

# Optional Debt Cancellation Agreement

<b>COLLATERAL VEHICLE</b>	VIN	YEAR	MAKE	MODEL	MILEAGE
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<b>BUYER(S)</b>	<b>DEALER</b>
MAILING ADDRESS	MAILING ADDRESS
CITY STATE ZIP	CITY STATE ZIP
PHONE NO. EMAIL	DEALER NO.

Although not required to do so, Buyer(s) have the ability to participate in NAL's Debt Cancellation Agreement (hereinafter the "Cancellation Program") for the Retail Installment Sales Contract relating to the Vehicle.

The purpose of the Cancellation Program is to require NAL or any other holder of the Retail Installment Sales Contract to waive any difference between the balance owed on the Retail Installment Sales Contract and the amount received from Buyer(s) primary insurance policy for the Vehicle in the event of a Total Loss under the conditions outlined below. The Cancellation Program does not take the place of insurance on the Vehicle. Buyer(s) are required to maintain their own insurance on the Vehicle in order to be eligible for the Cancellation Program. The Cancellation Program is completely optional and does not impact your creditworthiness or annual percentage rate. The purchase of the Cancellation Program is not required for Buyer(s) to obtain an extension of credit and will not be a factor in the credit approval process.

IF BUYER(S) PURCHASE THE DEBT CANCELLATION PROGRAM AND IT REMAINS IN EFFECT THE CREDITOR UNDER THE RETAIL INSTALLMENT SALES CONTRACT WILL CANCEL CERTAIN AMOUNTS OWED UNDER THE RETAIL INSTALLMENT SALES CONTRACT IN THE CASE OF A TOTAL LOSS OR THEFT OF THE VEHICLE AS STATED IN THIS DEBT CANCELLATION AGREEMENT.

☐ Buyer(s) have elected to purchase Cancellation Program for a cost of \_\_\_\_\_. The term of the Cancellation Program is 36 months or, if the term of the Retail Installment Sales Contract is less than 36 months, then the term of the Cancellation Program shall be the same as the term of the Retail Installment Sales Contract.

☐ Buyer(s) have waived participation in the Cancellation Program.

If Buyer(s) have elected to participate in the Cancellation Program, then the following provisions shall apply:

## Definitions

For purposes of this Debt Cancellation Agreement:

"Date of Loss" – Means the date on which the Vehicle is deemed a Total Loss by the Primary Carrier.

"Deficiency" – Means the amount owed to the holder of the Retail Installment Sales Contract on it after the deduction of all amounts paid by the Primary Carrier in the event of a Total Loss. The term "Deficiency" does not include Buyer(s)' insurance deductible in excess of \$500 and any Delinquent Payments, Extended Payments, or late fees accruing through the Date of Loss.

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“Primary Carrier” – Means the insurance company that provides collision and comprehensive coverage in the amount required by YOUR Retail Installment Sales Contract.

“Total Loss” – Means a total or constructive loss of the Vehicle as defined by the Primary Carrier’s policy or any theft of the Vehicle that is not recovered within the period of time required by the Primary Carrier in order for the Buyer(s) to receive a settlement.

“Delinquent Payments” – Means any installments that are not received by NAL on or before the due date established by Buyer(s)’ Retail Installment Sales Contract.

“Extended Payments” – Means any installments that have been deferred by written agreement of Buyer(s) and NAL.

### Cancellation Program

Buyer(s) have certain obligations under the Retail Installment Sales Contract. Buyer(s) acknowledge and understand that in the event of a Total Loss, the amount paid toward the Retail Installment Sales Contract by the Primary Carrier may not be sufficient to cover the balance owed under the Retail Installment Sales Contract. In such an instance a Deficiency would result and the Buyer(s) could be responsible to NAL for such a Deficiency. So long as the Cancellation Program is purchased and remains in place, NAL or the current holder of the Retail Installment Sales Contract will waive any Deficiency relating to a Total Loss of the Vehicle.

Notwithstanding anything to the contrary in this Agreement, Buyer(s) acknowledge and understand that Buyer(s) will remain responsible to NAL or the current holder of the Retail Installment Sales Contract for payment of: (1) any deductible amount in excess of \$500 under the Primary Carrier’s insurance policy and/or (2) any Delinquent Payments, Extended Payments, or past due amounts under the Retail Installment Sales Contract through the Date of Loss.

In order to be eligible for reimbursement, Buyer(s) must notify NAL within sixty (60) days following the Date of Loss and follow the Loss Documentation Procedures described below. Notification must be in writing and furnished to NAL’s Waiver Program Administrator at National Auto Lenders, Inc., 14645 NW 77<sup>th</sup> Avenue, Suite 203, Miami Lakes, Florida 33014, phone (305) 822 – 2886, Fax (305) 822- 0886.

Buyer(s) have the right to file a complaint relating to the Cancellation Program with the Office of Consumer Credit Commissioner, 2601 N. Lamar Blvd., Austin, Texas, 78705, telephone number (800) 538 – 1579, <http://www.occ.state.tx.us/>.

### Exclusions

The Cancellation Program does not apply to a Total Loss that occurs prior to the effective date of this Agreement, that arises out of an intentional act by Buyer(s), that arises out of an illegal or fraudulent act by Buyer(s), and/or that results from repossession.

Buyer(s) must maintain collision and comprehensive insurance coverage in the amount required by the Retail Installment Sales Contract in order for the Waiver Program to remain in effect. A Total Loss that occurs during any lapse of insurance coverage will not be eligible for a Deficiency waiver.

### Refunds

You are entitled to a full refund if we receive your written request to cancel your participation in the Cancellation Program at the address listed above for the administrator within the first thirty (30) days from the date that you execute this Agreement, unless the Vehicle is in an accident or stolen and resulting in it becoming a Total Loss during this time period. If the Vehicle is in an accident and stolen and is declared a Total Loss during the first thirty (30) days, then you cannot cancel the Cancellation Program.

After the initial thirty (30) days, Buyer(s) can cancel the Cancellation Program and receive a pro-rata refund as provided for herein.

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In order to be eligible for a refund, Buyer(s) must notify NAL of their request for a refund in writing.

The Cancellation Program will terminate and Buyer(s) will receive a refund based on the earliest of – any of the following: 1) the prepayment in full of the Retail Installment Sales Contract, 2) a demand by the holder for payment in full or acceleration, or 3) the total denial of a claim based on an exclusion.

The refund will be calculated by dividing the amount paid for the Cancellation Program by the term of the Cancellation Program in months. This amount shall be deemed the “Monthly Premium.” The Monthly Premium shall then be multiplied by the number of months remaining on the term of the Cancellation Program at the time of the cancellation to calculate the “Refund Amount.”

In the event that the Cancellation Program is cancelled by the Buyer(s) through written notice as provided for herein, or terminates pursuant to either a demand by the holder for payment in full or acceleration, or the total denial of a claim based on an exclusion, then the Refund Amount may be credited to the Retail Installment Sales Contract or, if NAL is not the holder of the Retail Installment Sales Contract, then NAL may issue a check for the refund amount directly to the holder.

### Loss Documentation Procedures

In the event of a Total Loss, Buyers(s) must provide the following to the Waiver Program Administrator: (1) a complete copy of the insurance settlement documentation with Buyer(s) Primary Carrier, including any valuation worksheet statement; (2) a copy of the original Retail Sales Installment Contract and this Agreement; (3) a copy of the accident/police report; and (4) a copy of Buyer(s) insurance policy with the Primary Carrier. Buyer(s) will not be required to provide documents that are not listed above.

Further, Buyer(s) agree to fully cooperate in any investigation conducted by NAL or its designee. NAL or its designee may inspect the Vehicle on reasonable advance notice, however, such an inspection is not required in the event of a theft.

\_\_\_\_\_  
Buyer's Signature

\_\_\_\_\_  
Holder (if other than NAL)

\_\_\_\_\_  
Buyer's Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Address \_\_\_\_\_

\_\_\_\_\_  
Co-Buyer/Guarantor's Signature

\_\_\_\_\_  
Co-Buyer/Guarantor's Name

\_\_\_\_\_  
Date