

GAP ADDENDUM

Financing Agreement Type: Installment Sale Contract Loan Lease Other

COVERED VEHICLE INFORMATION

M.S.R.P.	Original Contract Date:	Term (Months):	APR%:
Year:	Make:	Model:	Mileage:
VIN#:	Amount Financed/ Capitalized:		<input type="checkbox"/> New <input type="checkbox"/> Used

DEALER INFORMATION

Name:	Fax:	Phone:
Address:		Dealer #
City:	State:	Zip:

ENROLLMENT CHARGE \$ _____

LENDER/CREDITOR/ASSIGNEE INFORMATION

Name:	Fax:	Phone:
Address:		Finance Agreement #
City:	State:	Zip:

BORROWER INFORMATION

Last Name:	First Name:	Middle Initial:	Phone:
Address:			
City:	State:	Zip:	

Yes, I ELECT THE GAP ADDENDUM

I (**BORROWER**), WHOSE SIGNATURE APPEARS BELOW, ACKNOWLEDGE THAT THE INFORMATION CONTAINED ABOVE IS, TO THE BEST OF MY KNOWLEDGE, TRUE. I HAVE READ THE **GAP ADDENDUM** IN ITS ENTIRETY, AND AGREE TO ALL OF THE PROVISIONS HEREIN. THE PURCHASE OF THE **GAP ADDENDUM** IS VOLUNTARY AND IS NOT REQUIRED BY THE DEALER / **LENDER** TO OBTAIN CREDIT. NEITHER THE EXTENSION OF CREDIT, THE TERMS OF THE CREDIT, NOR THE TERMS OF THE RELATED VEHICLE SALE OR LEASE, MAY BE CONDITIONED UPON THE PURCHASE OF THE **GAP ADDENDUM**. I UNDERSTAND I MAY OBTAIN GAP PROTECTION FROM AN ALTERNATIVE SOURCE. I UNDERSTAND THAT I MAY CANCEL THIS **GAP ADDENDUM** AT ANY POINT DURING THE ORIGINAL TERM OF THE **FINANCING CONTRACT**. I UNDERSTAND THAT A CANCELLATION REQUESTED WITHIN THIRTY (30) DAYS OF THE PURCHASE IS ELIGIBLE FOR A FULL REFUND, SO LONG AS NO BENEFITS HAVE BEEN PROVIDED. I UNDERSTAND THAT A CANCELLATION REQUEST RECEIVED AFTER THIRTY (30) DAYS OF PURCHASE, OR IN THE EVENT BENEFITS HAVE BEEN PROVIDED, WILL BE REFUNDED ON A PRO RATA BASIS, UNLESS OTHERWISE MANDATED BY STATE LAW, AND THAT A WRITTEN REQUEST MUST BE PROVIDED TO THE **GAP ADMINISTRATOR** WITHIN NINETY (90) DAYS OF THE OCCURANCE OF THE EVENT TERMINATING THE **FINANCE CONTRACT**. ANY REFUND OF THE PURCHASE PRICE MAY BE APPLIED BY THE CREDITOR AS A REDUCTION OF THE OVERALL AMOUNT OWED UNDER THE **FINANCE CONTRACT**.

DATE: _____ BORROWER'S SIGNATURE: _____ DEALER'S SIGNATURE: _____

ADDENDUM BENEFITS

The named **Borrower** is responsible to the named **Lender** under the terms of the described **Financing Contract** for the amount of any early termination liability resulting from a **Total Loss** of the **Covered Vehicle**. Due to this Addendum being in effect, the **Lender** agrees to cancel a portion of the **Borrower's** indebtedness in the event of a **Total Loss** of the **Covered Vehicle** as defined herein.

The **GAP Addendum** will waive the amount equal to the **Net Payoff** less the **Actual Cash Value (ACV)** of the **Covered Vehicle**, both as defined herein, subject to the **ACV** not having been reduced by more than \$1,000 as a result of the application of the **Borrower's** primary insurance deductible (**Borrower's** primary insurance deductible will not be waived where prohibited by law). Any deductible amount in excess of \$1,000 remains the **Borrower's** responsibility. It is further agreed that the maximum benefit is limited to \$50,000, the maximum eligibility limit is \$100,000 (based on amount financed), and the maximum coverage term is 84 months. This **GAP Addendum** is not credit insurance, nor does it eliminate the borrower's obligation to insure the vehicle as provided by state laws. Purchasing a **GAP Addendum** does not eliminate the **Borrower's** rights and obligations under the vendor single-interest and collateral protection coverage laws.

DECLINATION OF GAP ADDENDUM

I DO NOT CHOOSE TO PURCHASE THE **GAP ADDENDUM**. I UNDERSTAND THAT BY NOT ACCEPTING THE **GAP ADDENDUM** I AM NOT ENTITLED TO ANY OF THE BENEFITS IN THE EVENT OF A **CONSTRUCTIVE TOTAL LOSS** OF THE VEHICLE.

DATE: _____ BORROWER'S SIGNATURE: _____ DEALER'S SIGNATURE: _____

PROGRAM LIMITS

Maximum AFVR: 150% MSRP/NADA	Maximum Term: 48 Months	Maximum Limit of Coverage: \$50,000	Maximum Amount Financed Limit: \$100,000
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DEFINITIONS – For the purpose of the GAP Addendum the following terms shall mean:

Actual Cash Value (ACV) means the retail value of the **Covered Vehicle**, on the **Date of Loss**, prior to its physical damage or theft, as determined by the **borrower's Primary Carrier** net of the **Borrower's** primary deductible, not to exceed \$1,000. If no **Primary Carrier** exists, or the **Primary Carrier** has been declared insolvent, the retail value will be determined as listed in a national or regional guide, such as National Automobile Dealers Association (NADA) or, at our discretion, the **GAP Administrator** may use an equivalent national or regional guide for the territory in which the **Covered Vehicle** is principally garaged. For a **Covered Vehicle** which has no retail value available, or is located in territories where NADA or an equivalent national or regional guide is not customarily used, **ACV** will be determined using the best information available to the **GAP Administrator**, which the **GAP Administrator** reasonably believe accurately reflects the retail value of the **Covered Vehicle** and is customarily used as the basis for establishing **ACV** for vehicles in the territory of the **Covered Vehicle's** location.

Borrower means the natural person named in the **Financing Contract** receiving a loan or lease for a **Covered Vehicle** from the **Lender**

Constructive Total Loss means a direct and accidental loss of or damage to a **Covered Vehicle** which meets the following criteria:

1. the total cost to repair the **Covered Vehicle** is greater than the **ACV** amount of the **Covered Vehicle** immediately prior to the **Date of Loss**; or
2. the **Covered Vehicle** is stolen and is not recovered within 30 days from the date a police report is filed; and
3. the **Borrower's Primary Carrier** declares the **Covered Vehicle** a total loss.

In the case where there is no **Primary Carrier** insurance coverage, the **Covered Vehicle** must be made available for the **GAP Administrator's** inspection or appraisal (at the **Borrower's** cost) to determine if the **Covered Vehicle** is a **Constructive Total Loss**, except when the **Constructive Total Loss** is due to unrecovered theft and a police report has been filed. If the **Covered Vehicle** is not available for inspection or appraisal (at the **Borrower's** cost), the **Borrower** will not receive any benefit, except when the **Constructive Total Loss** is due to unrecovered theft and a police report has been filed.

Covered Vehicle means the four-wheeled private passenger vehicle, van, pickup or truck not to exceed 10,000 pounds GVW, as listed in the application section of this **GAP Addendum** and used only for personal purposes. This definition is subject to the Exclusions provisions of the **GAP Addendum**.

Date of Loss means the date on which either:

1. the police report of the **Covered Vehicle's** theft is filed; or
2. the **Covered Vehicle** incurs physical damage that is severe enough to constitute a **Constructive Total Loss**, whichever applies.

Dealer means any retail automobile vendor that is approved to sell, and is named on the front of, this **GAP Addendum**.

Delinquent Payments means any payment, as described in the **Financing Contract**, which remains unpaid after the due date stated in the **Financing Contract**.

Financing Contract means the contract which represents the financing agreement between the **Lender** and **Borrower** for the purchase or lease of the **Covered Vehicle**, and which explains the terms, conditions, inception date, and expiration date of the financing agreement. A loan or lease that does not have uniform monthly repayment terms for the full period of the financing agreement or self financed loans or leases are not eligible for coverage.

Guaranteed Automobile Protection (GAP) Addendum (GAP Addendum) means this contract whereby the **Lender** promises the **Borrower** that, in the event of a **Constructive Total Loss** of a **Covered Vehicle**, the **Lender** waives the **Borrower's** obligation to pay **Payable Loss** that is due under the **Financing Contract**. The **Dealer** solicits the **GAP Addendum** to the **Borrower**, initially assuming financial responsibility, until assigning a **Lender**.

Guaranteed Automobile Protection (GAP) Administrator (GAP Administrator) means Comprehensive Auto Resources Company, Inc.

Lender means any lending or leasing institution to which a **Financing Contract** is subsequently sold, assigned, or transferred.

Net Payoff means the amount of the **Lender's** interest as of the **Date of Loss**, as represented by the portion of the **Borrower's** unpaid balance, necessary to fully satisfy the **Financing Contract** for the **Covered Vehicle**. The **Net Payoff** is reduced by:

1. any unearned interest, lease or loan charges, late charges, any **Delinquent Payment**, uncollected service charges, refundable prepaid taxes and fees, disposition fees, termination fees or penalty fees;
2. the recoverable portion of any financed insurance charge, or the recoverable portion of any financed amount for any unearned insurance premium or refundable charge (including, but not limited to any credit life, vehicle service coverage/warranty, or guaranteed automobile protection charge);
3. any amount that is built into or added to the loan or lease balance after the inception date of the **Financing Contract**; and
4. any loan or special finance offer, which may waive or delay payment of principal and/or interest.

Payable Loss means the difference between the **Net Payoff** and the amount of the **Primary Insurance Settlement**, plus the amount of the **Borrower's** physical damage deductible for the **Covered Vehicle**. However, if the amount of the **Borrower's** physical damage deductible for the **Covered Vehicle** exceeds the deductible coverage limit, the amount of the physical damage deductible for the **Covered Vehicle** that is in excess of the deductible coverage limit shall not be included in the definition of **Payable Loss**. **Payable Loss** shall not include any damage due to: wear and tear, freezing, mechanical or electrical breakdown or failure, or road damage to tires.

However and notwithstanding the foregoing, in the event that there is not a **Primary Carrier** in effect on the **Date of Loss**, or there is a **Primary Carrier** in effect on the **Date of Loss** but is declared insolvent, **Payable Loss** means the difference between the **Net Payoff** as of the **Date of Loss** and a retail value from a national or regional guide for the territory in which the **Covered Vehicle** is principally garaged as determined by the **GAP Administrator**. **Payable Loss** includes the amount of your physical damage deductible on the **Primary Carrier's** policy up to \$1,000.00.

Primary Carrier means the insurance that, on the **Date of Loss**:

1. is under contractual obligation to the **Borrower** to provide physical damage coverage on the **Covered Vehicle**; or
2. provides liability coverage to any person or entity that is legally liable for the **Constructive Total Loss**.

Primary Insurance Settlement – The amount paid by the **Primary Carrier** to the **Borrower** and by virtue of its contractual obligation to:

1. insure the **Covered Vehicle** for damage to or loss of such **Covered Vehicle** plus any:
 - a. unpaid insurance premium;
 - b. charge for any past due premium payment;
 - c. towing charge;
 - d. storage charge;
 - e. and/or other charge reduced from the amount that the **Primary Carrier** ultimately paid the **Borrower** for the loss of or damage to the **Covered Vehicle**;

or
2. provide motor vehicle liability insurance to the person or entity that is legally responsible for the **Constructive Total Loss**.

TERMS AND CONDITIONS

- A. No coverage is provided for any **Financing Contract** that exceeds \$100,000.00 (amount financed) or when the original term exceeds 84 months.
- B. No coverage is provided for that unpaid portion of the **Net Payoff** that results from the amount financed / lease cap cost exceeding 150% of the Manufacturer's Suggested Retail Price (MSRP) for New Vehicles or 150% of NADA Official Used Car Guide's "Retail" value for Used Vehicles, at the inception date of the **Financing Contract**. These **Financing Contracts** will not be disqualified from coverage; however, the **Net Payoff** will be determined based on this maximum limit.
- C. Primary Insurance: Should the **borrower** not have collectible physical damage insurance on the **Date of Loss**, it is the responsibility of the **Borrower** to advise the **GAP Administrator** in writing within ninety (90) days when the **Constructive Total Loss** is discovered and the **GAP Administrator** will calculate the **ACV** of the **Covered Vehicle** immediately prior to the **Date of Loss**.
- D. The **GAP Addendum** is transferable only if there is a transfer of equity of the **Covered Vehicle**. If the **Borrower** refinances the original **Financing Contract**, this **GAP Addendum** will be deemed cancelled. This **GAP Addendum** cannot be transferred to another **Financing Contract** or **Borrower**.
- E. The **GAP Addendum** is cancelable upon written notice to the **GAP Administrator** subject to the effective date of the cancellation not being prior to the date the written notice is received by the **GAP Administrator**. A cancellation requested within thirty (30) days of the purchase is eligible for a full refund. After the thirty (30) days, and provided a written request is sent to the **GAP Administrator** within ninety (90) days of whatever event occasions the **Borrower's** termination of the **Financing Contract**, refunds will be calculated on a pro rata basis less a \$50.00 cancellation fee. The lien holder will be listed as loss payee on all refunds and sole payee on any refunds due to repossession.
- F. This **GAP Addendum** shall be void if any material fact(s) have been concealed or misrepresented, or in the case of fraud.
- G. No coverage is provided for any **Covered Vehicle** unless this **GAP Addendum** has been reported to the **GAP Administrator**.

EXCLUSIONS

This **GAP Addendum** will not provide coverage for **Payable Loss**:

- A. that occurs prior to the effective date of this policy;
- B. if the **Constructive Total Loss** of the **Covered Vehicle**:
 - 1. arose out of the confiscation of the **Covered Vehicle** by a government body or public official;
 - 2. is due to or a consequence of radioactive contamination, discharge of any nuclear weapon (even if accidental), war (declared or undeclared), invasion, civil war, insurrection, rebellion or revolution;
 - 3. caused by theft, unless the **Borrower** or **Lender** files a police report;
 - 4. resulted from the **Covered Vehicle** being located inside a facility designed for racing or was being operated in or prepared for any race, speed contest, or other prearranged or organized contest;
 - 5. occurred while being held as security under any wholesale, floor plan, field warehouse, or any type of financing made to a dealership;
 - 6. arose from it being used for commercial purposes, including, but not limited to, it being used as a taxi or for limousine or shuttle service where compensation is provided for those services (share-the-expense car pools are not considered as use for a commercial purpose under this policy.);
 - 7. arose out of the actual or attempted legal repossession of the **Covered Vehicle**;
 - 8. arose out of the conversion, embezzlement or secretion by any person in lawful possession of the **Covered Vehicle**; or
 - 9. occurred after a **Covered Vehicle** has been repossessed by the **Lender** or placed in the **Lender's** possession of the **Lender's** employees or agents;
- C. for any loss amount attributable to other than the standard or optional equipment available from the manufacturer of the **Covered Vehicle**;
- D. to equipment designed for recording, reproduction, receiving or transmitting of sound or signals unless the device is permanently installed in the **Covered Vehicle** at the time the **Covered Vehicle** is purchased;
- E. for the amount of any final balloon loan payments or lease residual value payments, unless the loan/lease was reported to us as a balloon loan or lease and the appropriate premium paid; or
- F. **Financing Contracts** made to the automotive dealer, or his employees, whether or not the **Covered Vehicle** is held for resale.

LOSS DOCUMENT PROCEDURES

In the event of a **Constructive Total Loss** the **Borrower** must provide the following documentation to the **GAP Administrator** within ninety (90) days of the **Primary Insurance Settlement**, or in the absence of Primary Insurance, ninety (90) days from the **Date of Loss**. Failure to do so will void this **GAP Addendum**.

- 1) Copy of **Financing Contract** and copy of the signed **GAP Addendum**.
- 2) Copy of **Borrower** Payment or Account History including remaining principal balance at **Date of Loss**.
- 3) Copy of **Primary Insurance Settlement** Check.
- 4) Copy of Police Report.
- 5) Copy of **Covered Vehicle** Valuation prepared by **Primary Carrier**.
- 6) Copy of Certificate of Primary Insurance.
- 7) If applicable, Copy of Checks for Cancellation of Service Contract, Credit Life / Accident and Health Insurance, and any other cancelable items.

PLEASE MAKE SURE all documents are **LEGIBLE**, otherwise payment processing will be suspended until legible copies are submitted.

STATE PROVISIONS

Colorado, Kansas, Indiana, Louisiana, Missouri, New Mexico, Vermont and Wisconsin: The cancellation fee is not applicable.

Georgia: The effective date of any cancellation may be no earlier than ninety (90) days prior to the date such written notice is received by the Dealer/Creditor.

Indiana: **Financing Contracts** where the amount financed is less than 80% of MSRP are not eligible for participation in this GAP program. You may be able to obtain GAP coverage from your primary insurance carrier. For Questions or Complaints, you may contact the Indiana Department of Financial Institutions at: 30 South Meridian St., Suite 300, Indianapolis Indiana 46204, 1-800-382-4880.

Nebraska: This addendum is not insurance and is not regulated by the Nebraska Department of Insurance. The Financial Institution / Lender or Administrator cannot unilaterally modify the terms of the waiver unless the modification is favorable to the borrower and is made without additional charge to the borrower, or the borrower is notified of the proposed modification and has the option to cancel the waiver without penalty.

Tennessee: The cost of the **Addendum** is not regulated and you have the responsibility to determine whether the cost of the **Addendum** is reasonable in relation to the coverage afforded by this **Addendum**.

Utah: The Addendum is subject to limited regulation by the Utah Insurance Commissioner. Complaints regarding the GAP Addendum may be submitted to the offices of the Utah Insurance Commissioner.

Vermont: The **Dealer/Creditor** must assign, sell or transfer, within 15 business days, the **Financing Contract** to a **Financial Institution/Lender** as defined in subdivision 1110(32) of Title 8 or a credit union or entity licensed under subdivision 2201(a)(1) or (3) of Title 8 or this Addendum is void and you will receive a full refund of the charges of the Addendum.

Washington: 1. Any refund of purchase price for an **Addendum** that was included in the financing of the **Collateral** may be applied by the creditor as a reduction of the overall amount owed under the **Financing Contract**, rather than applying the refund strictly to the purchase price of the **Addendum**. 2. The **Addendum** is not credit insurance, nor does it eliminate your obligation to insure the **Collateral** as provided by laws of this state. Purchasing an **Addendum** does not eliminate your rights and obligations under the vendor single-interest and collateral protection coverage laws of this state. 3. CONDITION F is amended to read: This **Addendum** shall be void if any material fact(s) have been intentionally concealed or misrepresented, or in the case of fraud.

Wisconsin: In the event of a cancellation, your **Financial Institution/Lender** will be named sole payee. You are entitled to a full refund plus any applicable finance charges if the cancellation occurs within the first 30 days and the refund is being credited to your account.