

GAP QUESTIONS & ANSWERS

1. When a loan is secured by a vehicle with a reconstructed or salvaged title is this loan eligible for GAP?

No.

2. Can GAP be placed on single payment loans, balloon payment loans, or loans with quarterly, semi-annual or annual payments?

No, only loans with monthly, semi-monthly, or bi-weekly payments are eligible for GAP.

3. Does GAP cover loan add-ons such as Extended Warranties and Credit Life?

Yes, these add-ons are protected by GAP.

4. If a borrower has filed a GAP claim on one or more previous loans, is this borrower eligible to purchase GAP on a new loan?

Yes

5. If the borrower's primary insurance lapsed or cancelled prior to the total loss, can a GAP claim still be filed?

Yes, GAP would still cover the difference between the vehicle's Actual Cash Value and remaining loan balance.

6. If the loan and vehicle title are not in the same name, can GAP still be purchased?

Yes, GAP should be issued in the borrower's name.

7. If the loan amount exceeds the GAP Loan-to-Value limit (125% or 150%), is this loan eligible for GAP?

Yes, however, a claim will be settled based upon the GAP Loan-to-Value limit that applied at time of loan origination. The excess amount will not be protected by GAP.

8. If the loan term exceeds the maximum term limit stated in the GAP policy (i.e. 72 months, 84 months...) is this loan eligible for GAP?

No, this loan would not be eligible for GAP.

9. If the borrower is pledging collateral, such as an automobile or truck, to secure a loan (non-purchase financing), can GAP be placed on this loan?

Yes

10. Can GAP be placed on an existing loan?

Yes; however, these guidelines apply:

- 1. The lender must verify the vehicle is not damaged;**
- 2. Complete GAP enrollment waiver using current date, not original loan date.**

11. When should GAP not be recommended to a borrower?

As a general rule, GAP should not be recommended to a borrower who is financing less than 80% of the collateral value.

12. On a refinance, can GAP be transferred from the old loan to the new loan?

No, a new GAP Enrollment must be issued on the new loan.