

## Announcing Our Above & Beyond Employee Recognition Awards!

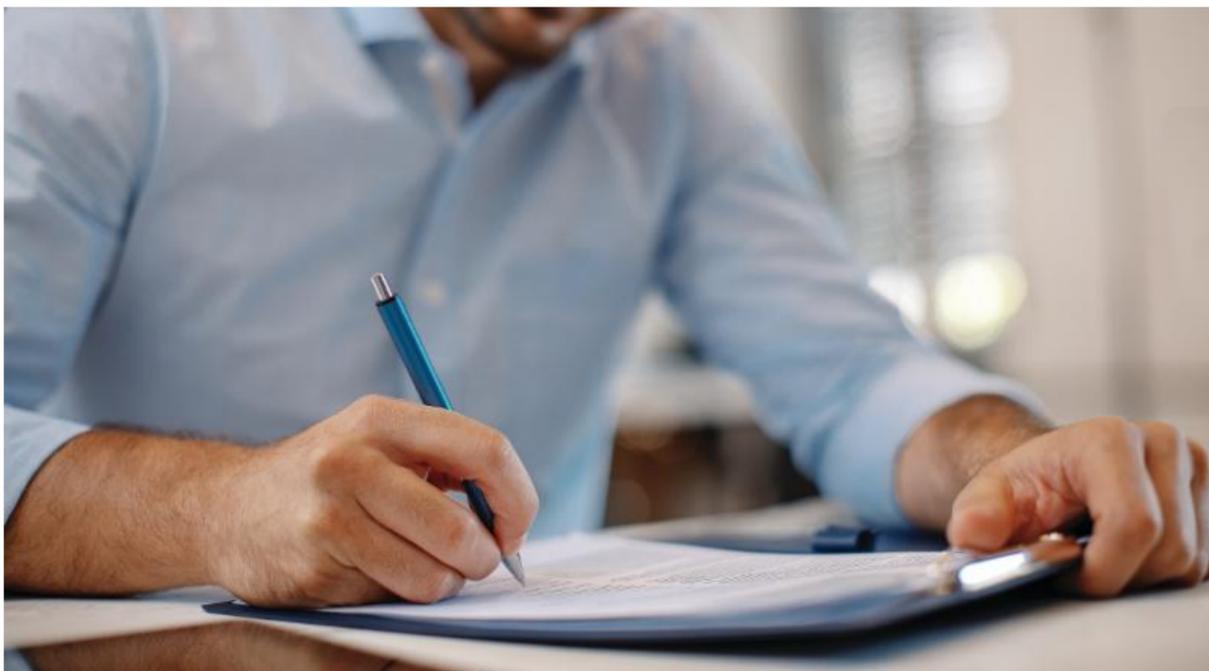


Every team has them. Employees who go above and beyond to make a difference. We're inviting you to help us recognize them!

**Help a co-worker win \$300.**

[Learn More](#)

## Don't Sign on the Dotted Line:



**Letters of Guarantee (LOG) & Legal Jeopardy.** How does the routine and common practice of signing a Letter of Guarantee with your borrower's physical damage insurance company become a legal nightmare for you? Simple. You signed up for it. As is standard procedure, when a borrower

totals his or her car, the insurance company sends the lien holder a summary letter and a document called a Letter of Guarantee (LOG). The Letter of Guarantee details what they will pay in return for releasing the title of the totaled auto. This letter is written by the insurance company and is, naturally, designed to protect their interests; however, it has the potential to jeopardize the interests, legal and financial, of you and your borrower– if you sign it!

[Read More](#)

## CONTEST CORNER

We had seven big winners of our GAP contest last month.

### Bose SoundSport Wireless Headphones

- Angie McClanahan - Pioneer West Virginia FCU, WV

### 30-inch Digital Smoker

- Eric Hancock - URW Community FCU, VA

### Google Home Hub

- Rose-Marie Buker - Dirigo Federal Credit Union, ME

### Braun Series 5 Electric Shaver

- Chris Rechteris - The Southern Credit Union, GA

### Ring Video Doorbell

- Ashley Cay - Rogue Credit Union, OR

### \$100 Home Depot Gift Card

- Justin Frazier - CSE Federal Credit Union, OH
- Karmen Hardnett - Atlanta Postal Credit Union, GA

Congratulations to all the Winners!  
Keep utilizing VisualGAP® for every auto loan this month to increase your chances to win the next contest. Good Luck!

## Should GAP Be Sold on RVs and Travel Trailers?



**Do you ever finance RVs or travel trailers? If so, make sure to stress the importance of GAP protection on these loans. While you may not see many accidents involving RVs or travel trailers, many of them experience total losses each year. Accidents are certainly not as frequent, but plenty are so severely damaged due to flood, vandalism, fallen trees, and fire that they are unrepairable and deemed total losses by primary insurers.**

Adding to the GAP risk on RVs and travel trailers is the challenge of accurately valuing the collateral at time of financing. You can utilize a guide book or even refer to a dealer invoice, but validating model and options can often times lead to many more challenges and errors in valuing RVs and travel trailers than we see in the much more standardized world of autos. These errors can create significant overvaluation of collateral and unexpected exposure to loss. And, if you think automobiles and trucks are depreciating rapidly these days, these are luxury items and can see even more wild swings in values from year to year as market conditions change.

Lastly, the loans for these collateral types tend to be longer terms. This means that the loan balances will amortize down more slowly and only add to the potential of a large GAP loss even when the loan was financed well under 100% of the value at loan origination.

A recent claim highlights how a number of the above factors can come together and result in a significant GAP claim.

In May, 2015 the lender financed \$92,485 on a 42' Jayco RV that had an assumed value of \$83,710. Three years later a fire caused a total loss of the RV and the settlement provided by primary insurer was \$53,445. This left an outstanding loan balance of \$30,595. **Fortunately, this loan had GAP protection and the \$30,595 loan balance was paid in full.**

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