59D.07 CANCELLATION; REFUNDS.

Subdivision 1. **Refund requirements during free-look period.** A GAP waiver must provide that, if a borrower cancels a waiver within the free-look period, the borrower will be entitled to a full refund of the purchase price, so long as no benefits have been provided.

Subd. 2. **Refund requirements after free-look period.** (a) Guaranteed asset protection waivers may be cancelable or noncancelable after the free-look period.

(b) In the event of a borrower's cancellation of the GAP waiver or early termination of the finance agreement, after the agreement has been in effect beyond the free-look period, the borrower may be entitled to a refund of any unearned portion of the purchase price of the waiver unless the waiver provides otherwise. In order to receive a refund, the borrower, in accordance with any applicable terms of the waiver, must provide a written request to the creditor, administrator, or other party. If such a request is being made because of the termination of the finance agreement, notice must be provided to the creditor, administrator, or other party within 90 days of the occurrence of the event terminating the finance agreement.

(c) If the cancellation of a GAP waiver occurs as a result of a default under the finance agreement or the repossession of the motor vehicle associated with the finance agreement, or any other termination of the finance agreement, any refund due may be paid directly to the creditor or administrator and applied as set forth in subdivision 3.

Subd. 3. **How applied.** A refund under subdivision 1 or 2 may be applied by the creditor as a reduction of the amount owed under the finance agreement, unless the borrower can show that the finance agreement has been paid in full.

History: *1Sp2015 c 1 art 3 s 9*