

GAP Liability Addendum (Retail Instalment Contract)

Buyer (Name and Address): _____

Co-Buyer (Name and Address): _____

Seller-Creditor (Name and Address): _____

In this Addendum, “you” means any Buyer and Co-Buyer. “We,” “us,” and “our” mean the Seller-Creditor.

Notice of Liability. Under the terms of the Motor Vehicle Retail Instalment Contract (“Contract”) that you are about to sign to finance the purchase of the motor vehicle described in the Contract (“Vehicle”), you are obligated to pay the total amount owed under the Contract, including the GAP Amount as described below.

GAP Liability. In the event of a total loss of the Vehicle caused by theft, confiscation or physical damage, you must pay the total amount owed under the terms of the Contract. The amount you must pay includes the “GAP Amount,” which is the excess, if any, of (1) the amount you would owe under the Contract as of the date of loss if the vehicle were not a total loss and you were to prepay the Contract in full (less any refunds we get for cancelling optional insurance, maintenance, service or other contracts), over (2) the sum of (a) any past due payments and other amounts due because you broke promises in the Contract and (b) the actual cash value of the vehicle immediately before the loss. Actual cash value has the meaning provided in the physical damage insurance policy you are required to maintain on the Vehicle. If no such policy is in effect on the date of total loss, we will determine the actual cash value of the Vehicle using the N.A.D.A. Official Used Vehicle Guide.

Options. In all cases, you will be liable for the GAP Amount in the event of confiscation of the Vehicle by a public agency. You have 3 options regarding your liability for the GAP Amount if there is a total loss of the Vehicle due to theft or physical damage: (1) You may buy a GAP Waiver from us, and we will waive your GAP Amount liability; (2) You may buy Debtor GAP Insurance from an insurance company of your choice, licensed in New York State; or (3) You may choose to do nothing, and you will remain liable for the GAP Amount.

THE PURCHASE OF A GAP WAIVER OR DEBTOR GAP INSURANCE IS NOT REQUIRED TO OBTAIN CREDIT.

(1) GAP Waiver. You may buy a waiver of liability for the GAP Amount in the event that there is a total loss of the Vehicle due to its theft or physical damage. The separate charge for the GAP Waiver is shown below.

Total Charge and Cost of GAP Waiver: \$ _____ Term: _____ months.

You will not be entitled to a rebate of any portion of the GAP Waiver charge even if the Contract is terminated by you or us prior to the Contract maturity date.

What You Will Owe. If you purchase the GAP Waiver, in the event of the total loss of the Vehicle due to theft or physical damage, your payment obligation will be *limited* to:

- (a) The actual cash value of the Vehicle as described above; **plus**.
- (b) Other charges due and unpaid under the Contract as of the date of the total loss of the Vehicle; **plus**
- (c) The amount of the “deductible” in your physical damage insurance policy.

(2) Debtor GAP Insurance. You may buy insurance covering your liability for the GAP Amount from an insurance company licensed in New York to write vehicle Debtor GAP Insurance (instead of buying the GAP Waiver). If you choose this option, you agree that the proceeds will be applied to pay the GAP Amount that we are owed in the event of a total loss of the Vehicle.

One of the following boxes must be checked:

- I (Buyer/Co-Buyer) choose to buy the Gap Waiver from you for the amount stated in (1) above.**
- I (Buyer/Co-Buyer) choose to buy Debtor GAP Insurance.**
- I (Buyer/Co-Buyer) do not want to buy the Gap Waiver from you or obtain Debtor GAP Insurance. I will remain liable for the GAP Amount.**

Acknowledgment. By signing below, you acknowledge receiving a copy of this GAP Waiver Addendum prior to signing the Contract, and agree to be bound by its terms, including the option checked above.

Buyer Signature

Date

Buyer Signature

Date

Seller: _____ **by** _____