NAVY FEDERAL Credit Union

Guaranteed Asset Protection Plan Agreement and Disclosure

Please read this document carefully. There are terms and conditions on both sides of this document. Navy Federal Credit Union is identified in this document as "Navy Federal," "We," "Our," or "Us," and the Member will be identified as "Borrower," "You," or "Your." Do not alter this document.

Guaranteed Asset Protection *(the "Program" or "GAP")* is voluntary and not required to obtain credit. We will not consider whether or not You elect GAP in making a credit decision. This agreement explains the terms for the Program. This agreement contains the conditions upon which We may cancel all or a portion of the Unpaid Net Balance and/or We may cancel interest. There are eligibility requirements, conditions, and exclusions described herein that could prevent You from receiving benefits under the Program. This agreement applies to all Program enrollments dated 08/29/2026 or later, regardless of whether the Loan was previously enrolled in GAP. You should read this agreement carefully and keep it in Your files.

If You elect Guaranteed Asset Protection, the terms, conditions, and disclosures of the Program are described below. GAP is not insurance coverage. We reserve the right to refuse enrollment in the Program to any Borrower, at Our sole discretion. This agreement will be governed by the laws of Virginia.

Definitions

Actual Cash Value means the value of the Vehicle as determined by the Primary Insurance carrier at the time of the Total Loss or Unrecovered Theft.

Collection Refinance means when Your original Loan with Us has been renegotiated into a new loan due to financial hardship, which results in the termination of the original Loan and the Program.

Commercial Vehicle means a vehicle with a commercial insurance policy.

Date of Loss means either (i) the date that Your Vehicle was involved in an accident that resulted in the Vehicle being deemed a Total Loss or (ii) the date that Your Vehicle was stolen, which resulted in the Vehicle being deemed an Unrecovered Theft.

GAP Amount means the difference between (i) the physical damage insurance payment made by Your Primary Insurance or other insurance carrier (if applicable) for a Total Loss or Unrecovered Theft, and (ii) the Unpaid Net Balance of the Loan. If You are entitled to collect or receive any payment(s) for Your Vehicle from any other source, including, but not limited to, Primary Insurance or salvage sale, any and all such payment(s) will be deducted from the GAP Amount. The GAP Amount will cover up to $1,000 for the Primary Insurance deductible. The GAP Amount shall not exceed $50,000 and is subject to further exclusions and limitations as set forth in this agreement.

Loan means the financing of the Vehicle, governed by a closed-end promissory note from Us, for the purchase or refinance of the Vehicle with a minimum term of 12 months. Loan does not include a Collection Refinance.

Loan-to-Value means the ratio of the Loan balance to the clean retail value of the Vehicle according to a valuation from J.D. Power's NADA Official Used Car Guide, or if unavailable, another similar index as determined solely by Us.

Primary Insurance means in-force insurance coverage, required by Us and carried by You, to protect the Vehicle from collision and comprehensive loss, naming Us as lien holder. This coverage does not preclude other insurance carriers from paying a claim on the Vehicle.

Protected Event means Total Loss or Unrecovered Theft.

Total Loss means a loss where the cost to repair or replace the Vehicle would exceed the Actual Cash Value, as determined by the Primary Insurance carrier.

Unpaid Net Balance means the amount owed by You to pay off the outstanding amount of the Loan as of the close of business on the Date of Loss.

Unrecovered Theft means the Vehicle has been reported as stolen by You to both the police and Your Primary Insurance carrier, and the police have made every effort, yet have failed, to find and return the Vehicle.

Vehicle means the collateral securing Your Loan and includes new, used, or late model used private passenger vehicle (including four-wheeled autos, vans, and pickups) and motorcycles (including tricycles), provided that the collateral is street-legal, built to U.S. specifications, and no older than the current model year plus seven years of age. As used in this agreement, Vehicle excludes scooters, mopeds, dirt bikes, recreational vehicles, watercraft, Commercial Vehicles, fleet vehicles intended for use as a public or livery conveyance, and vehicles used for ridesharing, delivery, taxi, limousine, or "shuttle" service.

General Provisions

Proof of a Protected Event. You must notify Us of a Protected Event by initiating a claim within one (1) year of the final settlement received from the Primary Insurance or third-party insurance carrier, or Your claim will be time-barred. We may require You to provide Us with documentation sufficient to show that the conditions of the Program are satisfied. Such documentation may include, but is not limited to: (1) a copy of the insurance settlement worksheet(s) and check(s)/payment(s), (2) verification of the insurance deductible, (3) a copy of the police report, and (4) the signed and initialed promissory note for the Loan.

Past Events. The Program does not protect You from a Protected Event that occurred before Your enrollment in the Program. You will be required to provide documentation that the Protected Event occurred after the time of Your enrollment into the Program.

Tax Implications. You may be subject to federal, state, and local taxes on the amount of a canceled debt. You should consult Your tax advisor. We are not able to provide You with tax guidance.

Program Fee. The cost of this Program is $499, which You may pay in one lump sum or finance as part of Your Loan, subject to certain exclusions. Adding the fee to Your Loan will increase the cost of the Program due to interest charged and will increase Your monthly Loan payment.

Changing the Terms of This Agreement. We reserve the right to change the terms of this agreement at any time. You will be notified of any changes. Should changes be made that are not favorable to You, You will be provided a reasonable opportunity to terminate Your enrollment in the Program without penalty.

Termination of the Program. If You terminate Your enrollment in this Program not later than sixty (60) days following enrollment in the Program or if You fail to provide written confirmation of Your agreement to the Program on or before sixty (60) days following Your selection to enroll in the Program, We will refund any fees and associated interest (if applicable) in the manner You used when enrolling in the Program. If You terminate Your enrollment, You may re-enroll only one time during the life of the Loan.

After sixty (60) days of enrollment, the Program fee is fully earned and non-refundable, and GAP will not be canceled. In the event of a Total Loss or Unrecovered Theft of the Vehicle on or before sixty (60) days following enrollment in the Program, the enrollment fee will be deemed fully earned, and therefore, no refund will be due.

Your protection under the Program will automatically terminate and no benefits will be paid for any Protected Event if:

- Your Loan is closed for any reason prior to the Date of Loss, including, but not limited to, being paid in full or being charged off as a loss or entering bankruptcy;
- You default on the terms of this agreement;
- You refinance Your underlying Loan with Us or another financial institution; or
- You replace Your Loan with a Collection Refinance.

We reserve the right to terminate Your protection under the Program for any reason by giving You notice at least thirty (30) days in advance of the termination (or as required by law) and refunding any fees and associated interest (if applicable).

Errors and Adjustments. If We determine We have inadvertently deviated from the terms of this agreement, We will adjust the account balance when the error is discovered. If We issued protection under the Program due to Our own error, and We recognize Our error before a Protected Event occurs, We will return any Program fee and associated interest (if applicable) You paid and will terminate the Program. If We recognize Our error after a Protected Event occurs, We will provide benefits for the Protected Event that occurred.

Material Misstatements or Omissions. If You misstated or omitted a material fact that caused Us to issue protection under the Program when We otherwise would not have, We will return any Program fee and associated interest (if applicable) upon discovery, and We will not provide any benefits even if an otherwise Protected Event has already occurred.

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Notice of Claim. Neither Borrower nor Navy Federal may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this agreement or that alleges that the other party has breached any provision of, or any duty owed by reason of, this agreement, until such party has notified the other party of such alleged breach and afforded the other party a reasonable period after the giving of such notice to take corrective action.

Waiver of Provisions. We reserve the right to waive any of the requirements described in this agreement at Our sole discretion. Doing so does not obligate Us to waive requirements in any other situation. Our waiver does not and will not constitute a waiver of any other requirements.

Severability. If any provision of this agreement is determined to be unenforceable by a court of law, the remaining provisions will remain in effect.

Exclusions and Limitations

This agreement does not apply when the Total Loss or Unrecovered Theft is:

(1) The direct or indirect result of forgery or any dishonest, fraudulent, or criminal act by You, Your agent, or authorized user; (2) caused intentionally by You, Your agent, or authorized user; or (3) for a Commercial Vehicle or other vehicle that does not meet the definition of a Vehicle under this agreement.

The GAP Amount shall not exceed $50,000 in total. Primary Insurance must be maintained on the Vehicle. Loans in the amount of $7,500 or less must have a term longer than 12 months to be eligible for GAP. If the Loan-to-Value ratio of Your Vehicle is less than 70% at time of enrollment, Your Loan is not eligible for the Program.

Enrollment is subject to Our verification that the Loan and Vehicle meet these eligibility requirements. The GAP Amount shall not include:

- Finance charges, fees, funds, or interest accrued or added after the Date of Loss;
- Any Loan payment that was due and owing on Your payment due date, including any past-due payments;
- Amounts not included in insurance payment received by Us;
- Uncollected service charges (e.g., towing and storage fees);
- Refundable prepaid taxes and fees;
- Proceeds You can duly recover by canceling insurance coverages, service, contracts, or warranties added to the Loan balance at Loan origination, irrespective of any associated disposition fees, termination fees, or penalty fees You may incur with the referenced coverage, contracts, or warranties;
- Any refundable additions to amount financed;
- Other products, items, charges, fees, or funds built into or added to the Loan;
- Any reductions in the payout made by Your Primary Insurance or other insurance carrier for Your retained salvage, for damage that has been paid to You, or for any reduction made as a result of Your percent of liability as determined by Your Primary Insurance carrier; or
- GAP coverage with another provider; all other GAP coverages must be applied to the Unpaid Net Balance prior to the GAP Amount being determined.

Examples

Example 1: Your Vehicle is involved in an accident and is considered a Total Loss by Your Primary Insurance company. Your Primary Insurance deductible is $500. The Primary Insurance company calculates the Actual Cash Value of Your Vehicle at $10,000 and provides an insurance payment of $9,500 ($10,000 Actual Cash Value - $500 insurance deductible). Your Unpaid Net Balance at the Date of Loss is $13,000. You have a past-due payment on Your Loan in the amount of $550. GAP will pay $2,950, and the past due payment of $550 will remain Your responsibility to pay.

- Unpaid Net Balance on Date of Loss = $13,000
- Total payment from Your Primary Insurance = $9,500
- Outstanding balance after insurance payment = $3,500
- Past-due payment amount = $550
- GAP Amount = $2,950
- Not covered/Your responsibility = $550

Example 2: Your Vehicle is involved in an accident and is considered a Total Loss by Your Primary Insurance company. Your Primary Insurance deductible is $2,000 (which exceeds the maximum deductible of $1,000 covered by GAP). The Primary Insurance company calculates the Actual Cash Value of Your Vehicle at $21,000 and provides an insurance payment of $19,000 ($21,000 Actual Cash Value - $2,000 insurance deductible). Your Unpaid Net Balance at the Date of Loss is $25,000. GAP will pay $5,000, and the remaining balance of $1,000 will remain Your responsibility to pay.

- Unpaid Net Balance on Date of Loss = $25,000
- Total payment from Your Primary Insurance or other source = $19,000
- Outstanding balance after insurance payment = $6,000
- Insurance deductible over $1,000 = $1,000
- GAP Amount = $5,000
- Not covered/Your responsibility = $1,000

Status of the Loan After a Protected Event

During the time it takes to process Your claim, You remain responsible for making the minimum payment due on the Loan by the regular payment due date. If You have a valid claim, the GAP Amount will be applied to Your Loan as of the Date of Loss. If the GAP coverage fully satisfies or exceeds Your Loan balance, We will refund any payments made by You on Your Loan while Your GAP claim was processing by crediting Your Navy Federal deposit account. If the GAP coverage does not fully satisfy Your Loan balance, You remain responsible for the remaining balance, and monthly payments will continue to be billed to You as usual.

Contact Us With Any Questions About the Program

Contact the following for information about the Program.

Enrollment in or cancellation of the Program: 1-888-842-6328

To initiate a claim for a Protected Event or claim questions: 1-866-258-7298, Option 1

For GAP enrollment and cancellation questions: 1-866-258-7298, Option 2

To provide required claim documents:

Fax to: 1-800-973-0584

Send via Secured Website Upload - **https://digitaluploads.navyfederal.org/uploadportal/sdu/gap**

For toll-free numbers when overseas, visit **navyfederal.org**.

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