

**INDIRECT DEALER CONTRACT
PURCHASE AGREEMENT**

This Indirect Dealer Contract Purchase Agreement ("Agreement"), dated _____, 20___, and entered into by and between:

PALISADES FUNDING CORP. ("Palisades")
150 River Road, Suite G-3A,
Montville, New Jersey 07045

and

_____ ("Dealer")

Phone: _____

Fax: _____

Attn.: _____

WITNESSETH:

WHEREAS, from time to time, Dealer may offer to Palisades for purchase, certain Retail Installment Contracts, and corresponding security agreements, if any (hereinafter referred to as "Contract(s)"), acceptable to Palisades as to form, each of which will evidence a deferred installment payment obligation of one or more buyers of motor vehicles (hereinafter referred to as "Buyer(s)" and "Vehicle(s)"), and

WHEREAS, in order to induce Palisades to purchase Contracts, in its sole and absolute discretion, upon terms and conditions hereinafter set forth, Dealer hereby covenants, represents, warrants and agrees as follows:

1. Representations and Warranties of Dealer.

1.0. Dealer hereby represents, warrants, and covenants, with respect to each Contract submitted to Palisades hereunder, that:

(a) At the time of purchase thereof by Palisades, the Contract and corresponding guaranty thereof ("Guaranty(ies)"), if any, will have been duly executed and will constitute a valid and binding obligation of the Buyers(s) and guarantor(s)/co-signor(s) ("Guarantor(s)") thereunder, arising from a bona fide sale of goods and/or services.

(b) The Contract will contain the entire agreement of the parties thereto with respect to the Vehicles, and will have been originated by Dealer in the ordinary course of Dealer's business and all work required to be done pursuant by said Contract shall have been completed to the full satisfaction of Buyer.

(c) The sale of the Vehicles as evidenced by the Contract(s), was effected in accordance with all applicable federal, state and local laws and regulations covering the same, including, but not limited to, any applicable state sales finance laws, Home Improvement Laws,

rules and regulations, and the federal Truth-in-Lending Act (including Regulation Z promulgated thereunder) and all governmental rules and regulations governing warranties, credit practices, Vehicle purchases and the preservation of consumer claims and defenses.

(d) Palisades' name and address will have been given to the Buyer and each Guarantor executing and Guaranty as the person Dealer requested to purchase the Contract.

(e) The 'downpayment' and/or 'deposit', if any, as set forth in the Contract shall be correctly stated and will have been made and that no part of the same, nor of any payment due or to become due under the Contract, will have been loaned, or otherwise provided to the Buyer, directly or indirectly, by Dealer or otherwise.

(f) The Buyer (and each of them if there were more than one) and any Guarantor on the Contract each will have been, at the time of the execution of the Contract, an adult and competent to contract. If the Buyer is a corporation, partnership or other entity, the signing individual is duly authorized and empowered on behalf of such entity to contract on behalf thereof.

(g) The 'Annual Percentage Rate', 'Finance Charge', 'Amount Financed', 'Total of Payments', and 'Total Sale Price', or similar references, as set forth in such Contract will have been computed in accordance with such rates and other parameters as may then be approved by Palisades for the use in connection with such Contract; and all terms of such Contract, including without limitation, shall be accurate and correct.

(h) The Dealer is, and will be at the time of the execution of each assignment of Contract to Palisades, duly authorized to bind Dealer to such assignment.

(i) The residence and/or place of business of the Buyer and any Guarantor, as set forth therein and in the Buyer's or Guarantor's credit application, will have been correct at the time of the execution of the Contract and Guaranty, and Palisades may rely thereon in connection with any filing or recording thereof of any Financing Statements/Liens. To the best of the Dealer's knowledge, all information contained in each credit application and credit file submitted to Palisades for consideration shall be true, accurate and correct in all respects, and Dealer shall not have modified or altered or failed to include in such application or file any of such information provided by any proposed Buyer or Guarantor therein.

(j) If applicable, Palisades will be named as the first priority lienholder/secured party on the collateral/Vehicle, and Dealer, at the time of assignment to Palisades, shall have taken any and all other action required to perfect the security interest of in said collateral/Vehicle.

1.02. Dealer hereby further represents, warrants and covenants that, at the time of the purchase by Palisades of any Contract hereunder:

(a) The Dealer is a duly licensed dealer of Vehicles in the jurisdiction where the Dealer operates, where the Vehicle was sold and where the Contract was negotiated and executed.

(b) Dealer shall not have previously sold, assigned, pledged or granted a security interest in the Contract, nor offered it to any other person, firm or corporation on any basis whatever, and that the collateral will be vested in the Buyer(s), free and clear of all liens, security interests and encumbrances whatsoever, other than the first priority lien in favor of Palisades and the right of the Buyers thereto.

(c) No payment or allowance will have been made or allowed on account of the Contract except as set forth thereon.

(d) If Palisades acquires the Contract, Dealer will not thereafter change, amend or make any adjustment with respect to the Contract and will not execute, deliver or file a satisfaction or release of Palisades' lien or security interest.

(e) Any manufacturer's or seller's warranties in force and effect at the time of the sale of the goods and/or services will be duly and promptly fulfilled.

(f) All work required to be done under the Contract has been performed and accepted by the Buyer.

1.03. Dealer makes the following additional representations, warranties and covenants and each request by Dealer to Palisades to purchase Contract, and the purchase itself, shall act as a reaffirmation of each of the following representations, warranties and covenants as of the date of such request.

(a) Dealer is duly organized and is validly existing as a corporation in good standing under the laws of the State of its incorporation, with full power and authority to own its properties and to conduct its business and had at all relevant times, and shall have all requisite power, authority and legal right to originate and sell the Contracts.

(b) Dealer is duly qualified to do business and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business requires. Dealer has all requisite power and authority to execute and deliver this Agreement and to carry out the terms hereof, and the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate and other action.

(c) This Agreement constitutes a legal, valid and binding obligation of Dealer, enforceable in accordance with its terms.

(d) The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof shall not conflict with, result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under the Certificate of Incorporation or Bylaws of the Dealer, or of any indenture, agreement or other instrument to which the Dealer is a party or by which it shall be bound; nor result in the creation or imposition of any lien, security interest or encumbrance upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than this Agreement); or violate any law or any other, rule or regulation applicable to the Dealer, or any decree, judgment or decision of any court or of any Federal or State regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Dealer.

(e) There are no proceedings or investigations pending, or threatened, before any court, regulatory body, administrative agency, or other governmental instrumentality having jurisdiction over the Dealer; (i) asserting the invalidity of this Agreement, (ii) seeking to prevent any of the transactions contemplated by this Agreement, or (iii) seeking any determination or ruling that might materially and adversely affect the financial condition of the Dealer or the performance by the Dealer of its obligations under or the validity or enforceability of this Agreement. Neither the Dealer or any of its officers or employees is operating under or subject to, or in default with respect to any adjudicatory order, writ, injunction or decree of any court or federal, state, municipal or governmental department, commission, board, agency or instrumentality, domestic or foreign, related to the conduct of the Dealer's business; and neither the Dealer nor any of its directors, officers or employees is subject to any cease and desist order, supervisory agreement or arrangement or disqualification, consensual or otherwise, with any regulatory authority which is material to the contracts or the transactions contemplated thereby or hereby.

(f) Dealer has complied with all federal, state and local laws, rules, ordinances, regulations and orders applicable to it. The Contracts for the sale of goods and/or services, and the assignment of any Contract by Dealer to Palisades, shall be valid and binding and in accordance with all applicable laws. All licenses, permits, orders or approvals of any governmental or regulatory body which are required in connection with Dealer's business ("Permits"), are in full force and effect, no violations are or have been recorded in respect to any such Permits and no proceedings are pending or, to Dealer's knowledge, threatened to terminate, revoke or limit any of such Permits.

(g) There will be only one manually signed original Contract which original Dealer shall deliver to Palisades upon the purchase thereof by Palisades from Dealer.

(h) The representations, warranties and covenants contained in this Agreement or in any other agreement, addendum, schedule, exhibits or other documents delivered pursuant hereto do not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained herein or therein not misleading.

1.04 In the event of a breach of any of the Dealer's representations, warranties, covenants and agreements set forth in this Section, Dealer shall, upon demand by Palisades, immediately repurchase from Palisades the Contract(s) affected by such breach for the amount remaining to be paid Palisades hereunder by Buyer(s) (less any unearned Finance Charges, but including any delinquency charges, collection charges or attorney fees or other costs and expenses incurred by the Palisades). Such obligation on Dealer's part shall not preclude Palisades from enforcing, at its election, any other remedies available to it and arising by reason of such breach. Upon each such repurchase, and the full repayment of the same, the relevant Contract(s) and the lien(s) in the related collateral/Vehicles(s) shall be assigned to Dealer by Palisades (without recourse to Palisades).

2. Assignment; Filing; Forwarding of Payments.

2.01. Contracts will be forwarded to Palisades for consideration hereunder from time to time. Palisades is not obligated to purchase any such Contracts and the purchase by Palisades of any Contract shall be subject to its sole and absolute discretion. At or prior to the time Palisades purchases any Contract hereunder, all of the Dealer's right, title and interest thereunder and in and to the collateral, if any, covered thereby will have been duly assigned to Palisades by Dealer, provided that in the event of any conflict between the provisions of this Agreement and any such assignments, the provisions of this Agreement shall control. Should any payment(s) be made to Dealer under or relative to any such Contract so assigned, Dealer will receive such payment(s) in trust for Palisades and will promptly remit the same to Palisades in the same form received for credit to such Contract.

2.02. Upon Palisades' purchase of any Contract from Dealer, Dealer shall deliver to Palisades: (i) the originally executed Contract, endorsed by Dealer assigning such contract to Palisades; (ii) if applicable, the original title properly filed and recorded with the appropriate authority, evidencing the priority lien/security interest thereon, as well as any corresponding property and/or credit search; (iii) the originally executed credit application of the Buyer(s) and Guarantor(s), if applicable; (iv) if applicable proof satisfactory to Palisades that the insurance required to be maintained by the Buyer(s) under the Contract is in effect, naming Palisades as loss payee and additional insured; and, (v) any other documentation that Palisades shall require.

3. Contract Purchase Terms. At the time of Palisades' purchase hereunder of any Contract, Palisades shall pay to Dealer the amount determined by Palisades and Dealer as per the terms and conditions negotiated at that time between Palisades and Dealer (the "Advance").

4. Prepayments. In the event of the prepayment of any Contract, it shall be Dealer's responsibility to apply for, process and pay to the purchaser(s) any rebate owned to such purchaser(s) on account of any unearned interest, finance charge, insurance premium, warranty fee or similar amounts to which any such purchaser(s) may be entitled, and Dealer shall indemnify and hold Palisades harmless from and against any and all damages, claims, causes of action or other liabilities (including, without limitation, attorneys' fees and legal costs and expenses) arising out of Dealer's failure to do so.

5. Non-Recourse. The purchase by Palisades of any Contract hereunder shall be non-recourse to Dealer, except to the extent of Dealers representations, warranties, covenants and agreements hereunder and/or if the Palisades requires the Dealer to execute a repurchase provision of recourse on/in the Contract.

6. Governmental Agencies.

6.01. If any claim or defense is raised against Palisades (i) by any Buyer(s) or Guarantor(s) in a private lawsuit, (ii) in a proceeding brought by or on behalf of any Governmental agency, or (iii) as a defense or counterclaim in an action brought by Palisades against such Buyer(s) or Guarantor(s), and as a result of any such action or proceeding Palisades is required to return to Buyer(s) or Guarantor(s) any sums paid by either or both of them under such Contract including, but not limited to, any downpayment/deposit, Dealer shall, upon demand pay Palisades all such sums (together with interest to the date of payment) and indemnify, defend and hold Palisades harmless from and against the same, as well as reimbursing Palisades for any fees (including attorneys' fees or otherwise) and costs incurred by Palisades in connection with any claims, actions, lawsuits, proceedings, damages or liabilities.

6.02. If at any time after Palisades shall have given notice by mail to the Buyer of Palisades' acquisition of the related Contract hereunder, Palisades has notice from any source(s) of any facts giving rise to a claim, defense, complaint or dispute against Dealer or Palisades by any Buyer(s) and Guarantor(s), arising out of the sale of the goods and/or services, Dealer agrees at its sole expense, to resolve any such complaint or dispute to the complete satisfaction of Palisades the Buyer(s) and guarantor(s) within thirty (30) days after Palisades shall have given Dealer notice of such complaint or dispute. In the event such complaint or dispute is not resolved with thirty (30) day period, or in the event of the breach of any one or more of the representations, warranties, covenants or agreements set forth in this section, Dealer shall, upon demand by Palisades, immediately repurchase from Palisades the relevant Contract for the amount remaining to be paid Palisades hereunder by the Buyer(s) (less any unearned Finance Charges, but including any delinquency charges, collection charges or attorneys fees). Such obligations on Dealer's part shall not preclude Palisades from enforcing, at its election, any other remedies available to it and arising by reason of such breach. Upon each such repurchase, the relevant Contract and the lien and security interest in the related Vehicle shall be assigned to the Dealer by Palisades, such assignments in this regard without recourse to Palisades.

7. Acceptability of Insurance or Warranty Company. If Palisades allows Dealer to include an extended warranty or service contract, credit life insurance, credit accident and health insurance or any other type of credit insurance in any Contracts, the warranty, service or insurance companies selected by the Dealer and/or the Buyer(s) must be lawfully authorized by competent authority to transact and conduct such warranty, service or insurance business in the state in which the Contract was originated, and Palisades shall have the absolute right to disapprove any such warranty, service or insurance company or carrier. Dealer agrees that any refund or rebate of unused premium for such warranty, service contract or insurance coverage shall be Dealer's sole responsibility, and Dealer agrees to indemnify, defend and hold Palisades harmless from and against any claims, actions, lawsuits, proceedings, damages or liabilities arising out of any such refund or rebate and, as such, agrees to reimburse Palisades for any and all costs incurred by Palisades in connection with such claims, actions, lawsuits, proceedings, damages or liabilities.

8. Indemnification. Dealer shall indemnify and hold Palisades harmless and shall reimburse Palisades for any claims liabilities, damages, costs, expenses, fees, causes of actions, suits, judgments, assessments and any other liabilities, including without limitation, any court costs and attorney's fees, arising from or in connection with (i) any actual or alleged inaccuracy in or breach of any of the representations and warranties of Dealer as under this Agreement or in any assignment of any Contract or (ii) any actual or alleged failure by Dealer to perform or comply with any covenant or agreement in this Agreement or in any assignment of any Contract.

9. Miscellaneous.

9.01. *Inspection of Books and Records.* While this Agreement is in force or effect, Dealer shall permit Palisades or its designees(s) at any time(s) during normal business hours as desired by Palisades to inspect, audit, check and make abstracts from Dealer's books, accounts, correspondence or other papers of any matters pertaining to Contracts acquired by Palisades hereunder.

9.02. *Power to Deal with Contracts.* Palisades may deal with each relevant or acquired Contract in any manner which it may deem advisable including, but not limited to, the following powers (i) Palisades may extend the time of payment; (ii) Palisades may charge, enlarge or otherwise notify any provisions or contractual terms; (iii) Palisades may release any person(s) responsible under a Contract; or (iv) Palisades may otherwise deal with acquired Contracts and the parties thereto (including any Guarantor(s) in its discretion, all without notice to Dealer and without affecting Dealer's continuing liability hereunder.

9.03. *Waiver.* The failure of Dealer to enforce at any time any provision of this Agreement or to exercise any right provided herein shall not in any way be construed to be a waiver of such provision or right in connection with any subsequent breach or default, and shall not in any way affect the validity of this Agreement or any part hereof, or limit, prevent or impair the right of Dealer to subsequently enforce such provision or exercise such right.

9.04. *Entire Agreement; Amendment.* This Agreement, and the attached exhibits, if any, constitute the entire agreement between Palisades and Dealer with respect to the subject hereof and shall supersede all previous negotiations and agreements. This Agreement may not be altered, modified or amended in any manner except in writing signed by both a duly authorized officer of both Palisades and Dealer.

9.05. *Termination.* Palisades and Dealer may terminate this Agreement upon written notice of such termination to the other, which termination shall be effective upon a date set forth in such notice, not to be less than thirty (30) days from the date of such notice. The termination of this Agreement shall not reduce, amend, alter, modify or terminate any of Dealer's warranties, representations, obligations, liabilities or responsibilities to Palisades as under this Agreement with respect to any Contracts purchased by Palisades from Dealer prior to the effective date of such termination.

9.06. *Notices.* All notices, demands and other communications required or permitted to be given to or made hereunder to either party shall be in writing and shall be deemed duly given, made or received for purposes of this Agreement when personally delivered or mailed, by certified mail, return receipt requested, to the party intended as the recipient thereof at the address of such party as herein specified, or at such other address as the intended recipient shall have provided for that purpose.

9.07. *Governing Law.* This Agreement shall be construed in accordance with and governed by the laws of the State of New York. The Dealer agrees that any disputes and matters arising from this Agreement shall be brought in and before the Supreme Court or Civil Court, in the County of Bronx, State of New York, or if federal jurisdiction exists, then before the United States District Court for the Southern District of New York. Dealer agrees to submit

to the jurisdiction of said courts, and to waive any defenses based upon grounds of lack of jurisdiction, improper venue, or inconvenience.

9.08. *Binding Effect; Successors and Assigns.* This Agreement is binding on the parties and their respective successors and assigns. Neither party may assign this Agreement without the prior written consent of the other party. An assignment of this Agreement does not relieve the Assignor from any liability hereunder without written of the non-assigning party.

9.09. *Further Assurances.* Dealer shall, upon reasonable request by Palisades, provide such assurances and undertake such further acts or things as may be reasonably necessary or appropriate to effectuate the terms of this Agreement.

9.10. *Section Headings.* Section headings in this Agreement are for the convenience of reference only and shall not govern the interpretation of any provisions of this Agreement.

9.11. *Waiver of Trial by Jury.* The parties hereto waive any right to have any suit or controversy arising hereunder determined by a jury trial.

9.12. *Relationship of the Parties.* It is not the intention or purpose of this Agreement to create, nor shall the same be construed as creating, any type of partnership relationship, and agency or joint venture between the contracting parties. As such, it is expressly understood that neither Palisades nor Dealer shall be responsible for the acts and/or omissions of the other. Further, neither Palisades nor Dealer has the authority, express or implied, to commit the other to any contractual relationship with a third-party.

9.13. *Severability.* If any provision of this Agreement, or the applicability of such provision to any person or circumstance, shall be determined to be invalid by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement, all of which provisions shall remain in effect, and if any provision is capable of two constructions, one of which would render it invalid, then such particular provision shall have the meaning which renders it valid.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized officers, as of the day and year first written above.

_____, Dealer

By: _____

Name:

Title:

Address:

PALISADES FUNDING CORP.

By: _____

Name:

Title: