



Understanding Your Vehicle Lease

Your Guide to Leasing with
Credit Union Leasing of America



CULA
Safe. Competitive Vehicle Leasing.



Welcome Aboard!

Thank you for leasing your vehicle through your Credit Union and Credit Union Leasing of America (CULA). As one of more than three million lessees in America this year, 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.

Table of Contents

- Congratulations* 2
- Benefits of Leasing* 2
- Commonly Asked Questions* 3
- Your Closed End Vehicle*
 - Lease Agreement* 4-5
- Insurance* 6
- Vehicle Maintenance* 6
- Excessive Wear and Use* 6
- Vehicle Inspection Template* 7
- Lease End Inspection* 7

The Benefits of Leasing

- 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

For these reasons and more, 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 (CSRs) are available throughout your lease term to assist you in these processes and more.

Commonly Asked Questions



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 on 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.

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.

What if I move to another state or taxing jurisdiction?

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.

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 (i.e. parking tickets, registration fees, excise taxes, etc.).

My lease agreement shows a disposition fee; what is a disposition fee and can it be waived?

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

What is excessive wear and use (wear and tear)?

When you signed your lease agreement, you agreed to maintain your vehicle in accordance with the requirements set by the manufacturer. 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)

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.


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, and any fees, sales tax not already included, or taxes imposed by the transaction. Contact your Credit Union for payoff information. (Paragraph 15 of the lease agreement)

Your Closed End Vehicle Lease Agreement

You will find a complete description of your leasing responsibilities on the front and back of your CULA Closed End Vehicle Lease Agreement. Now would be a good time to look over your contract and call us with any questions. Make sure that the vehicle is accurately described. Check to make sure that your monthly payment is what you expected it to be when you left the dealer or the credit union. 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, extended warranties, insurance 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 6 (*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 do not come from CULA or your Credit Union. They would come from the Manufacturer or the Guarantor of any additional warranty you may have purchased as a part of your original transaction with the dealer.



CLOSED END VEHICLE LEASE AGREEMENT

(SIMPLE INTEREST)
(Assigned to Credit Union Leasing of America)

This lease agreement is between the lessor listed at the bottom of this page and the lessee listed immediately below. As used in this lease the words "I," "me," or "my" refer to the lessee, "you" or "your" refer to the lessor 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 whom you intend to assign this lease. Lessee Name(s): _____ Address(es): _____

1. AGREEMENT TO LEASE. I will lease the vehicle described below under this lease. Our obligations begin when we have signed this lease. If the vehicle is not delivered to me when we sign, you will use your best efforts to deliver it as soon as practicable. The lease term continues until the expiration of the number of months set forth in paragraph 2(a)(ii) from lease signing.

Year	Make	Model	Color	Manufacturer's Serial Number	Odometer	Leasee Number

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.

<p>(a) Amount Due at Lease Signing or Delivery (Itemized below): \$ _____</p>	<p>(b) Monthly Payments I will _____ monthly lease payments under this lease. My first monthly lease payment of \$ _____ is due when the lease is signed. 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 \$ _____.</p>	<p>(c) Other Charges (not part of any monthly lease payment) Disposition Fee: If I do not purchase the vehicle, and it is not a courtesy lease, \$ 400.00 Total: \$ 400.00</p>	<p>(d) Total of Payments (The amount I will have paid to you by the end of the lease) \$ _____</p>
---	--	--	--

*Itemization of Amount Due at Lease Signing or Delivery

<p>(i) Capitalized cost reduction \$ _____</p> <p>(ii) Tax on capitalized cost reduction _____</p> <p>(iii) First monthly lease payment _____</p> <p>(iv) Current year registration/license fees _____</p> <p>(v) Total \$ _____</p>	<p>(i) Net trade-in allowance \$ _____</p> <p>(ii) Rebates and noncash credits _____</p> <p>(iii) Amounts to be paid in cash _____</p> <p>Total \$ _____</p>
--	--

(g) My monthly payment is determined as shown below:

<p>(i) Gross capitalized cost, The adjusted gross value of the vehicle (\$ _____) and any items I pay for over the lease term as part of the base monthly payment, such as taxes, fees, mechanical breakdown protection contract, insurance, and any outstanding prior debts or lease balances \$ _____</p> <p>(ii) Capitalized cost reduction, The amount of any net trade-in allowance, rebate, noncash credits or cash I pay that reduces the gross capitalized cost \$ _____</p> <p>(iii) Adjusted capitalized cost, The amount used in calculating my base monthly payment \$ _____</p> <p>(iv) Residual value, The value of the vehicle at the end of the lease used in calculating my base monthly payment \$ _____</p> <p>(v) Depreciation and any amortized amounts, The amount charged for the vehicle's decline in value through normal use and for other items paid over the lease term as part of the base monthly payments \$ _____</p> <p>(vi) Lease charges, The amount charged in the base monthly payments in addition to the depreciation and any amortized amounts \$ _____</p> <p>(vii) Total of base monthly payments, The depreciation and any amortized amounts plus the lease charges \$ _____</p> <p>(viii) Lease payments, The number of payments in my lease _____</p> <p>(ix) Base monthly payment \$ _____</p> <p>(x) Monthly sales tax _____</p> <p>(xi) Total monthly lease payment \$ _____</p>	<p>(b) 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 this lease is ended, the greater this amount is likely to be. \$ _____</p> <p>(c) Excessive Wear and Use, I may be charged for excessive wear based on your standards for normal use and for mileage in excess of: <input type="checkbox"/> 15,000 <input type="checkbox"/> _____ 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 \$25,000, 25¢ per mile if the vehicle residual exceeds \$25,000.</p> <p>(d) Purchase Option at End of Lease term, I have an option to purchase the vehicle at the end of the lease for the sum of the outstanding adjusted capitalized cost, related to amount in (b) and (c) and accrued but unpaid lease charges, plus \$325 and applicable official federal and state sales tax if the lease is not in default and I have given you 30 days notice.</p> <p>(e) 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.</p>
--	---

*These amounts are estimates because they are based on current tax rates. **These amounts are based on the lease terms in full form.

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.

4. MECHANICAL BREAKDOWN PROTECTION (MBP). 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.

The term of this protection will be _____ months from the date this lease is signed as until the vehicle has been driven _____ miles, whichever occurs first.

Service Contract Administrator: _____

Choice of Payment:
I choose to purchase the contract for its cash price of \$ _____. LESSOR'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. LESSOR'S INITIALS: _____

5. LEASE BALANCE CALCULATION. In paragraphs 3(a), 15, 16 and 18 the term Lease Balance is used to describe a component of my liability on scheduled lease terminations. 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 next 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(a)(i). Lease charges will accrue on the rate impact in the lease on an actual basis assuming a 360 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(a)(iv). The Lease Balance if at any time equals the then outstanding adjusted capitalized cost plus any accrued but unpaid lease charges.

These allocations will impact on my purchase option liability and my liability if this lease is terminated early other than as 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.

6. LIFE AND DISABILITY INSURANCE. While I have no obligation to do so, I understand that I may purchase life and/or disability insurance through you which will be for me as the beneficiary. You will have a security interest in the proceeds of the policy and I agree to apply the proceeds to my obligations under this lease which are due when the proceeds 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.

Choice of payment:
I choose to purchase the life and/or disability coverage described below for cash. LESSOR'S INITIALS: _____

I choose to purchase the life and/or disability coverage described below and pay the premium together with lease charges during the term of the lease as part of the monthly lease payments. LESSOR'S INITIALS: _____

<p>Insure: _____</p> <p>LIFE INSURANCE: Level Amount \$ _____ together with lease charges during the term of the lease as part of the monthly lease payments. Decreasing Amount \$ _____ together with lease charges during the term of the lease as part of the monthly lease payments.</p>	<p>PREMIUM: <input type="checkbox"/> Single \$ _____ <input type="checkbox"/> Joint \$ _____ <input type="checkbox"/> Single \$ _____ <input type="checkbox"/> Joint \$ _____</p>
--	---

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 YOU MAKE NO EXPRESS WARRANTIES AND SPECIFICALLY DISCLAIM ANY IMPLIED WARRANTIES TO 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. LESSOR'S INITIALS: _____

The expiration of this lease below endorses your and my acceptance of the lease. Your acceptance also has the effect of assigning to Credit Union Leasing of America this lease and your interest in the vehicle.

I HAVE READ THIS AND THE REVERSE SIDES OF THIS LEASE, AND RECEIVED A COMPLETELY FILLED IN COPY BEFORE SIGNING BELOW.

<p>LESSOR NAME: _____</p> <p>(By) _____ (Title) _____</p> <p>Address: _____</p>	<p>Date: _____</p> <p>LESSOR: _____</p> <p>LESSEE: _____</p>
---	--

THE TERMS OF THIS LEASE ARE CONTINUED ON THE REVERSE SIDE.

GENERIC C.L.D. 02/2004



MY OTHER OBLIGATIONS DURING THE LEASE TERM

8. **LATE CHARGES AND LATE RETURN.** If my 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 amount due 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 retained. I acknowledge, however, that I have no right to return the vehicle after the end of the lease term and that my 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: (1) I will return the vehicle to you:

- (a) Designating you as a Loss Payee with respect to the following coverage:
 - Fire, theft 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 coverage:
 - Minimal 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 \$200,000; and
 - Minimal 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 30 days advance written notice of any cancellation, non-renewal or change in coverage. I will furnish you with advance written proof of the required coverage you request. I agree you may attempt to file to negotiate and settle and receive all checks for payment of 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:

- (a) For any unlawful purpose or in violation of any law;
- (b) In a manner subjecting it to abnormal depreciation or that would cause the depreciation of the vehicle to be substantial or excessive;
- (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 and without my right to 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 to be used to become subject to any lien or encumbrance except one you create. I also will indemnify you against any liability, loss or expense arising from the operation, condition, or maintenance of the vehicle. I understand that under this indemnity I am obligated to pay your court costs and attorneys' fees in connection with any action against which I have indemnified you. I also understand that this indemnity covers any claims made against you under the doctrine of strict liability.

12. **OFFICIAL FEES AND TAXES.** I will pay for and maintain current registration of the vehicle until I return it to you, including: (a) income taxes, imposed by any governmental authority in connection with the lease of the vehicle; (b) obligations include:

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 recommendations, maintain the vehicle in good working order and condition and have all necessary repairs made. I will add any legal, by required emission control system, safety equipment to the vehicle. If you request, you may inspect the vehicle at any reasonable time. I shall return your written consent before hand. 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 suitable as a whole 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 would have been due from the good faith estimate of a qualified repair person or facility you obtain, to pay 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) Impairment mechanical parts including power accessories;
 - (b) Tires, scratches, dents or matted mats or carpet of those on the body;
 - (c) Mismatched paint or any mark left by special stenciling;
 - (d) Cracks, corrosion, rips or chips in the windshield, broken windows or expensive window mechanisms or broken headlight lenses or sealed beams;
 - (e) Bumper dents or scratches through the chrome or bumper;
 - (f) Broken grilles or dents in the grilles;
 - (g) Dents on other trim parts, including headlight and taillight bezels; and
 - (h) Stets, seat belts, headlamps, door cranks or cranking switch in case of damaged beyond ordinary wear and tear or burned.

- Replacement of:
- (a) Any tire not part of a matching set of 5 tires (or 4 with emergency "spare") (one set with one flat); 10 sets of metal retaining of the tire mount; plus
 - (b) Missing parts, accessories and adornments, including bumpers, compression, metal, antennas, chrome stripping, rear view mirror, 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 impairment, even though the impairment is not a deductible, that the value of any identical vehicle which has not had frame damage or suffered substantial other damage or had an impairment or damaged adornment. I understand that my obligations include this difference.

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

ENDING THE LEASE

15. **SCHEDULED TERMINATION LIABILITY.** I have no right to extend this lease term if I do not return the vehicle to you at the end of the lease term. If I do not return the vehicle to you at the end of the lease term, I will pay you an amount equal to the scheduled termination liability. I understand that this liability is the amount that you would have to pay to purchase the vehicle if I had not returned it to you at the end of the lease term. I understand that this liability is the amount that you would have to pay to purchase the vehicle if I had not returned it to you at the end of the lease term. I understand that this liability is the amount that you would have to pay to purchase the vehicle if I had not returned it to you at the end of the lease term.

16. **FURTHER PURCHASE OPTION INFORMATION.** At any time if this lease is not in default and I have given you notice of my intention to purchase the vehicle from you for the sum of \$7,500:

- (a) A \$325 purchase fee; plus
- (b) The sum of (1) the outstanding adjusted capitalized cost reduced as described in paragraph 5 and (2) any unearned full annual lease charges; plus
- (c) Any official fees and taxes imposed in connection with purchase.

When 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.

17. **VEHICLE ACCIDENT AND DAMAGE, LOSS OR DANGER AND GAP.** I agree to be responsible for the risk of loss, damage, confiscation or destruction of the vehicle during the lease term until I return the vehicle to you. If the vehicle is an accident where there is personal injury or damage to somebody else's property or the vehicle is damaged or destroyed by fire, theft, or other occurrence or confiscated by any governmental authority or is otherwise abandoned or subject to a title lien, I will notify you of such occurrence or loss as soon as possible and will cooperate with you and any insurance companies 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 a part 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 depreciation, 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 any 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

20. **YOUR ASSIGNMENT.** You may assign an interest in this lease to 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 rights of your assignee will be the same as my rights under this lease and that you will remain responsible for the performance of any of your duties under this lease unless the assignee expressly assumes the duties. I also understand that upon the assignment of the lease to me someone else other than you, my obligations will be extended to all your rights or losses including the right to all payments due under this lease and the right to be named on the Loss Payee and Additional Insured under the insurance required in paragraph 9.

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

- (a) If more than one lessee signs this lease, all lessees will be jointly and severally liable. Additionally, you can waive or delay enforcement of your rights as to one lessee without affecting your rights as to any other lessees, and you can release any lessee from his or her obligations without releasing any other lessee 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 afterward.

(c) Notices under this lease must be in writing addressed to the appropriate one of us at the address shown on the other side of this lease and must be mailed by U.S. Mail, first class postage prepaid, and we will each notify the other of a change in address;

(d) Any changes to this lease must be in writing and signed by the party to be changed;

(e) If, despite our intent, a court finds that this lease is other than a true lease, you will be deemed to have a security interest in the vehicle;

(f) This lease will be governed according to the laws of the state in which I reside when I sign this lease and is binding on each of our heirs, personal representatives, successors and assigns; and

(g) You have not given me any information on which I am relying regarding the tax consequences of this lease.

I agree that you may pre-empt prior and when permitted by law) set off any debt I owe you against funds that I may have in a deposit account with you over which I have withdrawal power. This right of set-off does not apply to any account which (1) is an IRA or a tax deferred retirement account or (2) under which my withdrawal rights are a representative capacity. Set-off right also does not apply to consumer credit card debt I may owe you.

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.

Insurance

In accordance with your lease agreement, you promise to carry fire, theft, comprehensive, collision, 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.

Items to pay special attention to:

- 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
- Dents on other trim parts, including headlight and taillight bezels
- Seats, seat belts, headlining, door panels or carpeting which are torn, damaged, stained, or burned
- Mismatched tires or tires with less than 1/8th inch of tread – including spare.
- Scratches, peeling, dents, gouges or rust on rims/wheels
- Missing parts, accessories, and adornments, including bumpers, ornaments, aerials, hubcaps, chrome stripping, rear view mirrors, radio and stereo components, and spare tire.
- Vehicle Identification Number and odometer reading and operation
- Fluid levels
- Stickers
- Vehicle modifications such as lift kits, lowered vehicles, and exhaust systems

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.

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.

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 that we ask is that you have your car washed so that 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.

Thank you for leasing with CULA.



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, both dents less than 1" in diameter
- More than 6 dents on the vehicle, all less than 1" in diameter
- Any damage larger than 1" in diameter

Scratches: Any scratches that break the paint. 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

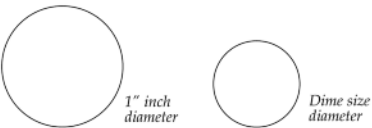
- More than 7 paint chips per panel or 15 paint chips in total
- Fading, staining or oxidization of the exterior paint
- Mismatched paint or body repairs which exhibit cracks, ripples, visible Bondo repair, inadequate straightening or substandard repair

Chrome: Chargeable as follows

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


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. 2-05/07-2K



Tire Depth Gauge – Measure from midportion of the tire

For information about your lease call (800) 878-5400 or email us at turnin@cula.com



For information about your lease call
(800) 878-5400 or www.cula.com