

## GAP Waiver Addendum to Retail Installment Contract and Security Agreement

<b>Buyer Name</b>	<b>Seller</b>	<b>Holder</b>
<b>Address</b>	<b>Address</b>	<b>Address</b>
<b>City, State, ZIP</b>	<b>City, State, ZIP</b>	<b>City, State, ZIP</b>

<b>Covered Vehicle – Year, Make, Model, VIN</b>
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<b>Contract Date</b>	<b>Amount Financed</b>
<b>Contract Term</b>	<b>MSRP/NADA/KBB Retail Value</b>
<b>GAP Waiver Cost</b>	<b>GAP Waiver Addendum Term</b>

**You understand that the purchase of the GAP Waiver is voluntary and is not required by the Holder to obtain credit.** You understand that this GAP Waiver is not an offer of insurance coverage. You understand that by purchasing the GAP Waiver for your installment sales contract, the Holder 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 herein. You understand that this GAP Waiver is not a substitute for collision or property damage insurance. You must maintain Primary Insurance at all times on the Covered Vehicle. You are responsible for all notifications or claims that are required to be filed with your insurance company. We will not process your insurance claim for you.

**Report your constructive total loss to our Gap Administrator:**

PAC Auto Finance  
Attn: Gap Waiver Claims  
PO BOX 768, Sandy, UT 84091  
1-866-774-6322

You must notify our Administrator by following the Loss Documentation Procedures noted below within ninety (90) days following the date the covered vehicle is determined to be a constructive total loss to be eligible.

**Loss Documentation Procedures:** In the event of a constructive total loss, you must notify and provide in writing all of the following to our Gap Administrator (at the address shown above): (1) a complete copy of the primary carrier insurance settlement, including the valuation report; (2) a copy of the original retail installment contract and this addendum; (3) a copy of the accident/police report; (4) a copy of your insurance policy for the covered vehicle; (5) a copy of the payoff amount for the covered vehicle as of the date of loss; (6) a copy of the insurance settlement check. Notwithstanding the collection of the documents described in this section, upon reasonable advance notice the seller, or GAP Administrator may inspect the Covered Vehicle. Documentation not described in this agreement shall not be required to substantiate the loss or determine the GAP Amount.

Please refer to the reverse side of this GAP Waiver for additional terms and definitions.

**BY YOUR SIGNATURE BELOW, YOU ACKNOWLEDGE AND AGREE THAT YOUR ACCEPTANCE OF THIS GAP WAIVER IS VOLUNTARY AND NOT REQUIRED FOR THE EXTENSION OF CREDIT, A TERM OF CREDIT, OR A TERM OF THE RELATED VEHICLE SALE, AND WILL NOT BE A FACTOR IN THE CREDIT APPROVAL PROCESS. YOU ALSO ACKNOWLEDGE THAT NO OTHER VERBAL REPRESENTATIONS HAVE BEEN MADE TO YOU THAT DIFFER FROM THESE WRITTEN PROVISIONS. IF YOU PURCHASE GAP WAIVER COVERAGE FROM THIS SELLER, YOU UNDERSTAND THAT THE SELLER WILL RETAIN ALL OR A PORTION OF THE CHARGE PAID BY YOU AND YOU AGREE THAT YOU MAY PURCHASE GAP COVERAGE FROM AN ALTERNATIVE CHOICE. IF A CREDITOR ASSIGNS, SELLS, OR TRANSFERS A FINANCE AGREEMENT, THE GUARANTEED ASSET PROTECTION WAIVER REMAINS A PART OF THE FINANCE AGREEMENT. HOLDER SHALL WAIVE CERTAIN AMOUNTS YOU OWE UNDER THIS CONTRACT IN THE CASE OF A TOTAL LOSS OR THEFT OF THE VEHICLE AS STATED IN THE GAP WAIVER.**

<b>Print Buyer Name:</b>	<b>Seller:</b>
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## TERMS AND CONDITIONS OF THE GAP WAIVER ADDENDUM

This GAP Waiver Addendum is incorporated into and supplements the terms of the Retail Installment Contract and Security Agreement. 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 GAP Waiver Addendum, the following words are defined and their meanings will be as follows:

**“Actual Cash Value”** means the amount determined by the primary insurance carrier at the time of loss.

**“Deferred Payment”** means any payment described by the Retail Installment Contract that has been postponed, skipped, or waived by Us, and has not been paid as of the date of loss.

**“Delinquent Payment”** means any payment described by the Retail Installment Contract that remains unpaid after the 15<sup>th</sup> day after the due date in the Retail Installment Contract, and has not been paid as of the date of the loss.

**“GAP Amount”** means the difference between the primary carrier’s physical damage insurance payment for a theft or total loss and the Unpaid Net Balance of the Retail Installment Contract and Security Agreement. 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 \$10,000 in total. **Note that GAP coverage may not cancel or waive the entire amount owing at the time of loss.**

**“Primary Insurance”** means in force insurance coverage, required by us and by law, and carried by you to protect the covered collateral from collision and comprehensive loss, naming us as Loss Payee or Lienholder.

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

**“Unpaid Net Balance”** means the amount owed by you to clear the outstanding Retail Installment Contract and Security Agreement account upon the date of loss. This amount may not include any unearned finance 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, or warranties.

**“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.

**“We”, “us”, and “our”** refer to the Holder; **“you” and “your”** means the debtor/buyer.

### TERMS OF GAP WAIVER ADDENDUM AGREEMENT

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 Unrecovered Theft to the Covered Vehicle 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, up to \$500 for the primary insurance deductible. If the collateral is not protected by primary insurance, you are in default of both the Retail Installment Contract and Security Agreement and this Addendum and, therefore, this GAP Waiver will be terminated. We will not waive the portion of the Unpaid Net Balance exceeding 150% of the Manufacturer’s Suggested Retail Price (MSRP) on new cars, or 150% of the National Automobile Dealers Association (NADA) Used Car Guide average retail book value on used cars (as determined on the date hereof and disclosed on the reverse side), including all refundable items such as service contracts, warranties, insurance, or other such items. If the retail value is not available in the NADA Used Car Guide, then the Kelley Blue Book will be used.

### CANCELLATION

You may not waive by contract your right to cancel this Gap Waiver. This GAP Waiver may be canceled for a full refund within thirty (30) days of the date of the Retail Installment Contract or the issuance of this GAP Waiver, whichever is later, for any reason. In the event that an amount is waived under this Addendum in relation to a Total Loss, Constructive Loss or Unrecovered Theft of the Covered Vehicle, the GAP Waiver Addendum Fee paid by You shall be considered fully earned and no refund will be due. If this GAP Waiver is cancelled after 30 days, upon your written request you will receive a refund/credit of the Gap Waiver cost calculated by the Pro Rata method, less a \$75 cancellation fee. We will refund all charges to the holder or lienholder on the Covered Vehicle to reduce the amount owed, unless you can show that the Retail Installment Contract and Security Agreement is paid in full. All cancellation requests must be made by you in writing to our Gap Administrator (at the address above) and must include a copy of this signed Addendum.

### TERMINATION

This Gap Waiver will terminate on the earlier date that one of the following events occurs: (1) the date your Retail Installment Contract and Security Agreement terminates or is scheduled to terminate; (2) upon payment in full of the Retail Installment Contract and Security Agreement; (3) expiration of any redemption period following the repossession or surrender of the Covered Vehicle; (4) after the Holder waives the GAP Amount in relation to a Total Loss, Constructive Total Loss or Unrecovered Theft of the Covered Vehicle; (5) upon a demand by the holder for payment in full of the unpaid balance or acceleration; (6) the total denial of a debt cancellation request; or (7) the date you cancel this Gap Waiver. You will receive a refund upon the earliest occurrence of any of the following events listed in this section: (2), (5), or (6).

### ELIGIBILITY REQUIREMENTS, CONDITIONS AND EXCLUSIONS

There are Eligibility requirements, Conditions and Exclusions that could prevent you from receiving benefits under the GAP Waiver. 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 buyer; (6) caused intentionally by the buyer; (7) due to conversion, embezzlement or secretion by any person in lawful possession of the covered collateral; (8) due to legal confiscation by a public official; (9) to other than the standard or optional equipment available from the manufacturer of the covered collateral; (10) sustained outside of the United States of America, its territories or possessions; (11) due to losses occurring prior to the GAP Waiver effective date; (12) sustained when the Covered Vehicle does not have Primary Insurance meeting the state law and your installment contract requirements.

**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. Complaints related to the GAP Waiver may be filed with the Kansas Office of the State Bank Commissioner, 700 S.W. Jackson #300, Topeka, KS 66603, (785) 296-2266 or toll free 1-877-387-8523.**