



ESSENTIAL GAP

CE GAP 125% (08/17)

DEFICIENCY WAIVER ADDENDUM

This Guaranteed Asset Protection (GAP) Addendum (Addendum) amends **YOUR Financing Contract**. This Addendum is between the **Customer/Borrower** (I, **YOU, YOUR**) and the **Dealer/Creditor** (We, Us, Our) or if assigned, with the assignee.

CUSTOMER/BORROWER INFORMATION

LAST NAME _____ FIRST NAME _____ MIDDLE INITIAL _____
STREET ADDRESS _____ APT # _____
CITY _____ STATE _____ ZIP CODE _____
HOME PHONE # _____ BUS. PHONE # _____ EMAIL _____

COVERED VEHICLE INFORMATION MONTHLY PAYMENT \$ _____ INTEREST RATE _____ %

MANUFACTURER _____ MODEL _____ YEAR _____

VEHICLE ID NUMBER _____

CHARGE TO CUSTOMER FOR DEFICIENCY WAIVER ADDENDUM \$ _____ ORIGINAL DATE OF CONTRACT _____

INSTALLMENT SALES AMOUNT FINANCED/ *MSRP/NADA \$ _____ Mileage: _____

CONTRACT / LOAN BALLOON LOAN/ LEASE LEASE CAP \$ _____ **TERM (IN MONTHS) _____ NEW VEHICLE USED VEHICLE

DEALER/CREDITOR INFORMATION *Maximum Eligibility Limit **125%** MSRP/NADA **Maximum Loan Term **48** Months

DEALER # _____ DEALERSHIP _____

STREET ADDRESS _____

CITY _____ STATE _____ ZIP CODE _____

LENDER/FINANCIAL INSTITUTION INFORMATION

LENDER/FINANCIAL INSTITUTION _____ ACCOUNT # _____

STREET ADDRESS _____

CITY _____ STATE _____ ZIP CODE _____

YOU have voluntarily elected to purchase this Addendum which amends **YOUR Financing Contract**. **This Addendum is not considered insurance and does not take the place of insurance on the Covered Vehicle.** **YOU** are responsible for insurance required by the **Financing Contract** or applicable state law. **YOU** are responsible for handling all notifications or insurance claims that are required to be filed with **YOUR Primary Carrier**.

In the event of a **Constructive Total Loss** to the **Covered Vehicle**, the **GAP Amount** will be **Waived** pursuant to all of the terms and conditions of this Addendum. **YOU** will remain responsible for payment of any items not included in the **GAP Amount**.

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 any cancellation occurs within thirty (30) days of the Addendum purchase **YOU** will receive a full refund/credit of the Addendum cost. After thirty (30) days, a refund/credit of the Addendum cost will be 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. All refund amounts will be returned to the Lender, unless proof of total payoff of the Financing Contract is provided by **YOU**. If **YOU** choose to cancel the Addendum **YOU** must request a refund/credit, from the Dealer/Creditor, in writing within 90 days of **YOUR** request to cancel this addendum, at the address shown above. If **YOU** do not receive the refund/credit within sixty (60) days of notice of cancellation/termination, contact the GAP Administrator shown above to assist **YOU** in obtaining any refund due.

ASSIGNMENT: This Addendum will remain a part of the Financing Contract if the Financing Contract or lease is assigned, sold or transferred by the Dealer/Creditor.

REPORT YOUR TOTAL LOSS TO OUR GAP ADMINISTRATOR:

Norman and Company, Inc.
106 State Street East / Oldsmar, FL 34677 / (800) 930-4633 / www.classictrak.com

All Benefit requests must be submitted and required documentation provided to the GAP Administrator within ninety (90) days of settlement from an insurance carrier; or if no insurance coverage is in effect on the Date of Loss within ninety (90) days of the accident, theft or discovery of loss. No GAP Amount will be Waived if the Benefit request is not submitted and required documentation provided within these stated time periods. **BENEFIT REQUEST PROCEDURES:** In the event of a **Constructive Total Loss**, **YOU** must provide a copy of all the following if applicable to the GAP Administrator shown above. 1. Vehicle valuation statement; 2. Estimate of damage; 3. Insurance settlement check; 4. Automobile insurance policy declaration page; 5. Original Financing Contract including this Addendum; 6. Payoff from the Lender as of the Date of Loss; 7. Loan history; 8. Accident/police report; 9. Fire report (if applicable); and/or 10. Any additional reasonable documentation requested by the Dealer/Creditor or the GAP Administrator to include, but not limited to, a sworn proof of loss, and/or examination under oath.

TERMINATION OF ADDENDUM This Addendum will terminate on the date **YOUR Financing Contract** is scheduled to terminate and no refund will be due. A refund may be due if the Addendum terminates for reasons including but not limited to: 1. Payment in full of the Financing Contract prior to its maturity date; 2. Expiration of any redemption period following the repossession or surrender of the Covered Vehicle; 3. In the event of a Constructive Total Loss or theft of the Covered Vehicle; or 4. The date the Financing Contract is refinanced. **YOU** must request a refund, in writing, except where prohibited by law from the Dealer/Creditor for any terminating event.

YOU MAY PURCHASE THIS ADDENDUM ONLY AT THE TIME THE FINANCING CONTRACT IS ORIGINALLY EXECUTED. BY YOUR SIGNATURE BELOW, YOU ACKNOWLEDGE AND AGREE THAT YOUR ACCEPTANCE OF THIS GAP ADDENDUM IS VOLUNTARY AND IS NOT REQUIRED IN ORDER FOR YOU TO OBTAIN CREDIT, DOES NOT IMPACT YOUR ABILITY TO OBTAIN ANY PARTICULAR OR MORE FAVORABLE CREDIT TERMS, AND HAS NO EFFECT ON THE TERMS OF THE RELATED SALE OF THIS COVERED VEHICLE. The GAP Amount may decrease over the term of **YOUR Financing Contract** and may not extend for the full term of **YOUR Financing Contract**. **YOU** may wish to consult an alternative source to determine whether similar Benefits may be obtained and at what cost. **YOU** acknowledge that this Addendum supersedes any other representations made. If **YOU** purchase this Addendum from this Dealer/Creditor, **YOU** understand that the Dealer/Creditor may retain all or a portion of the charge paid by **YOU**. This Addendum includes a binding arbitration clause. **YOU** acknowledge that **YOU** have read and understand the entire Addendum and its terms and conditions which may reduce or prevent **YOU** from receiving all or part of the Benefits due under this Addendum. Yes, I accept this GAP addendum and its terms and **Conditions**.

DATE _____ CUSTOMER SIGNATURE _____ DEALER SIGNATURE _____

DEFINITIONS

■ **Actual Cash Value (ACV):** The retail value of the Covered Vehicle, on the Date of Loss, as listed in a national or regional guide, such as National Automobile Dealers Association (NADA) or, at the GAP Administrator's discretion, the GAP Administrator may use an equivalent national or regional guide for the Territory in which the Covered Vehicle is principally garaged. For a Covered Vehicle which has no retail value available, or is located in territories where NADA or an equivalent national or regional guide is not customarily used, ACV will be determined using the best information available to the GAP Administrator, which accurately reflects the retail value of the Covered Vehicle and is customarily used as the basis for establishing ACV for Covered Vehicle in the Territory of the Covered Vehicle location.

■ **Benefit:** The amount which the Dealer/Creditor is obligated to Waive under the definition of GAP Amount and pursuant to all of the terms and conditions of this Addendum.

■ **Constructive Total Loss:** A direct and accidental loss of or damage to Covered Vehicle, which meets one of these criteria: 1. the total cost to repair the Covered Vehicle is greater than or equal to the ACV of the Covered Vehicle immediately prior to the Date of Loss; or 2. the Covered Vehicle is stolen and is not recovered within thirty (30) days from the date a police report was filed, and an insurance carrier declares the Covered Vehicle a Constructive Total Loss. In the case there

is no primary insurance coverage, **YOU** must provide an inspection or appraisal to determine if the **Covered Vehicle** is a **Constructive Total Loss**. If the **Covered Vehicle** is not available for inspection or appraisal the **GAP Amount** will not be **Waived** except when the **Constructive Total Loss** is due to unrecovered theft and a police report has been filed. In the event of a theft where the **Covered Vehicle** is recovered and returned to the **Customer/Borrower** after thirty (30) days, any **GAP Amount** that has been **Waived** shall be returned to the lender.

■ **Covered Vehicle:** Any four-wheel private passenger automobile, van, or light truck, as described in the **Financing Contract**, utilized for personal purposes and which is not otherwise excluded from coverage within this Addendum.

■ **Customer/Borrower:** The person(s) named in the **Financing Contract** receiving a **Financing Contract** from the **Lender**.

■ **Date of Loss:** The date on which the **Covered Vehicle** is stolen or incurs physical damage that is severe enough to constitute a **Constructive Total Loss**.

■ **Dealer/Creditor:** The entity originating the **Financing Contract** and who may assign, sell or transfer the **Financing Contract** to a **Lender**.

■ **Delinquent Payment:** Any payment, which is paid after the due date stated in the **Financing Contract**. The **Delinquent Payment** will be determined as of and limited to amounts past due on the **Date of Loss**.

■ **Finance Benefit Limit:** The Manufacturer's Suggested Retail Price (MSRP) for new vehicles or the NADA retail value for used vehicles multiplied by the **Finance Benefit Limit** percentage as stated in this Addendum.

■ **Financing Contract:** means the financing agreement, loan agreement, retail installment contract, or lease agreement, between the **Borrower** and the **Dealer/Creditor**. Such agreement may be assigned, transferred to or purchased by a **Lender** for the purchase or lease of the **Covered Vehicle**.

■ **GAP Administrator:** The entity designated by the **Dealer/Creditor** to perform administrative services for this Addendum.

■ **GAP Amount:** The **GAP Amount** is the difference between the **Net Payoff** on the **Date of Loss** and the **Primary Carrier** settlement but not to exceed \$5,000. The **GAP Amount** includes the amount of **YOUR** physical damage deductible on the **Primary Carrier's** policy up to \$1,000. In the event there is no **Primary Carrier** coverage in effect on the **Date of Loss**, or the **Primary Carrier** denies coverage or is declared insolvent, or if the **Primary Carrier** policy limits are less than the **Actual Cash Value** of the **Covered Vehicle**, the **Lender** will only **Waive** the difference between the **Net Payoff** as of the **Date of Loss** and the **Actual Cash Value**.

■ **Lender/Financial Institution:** Entity to whom the **Dealer/Creditor** assigns, sells or transfers the **Financing Contract**.

■ **Net Payoff:** The amount, as of the **Date of Loss**, as represented by the portion of the **Customer/Borrower's** unpaid balance according to the original payment schedule of the **Financing Contract** that is secured by collateral pursuant to all of the terms and conditions of this Addendum.

- The amount does not include any unearned finance charges; lease or **Financing Contract** charges; late charges; any **Delinquent Payments**; deferred payments; uncollected service charges; refundable prepaid taxes and fees; disposition fees; termination fees; penalty fees; the recoverable portion of financed insurance charges; or the recoverable portion of financed amounts for unearned insurance premiums or refundable charges (including, but not limited to credit life, vehicle service contracts/warranties and guaranteed asset protection charges) that are owed by the **Customer/Borrower** on the **Date of Loss**; and amounts that are added to the **Financing Contract** balance after the inception date of the **Financing Contract**.

- On a **Financing Contract** or lease that does not have **Uniform Monthly Payment** terms, unless Balloon or Lease is checked on the front of the Addendum, for the full period of the **Financing Contract**, the **Net Payoff** amount will be determined as if all payments were distributed evenly on a monthly basis, over the full term of the **Financing Contract**, and using the original amount financed, interest rate and monthly payment.

- In the event the amount financed exceeds the **Finance Benefit Limit** at inception date of the Addendum, the **Net Payoff** will be reduced by the percentage the original amount financed exceeds the **Finance Benefit Limit**.

- If the **Financing Contract** exceeds the Maximum Term of GAP, the **Net Payoff** will be calculated using the Maximum Term of GAP.

■ **Primary Carrier:** The insurance company that is selected by the **Customer/Borrower** to provide physical damage coverage on the **Covered Vehicle**; or provides liability coverage to any individual who has caused **YOUR** vehicle to incur a **Constructive Total Loss**. For the purposes of this Addendum, insurance that is forced placed, after the **Date of Loss**, is not considered a **Primary Carrier**.

■ **Self-financed** - A financing contract/loan/lease that is funded and retained by the selling dealer or an affiliate.

■ **Settlement Date:** The date the insurance carrier issues payment for the **Customer/Borrower's Covered Vehicle** for the **Constructive Total Loss**.

■ **Uniform Monthly Payment:** Installment payments that are equal in amount, except first and final payment, and are due at equal weekly or monthly intervals.

■ **Waive:** The cancelling of a debt due on Customer/Borrower's Financing Contract pursuant to all of the terms and conditions of this Addendum.

EXCLUSIONS

A) **Benefits shall not be provided upon the occurrence of a Constructive Total Loss:**

1. when a **Date of Loss** is prior to the date of the Addendum
2. for any amounts deducted from the insurance carrier's settlement due to wear and tear, prior damage, unpaid insurance premiums, salvage, towing and storage and other condition adjustments.
3. to a vehicle used for commercial purposes including but not limited to transportation of persons or property for hire, compensation, profit, or in the furtherance of a commercial enterprise which includes but is not limited to one or more of the following: 1. a business name is permanently displayed on the vehicle; 2. vehicle is declared or deducted on federal income tax as a business vehicle; and 3. the primary insurance for the vehicle is a Business Auto Policy or Commercial Vehicle Policy. Share-the-expense car pools are not considered a commercial purpose.
4. when a **Constructive Total Loss** occurs during or after confiscation of Covered Vehicle by a government body or public official.
5. when a **Constructive Total Loss** is caused by theft, where an accident/police report has not been filed.
6. when a **Constructive Total Loss** is a result of being operated, used, or maintained in any race, speed contest, or other contest.
7. when a **Constructive Total Loss** occurs during or after the **Covered Vehicle** has been repossessed by a **Lender** or placed in the **Lender's** or its employee's or agent's possession.
8. when a **Constructive Total Loss** results directly or indirectly from any fraudulent, deceptive, illegal, or criminal act by **YOU**, whether acting alone or in collusion with others.
9. when a **Constructive Total Loss** may reasonably be expected to result from intentional or criminal acts of a **Customer/Borrower** or their permissive user while committing a felony, including but not limited to DUI/DWI, or while seeking to elude lawful apprehension or arrest by a law enforcement official. No **GAP Amount** will be **Waived** until the charge has been dismissed or adjudicated not guilty.
10. when a **Constructive Total Loss** occurs prior to a final **Finance Contract** approval.
11. unless a **Constructive Total Loss** occurs within: 1. the United States of America, its territories or possessions; 2. in Canada; or 3. being transported between any of the previously stated.

B) **Benefits shall not be provided** for the following items:

1. when the **Customer/Borrower** purchased coverage after the effective date of the **Financing Contract**.
2. the following vehicles which are excluded from coverage: Any vehicle in excess of 12,500 lbs GVWR, Daewoo, Bentley, Lamborghini, Lotus, Maserati, Ferrari, Rolls Royce, Yugo, Aston Martin, RV's, boats, ATV's, snowmobiles, motorcycles, and trailers.
3. for any vehicle with a salvage or rebuilt title as of the effective date of the **Finance Contract** or for which title has been changed or re-issued as salvage or rebuilt prior to the **Date of Loss**.
4. 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, trailers, special commercial usage optional equipment, accessories and body components. This exclusion does not include: factory approved conversion packages and dealer installed options usually included in used car value guidebooks or attributable to standard or optional equipment available from the manufacturer of the **Covered Vehicle**.
5. a vehicle with a Manufacturer's Suggested Retail Price (MSRP) or NADA retail value of more than \$50,000, or if the Amount Financed exceeds \$50,000.
6. a vehicle classified as a lemon and has not been corrected.
7. a **Financing Contract** that requires the first payment to be made more than thirty (30) days from the date of the **Financing Contract**.

MITIGATION OF LOSS: **YOU** should do all things reasonable and practical to avoid or reduce any loss under this addendum and to protect the **PROTECTED VEHICLE** from any further loss. **YOU** should also take reasonable measures to ensure that the maximum amount of actual cash value of a **PROTECTED VEHICLE** is paid by the **PRIMARY CARRIER**. Any loss due to **YOUR** failure to protect the vehicle or maximize settlement from the **PRIMARY CARRIER** shall not be recoverable under this addendum.

ARBITRATION

YOU agree that any claims or disputes arising from or relating to this **Addendum**, whether in contract, tort, pursuant to statute, regulation, ordinance or in equity or otherwise and whether **YOUR** dispute is with Administrator or Provider will be settled by impartial arbitration. Each party hereby agrees it will be administered under the rules of the American Arbitration Association (AAA) in effect when the Claim is filed.

The parties agree that arbitration will be heard by a single arbitrator either by telephone, or in the county of **YOUR** residence. **YOU** must notify the Administrator in writing of **YOUR** desire to submit **YOUR** issue to arbitration. The arbitrator shall be selected by mutual agreement of the parties. If the parties are unable to agree to an arbitrator, the arbitrator will be selected by a court of competent jurisdiction.

YOU agree to abide by the arbitrator's decision and share the cost of the arbitration equally, unless the arbitrator directs otherwise. If this section conflicts with the statutory or regulatory arbitration provision in the state in which this **Addendum** was purchased, the state's arbitration rules will govern.

Any **Addendum** that has **Ford Motor Credit** as its lender will not be subject to any arbitration language or rules.

FRAUD AND MISREPRESENTATION This Addendum is issued in reliance upon the truth of all representations made by **YOU**. A **GAP Amount** will not be **Waived** as to any **Financing Contract** where **YOU**: 1. Intentionally concealed or misrepresented any material fact; 2. Engaged in fraudulent conduct; or 3. Made a false statement relating to submitting a **Benefit** request. If **YOU** have concealed or misrepresented any material fact(s) concerning this coverage, or in case of fraud, attempted fraud, or the false swearing by affecting any matter relating to this coverage, whether before or after the **Benefit** request, this Addendum may be voided and all charges will be returned. All refunds are the responsibility of the **Dealer/Creditor**.

STATE PROVISIONS

The cancellation fee and processing fee is not applicable in Kansas, Indiana, Louisiana, Missouri, New Mexico, South Carolina, Vermont and Wisconsin.

Alabama: The cost of the GAP Addendum is not regulated and **YOU** should determine whether the cost of this GAP Addendum is reasonable.

Alaska: The **GAP Addendum** will not waive the deductible on the **PRIMARY CARRIER's** policy. The Customer will be responsible to pay the deductible portion to the creditor.

Illinois: Exclusion D. is amended as follows: "including but not limited to DUI/DWI," is deleted.

Kansas: The **CONDITIONS** Section is amended by deleting exclusion C. **CONDITION** Section E. **ASSIGNMENT** is deleted and replaced by the following: Assignment: This addendum will remain part of the **FINANCING CONTRACT** with no subrogation rights against **YOU** if the **FINANCING CONTRACT** or lease is assigned, sold or transferred by the **DEALER**. Exclusion D. is amended as follows: "including but not limited to DUI/DWI," is deleted. If **YOU** have complaints regarding this Addendum **YOU** may contact the Office of the State Bank Commissioner, 700 S.W. Jackson #300, Topeka, KS 66603, (785) 296-2266 or toll free 1-877-387-8523. **GAP coverage may not cancel or waive the entire amount owing at the time of loss.**

Maine: The "**EXCLUSIONS**" section is amended to add O. The GAP Addendum will not apply to **FINANCE CONTRACT** that are designated as "Lease".

Minnesota: THE GUARANTEED ASSET PROTECTION (GAP) WAIVER (ADDENDUM) 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.

YOUR RIGHT TO CANCEL section is deleted in its entirety and replaced with the following: **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 any cancellation occurs within thirty (30) days of the Addendum purchase YOU will receive a full refund/ credit of the Addendum cost, so long as no benefits have been provided. After thirty (30) days, a refund/credit of the Addendum cost will be calculated by the pro rata method, or by the refund method as may be required by state or federal law, less a \$50.00 cancellation fee. All refund amounts will be returned to the lender, unless proof of total payoff of the FINANCING CONTRACT is provided by YOU. If YOU choose to cancel this Addendum, YOU must request a refund/credit within sixty (60) days of notice of cancellation/termination, contact the GAP administrator shown above to assist YOU in obtaining any refund due.**

Mississippi: The Guaranteed Asset Protection (GAP) Addendum **YOU** are purchasing is between **YOU** and the **DEALER/CREDITOR** and is not supported by a manufacturer or distributor; however, this Addendum is administered by Norman & Company, Inc./Classic. Terms defined in this Amendment have the meanings set forth in **YOUR** Addendum.

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

South Carolina: THIS GAP WAIVER IS NOT REQUIRED TO OBTAIN CREDIT, NOR TO OBTAIN CERTAIN TERMS OF CREDIT OR TO PURCHASE THE RELATED MOTOR VEHICLE. THIS GAP WAIVER WILL NOT BE PROVIDED UNLESS YOU SIGN AND AGREE TO PAY THE ADDITIONAL COST.

TERMINATION OF ADDENDUM section is deleted in its entirety and replaced with the following: This Addendum will terminate on the date **YOUR FINANCING CONTRACT** is scheduled to end and no refund is due. The Addendum will also terminate for the following reasons, including but not limited to: 1. Payment in full of the **FINANCING CONTRACT**; 2. Expiration of any redemption period following the repossession or surrender of the **COVERED VEHICLE**; 3. In the event of a **CONSTRUCTIVE TOTAL LOSS** or theft of the **COVERED VEHICLE**; or 4. The date the **FINANCING CONTRACT** is refinanced; and in these events a refund may be due if no benefits have been provided. **YOU** must request a refund, in writing from the **DEALER/CREDITOR** for any terminating event within ninety (90) days of the occurrence of such event. **YOUR RIGHT TO CANCEL** section is deleted in its entirety and replaced with the following: **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 this Addendum during the first thirty (30) days from the Addendum purchase date, YOU will receive a full refund/credit of the Addendum cost, so long as no benefits have been provided. If YOU cancel this Addendum cancellation occurs after the first thirty (30) days from the Addendum purchase date, a refund/credit of the Addendum cost will be calculated by the pro rata method, or by the refund method as may be required by state or federal law. All refund amounts will be returned to the Lender, unless proof of total payoff of the FINANCING CONTRACT is provided by YOU. If YOU choose to cancel this Addendum, YOU must request a refund/credit, from the DEALER/CREDITOR, in writing, at the address shown above. If YOU do not receive the refund/credit within sixty (60) days of notice of cancellation/termination, contact the GAP Administrator shown above to assist YOU in obtaining any refund due.**

NEVADA: A GAP 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 GAP waiver.

Tennessee: The cost of this addendum is not regulated and **YOU** have the responsibility to determine whether the cost of this addendum is reasonable in relation to the protection afforded by this addendum.

Utah: This addendum is subject to limited regulation by the Utah Insurance Commissioner and a complaint regarding this addendum may be submitted to the Commissioner at the Utah Department of Insurance, State Office Building, Room 3110, Salt Lake City, UT 84114.

Vermont: WE must assign, sell or transfer, within 15 business days, the Retail Installment sale contract/loan/lease to a Financial Institution as defined in the subdivision 11101(32) of Title 8 to an entity licensed under subdivision 2209(a)(1) or (3) of Title 8 or this addendum is void and **YOU** will receive a full refund of the charges of this addendum. The extension of credit, the terms of the credit nor the terms of the related sale in the case of a motor vehicle are to be conditioned upon the purchase of a debt protection agreement.