



# Understanding your vehicle lease

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Your guide to leasing with Credit Union Leasing of America



[cula.com](http://cula.com)

# Welcome Aboard

Thank you for leasing your vehicle through your credit union and Credit Union Leasing of America (CULA). CULA wants to make sure that your expectations are more than met and that you will consider your credit union and CULA in your future vehicle acquisition decisions. This brochure is for your use in helping you better understand your lease and in ensuring that you enjoy its benefits to the maximum.

## Congratulations!

First you had to decide between buying and leasing your vehicle. That alone is no easy task. Then you had to choose whom to lease from. By selecting your credit union in partnership with CULA, you have chosen the best in financing and leasing services. We promise to service your lease and answer your questions along the way so that by the time your lease nears its end, you are ready to do it all over again as an experienced and satisfied lessee.

## The Benefits of Leasing

Leasing your vehicle is a smart decision. In a lease you only pay for the portion of the vehicle's worth that you are actually going to use. You do not have to worry about volatile resale values. With less money out of your pocket up front, you can enjoy driving a new vehicle more often.

When the end of your lease arrives, you have choices and opportunities. You can either trade-in your vehicle, elect to purchase it, or return it to us. Our Customer Service Representatives are available throughout your lease term to assist you in these processes and more.

*More vehicle for your money*

*A new vehicle more often*

*Mileage allowances tailored to your needs*

*No trade-in hassles*

*GAP (Guaranteed Automobile Payoff) coverage*

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# Frequently Asked Questions

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## **Why am I being contacted by CULA?**

CULA is the lessor, or owner, of your vehicle. The credit union is the lender, or the lienholder, of your vehicle until such time as all your lease payments have been made. Since CULA is responsible for the vehicle at lease-end, our CSRs will be in touch with you to guide you through your options as your lease approaches its end. We will explore all the options available to you and help coordinate the necessary actions.

You may also contact us by calling 800-878-5400 or by emailing [turnin@cula.com](mailto:turnin@cula.com).

## **In what situations do I need to contact CULA during my lease?**

Make sure you contact CULA if your vehicle is stolen, in an accident or if you are considering turning in or trading in your vehicle to a dealer.

Also, if your vehicle is involved in an accident, especially if your vehicle sustains frame/unibody damage, it is important to notify CULA prior to fixing your vehicle so that we can assist with negotiations with your insurance company, as you will be liable for any diminished value even though repaired correctly.

If these events arise, CULA will help you maximize the payoff from your insurance company, or explain your options in terminating your lease.



### **In what situations do I need to contact my credit union during my lease?**

Make sure you contact your credit union if you intend to move. They will help you understand the changes in your payment. You should also notify your credit union when you change your insurance coverage or carrier.

### **What if my vehicle is stolen or destroyed?**

CULA provides, at no cost to you, GAP coverage to minimize your exposure for loss in these instances. In order to qualify, you must maintain the necessary insurance coverage required by your state of residence and comply with the requirements of your vehicle lease agreement.

To ensure that this coverage is in place for you, it is imperative that you contact CULA in the event of an accident, when your address changes, or when you change your insurance coverage or carrier.

### **Who is responsible for paying the property taxes on my leased vehicle?**

As the Lessee you are responsible for paying the property taxes and other government imposed fees (e.g., parking tickets, excise taxes, and registration fees).

### **What if I move?**

Changing taxing jurisdictions like city, county or state, can alter your monthly lease payment. Not all jurisdictions charge the same sales tax, nor do they have the same insurance requirements.

Also, it is important for you to know that CULA does not allow its leased vehicles to be garaged in certain states or taken out of the country. For these reasons and more, it is absolutely necessary for you to contact your credit union prior to any move.

### **Can I take my leased vehicle out of the United States?**

CULA cannot provide permission for leased vehicles to be taken into Mexico at any time, for any reason, or with any additional insurance purchased by the lessee. However, permission to take the leased vehicle to Canada may be given with written authorization from CULA in advance and the appropriate insurance documentation as required.

### **What is the disposition fee shown in my agreement? Can it be waived?**

A disposition fee is charged at the end of your lease if you do not purchase the vehicle, in accordance with your lease agreement. The fee cannot be waived.

### **What is excessive wear and use?**

Also known as "wear and tear," excessive wear and use occurs when your vehicle is not maintained in accordance with the requirements set by the manufacturer and agreed to in your lease agreement.

However, CULA does not expect your vehicle to be in the exact condition it was when you first leased it. Reasonable wear and tear is expected. (See page 6 for more details.)

### **I want to purchase my vehicle. What price will I pay and what is the process?**

Your lease agreement specifies the terms under which you may purchase your vehicle. The purchase price includes:

- A purchase option fee
- Any remaining lease payments
- Any applicable late charges
- Any fees, sales tax not already included, or taxes imposed by the transaction

Contact your credit union for payoff information.



# Your Vehicle Lease Agreement

A complete description of your leasing responsibilities is in your two-page CULA lease agreement. Please review your contract and call us with any questions. Make sure the vehicle is accurately described. Confirm your monthly payment is what you expect. Also, verify that your mileage allowance is correct.

**1. Monthly Payments** -- Disclosure of your total monthly payment, number of payments you will make and the day of the month on which they are due.

**2. Other Charges** -- A disposition fee will apply if you turn your vehicle in at the end of your lease.

**3. Gross Capitalized Cost** - The total of the vehicle's selling price and any items you financed, such as taxes, fees, insurance, extended warranties, and negative trade balances.

**4. Adjusted Capitalized Cost** -- The total loan amount used to calculate your base monthly payment.

**5. Residual Value** -- Estimated value of the vehicle at the end of the lease.

**6. Base Monthly Payment** -- The total of depreciation and lease charges of your payment (does not include sales tax).

**7. Excessive Wear and Use** -- Disclosure of your mileage allowance per year set by you and your dealer. Refer to page (Excessive Wear and Use) for more information on charges that might be imposed for excessive wear and tear.

**8. Purchase Option** -- You can purchase the vehicle at any time during the lease term for the payoff at the credit union, which includes a purchase option fee.

**9. Vehicle Warranties and Disclaimers** -- Any applicable warranties on the vehicle that do not come from CULA or your credit union. The would come from the manufacturer or guarantor of any additional warranty you may have purchased as part of your original transaction with the dealer.

CULA		CLOSED END VEHICLE LEASE AGREEMENT	
CREDIT UNION LEASING		(SIMPLE INTEREST)	
		(Assigned to Credit Union Leasing of America)	
This lease agreement is between the lessor (listed at the bottom of this side and the lessee (listed immediately below). As used in this lease the words "I," "me," or "my" refer to the lessor, "you" or "your" refer to the lessee and "we," "our" or "us" refer to both the lessor and lessee. I understand that the consumer lease disclosures made in this lease are also made on behalf of _____ and on behalf of Credit Union Leasing of America to whom you intend to assign this lease.			
Lessee Name(s) _____ Address(es) _____			
New or Used	Year	Make	Model
			Color
			Manufacturer's Serial Number
			Odometer
			Lease Number
Added Equipment _____			
2. SEGREGATED FEDERAL DISCLOSURES. The following disclosures are required by federal law to be segregated if this lease is covered by the Federal Consumer Leasing Act:			
(a) Amount Due at Lease Signing or Delivery (check below): \$ _____	(b) Monthly Payments I will pay _____ monthly lease payments under this lease. My first lease payment of \$ _____ is due when the vehicle is delivered. The second and subsequent monthly lease payments in the same amount** will be due commencing _____ and on the same day of each succeeding month. The total of my monthly lease payments for the whole lease term is \$ _____.	(c) Other Charges (not part of my monthly lease payment) Deposits: If I do not return the vehicle and I cause a loss (including loss of title and casualty loss) \$ 400.00 Total \$ 400.00	(d) Total of Payments (The amount I will have paid to you by the end of the lease term) \$ _____
*Reimbursement of Amount Due at Lease Signing or Delivery			
(e) Amount Due at Lease Signing or Delivery: (i) Capitalized cost reduction (ii) Tax on capitalized cost reduction (iii) First monthly lease payment (iv) Current year registration/license fees Total \$ _____		(f) How the Amount Due at Lease Signing or Delivery will be paid: (i) Net trade-in allowance \$ _____ (ii) Rebates and research credits \$ _____ (iii) Amounts to be paid in cash \$ _____ Total \$ _____	
(g) My monthly payment is determined as shown below:			
(i) Gross capitalized cost (net trade-in value of the vehicle \$ _____) and any items I pay for over the lease term as part of the lease monthly payments (such as taxes, fees, mechanical breakdown protection contract, insurance, and any outstanding prior debts or lease balances) \$ _____			
(ii) Capitalized cost reduction. The amount of any net trade-in allowance, rebate, non-cash credit or cash I pay that reduces the gross capitalized cost. \$ _____			
(iii) Adjusted capitalized cost. The _____ used in calculating my base monthly payment. \$ _____			
(iv) Residual value. The value of the vehicle at the end of the lease used in calculating my base monthly payment. \$ _____			
(v) Depreciation and any amortized amounts. The amount charged for the vehicle's decline in value through normal use and for other factors over the lease term is part of my base monthly payments. \$ _____			
(vi) Total of base monthly payments. The depreciation and any amortized amounts plus the lease charges. \$ _____			
(vii) Lease payments. The number of payments in my lease. _____			
(viii) Base monthly payment. \$ _____			
(ix) Monthly sales tax. \$ _____			
(x) Total monthly lease payment. \$ _____			
(h) Early Termination. I may have to pay a substantial amount if this lease is ended early. The amount may be up to several thousand dollars. The actual amount will depend on when the lease is terminated. The earlier the lease is ended, the greater this amount is likely to be.			
(i) Excessive Wear and Use. I may be charged for excessive wear based on your standards for normal use and for mileage in excess of _____ miles per year at the rate of \$15¢ per mile if the vehicle residual is less than \$20,000. 20¢ per mile if the vehicle residual is between \$20,000 and \$30,000. 25¢ per mile if the vehicle residual is over \$30,000.			
(j) Purchase Option at Lease Term. I have an option to purchase the vehicle at the end of the lease term for the sum of the outstanding adjusted capitalized cost reduced as shown below, plus 5% and assessed but unpaid lease charges, plus \$325 and applicable official fees and taxes if the lease is not in default and I have given you 30 days notice.			
(k) Other Important Terms. See the lease documents for additional information on early termination, purchase options and maintenance responsibilities, warranties, late and default charges, insurance, and any security interests, if applicable.			
**These amounts are estimates because they are based on current tax rates. *These amounts are based on the lease term in full term.			
FURTHER FINANCIAL DISCLOSURES			
3. ESTIMATED OFFICIAL FEES AND TAXES. You estimate the total of official fees and taxes I will have to pay during the lease term is \$ _____. My tax and fee obligations are described in paragraph 12.		6. LIFE AND DISABILITY INSURANCE. While I have an obligation to do so, I understand that I may purchase life and/or disability insurance through you which will be paid to the beneficiary. I will have a security interest in the proceeds of the policy and agree to apply the proceeds to my obligations under this lease which are due when the premiums are paid to you. I realize the proceeds may not cover all my obligations to you and that I will be liable for any deficiency. If I have elected to purchase any of this insurance, I have reviewed the terms of the policy and understand that the completed policy will be sent to me as soon as practicable.	
4. MECHANICAL BREAKDOWN PROTECTION, OMBP. While I have no obligation to do so, I understand I may purchase from you a contract, under which I will have the right to have a portion of the cost of repairs of certain major mechanical breakdowns of the vehicle and some related expenses paid by the contract administrator listed in the contract.		Choice of payment: I choose to purchase the life and/or disability coverage described below for cash. LESSEE(S) INITIALS _____ I choose to purchase the life and/or disability coverage described below and pay the premiums together with lease charges during the term of the lease as part of the monthly lease payments. LESSEE(S) INITIALS _____	
The term of this protection will be _____ months from the date this lease is signed or until the vehicle has been driven _____ miles, whichever occurs first.		I choose to purchase the life and/or disability coverage described below and pay the premiums together with lease charges during the term of the lease as part of the monthly lease payments. LESSEE(S) INITIALS _____	
Service Contract Administrator _____		I choose to purchase the contract and pay for its cash price of \$ _____ together with lease charges during the term of the lease as part of the monthly lease payments. LESSEE(S) INITIALS _____	
Choice of Payment: I choose to purchase the contract for its cash price of \$ _____. LESSEE(S) INITIALS _____		I choose to purchase the contract and pay for its cash price of \$ _____ together with lease charges during the term of the lease as part of the monthly lease payments. LESSEE(S) INITIALS _____	
5. LEASE BALANCE CALCULATION. In paragraphs 7(i), 15, 16 and 18 the term Lease Balance is used to describe a component of my liability on scheduled or early termination. For these purposes each monthly lease payment will be allocated when you receive it first to taxes, then to lease charges which have accrued on the basis of a 30-day year since the prior monthly lease payment on the outstanding adjusted capitalized cost and finally to reduce the outstanding adjusted capitalized cost. The adjusted capitalized cost as of the date you and I sign the lease and before application of the first monthly lease payment is shown in paragraph 2(g)(i). Lease charges will accrue at the rate implicit in the lease on an actuarial basis assuming a 30-day year. Payments in advance, a lease date of the first day of the month, a payment due date on the first day of each month and the outstanding adjusted capitalized cost at the end of the lease plus accrued lease charges for the final month equals the residual value shown in paragraph 2(g)(iv). The Lease Balance at any time equals the then outstanding adjusted capitalized cost plus any assessed but unpaid lease charges.			
These allocations will impact my purchase option liability and my liability if this lease is terminated early after there is provided in paragraph 17. These allocations may also impact on my scheduled termination liability. Generally speaking, the Lease Balance will be less if I pay my monthly lease payments early because a greater portion of the monthly lease payments will go to reduce the adjusted capitalized cost and will increase if you receive my monthly lease payments after the due date because a lesser portion of the monthly lease payments will go to reduce the adjusted capitalized cost.			
7. VEHICLE WARRANTIES AND DISCLAIMERS. I understand that unless otherwise indicated below the vehicle is subject to the manufacturer's new car warranty and I have those warranty rights. I AM LEASING THE VEHICLE "AS-IS" AND ACCORDINGLY MAKE NO EXPRESS WARRANTIES AND SPECIFICALLY DISCLAIM ANY IMPLIED WARRANTY OF THE VEHICLE INCLUDING THOSE OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. IF I HAVE PROBLEMS WITH THE VEHICLE, YOU WILL NOT BE RESPONSIBLE FOR THE REPAIRS, NOR WILL MY LEASE OBLIGATIONS BE AFFECTED.			
LESSEE(S) INITIALS _____ I HAVE READ THIS AND THE REVERSE SIDES OF THIS LEASE AND RECEIVED A COMPLETELY FILLED IN COPY BEFORE SIGNING BELOW.			
LESSOR NAME _____		Dated _____	
(By) _____ (Title) _____		LESSEE	
Address: _____		LESSEE	

THE TERMS OF THIS LEASE ARE CONTINUED ON THE REVERSE SIDE

GENERIC CUL 002084

MY OTHER OBLIGATIONS DURING THE LEASE TERM

8. **LATE CHARGES AND LATE RETURN.** If any monthly lease payment is not received by you within 10 days of its due date, I will pay you a late charge equal to the lesser of 5% of the payment or \$25 or such lesser amount as may be set by law. If I do not return the vehicle to you at the end of the lease term, I will pay you an additional monthly lease payment for each month or portion of a month the vehicle is returned. I acknowledge, however, that I have no right to return the vehicle after the end of the lease term and that any retention of the vehicle after the end of the lease term is a default under this lease.

9. **INSURANCE.** I will provide the following insurance coverage under which I am a named insured during the lease term until I return the vehicle to you:

- A. Designating you as Loss Payee with respect to the following coverages:
  - First, third and comprehensive insurance with a maximum deductible of \$1,500, and
  - Collision insurance with a maximum deductible of \$1,500, and
- B. Designating you as an Additional Insured with respect to the following coverages:
  - Minimum public liability insurance for bodily injury or death to any one person in the amount of \$100,000 and for any one accident in the amount of \$500,000, and
  - Minimum property damage insurance for \$50,000.

The insurance policy I obtain must be approved by you and must state you will be given at least 10 days advance written notice of any cancellation, non-renewal or change. I will furnish you with a written notice of the required coverage you request. I represent you are not aware of any fact that would constitute a breach of the policy, or any amounts due under the insurance I am carrying under this lease.

10. **USE OF VEHICLE.** I am responsible for all expenses (for example, gasoline, oil, repairs and parking tickets) incurred in connection with the vehicle. I will not use the vehicle for any of the following:

- (a) For any unlawful purpose or in violation of any law;
- (b) In a manner capable of, or so abnormal operation that would cause the insurance on the vehicle to be suspended or canceled;
- (c) By a person not having a valid driver's license or one who, for insurance purposes, is deemed an assigned risk or one who does not exercise care in its operation;
- (d) For the transportation of goods for hire;
- (e) Outside the state where I make my residence when I sign this lease for a period exceeding 30 days; or
- (f) Outside the United States excluding Alaska and Hawaii.

11. **LIENS AND INDEMNITY.** I will not permit the vehicle or this lease to become subject to any lien or security interest except one you create. I also will indemnify you against any liability, loss or expense arising from the operation, condition, or ownership of the vehicle. I understand that under this indemnity I am obligated to pay your court costs and attorney fees in connection with any action against which I have indemnified you. I also agree that this indemnity covers any claims made against you under the doctrine of strict liability.

12. **OFFICIAL FEES AND TAXES.** I agree to pay or reimburse you for any and all official fees and all taxes, including your sales tax, imposed by any governmental authority in connection with this lease of the vehicle. My obligations include:

ENDING THE LEASE

13. **SCHEDULED TERMINATION LIABILITY.** I have no right to extend this lease and if it has not been terminated early, this lease terminates at the expiration of the lease term. Unless I choose to purchase the vehicle, if I have that option, I agree that upon the expiration of the lease I will return the vehicle to a place you will specify. I understand that if I fail to return the vehicle to the place you specify, I have agreed under paragraph 15 to reimburse you for the costs to transport the vehicle there. I agree that if I do not then purchase the vehicle, if I have that option, my potential liability at lease expiration will be the sum of:

- (a) A disposition fee of \$400; plus
- (b) Any due monthly lease payments or other amounts I then owe you, including any charge I may owe under paragraph 15; and any accrued but unpaid lease charges; plus
- (c) Any excess mileage charge described in paragraph 20; plus
- (d) The amount, if any, by which the outstanding adjusted capitalized cost reduced as described in paragraph 5 exceeds the residual value; plus
- (e) Any official fees and taxes imposed in connection with lease termination (for example, taxes due on a vehicle change under 15).

14. **FURTHER PURCHASE OPTION INFORMATION.** At any time if this lease is not in default and I have given you 30 days' notice, I will have the option to purchase the vehicle from you for the sum of the sum of:

- (a) A \$325 purchase fee; plus
- (b) The sum of (i) the outstanding adjusted capitalized cost reduced as described in paragraph 5 and (ii) any accrued but unpaid lease charges; plus
- (c) Any official fees and taxes imposed in connection with purchase.

Whether I purchase the vehicle during or at the end of the lease the purchase will be on an "AS-IS, WHERE-IS, AND WITH ALL FAULTS" basis.

15. **VEHICLE ACCIDENT AND DAMAGE, LOSS OR DAMAGE AND GAP.** I agree to be responsible for the risk of loss, damage, confiscation or destruction of the vehicle during the lease term and until I return the vehicle to you. If the vehicle is in an accident where there is personal injury or damage to somebody else's property or the vehicle is damaged or destroyed or stolen or other occurrence or confiscated by any governmental authority or if the vehicle is abandoned or is subject to undue peril, I will notify you of such occurrence as soon as possible and will cooperate with you and my insurance company in resolving the matter. If the vehicle is damaged and is in such condition which you believe is beyond reasonable repair or if any other occurrence or condition involving your potential loss of or peril to the vehicle included above happens, you reserve the right to terminate the lease. I realize you have no obligation to replace the vehicle. If the lease is terminated, my liability will be dependent on whether my insurance company fully honors your claim. If it does, this lease provides GAP protection, and I will only be liable for the sum of the deductible under my policy, any past due amounts under the lease, any other deductions made by my insurance company when it honors your claim, including deductions made for mileage or condition, and applicable taxes. If your claim is not fully honored, I will be liable for the amount I would be required to pay if I were then to purchase the vehicle plus any past due amounts, and you will apply the proceeds of my insurance to this liability.

I UNDERSTAND THAT IF I AGREE TO A CASUALTY PAYOFF WITH MY INSURANCE COMPANY WITHOUT YOUR INVOLVEMENT, THERE WILL BE NO GAP PROTECTION.

OTHER INFORMATION

16. **YOUR ASSIGNMENT.** You may assign an interest in this lease or the vehicle and if I receive notice of the assignment, I will pay any assigned amounts as you have directed. I agree that unless otherwise provided by applicable law the right of your assignee will be free of any claims I have against you and further that no assignee will be responsible for the performance of any of your covenants under this lease unless the assignee expressly assumes the claims. I also understand that upon the assignment of the lease to any assignee for other than collateral purposes the assignee will be entitled to all your rights as lessor including the right to all payments due under this lease and the right to be named as the Loss Payee and Additional Insured under the insurance required in paragraph 9.

17. **GENERAL.** We further agree that:

- (a) If more than one lessor signs this lease, all lessors will be jointly and severally liable. Additionally, you can waive or delay enforcement of your rights as to one lessor without affecting your rights as to any other lessors, and you can release any lessor from this or any obligations without releasing any other lessors from their obligations;
- (b) Your waiver or delay in requiring me to perform any of my obligations or in enforcing your rights will not affect your ability to require me to perform the same obligations or to enforce your rights afterwards;

property and other taxes assessed during the lease term but not payable until after the lease ends.

13. **VEHICLE MAINTENANCE AND MODIFICATIONS AND STANDARDS OF WEAR AND USE.** Until I return the vehicle to you, I will have the vehicle serviced according to the manufacturer's specifications to maintain the vehicle in good running order and condition and to keep necessary repairs made. I will add any legally required emission control system or any equipment to the vehicle. If you request, you may inspect the vehicle at any reasonable time, unless I advise you with my consent beforehand. I will not make any changes to the vehicle such as adding or removing parts or painting the vehicle which would decrease its value, limit its use or void the manufacturer's warranty.

When I return the vehicle, it will be in good operating order and appearance with all manufacturer recommended servicing having been performed and will be saleable at wholesale without deductions for condition. Upon early termination I agree to pay any amounts you come to pay the vehicle in this condition. At the end of the lease term I agree to pay any amounts that it would take, based upon the good faith estimate of a qualified repair person or facility you obtain, to put the vehicle in this condition. I recognize that the most common items of repair or replacement for which I might be liable if I failed to maintain the vehicle properly are any of the following which will deduct from the vehicle's wholesale value:

- Repair of:
- (a) Improper mechanical parts including power accessories;
  - (b) Dents, scratches, chips or missed preventive services of these on the body;
  - (c) Mismatched paint or any mark left by special identification;
  - (d) Cracks, scratches, pits or chips in the windshield, broken windows or inoperative window mechanisms or broken headlight lenses or cracked beams;
  - (e) Bumper dents or scratches through the chrome or bumpers;
  - (f) Broken grilles or dents in the grilles;
  - (g) Dents on other trim parts, including headlight and taillight bezels; and
  - (h) Seats, seat belts, headlining, door panels or carpeting which is torn or damaged beyond ordinary wear and tear or burned.

Replacement of:

- (a) Any tire not part of a matching set of 4 tires (or 4 with emergency "donut" spare) or one with less than 1/8 inch of tread remaining at the tread wear mark; and
- (b) Missing parts, accessories and components, including bumpers, ornamentation, emblems, hubcaps, chrome stripping, rear view mirrors, radio and stereo components and spare tire.

I also recognize that if the vehicle has suffered frame damage or substantial other damage or had an inoperative or tampered odometer, even though the damage or odometer may have been repaired, the value of the vehicle will be substantially less than the value of an identical vehicle which has not had frame damage or suffered substantial other damage or had an inoperative or tampered odometer. I understand that my obligation at lease termination is to return the vehicle in the condition described above.

14. **LIMITS ON MY ASSIGNMENT - I UNDERSTAND THAT I HAVE NO RIGHT TO ASSIGN ANY INTEREST IN THIS LEASE OR THE VEHICLE OR TO SUBLEND OR LEASE THIS VEHICLE TO ANYONE WITHOUT YOUR WRITTEN CONSENT.**

15. **VOLUNTARY EARLY TERMINATION.** At any time I may terminate this lease by returning the vehicle to a place you will specify. I agree that except as specified in paragraphs 16 and 17 my payment upon early termination will be the sum of:

- (a) A disposition fee of \$400; plus
- (b) Any amounts other than monthly lease payments I then owe you, including any charge I may owe you under paragraph 15; plus
- (c) The Lease Liability described in paragraph 5 exceeds the "realized value" described below; the difference between that sum and the realized value; plus
- (d) Any official fees and taxes imposed in connection with the lease termination (for example, taxes due on a vehicle change under 15).

For purposes of calculation of my liability the realized value will be determined in one of the following ways:

- (a) If by a written agreement between you and me establishing the realized value, if it is signed within 10 days after termination of the lease;
- (b) If a professional appraisal of the wholesale value of the vehicle obtained at my expense within 10 days after termination of the lease, if you and I agree to my selection of any independent third party qualified to make the appraisal; or
- (c) If the realized value is not determined within 10 days after termination of the lease as provided in paragraph (a) or (b), you will dispose of the vehicle in a commercially reasonable manner. The disposition proceeds will be considered the realized value. I understand that the realized value amount will be exclusive of any official fees and taxes imposed upon disposition.

16. **DEFAULT AND REMEDIES.** If any information in my lease application or any information provided you by a guarantor of my lease obligations is false or misleading or if I fail to make a monthly lease payment when due or if I fail to maintain the insurance required under paragraph 9 or otherwise fail to meet my obligations under or breach this lease or if I or any guarantor of my lease obligations becomes insolvent or subject to a bankruptcy proceeding or dies, you may treat this lease as being in default.

In the event of default, you may do any or all of the following without giving me advance notice except as otherwise provided by applicable law: (a) take any reason the insurance designated to either correct the default or to save yourself from loss, such as purchasing insurance to protect your interest; if I fail to fulfill my obligations under paragraph 9, in which case I will reimburse you for all costs and expenses incurred; (b) terminate the lease and my rights to possess and use the vehicle; (c) take possession of the vehicle by any method or manner permitted by law if I fail to return it to you; (d) determine by termination liability as provided in paragraph 15 in which case I will reimburse you a place you will specify and I will pay you this amount; (e) recover from me interest at the rate of 18% per annum or at such lesser rate as may be provided for under applicable law on all amounts incurred by you and on all obligations which I owe you after termination; and (f) pursue any other remedy permitted by law.

I also agree in the event of default to be liable for all your collection, repossession, storage and legal costs, to the extent permitted by law.

## 1. Insurance – Insurance on your vehicle is required.

Your coverage minimums and deductible maximums are described in this section.

## 2. Use of Vehicle – Limitations exist on who can drive the leased vehicle, where it can be driven, how long the vehicle can stay out of your state, and how it can be used. You pay the costs of maintaining the vehicle during your lease.

## 3. Official Fees and Taxes – You are responsible for the taxes and registration fees imposed by any governmental agencies in connection with the vehicle.

## 4. Vehicle Maintenance, Modifications and Standards of Wear and Use – You are to maintain the vehicle as specified and return it to us in the described condition. Contact CULA immediately in the event you have been in an accident.

## 5. Limits on My Assignment – The leased vehicle was financed by the credit union in your name and cannot be sub-leased to someone else or given to someone else to use without our written consent.

## 6. Scheduled Termination Liability – At the scheduled lease end, these monies may be billed to you by your credit union.

## 7. Further Purchase Option – You may purchase your vehicle at any time during the lease. Your total purchase amount is described here.

## 8. Vehicle Damage and GAP – CULA provides GAP coverage at no charge to you. Call CULA immediately if your vehicle is in an accident, damaged, or stolen. Also, refer to this section for details and limitations of GAP coverage on total losses.

## 9. Voluntary Early Termination – Should you decide to turn-in your lease vehicle prior to the scheduled termination date, your total financial liability is described here.

# Ongoing Lease Requirements

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## **Insurance**

In accordance with your lease agreement, you promise to carry fire, theft, collision, comprehensive, and public liability insurance for bodily injury or death. CULA must be designated as additional insured and your credit union as loss payee as is appropriate for the respective coverage. CULA, at no cost to you, provides you with GAP coverage. If you comply with the terms of your lease agreement, this policy helps you fulfill your financial obligations to the credit union in the event of a total loss.

To make sure that the benefits under this lease are available to you, we recommend that you contact your credit union with any changes in address or insurance coverage or carrier.

## **Vehicle maintenance**

In order to ensure that you only pay for the loss in value of the vehicle that is attributed to your normal use of the leased vehicle through your monthly lease payments, your lease contract requires you to service the vehicle in accordance with the manufacturer's recommendations, maintain the vehicle in good running order and condition, and have all necessary repairs made. By taking care of your vehicle as if it were your own, you will help avoid the additional costs of excessive wear and tear.

## **Excessive wear and use**

If you are like most of our lessees who maintain the vehicle as required and avoid having any accidents, you will most likely not have to pay any excess wear and use charges. However, as described in your lease agreement, those items that detract from the wholesale value of your vehicle and will need repair at the time your lease terminates can and probably will be assessed. As you approach the end of your lease, our CSRs will work with you to make sure that you have the opportunity to minimize your end of term expenses prior to you returning your vehicle.

# Lease End Requirements

## Vehicle inspection template

Near lease end, we will be mailing you a Vehicle Inspection Template and lease end brochure. Contact your CULA CSR if you do not receive a template. It is a handy tool to help you evaluate damage that possibly could result in charges for excessive wear and use.

If you choose to return your vehicle, the template can help you decide on making necessary repairs prior to your scheduled vehicle inspection and the date you return your vehicle.



### Vehicle Inspection Template

*This template is a guide for possible wear and tear assessment. It does not list all vehicle areas of assessment. Please refer to the back of your lease agreement for the details of your wear and tear obligations.*

#### **Dents:** Chargeable as follows

- More than 2 dents per panel
- More than 6 dents on the vehicle
- Any damage larger than 1" in diameter

#### **Scratches:** Any scratches that break the paint. (including truck beds)

##### Chargeable as follows

- More than 2 scratches of any size on the vehicle
- Any scratch greater than 5 inches in length

#### **Paint:** General Guidelines – Chargeable as follows

- More than 7 paint chips per panel or 15 paint chips in total
- Fading, staining or oxidization of the exterior paint
- Mismatched paint or body repairs which exhibit cracks, ripples, visible Bondo repair, inadequate straightening or substandard repair

#### **Chrome:** Chargeable as follows

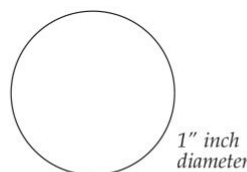
- Any dent or scratch to the chrome anywhere on the Vehicle

#### **Rust:** Chargeable as follows

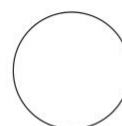
- Any rusted areas on the vehicle including wheels

Refer to your Lease Agreement or Vehicle Inspection brochure for additional details. This guide does not list every possible chargeable item. Talk to your CULA Customer Service Representative for more information.

For use in estimating potential excessive wear and use prior to your lease end inspection.



1" inch diameter



Dime size diameter

Rev. 11-2019



**Tire Depth Gauge** – Measure from midportion of the tire

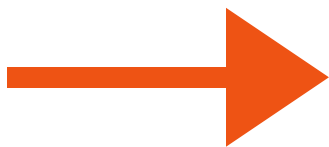
## Lease end inspection

If you elect to return your vehicle at the end of your lease, you will be asked to schedule a vehicle inspection from a service contracted at CULA expense.

### **You do not have to pay for this inspection!**

Your CULA CSR will coordinate and schedule your inspection with you at a time and place convenient to you, but not later than 30 days prior to the end of your lease. All we ask is that you have your car washed so the inspector can review clean surfaces on the car.

We strongly encourage you to be present at the inspection. By being present at the inspection you will receive a copy of the report from the inspector. This allows you time to evaluate options available to you based upon the results of the inspection. For example, you may want to have the vehicle repaired prior to turning it in. Or, you may decide that you would rather purchase the vehicle than pay for the necessary repairs.



*Please note, the inspector will document all discrepancies observed during the inspection. It is likely that you will NOT be charged for all the items listed in the report.*

After the inspection has been completed, your CULA CSR will receive the inspection report and review it with you along with your options. In some instances it will be necessary to have a more thorough inspection performed. In these rare circumstances, CULA will pay to have the inspection performed at a time convenient for you. These inspections are typically performed by authorized repair facilities for the make and model of your vehicle and are required when major mechanical or frame damage is indicated as being likely from the preliminary inspection.

In order to avoid unwelcome charges at the end of your lease, it is important that you advise your CULA CSR as to the maintenance history of the vehicle, whether the vehicle has ever been in an accident or repainted, if there is anything mechanically wrong with the vehicle, and whether there are any broken or non-operating devices on the vehicle.

## Inspected items

- Inoperative mechanical parts including power accessories
- Dents, scratches, chips, or rusted areas on the body (including truck beds)
- Mismatched paint or any mark left by special identification
- Cracks, scratches, pits or chips in the windshield
- Broken windows or inoperative window mechanisms
- Broken headlight lenses or sealed beams
- Bumper dents or scratches through the chrome, paint or plastic
- Broken grills or dents in the grills
- Missing parts, accessories and adornments, including bumpers, ornaments, aerials, hubcaps, chrome stripping, rear view mirrors, radio and stereo components and spare tire
- Dents on other trim parts, including headlight and taillight bezels
- Vehicle Identification number and odometer reading and operation
- Fluid levels
- Stickers
- Vehicle modifications such as lift kits, lowered vehicles, exhaust systems
- Seats, seat belts, headlining, door panels or carpeting which are torn, damaged, stained or burned
- Mismatched tires or tires with less than 1/8 inch of tread—including spare
- Cuts or damage of any kind to any of the tires
- Scratches, peeling, dents, gouges, corrosion or rust on rims/wheels

*It is recommended that you wash and wax your vehicle regularly to minimize damage to the paint and finish. You should also rotate your tires and check to make sure that they are properly inflated.*

# Thank you for leasing with CULA!

**Questions about your lease?**

**Call: (800) 878-5400**

**Email: [turnin@cula.com](mailto:turnin@cula.com)**

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**CREDIT UNION LEASING  
*of* AMERICA**

Rev. 11-2019

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