collision for an amount not less than its retail market value, or 2) provides liability coverage, for an amount not less than its retail market value, to any person who has caused the Covered Collateral to incur a Constructive Total Loss, and for which that person is legally liable.

"Primary Insurance Settlement" means the amount paid by the Primary Insurer to settle a Constructive Total Loss or Unrecovered Theft plus any amounts deducted by the Primary Insurer for: (1) the Primary Insurer deductible, (2) preexisting damage, and (3) salvage values retained by you.

"Unpaid Net Balance" means the amount owed by you, as of the date of loss, to clear the outstanding installment sales contract/loan upon the date of loss. This amount may not include unearned finance charges or interest; loan charges, late charges; Delinquent Payments; uncollected service charges; refundable prepaid taxes and fees; proceeds you may duly recover by canceling insurance coverages, service contracts or warranties; disposition fees, termination fees or penalty fees; other items built into or added to the initial installment sales contract/loan.

"Delinquent Payments" means any payment, as described in the installment sales contract/loan instrument, which remains unpaid after the due date stated in the installment sales contract/loan instrument. Delinquent Payments will also include any late charges or interest that has accrued due to payments being past due.

"Deferred Payments" means payments deferred for any reason, including "Skip-a-Pay" or "Payment Holiday" granted by the lending institution.

INSTALLMENT SALES CONTRACT/LOAN GAP WAIVER ADDENDUM

In consideration for the payment of the cost shown on the reverse side of this form, we will waive the GAP Amount due to a Constructive Total Loss or an Unrecovered Theft to the collateral shown on the reverse side of this form "Covered Collateral". To the extent that a Primary Insurance deductible was subtracted from a Primary Insurance Settlement payment made by the Primary Insurer, we shall also waive such amount, subject to a maximum of \$500, to the extent that a deficiency balance exists under the GAP Amount calculation. If the Covered Collateral is not protected by insurance provided by a Primary Insurer, we will waive only the GAP Amount obtained by subtracting the Actual Cash Value of the Covered Collateral from the Unpaid Net Balance and you will remain responsible for the Actual Cash Value of the Covered Collateral.

For Private Passenger Vehicles we will not waive that portion of the Unpaid Net Balance attributable to the original installment sales contract/loan amount exceeding 125%† of the MSRP on new collateral or 125%† of the NADA retail book value on used collateral. For all other Eligible Collateral, our waiver amount will be based upon 125% of MSRP (new) or 125% of the NADA retail book value (used). If the amount financed exceeds the maximum finance amount limitations noted above, for the purpose of this GAP Waiver Addendum, we will calculate the Unpaid Net Balance by reamortizing the installment sales contract/loan/lease using the maximum finance amount allowed, the original term and actual rate of interest; with the Unpaid Net Balance being the reamortized balance for the monthly period that is equivalent to the number of months that have elapsed, and for which you have made full payments, between the origination date of the installment sales contract/loan and the date of loss. For purposes of reamortizing only, the Original Loan Amount shall not include the cancelable portion of any insurance coverages, extended service contracts or warranties financed within the installment sales contract/loan/lease.

Any installment sales contract/loan that does not have uniform monthly repayment terms for the full period of the agreement beginning with the origination date of the installment sales contract/loan, the unpaid net balance will be calculated by recalculating to convert the installment sales contract/loan to a uniform monthly repayment for the term of the agreement. The installment sales contract/loan will be reamortized using the balance at origination, the original term and actual rate of interest; with the unpaid net balance being the reamortized balance for the monthly period that is equivalent to the number of months that have elapsed between the origination date of the installment sales contract/loan and the date of loss. These include, but are not limited to, installment sales contract/loans commonly called annual payment loans, balloon loans, or look-like-a-lease loans.

GAP Plus Advantage Benefit: In the event that a GAP Amount for a covered collateral is waived by this GAP Waiver Addendum, you may be eligible to receive an additional credit from us, in the amount shown on the reverse side of this form. In order for you to receive this additional benefit, you must finance, within ninety (90) days from the date the GAP Amount is waived, a replacement vehicle with us. The GAP Plus Advantage Benefit has no cash value and will only be paid by us in the form of a credit towards the amount financed for your replacement vehicle. You are only eligible for the GAP Benefit in the event a GAP Amount is waived as a result of a deficiency between the Primary Insurance Settlement, or if uninsured, the Covered Collateral's Actual Cash Value, and the Unpaid Net Balance of the installment sales contract/loan.

This GAP Waiver Addendum may be canceled for a full refund within sixty (60) days of the Effective Date. However, in the event of a Constructive Total Loss or Unrecovered Theft of the collateral, the GAP Waiver Addendum fee will be deemed as fully earned and therefore, no refund will be due. No refunds will be due after sixty (60) days from the Effective Date. This GAP Waiver Addendum is not transferable if the installment sales contract/loan is refinanced.

EXCLUSIONS

This GAP Waiver Addendum does not apply when the loss is: (1) resulting directly or indirectly from forgery or any dishonest, fraudulent or criminal act by you; (2) caused intentionally by you; (3) to a vehicle with a 'salvage', 'reconstructed' or 'rebuilt' title; (4) on any installment sales contract where the term exceeds 60 months; (5) to a vehicle that is part of a fleet that is intended for use as a public or livery conveyance. This GAP Waiver Addendum does not apply to losses resulting from damage occurring prior to the date of loss. If at any time it is found that this GAP Waiver Addendum has been issued on an installment sales contract/loan that contains an exclusion, the GAP Waiver will be declared void and the one-time cost refunded in full.

NOTICE OF LOSS

You must notify us within 90 days of receiving final settlement from the Primary Insurer or any third party insurance carrier and provide copies of the following: (a) original finance contract and all addenda thereto, (b) Primary Insurer's insurance settlement worksheet and check, (c) full payment history record, (d) police report in the case of an Unrecovered Theft. If primary insurance does not exist, you must notify us within 90 days of the date of loss.

You are reminded that this GAP Waiver is not an Insurance Policy