



# APPI Guaranteed Asset Protection (GAP) Addendum to Retail Installment Sales Contract

## GAP AGREEMENT

The Buyer and the Seller named on Page 1 hereby agree to amend the provisions of the Retail Installment Sales Contract for the Vehicle and Financial Institution referenced on Page 1 as follows: If the Vehicle is deemed a Total Loss by the Primary Insurance carrier for the Vehicle, the Seller agrees to waive the difference between:

- (a) The Outstanding Balance of the Retail Installment Sales Contract on the Date of Loss as detailed in the Outstanding Balance definition and
- (b) The Actual Cash Value of the Vehicle as stated in the Actual Cash Value definition. Up to \$1,000.00 of the Buyer's physical damage insurance deductible, if applicable, is also waived under the Contract, unless otherwise limited by STATE PROVISIONS.

## LIMITATION

No coverage is provided for that portion of a deficiency that results from an original amount financed that exceeds 150% of (1) MSRP for new Vehicles or (2) NADA or equivalent for used Vehicles and will be deducted from the payable Outstanding Balance.

This Contract is only available for purchase on the date of the Retail Installment Sales Contract and provides coverage during the term of the Retail Installment Sales Contract. This Contract does not provide coverage, and will automatically terminate if the Retail Installment Sales Contract is refinanced. This Contract is not transferable to any other Vehicle or Retail Installment Sales Contract. Enrollment is available only at the time the Financial Agreement is originally executed. This Contract will serve as excess coverage over the Primary Insurance policy.

## CONTRACT EXPIRATION

This Contract expires upon the earliest of (1) the original termination date of the Financial Agreement, (2) the early termination of the Financial Agreement, (3) occurrence of a Total Loss, (4) date of repossession of the Vehicle, (5) eighty-four (84) months after the date of this Contract, or (6) any term limitation as set forth in the VEHICLE TYPE AND PROGRAM ELIGIBILITY section hereof. The maximum term of this Contract for which a deficiency may be claimed will not exceed eighty-four (84) months.

## DEFINITIONS

As used in this Contract, the following terms shall have the meanings set forth below:

**Actual Cash Value**, at the Date of Loss means, (1) the Actual Cash Value established by the Primary Insurance company, (2) in the absence of Primary Insurance, the retail value of the Vehicle (per NADA or equivalent market evaluation manual). In the absence of Primary Insurance the terms of this Contract will remain the same. Adjustments will be made for prior unrepaired damage, mileage, usage, condition, applicable taxes or fees, and documented Vehicle options and accessories purchased at the time the Financial Agreement was executed. If it is determined that Your Primary Insurance company did not pay a fair Actual Cash Value and we provide You with evidence obtained in our research, You may be required to contact Your Primary Insurance carrier and request a higher payment.

**Commercial Usage** means utilization of the Vehicle for any commercial purpose. An automobile, van, or light truck utilized for any commercial purpose is excluded unless the Commercial Usage surcharge option has been purchased. A Vehicle registered as commercial or to a business shall be deemed commercial. Vehicles used for livery, delivery services, hire, rental, or as taxicabs are not eligible for coverage hereunder. Trailers, special commercial usage optional equipment, accessories, and body components are not covered.

**Contract** means this Addendum to Retail Installment Sales Contract.

**Date of Loss** means the date on which the damage or theft occurred.

**Delinquent Payment** means any amount as required by the original terms of the Financial Agreement that, as of the Date of Loss, has remained unpaid after the due date.

**Equal Monthly Installment Method** means the presumption of equal monthly installments beginning no more than forty-five (45) days from the purchase date of the Vehicle and amortized over not more than eighty-four (84) months.

**Financial Agreement or Retail Installment Sales Contract** means the document(s) evidencing Your purchase or lease of the Vehicle with a period of not more than forty-five (45) days from the date of purchase to the first payment.

**Financial Institution** means the Dealer, Lienholder or Lessor.

**Outstanding Balance** means the amount in U.S. currency required to satisfy the Financial Agreement payoff as of the Date of Loss. The Outstanding Balance shall be determined based only on the amount You originally borrowed to purchase the Vehicle. Amounts added subsequent to the purchase of the Vehicle, such as but not limited to collateral protection insurance, unearned finance charge, rental charges, taxes, Delinquent Payments, past due amounts, late charges, extensions of maturity, salvage, repo expense, towing and storage are not included. The Outstanding Balance shall be reduced by any proceeds that could be recovered from the cancelling of any items, such as a service contract, credit insurance, or other similar items, that were included in the Financial Agreement. In the absence of Primary Insurance, the Outstanding Balance shall be reduced by any costs incurred in obtaining appraisal or value of the Vehicle.

The Outstanding Balance, at the Date of Loss, shall be determined by the lower of (1) the Financial Agreement original payment schedule or (2) the Equal Monthly Installment Method.

If additional collateral is secured under the Financial Agreement, the described Vehicle shall bear a proportionate share of the total Outstanding Balance (in proportion to the amortized amount You originally borrowed directly related to Your purchase of the Vehicle).

**Primary Insurance** means comprehensive and collision insurance coverage as required under the terms and conditions of the Financial Agreement or any third party insurance responsible for damage to the covered Vehicle.

**Seller** means the entity from which You purchased this GAP Contract or their assignee.

**Territory** means the United States of America, its territories or possessions, and Canada.

**Total Loss** means that the Vehicle is deemed a Total Loss by the Primary Insurance company due to an insured peril. In the absence of Primary Insurance, the covered Vehicle must be available for the Program Administrator's inspection or appraisal to determine if the covered Vehicle is a constructive Total Loss with repairs greater than the Actual Cash Value of the Vehicle immediately prior to the Date of Loss. If the covered Vehicle is not available for inspection or appraisal, no claim will be paid.

**Vehicle** means the motor vehicle described on Page 1 of this Contract. The Vehicle must be garaged and used only in the Territory.

**You, Your, Consumer** means the Purchaser, Buyer, Borrower or Lessee.

## VEHICLE TYPE AND PROGRAM ELIGIBILITY

You are not eligible for this Contract if You do not own the Vehicle. Coverage extends only to the Vehicle and Vehicle accessories included in the original Financial Agreement. In addition, the following limitations, exclusions, and eligibility requirements apply:

**MOTOR VEHICLE: AUTOMOBILE, VAN, OR LIGHT TRUCK.** Includes Vehicles used for personal and/or Commercial Usage that are less than 15,000 pounds gross vehicle weight (GVW) with a market value and/or amount financed less than \$100,000.00 as of the date of this Contract. The maximum term of the Financial Agreement shall be for no more than eighty-four (84) months.

**LEASES, BALLOON FINANCIAL AGREEMENTS AND DEFERRED PAYMENT FINANCING.** The maximum term of any lease, balloon Financial Agreement, or deferred payment Financial Agreement shall be no more than eighty-four (84) months. Leases, balloon Financial Agreements and deferred payment Financial Agreements will be converted to the Equal Monthly Installment Method.

#### **EXCLUSIONS**

This Contract shall be void if there have been any material facts withheld, concealed, or misrepresented or in the event of fraud. No deficiency benefit will be paid under this Contract respecting a Total Loss:

- (1) Occurring prior to its effective date;
- (2) Resulting from DWI/DUI or any intentional act, forgery or any criminal or illegal, intentional, willful, reckless, negligent or wanton act committed by You or any authorized driver;
- (3) On any Vehicle used for emergency services or for any rare, exotic, unusual, limited-production, one-of-a-kind, kit, or customized Vehicle;
- (4) Due to confiscation, forfeiture, seizure, or destruction of a Vehicle by any governmental authority or public official;
- (5) If the Primary Insurance company settlement is equal to or greater than the Outstanding Balance;
- (6) Resulting from any civil commotion, disturbance, riot, or action taken by any governmental authority in dealing with such;
- (7) Resulting from the Vehicle being operated, used, or maintained in any race, speed, or other contest;
- (8) Resulting from nuclear reaction or radiation or radioactive contamination;
- (9) Resulting from Total Loss to the covered Vehicle caused by or resulting from the following: wear and tear, gradual deterioration, obsolescence, rust, corrosion, latent defect, inherent defect, freezing, overheating; 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;
- (10) For any Vehicle held as collateral for any purpose other than purchase of the covered Vehicle; or
- (11) Any loss other than a Total Loss.

**Note:** In addition, there shall be no coverage for any benefits under this Contract unless there is a deficiency paid.

#### **CANCELLATION**

You may cancel this Contract at any time prior to the occurrence of a Total Loss by mailing or delivering written notice of cancellation request to the Dealer/Financial Institution or Program Administrator. The Program Administrator must receive cancellation requests within thirty (30) days of the requested cancellation date. If this Contract is cancelled within thirty (30) days of the date of purchase, You will receive a full refund. If this Contract is cancelled after thirty (30) days from the date of this Contract, the refund will be calculated using the pro rata refund method, less a \$25.00 cancellation fee, unless otherwise indicated in STATE PROVISIONS. The Financial Institution will be named as payee on any refund of this Contract unless Program Administrator is provided with written documentation stating the Financial Agreement has been paid in full. This Contract will not be reinstated after a cancellation has been processed. If we cancel, we will calculate Your refund pro rata. Notice of cancellation will state the effective date of cancellation. The Contract period will end on that date. If You are cancelling this Contract due to early termination of the Financial Agreement, You must provide a written request to the Dealer/Financial Institution or Program Administrator within ninety (90) days of the occurrence of the event terminating the Financial Agreement.

In the event of a Total Loss to the Vehicle, all fees paid for the Contract shall become fully earned and no refund will be made, whether or not a deficiency has been paid under this Contract.

#### **ASSIGNMENT**

The Financial Institution shall have the right to assign its right(s), title, and interests in this Contract at any time. Assignment of the Financial Agreement by the Financial Institution shall not in any way affect the terms and conditions of this Contract. This Contract is void should You transfer the Vehicle to any third party. This Contract is for the sole benefit of the registered Buyer as described on Page 1 of this Contract and may not be assigned or transferred to another person or Financial Institution and is not renewable.

#### **REPORTING A DEFICIENCY**

In the event of a Total Loss, it is Your responsibility to keep Your account current until any deficiency is determined and paid. If there is a Total Loss due to theft of the collateral, You must report the incident to law enforcement authorities within twenty-four (24) hours of the knowledge of the theft. You shall provide the following documentation to the Program Administrator at the address shown below. All copies must be complete and legible. This documentation must be submitted within ninety (90) days from the date of the Primary Insurance company settlement or, in the absence of Primary Insurance, ninety (90) days from the Date of Loss. If the required documentation is not received by the deadline described above, we will not be able to process Your claim.

1. A copy of the Primary Insurance company claim settlement check(s), settlement worksheet and Actual Cash Value evaluation.
2. A copy of the police report.
3. Proof of proceeds recovered from cancellation of refundable items, such as a service contract, credit insurance or other similar items.
4. A copy of the Financial Agreement.
5. Documentation from the Financial Institution detailing the payoff as of the Date of Loss.
6. A copy of the Bill of Sale.
7. A copy of the complete history of the loan showing all payments and transactions.

You shall also provide any other reasonable documentation requested by the Program Administrator that is necessary to complete Your request for a deficiency claim. You may direct all inquiries regarding this Contract to the Program Administrator shown below.

Program Administrator - **Advanced Protection Products International, Inc.**

17732 Highland Rd., Ste. G-158, Baton Rouge, LA 70810 • Telephone 888.366.3774 • Fax Claims to 225.412.3796 • Email Claims to [info@appladmin.com](mailto:info@appladmin.com)

#### **STATE PROVISIONS**

The cancellation fee is not applicable in Colorado, Louisiana, Missouri, New Hampshire, New Mexico, South Carolina, Vermont, Washington, and Wisconsin.

**Colorado:** You have ninety (90) days after the loss settlement from Your Primary Insurance carrier or from the date the Financial Institution notifies you of any deficiency balance owed, whichever is later, to file a GAP claim or seek debt cancellation from the Financial Institution.

**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 Program Administrator.

**Illinois:** There is no deductible coverage available for Vehicles leased in Illinois.

**Kansas:** GAP coverage is not required by the creditor. **GAP coverage may not cancel or waive the entire amount owing at the time of loss.** Kansas Consumers with questions or complaints may contact the Office of the State Bank Commissioner, 700 S.W. Jackson #300, Topeka, KS 66603, (785) 296-2266 or toll free 877-387-8523.

**Louisiana:** The extender of credit hereby agrees, by acceptance of this Contract as an amendment to the Retail Installment Sales Contract upon assignment, to waive Your liability for the difference between the Outstanding Balance (excluding past due amounts, payment extensions, insurance or

other charges as described in this Contract) under the Retail Installment Sales Contract and the Actual Cash Value of Your Vehicle as of the Date of Loss of Your Vehicle. "Wear and tear" in Exclusion (9) does not apply to Louisiana consumers.

**Maryland:** The \$50,000 maximum deficiency benefit is not applicable. "Actual Cash Value" means the retail value of the Vehicle on the Date of Loss, prior to its physical damage or theft, as determined by the Primary Insurance company. If no Primary Insurance company exists, the retail value will be determined by the Program Administrator using the nationally or regionally-recognized guide, such as National Automobile Dealers Association (NADA) or Kelley Blue Book (KBB), based on the best information available on the Vehicle's options, mileage and condition. The "Outstanding Balance" shall not include Delinquent or deferred Payments, past due charges, late payment charges, unearned interest, unearned rental payments, the portion of any financed taxes or charges, including charges for credit life insurance, credit health insurance, credit involuntary unemployment insurance and mechanical repair contracts actually refunded to the Buyer or credited as a reduction to the loan balance, and any Primary Insurance deductible in excess of \$1,000. The following is added and supersedes any other provision to the contrary: "This Contract is only available on Financial Agreements with terms of eighty-four (84) months or less where the amount financed is less than or equal to 150% of the MSRP for a new Vehicle or NADA retail for a used Vehicle as determined on the Contract effective date. No coverage is provided if the term exceeds eighty-four (84) months or if the amount financed exceeds 150%. In the event You receive a Contract with a term exceeding eighty-four (84) months or if the amount financed exceeds 150%, no benefit will be provided; however, You are entitled to a full refund of the GAP Contract cost."

**Minnesota:** **The GAP Waiver is optional. You do not have to purchase this product in order to buy or lease this motor Vehicle. You also have a limited right to cancel.**

**Nebraska:** The Dealer/Financial Institution or Program Administrator must receive cancellation requests within ninety (90) days after the occurrence of the event terminating the Financial Agreement. This GAP Contract is not insurance and is not regulated by the Nebraska Department of Insurance. This GAP Contract remains a part of the Financial Agreement upon the assignment, sale or transfer of such Financial Agreement by the Dealer/Financial Institution.

**Nevada:** **THIS GUARANTEED ASSET PROTECTION WAIVER IS NOT A POLICY OF LIABILITY OR CASUALTY INSURANCE AND DOES NOT SATISFY THE REQUIREMENT TO MAINTAIN LIABILITY INSURANCE PURSUANT TO NRS 485.185. FAILURE TO MAKE A TIMELY PAYMENT UNDER THE TERMS OF THE FINANCE AGREEMENT MAY VOID THE GUARANTEED ASSET PROTECTION WAIVER.**

**Oregon:** If You cancel, You must apply in writing to the Dealer/Financial Institution or Administrator within ninety (90) days after cancellation.

**Pennsylvania:** A portion of the charges You pay for Your GAP coverage will be retained by the Seller.

**South Carolina:** In the event of Your cancellation of this Contract or early termination of the Financial Agreement, You may be entitled to a pro-rata refund of the Contract cost. If the Contract is not financed, the Dealer/Financial Institution will either provide a refund directly to You or give You the option to either receive a pro-rata refund directly or have the refund applied to reduce the amount owed under the Financial Agreement.

**Tennessee:** The cost of this GAP Contract is not regulated and the Consumer has the responsibility to determine whether the cost of the GAP Contract is reasonable in relation to the protection afforded by the GAP Contract. The effective date of any cancellation may be no earlier than ninety (90) days prior to the date such written notice is received by Program Administrator.

**Utah – IMPORTANT NOTICE:** This Contract is subject to limited regulation by the Utah Commissioner of Insurance. A complaint regarding this Contract may be submitted to the Utah Commissioner of Insurance.

**Vermont:** The Seller must assign, sell or transfer, within fifteen (15) business days, the Retail Installment Sales Contract to a Financial Institution as defined in the subdivision 11101(32) of Title 8 or an entity licensed under subdivision 2209(a)(1) or (3) of Title 8 or this Contract is void and You will receive a full refund of the charges of this Contract.

**Washington:** ANY REFUND OF THE PURCHASE PRICE FOR THIS CONTRACT THAT WAS INCLUDED IN THE FINANCING OF THE VEHICLE MAY BE APPLIED BY THE FINANCIAL INSTITUTION AS A REDUCTION OF THE OVERALL AMOUNT OWED UNDER THE FINANCIAL AGREEMENT, RATHER THAN APPLYING THE REFUND STRICTLY TO THE PURCHASE PRICE OF THE CONTRACT. You may cancel this Contract within thirty (30) days of the date of purchase and will be entitled to a full refund of the purchase price, so long as no benefits have been provided. You may cancel this Contract after thirty (30) days from the date of purchase and at any time prior to the occurrence of a Total Loss by providing a written request to cancel to the Dealer/Financial Institution or Program Administrator within ninety (90) days of the event terminating the Financial Agreement. The refund will be calculated using the pro rata refund method. If the cancellation of this Contract occurs as a result of a default under the Financial Agreement or the repossession of the Vehicle associated with the Financial Agreement, or any other termination of the Financial Agreement, any refund due may be paid directly to the Financial Institution to be applied as a reduction of the amount owed unless You can show that the Financial Agreement has been paid in full. This Contract will not be reinstated after a cancellation has been processed. This Contract shall only be void if there has been any intentional withholding, concealment or misrepresentation of a material fact by You or someone acting on Your behalf, or in the event of fraud. This Contract is not credit insurance, nor does it eliminate Your obligation to insure the Vehicle as provided by laws of the State of Washington. Purchasing this Contract does not eliminate Your rights and obligations under the vendor single-interest and collateral protection coverage laws of the State of Washington.

**Wisconsin:** This Contract complies with the Wisconsin Consumer Act, Chapters 421-427 of the Wisconsin Statutes. This Contract is between the Buyer and Seller, or if assigned, with the assignee, pursuant to the terms and conditions of this Contract. This Contract is applicable to Retail Installment Sales Contracts, leases, and balloon loans. This Contract will also terminate upon payment in full of the Installment Sale/Lease Agreement or expiration of any redemption period following the repossession or surrender of the Vehicle. You will not be charged for the cost of any appraisal requested by Program Administrator. To cancel this Contract, contact the Program Administrator at [ Address ], [ Phone Number ]. You are entitled to a refund of the unearned portion of the GAP charge following any termination of this Contract for any reason and a refund will be calculated by the pro-rata method and provided to You following any termination of this Contract. The owner or Lessee of this Vehicle is covered by this Contract. If this Contract is canceled during the first thirty (30) days, the refund will include the amount of any applicable finance charges. This Contract will be deemed fully earned only when a GAP benefit has been or will be paid to You or if the term has expired.

## **Advanced Protection Products International, Inc.**

### **PRIVACY DISCLOSURE AND PROTECTION POLICY**

#### **The Information We Collect**

Advanced Protection Products International, Inc. (sometimes referred to as "APPI", "we," "our," "us") receives certain non-public personal information from our clients and customers in the performance of our services for them. We maintain the confidentiality of such information to the extent required by the Gramm Leach Bliley Act and other privacy laws and regulations applicable to us and our clients and customers.

All of this information comes directly from you in your application for coverage, and it is all the information we receive about you. This information is used to establish the proper price for your vehicle service contract or GAP contract. If we need additional information or want to verify information, we may contact you or the entity that sold you the contract.

#### **What We Do With This Information**

We refer to your personal information when issuing and servicing your contract and settling your claims. We do not disclose information without your consent unless disclosure is necessary to conduct our business. Such disclosures may be made to:

- Adjusters, inspectors, investigators and attorneys to investigate or settle a claim.
- Persons or organizations performing a business or professional function for us.
- Organizations established to detect or prevent crimes or fraud.
- Our affiliated companies.

#### **Access to Information**

We limit our own employees' access to customer information. Only those employees who need to know information about you in order to provide products or services are allowed access to your personal information. We maintain physical, electronic and procedural safeguards in accordance with accepted standards and practices to protect your non-public information.