



General Dealer Agreement – New Jersey

Leaders Financial Company, a New Jersey corporation (“Leaders”), and Dealer (as set forth herein) hereby enter into this General Dealer Agreement (the “Agreement”) upon the following terms:

WHEREAS, Leaders and Dealer desire to establish a business relationship under which Leaders shall have the opportunity to indirectly provide Dealer’s customers with financing for the purchase vehicles through Leaders’ purchase of vehicle Retail Installment Sales Contracts from Dealer;

WHEREAS, the purpose of this Agreement is to set forth the terms under which Leaders may purchase acceptable Retail Installment Sales Contracts and related, ancillary contracts (collectively, “Paper”) from Dealer;

NOW, THEREFORE, in consideration for the promises contained in this Agreement, the parties agree as follows:

1. **Assignment.** Dealer’s assignment of Paper (each an “Assignment”) to Leaders shall be without recourse except as provided in this Agreement and subject to the terms of the assigned Paper.
2. **Dealer’s General Representation and Warranties.** Dealer, in order to induce Leaders to purchase any issuance of Paper from Dealer, represents and warrants that:
 - (a) Each item of Paper, related information and documents provided to Leaders is genuine, contains the valid signature of the vehicle buyers and contract or credit application guarantors (collectively, the “Buyer”), accurately states the terms of the transaction and are true in every material aspect and respect.
 - (b) Dealer has personally and reasonably verified the identity of the Buyer and any and all co-signers or co-makers (or signatories fulfilling similar functions) on the Paper. Furthermore, Under Article 9 of the Uniformed Commercial Code, as amended, if the Buyer and any or all co-signers or co-makers are individuals, Dealer used, among other reasonable identifying documents, the Buyer’s most recent and then in effect (not expired) state issued driver’s license and any or all co-signers’ or co-makers’ state issued driver’s license(s) or identification card(s) to verify identity and (i) the aforementioned names of the Buyer and any and all co-signers or co-makers appearing on the Paper are each stated on such Paper in identical form to that stated on such state issued driver’s license and any or all co-signers’ or co-makers’ state issued driver’s license(s) or identification card(s) and (ii) copies of all such identifications cards have been provided to Leaders.
 - (c) Dealer personally verified that all signatories, to the best of Dealer’s actual knowledge, had the legal capacity to enter the contract Paper at the time of providing their signature.
 - (d) The goods and services offered through the Paper are truly and accurately described in the Paper and have been delivered to, and willfully accepted by, the Buyer thereof along with a true copy of the Paper.
 - (e) The Buyer has actually paid, in full, any down payments stated in the Paper without assistance from the Dealer, whether in cash or merchandise received by Dealer in Certificate of Title.
 - (f) Dealer has not received, and shall not accept, any payments on the balance of the purchase price set forth in the Paper.
 - (g) Title to the purchased vehicle, goods and services is vested in the named Buyer under the Paper, with Leaders named, and validly holding the first lien, on the vehicle Certificate of Title.
 - (h) Title to the vehicle is not branded nor, to the best of Dealer’s actual knowledge, is the title required to be branded as rebuilt, salvage, flood or other or other designation that may decrease the market value of the vehicle, goods or services.
 - (i) Dealer has undertaken and completed all items as are necessary and required as to perfect Leaders’ security interest in the goods sold in connection with the Paper.

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- (j) Dealer has furnished Leaders with copies of all disclosures required under applicable law to be provided to the Buyer in connection with the sale of the goods that are the subject of the Paper and such disclosures are provided in complete form in the manner as required under applicable law and regulations.
- (k) Dealer provided to the Buyer, prior to the consummation of the vehicle contract underlying the Paper, either credit related Exception Notices or Risk Based Pricing Notices, as appropriate, to each Buyer in order to facilitate Buyer's informed use and understanding of consumer credit and consumer credit rights, and includes copies of such notices in all Paper it sells to Leaders. Dealer acknowledges and agrees that Leaders, as an indirect lender, is not required to provide Exception Notices or Risk Based Pricing Notices.
- (l) Dealer possesses all required state, federal and other jurisdictional licenses required to engage in its business in connection with this contract as well as to sell the Paper to Leaders, and all such licenses are current and valid.
- (m) Dealer follows all state and federal law regarding automobile and related sales, advertising, consumer credit compliance, the Civil Rights Act, Gramm-Leach-Bliley Act and follows proper, acceptable Red Flag identity theft prevention procedures; each sales transaction and the Paper arising therefrom comply with all applicable federal, state and local laws and regulations.

3. Dealer's Specific Representation and Warranties. In addition to the aforementioned compliance with federal, state and local law and regulations, Dealer specifically represents and warrants that:

- (a) **Equal Credit Opportunity Act.** Dealer understands that the federal Equal Credit Opportunity Act (ECOA) prohibits creditors from discriminating against credit applicants for the purchase of vehicles on the basis of race, color, religion, national origin, sex marital status, age (provided the applicant has the capacity to enter a binding contract), because all or part of the applicant's income derives from any public assistance program or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. Dealer properly trains its employees to comply with ECOA policies and to regularly monitor its compliance with ECOA policies.
- (b) **Fair Application of the Truth in Lending Act.** Dealer understands that the Truth in Lending Act (TILA) promotes the Buyer's informed use of consumer credit by requiring standardized disclosures about the terms and cost of Retail Installment Contracts. Dealer prohibits its employees from providing customers with verbal representations that contradict or materially supplement terms of the Paper or any other written contract provided in connection with assigned Paper.
- (c) **Preventing Unfair, Deceptive and Abusive Acts and Practices.** Dealer understands that Buyers are, generally, materially less informed as to the products and services that Dealer sells as compared with Dealer's employees. Dealer properly trains its employees to be aware of Unfair, Deceptive and Abusive Acts and Practices (UDAAP) concerns and prohibits its employees from engaging in UDAAP violations in connection with the sale of goods and services underlying the assignment of Paper.
- (d) **Monitoring Ancillary Product and Service Providers.** Dealer investigates and monitors all ancillary product and service providers ("Ancillary Providers") that sell products and services through Dealer to ensure such Ancillary Providers are reputable, honor their contracts and/or promises, and comply with ECOA, TILA and UDAAP concerns. Dealer agrees to forward copies of all contracts for ancillary products or services that Ancillary Providers sell through Dealer to Leaders along with all documents included under, as which are deemed part of, the Paper.
- (e) **Document Service Fees.** Dealer complies, in every sale and in every respect, with all regulations regarding Document Service Fees (also known commonly as "Doc Fees" or "Processing Fees", among other terms) that dealerships may charge customers in the State of New Jersey including, among other Document Service Fees regulations, that Dealer (i) charges reasonable Document Service Fees consistent with the terms of each sale and (ii) sets forth Document Service Fees in both pre-printed and fully itemized on all Purchase Orders and Retail Installment Sales Contracts ("RISCs"). Leaders will reject any Purchase Orders and related RISCs in which any documents fees are not fully itemized.
- (f) **FTC's Used Car Rule.** Dealer complies, in every sale and in every respect, with all Federal Trade Commission (the "FTC") regulations regarding the Used Car Rule including, among other requirements, the FTC's requirement that Dealers display on any used vehicle proposed for sale a window sticker or buyer's guide (the "Buyers Guide"). Dealer shall at all times ensure that it uses the FTC's most current version of the Buyers Guide in effect at the time of each sales transaction.

4. **Dealer Breach and Reassignment.** Dealer agrees that if Dealer breaches any representations or warranties contained in this Agreement with regards to any item of Paper, then upon Leaders' written demand Dealer shall, within 30 days receipt of such written demand, repurchase the Paper from Leaders for the total cash amount including the balance then owing under the Paper plus Leaders reasonable out-of-pocket expenses, less any holdbacks (which does not include discounts) and unearned finance and insurance charges (the sum hereinafter referred to as the "Repurchase Amount").
5. **Confirmation of Licensing.** Dealer shall submit to Leaders a copy of (i) Dealer's current Automobile Dealer's License and (ii) Banking department Installment Sellers License as soon as practicable but no later than prior to submission of Dealers initial offer of an Assignment of Paper. All contracts included in submitted Paper must clearly display Dealer's company or corporate name, in which name Leaders shall issue checks for the purchase of Paper from Dealer.
6. **Insurance.** Prior to the later of (i) a Buyer obtaining and providing to Dealer evidence of valid insurance in connection with the purchase of a vehicle or (ii) Leaders' written acceptance of the assignment of such vehicle to Leaders, Dealer shall bear the responsibility for loss of collateral, relative to Leaders.
7. **Dealer to Incur Acquisition Fees.** Leaders may require an acquisition fee from Dealer in connection with its purchase of any Paper from Dealer. For the purpose of convenience, Leaders shall deduct acquisition fees, when applied, directly from the proceeds advanced for the purchase of the Paper. The acquisition fee shall be calculated separately from, and independent of, the retail installment contract. The Federal Trade Commission has issued a staff opinion stating that charging an acquisition fee in connection with the sale of a consumer credit contract to a finance company is not a consumer credit transaction under TILA, although the underlying contract is itself subject to TILA. Dealer's payment of acquisition fees to Leaders is not by any means related to Dealer's extension of credit to the Buyer under the Retail Installment Sales Contract, thus making disclosure of acquisition fees to the Buyer unnecessary. Dealer understands and agrees the cost of the acquisition fees is a cost to Dealer. Under this Agreement and as a matter of law, dealer is prohibited from, either directly or indirectly, passing the cost of the acquisition fees onto the Buyer.
8. **Purchase Price and Reserve Account Procedures.** Dealer and Leaders agree to the following transactional procedures regarding Leaders' provision of cash compensation to Dealer:
 - (a) The financial terms and conditions under which Leaders shall purchase Paper from Dealer may vary from time to time and shall be determined on a per contract basis.
 - (b) Upon execution of this Agreement, or at any subsequent time during the period in which this Agreement remains in effect, Leaders may establish a Reserve Account specific to Dealer, which shall be maintained as a subaccount on the books and records of Leaders. The Reserve Account may be used, from time to time, to record and monitor "Dealer Holdbacks" specific to Dealer. Dealer Holdbacks may be applied, as a condition to the purchase of Paper, to any transaction for which Leaders deems a credit application to be of relatively greater uncertainty compared with our loan portfolio in terms of Dealer guarantees, ancillary products or services or the quality of the vehicle and/or the credit worthiness of the applicant, but which nevertheless falls within the range of approved applications. Dealer Holdbacks, when applied, shall be funded through a portion of the Paper purchase price that Leaders retains as security in the event of Dealer breach of a Retail Installment Sales Contract or of a representation or warranty contained in this Agreement, or in the event of the Buyer's breach of such Retail Installment Sales Contract.
 - (c) If a Buyer or Dealer default occurs under purchased Paper, Leaders shall have the option, in its sole discretion, to charge such amounts owing on the Paper that Leaders reasonably deems to be uncollectable against the Dealer Holdback in order to cure the default. In the event of the foregoing, Leaders shall continue to hold and may collect upon delinquent Paper even after the Dealer Holdback has been charged, in its entirety, against the Reserve Account. Leaders' collection of the remaining principal balance on the Paper shall be first applied to the full reimbursement of Leaders' court costs, legal costs, repossession or other reasonable and allowable fees incurred in Leaders' foreclosure and legal action activities, if any, and shall thereafter be credited back to the Reserve Account, less one third of sums collected, which on third shall be dedicated to Leaders' general expenses. The forgoing conditions in this Section 8(c), however, shall only remain in effect for three years following Leaders' most recent collection or receipt of sums on the Paper, after which the Paper shall be deemed to have no value and Leaders' liability as to the Dealer regarding the return or transfer of the Dealer Holdback to Dealer, and the Dealer Holdback itself, shall be automatically extinguished and terminated, at which time the remaining cash sum of the Dealer Holdback shall fully and irrevocably vest with Leaders.
 - (d) When a Buyer completes payment of the full balance, or a certain portion of the balance, as agreed to on a per contract basis, on Paper for which Leaders and Dealer have agreed to, and applied, a Dealer Holdback, Leaders shall, subject to the agreement between Leaders and Dealer on a per contract basis (i) pay to the Dealer the Dealer Holdback amount, if specific to such purchase of

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Paper or (ii) retain the Dealer Holdback for application to a subsequent purchase of Paper from Dealer, as agreed to between Leaders and Dealer.

- (e) Dealer and Leaders agree that Dealer guarantees, provided by the Dealer to Leaders on a per contract basis as agreed to, from time to time, between Dealer and Leaders, are enforceable promises that Dealer makes to Leaders to reimburse Leaders, in the event of a future arising Buyer or Dealer default occurring concurrent with the purchase of an item of Paper or during the term of the underlying Retail Installment Contract, for amounts owing on the Paper that Leaders reasonably deems to be uncollectable as a result of such Buyer or Dealer default. Dealer and Leaders further agree that in the event that such a default is subject to a Dealer guarantee, Leaders shall have the option, in its sole discretion, to charge any portion of the Dealer Holdback, if existing, to the Dealer guarantee on such Paper, including and up to the amount of the Dealer Guarantee, to satisfy such Dealer guarantee.
 - (f) Dealer and Leaders agree that discounts provided to Leaders for any purchase of Paper is not treated as a Dealer Holdback, and such discounts are the sole and irrevocable property of Leaders for which Leaders is under no obligation to account for or hold for the benefit of Dealer or the Buyer.
 - (g) If the Buyer, Dealer or Leaders shall become, for any reason, entitled to a credit due to prepayment, cancellation or charge-off, or otherwise on a service contract, GAP product or other ancillary product or service (collectively, the "Ancillary Product") sold under the Paper, then Dealer shall refund to Leaders that proportional amount as provided in the refund policy of the Ancillary Product multiplied by the amount Leaders paid or financed for such Ancillary Product.
9. **Titles.** Dealer shall deliver to Leaders, within 30 days of Leaders' purchase Paper from Dealer, the appropriate NJ issued Certificate of Title with Leaders Financial Company stated as first lienholder thereon. Dealer shall hold Leaders harmless for all damages, losses or other costs that may ensue from the transaction underlying the Paper in the event that Dealer is unable to deliver to Buyer the appropriate Certificate of Title.
10. **Collections Activity.** Leaders shall have the exclusive right to collect, or to direct third-party collection, on the debts payable under the Paper. Additionally, Dealer agrees that it shall, within 24 hours of receipt, forward to Leaders any sums or remittances of payments or obligations on the Paper that Dealer may receive, for any purpose, except pursuant to Leaders' written instructions. Dealer also agrees not to accept the return of, nor make or agree to any substitution(s) for, any of the goods or services provided or transferred under the Paper, except pursuant to Leaders' written instructions.
11. **Customer Defenses or Complaints.** If Buyer makes any complaint or raises any defense against Dealer or Leaders arising from the transaction underlying the Paper, then (i) within five days of such Buyer's complaint or defense, Dealer shall notify Leader of the existence, and nature, of such complaint or defense in order to enable Leaders' with the option, but not the obligation, to facilitate a solution to such complaint or defense, and (ii) within 30 days of Leaders' written demand of Dealer, if Leaders makes any such demand, Dealer shall provide a reasonable and good faith response to address such complaint or defense to the mutual satisfaction of both the Buyer and Leaders. Dealer shall at all times receive, manage and address Buyers' complaints and defenses in compliance with applicable federal, state and local laws and regulations.
12. **Indemnification.** Dealer agrees to indemnify, defend, and shall hold harmless Leaders, its directors, employees and agents, and defend any action brought same with respect to any claim, demand, cause of action, debt or liability, including reasonable attorneys' fees, to the extent that such an action arises out of Dealer's breach of this Agreement, breach of any contract assigned to Leaders, or the gross negligence or willful misconduct of Dealer.
13. **Term and Termination.** This Agreement shall remain in effect commencing upon latest date set forth in the signature blocks, below, and ending five years from the date of commencement (the "Term") unless otherwise terminated prior to the completion of the Term. This Agreement shall automatically renew for one additional five-year term, unless either party provides written notice of its decision not to renew at least 15 days prior to the end of the Term. Either party may terminate this Agreement at any time upon delivery of written notice, with or without cause, but neither termination nor failure to renew this Agreement shall affect any rights, benefits or obligations arising under the purchase of any Paper occurring while this Agreement is in effect.
14. **Waiver of Jury Trial.** Each of the parties to this agreement hereby waive any right to a trial by jury in any action or proceeding to enforce or defend any rights or obligations under this Agreement. In the event that a legal claim or action involving the parties to this Agreement include a Buyer as a party thereto, then the terms of the Paper shall override this section to the extent in conflict.
15. **Arbitration.** Notwithstanding the foregoing section, either party may request that any controversy of claim arising out of, or relating to, this Agreement, or the making, performance, or interpretation thereof in which damages or subject matter may exceed the jurisdiction of small claims court in the state in which a legal or equitable claim is filed, be settled by arbitration in the State of New Jersey, Union

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County, unless an alternative venue is mutually agreed to otherwise in writing, between the parties, in accordance with the Rules of the American Arbitration Association then existing, and judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy. On the written request of either party for arbitration of such a claim or claims pursuant to this paragraph, the parties hereto shall both be deemed to have waived the right to litigate the claim in any federal or state court. The expenses of arbitration and reimbursement of a prevailing party's reasonable legal fees and expenses shall be as determined by the arbitrator in the arbitrator's sole discretion. Any result reached by the arbitrator shall be binding on all parties to the arbitration. In the event that a legal claim or action involving the parties to this Agreement include a Buyer as a party thereto, then the terms of the Paper shall override this section to the extent in conflict.

- 16. **Governing Law. Venue.** This Agreement shall be governed and interpreted in accordance with the laws of the State of New Jersey without reference to its conflicts of laws rules or principles. Unless submitted to arbitration, each of the parties consents to the jurisdiction of the courts of the State of New Jersey, Union County, unless mutually agreed to otherwise in writing, in connection with any dispute arising under this Agreement and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on *forum non conveniens* to the bringing of any such proceeding in such jurisdiction.
- 17. **Successors and Assigns.** This Agreement shall inure to the benefit of, and bind, Leaders and Dealer and to their respective affiliates, heirs, representatives, successors and assigns; however, Dealer may not assign this Agreement except with written notice to Leaders.
- 18. **Entire Agreement.** This Agreement contains the entire agreement between the parties with respect to the subject matter hereof. There are no promises, agreements, conditions, undertakings, understandings, warranties, covenants or representations, oral or written, express or implied, between them with respect to this Agreement or the matters described in this Agreement, except as set forth in this Agreement. Any such negotiations, promises, or understandings shall not be used to interpret or constitute this Agreement.
- 19. **Severability.** Each part of this Agreement is intended to be severable. In the event that any provision of this Agreement is found by any court or other authority of competent jurisdiction to be illegal or unenforceable, such provision shall be severed or modified to the extent necessary to render it enforceable and as so severed or modified, this Agreement shall continue in full force and effect.
- 20. **Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed, when taken together, to be part of one, complete and entire agreement.
- 21. **Representation on Authority of Parties/Signatories.** Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

The parties to this Agreement hereby accept this Agreement and all of its terms, as of the latest date written with the signatures, below:

Leaders Financial Company
21 Commerce Drive 1st Floor
Cranford, NJ 07016

Dealer: _____
Address: _____

Dealer's Representative, if applicable:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Dealer's Principal owner or Authorized Officer:

By: _____

Print Name: _____

Title: _____

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