

# Guaranteed Asset Protection (GAP) Quick Reference Card

Riverbank Federal Credit Union

## What is GAP?

GAP is a voluntary, non-insurance product designed to waive the remaining loan balance not covered by the borrower's primary insurance carrier settlement in the event of a total loss or unrecovered theft, subject to limitations and exclusions, including but not limited to loan to value (LTV) maximum, delinquent payments, late charges, refundable service warranty contracts and other insurance related charges.

## What does GAP cover?

GAP covers the difference between the borrower's outstanding loan balance and the actual cash value (ACV) of the vehicle up to the maximum LTV %.

GAP may also cover up to \$1,000 of the borrower's deductible if there is a "gap" after the primary insurance settlement is paid.

⚠️ The deductible is covered as part of the deficiency balance settlement. It is not paid directly to the borrower. Not available in NY or AK.

## How Does GAP Advantage Work?

GAP Advantage provides your borrower with \$1,000 towards the financing of a replacement vehicle.

⚠️ To receive the \$1,000: There must be a total loss and a new loan must be made for the replacement vehicle within 90 days from the borrower's primary insurance carrier settlement date or the date of loss if there was no primary insurance.

## Borrower Features Benefits

- 60 day refundable "free look" period
- May help the borrower avoid financial hardship and afford a replacement vehicle
- No model, mileage or year restrictions
- May prevent a deficiency balance from being added to new loan
- May help protect the borrower's credit rating
- \$1,000 towards the financing of a replacement vehicle

## Refunds

GAP may be cancelled within the first 60 days for a full refund. After 60 days from the GAP effective date, the protection is nonrefundable. In the event of a GAP claim, the GAP fee charged to the borrower will be deemed fully earned and therefore no refund will be due.

⚠️ Your institution is responsible for initiating, calculating and making payment of any refund due to the borrower in the event of cancellation of the GAP Waiver or early loan payoff.

## GAP Questions

Please call the Client Services Service Center (CSSC) at 800-981-5689. The CSSC is available Monday-Friday 8am to 8pm EST.

## Terms and Definitions

### ACV Determination

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

### Refinances, Loan Add-ons and Modifications

GAP is subject to the terms of the loan under which it was sold. Any modifications to the loan that would cause an increase to the loan balance, the loan to pay down more slowly, or extend the original loan term would not be covered and requires the purchase of a new GAP Waiver to be fully covered.

- If the borrower chooses not to purchase a new GAP Waiver, the original GAP Waiver remains in force, but in the event of a claim, GAP will not recognize any change in the balance or term of the loan, and the borrower would be responsible for any remaining balance that is attributable to those modifications.

### Loan to Value (LTV)

GAP waives amounts up to the maximum LTV listed in the chart on page 2. LTV is determined by dividing the total amount financed by the value of the vehicle (MSRP for new vehicles or NADA Clean Retail value for used vehicles) at the time of loan origination. Make sure to explain to the borrower that GAP does not waive any amount financed above the maximum LTV.

- GAP should not be sold to borrowers who may not have a deficiency balance as of the date of loss, i.e. borrowers with a low LTV (less than 80%).

### Multiple Collateral Loans

Loans secured with two or more pieces of collateral are eligible for GAP. However, in order for all collateral to be covered, a separate GAP Waiver needs to be purchased for each piece of collateral.

- If the covered 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 not be waived.

### New vs. Used

Vehicle valuations should be obtained on the GAP effective date based on VIN, mileage and applicable documented vehicle options using NADA Clean Retail. If the vehicle has been previously titled or has more than 5000 miles, used car retail valuation should be utilized when available.

### 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.

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### GAP Waiver Exclusions (Discuss with borrower)

This is not a complete list. Make sure the borrower reads and understands the GAP Waiver for a full explanation of all exclusions, eligibility requirements and limitations. The purchase of GAP is not required to obtain credit nor will it affect the borrower's application for credit or the terms of any existing credit agreement the borrower may have with your institution.

- Any refundable additions to amount financed.
- Interest accrued after the date of loss.
- Delinquent payments or any missed payments more than 30 days past due on Eligible Collateral.
- Late charges, fees or funds added after Installment Loan inception.
- Any amounts due to an Installment Loan modifications or refinance that would increase the balance, cause the Installment Loan to pay down more slowly, or extend the original Installment Loan term.
- Any amounts due to extension of the original Installment Loan term resulting from Lender approved Skipped Payments.
- Deductions made by Primary Insurance carrier for legal expenses or fees, towing fees, storage fees, salvage purchase, or for prior damage that has already been paid to you.
- Primary Insurance deductible in excess of \$1,000.
- Portion of the original Installment Loan amount that exceeds the maximum LTV, including amounts financed for ancillary products. (see LTV definition)
- Debt Consolidation amounts of the Borrower/Debtor added to the original financing of the vehicle. This exclusion does not apply to Non-Purchase loans or to Debt Consolidation amounts added in a refinance or loan modification (up to the maximum LTV), when a new GAP Waiver is purchased.
- Leases or Balloon Note Loans
- Vehicles with a branded title such as salvaged, rebuilt or reconstructed, lemon law, buyback or title issued with any other symbol or word(s) signifying a similar branding.
- Commercial vehicles titled partially or entirely under a business, used to deliver goods, or carry passengers for compensation (taxi cabs and limos); this includes personal car rental services (such as Turo). Uber and Lyft are not considered Commercial.
- Loans that defer the first required monthly payment more than 90 days.

Eligible Collateral	Loan/Lease Eligibility		Coverage Limitations				
	Max Loan Term	Max Loan Amount	Max Term Coverage	Max LTV% (MSRP/NADA Retail)	Delinquent Payments* (Life of Loan)	Debt Consolidation	Borrower Premium
Autos, Vans, Light Trucks	84 months	\$100,000	84 months	125%	30 days	Excluded	Nonref \$350
Motorcycles	240 months	\$50,000	84 months	125%	30 days	Excluded	Nonref \$350
All-Terrain (ATV's)	240 months	\$50,000	84 months	125%	30 days	Excluded	Nonref \$350
Jet Ski's	240 months	\$50,000	84 months	125%	30 days	Excluded	Nonref \$350
Snowmobiles	240 months	\$50,000	84 months	125%	30 days	Excluded	Nonref \$350
Golf Carts	240 months	\$50,000	84 months	125%	30 days	Excluded	Nonref \$350
Boats, Motorhome (RV), Travel Trailers	240 months	\$125,000	84 months	125%	30 days	Excluded	Nonref T1-\$380 T2-\$694 T3-\$966 T4-\$1,696
Max GAP loss paid shall not exceed \$50,000. *This includes any lender approved skipped payments.							