

RETAIL FINANCING AGREEMENT

(Without Recourse)

This agreement entered into this _____ day of _____, 20__ by and between Professional Financial Services of _____, LLC., hereinafter called "Professional", and _____, hereinafter called "Dealer", whose principal address is _____.

W I T N E S S E T H

In consideration of the mutual promises, covenants and conditions contained herein, Professional agrees to purchase from Dealer certain retail installment contracts, notes, security agreements, and/or other documents (hereinafter collectively and singularly referred to as "contract") upon the following terms and conditions:

1. No obligation to Purchase - The purchase of contracts tendered to Professional by Dealer hereunder shall be in conformity with Professional's established credit policies as the same may be amended or modified from time-to-time and Professional shall be the sole judge of compliance with such policies.

2. Purchase Price - The purchase price for the contracts assigned to Professional hereunder shall be the Unpaid Balance of Cash Price as stated in the contract to be paid to Dealer upon acceptance of the contract less \$550 or a mutually agreed upon amount to be held in a Dealer Reserve as provided in paragraph 9 hereof.

3. Collections from Purchaser - Professional shall have sole right to make collections from purchasers on all contracts and Dealer will not solicit or accept payments thereon except pursuant to Professional's instructions. Any payments received by Dealer on contracts sold to Professional are funds of Professional and shall be held in trust for Professional separate from Dealer's funds. Such funds shall be transmitted to Professional upon receipt in the same form received. Professional may endorse or cause to be endorsed Dealer's name upon checks and other forms of payment received in respect to contracts, and otherwise sign and endorse Dealer's name on any contracts or documents to carry out the terms and intent of this agreement. Professional may renew and extend the time of payment of contracts and compromise or adjust claims on contracts or the collateral covered thereby without affecting Dealer's liability hereunder.

4. Entries in Books - Dealer shall make appropriate entries in its books disclosing the sale of such contracts to Professional.

5. Dealer's Warranties and Covenants - Dealer hereby warrants with respect to each contract it sells to Professional hereunder that:

(a) To the best of Dealer's knowledge, the contract shall be genuine and represent a valid deferred payment obligation of a bona fide and legally competent Purchaser for the amount showing there under, and the instrument and each guaranty in connection therewith will be legally enforceable by Professional as the assignee thereof in the State where Purchaser resides and/or the State where the motor vehicle covered thereby is located;

(b) Dealer has delivered to Purchaser the fully completed and executed contract and has otherwise complied with all disclosure requirements imposed by applicable Federal and State Laws and Regulations;

(c) Prior to the delivery of the motor vehicle, the Purchaser will have paid thereon the down payment set forth in the contract in cash, unless otherwise specified therein, and no part of said down payment has been or will be loaned or otherwise provided directly or indirectly by Dealer;

(d) Dealer will file with the appropriate state agency an application for a certificate of title for the vehicle showing a first lien therein in Professional's favor, and if applicable, for the amount of the total of payments due under the contract. Dealer's failure to apply for such certificate of title, properly evidencing Professional's lien, within thirty (30) days after the contract is assigned from Dealer to Professional, shall be conclusive proof of Dealer's failure to comply with the above warranty. Dealer will fulfill all statutory requirements relating to certificates of title and agrees that Professional's lien shall be prior to, and take precedence over, any obligation of Purchaser to Dealer, and over any lien relating to any such obligation;

(e) If the contract covers goods other than motor vehicles, title to said goods will be vested in Dealer at the time of the sale of each contract to Professional, free and clear of all liens and encumbrances whatsoever, and each assignment which may be executed to Professional hereunder will vest Professional with full and complete title to the contract and the lien created thereby, which lien will have been duly perfected by compliance with the procedures established by applicable law;

(f) The contract shall be free from any lien set offs, defenses, and counterclaims arising in any person's favor whatsoever;

(g) the motor vehicle or other goods covered by the contract will have been previously duly delivered by Dealer and accepted by Purchaser; and,

(h) Dealer agrees to make all proper insurance arrangements with Purchaser, as required by Professional in its "Consumer Insurance Disclosure and Agreement to Provide Insurance" form furnished by Professional to Dealer, and it shall be Dealer's responsibility to guarantee to Professional that adequate comprehensive and physical damage insurance has been obtained by Purchaser in accordance with said Agreement to Provide Insurance, with loss payee clause to Professional, prior to vehicle being delivered to Purchaser. Dealer shall guarantee to Professional that such coverage has been placed on vehicle for at least thirty (30) days after Contract date. Professional agrees that Dealer has no further obligation on insurance past the initial insurance confirmation.

6. Breach of Warranties - In the event any of the warranties, covenants and conditions contained herein shall be untrue or not complied with by Dealer, any waiver of recourse against Dealer shall be abrogated and Dealer unconditionally guarantees payment of contracts affected by any such breach of warranty, covenant or condition and will immediately, upon demand of Professional, repurchase said contracts for the gross unpaid balance thereof, less unearned finance charges.

7. Repurchase of Contracts - If Dealer is required to repurchase any contract pursuant to paragraph 6 hereof, Dealer shall on demand pay to Professional in cash, the gross unpaid balance remaining on the contract, less unearned finance charges. If for any reason Dealer fails to purchase any such contract and there has been a default there under, Professional may repossess any collateral covered by such contract and sell it at public or private auction sale without notice to Dealer, and Dealer will be liable for and shall pay to Professional any deficiency balance.

8. Reassignment of Contracts to Dealer - Upon payment in full by Dealer of any contract which Dealer is obligated to repurchase pursuant to paragraphs 6 and 7 hereof, and of all other sums due Professional hereunder, Professional will, on written demand from Dealer, reassign to Dealer such contract so that Dealer may be in a position to proceed thereon against the primary obligor. Such reassignment shall be without recourse to Professional.

9. Dealer Reserve - (a) In connection with the assignment of each contract, Professional will credit to a Dealer Reserve Account, an amount equal to the difference between the Unpaid Balance of Cash Price as shown on the Retail Installment Contract and the amount actually paid to Dealer upon assignment of such contract. The Dealer Reserve Account shall represent funds owed to Dealer, but held by Professional to insure the performance of Dealer's obligations under paragraphs 5-8 of this contract.

(b) Professional may charge against the Dealer Reserve the following amounts:

- i. any deficiency balance remaining on a contract after repossession and disposition of the collateral resulting from the default by a customer;
- ii. any deficiency balance of less than One Hundred (\$100.00) dollars remaining due on a contract following the scheduled maturity date;
- iii. any deficiency balance remaining after an insurance settlement;
- iv. any other payment due to be paid to Professional by Dealer under the terms of this agreement; and
- v. in the event that Dealer does not have sufficient funds in its Reserve Account to cover any deficiency as noted in 9 (b)(i-iv), then Dealer is responsible only for the amount in the Reserve Account. Any deficiency which exceeds the amount in the Dealer's Reserve Account will not be charged against the Dealer.

- (c) Professional shall provide to Dealer, at Dealer's request, a report showing all debits and credits to the Dealer Reserve Account for the preceding month and the balance of the Dealer Reserve Account as of the last day of such month.
- (d) When all contracts sold and transferred to Professional hereunder have been paid out and all other obligations of Dealer to Professional satisfied, Professional shall pay to Dealer the balance of the Dealer Reserve.

10. Rights of Parties – Dealer waives notice of nonpayment, protest and notice of protest of contracts, notice of the acceptance of this agreement and other notices to which it might otherwise be entitled by law. Professional's failure to exercise any right hereunder shall not operate as a waiver of said right, but all rights and remedies contained herein shall be cumulative and not alternative. Professional shall not be responsible for the legal validity or sufficiency of any forms of instruments or other documents which it may furnish to Dealer for Dealer's convenience.

11. Indemnification of Professional - Dealer hereby agrees to indemnify Professional and hold Professional harmless from damages, losses, and expenses, including reasonable attorney's fees and costs of litigation, which Professional may sustain by reason of any claim, counterclaim, or defense which may be asserted against Professional and which is related to any contract Dealer transfers or assigns to Professional. Without limiting in any manner the generality of the foregoing indemnity provisions, Dealer specifically agrees to indemnify Professional and hold harmless from all damages, losses, or expense which Professional may sustain (a) by reason of Dealer's failure to comply with any applicable provisions of the Federal Truth in Lending Act and Regulation Z thereof, or any other applicable federal or state laws and regulations in connection with any retail installment contract or the transaction represented thereby, or (b) if any Purchaser fails or refuses to make any payments on any contract on the ground that the contract is subject to any claim, counterclaim, or defense which the Purchaser has against Dealer.

If any Purchaser fails or refuses to pay any payments on any contract on the grounds that the contract is subject to any claim, counterclaim, or defense he may have against Dealer, Dealer agrees to repurchase any such contract from Professional upon demand by paying to Professional the gross unpaid balance of the contract, less unearned finance charges. Professional shall not have any responsibility or obligation to perform any express or implied warranty by Dealer to the Purchaser under any contract, and Dealer agrees to indemnify Professional and hold Professional harmless from all losses, damages, and expenses Professional may incur if liability for the performance of any such express or implied warranty is imposed upon Professional.

12. Indemnification of Dealer – Professional shall indemnify Dealer, including its officers, directors and affiliates, against any and all claims, liabilities, losses, costs and expenses, including reasonable attorneys' fees, which Dealer may incur as a result of claims in any form by third parties arising from or relating to (a) Professional's activities under this Agreement which are alleged to violate a third party's right of privacy, or applicable privacy laws such as the Gramm Leach Bliley Act (b) use by Dealer of forms or other documentation or training provided by Professional and used for Professional purchases (c) any violation of applicable laws by Professional, including, without limitation, lending and consumer credit laws, such as the Federal Truth in Lending Act and the Federal Equal Credit Opportunity Act (d) Professional's acts or omissions in the processing, administration or enforcement of any contract or account, or (e) breach by Professional of any representation or warranty contained in this Agreement. Dealer shall (i) give Professional prompt notice of the relevant claim, (ii) cooperate with Professional, at Professional's expense, in the defense of such claim, and (iii) give Professional the right to control the defense and settlement of any such claim, except that Professional shall not enter into any settlement that affects Dealer's rights or interest without Dealer's prior written approval. Dealer shall have the right to participate in the defense at its own expense.

13. Termination - Either Professional or Dealer may terminate this agreement at any time by giving written notice of such termination to the other. Such notice shall not affect any obligation hereunder on the part of either Dealer or Professional which is applicable to contracts purchased prior to such termination.

14. Merger - This agreement is in lieu of all other agreements, either oral or written, heretofore or now existing between Dealer and Professional, and neither Dealer nor Professional shall be bound by anything not expressed herein unless contained in a rider or supplemental agreement attached hereto and signed by both Dealer and Professional.

15. Successors or Assigns - This agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors or assigns of the parties hereto.

IN WITNESS WHEREOF, this agreement is hereby executed and sealed this day of _____
_____, 20____.

(SEAL)

By: _____

Its: _____

ACCEPTED:
PROFESSIONAL FINANCIAL SERVICES OF _____, LLC.

By: _____