

# Guaranteed Asset Protection (GAP) Quick Reference Card Credit Union West

## What is GAP?

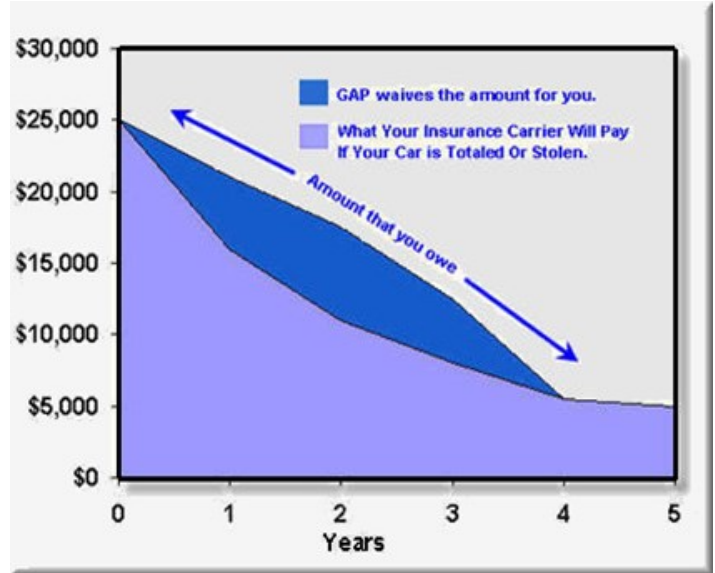
If a vehicle is totaled or stolen, the borrower's primary insurance company settlement can be significantly less than the outstanding loan balance. This may create a deficiency balance or a "gap" resulting in a serious financial hardship for your borrower. The "gap" may even jeopardize repayment of the loan. GAP is designed to relieve your borrower of the responsibility for the remainder of the loan balance that their primary insurance carrier does not cover.

## What does GAP cover?

GAP covers the difference between the borrower's outstanding loan balance and the actual cash value of the vehicle (primary insurance company settlement) less any deductions listed in the Exclusions section on page 2 of this guide. GAP also covers up to \$1,000.00 of the borrower's deductible if there is a "gap" after the primary insurance settlement is paid. It is covered as part of the deficiency balance and is not paid directly to the borrower.

## GAP Advantage Benefit

Your borrower may be eligible to receive an additional \$1,000 benefit. This \$1,000 is used toward the purchase of a replacement vehicle when financed through your financial institution. To receive the \$1,000 Advantage benefit, there must be a total loss, and a new loan must be made for the replacement vehicle at your institution within 90 days of when the vehicle is determined to be a total loss.



## Borrower Benefits

- Low cost protection with a 60-day free look
- Eliminates the out-of-pocket expense for the remaining loan balance after loss settlement
- Helps the borrower avoid financial hardship and afford a replacement vehicle
- Prevents deficiency balance from being added to new loan
- Helps protect the borrower's credit rating
- Additional \$1,000 to help with new vehicle purchase

## How to offer GAP to borrowers (Use this script to offer GAP to borrowers)

"Purchasing this vehicle is an important decision for you. Did you know that if this vehicle were to be totaled or stolen, your insurance company might not pay off the entire loan balance?"

That's because your insurance company settlement is based on the vehicle's actual cash value. And because of the way cars depreciate, the outstanding loan balance is usually higher than the actual cash value. You could end up having to pay off a remaining loan balance for a vehicle you can no longer drive.

We do have a product called Guaranteed Asset Protection that can save you from suffering such a financial loss. GAP would waive the difference between your insurance settlement and your loan balance and may even waive up to \$1,000.00 of your insurance deductible as part of the deficiency balance. It will also provide an additional \$1,000 towards a replacement vehicle if you finance it here. To thank you for purchasing GAP, we will provide you with the Auto Advantage Program which includes the Auto (DR) benefit.

[Reference Guide with Borrower](#))

pensive protection?"

Example:	
<b>Insurance Settlement:</b>	
Vehicle ACV	\$11,000
Insurance Deductible	\$500
Insurance Settlement	\$10,500
<b>Loan Settlement:</b>	
Outstanding Balance	\$15,000
Insurance Settlement	\$10,500
Deficiency Balance	\$4,500
GAP Waiver Amount	\$4,500
<b>Without GAP, your borrower remains liable for the deficiency balance.</b>	

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Eligible Collateral	Loan Eligibility		Coverage Limitations				
	Max Loan Term	Max Loan Amount	Max Term Coverage	Max LTV% (MSRP/NADA Retail)	Delinquent Payments (Life of Loan)	Skipped Payments (Per Year)	Borrower Premium
Autos, Vans, Light Trucks	84 months	\$100,000	84 months	150%	30 days	0	Nonref \$499
Motorcycles	240 months	\$50,000	84 months	150%	30 days	0	Nonref \$499
All-Terrain (ATV's)	240 months	\$50,000	84 months	150%	30 days	0	Nonref \$499
Jet Ski's	240 months	\$50,000	84 months	150%	30 days	0	Nonref \$499
Snowmobiles	240 months	\$50,000	84 months	150%	30 days	0	Nonref \$499
Golf Carts	240 months	\$50,000	84 months	150%	30 days	0	Nonref \$499
Boats	240 months	\$125,000	84 months	125%	30 days	0	Nonref T1-\$620 T2-\$934 T3-\$1,206 T4-\$1,936
Motor Homes	240 months	\$125,000	84 months	125%	30 days	0	Nonref T1-\$620 T2-\$934 T3-\$1,206 T4-\$1,936
Travel Trailers	240 months	\$125,000	84 months	125%	30 days	0	Nonref T1-\$620 T2-\$934 T3-\$1,206 T4-\$1,936
*The GAP Amount waived on all eligible collateral shall not exceed \$50,000.							Monthly Bill borrower premiums must be quoted using iQQ.

## Coverage Exclusions (Discuss with borrower)

- Interest accrued after the date of loss
- Amounts that are built into or added to the loan balance after the inception date of the loan
- Late charges or other fees added after loan inception
- Recoverable portion of service warranties and single premium credit life disability insurance
- Deductions made by primary carrier for towing fees, storage fees, and for damage previously paid to borrower
- The amount of salvage deducted from the primary's insurance settlement if borrower purchases the salvage
- Commercial either partially or entirely under a business/corporation name or used to carry passengers/goods for compensation (i.e. taxies, limos)
- Salvage or reconstructed vehicles
- Losses due to forgery, dishonest acts or intentional losses
- Loans that defer the first required monthly payment more than ninety (90) days
- Lease and Balloon Note Loans

## ACV Determination

The borrower's primary insurance carrier determines the actual cash value of the vehicle. If there is no primary insurance carrier, the underwriter will determine the vehicle's value using NADA Retail.

## Refinances, Loan Add-ons and Modifications

GAP covers the terms of the loan under which it was sold therefore, any modifications to the loan that would increase the balance, cause the loan to pay down more slowly, or extend the original loan term would require the purchase of a new GAP Waiver.

## Multiple Collateral Loans

A waiver should be purchased for each piece of collateral (subject to the LTV%, listed above, for either vehicle) in case a loss should occur on either. If either vehicle is totaled or stolen, the outstanding balance at the time of loss will be adjusted to the percentage of the loan balance secured by that vehicle. The remaining amount of loan that is secured by the other vehicle(s) will still be outstanding.

## Claims

A GAP claim must be filed within 60 days from the date of the primary carrier's settlement. If there is no primary carrier, the claim must be filed within 60 days from the date of loss. To obtain the additional GAP Advantage benefit, a replacement vehicle must be financed at your institution within 90 days and a claim for the Advantage benefit must be filed within 95 days from the date of loss or date of primary carrier's settlement.

## Refunds

A GAP Waiver Addendum may be cancelled for a full refund during the 60 day Free Look Period. If a cancellation request is received after the Free Look Period, the fee for a Nonrefundable GAP Waiver Addendum would be nonrefundable and the fee for a Refundable GAP Waiver Addendum would be . A GAP Waiver Addendum that is paid for in monthly installments would be fully refundable during the Free Look Period. If a cancellation request is received after the Free Look period, the GAP Waiver Addendum fee will be . After two unsuccessful debit attempts to a borrower's account the GAP Waiver Addendum will be cancelled by us for non-payment, and no refund will be due.

In the event of a total loss, the GAP Waiver Addendum fee will be deemed fully earned and therefore, no refund will be due.

## Questions?

Please call Client Services Service Center: 800-981-5689, Option 3

