

GAP ADDENDUM

The **Addendum** is between the **Customer/Borrower** (You or Your) and the **Dealer/Creditor** (We, Us, or Our) or if the **Financing Contract** is assigned with the assignee.

Customer/Borrower		Address	
City	State	Zip	Customer Phone #

Dealer/Creditor		Dealer / Account #	Financial Institution / Lender	
Address			Address	
City	State	Zip	City	State

Year	Make	Model	Charge for Addendum	APR %	Term of Addendum
VIN	<input type="checkbox"/> New <input type="checkbox"/> Used	MSRP / NADA	Amount Financed	Financing Contract Inception Date	

PROGRAM LIMITS

Maximum AFVR: 150% MSRP/NADA	Maximum Term: 84 Months	Maximum Limit of Coverage: \$50,000	Maximum Amount Financed Limit: \$100,000	Finance Instrument <input type="checkbox"/> Loan <input type="checkbox"/> Installment Sales Contract
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This **Addendum** amends the **Financing Contract**. In the event of a **Constructive Total Loss** of the **Collateral**, we hereby agree to waive our rights against you for the amount due under a **Qualifying Loss**. You will remain responsible for any past due amounts, payment extensions, or any items listed in EXCLUSIONS. This **Addendum** will follow the **Financing Contract** with no subrogation rights against the **Customer/Borrower**, if the **Financing Contract** is sold or assigned by us.

Although not required to do so, you elect to purchase this **Addendum** for an additional charge which is shown above. You may as an alternative to purchasing this **Addendum**, be able to purchase a similar product from a company of your choice. **This GAP Program is not insurance, does not take the place of insurance on the Collateral and does not afford collision, comprehensive, or any other form of automobile insurance coverage.** You are responsible for all communications with your Primary Carrier including notice and claims. If you purchase this **Addendum** from us, you understand that we may retain all or a portion of the charge paid by you.

ENROLLMENT IS AVAILABLE ONLY AT THE TIME THE **FINANCING CONTRACT** IS ORIGINALLY EXECUTED. BY YOUR SIGNATURE BELOW, YOU ACKNOWLEDGE AND AGREE THAT YOUR ACCEPTANCE OF THIS **ADDENDUM** IS VOLUNTARY AND IS NOT REQUIRED IN ORDER FOR YOU TO OBTAIN CREDIT, DOES NOT IMPACT THE CREDIT TERMS, AND HAS NO EFFECT ON THE TERMS OF THE RELATED SALE OF THE **COLLATERAL**.

The coverage under this **Addendum** may decrease over the term of your **Financing Contract**. You should carefully read the front and back of this **Addendum** for additional information on conditions, limitations and exclusions that could prevent you from receiving the amount due under a **Qualifying Loss** attributed to a **Constructive Total Loss**.

YOUR RIGHT TO CANCEL: You have the unconditional right to cancel this optional **Addendum** for a refund/credit of the unearned portion of the charge for this **Addendum** at any time. If you cancel within 30 days of the **Addendum** purchase, you will receive a full refund/credit of the **Addendum** cost, provided no loss has occurred. After 30 days, you will receive a refund/credit of the **Addendum** cost calculated by the Pro Rata refund method, or by the refund method as may be required by state or federal law, less a \$50.00 cancellation fee, where such cancellation fee is permitted by law. Cancel fee not applicable for Ford Motor Credit borrowers only. To cancel this **Addendum** and request a refund/credit, you must contact the **Dealer/Creditor**, in writing, at the address shown above. If the refund/credit is not received within 60 days of notice of cancellation, contact the Administrator shown below.

This **Addendum** has no coverage to any **Collateral** where: a) the amount financed is greater than the Maximum Amount Financed Limit; and/or b) the **Financing Contract** term exceeds the Maximum Term stated above.

By your signature below, you acknowledge you have read and understand this **Addendum** and its CONDITIONS and no other verbal representations have been made to you that differ from these written provisions and that this Addendum is not an insurance policy or part of an insurance policy. You authorize release of financing contract or any other information required for processing this addendum or processing of a loss.

_____ Customer/Borrower Signature	_____ Date	_____ Dealer/Creditor Signature	_____ Date
_____ Co-Customer/Borrower Signature	_____ Date	_____ Title	

A **Qualifying Loss** must be reported to the Administrator within 180 days from the **Settlement Date**. No amount will be waived for any **Qualifying Loss** reported after 180 days. In the event there is no **Primary Insurance**, the Customer/Borrower has 180 days from the **Date of Loss** to report a **Qualifying Loss**. A **Qualifying Loss** will cause this **Addendum** to terminate and be fully earned and not subject to any cancellation refund.

QUALIFYING LOSS PROCEDURES: In the event of a **Constructive Total Loss**, you must notify and provide the following to the Administrator. Please submit: 1) a copy of the **Financing Contract** and a copy of this signed **Addendum**, 2) a copy of the **Financing Contract** history and pay-off as of the **Date of Loss**, 3) a legible copy of the police report, which must include confirmation of the **Collateral** shown on this **Addendum**. If a police report is not available, and the cause of loss to **Collateral** was NOT due to theft or fire, a signed and notarized brief description of the loss (including confirmation of the **Collateral**) will be acceptable, 4) a copy of the settlement check, **Collateral** valuation report and total loss breakdown, and Declarations Page issued by the **Primary Carrier**, (provided **Primary Carrier** coverage is in effect on the **Date of Loss**), 5) a copy of the Bill of Sale (aka Buyer's Order, Purchase Agreement, etc.) as well as the manufacturer's invoice or window sticker (if the vehicle was purchased new). If the vehicle was purchased used, a copy of the bookout sheet, 6) verification of any other refundable amounts, 7) any additional or reasonable documentation requested by the Administrator. The Administrator will not be able to obtain this information for you.

REPORT A QUALIFYING LOSS TO OUR ADMINSTRATOR:
PARTNERS ALLIANCE CORPORATION – PO BOX 1630 POWAY CA 92074 – 800 970 3302
Qualifying Loss Documentation Fax Number: 858-513-9224

CONDITIONS

1. Concealment, Misrepresentation and fraud: This Addendum may not cover a qualifying loss if you, the Customer/Borrower intentionally conceal or misrepresent any material fact relating to this Addendum.
2. You are responsible for making at least the minimum payment under the terms of the **Financing Contract** for each payment due scheduled after the **Date of Loss** until the request for a **Qualifying Loss** has been processed.
3. Should you not have collectible automobile physical damage insurance on the **Date of Loss**, it is your responsibility to advise the Administrator within 180 days from the **Date of Loss** and have the **Collateral** available for inspection by the Administrator (inspection will be paid by the Administrator). The Administrator will calculate the **Actual Cash Value** of the **Collateral** immediately prior to the loss.
4. This coverage applies only to a **Qualifying Loss** sustained while the **Collateral** is within the United States of America (USA), its territories or possessions, Canada, or being transported between any parts thereof.
5. This **Addendum** will provide coverage to the **Collateral** where the Amount Financed to Value Ratio (AFVR) exceeds the Maximum AFVR stated above however, the **Addendum** will not cover the amount exceeding the Maximum AFVR.

Administrator: White – Dealer/Creditor: Yellow – Customer/Borrower: Pink – Financial Institution/Lender: Gold

MITIGATION OF LOSS

You should do all things reasonable and practical to avoid any loss covered under this **Addendum** and to protect the **Collateral** from any further loss. You should also take reasonable measures to ensure that the maximum amount of **Actual Cash Value** of the **Collateral** is paid by your **Primary Carrier**.

TERMINATION OF ADDENDUM

This **Addendum** will terminate on the earlier date that one of the following events occurs: 1. the date your **Financing Contract** is scheduled to terminate; 2. upon payment in full of the **Financing Contract**; 3. expiration of any redemption period following the repossession or surrender of the **Collateral**; 4. in the event of a **Constructive Total Loss** or theft of the **Collateral**; or 5. the date the **Financing Contract** is prepaid or the **Financing Contract** if refinanced.

DEFINITIONS

Actual Cash Value (ACV) means the retail value of the **Collateral** on the **Date of Loss**, as listed in a national or regional guide, such as National Automobile Dealers Association (NADA) or an equivalent national or regional guide for the territory in which the **Collateral** is principally garaged.

Collateral is the vehicle described in the schedule of this **Addendum** and described in the **Financing Contract**.

Commercial Purposes means the use of the **Collateral** as a taxicab, public omnibus, jitney or sightseeing conveyance, or for carrying goods or passengers for compensation or hire or the **Collateral** exceeds 12,500 lbs (GVW).

Constructive Total Loss means a direct and accidental loss of or damage to the **Collateral**, which meets one of these criteria: 1.) the total cost to repair the **Collateral** is greater than or equal to the **Actual Cash Value** of the **Collateral** immediately prior to the loss; or 2.) the **Customer/Borrower's Primary Carrier** declares the **Collateral** a total loss. In the case there is no primary insurance coverage, the **Collateral** must be available for the Administrator's inspection (inspection will be paid by the Administrator) to determine if the **Collateral** is a total loss, except in the case of unrecovered theft.

Customer/Borrower - The natural person(s) or business named in the **Financing Contract** purchasing this **Addendum** from the **Dealer/Creditor**.

Date of Loss means the date on which the **Collateral** is reported stolen or incurs physical damage that is severe enough to constitute a **Constructive Total Loss**.

Financing Contract means the contract which represents the financing instrument for the purchase of the **Collateral**, which sets forth the terms, conditions, inception date, and expiration date of the financing instrument.

Financial Institution/Lender means the entity to which your **Financing Contract** is sold, assigned or transferred.

Loan means **Financing Contract**.

Net Payoff means the amount, as of the **Date of Loss**, represented by the portion of your unpaid balance according to the original payment schedule of the **Financing Contract** that is secured by the **Collateral**, subject to the following limitations: the amount does not include any unearned finance charges or loan/financing charges; past due payments/skipped payments as described in the **Financing Contract**; late charges; uncollected service finance charges; refundable prepaid taxes and fees; disposition fees; termination fees; penalty fees; the recoverable portion of finance service charges or the recoverable portion of financed amounts for unearned insurance premiums or refundable charges (including, but not limited to credit life, vehicle service coverages/warranties and guaranteed automobile protection charges) that are owed by you on the **Date of Loss**; and amounts that are added to the financing instrument balance after the inception date of the **Financing Contract**.

Qualifying Loss means the difference between the **Net Payoff** and the **Primary Carrier** settlement or in the event of no **Primary Carrier**, the **Net Payoff** and the **Actual Cash Value**. The **Qualifying Loss** will not exceed the Maximum Limit of Coverage as shown in the **Addendum** schedule. If settlement by the **Primary Carrier** or the **Actual Cash Value** is greater than or equal to the outstanding balance, no **Qualifying Loss** will be afforded under this **Addendum**. **Qualifying Loss** includes the amount of the physical damage deductible on the **Primary Carrier** policy up to \$1,000. In the event that there is no **Primary Carrier** coverage in effect on the **Date of Loss**, or if the **Primary Carrier** is declared insolvent, or if no proceeds are received from the **Primary Carrier** policy, the **Addendum** will only cover the difference between the **Net Payoff** and the **Actual Cash Value** of the **Collateral** on the **Date of Loss**. If there is no **Primary Carrier**, the **Collateral** must be available for inspection by the Administrator (inspection will be paid by the Administrator) to determine if the **Collateral** is a **Constructive Total Loss**, except in the event of an unrecovered theft.

Primary Carrier means the insurance company selected by you prior to the **Date of Loss** that underwrites a policy of insurance providing physical damage coverage on the **Collateral** or the insurance company that provides liability coverage to any person who has caused the **Collateral** to incur a **Constructive Total Loss**.

Settlement Date - the date on which the **Primary Carrier** issues the settlement check for the **Collateral**

Installment Sales Contract means **Financing Contract**.

EXCLUSIONS

In addition to other provisions herein, this **Addendum** does not provide coverage for loss:

- A. occurring prior to the effective date of this **Addendum**.
- B. occurring prior to the **Financing Contract** inception date shown in the schedule.
- C. due to confiscation of the **Collateral** by a government body or public official.
- D. caused by theft, unless a police report is filed.
- E. resulting from the **Collateral** being operated, used, or maintained in any race, speed contest, or other contest.
- F. to the **Collateral** held as security under any wholesale, floor plan, field warehouse, or any type of financing made to a dealership or its employees.
- G. to the **Collateral**, while used for **Commercial Purposes**.
- H. occurring after the **Collateral** has been repossessed by the **Financial Institution/Lender** or placed in their possession or in the possession of their employees or agents.
- I. to **Collateral** with a **Financing Contract** in which the Amount Financed for **Collateral** exceeds the Maximum Amount Financed Limit shown on the front of this **Addendum** at the inception date of the **Financing Contract**.
- J. to **Collateral** with a **Financing Contract** where the contract term exceeds the Maximum Term as shown on the front of this **Addendum**.
- K. for any amounts deducted from the **Primary Carrier** settlement due to wear and tear, prior damage, unpaid insurance premiums, and towing and storage.
- L. to the following vehicles which are excluded from coverage: Aston Martin, Bentley, Daewoo, Ferrari, Lamborghini, Lotus, Maserrati, Rolls Royce, and Yugo.
- M. attributable to other than the standard or optional equipment available from the manufacturer of the **Collateral**, including but not limited to: special carpeting, furniture, bars, audio, video, or data equipment, cooking and sleeping facilities, customized paint, or any equipment installed to overcome a physical handicap. Factory approved conversion packages and dealer installed options usually included in used car value guidebooks are not excluded.
- N. to the **Collateral** with a salvage or rebuilt title at the time of sale or for which title has been changed or re-issued as salvage or rebuilt prior to the **Date of Loss**.
- O. resulting directly or indirectly from any dishonest, fraudulent, criminal, or illegal act, DUI or arising from an intentional act committed by you or any authorized driver.
- P. from a **Financing Contract** that does not have uniform scheduled payments after the first payment is made and/or a **Financing Contract** or **Loan** that is self-financed. The first payment must be made within 45 days of the **Financing Contract** inception date.
- Q. to any **Collateral** financed under a lease agreement/contract.
- R. due to war, whether or not declared, invasion, civil war, insurrection, rebellion, or revolution.

STATE PROVISIONS

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.

Louisiana: Exclusion K amended as follows: for any amounts deducted from **Primary Carrier** settlement due to prior damage, unpaid insurance premiums, and towing and storage.

Nebraska: This gap addendum is not regulated by the Nebraska Department of Insurance.

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 1 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: The Your Right To Cancel section is amended as follows: In the fourth sentence, the language, "To cancel this **Addendum** and request a refund/credit, you must contact the **Dealer/Creditor**, in writing, at the address shown above" is deleted.

Administrator: White – Dealer/Creditor: Yellow – Customer/Borrower: Pink – Financial Institution/Lender: Gold