

I. Definitions:

1. **Covered Collateral** shall mean the item as described on page 1 of this Agreement which is not used for racing or commercial purposes.
2. **We, Us, Our** shall mean the Dealer/Lender/Lessor named herein.
3. **You, Your** shall mean the Lessee/Borrower as described on page 1 of this Agreement.
4. **Total Loss** shall mean a direct and accidental physical loss of or damage to the **covered collateral**, which meets one or more of the following additional conditions:
 - a) the total cost of repair of the **covered collateral** is greater than or equal to the actual cash value of the **covered collateral**; or
 - b) the **covered collateral** is stolen and is not recovered within 30 days of the date of the loss; or
 - c) Primary Insurance is settled on a **total loss** basis.
5. **Established Retail Guide** means the same retail value guide that was used in determining the retail value of the **covered collateral** as of the date of loan or lease inception, such as NADA Retail Automobile Guide or Kelley Blue Book or their equivalent.
6. **Lease Agreement/Installment Sale Contract balance** (hereinafter "**balance**") shall mean a monetary amount owed to the **Dealer/Lender/Lessor** by **you** as of the date of loss, but in no event greater than the sum of all outstanding future monthly lease payments or the lease payoff, whichever is less, or the outstanding loan **balance** amortized at the loan term, but such amounts shall not exceed the maximum benefit limit percentage stated in item #3 on page 1 of this Agreement, as of the date of the **Lease Agreement/Installment Sale Contract**.
7. **Actual Cash Value** shall mean the greater of:
 - a) the retail value of the **covered collateral** at the time of **total loss** as established by the current **Established Retail Guide** less the primary insurance deductible amount; or
 - b) the value of the **covered collateral** including tax, title and license as determined by **your** primary insurer via **total loss** payment less the primary insurance deductible amount; or
 - c) if at the time of loss there is no listing for the **covered collateral**, **Actual Cash Value** shall be the amount **we** have determined, based on the best available information substantiating the retail value of the **covered collateral** as of the date of **total loss** less the primary insurance deductible amount.

II. Agreement:

1. If the **covered collateral** is declared a **total loss** within the term as listed on page 1 of this Agreement, the amount waived shall be the difference between (a) the **balance** which remains payable with respect to the involved **Lease Agreement/Installment Sale Contract** and (b) the **Actual Cash Value** of the **covered collateral**, with such difference then reduced by (c) the sum of any delinquent payments, all past due charges, late payment charges, lease/loan extensions, disposition fees, sales tax, use or rental tax, security deposits, any proceeds that may be recovered by insurance coverages, service contracts, extended warranties or similar items, any collection fees, early termination fees, any charges that may have been added to the outstanding **balance** after the inception of the **Lease Agreement/Installment Sale Contract**, unearned interest/unearned rental payments, any carry-over balances from a previous Lease or Loan agreement and any primary insurance deductible(s) assessed over the amount shown in item #2 of the GAP WAIVER AGREEMENT LIMITS listed page 1 of this Agreement at the time of such loss, provided all of the following conditions have been met:
 - a) **You** provide a copy of this Agreement to the Administrator;
 - b) **You** must report the **total loss** if the loss is the result of theft, to law enforcement authorities within twenty-four (24) hours of knowledge of the theft;
 - c) **You** must report **total loss** to **your** primary insurance carrier within five (5) days of knowledge of the **loss**; and
 - d) **You** must provide proof of loss including such documents as **we** may require to Administrator within a reasonable period of time, usually within thirty (30) days of the date of **total loss**.
2. Replacement Vehicle Benefit: In the event of a paid claim, **you** will be eligible to receive the Replacement Vehicle Benefit if an amount is stated in item #4 on page 1 of this Agreement. In order to receive this benefit, **you** must purchase or lease within three (3) months from the date the GAP Waiver Agreement claim is paid. Upon receipt of proof of "delivery," the Replacement Vehicle Benefit will be made payable to **you** and the Dealer/Lender/Lessor as a co-payee.

III. Agreement Limitations:

1. Installment payments must be scheduled for a date that is within 45 days of the Lease/Loan Inception Date. If they are scheduled to start beyond such 45 day period, we will amortize the lease/loan as if the first payment had been paid 45 days after the Lease/Loan Inception Date when determining the balance for loss purposes.
2. Any loss other than **total loss**, and any loss which is due to any fraudulent, deceptive, illegal, or criminal act by **You**, whether acting alone or in collusion with others, is specifically excluded.
3. This Agreement is for the sole benefit of the registered lessee or borrower as described on page 1 of this Agreement, and may not be assigned or transferred to another person, is not renewable, and is cancelable as provided for on page 1 of this Agreement.
4. Any loss resulting from **total loss** to the **covered collateral**, caused by or resulting from wear and tear, gradual deterioration, obsolescence, rust, corrosion, latent defect, inherent defect, freezing, overheating, or resulting 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 physical loss or damage by such ensuing fire or accident are specifically excluded.
5. Any damage occurring to covered collateral prior to Lease/Loan Inception Date is specifically excluded.
6. Any loss resulting from **total loss** to the **covered collateral** caused by or resulting from any of the following causes are specifically excluded:
 - a) hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against actual, impending or expected attack;
 - b) any weapon of war employing atomic fission or radioactive force, whether in time of peace or war;
 - c) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such occurrence, seizure or destruction under quarantine or customs regulations, seizure or confiscation by order of any government or public authority, risks of contraband or illegal transportation or trade; or
 - d) occurring after **covered collateral** has been repossessed or placed in repossession.
7. Maximum GAP Waiver Agreement Limits: Any **Lease Agreement/Installment Sale Contract** which exceeds the GAP WAIVER AGREEMENT LIMITS listed in items #1 and #5 on page 1 of this Agreement is not eligible for the GAP Waiver Agreement. Additionally, the amount waived shall not exceed the **balance** less the value of the **covered collateral** including tax, title and license as determined by **your** primary insurer via **total loss** payment less the primary insurance deductible amount.
8. Any used collateral not listed in the then current **Established Retail Guide** at the time of financing is not eligible for this GAP Waiver Agreement.
9. All coverage terminates at the end of the **Lease Agreement/Installment Sale Contract** term with respect to each **covered collateral** or under any of the following conditions:
 - a) payment of a loss under this Agreement;
 - b) early **Lease Agreement/Installment Sale Contract** payoff;
 - c) sale or transfer of the **covered collateral** to a new registered Lessee/Enrollee or Borrower/Enrollee; or
 - d) date of repossession of the **covered collateral**.

IV. Termination Provisions:

If you do not request cancellation within thirty (30) days of the inception date, or if you request benefits under this Agreement, then the GAP waiver charge is fully earned and non-refundable.

V. Settlement Requirements:

All settlements must be reported in accordance with Section II above to the Administrator.

If you require additional information or have any questions concerning these terms and conditions, please call or write Administrator at the address.

VI. Conformity to Statute:

Any terms and conditions of this Agreement that are in conflict with the statutes of the state wherein it is issued are hereby amended to conform to those statutes.