

GAP Waiver Addendum

Date: _____ Lender: _____

Borrower/Debtor Name: _____

Address: _____

Account # _____

Vehicle Year/Make/Model: _____ Loan Officer _____

Collateral Type: _____ Vehicle ID Number (VIN): _____

Amount Financed: _____ Installment Loan Term: _____

GAP Effective Date: _____ MSRP or NADA LTV %* _____ %

**Loan to Value percentage will be confirmed for accuracy by calculation performed by GAP administrator at time of claim.*

Yes, I elect the GAP Waiver Addendum.

I understand that in consideration for the purchase of this GAP Waiver Addendum for my Installment Loan , the Lender will cancel, in the event of a Total Loss, Constructive Total Loss or Unrecovered Theft, the GAP Amount, subject to the provisions and exclusions identified beginning on page 2 of this GAP Waiver Addendum. I will be liable for all loan amounts not cancelled under this GAP Waiver Addendum.

I understand the purchase of this GAP Waiver Addendum is voluntary. Whether or not I purchase the GAP Waiver Addendum will not affect my application for credit or the terms of any existing credit agreement I have with the Lender .

I understand this GAP Waiver Addendum is not an offer of insurance coverage. This GAP Waiver Addendum is not a substitute for collision or property damage insurance, does not provide general liability coverage, nor does it fulfill the requirements of state laws requiring motorists to maintain insurance coverage.

I understand there are eligibility requirements, conditions, and exclusions that could prevent me from receiving benefits under the GAP Waiver Addendum which are explained in the following pages of this GAP Waiver Addendum.

I understand this GAP Waiver Addendum forms a part of my Installment Loan . The cost of the GAP Waiver Addendum may be added to my Installment Loan on which interest may accrue at the rate disclosed on my Installment Loan agreement. The Lender or third party servicers may receive a portion of the cost of this GAP Waiver Addendum.

Options:

Nonrefundable after 60 days

I will pay the total GAP Waiver Fee in one lump sum. I may choose to pay the cost of the GAP Waiver Addendum by adding the total GAP Waiver Fee to my Installment Loan on which interest will accrue at the rate disclosed on my Installment Loan agreement or pay the total fee outside of my loan. I understand that I may cancel the GAP Waiver Addendum at any time during the first 60 days for a full refund of the GAP Waiver Fee. If I provide notice of cancellation of the GAP Waiver Addendum more than 60 days following the GAP Effective Date, the GAP Waiver Fee is nonrefundable. **The one-time GAP Waiver Fee is \$ _____ .**

Refundable Actuarial

I will pay the total GAP Waiver Fee in one lump sum. I may choose to pay the cost of the GAP Waiver Addendum by adding the total GAP Waiver Fee to my Installment Loan on which interest will accrue at the rate disclosed on my Installment Loan agreement or pay the total fee outside of my loan. I understand that I may cancel the GAP Waiver Addendum at any time during the first 60 days for a full refund of the GAP Waiver Fee. If I provide notice of the cancellation of the GAP Waiver Addendum more than 60 days following the GAP Effective Date, the GAP Waiver Fee will be refunded via Refundable Actuarial. **The one-time GAP Waiver Fee is \$ _____ .**

Includes GAP Advantage \$1,000.00 (See description of GAP Advantage set forth on subsequent pages of this form).

I understand the Lender will not waive that portion of the Unpaid Net Balance attributable to the original Installment Loan amount exceeding 150% of the Manufacturer's Suggested Retail Price (MSRP) on a new auto, truck, van or miscellaneous collateral, or 150% of NADA on a used auto, truck, van or miscellaneous collateral. All other eligible collateral shall not exceed 125% of MSRP or NADA.

I understand that I should carefully read the GAP Waiver Addendum for a full explanation of its terms and conditions before signing. I may consult an insurance agent to determine if similar protection may be obtained and at what cost. The GAP Amount subject to waiver may decrease over the term of the loan.

By signing below I affirm that I have read and agree to the terms of this GAP Waiver Addendum. I understand the GAP program is governed by the terms of this GAP Waiver Addendum and not by any verbal representations made to me.

Signature: _____ Date: _____

Signature: _____ Date: _____

DEFINITIONS

"We", "us", and "our" refer to the Lender ; "you" and "your" refer to the Borrower/Debtor shown on page 1 of this form. For the purposes of this GAP Waiver Addendum, the following words are defined and their meanings will be as follows:

"**Eligible Collateral**" are identified as:

- Private Passenger vehicles not to exceed a maximum amount financed of \$100,000.00 or used for Commercial Purposes. Private Passenger vehicles include four-wheeled autos, vans, or light trucks not to exceed 1-ton load capacity. Maximum loan term eligible for protection is 84 months. The maximum term covered by this GAP Waiver Addendum is 84 months.
- Miscellaneous Collateral not to exceed a retail value of \$50,000.00 or used for Commercial Purposes. Includes: any motorcycle, all-terrain vehicle (ATV), snowmobile, golf cart, or jet ski. Maximum loan term eligible for protection is 240 months. The maximum term covered by this GAP Waiver Addendum is 84 months.
- Travel Trailers not to exceed a retail value of \$125,000.00 or used for Commercial Purposes. Includes: conventional trailers 12 to 35 feet in length, fifth-wheel travel trailers, folding camping trailers, or truck camper units. Maximum loan term eligible for protection is 240 months. The maximum term covered by this GAP Waiver Addendum is 84 months.
- Watercraft not to exceed a retail value of \$125,000.00 or used for Commercial Purposes. Includes: boats from 7 to 50 feet in length; inboards, outboards, inflatables, jet drives, houseboats, sailboats, stern drives and trailers. Maximum loan term eligible for protection is 240 months. The maximum term covered by this GAP Waiver Addendum is 84 months.
- Motor Homes not to exceed a retail value of \$125,000.00 or used for Commercial Purposes. Maximum loan term eligible for protection is 240 months. The maximum term covered by this GAP Waiver Addendum is 84 months.

Note: Salvage or Reconstructed title vehicles are not eligible for waiver of the GAP Amount.

"**GAP Amount**" means the difference between the Primary Insurance carrier's physical damage insurance payment for an Unrecovered Theft, Total Loss or Constructive Total Loss or, if uninsured, the Eligible Collateral's Actual Cash Value, and the Unpaid Net Balance of the Installment Loan. For purposes of this GAP waiver, if a Primary Insurance carrier denies coverage due to an excluded driver clause, then the GAP amount will be determined by subtracting the Actual Cash Value of the Eligible Collateral from the Unpaid Net Balance. If the Actual Cash Value of the Eligible Collateral on the Date of Loss is greater than or equal to the Unpaid Net Balance, no waiver of the GAP Amount will be provided under this GAP Waiver Addendum. If you are entitled to collect a portion of the GAP Amount from others, including but not limited to, primary and other insurance, or salvage sale, that payment received from others will not be covered in the GAP Amount settlement. The GAP Amount does not cover deductions made by the Primary Insurance carrier for towing, storage, or prior damage that has already been paid to you. The maximum GAP Amount waived shall not exceed \$50,000.00.

"**Total Loss or Constructive Total Loss**" means a loss where the cost to repair or replace the Eligible Collateral would exceed the Actual Cash Value, as determined by the Primary Insurance carrier, or designated appraiser.

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

"**Actual Cash Value**" means the retail value of the Eligible Collateral determined by the Primary Insurance carrier as of the Date of Loss. However, if there is no Primary Insurance on the Date of Loss, Actual Cash Value shall mean the retail value of the Eligible Collateral using NADA with appropriate adjustments for mileage or optional equipment.

"**Primary Insurance**" means in force insurance coverage, required by us, and carried by you to protect the Eligible Collateral from collision and comprehensive loss, naming us as Lienholder. A vehicle driven by a Primary Insurance carrier's excluded driver is considered not covered by Primary Insurance.

"**Unpaid Net Balance**" means the amount in U.S. currency owed by the Borrower/Debtor to clear the outstanding loan account upon the Date of Loss, including, if applicable, any Negative Equity and Skipped Payments, as defined below. The Unpaid Net Balance does not include (1) unearned finance charges or interest; (2) loan charges; (3) late charges; (4) Delinquent Payments; (5) uncollected service charges; (6) refundable prepaid taxes and fees; (7) disposition fees, termination fees or penalty fees; (8) the recoverable portion of financed credit insurance charges, or the recoverable portion of financed amounts for service contracts or warranties that are owed by the Borrower/Debtor on the Date of Loss; (9) amounts that are built into or added to the loan balance after the inception date of the Installment Loan ; (10) Debt Consolidation amounts added to the original financing of the vehicle. .

"**Negative Equity**" means amounts still owing from a previous vehicle loan which is financed into the new vehicle loan.

"**Debt Consolidation**" means any debt added to the loan, such as funds to pay off a credit card debt, signature loan, or any other funds not directly related to the purchase of the Eligible Collateral.

"**Skipped Payments**" means any missed payment or payment extension approved by the lender as part of a Lender Skip-a-Pay program. This GAP Waiver Addendum covers 1 Skipped Payment per year, excluding Travel Trailers, Watercraft, and Motor Homes.

"**Delinquent Payments**" means any payment, as described in the Installment Loan, which remains unpaid for a period of more than 180 days after the due date stated in the Installment Loan. Travel Trailers, Watercraft, and Motor Homes are allowed an unpaid Period of only 30 days after due date stated in the Installment Loan.

"**Date of Loss**" means the date on which the Eligible Collateral is reported stolen or incurs physical damage that is severe enough to constitute a Total Loss or Constructive Total Loss. If such date is indeterminable, the Date of Loss shall either be the date established by the Primary Insurance carrier or the date the occurrence was reported to the police, whichever is the earlier.

"**Non-Purchase Loans**" means a loan for which the funds are not used to purchase a vehicle; however, the Lender secures the loan with an Eligible Collateral title. Non-Purchase Loans are eligible for GAP and follow the eligibility requirements, conditions, and exclusions outlined in this Waiver Form. Non-Purchase Loans secured by more than one Eligible Collateral are not eligible for GAP.

"**Commercial Purposes**" means carrying goods or passengers for compensation; or any Eligible Collateral titled either partially or entirely under a business or corporation name. This includes, but is not limited to, use of the Eligible Collateral as a taxi, for livery or delivery services, or for hire where compensation is provided for those services. Share-the-expense car pools are not considered a Commercial Purpose under this GAP Waiver Addendum.

AGREEMENT

In consideration for your payment of the GAP Waiver Fee shown on page 1 of this form, we will waive the GAP Amount due to a Total Loss, Constructive Total Loss or an Unrecovered Theft to the Eligible Collateral. Our waiver shall be equal to the GAP Amount including, if the collateral is protected by Primary Insurance, up to \$1,000.00 for the Primary Insurance deductible. The deductible will only be paid if there is a deficiency balance on the loan. **The GAP Amount waived shall not exceed \$50,000.00.** If the Eligible Collateral is not covered by Primary Insurance, we will waive only the GAP Amount obtained by subtracting the Actual Cash Value of the Eligible Collateral from the Unpaid Net Balance. A vehicle driven by a Primary Insurance carrier's excluded driver is considered not covered by Primary Insurance. We will not waive that portion of the Unpaid Net Balance attributable to the original Installment Loan amount exceeding 150% of the Manufacturer's Suggested Retail Price (MSRP) on a new auto, truck, van or miscellaneous collateral, or 150% of NADA on a used auto, truck, van or miscellaneous collateral. All other eligible collateral shall not exceed 125% of MSRP or NADA.

GAP ADVANTAGE PROTECTION

In the event of a Total Loss to the Eligible Collateral listed on this GAP Waiver Addendum, you may be eligible to receive an additional credit from us, in the amount shown on page 1. In order for you to receive this additional credit, you must lease, or finance through us, within ninety (90) days from the date the Eligible Collateral is determined to be a Total Loss, a like replacement Eligible Collateral. The GAP Advantage Protection credit has no cash value and will only be paid by us in the form of a credit towards the amount financed as shown in your replacement Eligible Collateral loan or lease.

EXCLUSIONS

This GAP Waiver Addendum shall be void if there has been any material fact(s) withheld, concealed or misrepresented or in the event of fraud by you. This GAP Waiver Addendum does not provide for waiver of the GAP Amount for bodily injury or property damage liability, medical payments, medical expenses, physical damage, uninsured motorist, supplementary uninsured motorist, personal injury protection or losses other than those stated in this GAP Waiver Addendum. **Installment Loans where the first payment is deferred more than ninety (90) days are ineligible for waiver.**

No waiver will be made under this GAP Waiver Addendum for a Total Loss; (1) when the Total Loss, Constructive Total Loss or Unrecovered Theft occurs prior to the GAP Effective Date of this Gap Waiver Addendum; (2) if the Primary Insurance settlement is equal to or greater than the Unpaid Net Balance; (3) resulting directly or indirectly from any dishonest, fraudulent, or criminal act by you, or any dealer from whom you may acquire the Installment Loan; (4) caused intentionally by you; (5) to other than the standard or optional equipment available from the manufacturer of the Eligible Collateral; (6) to equipment designed for the recording, reproduction, receiving or transmitting of sound or signals unless the device is permanently installed in the Eligible Collateral at the time the Eligible Collateral is purchased; (7) due to conversion, embezzlement or, secretion by any person in lawful possession of the Eligible Collateral, or due to the legal confiscation of the Eligible Collateral by a public official.

Additionally, this Waiver does not include the following:

- Any refundable additions to amount financed.
- Interest accrued after Date of Loss.
- Delinquent Payments or any missed payments more than 180 days past due.
- Delinquent payments more than 30 days past due on Watercraft, Travel Trailers, and Motor homes.
- Lender approved Skipped payments of more than 1 a year on all eligible collateral, excluding Travel Trailers, Watercraft, and Motor Homes.
- Late charges, fees or funds added after Installment Loan inception.
- Deductions made by Primary Insurance carrier for towing fees, storage fees, salvage purchase, or for prior damage that has already been paid to you.
- Primary Insurance deductible in excess of \$1,000.00.
- Portion of the original Installment Loan that exceeds 150% of Manufacturer's Suggested Retail Price (MSRP) for a new auto, truck, van or miscellaneous collateral, or 150% of NADA for a used auto, truck, van or miscellaneous collateral. All other eligible collateral shall not exceed 125% of MSRP or NADA.
- Debt Consolidation amounts of the Borrower/Debtor added to the original financing of the vehicle. This exclusion does not apply to non-purchase loans or to Debt Consolidation amounts added in a refinance or loan modification, (up to the maximum LTV), when a new GAP waiver is purchased.
- Leases or Balloon Notes

CANCELLATION

This GAP Waiver Addendum may be canceled by you for a full refund within sixty (60) days of the GAP Effective Date, by contacting your lending institution's loan officer. However, if the Nonrefundable after 60 days option is chosen and a cancellation request is received after 60 days from the GAP Effective Date, the GAP Waiver Addendum is Nonrefundable. If the Refundable option is selected and a cancellation request is received after 60 days from the GAP Effective Date; the GAP Waiver Addendum is refundable via Refundable Actuarial. In the event of a Total Loss, Constructive Total Loss or Unrecovered Theft of the Eligible Collateral, the GAP Waiver Addendum fee will be deemed as fully earned and therefore, no refund will be due.

TERMINATION

This GAP Waiver terminates as of the date that: (1) the loan agreement for the Eligible Collateral terminates; (2) the loan agreement for the Eligible Collateral is cancelled prior to its expiration; or (3) the Eligible Collateral is sold, assigned or re-financed to a different Lender, or is transferred by the Borrower/Debtor before the expiration date of the loan agreement; (4) the date you cancel the GAP Waiver Addendum.

NOTICE OF LOSS

In the event of a Total Loss, Constructive Total Loss or Unrecovered Theft, you must notify us within 30 days of receiving final settlement from the primary or third party insurance carrier and provide the following: (a) copy of the Primary Insurance settlement, (b) verification of the Primary Insurance deductible, and (c) copy of police report in the case of an Unrecovered Theft. We must file the GAP waiver demand within sixty (60) days after receiving final settlement from the Primary Insurer, or within sixty (60) days of the Date of Loss if you do not have Primary Insurance coverage. We must file the GAP Advantage benefit within 95 days after receiving final settlement from the Primary Insurer, or within 95 days of the Date of Loss if you do not have Primary Insurance coverage.

Important Notice: You are solely responsible for the payment of any and all taxes you may owe due to the discharge of your debt under this GAP Waiver Addendum. You may wish to consult a tax professional.