

Installment Sales Contract/Loan GAP Waiver Addendum – Election Form

“Please carefully review all of the terms and conditions of the GAP Waiver Addendum prior to signing.”

Borrower	Account Number	Seller/Lender
Borrower Address		Seller/Lender Address
City	State ZIP	City State ZIP

Vehicle Year	Make	Model	GAP Waiver Date	Loan Officer
Vehicle ID Number (VIN)			Loan Date	Amount Financed
MSRP/NADA		Mileage	Term in Months	APR Monthly Payment %

YES, You elect the GAP Waiver.

You understand that the purchase of the GAP Waiver Addendum is voluntary and is not required by the Seller/Lender to obtain credit. You understand that this GAP Waiver Addendum is not an offer of insurance coverage. You understand that by purchasing the GAP Waiver Addendum for your installment sales contract or loan that the Seller/Lender waives, in the event of a Total Loss, Constructive Total Loss or Un-recovered Theft, its contractual right to hold you liable for the GAP Amount, subject to the provisions and exclusions identified on this election form. You understand that this GAP Waiver addendum is not a substitute for collision or property damage insurance. You 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.

The one-time cost is: \$ _____ (please see Cancellation/Refunds on reverse)

Signature: _____ Date: _____

Signature: _____ Date: _____

This Waiver **does not** include:

- | | |
|--|--|
| 1. Any refundable additions to amount financed | 5. Primary Insurance deductible in excess of \$1,000* |
| 2. Interest Accrued after the Date of Loss | 6. Portion of installment sales contract/loan at loan inception date that exceeds 150% of MSRP (new cars) or 150% of NADA average retail book value (used cars). |
| 3. Delinquent Payments > 60 Days Past Due | |
| 4. Late charges, fees, extensions and/or funds added after installment sales contract/loan inception | |

*The Primary Insurance deductible is waived only to the extent it is part of the “GAP Amount”. Primary insurance carrier deductible coverage is prohibited for installment sales contracts/loans originating in **Arkansas or New York.**

No, You do not elect the GAP Waiver.

In the event your vehicle is stolen or a total loss and your insurance company pays less than the unpaid net balance of your installment sales contract/loan, you understand you will be fully responsible for any deficiency balance.

Signature: _____ Date: _____

Signature: _____ Date: _____

White – Borrower Copy

Yellow – Administrator Copy

Pink – Lender Copy

TERMS AND CONDITIONS OF THE GAP WAIVER ADDENDUM

This GAP Waiver Addendum is incorporated into and supplements the terms of the Installment Sales Contract/Loan. By electing this GAP Waiver Addendum, the Debtor agrees to the terms below and on the reverse side, which are incorporated by reference into this Addendum.

DEFINITIONS

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

“We”, “us”, and “our” refer to the seller/lender; “you” and “your” means the borrower/debtor/buyer.

“GAP Amount” means the difference between the primary carrier’s physical damage insurance payment for a theft or total loss or, if uninsured, the collateral’s Actual Cash Value and the unpaid net balance of the installment sales contract/loan. If you are entitled to collect the same from others, including but not limited to, primary and other insurance, or salvage sale, that portion of the payment will not be covered in the GAP settlement. GAP does not cover deductions made by the primary insurance carrier for prior damage that has already been paid to you or due to prior salvaged title. Amount waived shall not exceed \$50,000 in total.

“Total Loss or Constructive Total Loss” means a loss where the cost to repair or replace the collateral would exceed the Actual Cash Value.

“Un-recovered Theft” means the covered 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 covered collateral.

“Actual Cash Value” means the amount determined by the primary insurance carrier at the time of loss. However, if there is no primary insurance at the time of a loss, Actual Cash Value shall mean the retail value of the collateral using the National Automobile Dealer’s Association (NADA) Official Used Car guide 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 covered collateral from collision and comprehensive loss, naming us as Loss Payee or Lienholder. Additionally, primary insurance shall be any other coverage we may have protecting our interest in the covered collateral, contingent upon the failure or absence of primary insurance coverage.

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

“Delinquent Payments” means any payment, as described in the installment sales contract/loan instrument, which remains unpaid for a period of more than sixty (60) days after the due date stated in the installment sales contract/loan instrument.

“Multiple Collateral” If two or more pieces of covered collateral are secured under the installment sales contract/loan agreement, we will not pay more than a proportionate share of the total unpaid net balance that each piece of covered collateral represents to the total loan.

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 total loss, constructive total loss or an unrecovered theft to the collateral shown on the reverse side of this form. The deductible is waived only to the extent it is part of the “GAP Amount”. Our maximum waiver shall be the GAP Amount including, if the collateral is protected by primary insurance, up to \$1,000 for the primary insurance deductible. If the collateral is not protected by primary insurance, 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 collateral. We will not waive the portion of the unpaid net balance attributable to the original installment sales contract/loan amount exceeding 150% of the Manufacturer’s Suggested Retail Price (MSRP) on new cars, or 150% of NADA average retail book value on used cars, including all refundable items such as service contracts, warranties, insurance, or other such items.

CANCELLATION/REFUNDS

This GAP Waiver Addendum may be canceled for a full refund within sixty (60) days of the Origination Date for any reason. However, in the event of a Total Loss, Constructive Total Loss or Unrecovered Theft of the covered Vehicle, the GAP Waiver Addendum fee will be deemed as fully earned and therefore, no refund will be due. **This Installment Sales Contract/Loan GAP Waiver Addendum is fully earned and non-refundable after sixty (60) days from the Origination Date, unless otherwise required by applicable state regulations.**

ELIGIBILITY REQUIREMENTS, CONDITIONS AND EXCLUSIONS

There are Eligibility requirements, Conditions and Exclusions that could prevent you from receiving benefits under the GAP Waiver Addendum. Please review the (6) six Exclusions listed on the reverse side of the Addendum. This GAP Waiver does not apply when the total loss or theft is: (1) to a vehicle that is part of a fleet that is intended for use as a public or livery conveyance, or any vehicle with commercial use; (2) due to war, whether or not declared, invasion, civil war, insurrection, rebellion or revolution; (3) due to wear and tear, freezing, mechanical or electrical breakdown of failure; (4) resulting from forgery; (5) resulting directly or indirectly from any fraudulent act by the borrower; (6) is to a vehicle with a “salvage” title; (7) arising from a defect in title which existed at the time the instrument was written or became effective; (8) caused intentionally by the borrower; (9) due to conversion, embezzlement or secretion by any person in lawful possession of the covered collateral; (10) due to legal confiscation by a public official; (11) to other than the standard or optional equipment available from the manufacturer of the covered collateral; (12) sustained outside of the United States of America, its territories or possessions, Canada and the Republic of Mexico; **(13) due to losses occurring prior to the GAP Waiver effective date.**

NOTICE OF LOSS

You must notify us within 90 days of receiving final settlement from the primary or third party insurance carrier and provide the following: (a) copy of the insurance settlement, (b) verification of the insurance deductible, (c) copy of police report in the case of an unrecovered theft.

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 Addendum. You may wish to consult with a tax professional.

You are reminded that this GAP Waiver is not an insurance policy.

All provisions within this Waiver are subject to state specific regulations.

White – Borrower Copy

Yellow- Administrator Copy

Pink – Lender Copy