

DEALER AGREEMENT (NON RECOURSE CONTRACTS)

This Dealer Agreement (“hereinafter the Agreement”), made this day of _____ 20__, Is made between **AUTO FACTORS, INC.**, a corporation doing business in NY, NJ, and TX maintaining its principal place of business at 99 West Hawthorne Avenue, Valley Stream, NY 11580, (hereinafter referred to as the “**AFI**” and _____ (“the **DEALER**”).

This agreement supersedes all prior written and oral agreements, if any, between **AFI** and the **Dealer**, and constitutes the entire Agreement between **AFI** and the **Dealer**. The Recitals set forth in Part A of this Agreement constitute part of terms and provisions of this Agreement as though fully set forth therein.

A. Recitals:

A1. **AFI** Finance is regularly engaged in the business of purchasing/ financing retail installment contracts.

A2. The Dealer is regularly engaged in the business of selling new and /or used automobiles and other chattels, on credit.

A3. The Dealer may, from time to time, present to the **AFI**, certain retail installment contracts (hereinafter referred to as “Contracts”), obtained by the Dealer from various retail consumers (hereinafter referred to as “Debtors”), to whom installment sales of automobiles or other chattels have been made, in the course of the Dealer’s business.

A4. The Dealer understands that each individual Contract presented to **AFI** by the Dealer for purchase will be independently evaluated on its merits by **AFI**. **AFI** will decide, in its sole and absolute discretion, which Contracts, if any, it shall purchase. **AFI** finance shall not be obligated to purchase or finance any Contracts from the Dealer.

A5. **AFI** and the Dealer hereby agree that, in consideration for **AFI**’s purchasing of any such Contracts from the Dealer, the parties will be bound by all of the terms and conditions contained within this Agreement, with respect to such Contracts as may hereafter be purchased by **AFI** from the Dealer.

B. Dealer Warranties:

B1. The Dealer warrants the genuineness of each Contract purchased from the Dealer by the **AFI**; that each and every signature appearing on any Contract or related document acquired by the **AFI** from the Dealers is genuine; that each signatory in a representative capacity is duly authorized so to act; that the purchase price of the vehicle covered by the Contract being assigned to the **AFI** is the same as the cash price offered to the debtor under the Contract; that no part of any discount

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has been added to the Dealer's standard cash price of the vehicle; that there are no claims or defenses which any obligor under the Contract can assert which would render the Contract unenforceable by AFI; and that each such Contract complies with all applicable federal, state and local laws and regulations including, without limitation, the federal Truth in Lending Act and applicable state motor vehicle retail installment sales acts. Upon breach of any of the foregoing warranties or guaranties, the Dealer shall, upon demand of AFI, repurchase the subject Contract or Contracts from AFI for an amount equal to the then Contract payoff amounts, inclusive of accrued interest then due and unpaid. The payoff amount also include, without limitation, all applicable repossession, storage, and/or delivery fees, reasonable attorneys fees and costs.

B2. The Dealer will, upon purchase of any Contract by AFI, provide AFI with any and all documents reasonably required in order to enable AFI to perfect its security interest in the vehicle or chattel constituting the subject matter of the Contract, including but not limited to, forms known as financing statement (UCC-1); certificate of origin (C.E.O); application for registration or title; application for certificate of ownership; or such comparable forms as may be required to lawfully reflect AFI's interest in the subject vehicle or other chattel and the perfection of same.

B3. It shall be duty of the Dealer, with respect to each Contract purchased by AFI, to promptly secure the recordation of the AFI's security interest therein, so as to properly secure the AFI's lien.

B4. The Dealer hereby indemnifies and holds the AFI, its officers, directors, employees, agents and attorneys, harmless from and against any and all claims, actions, proceedings, losses, damages, liabilities, costs and expenses incurred by or asserted against the AFI or any of them (including, without limitation, attorneys' fees and expenses, and litigation costs) as a result or arising out of: (a) the Dealer's breach of any representation, warranty, agreement or covenant contained in this Agreement or in any Assignment or other related document; (b) the violation of any applicable law or regulation by the Dealer or anyone under the Dealer's control; or (c) any defense, set-off, claim, demand, counterclaim, lien or encumbrance of any person or other entity against any Contract purchased by AFI or the motor vehicle and/or other goods and/or services sold, performed or provided hereunder, including (without limitation) any claim or defense that any obligor under the Contract may have against the AFI, the Dealer or any third party.

C. DEALER AGREEMENTS:

C1. The vehicle is insured, commencing with the date of delivery of the Vehicle to Buyer, in accordance with AFI's requirements, and that AFI is named loss payee on such policy.

C2. Dealer shall complete all forms and documents necessary and submit such documents to the appropriate public officials within the state law time frame for lien perfection and vehicle registration. Dealer ensures Buyer's vehicle has passed applicable state inspection requirements and provides the Buyer with a valid vehicle registration.

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C3. GPS units must be tested on all financed vehicles before the contract is funded by AFI.

D. DEALER OBLIGATIONS:

D1. Licenses- Dealer is, and will remain, duly authorized and properly licensed under all applicable laws to transact business as presently conducted and to perform the transactions contemplated under this agreement.

D2. Fees and Taxes- Dealer shall promptly forward to the proper authorities all federal, state and local fees and taxes due in connection with the sale and /or registration of each Vehicle using funds drawn on the Dealer's own account.

D3. Notice Of Dealership Changes. Dealer shall give notice to AFI of any material or significant change in the ownership, structure or business of Dealer, including without limitation, the death of a principle, whether a general partner or owner, a dissolution, insolvency, bankruptcy, reorganization, merger or consolidation, a sale of assets or stock, a conversion to another legal structure or type of business, or cessation of business. Such notice shall be provided 30 days prior to such change.

D4. CONTRACT REPURCHASE- In the event that the dealer breached any of the above mentioned obligations or agreements, Dealer will be responsible to repurchase the contract which will be the initial advance by AFI less any payments received by the buyer.

AUTO FACTORS INC.

ACKNOWLEDGE AND AGREE
TO THE ABOVE:

By: _____

Print: _____

Lynn Peteroy
President

By: _____

Dealer Initials _____