



(877) 243-6694

P.O. BOX 25570, SANTA ANA, CA 92799

GAP WAIVER ADDENDUM

Please carefully review all of the terms and conditions of the GAP Waiver Addendum prior to signing.

Please note that this GAP Waiver Addendum will only be valid if your vehicle is financed by Southern Hills Acceptance.

Borrower			Seller/Dealer		
Borrower Address			Dealer Address		
City	State	ZIP	City	State	ZIP
Vehicle Year	Vehicle Make		Model		
Vehicle ID Number (VIN)		Sale Date		Amount Financed	
MSRP/KBB (Retail)		Mileage	Term in Months		

YES, I elect the GAP Waiver

You understand that the purchase of GAP Waiver addendum is voluntary and is not required by Southern Hills Acceptance to obtain credit. You understand that this GAP Waiver Addendum is not an offer of insurance coverage. You understand that by purchasing the GAP Waiver Addendum for your installment sales contract that Southern Hills Acceptance waives, in the event of a Constructive Total Loss, its contractual right to hold you liable for the GAP Amount, subject to the provisions and exclusions identified on this election form. You will remain fully liable for any portion of the balance that is not waived by this GAP Addendum. You understand that this GAP Addendum is not a substitute for collision or property damage insurance. You understand that Southern Hills Acceptance may retain all of the one-time fee, or pay a portion to a third party as a service fee, or for indemnification. Customer has reviewed and agreed to the terms and conditions on page 2 of this agreement.

This Waiver DOES NOT include

- 1) Any refundable additions to the amount financed including such items as service contracts, warranties, and insurance
- 2) Delinquent Payments.
- 3) Late charges, fees, extensions and/or amounts added after installment sales contract inception.

- 4) Any amounts deducted from the primary carrier's settlement due to wear and tear, prior damage, unpaid insurance premiums, salvage (if not disclosed on the sales contract), towing and storage and other condition adjustments.
- 5) Portion of installment sales contract at inception date that exceeds 150% of MSRP (new vehicles) or 130% of Kelly Blue Book (KBB)

Signature of Account Holder(s):

Date

Customer Signature (Borrower)

Date

Customer Signature (Co-Borrower)

***The Primary Insurance deductible is waived only to the extent it is part of the "GAP Amount".**

NO, I do not elect the GAP Waiver

In the event your vehicle is stolen or a total loss and your insurance company pays less than the unpaid net balance of your installment sales contract, you understand you will be fully responsible for any deficiency balance.

Signature of Account Holder(s):

Date

Customer Signature (Borrower)

Date

Customer Signature (Co-Borrower)

TERMS AND CONDITIONS OF THE GAP WAIVER ADDENDUM

This GAP Waiver Addendum is incorporated into and supplements the terms of the Installment Sales Contract. By electing this GAP Waiver Addendum, the Debtor agrees to the terms below and on the reverse side, which are incorporated by reference into this Addendum.

DEFINITIONS

For the purposes of this GAP Waiver Addendum, the following words are defined and their meanings will be as follows:

"We", "us", and "our" refer to Southern Hills Acceptance; **"I", "you" and "your"** means the borrower/debtor/buyer.

"GAP Amount" means the difference between the primary carrier's physical damage insurance payments for a Constructive Total Loss or, if uninsured, the collateral's Actual Cash Value and the Unpaid Net Balance of the Installment Sales Contract as of the Date of Loss. If you are entitled to collect amounts from others, including but not limited to, primary and other insurance, or salvage sale including tax and license, that portion of the payment will not be covered in the GAP settlement. GAP does not cover deductions made by the Primary Insurance carrier for prior damage or due to prior salvaged title not disclosed on the retail installment contract. Amount waived shall not exceed \$20,000 in total.

"Constructive Total Loss" means the direct and accidental damage to or theft of the Collateral which meets one of these criteria; 1) Either the total cost to repair the Collateral is greater than or equal to the ACV of the Collateral immediately prior to the date of Loss; or 2) The Collateral is stolen and is not recovered within thirty (30) days from the date a police report is filed.

"Actual Cash Value (ACV)" means the retail value of the Collateral, on the Date of Loss, as listed in the Kelly Blue Book retail value for the territory in which the Collateral is principally garaged and with appropriate adjustments for mileage or optional equipment. For any Collateral which has no Kelly Blue Book available, ACV will be determined using the best information available to us which we reasonably believe accurately reflects the retail value of the collateral and is customarily used as the basis for establishing ACV in that territory.

"Primary Insurance" means in force insurance coverage, required by us, and carried by you to protect the covered collateral from collision and comprehensive loss, naming us as Loss Payee or Lien holder and provides liability coverage to any person who has caused the Borrower's collateral to incur a Constructive Total Loss, and for which that person is legally liable. Additionally, Primary Insurance shall be any other coverage we may have protecting our interest in the covered collateral, insuring at least the ACV of the Collateral, contingent upon the failure or absence of Primary Insurance coverage.

"Unpaid Net Balance" means the amount owed by you to clear the outstanding Installment Sales Contract account upon the date of loss. This amount shall not include any unearned finance charges or interest; Installment Sales Contract charges; late charges; deferred payments; delinquent payments; uncollected fees or service charges (i.e. disposition fees, termination fees, penalty fees); refundable prepaid taxes and fees or other items built into or added to the initial Installment Sales Contract balance. This amount also does not include any other proceeds you may duly recover by canceling insurance coverages, service contracts or warranties.

"Delinquent Payments" means any payment, as described in the Installment Sales Contract instrument, which is unpaid after the due date stated in the Installment Sales Contract.

GAP WAIVER ADDENDUM

In consideration for the payment of the fee shown on the reverse side of this form, we will waive the GAP Amount due to a Constructive Total Loss to the collateral shown on the reverse side of this form. The deductible is waived only to the extent it is part of the "GAP Amount". Our maximum waiver shall be the GAP Amount including, if the collateral is protected by Primary Insurance, up to \$500 for the Primary Insurance deductible. If the collateral is not fully protected by Primary Insurance, we will waive only the GAP Amount after subtracting the ACV of the covered collateral from the Unpaid Net Balance and you will remain responsible for the ACV of the collateral. We will not waive the portion of the Unpaid Net Balance attributable to the original Installment Sales Contract amount exceeding 150% of the Manufacturer's Suggested Retail Price (MSRP) on new cars, or 130% of KBB average retail book value on used cars, including all refundable items such as service contracts, warranties, insurance, or other such items.

CANCELLATION / REFUNDS

This GAP Waiver Addendum may be canceled for a full refund within sixty (60) days of the Origination Date for any reason by written request. However, in the event of a Constructive Total Loss of the covered Vehicle, the GAP Waiver Addendum fee will be deemed as fully earned and therefore, no refund will be due. **This GAP Waiver Addendum is fully earned and non-refundable after sixty (60) days from the Origination Date, unless otherwise required by applicable state regulations.** This Addendum shall automatically terminate and without prior notice terminate concurrently with the termination of the Installment Sales Contract for Collateral or sale of Collateral.

ELIGIBILITY REQUIREMENTS, CONDITIONS AND EXCLUSIONS

There are Eligibility requirements, Conditions and Exclusions that could prevent you from receiving benefits under the GAP Waiver Addendum. Please review the following (14) fourteen Exclusions and the (6) six Exclusions listed on the reverse side of the Addendum. This GAP Waiver does not apply when the Constructive Total Loss is: (1) due to losses occurring prior to the GAP Waiver effective date; (2) due to dishonest, fraudulent, criminal, or illegal act, including forgery by the Borrower; (3) due to wear and tear, gradual deterioration, rust, corrosion, or resulting from any repairing, restoration, or remodeling, or resulting from any structural mechanical or electrical breakdown or failure; (4) due to nuclear action or reaction, radiation or radioactive contamination; (5) due to war, whether or not declared, invasion, civil war, insurrection, rebellion or revolution or any consequence of these; (6) due to confiscation of Collateral by a government body or public official; (7) caused by theft of Collateral, unless the Borrower or the Lender files a police report; (8) resulting from the Collateral being operated, used or maintained in any race, speed contest, or other contest; (9) to a vehicle that is part of a fleet that is intended for use as a public or livery conveyance, or any vehicle with commercial use; (10) is to a vehicle with a "salvage" title not disclosed to Southern Hills Acceptance at the time of sale; (11) caused intentionally by the borrower; (12) due to conversion, embezzlement or secretion by any person in lawful possession of the covered collateral; (13) to other than the standard or optional equipment available from the manufacturer of the covered collateral; (14) sustained outside of the United States of America, its territories or possessions, or is being transported between parts thereof.

NOTICE OF LOSS

You must notify us within 30 days from the Date of Loss and provide the following: (a) verification of the insurance deductible, and (b) copy of police report in the case of unrecovered theft. All insurance proceeds must be made payable to Southern Hills Acceptance together with a copy of the insurance settlement. Failure to comply with the above requirements shall result in the denial of GAP Waiver Addendum benefits.

IMPORTANT NOTICE

You are solely responsible for the payment of any and all taxes you may owe due to the discharge of your debt under this Addendum.

You may wish to consult with a tax professional. You are reminded that this GAP Waiver is not an insurance policy.

All provisions within this Waiver are subject to state specific regulations.