

# PEOPLES CREDIT, INC.

## DEALER AGREEMENT

This Agreement (this "Agreement") is entered into \_\_\_\_\_, 20\_\_ between PEOPLES CREDIT, INC., 505 W. Route 34, P.O. Box 241, Plano, Illinois 60454 (hereinafter "PCI") and \_\_\_\_\_, (hereinafter "Dealer") located at \_\_\_\_\_.

### INTRODUCTION

This Agreement defines the principles that will apply to the purchase of retail installment payment obligations ("obligations" or "contracts") owing to Dealer which are evidenced by written instruments in the form of retail installment contracts, security agreements, or other evidence of indebtedness which arise from transactions by the Dealer in the ordinary course of business with its customers who are the obligors under said documents. PCI will purchase only those obligations which it deems acceptable in its sole discretion, and all purchases are subject to verification with obligors and guarantors and their creditworthiness.

### **SECTION 1. PURCHASE OF OBLIGATIONS AND ASSIGNMENTS OF CONTRACTS**

PCI may from time to time purchase obligations offered to it by Dealer, but PCI shall have no obligation to purchase any obligations unless it has agreed in writing to do so the purchase price payable by PCI for any obligation shall be set forth on such writing. All contracts relating to obligations acquired by PCI shall be duly endorsed or assigned to PCI by Dealer in a manner and form acceptable to PCI. If Dealer fails to assign or endorse any such contract, Dealer will immediately do so upon PCI's request. Unless otherwise specified in writing by the parties, this Agreement shall govern and apply to all purchases by PCI of obligations from Dealer.

By its acquisition of any contract, PCI shall not assume any obligations or liabilities of Dealer thereunder. Upon PCI's acquisition of any contract, Dealer shall no longer be entitled to, and shall not, amend, modify or otherwise deal with the same; and will not consent to or accept the return of any vehicle subject to a contract unless such a return is preciously approved in writing by PCI. Should the Dealer receive any payment on a contract acquired by PCI, Dealer will forthwith remit the same to PCI.

## **SECTION 2. REPRESENTATIONS, WARRANTIES AND COVENANTS**

Dealer hereby represents covenants and warrants as follows:

1. Immediately prior to the sale and transfer of the same to PCI, Dealer was the sole owner of each obligation and contract sold or transferred. The title to the vehicle or collateral described in the contract is not branded, and is free and clear of all liens, claims or other encumbrances.
2. Each contract is genuine, valid and binding, and legally enforceable ( except as such enforcement may be limited by bankruptcy) against the obligors thereon in accordance with the terms thereof, and fully complies, in form and content, with all applicable state and federal laws, including, but not limited to, truth in lending, regulation Z, and any motor vehicle retail installment act. All contracts were originated by Dealer in the ordinary course of its business with its customers, and Dealer originated all contracts and conducted its business in compliance with all applicable state and federal laws. Dealer is fully licensed to conduct its business and sell the obligation to PCI. Dealer did not increase the price of the vehicle subject to the contract above, or ultimately sell that vehicle for a price higher than the respective prices that would have been sought and charged in a cash transaction. There is no separate agreement for a cash rebate, payment to obligor, or reduction of obligor's indebtedness that is not set forth in the obligations.
3. Each contract is and shall remain free from all defenses and offsets on the part of each obligor thereunder, including, without limitation, any defenses or offsets relating to the condition, repair, merchantability or fitness for use of any vehicle identified in such contract, and that no representations or warranties have been made to the obligor other than those set forth therein.
4. All statements and facts set forth in any contract are true and all payments shown therein as cash or trade-ins being made by the obligor were in fact made by the obligor and the balance shown on each contract is correct.
5. Each contract creates a valid first priority lien or security interest in or on the collateral described therein, was signed by the obligors and guarantors, who had the legal capacity to sign them, and Dealer has taken all steps required to perfect such lien or security interest in the name of PCI, and upon PCI's acquisition of each contract, PCI shall be the sole secured party there under and entitled to the benefits of such perfected first priority security interest. Dealer will process the title transfer of the applicable vehicle(s) to the name of the obligor(s) stated on the contract, subject to the lien of PCI, through the appropriate agency of the department of motor vehicles in a timely manner. Unless clearly stated in the credit application, obligor is not an employee of Dealer or member of Dealer's family.
6. Each contract represents the entire agreement between Dealer and the applicable obligor(s) and no oral agreements are in effect that would affect the validity or enforceability of each contract in accordance with its terms.

7. The vehicle identified in any contract is accurately described and based on the information provided to the dealer and has been delivered to and accepted by the applicable obligor(s), accompanied by a copy of the contract and related documents.
8. The amount of any down payments shown on a contract as cash or trade-in are actual cash payments or cash equivalents. No obligor has been given or promised any cash payments or rebates, or any other consideration as an inducement to enter into a contract.
9. The purchase price of any vehicle stated on any contract represents the fair retail market value of such vehicle and has not been overstated or inflated in any way.
10. The collateral is insured, including comprehensive and collision under a policy with a deductible not exceeding Five Hundred and No/100 Dollars (\$500.00). Dealer shall bear the risk of loss to the collateral prior to PCI's purchase of the obligation. All premiums for Guaranteed Asset Protection (GAP) insurance will be fully paid.
11. The Dealer is responsible for the acts of all of its employees.
12. The odometer statement provided by Dealer at the time of the sale respecting each vehicle relating to a contract is correct and valid, based on the information provided to the dealer, on all vehicles less than ten (10) years old at the time of sale.
13. The copy of the manufacturer's invoice provided to PCI on new motor vehicles is true and accurate.
14. No obligor is in default under any contract and all payments (if any) due under each contract at the time of PCI's acquisition are current, based on information provided to the dealer.
15. Dealer will be responsible for the applicable refunds to PCI of any mechanical service contract (unless the mechanical service contract is administered by PCI), Credit Life and/or Disability Insurance, or GAP insurance, that was financed in the contract as well as any chargeback commissions if the obligor requests cancellation of coverage or when a vehicle is repossessed.
16. Dealer will deliver vehicle to obligor on the date the contract is signed by the obligor.

The foregoing representations, covenants and warranties shall be deemed remade each time PCI acquires any obligations from Dealer with respect to such obligations and the related contracts and shall survive the execution and delivery of this Agreement and such acquisition.

### **SECTION 3. REPURCHASE OF CONTRACTS**

Dealer will repurchase any obligation purchased by PCI under this Agreement if any of the foregoing warranties or representations shall be materially false misleading or untrue with respect to such obligation or any related contract.

In any case of repurchase by Dealer of an obligation under this Section 3, Dealer agrees upon demand to pay to PCI the purchase price paid by PCI therefor and all interest due but not paid there under less PCI's actual collections thereon, together with any costs. Expenses and attorney fees expended in attempts to enforce the terms of any related contract. All obligations repurchased by Dealer hereunder shall be reassigned to Dealer, without recourse to PCI, and without warranties, express or implied, and shall be delivered to Dealer against payment to PCI. PCI shall not be bound to exhaust its recourse against any security on any obligor before being entitled to payment by Dealer. Dealer waives all notice which Dealer may be entitled to receive and waives all set-offs and counterclaims.

**First Payment Default.** In the event of a first payment default on any Loan, Dealer will purchase the affected Loan from PCI within five (5) business days after such request for the unpaid balance of principal and interest owing thereon, including but not limited to the costs of any insurance premiums added by PCI, plus any expenses of collection, including reasonable attorney's fees incurred by PCI.

#### **SECTION 4. INDEMNITY**

Dealer shall on demand indemnify and hold PCI (and its employees, agents, representatives, officers and directors) harmless from and against all harm, claims, losses including any loss or required refund, of set-off amounts paid or payable under any contract, costs, damages and expenses (including reasonable legal fees) suffered or incurred by PCI in connection with, arising out of, or as a result of (I) any breach by Dealer of any of its covenants herein, (II) the falsity, misleading nature or untruthfulness of any representation or warranty made by Dealer herein or (III) the enforcement by PCI of its rights hereunder, including those arising in connection with any third party action, proceeding or investigation. This indemnity shall survive the termination of this agreement and shall be in addition to the Dealer's obligations under Section 3.

#### **SECTION 5. NOTICES**

Dealer shall provide to all obligors for whom a credit application was submitted to PCI and to all obligors for whom PCI purchased an obligation, as applicable, any and all notices required by applicable law, including, but not limited to, adverse action notices and Risk Based Pricing notices that may be required under the ECOA and Regulation B, and the Fair Credit Reporting Act and the Risk-Based Pricing Rule. Dealer shall notify each applicant obligor for whom a credit application is submitted to PCI that their credit application is being submitted to PCI, together with PCI's current address.

#### **SECTION 6. BUYER DEFENSES OR COMPLAINTS**

If obligor makes any complaint to or raises a defense, whether valid or not, against Dealer or PCI, upon demand of PCI, Dealer will have thirty (30) days to provide a prompt good faith response to attempt to mutually satisfy all parties to the transaction. When responding to obligor's complaint or defense, Dealer will comply with all applicable state and federal laws and regulations. In the event that Dealer fails to respond to obligor in good faith to attempt to reasonably satisfy or ameliorate obligor's complaint or defense, Dealer shall, immediately upon demand of PCI, repurchase that obligation for the Repurchase Amount. With regard to any liability of Dealer to PCI arising under this paragraph, Dealer may not resort to any claimed offset but must pay cash.

## **SECTION 7. COLLECTIONS**

PCI shall have the sole right to collect the obligations it purchases from Dealer and to notify each obligor to pay directly to PCI. Dealer agrees not to solicit collections or make any repossessions, settlements, or adjustments with respect to the obligations it sells to PCI and agrees to forward to PCI all communications, inquiries, and identical remittances Dealer may receive with reference to said obligations to PCI within 24 hours. Further, Dealer shall not accept the return of nor make any substitution of any of the collateral covered by any such obligations except pursuant to PCI's written instruction. PCI may endorse Dealer's name upon any checks or money orders received in payment on such obligations.

## **SECTION 8. PAYMENT PRICE AND TERMS**

A. The financial terms under which PCI will purchase obligations from Dealer will vary as agreed between the parties from time to time and from contract to contract and may include the following:

1. Electronic fund transfers and ACH credits, if agreed upon by parties.
2. Charges relating to Warranties and GAP waivers on the collateral.
3. Charges for Vendor's Single Interest (V.S.I.) insurance.
4. A \$95.00 (subject to change) acquisition fee on all purchases sent to PCI via dealer track or any other Internet portal will be deducted from the loan proceeds paid to the Dealer.

B. Dealer agrees to purchase a global positioning satellite (G.P.S.) unit from an entity designated by (but other than) PCI and install same on the collateral unless this requirement is waived in writing by PCI.

## **SECTION 9. PREPAYMENT AND CHARGE-OFF**

Dealer's share of finance charges, credit insurance premiums, service contracts and GAP waiver policies received in cash at the time PCI purchases a contract, if any, is subject to refund in cash to the extent unearned in case of prepayment or charge-off. Service contracts (warranties) will

rebate pursuant to the Rule of 78s, or other rebate formulas determined by the warranty company.

- a. Credit insurance premiums, GAP waiver policies, and service contracts (warranties):
  - i. **Prepayment.** When obligor is entitled to a credit for credit insurance premiums due to prepayment or cancellation, Dealer's cash refund to PCI shall be calculated according to the interest method (Rule of 78s). Dealer will process the cancellation with the insurance company involved and warrants that any refunded premiums will be conveyed to PCI.
  - ii. **Default.** When obligor defaults on his contract, Dealer shall, upon PCI's written request to do so, cancel all credit insurance, GAP waivers, and service contracts (warranties). Dealer's refunds to PCI shall be calculated pursuant to the Rule of 78s.

### **SECTION 10. TITLE**

The appropriate certificate of title for the vehicle with PCI's first lien recorded must be perfected within thirty (30) days of the contract date and must be in PCI's possession within sixty (60) days from the date the contract is purchased. Otherwise, Dealer will, on demand, repurchase the contract for the Repurchase Amount and will hold PCI harmless from all damages, losses and costs that may ensue.

### **SECTION 11. OFFSET OF PCI'S PAYMENTS TO DEALER**

With respect to any sums due PCI from Dealer, whether arising under this Agreement or otherwise, PCI may offset these sums against what PCI owes Dealer, including proceeds from other obligations being purchased.

### **SECTION 12. INCORPORATION OF REPRESENTATIONS**

All representations, warranties, guaranties and agreements by Dealer set forth in this Agreement are incorporated in and made a part of each Assignment, and all representations, warranties, guaranties, and agreements by Dealer contained in each Assignment (and which are not otherwise specified in this Agreement) are incorporated in and made a part of this Agreement. In the event there is any conflict or inconsistency between the terms of this Agreement and any Assignment, the terms and provisions of this Agreement shall control.

### **SECTION 13. INDEMNITY**

Dealer will indemnify and hold PCI and its officers, agents, affiliates and employees harmless from any and all liabilities, losses, costs, and expenses (including attorney's fees), resulting from any obligation, liability, or acts or omissions of Dealer or its agents or employees. PCI will indemnify and hold Dealer and its officers, agents, affiliates and employees harmless from any

and all liabilities, losses, costs and expenses (including attorney's fees), resulting from any obligation, liability, or acts or omissions of PCI or its agents or employees. This indemnification shall survive termination of this Agreement and is in addition to and not in lieu of any other indemnities now or in the future, whether under other provisions of this Agreement or otherwise.

#### **SECTION 14. ATTORNEY FEES**

In the event of any suit or action arising out of this Agreement, the prevailing party shall be entitled to recover, in addition to statutory costs and disbursements, its reasonable attorney fees, whether incurred before trial, at trial, on appeal, or in any bankruptcy or arbitration proceeding.

#### **SECTION 15. JURISDICTION; WAIVER OF JURY TRIAL**

This Dealer Agreement shall be construed in accordance with and be governed by the laws of the State of Illinois. Any suit involving or arising under this Agreement may only be brought in the Circuit Courts of Kendall or DeKalb Counties in the State of Illinois. PCI and Dealer hereby consent to the exercise of personal jurisdiction by any such court. Each of the parties to this Agreement hereby waives any right to a trial by jury in any action or proceeding to enforce or defend any rights under this Agreement, any note, any other amendment, instrument, document or Agreement delivered or which may be in the future delivered in connection herewith or therewith, and agrees that any such action or proceeding shall be tried before a court and not before a jury.

#### **SECTION 16. INVALIDITY**

Wherever possible, each provision of this Dealer Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall only be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

## **SECTION 17. INTEREST ON MONIES DUE**

Any amounts due from Dealer to PCI pursuant to the terms hereof, will bear interest from the date becoming due to the date of actual payment in good funds at the rate of one and a half percent (1.5%) per month, compounded monthly.

## **SECTION 18. FACSIMILE TRANSMISSIONS**

Dealer consents to receiving facsimile transmissions and electronic mail from PCI, including informational pieces, promotional and advertising materials, without limitation.

## **SECTION 19. WAIVER; REMEDIES CUMULATIVE**

Dealer agrees that no waiver by PCI of any term, covenant or condition of the agreement shall be binding unless it is in writing and, even so, shall not be considered or construed to be a continuing or general waiver of the same or any other term, condition or covenant hereof.

PCI may take any action deemed desirable by it in connection with the management of liquidation of any contract, including renewing, refinancing or extending the term of payment and compromising and adjusting any claims. Such actions may be taken by PCI without notice to Dealer or obtaining consent of Dealer. Dealer's obligations hereunder, including those under section 3, shall not be affected by any change or modification to any contract or by the release or non-perfection of any collateral, or by any enforcement or other action taken by PCI respecting any contract. Presentment for payment, notice of protest and dishonor and notice of non-payment as to any contract purchased by PCI is hereby waived by Dealer.

## **SECTION 20. TERMINATION**

This Agreement may be terminated by either party by written notice delivered to the other by registered mail or by personal delivery. Such termination shall not affect the rights applicable to any contract purchased prior to the date of such termination and all of the obligations of the Dealer hereunder with respect thereto shall continue unabated.

## **SECTION 21. SUCCESSORS AND ASSIGNS**

The terms and conditions hereof shall inure to the benefit of any holder of the contracts and to any of PCI's successors and assigns. Dealer shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of PCI.

## **SECTION 22. BOOKS AND RECORDS**

Dealer agrees that PCI may inspect dealer's records as they pertain to this agreement or any contract at any time. Dealer also agrees to periodically (and at least annually) provide PCI with signed financial statements of dealer. Dealer agrees that such financial statements will be true and correct in all respects.



**SECTION 23. DEALER NOT AGENT OR REPRESENTATIVE OF PCI**

This Agreement does not make Dealer the agent or representative of PCI for any purpose and Dealer agrees not to represent to any person that it is an agent or representative of PCI. Dealer is not granted any express or implied right to bind PCI in any manner whatsoever.

**SECTION 24. AGREEMENT ACCEPTANCE**

This Dealer Agreement set forth above is not effective until signed and accepted by PCI at its office located in Plano, Illinois, except that the terms of this Dealer Agreement shall apply to obligations assigned to PCI prior to the effective date hereof as well as subsequent thereto. This Dealer Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same Dealer Agreement. Any party to the Dealer Agreement may rely upon a copy of an executed signature page transmitted by facsimile or by electronic means as if it were a signed original.

**SECTION 25. COMPLETE AGREEMENT**

This Agreement constitutes the complete and exclusive statement of the Agreement between PCI and Dealer and supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. Except as expressly provided otherwise herein, this Agreement may not be amended without the written consent of PCI and Dealer.

ACCEPTED at Plano, Illinois

Dated: \_\_\_\_\_

PEOPLES CREDIT, INC.

\_\_\_\_\_  
Name of Dealership (Dealer)

By: \_\_\_\_\_  
Authorized Signer

By: \_\_\_\_\_  
Signature of Officer, Partner or Owner

Title \_\_\_\_\_

\_\_\_\_\_  
Printed Name and Title of Officer,  
Partner or Owner