

LOSS/DAMAGE WAIVER

This LOSS/DAMAGE WAIVER (LDW) LEASING CONTRACT Addendum dated
 Amends the LEASING CONTRACT: The Lessor (WE, US, OUR) elects to enroll the following LESSEE (YOU, YOUR):

Lessee	Lessor/Dealer <u>Smartway Auto</u>	
Address	Address <u>P.O. Box 2070</u>	
City, State, Zip	City, State, Zip <u>Brighton, MI 48116</u>	
Collateral: Make/Model/Year	VIN	
Date of Leasing Contract	Term of LDW	Monthly Pmt.
Leasing Institution <u>Smartway Auto</u>	Term of Lease	
Address <u>P.O. Box 2070</u>	Amount of Lease	
City <u>Brighton</u>	State <u>MI</u>	Zip <u>48116</u>

Although not required to do so, YOU have elected to participate in OUR Lease LDW Program. LDW does not take the place of insurance on the Collateral. **State law requires that you must carry liability insurance on any vehicle that you own and operate. YOU are responsible for maintaining Liability insurance as required by the applicable law.**

The Charge to YOU for this Loss/Damage Waiver is \$ _____ Borrower's Initials

*In the event of a CONSTRUCTIVE LOSS to the leased COLLATERAL, WE agree to waive OUR rights against YOU for the amount due under a CONSTRUCTIVE LOSS Less a \$500 deductible (or co-pay). WE will only pay the lesser of the outstanding balance as of the DATE OF LOSS or the ACTUAL CASH VALUE of the leased COLLATERAL, as determined by US. In addition to the terms of a CONSTRUCTIVE LOSS, YOU will remain responsible for payment of any items stated on the back of this waiver under EXCLUSIONS.

REPORT YOUR LOSS TO OUR LDW SERVICING AGENT:

Assured Vehicle Protection (AVP) • PO Box 9320 • Mission, KS 66201 • fax (913- 396-5642 • phone (877) 428-7252

YOU must notify the Servicing Agent Within 48 HOURS following the date of the COLLATERAL DAMAGE, and follow the LOSS DOCUMENTATION PROCEDURES noted below to be eligible for reimbursement. A police report must be filed related to the damage to the vehicle.

CANCELLATION: You may choose to cancel this contract in the event you purchase Comprehensive Collision Insurance from an alternative source. You may cancel this contract by returning to the Lessor. A Cancellation Request Form signed by you will be required. In addition you must provide verifiable proof of Comprehensive Collision Insurance. The amount will be calculated on a pro-rata basis. In addition, a \$100.00 cancellation fee will apply. All cancellation proceeds will be sent to the lessor. We reserve the right to cancel this contract for non-payment or for intentional misrepresentation in obtaining this contract, or if your vehicle is determined to be ineligible or excluded from coverage.

LOSS DOCUMENTATION PROCEDURES: In the event of a loss (there must be damage to the vehicle), YOU must notify and provide the following the Servicing Agent:(1) a complete copy of the Repair Estimate; (2) a copy of the original **LEASING CONTRACT** including this Waiver and; (3) a copy of accident/police report. YOU must also provide any other reasonable documentation requested by OUR Servicing Agent.

BY YOUR SIGNATURE BELOW, YOU ACKNOWLEDGE AND AGREE THAT YOUR ACCEPTANCE OR REJECTION OF THIS LOSS/DAMAGE WAIVER IS VOLUNTARY AND IS NOT A CONDITION PRECEDENT TO, OR A CONSIDERATION REQUIRED TO OBTAIN A LEASE.. YOU ALSO ACKNOWLEDGE THAT YOU HAVE READ AND UNDERSTAND THIS WAIVER AND ITS PROVISIONS. NO OTHER VERBAL REPRESENTATIONS HAVE BEEN MADE TO YOU THAT DIFFER FROM THESE WRITEN PROVISIONS. IF YOU PURCHASE LDW FROM THIS LESSOR, YOU UNDERSTAND THAT THE LESSOR MAY RETAIN ALL OR A PORTION OF THE CHARGE PAID BY YOU. YOU ACKNOWLEDGE THAT YOU MAY PURCHASE COMPREHENSIVE COLLISION INSURANCE FROM AN ALTERNATIVE SOURCE.

*Please refer to the reverse side of this Loss/Damage Waiver Addendum for Definitions.

Borrower _____ Lender/Dealer _____

PRINT NAME _____ DATE _____ BY _____ DATE _____

DEFINITIONS

COLLATERAL- Property and other chattels as described in the **LEASING CONTRACT**.

ACTUAL CASH VALUE (ACV) -The Retail Value of the **COLLATERAL**, on the **DATE OF LOSS**, as listed in the National Automobile Dealers Association (NADA) Guide for the territory in which the **COLLATERAL** is principally garaged. For a **COLLATERAL** which has no NADA Retail Value available, or is located in territories where NADA is not customarily used, ACV will be determined using the best information available to our Service Agent, or which Servicing Agent accurately reflects the retail value of the **COLLATERAL** and is customarily used as the basis for establishing **ACV** for **COLLATERAL** in the territory of the **COLLATERAL** location.

LESSEE- The Natural Person(s) or business(es), incorporated or unincorporated, named in the **LEASING CONTRACT**, receiving a lease or leases from the **LESSOR**.

CONSTRUCTIVE LOSS -A direct and accidental loss of or damage of **COLLATERAL** which the total cost to repair the **COLLATERAL** is greater than the **ACV** of the **COLLATERAL** immediately prior to the **DATE OF LOSS**.

DATE OF LOSS- The date on which **COLLATERAL** incurs physical damage that is severe enough to constitute a **CONSTRUCTIVE LOSS**

LEASING CONTRACT - The contract that represents the leasing agreement between the **LESSOR** and **LEASEE** for the lease of **COLLATERAL**, and which sets forth the terms, conditions, inception date, and expiration date of the leasing agreement.

LEASING INSTITUTION- the leasing institution.

LESSOR- Dealership or Financial Company stated on the front of this addendum.

NET PAYOFF- The amount of the **LESSOR/LEASING INSTITUTION** interest as of the **DATE OF LOSS**, as represented by the portion of the **LESSEE'S** unpaid balance according to the original payment schedule of the **LEASING CONTRACT** that is secured by **COLLATERAL**. The **NET PAYOFF** will not include any **DELINQUENT PAYMENTS** in excess of two (2) payments that remain unpaid for the period of more than sixty (60) days after the due date, unearned interest and lease charges, or any unearned insurance premiums (including, but not limited to credit life and collateral service contracts).

COMMERCIAL PURPOSES- Use of **COLLATERAL** as a taxicab, public omnibus, jitney or sightseeing conveyance, or for carrying good for passengers for compensation or hire on the **DATE OF LOSS**.

DELINQUENT PAYMENT- Any payment, as described in the **LEASING CONTRACT**, which remains unpaid for a period of more than thirty (30) days after the due date stated in the **LEASING CONTRACT**.

CONDITIONS

LIMITATIONS - (A) No Waiver shall be issued for the collateral with a MSRP or NADA retail Value of more than \$15,000. (B) The maximum term of a lease shall not exceed thirty-six (36) months.

EXCLUSIONS - This addendum does not provide coverage for the Loss:

1. Resulting from LOSSES occurring prior to the effective date of this addendum.
2. Due to confiscation of **COLLATERAL** by a government body or public official.
3. Resulting from being operated, used, or maintained in any race, speed contest, or other contest.
4. To **COLLATERAL** held as security under any wholesale, floor plan, field warehouse, or any type of financing to a dealership.
5. To **COLLATERAL** while used for **COMMERCIAL PURPOSES**.
6. Occurring after **COLLATERAL** has been repossessed by **LESSOR/LEASING INSTITUTION** or placed in **LESSOR/LEASING INSTITUTION'S** possession or in possession of **LESSOR/LEASING INSTITUTION** employees or agents.
7. Due to wear and tear, prior damages, or towing and storage.
8. To **COLLATERAL** which has been abandoned or intentionally damaged or destroyed by **LESSE**.
9. Occurring while the vehicle is being driven by a person or person NOT listed on this contract as **LESSE**.
10. Occurring while being driven by ANY person without a current **VALID** driver's license.
11. Occurring during the commission of any illegal activity including but not limited to- driving under the influence or while impaired.


TERMINATION OF WAIVER- This Waiver will terminate without notice on the date that any of the following events occur: (1) on the date **YOUR LEASING CONTRACT** is scheduled to terminate; (2) on the date that **YOU** prepay the entire balance or refinance **YOUR LEASING CONTRACT**.

WARNING: It is your responsibility under state law to obtain liability insurance.

The optional loss/Damage Waiver (LDW) does not provide liability coverage.

The optional Loss/Damage Waiver (LDW) does not meet the requirements of any state's financial responsibility law that requires you to obtain liability insurance.

THIS IS NOT LIABILITY INSURANCE!!!

	LESSEE'S INITIALS _____
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