



Sport Leasing
& FINANCIAL SERVICES CORP.

**Buyer's Guideline
For
Franchised Dealers**

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SUB-PRIME LEASING PROGRAM GUIDE FOR FRANCHISED DEALERS

OUR APPROACH

Sport Leasing is a direct lender with over 20 years experience. We specialize in difficult credit customers...those with scores in the 300's to mid 600's...even those with no score at all. We generally advance up to 95% of the current auction value of the vehicle plus Service Contract plus GAP plus acquisition fees. Higher advances are available for customers with better creditworthiness. We value vehicles based upon what they are currently bringing at the Manheim auctions. This strategy allows us to extend credit to customers other lenders avoid and still provide significant profit opportunities for our dealers. Sport provides opportunities for dealers to enhance their profitability through both front-end participation and back-end service contract and GAP waiver products.

GENERAL LESSEE REQUIREMENTS

Age: Lessee must be 18 years old or older.

Citizenship: Lessee must be a US citizen, as evidenced by Social Security Card or be holder of a valid Green Card.

Co-Signers: Sport Leasing allows family and non-family cosigners.

Commute Distance: Lessee's and/or the spouse's daily work commutes must be 40 miles or less one way. Applicants or their spouses with outside sales positions and/or commutes more than 40 miles one way should call for a custom quote.

Credit History: Most Sport Leasing lessees have credit histories that include items that would disqualify them at traditional lenders. We will consider applicants who have one or more of the following: Bankruptcies (open BK 13's and 7's are OK, letter from trustee is not required), Consumer Credit Counseling, Derogatory Credit, First Time Buyers, Foreclosures (past or present), Judgments and Tax Liens (no limit, no payment plan needed), Repossessions, Auto Charge-off's. Ghost credit is OK. However, we do consider these items, along with other factors, in determining the lease factor and amount advanced on individual deals.

Credit Score: Most of Sport Leasing lessees have credit scores between 400 and 650 and some, due to limited credit history, have no score at all. Sport Leasing does not have minimum credit score requirement to approve a deal. However, we consider credit score along with other factors in determining the lease factor and amount advanced on individual deals.

Driving Record: Those with two or more convictions for serious driving violations on their record are not eligible for the program. Serious violations are defined as reckless driving, alcohol or drug related driving violations or any other violations related to driving and doing harm to others. Speeding or other routine moving violations are not included.



Military Personnel: Those in the military or whose spouse is in the military are not eligible for the program.

Dealer Employees: Those who work in automobile dealerships and/or their family are not eligible for the program.

Transport of Others: Those that may drive children, the disabled, the elderly or others for compensation or as part of a service they provide for which they receive compensation are not eligible. Examples include child daycare, adult daycare, home healthcare, and other similar situations.

Proof of Residence: A recent, *original* utility bill showing the service address is required. If the utility bill is not in the lessee's name then an additional original bill in lessee's name at that service address is required. This can be a cell phone bill, credit card statement, bank statement, home phone, invoices or bills from creditors, magazine subscriptions, IRS statements or correspondences, collection letters. This does not include junk mail.

Residence: Lessee (and co-signer, but not guarantor) must be a resident of AZ, CA, GA, NC, NV, OR, TN or TX as evidenced by a valid and current drivers license for that state. Those residing on Native American Land or Military Bases are specifically excluded.

Existing Sport Leasing Lessees: Tier 1 through 3 lessees can be considered for a second vehicle at any time during their lease. Tier 4 and 5 lessees may only be considered for a second vehicle with management approval after 18 months of good payment history on their current vehicle with Sport Leasing.

Use Outside United States: Vehicles leased by Sport may not be driven or transported outside the United States at any time, including Mexico and Canada. Those who regularly travel by car to Canada and/or Mexico are generally not eligible for the program.

References: References are central to Sport's underwriting process due to the high number of skips associated with difficult credit customers. A fully completed, signed Sport Leasing Reference Sheet is required from each lessee. The Reference Sheet asks for personal references plus parents (if living) and the landlord or mortgage company. References must be *reachable, helpful and knowledgeable* about the lessee. There must be two phone numbers per reference.

GENERAL VEHICLE REQUIREMENTS

Eligible Vehicles: See Tables 4 and 5 on current Sport Leasing Buy Sheet. Sport Leasing focuses on vehicles matching the criteria below. Vehicles outside these parameters can sometimes be accommodated with appropriate adjustments in the lease structure. Call for a custom quote on vehicles that do not match these guidelines.

Value - Vehicles with auction values of between \$8,500 and \$125,000 are eligible. Vehicles with auction values of \$50,000 or more are eligible by custom quote only.



Age - Vehicles must be model year 2001 or newer.

Mileage - Vehicles with KBB deduct for miles up to 10% of wholesale value provided total miles do not exceed 60,000. Vehicles with mileage up to 75,000 miles, in some instances, will be considered for approval.

Transmission – Vehicles normally equipped with automatic transmission are not eligible if equipped with manual transmissions.

Color – Sport prefers to lease vehicles with mainstream colors as vehicles with less traditional colors often perform poorly in the resale market.

Commercial Use: Sport will approve many types of commercial use of leased vehicles. All commercial use is by prior approval of Sport. Certain types of commercial use cannot be approved, including:

- Public or livery conveyance
- Taxis, school buses, driver training school vehicles, ambulances, police cars
- Hauling of gasoline, liquid gas or any combustible, flammable or explosive material, or hauling of other vehicles
- Hauling of goods for others
- Vehicle that are released or subleased
- Vehicles used in daily rental (i.e. rented for a term of less than one year)
- Those that may drive children, the disabled, the elderly or others for compensation or as part of a service they provide for which they receive compensation are not eligible. Examples include child daycare, adult daycare, home healthcare, and other similar situations.

GENERAL DEALER REQUIREMENTS

Dealer Agreements: Sport Leasing's dealer agreement is non-recourse. See *Application and Funding Procedures* below.

Independent or Non Franchise Dealers: Sport Leasing purchases lease contracts primarily from franchised new car dealers. Sport Leasing will consider lease contracts from select independent dealers after prior approval. Independent dealers must complete a Dealer Application providing information about ownership, business practices and history. In addition, copies of financial statements, dealer licenses, bonds, and articles of incorporation may be required. Credit reports are generally run on all dealer principals. Sport may require that vehicles from independent dealers be certified, at dealer's expense, by an approved body shop as not having prior frame or other damage that may impair the value of the vehicle.

States: Sport Leasing purchases lease contracts from dealers in Arizona, California, Georgia, Nevada, North Carolina, Oregon, Tennessee and Texas only.

LEASE TERMS AND STRUCTURE



All deals must conform to the Sport Leasing Program Guide in effect at the time the lease is written. Deals are structured to allow Sport Leasing to acquire the lease at a cost less than what the vehicle is currently bringing at auction, exclusive of charges for Gap Waiver and Service Contract. Achieving this equity position at the start of the lease, and maintaining an equity position throughout the term of the lease, is central to Sport Leasing's ability to extend credit to applicants with difficult credit histories.

Amount Advanced: See Table 1 on current Sport Leasing Buy Sheet.

Drive-Off: The Drive-Off consists off the Capitalized Cost Reduction including applicable sales tax, Security Deposit, First Month's Payment, any Pro rata Payment due including applicable sales tax, DMV Fees and CA Tire Fee, if applicable. Dealer is responsible to remit DMV Fees and CA Tire Fee, if applicable, to appropriate authority. In Texas, the Drive-Off also includes the sales tax applicable to the vehicle purchase price. The minimum drive off is the greater of \$5,000 or 20% of the vehicle sales price, exclusive of GAP and Service Contract.

Commercial Leases: If the lessee expects to use the vehicle in their trade or business more than 50% of the time, then a Commercial Vehicle Leasing Agreement, listing the individual (not the business) as the lessee, will be used. See Commercial Use under General Vehicle Requirements for more information.

Discounts: Sport Leasing does not charge a fee or discount to the dealer.

GAP Waiver: Sport Leasing offers a GAP Waiver. The cost to the dealer is \$500. The dealer can mark GAP Waiver up to a total of \$1,200, which is then included in the amount capitalized. In the event that the lease terminates early, the dealer is responsible to return a prorated portion of the GAP Waiver charge to Sport Leasing.

Fees to Lessee:

1. **Bank Acquisition Fee** - There is a bank acquisition fee included in the capitalized cost of the lease and paid by the lessee over the term of the lease. See Table #3 "Non Commercial Lease Factors and Bank Acquisition Fees" and Table #3 "Commercial Lease Factors and Bank Acquisition Fees" contained in current Sport Leasing Buy Sheet.
2. **Termination Fee** – There is a termination fee of \$450 charged either upon early or end of lease termination.
3. **Purchase Option Fee** – There is a purchase option fee of \$350.

Insurance Requirements: Sport Leasing's insurance requirements are:

1. Liability coverage with \$100,000/\$300,000 bodily injury and \$50,000 property damage;
2. Comprehensive and collision coverage with \$500 or less deductible;
3. Sport Leasing listed as both Loss Payee and Additional Insured;
4. Company must be an admitted carrier in the applicable state;
5. Lessee must be the named insured unless the named insured is the lessee's spouse.



Mileage Allowance: Up to 15,000 miles/year are allowed for most vehicles. Miles in excess of 15,000 are charged \$.25 per mile at lease term. Leases can be structured to accommodate up to 25,000 mile/year. Call for a custom quote. For exotic sports cars and other limited production luxury cars mileage allowances are generally significantly less and excess mileage charges significantly more. Call for customer quote on these types of vehicles.

Lease Factors: See Table 1 on current Sport Leasing Buy Sheet.

Participation: See Table 1 on current Sport Leasing Buy Sheet.

Residual: See Table 1 on current Sport Leasing Buy Sheet.

Security Deposit: A refundable security deposit equal to one months lease payment rounded up to the nearest \$50 is due at lease inception. Sport may require a higher security deposit on some deals based upon risk.

Service Contract: The dealer can include up to \$5,000 for service contract, but not more than 15% of the sales price of the vehicle. Service contract term must equal or exceed the term of the lease and provide bumper-to-bumper coverage for 100,000 miles or more. Service contracts must be cancelable with a pro-rata refund. (Note: Honda service contracts are not cancelable and are therefore not eligible.) Sport Leasing must be named as the lienholder (lessor). In the event of early termination of the service contract, the unearned premium must be paid to Sport Leasing, to be applied to the lessee's account. The dealer is responsible for this amount to be rebated. A copy of the service contract must be provided to Sport Leasing prior to funding.

Term of Lease: See Table 2 on current Sport Leasing Buy Sheet.

APPLICATION AND FUNDING PROCEDURES

Dealer Agreements: Sport Leasing requires either a Dealer Agreement or Assignment and Sale of Vehicle Lease Agreement to fund deals. If no Dealer Agreement is in place, one will be included along with the lease package. Sport can also fund with an executed "Assignment and Sale of Vehicle Lease Agreement" which addresses only the individual lease being funded. The Dealer Agreement and Assignment and Sale of Vehicle Lease Agreement, whichever is used, must be signed by the General Manager, Owner or an Officer (Vice President or above) of the corporation.

Documents Needed for Application: To start the process, the following should be faxed to Sport Leasing:

1. Signed copy of the credit application;
2. Dealer invoice on new vehicles or book-out on used vehicles;
3. Applicant's credit report;
4. Desired deal structure, if available.

Documents Needed for Funding: Refer to Fast Funding Checklist.

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Funding Timing: Sport Leasing will fund within 72 hours of completing verification and receiving all information including complete and correct stipulations.

Buy Sheet (Page 1 of 3) – Effective October 1, 2007

Table 1: Lease Factors, Fees, Advance, Participation and Residuals						
		Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
“Buy Rate” Lease Factors	Non-Commercial	0.00629	0.00705	0.00788	0.00866	0.00988
	Commercial	0.00629	0.00655	0.00738	0.00816	0.00938
Bank Acquisition Fee	Non-Commercial	\$895	\$995	\$1,995 or 8% of sales price, whichever less. Minimum fee is \$1,395.		
	Commercial	\$1,395				
	Bank Acquisition Fee is <u>not charged to dealer</u> . Fee is amortized and paid by lessee.					
Advance	Advance at “Buy Rate” Lease Factors	Auction Value less greater of \$1,500 or 6% + Service Contract + Gap + Bank Fee	Auction Value less greater of \$2,000 or 8% + Service Contract + Gap + Bank Fee	Auction Value less greater of \$2,500 or 10% + Service Contract + Gap + Bank Fee	Auction Value less greater of \$2,500 (2,800 in TX) or 10% + Service Contract + Gap + Bank Fee	Auction Value less greater of \$3,000 (\$3,300 in TX) or 12% + Service Contract + Gap + Bank Fee
	Auction Value is Manheim Auction low value with greater of actual or 15,000 miles. Advance cannot exceed KBB wholesale value + Service Contract + Gap + Bank Fee.					
Participation	55/45 split on up to .0015 increase in lease factor.					\$250 at Buy Rate
	Participation payable at 90 days if lease active and not in default. All payments scheduled due in first 90 days must be collected within 20 days of due date.					
Residuals	KBB Method (Compute at lease term for same vehicle with 2,500 miles per month.)	KBB wholesale at term less the greater of \$1,500 or 15%	KBB wholesale at term less the greater of \$1,500 or 15%	KBB wholesale at term less the greater of \$2,000 or 20%	KBB wholesale at term less the greater of \$2,500 or 25%	KBB wholesale at term less the greater of \$3,000 or 30%
	ALG Method (Use only if at term KBB for vehicle not available. Use 15K miles per year residual.)	ALG less the greater of \$3,000 or 25%	ALG less the greater of \$3,000 or 35%	ALG less the greater of \$3,500 or 35%	ALG less the greater of \$4,000 or 45%	ALG less the greater of \$4,500 or 50%



Buy Sheet (Page 2 of 3) – October 1, 2007

Table 2: Maximum Lease Terms						
Auction Value and Mileage	2006	2005	2004	2003	2002	2001
>=\$25,000 and < 15K miles	54	54				
>=\$17,000 or > 15K miles	48	48	42	36	36	36
<\$17,000	36	36	36	36	36	36
Term Modifications						
1. Terms will be reduced by 6 months on vehicles with KBB deduct for miles of over 5% of wholesale value. 2. Terms will be reduced by 25% when a lessee expects to drive between 20K and 30K miles per year.						

Table 3: Credit Tier Qualifiers					
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Score	Min 625 FICO Auto.	Min 575 FICO Auto.	Min 500 FICO Auto.	Min 475 FICO Auto or not scored.	No minimum.
Proof of Income	Required. YTD pay stubs, previous year tax returns or 3 months bank statements.	Required. YTD pay stubs, previous year tax returns or 3 months bank statements.	Required. YTD pay stubs, previous year tax returns or 3 months bank statements.	May be waived.	May be waived.
References	5 - Must reachable, helpful and knowledgeable.	5 - Must reachable, helpful and knowledgeable.	8 - Must reachable, helpful and knowledgeable.	8 - Must reachable, helpful and knowledgeable.	8 - Must reachable, helpful and knowledgeable.
Stability	Min 3 year combined or home owner.	Min 3 year combined or home owner.	Min 3 year combined or home owner.	No requirement.	No requirement.
Time on Bureau	Min 7 years.	Min 5 years.	Min 3 years.	No requirement.	No requirement.
Auto Loan History	At least 1 auto loan paid satisfactorily. Auto must have a comp high of at least 50% of the Net Cap of the vehicle being submitted for approval. No default (repo, surrender, charge-off, skip, etc).	1 auto loan paid satisfactorily or paid 24 months with <2x30. Auto must have a comp high of at least 50% of the Net Cap of the vehicle being submitted for approval. No more than 1 default (repo, surrender, charge-off, skip, etc), must be over 24 months previous.	1 auto loan paid satisfactorily or paid 24 months with <2x30. Auto must have a comp high of at least 50% of the Net Cap of the vehicle being submitted for approval. No more than 1 default (repo, surrender, charge-off, skip, etc), must be over 12 months previous.	No more than 1 default (repo, surrender, charge-off, skip, etc), must be over 12 months previous.	No more than 2 repossessions in the last three years.
Auto Loans Outstanding	Up to one (two if couple applying jointly) other outstanding, must be current.	Up to one (two if couple applying jointly) other outstanding, must be current.	No other (one if couple applying jointly) outstanding, must be current.	No requirement.	No requirement.
Bankruptcies	No 7 or 13's, no dismissals, no opens.	One 7, 11 or 13 OK if satisfactorily discharged (over 24 months if 7), no multiples, no dismissals, and no opens.	One 7, 11 or 13 OK if satisfactorily discharged, no multiples, no dismissals, and no opens.	One 7 or 13 OK if satisfactorily discharged, no multiples, no dismissals. No open 7's. Open 13's OK if open >= 12 months.	No requirement.
Payment to Income	Combined auto loan payments no more than 15% of provable income.	Combined auto loan payments no more than 17.5% of provable income.	Combined auto loan payments no more than 20% of provable income.	No requirement.	No requirement.

Buy Sheet (Page 3 of 3) – October 1, 2007

Table 4: Vehicle Eligibility	
Not Eligible For Program	Custom Quote Only
<ol style="list-style-type: none"> 1. Vehicles with KBB deduct for miles >10% of wholesale value. 2. Vehicles with over 75K miles. 3. Vehicles with auction values <\$8,500. 4. Model years 2000 and earlier. 5. Van conversions, non-factory modified vehicles, gray market vehicles, lemon law buy-backs, vehicles with salvaged title or prior frame or flood damage and vehicles where the true miles cannot be determined including odometer replacements. 6. Vehicles used in taxi, livery or rental service and vehicles or in transport of toxic or hazardous materials. 7. Vehicle used to transport others for compensation or as part of service provided for compensation. 8. Vehicles equipped with manual transmissions, which are normally equipped with automatic transmissions. 9. Vehicles with unusual or non-mainstream colors. 10. Class 7 or higher trucks. 11. Discontinued models. 	<ol style="list-style-type: none"> 1. Aston Martin, Bentley, Ferrari, Rolls Royce and other high-end exotics. 2. Antique, Museum, or Collectible vehicles. 3. Any vehicle with an auction value of \$50,000 or more. 4. Class 4, 5 or 6 trucks. 5. Vehicles with between 60K and 75K miles. 6. 12 Cylinder vehicles. 7. Land Rovers and Range rovers. 8. Equipment

Table 5: Excluded Vehicle Models	
Make	Model
Chevrolet	Aveo, Astro Vans, Prism, Tracker
Dodge	Neon, Dakota 4C
Ford	Ranger 4C
GMC	Safari
Hyundai	Accent, Elantra
Isuzu	Rodeo
Kia	Rio, Spectra, Optima, Amanti, Sorento 2WD
Land Rover	Discovery
Mazda	Truck 4Cyl
Mitsubishi	Diamante, Outlander 2WD, Lancer, Lancer Sportback
Pontiac	Aztek, Grand Am 4Cyl
Saturn	Ion
Daewoo,	All models.
Oldsmobile	All models.
Suzuki.	All models.