

## GAP Eligibility and Protection

**What is eligible for GAP?** Only certain loans and leases that are secured solely by certain vehicles are eligible for GAP. The vehicle must be, and at all times remain, primarily located and used in the United States of America, any U.S. territory, or Canada.

Except as provided below, a vehicle is eligible for GAP if it is: (a) a car, truck, or van, 10,000 pounds gross vehicle weight or less, that is twenty model years or newer and used for personal or business purposes; (b) a motorcycle, all-terrain vehicle, snowmobile, or personal watercraft used for personal purposes; (c) a recreational vehicle trailer, fifth-wheel, travel trailer, folding camping trailer, truck camper unit, or motor home used for personal purposes; or (d) an inboard, outboard, jet drive, houseboat, sailboat, or stern drive watercraft 7-50 feet in length used for personal purposes.

A vehicle is not eligible for GAP if it is: (a) used to transport passengers for compensation, including but not limited to vehicles used as taxicabs or for ride-sharing; (b) used for racing; (c) an emergency vehicle, (d) a classic vehicle, (e) a salvaged or previously salvaged title vehicle, or (f) any other vehicle deemed a total loss, junked, rebuilt, or reconstructed.

**Does GAP protect Your entire Loan and Vehicle?** GAP does not protect any portion of Your Loan that exceeds any of the following **Maximum Protected Loan Terms** (determined on the **Effective Date of GAP** (refer to Page 1)):

Loan Amount		Length of Loan	Loan to Value Ratio
Motor Vehicle \$ 100,000	Powersport \$ 100,000	72 Months	125 %
Recreational Vehicle \$125,000	Watercraft \$50,000		

GAP does not protect: (a) optional equipment that is not included in an Approved Guide; (b) equipment that is not permanently installed by the manufacturer; (c) a trailer not identified under the question "What is Eligible for GAP"; and (d) any special commercial usage optional equipment, accessories, or body components. **These items are not included in the Value of Your Vehicle on Page 1 or the Loan to Value Ratio.**

**What insurance coverage must You maintain on Your Vehicle?** You must maintain comprehensive and collision damage insurance on Your Vehicle at all times. You must maintain insurance coverage for the entire value of Your Vehicle or as required under the provisions of Your Loan. You must name Us as the loss payee.

## Total Loss, Theft Loss, and GAP Amount

**If Your Vehicle suffers a Total Loss or Theft Loss, We will waive the GAP Amount, if any. We will not waive more than \$ 50,000.00 .**

A **Total Loss** occurs if Your Vehicle is accidentally damaged and (a) the Primary Insurance Company deems Your Vehicle a total loss, or (b) the total cost to repair Your Vehicle is greater than or equal to the Actual Cash Value.

A **Theft Loss** occurs if You report Your Vehicle stolen to both the police and the Primary Insurance Company, and Your Vehicle is not recovered by: (a) the date We receive the Insurance Payment, or (b) the later of 30 days after You reported Your Vehicle as stolen or the date You provided written notice of the theft to Us or the Administrator.

The **GAP Amount** is calculated as follows:

$$\text{GAP Amount} = \text{Protected Balance} - (\text{Insurance Payment } \underline{\text{or}} \text{ Actual Cash Value})$$

**Protected Balance:** We will calculate the Protected Balance in one of two ways.

First, if Your Loan does not exceed any of the Maximum Protected Loan Terms, the Protected Balance is the unpaid Loan balance on the date of a Total Loss or Theft Loss minus the following:

- Any amount added to Your Loan after the Effective Date of GAP that remains unpaid.
- Any amount unrelated to the financing or leasing of Your Vehicle or the amount that is secured by Your Vehicle. If Your Loan is secured by two or more vehicles, a proportionate share of the balance of Your Loan will be attributed to each vehicle based on its original amount financed on the Effective Date of GAP.
- Principal or interest deferred as part of a special finance offer.
- Any amount that could be recovered by canceling any service contract, credit insurance, accident and health insurance, or other similar items that were included with Your Loan.
- Any amount that is due on account of more than 10 Skipped Payments per Contract .

Second, if Your Loan exceeds any of the Maximum Protected Loan Terms, the Protected Balance is calculated by reamortizing Your Loan from the Effective Date of GAP to the date of the Total Loss or Theft Loss. In reamortizing Your Loan, We will use the Maximum Protected Loan Terms only for the loan term(s) that exceeds the Maximum Protected Loan Terms. We will include in the Protected Balance any payments You actually skip, but only up to 10 Skipped Payments per Contract. The amount of the Skipped Payment(s), if any, will be based on the amount of the payment actually skipped.

**Insurance Payment or Actual Cash Value:** We will use the Insurance Payment if (a) Your Vehicle is insured at the time of a Total Loss or Theft Loss as required by this Waiver, and (b) the Primary Insurance Company makes the Insurance Payment to Us. In all other cases, We will use the Actual Cash Value.

The **Insurance Payment** is the amount We receive from the Primary Insurance Company for a Total Loss or Theft Loss plus the deductible amount, if any, that the Primary Insurance Company subtracts from the Insurance Payment that is more than \$ 1000.00.

The **Actual Cash Value** is the value of Your Vehicle at the time of a Total Loss or Theft Loss calculated in Our sole discretion. We will use an Approved Guide or an equivalent valuation guide.

We also will add the salvage value of Your Vehicle to the Insurance Payment or Actual Cash Value if (a) the Primary Insurance Company deducts the salvage value from the Insurance Payment, or (b) You retain Your Vehicle after a Total Loss.

**If the GAP Amount is not a positive number, We will not waive any of Your Loan balance and You will remain liable to Us. We will not waive more than Your Loan balance or make any payment directly to You.**

## Excluded Losses

**When is a Total Loss or Theft Loss excluded from protection?** We will not waive the GAP Amount if the Total Loss or Theft Loss: (a) occurred prior to the **Effective Date of GAP** (refer to Page 1); (b) occurred after the **Maximum Term of GAP** (refer to Page 1); (c) occurred after the termination of this Waiver; (d) is caused by or results from wear and tear, gradual deterioration, obsolescence, rust, corrosion, latent defect, inherent vice, freezing, overheating, or from any repairing, restoration, or remodeling process, structural, mechanical or electrical breakdown or failure unless fire or other accident ensues and then only for the loss or damage by such ensuing fire or accident; (e) is due to war or act of war (whether declared or not); (f) results directly or indirectly from any dishonest, fraudulent, criminal, or illegal act, or arising from an intentional act committed by You; (g) is related to confiscation, conversion, embezzlement, or secretion by You; (h) is caused by or results from an atomic explosion or any other release of nuclear energy; or (i) results from Your Vehicle being operated, used, or maintained in any race or other contest.

## Benefits

**What is GAP with PLUS Protection?** If You purchase GAP with PLUS Protection, You may be entitled to an additional benefit. You are entitled to the PLUS Protection benefit if there is a Total Loss or Theft Loss and You finance or lease a replacement vehicle from Us within 120 days after the Primary Insurance Company issues a settlement check to Us. We will waive up to the GAP Plus amount on page 1 due under the new loan or lease with Us. The PLUS Protection benefit applies to You or a co-borrower on Your Loan, but will be applied only to one new loan or lease with Us. The total PLUS Protection benefit shall not exceed the GAP Plus amount on page 1.

**Who do You notify to request benefits?** You must notify Us or the Administrator of a Total Loss or Theft Loss as soon as possible. Our address and phone number are located on Page 1 of this Waiver. Refer to the Additional Defined Terms Section of this Waiver for the Administrator's address and phone.

**How do You request benefits?** You must provide the following documents to Us or the Administrator: (a) a completed copy of Your Loan and this Waiver; (b) a copy of the Primary Insurance Company claim settlement check(s), the settlement statement, and the evaluation report showing how the Primary Insurance Company valued Your Vehicle; (c) a copy of the police report for the incident; (d) proof of proceeds recovered from the cancellation of refundable items; (e) documentation detailing the outstanding balance on the date of the Total Loss or Theft Loss and a complete payment history; (f) a copy of the financing documents relating to a replacement vehicle, if any; and (g) the valuation worksheet or other documents used to value Your Vehicle at the time We provided Your Loan to You. You must provide any other documentation reasonably requested by Us or the Administrator. You agree to cooperate with Us and the Administrator as Your request is processed.

**What must You do while Your request for benefits is processed?** You must make the scheduled Loan payments while Your request for benefits is processed. If We determine that You are entitled to benefits, We will refund any amount that should have been waived according to the terms of this Waiver. You are responsible for any remaining Loan balance after Your request for benefits is processed.

## **Continuation of Benefits, Termination, Cancellation, and Refunds**

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**What if You refinance or modify Your Loan with Us?** If You refinance or modify Your Loan with Us, We will continue to protect the portion of Your refinanced or modified loan that does not (a) exceed the amount of Your Loan on the date of the refinance or modification, and (b) exceed the Maximum Protected Loan Terms determined from the Effective Date of GAP.

**When will this Waiver automatically terminate?** Except as provided in the previous paragraph, this Waiver will automatically terminate, and You will not be entitled to any benefits under this Waiver, on the earliest of: (a) the Maturity Date of Your Loan; (b) early termination of Your Loan; (c) upon reaching the Maximum Term of GAP; (d) when Your Vehicle no longer secures Your Loan; and (e) upon repossession or any surrender of Your Vehicle.

**What happens to this Waiver if We assign, sell, or transfer Your Loan?** This Waiver continues to protect Your Loan if We assign, sell, or transfer Your Loan.

**Can You cancel GAP?** GAP is voluntary and can be cancelled at any time by providing Us written notice of cancellation. Our address is located on page 1 of this Waiver.

**Can You receive a refund of the GAP Fee?** You are entitled to a full refund of the GAP Fee if You cancel GAP within 90 days of the Effective Date of GAP. However, You are not entitled to any refund of the GAP Fee if (a) any benefits have been provided under this Waiver; (b) You cancel GAP more than 90 days after the Effective Date of GAP; or (c) this Waiver is automatically terminated.

**What if We waive the incorrect amount?** If We waive the incorrect amount under this Waiver, We will adjust the balance of Your Loan when the error is discovered. You will remain liable to Us for the Loan balance, if any.

**What if We incorrectly provide You GAP?** If We incorrectly provide You GAP and We discover Our error before a Total Loss or Theft Loss, We will return the GAP Fee. If We discover Our error after a Total Loss or Theft Loss, We will provide protection under this Waiver. However, if a material fact is misstated on this Waiver that caused Us to issue GAP, We will return the GAP Fee and will not provide any protection, even if a Total Loss or Theft Loss already occurred.

## **General Provisions**

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This Waiver is governed by the law of Our home office state. If any provision of this Waiver is unenforceable, the rest will remain in effect. If we waive any provision of this Waiver, We do not have to do so in the future or waive any other provision.

You may be taxed on any amount waived. We and the Administrator will not provide You with tax advice. You should consult Your tax advisor.

## **Additional Defined Terms**

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**Administrator** means CUNA Mutual Insurance Agency, Inc., located at 5910 Mineral Point Road, Madison, Wisconsin 53705 (phone number 1.800.557.8955), or one of its affiliates or a contracted third party.

**Approved Guide** means the National Automobile Dealers Association Official Used Car Guide or the Kelley Blue Book Used Car Guide.

**Primary Insurance Company** means the company that provided insurance coverage on Your Vehicle as required under Your Loan and this Waiver.

**Skipped Payment(s)** means a Loan payment that is unpaid after its due date as stated in Your Loan on the date of a Total Loss or Theft Loss.