

California State Law Changes

California Guaranteed Asset Protection (GAP) Waivers

Effective January 1, 2023, California Assembly Bill 2311 established provisions to govern the offer, sale, provision or administration of a GAP waiver in connection with a conditional sale contract. Requirements include, but are not limited to:

- » The bill prohibits the sale of a GAP waiver if the amount financed is **less than 70%** of the manufacturer suggested retail price (MSRP) for a new motor vehicle or the average retail value for a used motor vehicle.

Effective July 17, 2023, Santander Consumer USA will begin utilizing the following loan to value (LTV) calculations if GAP is present on the contract in California only:

- » **Used vehicles** = Amount financed/Base retail value
- » **New vehicles** = Amount financed/MSRP

If GAP is present on the contract and the LTV is less than 70%, the contract will be returned.

Please contact your Dealer Relationship Manager with questions regarding this important update.