

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 21, 2021 (December 20, 2021)

FRANCHISE GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-35588

(Commission File Number)

27-3561876

(I.R.S. Employer Identification No.)

109 Innovation Court, Suite J

Delaware, Ohio 43015

(Address of Principal Executive Offices) (Zip Code)

(740) 363-2222

(Registrant's telephone number, including area code)

n/a

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	FRG	Nasdaq Global Market
7.50% Series A Cumulative Perpetual Preferred Stock, par value \$0.01 per share and liquidation preference of \$25.00 per share	FRGAP	Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

Master Receivables Purchase Agreement

On December 20, 2021 (the “Initial Closing Date”), W.S. Badcock Corporation (“WSBC”), a Florida corporation and wholly owned indirect subsidiary of Franchise Group, Inc., a Delaware corporation (the “Company”), entered into a Master Receivables Purchase Agreement (“Receivables Purchase Agreement” and the transactions contemplated by the Receivables Purchase Agreement, the “Receivables Transaction”) with B. Riley Receivables, LLC (the “Purchaser”), a Delaware limited liability company and wholly owned indirect subsidiary of B. Riley Financial, Inc. and consummated the acquisition by the Purchaser of the existing consumer credit receivables portfolio of WSBC as of 11:59 p.m. on December 15, 2021 (the “Initial Cutoff Time” and the existing receivables as of the Initial Cutoff Time the “Initial Receivables Pool”) for a purchase price of \$400 million in cash (the “Initial Purchase Price”). The Initial Purchase Price will be used by the Company to repay a portion of its existing indebtedness (the “Debt Repayment”). Subject to certain terms and conditions, the Company has agreed to guarantee the performance by WSBC of its obligations under the Receivables Purchase Agreement and the Servicing Agreement (as defined below).

In addition, for a period of 90 days from the Initial Closing Date, WSBC may from time to time sell to the Purchaser (i) new receivables originated by WSBC after the Initial Cutoff time arising in customer accounts existing as of the Initial Cutoff Time (the “Par Receivables”); and (ii) new receivables arising in new accounts originated by the Company after the Initial Cutoff Time (the “Additional Receivables”). Each sale of the Initial Receivables Pool, the Par Receivables and the Additional Receivables to the Purchaser under the Receivables Purchase Agreement will include sales of related rights to a portion of premiums paid by certain customers who purchased consumer goods insurance or credit insurance (the “Net Insurance Premiums”).

The Par Receivables and the Net Insurance Premiums will be sold to the Purchaser at a purchase price equal to the amount of such receivables that have not been paid to WSBC by the applicable customers, with the aggregate purchase price for all Par Receivables not to exceed \$40 million. The Additional Receivables will be sold at a purchase price equal to 75% of the amount of such receivables that have not been paid to WSBC by the applicable customers. The purchase price for the sale of the Par Receivables and the Additional Receivables to the Purchaser under the Receivables Purchase Agreement will be paid solely by debits from the collections and proceeds owed to the Purchaser on such receivables.

This description is a summary and does not purport to be a complete description of the Receivables Purchase Agreement. It is qualified in its entirety by the full text of the Receivables Purchase Agreement, which is attached hereto as Exhibit 2.1 and incorporated herein by reference.

Servicing Agreement

In connection with the Receivables Purchase Agreement, WSBC entered into a Servicing Agreement (the “Servicing Agreement”) with the Purchaser pursuant to which WSBC will provide to the Purchaser certain customary servicing and account management services in respect of the receivables purchased by the Purchaser under the Receivables Purchase Agreement.

This description is a summary and does not purport to be a complete description of the Servicing Agreement and is subject to, and qualified in its entirety by, the full text of the Servicing Agreement, which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Cautionary Statement Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including, without limitation, those that contain, or are identified by, words such as “outlook”, “guidance”, “believes”, “expects”, “potential”, “continues”, “may”, “will”, “should”, “predicts”, “intends”, “plans”, “estimates”, “anticipates”, “could” or the negative version of these words or other comparable words. Forward-looking statements include, without limitation, projections, predictions, expectations, or beliefs about future events or results and are not statements of historical fact, including the Company’s expectations regarding its financial condition, statements relating to the Receivables Transaction, anticipated benefits resulting from the Receivables Transaction, the use of cash proceeds received as a result of the Receivables Transaction, the potential sale of Badcock’s real estate portfolio, and the resulting anticipated benefits of such potential sale, which are subject to various significant risks and uncertainties, many of which are outside of the control of the Company and the effects of the coronavirus (COVID-19) pandemic and/or any supply chain disruptions on economic conditions and the industry in general and the financial position and operating results of the Company. Such forward-looking statements are based on various assumptions as of the time they are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are often accompanied by words that convey projected future events or outcomes such as “expect,” “believe,” “estimate,” “plan,” “project,” “anticipate,” “intend,” “will,” “may,” “view,” “opportunity,” “potential,” or words of similar meaning or other statements concerning opinions or judgment of the Company or its management about future events. Although the Company believes that its expectations with respect to forward-looking statements are based upon reasonable assumptions within the bounds of its existing knowledge of its business and operations, there can be no assurance that actual results, performance, or achievements of the Company will not differ materially from any projected future results, performance or achievements expressed or implied by such forward-looking statements. Actual future results, performance or achievements may differ materially from historical results or those anticipated depending on a variety of factors, many of which are beyond the control of the Company. Additional factors that could cause actual results to differ materially from forward-looking statements include, among others, the effect of the announcement of the Receivables Transaction on the Company’s ability to retain and hire key personnel and maintain relationships with their franchisees, dealers, customers, suppliers, partners and others with whom they do business, or on their respective operating results and business generally; risks associated with the diversion of management’s attention from ongoing business operations due to the Receivables Transaction; legal proceedings related to the Receivables Transaction; costs, charges or expenses resulting from the Receivables Transaction; growth of the Company’s franchise and dealer base; the strength of the economy; changes in the overall level of consumer spending; the performance of the products and services of the Company within the prevailing retail or other business environments; implementation of the strategy of the Company; maintaining appropriate levels of inventory; or changes in tax policy. We refer you to the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of the Company’s Annual Report on Form 10-K for the fiscal year ended December 26, 2020, and comparable sections of the Company’s Quarterly Reports on Form 10-Q and other filings (including the Company’s Current Reports on Form 8-K), which have been filed with the SEC and are available on the SEC’s website at www.sec.gov. All of the forward-looking statements made in this report are expressly qualified by the cautionary statements contained or referred to herein. The actual results or developments anticipated may not be realized or, even if substantially realized, they may not have the expected consequences to or effects on the Company or its business or operations. Readers are cautioned not to rely on the forward-looking statements contained in this report. Forward-looking statements speak only as of the date they are made and the Company does not undertake any obligation to update, revise or clarify these forward-looking statements, whether as a result of new information, future events or otherwise.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The information contained in “Item 1.01 Entry into a Material Definitive Agreement” is incorporated herein by reference.

Item 8.01 Other Events.

On December 20, 2021, the Company issued a press release announcing the Receivables Transaction and the Debt Repayment. A copy of the press release is attached as Exhibit 99.1 and incorporated herein by reference.

Item 9.01. Exhibits

(d) Exhibits.

The following exhibits are filed with this Current Report on Form 8-K:

<u>Exhibit Number</u>	<u>Description</u>
2.1	Master Receivables Purchase Agreement, dated as of December 20, 2021, between W.S. Badcock Corporation and B. Riley Receivables, LLC
10.1	Servicing Agreement, dated as of December 20, 2021, between W.S. Badcock Corporation and B. Riley Receivables, LLC
99.1	Press Release, dated as of December 20, 2021
104	Cover Page Interactive Data File (embedded within Inline XBRL document)

* All disclosure schedules and exhibits to the Receivables Purchase Agreement and the Servicing Agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish the omitted disclosure schedules to the SEC upon request by the SEC; provided, however, that the Company reserves the right to request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedule or exhibit so furnished.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FRANCHISE GROUP, INC.

Date: December 21, 2021

By: /s/ Eric Seeton

Eric Seeton
Chief Financial Officer

MASTER RECEIVABLES PURCHASE AGREEMENT

among

W.S. BADCOCK CORPORATION
Seller

and

B. RILEY RECEIVABLES, LLC
Purchaser

Dated as of December 20, 2021

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EXHIBITS

EXHIBIT 1	FORM OF MASTER ASSIGNMENT AND CONVEYANCE
EXHIBIT 2	RECEIVABLES SCHEDULE FIELDS
EXHIBIT 3	UNDERWRITING GUIDELINES
EXHIBIT 4	ACCOUNT AGREEMENT FORM
EXHIBIT 5	FORM OF PRESS RELEASE

MASTER RECEIVABLES PURCHASE AGREEMENT

This Master Receivables Purchase Agreement (as amended, restated, modified or supplemented from time to time, this "Agreement"), dated as of December 20, 2021 is by and between B. RILEY RECEIVABLES, LLC, a Delaware limited liability company, as purchaser ("Purchaser") and W.S. BADCOCK CORPORATION, a Florida corporation, as seller ("Seller").

Recitals

WHEREAS, Seller desires to sell to Purchaser, from time to time, and Purchaser desires to purchase from Seller, from time to time, during the term of this Agreement, certain Receivables on various Closing Dates;

WHEREAS, each Receivable to be sold to Purchaser will be identified on the Receivables Schedule provided by Seller.

NOW, THEREFORE, in consideration of the premises and mutual agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and Purchaser and Seller agree as follows:

Section 1. Definitions. Unless the context shall clearly indicate some other meaning, terms used in this Agreement shall have the meanings assigned thereto in the recitals above or specified in this Section 1 or, if not defined in this Section 1, in the Servicing Agreement.

Account: A revolving credit account identified on the Receivables Schedule delivered on the Initial Closing Date, originated by Seller prior to the Initial Closing Date under the Account Program to fund the purchase by a Buyer of Furniture, any Insurance, and related products and services.

Account Agreement: For each Account, the Badcock Easy Purchase Plan Credit/Security Agreement establishing the creditor-debtor relationship between Seller and the related Buyer substantially in the forms collectively attached as Exhibit 4 to this Agreement, as amended from time to time.

Account Documents: (i) The Account Agreements, (ii) any applicable Insurance election form and (iii) all other agreements or documents evidencing, securing, guarantying, governing or giving rise to such Account, including, without limitation, any third-party guarantees, any other credit enhancement rights, which Seller or Servicer may have received.

Account File: An Electronic Account File or a Physical Account File.

Account Program: The program through which Seller originates Accounts to Buyers that were originated by such for purposes of purchasing Furniture and related products and services, which program may be amended or changed by Seller from time to time.

Adjustment Amount: With respect to any Receivable purchased by Purchaser, an amount equal to all Collections received by Seller for the period after the applicable Cutoff Time through the Applicable Closing Date (whether applied to principal, interest, late charges or other amounts on or in respect of such Receivable).

Affiliate: With respect to any Person, any other Person controlling or controlled by or under common control with such Person. For the purposes of this definition, the term “control” (including, with correlative meanings, “controlling,” “controlled by,” and “under common control with”) means the power to direct or cause the direction of the management and policies of such Person.

AML-BSA Laws: Collectively (i) the Bank Secrecy Act of 1970, as supplemented by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, and any rules and regulations promulgated thereunder; and (ii) any other applicable Laws relating to customer identification, anti-money laundering or preventing the financing of terrorism and other forms of illegal activity, each as amended.

Applicable Closing Date: With respect to any Eligible Receivable, the Closing Date on which such Eligible Receivable was or will be purchased by Purchaser.

Back-Order Receivable: Any Receivable as to which the related Furniture is on back-order or otherwise unavailable for delivery to the applicable Buyer as of the Initial Closing Date.

Bankruptcy Code: Title 11 of the United States Code, as amended.

Business Day: Any day other than: (i) a Saturday or Sunday, (ii) a day on which banking and savings and loan institutions in the States of New York or Delaware are authorized or obligated by Law or executive order to be closed, or (iii) any other day on which commercial banking or Federal institutions in New York are authorized or obligated by law or executive order to be closed.

Buyer: Any maker, co-maker, guarantor, or other obligor that is a party to an Account Agreement or otherwise obligated to make payments with respect to an Account.

Claim: Any claim, counterclaim, assessment, action, cause of action, litigation, suit, proof of claim, including a proof of claim filed in a bankruptcy proceeding, demand or complaint.

Closing Date: Each date on which Seller sells, and Purchaser purchases, Receivables under this Agreement during the Purchase Period, as agreed by the parties.

Collections: With respect to all Receivables, all cash collections and other cash proceeds of such Receivable received on or after the related Cutoff Time, regardless of how such collections or cash proceeds are reflected on Seller’s books and records, including (i) Principal Collections, (ii) Interest Collections, (iii) Liquidation Proceeds, including recoveries on Defaulted Receivables (iv) Net Insurance Amounts, and (vi) any other fees, charges or proceeds received in connection with such Receivable.

Confidential Information: The terms and conditions of this Agreement and any proprietary non-public information of a party hereto that is furnished to the other party hereto in connection with this Agreement or the transactions contemplated hereby, including but not limited to, records, documents, proprietary information, technology, software, trade secrets, financial and business information, or data related to such other party's products (including the discovery, invention, research, improvement, development, manufacture, or sale thereof), processes, or general business operations (including sales, costs, profits, pricing methods, organization, employee or customer lists and process), whether oral, written, or communicated via electronic media or otherwise disclosed or made available to a party or to which a party is given access pursuant to this Agreement by the other party, and any information obtained through access to any information assets or information systems (including computers, networks, voice mail, etc.), that, if not otherwise described above, is of such a nature that a reasonable person would believe to be confidential, as well as any Consumer Information. Information (other than Consumer Information) that is made available to the general public, received from independent sources, already in possession of the receiving party prior to disclosure hereunder or that is independently developed without the use of Confidential Information shall not be considered Confidential Information.

Consumer Information: Any "nonpublic personal information" (as such term is defined in the Gramm-Leach-Bliley Act and/or the regulations implementing the provisions thereof) and other personally identifiable information relating to Buyers or applicants.

Cutoff Time: With respect to the Initial Closing Date, 11:59 p.m., New York time on December 15, 2021, with respect to the Second Closing Date, 11:59 p.m., New York time on December 24, 2021, and with respect to each Closing Date thereafter, the time that is 11:59 p.m., New York time, two Business Days prior to such Closing Date.

Dealer Fees: Fees paid by Seller in the ordinary course of business under dealer agreements in connection with the origination of an Account, provided that Dealer Fees shall not include any portion of the Net Insurance Amounts.

Defaulted Receivable: Any Receivable as to which any of the following is true:

- (a) an Insolvency Event has occurred with respect to the related Buyer;
- (b) the Servicer has determined, in accordance with the Underwriting Guidelines, that all or any portion of such Receivable has been placed on non-accrual status, is not collectible, or any or all of the principal amount due under such Receivable is reduced or forgiven;
- (c) as at the end of any month, such account is 330 days or more past due;
- (d), the related Furniture has been repossessed, or detached from the related residence, in whole or in part; or

(e) the Account Documents with respect to such Receivable are amended, restructured, modified or waived so as to avoid a payment default (excluding any (i) waiver of any NSF fees or other administrative fees accrued with respect to such Receivable, (ii) write-off of any other amounts in connection with a payoff of such Receivable that does not exceed \$100.00 or (iii) payment arrangements offered to Buyers as outlined in the Underwriting Guidelines).

Deferred Purchase Price: With respect to Receivables purchased on the Second Closing Date, the portion of the Purchase Price for which there is insufficient Collections to be debited pursuant to Section 5(a) hereof provided that such amount shall not exceed 20% of the Purchase Price for such Receivables sold on the Second Closing Date.

Effective Date: The date of this Agreement.

Electronic Account Documents: any Account Documents in electronic form.

Electronic Account File: A file containing Electronic Account Documents.

Eligible Receivable: Any Receivable related to an Account originated by Seller for sale to Purchaser under this Agreement on or prior to the applicable Cutoff Time for which, on the related Applicable Closing Date, the Receivable and Account representations, warranties and covenants set forth in Section 9 are true and correct.

Furniture: The furnishings and other consumer goods sold by Seller or any Affiliate of Seller and purchased by a Buyer funded pursuant to an Account Agreement.

Governmental Authority: Any nation or government, any federal, state, city, town, municipality, county, local or other political subdivision thereof or thereto or any department, commission, board, court, tribunal, bureau, instrumentality, agency or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including the Consumer Financial Protection Bureau, the United States Federal Trade Commission and any local, state or federal governmental or regulatory authority having jurisdiction or exercising regulatory authority or similar oversight with respect to Seller, Purchaser or Servicer.

Holder Rule: The Federal Trade Commission Trade Regulation Rule Concerning the Preservation of Consumers' Claims and Defenses that appears in 16 C.F.R. Part 433.

Initial Closing Date: December 20, 2021.

Initial Purchase Price: \$400 million.

Initial Receivables Pool: All Eligible Receivables in existence at the Cutoff Time immediately preceding the Initial Closing Date.

Insolvent: As to any Person, has the meaning set forth in Section 101(32) of the Bankruptcy Code or Section 271 of the Debtor and Creditor Law of the State of New York.

Insolvency Event: With respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under the Bankruptcy Code or any other applicable Insolvency Law now or hereafter in effect, or the appointing of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person's affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or (b) the commencement by such Person of a voluntary case under any applicable Insolvency Law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or (c) the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or (d) the making by such Person of any general assignment for the benefit of creditors, or (e) the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

Insolvency Laws: The Bankruptcy Code and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, or similar debtor relief laws from time to time in effect affecting the rights of creditors generally.

Insurance: With respect to an applicable Receivable in an Account, a consumer personal property insurance or credit protection insurance policy issued by LOTSolutions Inc., Insurance Company of the South, Lyndon Southern Insurance Company, Life of the South Insurance, 4Warranty Corporation, The Service Doc Inc. or other insurance provider approved by Purchaser covering the Furniture sold by Seller to a Buyer at the time of purchase of the related Furniture.

Insurance Premium: The periodic premium amount related to Insurance, if any, owed by a Buyer that relates to any applicable Receivable sold to Purchaser.

Insurance Retro Commission: Any retroactive commission, residual or similar payment payable to Seller by an insurer in respect of Insurance that relates to any applicable Receivable sold to Purchaser.

Interest Collections: All interest payments and finance charges received from Buyers, including any late fees, returned check fees and any other fees, charges or other obligations of Buyers paid and owed to Purchaser.

Interest Rate: With respect to each Receivable, the fixed annual rate or rates of interest provided for in the related Account Agreement.

Investment Company Act: The Investment Company Act of 1940, as amended.

Laws: All local, state and federal statutes, laws and ordinances applicable to the Accounts and Receivables, Seller, Purchaser, or Servicer and any implementing regulations thereunder (including without limitation the underwriting, origination, servicing, ownership, holding, acquisition, and sale of the Accounts or Receivables); any order, decision, injunction or similar pronouncement of any court, tribunal or arbitration panel issued with respect to the Accounts or Receivables, Seller, Purchaser, Servicer or any and any regulations, policy statements and any similar pronouncement of any Governmental Authority having jurisdiction with respect to the Accounts or Receivables or the acts of Seller, Purchaser, or Servicer.

Liquidation Proceeds: Any cash received with respect to a Defaulted Receivable.

Master Assignment and Conveyance: An assignment and conveyance of the Receivables purchased pursuant to this Agreement in the form annexed hereto as Exhibit 1.

Material Adverse Effect: A material adverse change in (i) the business, assets, operations, or financial condition of Seller or its ability to perform its obligations under this Agreement; or (ii) with respect to the Receivables, the legality, validity binding effect or enforceability of this Agreement or any other Program Agreements or the validity, enforceability, value, binding effect or collectability of any of the Receivables sold to Purchaser pursuant to this Agreement.

Maximum Par Receivable Purchase Amount: \$40 million.

Net Insurance Amounts: With respect to any Receivable sold to Purchaser, (i) 23% of the Insurance Premium and (ii) all Insurance Retro Commissions.

Notice of Termination: A written communication from either Seller or Purchaser to the other party indicating its intention to terminate this Agreement pursuant to the provisions of Section 3.

OFAC: The U.S. Department of the Treasury's Office of Foreign Assets Control.

Parent Company of Seller: Franchise Group, Inc.

Par Receivable: Any Receivable originated by Seller after the first Cutoff Time to a Buyer who had an Account with Seller prior to the first Cutoff Time, whether or not such Account had a zero balance as of the first Cutoff Time.

Parent Guaranty: A guaranty in form and substance satisfactory to Purchaser under which the Parent Company of Seller shall unconditionally guarantee the payment of Seller's monetary obligations hereunder and under the Servicing Agreement, including (without limitation) Seller's obligations under Sections 10 and 11 of this Agreement.

Person: An individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

Physical Account Documents: any Account Documents in physical, non-electronic form.

Physical Account File: A file containing Physical Account Documents

Principal Collections: All principal payments received from Buyers, including any Principal Prepayments and any other scheduled and unscheduled principal payments, but not including recoveries on Defaulted Receivables.

Principal Prepayment: Any payment or other receipt of principal on a Receivable which is received in advance of its scheduled due date and which is not accompanied by an amount of interest representing scheduled interest due on any date or dates in any month or months subsequent to the month of prepayment.

Proceeding: Any action, suit, petition, administrative or regulatory investigation or other similar proceeding, whether civil or criminal, at law or in equity, before any court, arbitrator or Governmental Authority.

Program Agreements: This Agreement, the Servicing Agreement and any other agreement entered into by Purchaser and Seller related to the sale and purchase of Receivables contemplated herein.

Provider Premium: With respect to any Receivable that includes an Insurance Premium, that portion of the Insurance Premium payable to the provider of the Insurance.

Purchase Period: means the period commencing on the Initial Closing Date and ending on the earliest to occur of (i) the date that is ninety (90) consecutive days after the Effective Date, or such later date as Seller and Purchaser may specify in writing in their sole discretion, and (ii) delivery of a Notice of Termination pursuant to Sections 3(b) or 3(c) hereof.

Purchase Price: With respect to (i) the Initial Receivables Pool and Net Insurance Amounts related thereto, the Initial Purchase Price, (ii) any Eligible Receivable not in the Initial Receivables Pool that is a Par Receivable and Net Insurance Amounts related thereto, the Unpaid Amount of such Par Receivable, and (iii) any other Eligible Receivable not in the Initial Receivables Pool and Net Insurance Amounts related thereto, the product of (A) 75% and (B) the Unpaid Amount of such Receivables, it being understood that (in each instance) the Purchase Price shall reflect the price paid for both the Eligible Receivables and Net Insurance Amounts sold.

Receivable: As of any date of determination, the beneficial interest in any right to payment from or on behalf of any Buyer arising under an Account with such Buyer, and identified on the applicable Receivables Schedule, and any Collections in respect thereof.

Receivables Collateral: As defined in Section 7(b).

Receivables Schedule: Collectively, (i) the schedule, attached to this Agreement, of the Initial Receivables Pool that Seller intends to sell to Purchaser on the Initial Closing Date, and for each other Closing Date (ii) the schedule provided as of Cutoff Time for the Applicable Closing Date, in each case substantially in the form of Exhibit 2, with respect to each such Receivable.

Related Property: With respect to a Receivable, Seller's interest in any property or other assets of the Buyer thereunder pledged as collateral to secure the repayment of such Receivable, including, without limitation, the Furniture and all proceeds thereof.

Repurchase Price: With respect to any Receivable that has been purchased by Purchaser under this Agreement, on the date of any repurchase, an amount equal to the sum of (i) (A) in the case of any Receivable that was in the Initial Receivables Pool or is a Par Receivable, the Unpaid Amount of such Receivable and (B) in the case of any other Receivable the product of 75% and the Unpaid Amount of such Receivable; provided that in each case, in the event that such Receivable is a Defaulted Receivable, the Unpaid Amount of such Receivable on the date of repurchase shall be the Unpaid Amount of such Receivable prior to it becoming a Defaulted Receivable; (ii) any accrued and unpaid interest and fees associated with such Receivable; and (iii) any accrued and unpaid Net Insurance Amounts.

Sanctions Laws: Any applicable Laws relating to economic or financial sanctions or trade embargoes imposed, administered or enforced by OFAC from time to time, including without limitation Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) and OFAC's Specially Designated Nationals and Blocked Persons List.

Scheduled Payment: With respect to any Receivable, the periodic payments payable under the terms of the related Account Documents (which shall include all payments of principal and interest).

Second Closing Date: The next Closing Date occurring after the Initial Closing Date.

Seller's Knowledge: The knowledge, after reasonable and diligent inquiry, of the Persons with the titles or positions of Chief Legal Officer and Vice President of Retail Operations.

Servicer: W.S. Badcock Corporation, in its capacity as servicer, or any successor thereto under the terms of the Servicing Agreement.

Servicer Termination Event: Servicer Termination Event shall have the meaning given to such term in the Servicing Agreement.

Servicing Agreement: The Servicing Agreement, dated as of the date hereof, by and between Servicer and Purchaser, as amended, restated, supplemented or otherwise modified from time to time.

Servicing Manual: Servicer's servicing manual as amended, modified and/or supplemented from time to time in accordance with the Servicing Agreement.

Servicing Records: With respect to any Receivable, all of the documents and records related to or required for the servicing of such Receivable kept in the ordinary course of business by Servicer.

State Licenses: Any state licenses, permits, approvals, orders or other authorizations required to be obtained or held by Seller from, or any registrations by Seller required to be made with, applicable state licensing agencies or similar bodies in order for Seller to enter into an Account Agreement, originate an Account, sell a Receivable, and service an Account may be obtained.

UCC: the Uniform Commercial Code as in effect in the State of New York from time to time; provided, that to the extent that the UCC is used to define any term herein or in any Program Agreement and such term is defined differently in different Articles or Divisions of the UCC, the definition of such term contained in Article or Division 9 shall govern; provided further, that, in the event that, by reason of mandatory provisions of laws, any or all of the attachment, perfection or priority of, or remedies with respect to, Purchaser's lien on any Receivables Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

Underwriting Guidelines: The written underwriting criteria, credit and collection policies, program guidelines, program eligibility criteria and other related procedures governing the origination, documentation, collection, modification, charge-off and administration of Accounts by Seller, attached hereto as Exhibit 3.

Unpaid Amount: The original principal amount of a Receivable representing the portion of the purchase price and taxes financed by a Buyer to purchase Furniture and related services less all payments received from the Buyer with respect to such Receivable which are allocated to principal as reported in the servicing system of Servicer.

Volcker Rule: Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Section 2. Commitments.

(a) Agreement to Purchase Receivables. Subject to and pursuant to the terms of this Agreement, Seller agrees to sell, and Purchaser agrees to purchase, Eligible Receivables and related Net Insurance Amounts from time to time during Purchase Period, on each Closing Date as listed in the applicable Receivables Schedule. Notwithstanding anything to the contrary herein, (i) the Purchase Price of all Par Receivables not in the Initial Receivables Pool and related Net Insurance Amounts shall not exceed the Maximum Par Receivable Purchase Amount, and (ii) the Purchase Price for all Receivables and related Net Insurance Amounts not in the Initial Receivables Pool will be paid solely by debits from Collections owed to Purchaser. Purchaser is not purchasing any Account related to any purchased Receivable and all obligations under each Account remain solely with Seller.

Section 3. Term, Termination.

(a) Term. The obligation to purchase the Receivables pursuant to this Agreement shall commence as of the Effective Date and terminate at the end of the Purchase Period, unless this Agreement is terminated earlier by either party pursuant to the terms of Section 3(b) or Section 3(c).

(b) Termination by Seller. This Agreement may be terminated by Seller prior to the end of the Purchase Period by delivering a Notice of Termination to Purchaser upon the occurrence of any one or more of the following events, and such termination will be effective upon receipt of such Notice of Termination by Purchaser:

(i) If any representation or warranty made by Purchaser as set forth in Section 8(b) proves not to have been true and correct as of the date when made;

(ii) If Purchaser materially breaches any covenant or agreement contained in this Agreement, and if susceptible to cure, Purchaser has not cured such breach within a period of thirty (30) consecutive days after Seller has given written notice of the breach to Purchaser, or if not susceptible to cure, after the passage of a period of thirty (30) consecutive days after Seller has given written notice of the breach to Purchaser; or

(iii) If Purchaser (A) makes a general assignment for the benefit of its creditors, (B) has any Proceeding instituted by or against it seeking to adjudicate it bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any Laws relating to bankruptcy, insolvency, or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property; or (C) takes any corporate action to authorize any of the actions set forth above in (A) through (B) above.

(c) Termination by Purchaser. This Agreement may be terminated by Purchaser prior to the end of the Purchase Period by delivering a Notice of Termination to Seller upon the occurrence of any one or more of the following events of default (each, an "Event of Default"), and such termination will be effective upon receipt of such Notice of Termination by Seller:

(i) If any representation or warranty made by Seller as set forth in Section 8(a) or Section 9 proves not to have been true and correct in all material respects as of the date when made;

(ii) If Seller breaches any other covenant or agreement contained in this Agreement, and if susceptible to cure, Seller has not cured such breach within a period of thirty (30) consecutive days after Purchaser has given written notice of the breach to Seller or if not susceptible to cure, after the passage of a period of thirty (30) consecutive days after Purchaser has given written notice of the breach to Seller;

(iii) Seller shall fail to make any payment in accordance with the terms of this Agreement and such failure shall continue for more than five (5) Business Days after Seller's receipt of Purchaser's written demand that Seller cure such failure;

(iv) If Seller (A) makes a general assignment for the benefit of its creditors or admits in writing it is Insolvent, (B) has any Proceeding instituted by or against it seeking to adjudicate it bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any Laws relating to bankruptcy, insolvency, or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property; or (C) takes any corporate action to authorize any of the actions set forth above in (A) through (B) above;

(v) If termination of the Agreement is required or requested by any Governmental Authority, or if Purchaser determines in good faith in its sole discretion, as supported by the legal advice of counsel for Purchaser, that its actions contemplated under this Agreement or the actions or activities of Seller violate any applicable Laws;

(vi) If any regulatory inquiry (other than a routine regulatory examination or a complaint involving a single Buyer), investigation, enforcement action or litigation is commenced or order or judgment is imposed on or issued against Seller or any agent or other representative of Seller, in each case which could reasonably be expected to have a Material Adverse Effect;

(vii) If Purchaser discovers (A) any non-compliance with Laws applicable to the Accounts originated by Seller, the Receivables sold under this Agreement to Purchaser, or the transactions contemplated by this Agreement by Seller, as supported by the legal advice of counsel for Purchaser, or (B) any breach of any of the representations and warranties set forth in Section 9 with respect to a material portion of the Receivables purchased by Purchaser (any such non-compliance with Laws, breach or event, a "Defect") and such Defect is not cured to the satisfaction of Purchaser within thirty (30) consecutive days after notice of such Defect is given to Seller by Purchaser (the "Audit Cure Period") or, as reasonably determined by Purchaser, is not curable.

(viii) Any Servicer Termination Event.

(ix) An event has occurred which has led to a Material Adverse Effect in the good faith determination of Purchaser.

(x) Franchise Group, Inc. shall fail to own and control, in the aggregate, more than 51% of the outstanding equity interest Seller or shall fail to own and control the right to appoint a majority of the Board of Directors of Seller (or comparable governing body). Upon the occurrence of an Event of Default, Purchaser is not obligated to purchase Receivables until such time as Seller has cured (or Purchaser has waived) such Event of Default.

(d) Remedies cumulative. Purchaser's and Seller's respective rights to terminate this Agreement pursuant to this Section 3 shall not affect the availability of any other right or remedy under this Agreement, including those set forth in Section 10 or Section 11, at law or in equity.

Section 4. Modifications of Account Program. Seller shall not modify or change any forms of Account Documents, the Underwriting Guidelines, the form of Program Agreements, the Account Agreement, or the Account Program in any manner that could reasonably be expected to result in a Material Adverse Effect on any Receivable to be sold to Purchaser hereunder without Purchaser's prior written consent, not to be unreasonably withheld, conditioned or delayed. Seller shall notify Purchaser of any proposed material changes to the forms of Account Documents, the Underwriting Guidelines, the form of Program Agreements, or the Account Program at least ten (10) Business Days prior to such proposed change. Seller shall notify Purchaser of any immaterial changes to the forms of Account Documents, Underwriting Guidelines, the form of Program Agreements, or the Account Program prior to a purchase of any Receivables originated under or otherwise subject to any such changed document at least ten (10) Business Days prior to such proposed change. Without limiting the foregoing, Seller shall not modify the terms of any Accounts related to Receivables such that more than 3% of the applicable Accounts are "zero interest" or "low interest" Accounts. Further, Seller shall not sell any Account related to a Receivable sold to Purchaser or merge such Account into one not related to a Receivable, unless (in each instance) the Unpaid Amount of such Receivable sold to Purchaser has been paid in full.

Section 5. Sale and Closing Procedures.

(a) Receivables Schedule. At least one Business Day prior to each Closing Date, Seller shall deliver to Purchaser a Receivables Schedule, which may be as frequently as bi-weekly, or, in the case of the Second Date, less than two weeks following the Initial Closing Date, listing Receivable-level information and Receivables that Seller intends to sell to Purchaser. Purchaser may review the Receivables Schedule to ensure compliance with applicable representations and warranties prior to the Closing Date for such Receivables. On the Initial Closing Date, Purchaser shall wire the Purchase Price for the Initial Receivables Pool and related Net Insurance Amounts to Seller. On each Closing Date thereafter Purchaser's obligation to pay the applicable Purchase Price shall be effected solely by debiting, and Purchaser hereby authorizes Seller to so debit, such Purchase Price from Collections owed to Purchaser, to the extent of available funds in possession of the Servicer pursuant to the Servicing Agreement. Solely with respect to the Second Closing Date, to the extent available funds in the possession of the Servicer are insufficient to pay the Purchase Price in full on such date, a portion of the Purchase Price may be paid as a Deferred Purchase Price (it being understood that the Purchase Price for the Receivables to be sold on the Second Closing Date, less the Deferred Purchase Price, shall not exceed the amount of Collections then in possession of the Servicer). Seller shall debit any Deferred Purchase Price from Collections within 5 Business Days of receipt thereof until the outstanding balance of the Deferred Purchase Price is reduced to zero. Purchaser shall have no liability for any shortfall of available Collections.

(b) Purchase and Sale of Receivables. The closing for each sale of Receivables and related Net Insurance Amounts hereunder shall take place on each Applicable Closing Date that occurs during the Purchase Period. Subject to the terms and conditions of this Agreement, on each Applicable Closing Date, (i) Seller shall sell, transfer, assign, set over and convey to Purchaser, and Purchaser shall purchase and receive, all beneficial rights, legal title and interest of Seller in and to the Receivables and related Net Insurance Amounts set forth in the Receivables Schedule, (ii) Purchaser shall pay the Purchase Price to Seller as set forth in 5(a) and (iii) immediately upon receipt by Seller of the applicable Purchase Price, Purchaser shall become, for all purposes, the owner of such Receivables and related Net Insurance Amounts. Upon payment of the Purchase Price, Purchaser shall own and be entitled to receive all Collections with respect to each Receivable and related Net Insurance Amounts purchased. For the avoidance of doubt, Purchaser shall own and be entitled to receive all Collections with respect to each Receivable and Net Insurance Amounts sold on the Second Closing Date notwithstanding the inclusion of a Deferred Purchase Price. All Collections, including the Net Insurance Amounts, shall be paid to Purchaser at the times and in the manner specified in the Servicing Agreement.

(c) Delivery of the Account Files. For each Receivable purchased by Purchaser on the Closing Date Seller mark each Receivable on Seller's books and records as property of Purchaser. Seller shall deliver to Purchaser the Electronic Account File or in the case of Physical Account Files, copies of the Physical Account Files, upon request.

(d) Calculation and Payment of Adjustment Amount. Seller shall provide Purchaser with its calculation of the Adjustment Amount for all purchased Receivables in the Remittance Report for the first full Collection Period following such purchase. Any such Adjustment Amount shall be treated as Collections and applied as set forth in the Servicing Agreement. The parties' obligations under this Section 5(d) shall survive termination of this Agreement until all payment obligations pursuant to this Section 5(d) have been satisfied.

(e) Modification of Unpaid Amount. Without limiting Purchaser's rights under Section 10 hereof, if the Servicer adjusts downward the principal balance of any Receivable because of a rebate, refund, unauthorized charge or billing error to a Buyer, or because such Receivable was created in respect of Furniture which was refused or returned by a Buyer, then, in any such case, the amount of Unpaid Amount of the Receivable used to calculate any amount required herein to be calculated by reference to the Unpaid Amount of the Receivable, will be reduced by the principal amount of the adjustment.

Section 6. Conditions to Each Closing. The closing for the purchase and sale of Eligible Receivables to be sold to Purchaser on each Applicable Closing Date shall be subject to each of the following conditions:

- (a) Each Receivable to be purchased on such Applicable Closing Date qualifies as an Eligible Receivable;
- (b) Seller shall have marked its records evidencing such Receivables to indicate the sale of such Receivables to Purchaser;

(c) Each of the representations and warranties of Seller and Servicer contained in this Agreement, the Servicing Agreement or any other related agreement shall be true and correct as of the Applicable Closing Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date as if made on such date);

(d) No Event of Default or Servicer Event of Default shall have occurred and be continuing immediately prior to or immediately after giving effect to such purchase;

(e) To the extent applicable, each secured party (including any party that has a precautionary security interest in such Receivable) has released all of its right, title and interest in, to and under each such Receivable (including any security interest that such secured party or secured party's agent may have by virtue of its possession, custody or control thereof) and, to the extent applicable, has filed Uniform Commercial Code termination statements in respect of any Uniform Commercial Code filings made in respect of each such Receivable and, to the extent applicable, Purchaser has received a lien release and/or acknowledgement of Purchaser's lien in form and substance satisfactory to Purchaser in its sole discretion;

(f) Seller shall have performed and complied with each covenant, obligation and agreement required by this Agreement to be performed or complied with by it on or before the Applicable Closing Date;

(g) Seller shall have delivered to Purchaser a Receivables Schedule with respect to the Receivables to be purchased on such Closing Date;

(h) The Servicing Agreement is in effect and no notice of intention to terminate the Servicing Agreement has been delivered to Servicer;

(i) Seller and Purchaser shall have duly executed and delivered to Purchaser a Master Assignment and Conveyance for each Closing Date;

(j) In the case of each Par Receivable purchased by Purchaser on a Closing Date after the Initial Closing Date, such Par Receivable arises under an Account identified on the Receivables Schedule delivered prior to the Initial Closing Date;

(k) The aggregate Purchase Price of Par Receivables purchased by Purchaser on a Closing Date after the Initial Closing Date would not exceed the Maximum Par Receivable Purchase Amount;

(l) The purchase of the Receivables and related Net Insurance Amounts by Purchaser will occur during the Purchase Period;

(m) Purchaser shall have received favorable opinions of counsel to Seller, in form and substance satisfactory to Purchaser with respect to corporate and true sale matters;

(n) Purchaser shall have received the duly executed and delivered Parent Guaranty;

(o) For any Closing Date subsequent to the Second Closing Date, no Deferred Purchase Price shall be unpaid and Seller shall receive the applicable Purchase Price pursuant to Section 5(a) for such Closing Date.

Section 7. True Sale; Grant of Security Interest; Enforcement

(a) Each of Seller and Purchaser intends and agrees that the transactions contemplated hereby are intended to be and shall constitute true sales of the Receivables and related Net Insurance Amounts transferred pursuant to Section 2 above, and are not intended to be financings or loans by Purchaser to Seller. The parties shall treat such transactions as a purchase and sale of each Receivable and related Net Insurance Amounts for tax, accounting and all other applicable purposes. The sale of each of the Receivables and related Net Insurance Amounts pursuant to Section 2 above transfers to Purchaser all of Seller's beneficial right, legal title and interest in and to such Receivable and related Net Insurance Amounts and Seller will not retain any residual rights with respect to the Receivables and related Net Insurance Amounts other than as set forth in this Agreement.

(b) Purchaser shall file a Uniform Commercial Code financing statement with respect to the sale of the Eligible Receivables consistent with Section 9-109(a)(3) of the Uniform Commercial Code. Notwithstanding the intent of the parties, in the event that the transactions contemplated hereby are construed to be financings by Purchaser to Seller or the Receivables are determined or held to be property of Seller, then: (i) Seller hereby grants to Purchaser a present and continuing security interest in and to the following, whether now existing or hereafter created, (A) all Receivables and Related Property, (B) all of the related Account Documents for such Receivables, (C) the Net Insurance Amounts and (D) all proceeds and rights to receive proceeds of the Receivables (collectively, the "Receivables Collateral"); (ii) this Agreement shall also be deemed to be a security agreement within the meaning of Article 9 of the Uniform Commercial Code; (iii) the transfers of the Receivables provided for herein shall be deemed to be a grant by Seller to Purchaser of a first priority lien upon and security interest in all of Seller's right, title and interest in and to the Receivables Collateral; (iv) the possession by Purchaser of the Receivables and related Account Documents and such other items of property that constitute instruments, chattel paper, money, or negotiable documents shall be deemed to be "possession by the secured party" for purposes of perfecting the lien or security interest pursuant to the UCC, including Section 9-313 of the UCC; (v) Purchaser is hereby authorized to take all necessary or appropriate actions to perfect its security interest in the Receivables Collateral and shall file financing statements on form UCC-1 naming Purchaser as secured party/buyer and Seller as debtor/seller, and identifying the Receivables Collateral as collateral therein; and (vi) notifications to Persons holding such property and acknowledgments, receipts or confirmations from Persons holding such property, shall be deemed notifications to, or acknowledgments, receipts or confirmations from, financial intermediaries, bailees or agents (as applicable) of Purchaser for the purpose of perfecting such lien or security interest under the UCC. Any assignment of the interests of Purchaser in the Receivables pursuant to any provision hereof shall also be deemed to be an assignment of any lien or security interest created hereby in the Receivables Collateral.

(c) From and after the Applicable Closing Date, Seller shall not create or permit any security interest in the Receivables Collateral, except in favor of Purchaser or as may be directed by Purchaser and, if necessary, shall modify any previously executed loan or security agreement to eliminate any security interest granted in the Receivables Collateral, including without limitation any security interest in such Receivables Collateral as proceeds or as after-acquired property. Without limiting the foregoing, if the Receivables are subject a previous financing, including on the Applicable Closing Date, Seller shall obtain a written release from with respect to the Receivables Collateral, in form and substance reasonably satisfactory to Purchaser and shall not enter into, amend or modify any agreement related to the Receivables Collateral in any manner that would adversely affect Purchaser's rights in the Receivables Collateral.

(d) To the extent consistent with this Agreement, Seller and Purchaser shall take such actions as may be deemed reasonably necessary or appropriate such that, if this Agreement were deemed to create a lien upon or security interest in the Receivables Collateral and all such reasonably necessary or appropriate actions had been taken, such lien or security interest would be deemed to be a perfected security interest of first priority under applicable Laws and will be maintained as such throughout the term of this Agreement, including, without limitation, the execution and delivery by Seller to Purchaser of all assignments, security agreements, financing statements and other documents Purchaser reasonably requests, in form and substance reasonably satisfactory to Purchaser.

Section 8. Representations and Warranties Regarding Seller and Purchaser.

(a) Seller Representations and Warranties. Seller hereby represents, warrants and covenants to Purchaser as of the date hereof and as of the Applicable Closing Date as follows:

(i) Seller is duly organized, validly existing and in good standing under the laws of the state of Florida. Seller is duly qualified and in good standing in each state where the nature of its business or the character of its properties makes such qualification and good standing necessary, except where the failure to be so qualified or in good standing could not reasonably be expected to result in a Material Adverse Effect and Seller is taking all commercially reasonable actions necessary to remedy such failure to be so qualified or in good standing. Seller is licensed and registered in each state where the nature of its business or the character of its properties makes such licensing or registration necessary.

(ii) Seller has the full power and authority to originate, hold and sell each Receivable to be sold to Purchaser hereunder and to execute, deliver and perform, and to enter into and consummate, all transactions contemplated by this Agreement. Seller has duly authorized the execution, delivery and performance of this Agreement, has duly executed and delivered this Agreement. This Agreement constitutes a legal, valid and binding obligation of Seller, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws and general principles of equity (regardless of whether considered in a proceeding in equity or at law).

(iii) The execution and delivery of this Agreement by Seller and the consummation of the transactions contemplated by this Agreement and the performance of and compliance with the terms of this Agreement do not and will not (A) violate Seller's organizational documents, (B) constitute a default under or result in a breach or acceleration of, any material contract, agreement or other instrument to which Seller is a party or which may be applicable to Seller or its assets where such default, breach or acceleration could reasonably be expected to have a Material Adverse Effect or (C) violate any Laws applicable to Seller or its assets.

(iv) Seller is, and throughout the term of this Agreement will remain, (A) in compliance in all material respects with all Laws applicable to Seller that relate to the Receivables to be sold to Purchaser and the Buyers in respect of such Receivables or Seller's performance of its obligations under this Agreement and (B) except where such failure to be in compliance could not reasonably be expected to have a Material Adverse Effect, in compliance with all other Laws applicable to Seller or its assets.

(v) There are no Claims or Proceedings pending, or to Seller's Knowledge, threatened against Seller before any Governmental Authority (A) that might prohibit its entering into this Agreement, (B) seeking to prevent the sale of the Receivables to be sold to Purchaser or the consummation of the transactions contemplated by this Agreement or (C) that might prohibit or materially and adversely affect the performance by Seller of its obligations under, or the validity or enforceability of, this Agreement.

(vi) No consents, licenses, registrations, permits, approvals, authorizations, orders or State Licenses (collectively, "Permits") of any Governmental Authority or other Person are required for the operation of Seller's business, the execution, delivery and performance by Seller of, or compliance by Seller with, this Agreement or the consummation of the transactions contemplated by this Agreement, except for such Permits, if any, that have been obtained prior to the date hereof. Throughout the term of this Agreement, Seller shall comply with and maintain in full force and effect all such Permits. All such Permits are in full force and effect, no violations are or have been recorded with respect to any such Permits, and there are no Proceedings pending or, to Seller's Knowledge, threatened that may terminate, revoke, or limit any such Permits.

(vii) Seller is not Insolvent and will not be rendered Insolvent by the sale of Receivables on the Applicable Closing Date. Seller is not the subject of any Insolvency Event. Seller is not selling any Receivables with any intent to hinder, delay or defraud any of its creditors. The consideration received by Seller upon the sale of the Receivables constitutes reasonably equivalent value (as such term is used in Section 548 of the Bankruptcy Code) and fair consideration (as such term is defined and used in the New York Debtor and Creditor Law Sections 272-279) for such Receivables.

(viii) Seller is not (i) a "covered fund" under the Volcker Rule, or (ii) an "investment company" or a company "controlled" by an investment company with the meaning of the Investment Company Act.

(ix) Seller has not employed any broker or finder or incurred any liability for any brokerage fee, commission or finder's fee or similar fees, commissions or reimbursement expenses in connection with the sale of Receivables contemplated by this Agreement.

(x) The Initial Receivables Pool, as set forth on the initial Receivables Schedule, contains all of Seller's Eligible Receivables as of the Cutoff Time immediately preceding the Initial Closing Date and does not contain any Back-Order Receivables.

(xi) The Purchase Price received by Seller on a Closing Date represents the fair market value of the Receivables sold on such Closing Date.

(b) Purchaser Representations and Warranties. Purchaser hereby represents, warrants and covenants to Seller as of the date hereof and each Applicable Closing Date:

(i) Purchaser is duly organized, validly existing and in good standing under the laws of the state of Delaware. Purchaser is duly qualified, in good standing, and, where required, licensed, in each state where the nature of its business or the character of its properties makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not have a material adverse effect on Purchaser's ability to enter into or perform its obligations under this Agreement;

(ii) Purchaser has the full power and authority to purchase each Receivable sold by Seller hereunder and to execute, deliver and perform, and to enter into and consummate, all transactions contemplated by this Agreement. Purchaser has duly authorized the execution, delivery and performance of this Agreement, has duly executed and delivered this Agreement. This Agreement constitutes a legal, valid and binding obligation of Purchaser, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws and general principles of equity (regardless of whether considered in a proceeding in equity or at law);

(iii) The execution and delivery of this Agreement by Purchaser and the consummation of the transactions contemplated by this Agreement and the performance of and compliance with the terms of this Agreement will not (A) violate Purchaser's organizational documents, (B) constitute a default under or result in a breach or acceleration of, any material contract, agreement or other instrument to which Purchaser is a party or which may be applicable to Purchaser or its assets or (C) violate any Laws applicable to Purchaser;

(iv) There are no Claims or Proceedings pending, or to Purchaser's knowledge, threatened against Purchaser before any Governmental Authority, (A) that might prohibit its entering into this Agreement, (B) seeking to prevent the sale of the Receivables to be sold to Purchaser or the consummation of the transactions contemplated by this Agreement or (C) that might prohibit or materially and adversely affect the performance by Purchaser of its obligations under, or the validity or enforceability of, this Agreement; and

(v) No Permits of any Governmental Authority are required for the execution, delivery and performance by Purchaser of, or compliance by Purchaser with, this Agreement or the consummation of the transactions contemplated by this Agreement, except for such Permits, if any, that have been obtained prior to the date hereof.

(vi) Purchaser shall be sufficiently capitalized to perform its obligations under the Program Agreements.

(vii) The Purchase Price paid by Purchaser on a Closing Date represents the fair market value of the Receivables purchased on such Closing Date.

Section 9. Representations and Warranties Regarding Individual Accounts and Receivables. Seller hereby represents, warrants and covenants to Purchaser on the Applicable Closing Date, with respect to the Receivables acquired on such date (unless such covenant, representation or warranty is explicitly made as of a different date or dates, in which case Seller represents, warrants and/or covenants to Purchaser on such date or dates), that:

(a) Seller is the sole legal, beneficial and equitable owner of such Receivable and has good and marketable title thereto, and has the right to assign, sell and transfer such Receivable to Purchaser free and clear of any lien, and Seller has not sold, assigned or otherwise transferred any right or interest in or to such Receivable, and has not pledged such Receivable as collateral for any debt or other purpose except for such pledges or grants of liens that are released on or before the Applicable Closing Date.

(b) Such Receivable, and any agreement pursuant to which Related Property is pledged to secure such Receivable and each Account Document is the legal, valid and binding obligation of the related Buyer and is enforceable in accordance with its terms, except as such enforcement may be limited by Insolvency Laws and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

(c) Each of the applicable Account Documents is complete in all material respects as of the Applicable Closing Date and, if applicable, such Account Documents include all amendments, supplements and modifications thereto as of such date. The terms, covenants and conditions of the Account related to the Receivable have not been waived, altered, impaired, modified or amended prior to the Initial Closing Date except (i) as reflected in the Receivables Schedule, and (ii) in any manner inconsistent with the Servicing Manual and/or the Underwriting Guidelines.

(d) Neither Seller nor its Affiliates has granted an interest in the Receivables that would impair the rights of Purchaser or payments with respect thereto, except for those interests that have been released on or before the Applicable Closing Date.

(e) The information set forth on the applicable Receivables Schedule with respect to the following data fields on the related Receivables is true, accurate and correct: (A) Account ID and Plan Type, (B) the Origination Date, (C) Original Account Amount, (D) Unpaid Amount, (E) Interest Rate and Late Fees, (F) Minimum Monthly Payment, (G) Insurance Premium an Original Rate, and all other information set forth on the applicable Receivables Schedule with respect to the related Accounts, is true, accurate and correct in all material respects.

(f) Such Receivable and the related Account was solicited, originated, and serviced in the ordinary course of business and in compliance with the Underwriting Guidelines in effect as of the date the Account was originated, the applicable Program Agreement, Servicing Manual, and the Account and the related Buyer or Buyers satisfied the credit criteria set forth in the Underwriting Guidelines provided, however, that up to 3.00% of the aggregate original principal amount of all Receivables sold to Purchaser may fail to satisfy the Underwriting Guidelines in effect as of the date the Account was originated.

(g) Each of the applicable Account Documents is governed by the laws of a state of the United States and was not originated in, nor is it subject to the laws of, any jurisdiction, the laws of which would make unlawful the sale, transfer, pledge of assignment of the Account Documents related to such Account under any of the Program Agreements.

(h) The Receivable or related Account has not been originated in any jurisdiction in which, and is not subject to, the laws of any jurisdiction under which, the sale, transfer, assignment, setting over, conveyance or pledge of the related Receivable by Seller (without regard to laws applicable to Purchaser) would be unlawful or void.

(i) The Receivables and related Accounts and the rights with respect to the Receivables and related Accounts are freely assignable and a security interest in any such assets may be granted by Purchaser without the consent of any Person, subject to the rights of the Buyer under the Account Documents.

(j) The Receivable and Account, together with its Account Documents, was originated in compliance with all applicable Laws (including all applicable usury laws), and Seller has not done anything to prevent or impair such Account from being valid, binding and enforceable against the applicable Buyer.

(k) The annual percentage rate on such Receivable does not exceed 30% or the maximum annual percentage rate of any applicable jurisdiction.

(l) Each Account is an obligation of a Buyer that is an individual (or the joint and several obligation of more than one individual) that is a citizen, a permanent resident or a legal resident alien, in each case, of the United States or Canada,

(m) Each Account is denominated and payable solely in U.S. dollars, and the billing address provided by the related Buyer and the related bank account used for payments via automated clearing house ("ACH") transfers on such Receivable, if any, are each located in the United States or a U.S. territory.

(n) Such Receivable is not subject to any right of set-off, or any counterclaim or defense, including the defense of usury that the related Buyer has asserted in writing, nor, to Seller's knowledge, is any material dispute or litigation threatened with respect to such Account.

(o) Such Receivable has been fully funded and neither Seller nor Purchaser has any obligation under the Account Documents to advance any additional funds to the related Buyer. All costs, fees and expenses incurred in making and closing the related Account were paid.

(p) There are no unpaid fees owed to third parties relating to the origination of such Accounts or Receivables, other than Dealer Fees, and that such Dealer Fees are an obligation of Seller.

(q) Any agreements between the applicable Buyer and Seller are in full force in effect in accordance with its respective terms

(r) To Seller's Knowledge, such Receivable and related Account was originated without any fraud or material misrepresentation on the part of the Buyer or any other party.

(s) As of the date of Seller's origination, Seller has no knowledge of any fact which should lead it to expect that any Account and Receivable will not be repaid by the relevant Buyer in full.

(t) The Seller did not use selection procedures that identified the Receivables as being less desirable or valuable than other comparable Receivables originated by Seller. For purposes of clarity, Purchaser understands that Seller may originate Accounts that do not comply with the underwriting criteria described herein with the intent to sell them or an interest therein to other purchasers or capital providers.

(u) Such Receivable is being transferred from Seller to Purchaser under this Agreement with the intention of removing such Receivable from Seller's estate pursuant to Section 541 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et. seq., as amended from time to time. The sale, transfer and assignment by Seller of such Receivable were not made for or on account of an antecedent debt to Purchaser.

(v) No claim or defense has been raised by the related Buyer against Seller pursuant to the Holder Rule or other applicable Laws.

(w) No broker was used during the origination of such Receivable or related Account, other than in respect of Dealer Fees which are the obligation of Seller. Purchaser shall have no liability for any Dealer Fees, commissions or similar amounts related to the Receivables purchaser hereunder.

(x) All Persons involved in the origination of the Receivable and related Account were duly licensed to the extent required under applicable Law, except to the extent that the lack of any such license would not have a Material Adverse Effect.

(y) Late and insufficient funds fees are no greater than those set by the U.S. Bureau of Consumer Financial Protection pursuant to Regulation Z.

(z) No Receivables transferred on the Applicable Closing Date are or have been Defaulted Receivables.

(aa) For Receivables, the proceeds of the related Account must be used to acquire Furniture, Insurance or related products and services.

(bb) The related Furniture securing or subject to such Receivable was sold by and has been properly delivered or installed (if applicable) and is in good repair, without defects and in satisfactory order. The related Buyer has accepted the related Furniture, and no related Buyer has notified Seller of any existing defects therein which is not in the process of being investigated, addressed or repaired by Seller.

(cc) For Account Agreements (including any amendments or modifications) that have been converted into an electronic form (“Electronic Copy”) and the related original Account Agreement and any amendments or modifications have been destroyed on or before the Applicable Closing Date in compliance with Seller’s document storage policies (which include the exceptions for preservation of originals where the local utility or governmental authority requires such preservation). Such Electronic Copy is a true and complete copy of such original Account Agreement and any amendments or modifications thereto.

(dd) Such Account is secured by a valid purchase money security interest and lien on the Furniture securing or subject to the Buyer’s obligations under such Account and the Buyer and Seller have agreed that such Furniture does not constitute a fixture under the applicable UCC.

(ee) The applicable Buyer is responsible for the payment of all expenses in connection with the maintenance, repair, insurance and taxes for the Furniture and all payments with respect to such Account are payable without condition and notwithstanding any casualty, loss or other damage to such Furniture.

(ff) As of the Applicable Closing Date, the Furniture related to such Account has not been repossessed due to a Buyer delinquency.

(gg) The Account Documents with respect to such Receivable provide for acceleration of payments and repossession of the related Furniture securing or subject to such Receivable upon a default by the related Buyer.

(hh) Each Account is documented on a Account Agreement in substantially the form attached hereto as Exhibit 4 (or such other form as is approved in advance in writing by Purchaser). Such Account Agreement is in full force and effect in accordance with its respective terms, has not been terminated, subordinated or rescinded and no lawsuit is pending or threatened with respect to such Account or Receivable.

(ii) Any related Account Documents executed electronically were executed in compliance with applicable Laws and Seller’s electronic signature policy.

Section 10. Survival; Repurchase.

(a) Survival. It is understood and agreed that the provisions of this Section 10 shall survive the sale of the Receivables sold to Purchaser and any termination of this Agreement and shall inure to the benefit of Purchaser, notwithstanding the examination or lack of examination of any Account File.

(b) Repurchase. A “Repurchase Event” shall occur:

(i) If Seller or Purchaser receives notice of or becomes aware of, or to Seller’s Knowledge, any material breach of any representation or warranty contained in Section 9 by Seller with respect to any Receivable purchased by Purchaser (provided that if any representation in Section 9 contains a materiality qualification, materiality shall only be read into this Section 10(b) to apply once);

(ii) With respect to any Receivable for which the related Buyer (i) has exercised any applicable right of rescission, or returned or refused Furniture, related to a Receivable purchased by Purchaser, or (ii) has received a rebate, refund, unauthorized charge or billing error that results in the downward adjustment in the Unpaid Amount of a Receivable.

With respect to a Repurchase Event pursuant to clauses (b)(i) and (b)(ii), above, Seller shall promptly notify Purchaser of such Repurchase Event (or, if applicable, Purchaser may notify Seller of such Repurchase Event) and repurchase any Receivables subject to a Repurchase Event on a date mutually agreed to by Seller and Purchaser, which date shall be within a commercially reasonable time period, not to exceed thirty (30) days (except if the parties otherwise agree to extend such time in writing) after Purchaser receives written notice from Seller (or, if applicable, Seller receives written notice from Purchaser) of the event giving rise to the repurchase obligation. If the parties cannot come to an agreement that a Receivable was not an Eligible Receivable on the Applicable Closing Date, Seller must repurchase the Receivable within thirty (30) days after Purchaser provides reasonable evidence that the Receivable was not an Eligible Receivable. On the date of repurchase (the “Repurchase Date”), upon receipt of the Repurchase Price, Purchaser shall transfer all of its right, title and interest in, to, and under such Receivable and all subsequent proceeds thereof to Seller or its designee on an “AS-IS,” “WHERE-IS” basis, without recourse and without representation or warranty other than a warranty of clear and marketable title to such Receivable (unless the failure to be an Eligible Receivable relates to marketability or title, in which case no representation or warranty of clear and marketable title shall be given other than Purchaser’s representation and warranty that Purchaser has not transferred or otherwise assigned or encumbered the Receivable to any Person other than Seller). Each Party shall execute any and all agreements and such other documents, and shall take all other actions, reasonably requested by the other to effect any such required repurchase. Any repurchase by Seller shall be made by the wire transfer or ACH of immediately available funds to the bank account designated by Purchaser sufficiently in advance of such payment as to afford Seller or its designee a reasonable opportunity to arrange for such payment to be made in the ordinary course. The repurchase obligations of Seller to Purchaser under this Section 10 are absolute and unconditional and shall survive termination of this Agreement. Purchaser may, but shall have no obligation to, in its sole discretion, waive Seller’s obligation to repurchase a Receivable. From and after the Repurchase Date, all Collections on each Receivable repurchased by Seller shall be paid to Seller, unless and until such Receivable is subsequently sold to Purchaser on an Applicable Closing Date.

Section 11. Indemnification.

(a) Seller Indemnification. Seller shall defend, indemnify and hold Purchaser, its Affiliates, and each of their officers, directors, trustees, employees, members, managers, representatives and agents (each, an “Indemnified Purchaser Party”) harmless from and against any and all claims, liabilities, damages, losses, and expenses (including without limitation, reasonable attorneys’ fees and expenses (other than for a third party claim with respect to which Seller has retained counsel and assumed the defense on behalf of Purchaser in accordance with Section 11(e) and, in all cases, regardless of the capacity in which the indemnified party incurs such liabilities, damages, losses, and expenses), reasonable out-of-pocket costs, interest and penalties) (the “Losses”) incurred by Purchaser in connection with this Agreement to the extent that such Losses arise out of, and are imposed on, any such Indemnified Purchaser Party by reason of (i) any breach of a representation, warranty, covenant or obligation by Seller under this Agreement; (ii) the Holder Rule to the extent expressly applicable to and required to be complied with as it relates to the Receivables; or (iii) fraud, gross negligence, bad faith or willful misconduct of Seller or its employees or agents.

(b) Purchaser Indemnification. Purchaser shall defend, indemnify and hold Seller, its Affiliates and each of their officers, directors, trustees, employees, members, managers, representatives and agents (each, an “Indemnified Seller Party.”) harmless from and against any Losses incurred by Seller in connection with this Agreement to the extent that such Losses arise out of, and are imposed upon any such Indemnified Seller Party by reason of (i) any breach by Purchaser of its obligations under this Agreement or any breach by Purchaser of a representation or warranty contained in this Agreement or (ii) fraud, gross negligence or willful misconduct of Purchaser or its employees or agents. For the avoidance of doubt, and without otherwise limiting Purchaser’s rights to indemnification hereunder, and except as provided for under this Section 11(b), Purchaser hereby acknowledges that it bears the risk of non-payment by the Buyers and other obligors on the Receivables purchased by Purchaser, and indemnification shall not be available for any such non-payment or any Losses directly attributable to such non-payment under this Agreement.

(c) Damages Waiver. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, SELLER AND PURCHASER SHALL NOT BE LIABLE TO THE OTHER UNDER OR IN CONNECTION WITH THIS AGREEMENT FOR ANY INDIRECT OR CONSEQUENTIAL OR OTHER DAMAGES RELATING TO PROSPECTIVE PROFITS, INCOME, ANTICIPATED SALES OR INVESTMENTS, OR GOODWILL, OR FOR ANY PUNITIVE OR EXEMPLARY DAMAGES, EXCEPT TO THE EXTENT SUCH LOSSES OR DAMAGES (I) ARE PAYABLE TO A THIRD PARTY IN CONNECTION WITH A THIRD PARTY CLAIM OR (II) RESULT FROM WILLFUL MISCONDUCT, A WILLFUL BREACH OF THIS AGREEMENT, FRAUD OR GROSS NEGLIGENCE.

(d) Indemnification Procedure. A party entitled to indemnification shall give prompt written notice to the indemnifying party of any claim, assertion, event, condition or proceeding by any third party with respect to which it may request indemnification under this Article. The failure to give such notice will not relieve the indemnifying party from liability hereunder unless, and solely to the extent that, the liabilities, damages, losses or expenses to be indemnified could have been avoided with such prompt notification.

(e) Legal Expenses. An indemnifying party will have the right, upon written notice to the indemnified party within twenty (20) days after receiving notice of a third-party claim, to conduct at its expense the defense against such third-party claim in its own name, or, if necessary, in the name of the indemnified party. When the indemnifying party assumes the defense, the indemnified party will have the right to approve the defense counsel and the indemnified party will have no liability for any compromise or settlement of any third-party claim that is effected without its prior written consent (such consent not to be unreasonably withheld or delayed), unless the sole relief provided is monetary damages that are paid in full by the indemnifying party and such compromise or settlement includes a release of each indemnified party from any liabilities arising out of the third-party claim. If the indemnifying party delivers a notice electing to conduct the defense of the third-party claim, the indemnified party will, at the indemnifying party’s expense, cooperate with and make available to the indemnifying party such assistance, personnel, witnesses and materials as the indemnifying party may reasonably request. If the indemnifying party does not deliver a notice electing to conduct the defense of the third-party claim, the indemnified party will have the sole right to conduct such defense and the indemnified party may pay, compromise or defend such third-party claim or proceeding at the indemnifying party’s expense. Regardless of which party defends the third- party claim, the other party will have the right at its sole expense to participate in the defense assisted by counsel of its own choosing.

(f) Survival. Notwithstanding anything else in this Agreement, this Section 11 shall survive the expiration or termination of this Agreement.

Section 12. Privacy; Confidentiality.

(a) Protection of Consumer Information.

(i) Seller will only use, maintain and/or disclose Consumer Information in compliance with all applicable privacy and security Laws and with the policies set forth in this Section 12(a), and will ensure that Persons to whom it transfers Consumer Information do the same. In the event that Purchaser or any of its Affiliates request Seller to provide it with any Consumer Information, such Person shall have compliance measures in place with respect to such Consumer Information that comply with all applicable privacy and security Laws.

(ii) Seller will establish and maintain appropriate administrative, technical and physical safeguards to protect the security, confidentiality and integrity of the Consumer Information. These safeguards will be designed to protect the security, confidentiality and integrity of the Consumer Information, ensure against any anticipated threats or hazards to its security and integrity, and protect against unauthorized access to or use of such information or associated records which could result in substantial harm or inconvenience to any Buyer or applicant.

(iii) Seller will ensure that any third party to whom it transfers or discloses Consumer Information (other than a credit agency) signs a written contract in which such third party agrees to (A) restrict its use of Consumer Information to the use specified in the written contract; (B) to comply with all applicable Laws, and (C) implement and maintain appropriate safeguards as stated in clause (ii) above. Seller agrees to transfer or make available to third parties only such Consumer Information as is reasonably necessary to carry out the contemplated task.

(iv) Seller shall notify Purchaser immediately following discovery or notification of any actual or threatened breach of security of the systems maintained by Seller. Seller agrees to take action immediately, at its own expense, to investigate the actual or threatened breach, to identify and mitigate the effects of any such breach and to implement reasonable and appropriate measures in response to such breach. Seller also will provide Purchaser with all available information regarding such breach to assist Purchaser in implementing its information security response program. For the purposes of this clause (iv), the term “breach of security” or “breach” means the unauthorized access to or acquisition of any record containing personally identifiable information relating to a Buyer or applicant, whether in paper, electronic, or other form, in a manner that renders misuse of the information reasonably possible or that otherwise compromises the security, confidentiality, or integrity of the information.

(v) Notwithstanding anything else contained in this Agreement, neither Seller nor Purchaser will, and neither of them will be obligated to, take any action that either of them believes in good faith would violate, or is reasonably likely to cause either of them to violate, any applicable Laws or that would cause either of them to become a “consumer reporting agency” for purposes of the federal Fair Credit Reporting Act, as it may be amended from time to time.

(vi) Seller will use commercially reasonable measures designed to properly dispose of all records containing personally identifiable information relating to Buyers and applicants, whether in paper, electronic, or other form, including adhering to policies and procedures that require the destruction or erasure of electronic media containing such personally identifiable information so that the information cannot practicably be read or reconstructed.

(b) Confidentiality.

(i) Generally. Each party agrees that it will hold all Confidential Information in the strictest confidence and will not disclose or use any Confidential Information for any purpose other than in connection with the performance by such party of its obligations under this Agreement, and shall not disclose any Confidential Information to any third party, except that, subject to Section 13(a), each party may disclose Confidential Information: (A) to its Affiliates, and its and its Affiliates’ officers, directors, employees, auditors, agents, advisors and attorneys, (B) to its third party service providers, capital providers, and asset funders (to the extent such funders are impacted by the sale of assets) (collectively, “Representatives”) that have agreed in writing with such disclosing party to use and maintain the confidentiality of such Confidential Information in accordance with this Agreement, (C) to any Governmental Authority of such party, (D) potential buyers or assignees of all or any portion of the Receivables, or (E) to the extent such disclosure is required or compelled in any judicial or regulatory Proceeding or is otherwise required by applicable Laws. The parties acknowledge and agree that Seller’s origination, purchase, credit risk management and underwriting strategies constitute Confidential Information of Seller that is subject to the terms and conditions of this Section 13(b) that may not be disclosed to any third party. Each party acknowledges and agrees that it shall be responsible for any breach of this Section 12 by itself or its Representatives.

(ii) Account Level Data. The parties acknowledge and agree that all account level data, including the application, credit bureau and ongoing account performance history related to the Receivables sold to Purchaser, shall be the property of Seller. Seller hereby grants to Purchaser, a non-exclusive, worldwide, non-sub licensable, royalty-free, fully paid-up license to use, reproduce, prepare derivative works of such account level data to develop, refine, or enhance Seller’s origination, purchase, credit risk management and underwriting strategies. Seller shall provide to Purchaser the ongoing account performance data for the life of each Receivable sold to Purchaser hereunder. Such data shall be treated as Confidential Information of Seller that is subject to the terms and conditions of this Section 12(b).

(iii) Following the termination of this Agreement, each party agrees that, other than with respect to Confidential Information that has been purged in the ordinary course of such party's business, it will return or destroy all copies of Confidential Information of the other party, without retaining any copies thereof, and destroy all copies of any analyses, compilations, studies or other documents prepared by it or for its use containing or reflecting any Confidential Information; *provided however*, that each party may retain such limited copies or materials containing Confidential Information of the other party for customary document retention and audit purposes, as required by applicable Laws, or that has been otherwise archived in the ordinary course of such party's business and subject to the terms of this Agreement.

(c) Publications. Seller shall not publish or otherwise distribute any written materials (including any website content or correspondence with Buyers) referencing Purchaser or any of its Affiliates, nor shall it orally discuss or reference Purchaser or any of its Affiliates in connection with any Receivable, Account or the Account Program with any Buyers or Account applicants, in each case, without the express prior written consent of Purchaser. Notwithstanding the foregoing, or any other provision of this Agreement, each of Parent Company of Seller and Purchaser may disclose the existence of this Agreement and the transactions contemplated herein on its Form 8-K filing, and Parent Company of Seller, Seller and/or Purchaser may issue a press release announcing the same substantially in the form of Exhibit 5.

Section 13. Audits; Regulatory Examinations.

(a) Audits. During the term of this Agreement, Purchaser may review and audit (the "Audit") any aspect of the origination, purchase and servicing of the Receivables sold to Purchaser, with such Audit occurring during regular business hours upon thirty (30) days' prior written notice and requiring no more than 2 Business Days' commitment by Seller and its employees; provided that any Audit requested in connection with an Event of Default (a "Specified Audit") shall occur within five (5) Business Days' prior written notice and shall require no more than five (5) Business Days' commitment by Seller or its employees (or such longer period time as may reasonably be required by Purchaser). Seller shall cooperate with all reasonable requests and provide Purchaser, or its designees, with all necessary assistance and information in connection with any such audit and shall make its management personnel available to discuss with Purchaser, or its designees, any matters which may arise during such audit. In connection with any such audit, Seller will permit any representatives designated by Purchaser to review Seller's information processes and controls and compliance practices and procedures. Purchaser may not request an Audit, other than a Specified Audit, to occur more than two times each year (absent an Event of Default), commencing with the Effective Date. Other than with respect to a Specified Audit and one Audit per year, all costs and expenses of any Audit shall be solely paid by Purchaser.

(b) Regulatory Examinations. Seller agrees to reasonably cooperate with any examination that may be required by any Governmental Authority with audit and examination authority over Purchaser; provided, however, that if such audit is occasioned by the breach of Purchaser's obligations hereunder, out-of-pocket costs and expenses of such audit (including without limitation reasonable attorneys, accountants and other professional fees) shall be reimbursed and paid by Purchaser.

Section 14. Merger or Consolidation of Seller.

(a) Assumption of Obligations. Subject to Purchaser's termination rights under Section 3(c), any Person into which Seller may be merged or consolidated, or any corporation resulting from any merger, conversion or consolidation to which Seller shall be a party, or any Person (including an Affiliate of Seller) succeeding to all or substantially all of the business or assets of Seller, shall automatically be the successor of Seller hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided, that, notwithstanding the foregoing, upon the closing of any such merger, conversion or consolidation, the successor or surviving Person shall expressly assume in writing all obligations of Seller under this Agreement.

(b) Notice of Change of Control. Seller shall promptly give written notice to Purchaser in the event that Seller or any direct or indirect holder of equity interests in Seller enters into any agreement or agreements that contemplates (i) the merger or consolidation of Seller with or into any Person, (ii) the sale, transfer or other disposition of any material portion of Seller's assets or business to any Person (other than the sale of receivables in the normal course of Seller's business) or (iii) any transfer of equity interests in Seller whereby the Persons beneficially owning, directly or indirectly, the equity interests of Seller as of the date hereof shall cease to beneficially own, directly or indirectly, for any reason, at least 80% of Seller's outstanding equity interests.

Section 15. Notices. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given when received by the other party when sent by certified mail, return receipt requested, or electronic mail (at such email addresses as a party may designate in accordance herewith), at the respective addresses set forth below:

if to Purchaser:

B. Riley Receivables, LLC
30870 Russell Ranch Road, Suite 250
Westlake Village, CA 91362
Attention: Gina Downs
Phone: (818) 746-9310
E-mail Address: gdowns@brileyfin.com

with a copy, which shall not constitute notice, to:

Choate, Hall & Stewart LLP
Two International Place
Boston, MA 02110
Attention: John Ventola
E-mail Address: jventola@choate.com

if to Seller:

W.S. Badcock Corporation
200 Phosphate Blvd., N.W.
Mulberry, FL 33860
Attention: Mitchell P. Stiles, Senior Vice President- Retail Operations
E-mail Address: Mitchell.Stiles@badcock.com
(863) 425-7506

with a copy, which shall not constitute notice, to:

W.S. Badcock Corporation
200 Phosphate Blvd., N.W.
Mulberry, FL 33860
Attention: Phillip Bayt, Senior Vice President and General Counsel
E-mail Address: phil.bayt@badcock.com
(863) 425-7637

or such other address as may hereafter be furnished to the other party by like notice. Any such demand, notice or communication hereunder shall be deemed to have been received on the date delivered to or received at the premises of the addressee (as evidenced, in the case of registered or certified mail, by the date noted on the return receipt). The parties may provide other communications hereunder via email, but such communications shall only be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as a return e-mail or other written acknowledgement, but not an automated response such as by the "return receipt requested" function).

Section 16. Miscellaneous.

(a) Amendment. This Agreement, including any exhibits or schedules hereto, may be amended from time to time only by an agreement in writing signed by Purchaser and Seller.

(b) Severability. Any part, provision, representation or warranty of this Agreement which is prohibited or which is held to be void or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any part, provision, representation or warranty of this Agreement which is prohibited or unenforceable or is held to be void or unenforceable in any jurisdiction shall be ineffective, as to such jurisdiction, to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction as to any Receivable sold to Purchaser shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable Laws, the parties hereto waive any provision of Laws which prohibits or renders void or unenforceable any provision hereof. If the invalidity of any part, provision, representation or warranty of this Agreement shall deprive any party of the economic benefit intended to be conferred by this Agreement, the parties shall negotiate, in good-faith, to develop a structure the economic effect of which is nearly as possible the same as the economic effect of this Agreement without regard to such invalidity.

(c) Duration of Agreement. This Agreement shall continue in existence and effect until terminated as herein provided.

(d) GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT PREEMPTED BY FEDERAL LAW.

(e) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(f) Choice of Forum. Each party irrevocably and unconditionally submits to the exclusive jurisdiction of the U.S. District Court for the Southern District of New York or any court of the State of New York sitting in New York County, and any appellate court from any thereof, in any action, litigation or proceeding of any kind arising out of or relating to this Agreement and agrees to bring any such action, litigation, or proceeding only in such courts. Each party agrees that a final judgment in any such action, litigation, or proceeding is conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each party hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State or federal court. Each party hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient form to the maintenance of such action or proceeding in any such court.

(g) Assignment. This Agreement shall not be assigned, pledged or hypothecated by Seller to a third party without the prior written consent of Purchaser. Purchaser shall have the full right, at its sole discretion, without need to obtain the consent of Seller or any other party, to (i) assign or participate all or a portion of its rights under this Agreement, and (ii) sell, assign, pledge, hypothecate or otherwise transfer any Receivables purchased hereunder.

(h) General Interpretive Principles. For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(i) the terms defined in this Agreement have the meanings assigned to them in this Agreement and include the plural as well as the singular, and the use of any gender herein shall be deemed to include the other gender;

(ii) accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles;

(iii) references herein to "Sections," "Exhibits" and other subdivisions without reference to a document are to designated Sections, Exhibits and other subdivisions of this Agreement;

(iv) the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular provision;

(v) the term "include" or "including" shall mean without limitation by reason of enumeration;

(i) Section Headings. Section headings are for convenience only and shall not be part of the terms and conditions of this Agreement.

(j) Execution; Successors and Assigns. This Agreement, any documents to be delivered pursuant to this Agreement and any notices thereunder, may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument. The parties agree that this Agreement, any documents to be delivered pursuant to this Agreement, any notices thereunder, and signature pages to any of the foregoing, may be transmitted between them by facsimile or by electronic mail and that faxed, PDF or DocuSign (or other e-signature) signatures may constitute original signatures and that a faxed, PDF or DocuSign (or other e-signature) signature page containing the signature (faxed, PDF, DocuSign (or other e-signature) or original) is binding upon the parties. The original documents shall be promptly delivered, if requested. Subject to the express terms hereof, this Agreement shall inure to the benefit of and be binding upon Seller and Purchaser and their respective successors and permitted assigns.

(k) Further Agreements. Seller and Purchaser each agrees to execute and deliver to the other such reasonable and appropriate additional documents, instruments or agreement as may be necessary or appropriate to effectuate the purpose of this Agreement.

(l) No Partnership. Nothing herein contained shall be deemed or construed to create a co-partnership or joint venture between the parties hereto and under no circumstances shall Seller or Purchaser be deemed agents of the other.

(m) Waivers. No term or provision of this Agreement may be waived or modified unless such waiver or modification is in writing and signed by the party against whom such waiver or modification is sought to be enforced.

(n) Exhibits. The exhibits to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement.

(o) Force Majeure. No party to this Agreement shall be liable for any failure to perform or delay in its performance of its obligations to the extent such failure or delay is as a result of war, invasion, act of foreign enemies, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, military or usurped power of confiscation, terrorist activities, nationalization, government sanction, blockade or embargo (a "Force Majeure Event"). Notwithstanding the foregoing, a Force Majeure Event shall not excuse a party from any of its obligations hereunder or liability for failure to perform (i) if such failure or delay is due to the non-performing party's (or any of its personnel's) gross negligence or willful misconduct, including failing to prevent or causing such failure or delay and (ii) to the extent that the non-performing party commercially reasonably could have prevented the failure or delay by reasonable precautions or could not reasonably have circumvented the underlying issues through the use of alternate sources, workaround plans or other means. In the case of a Force Majeure Event to which the previous sentence is not applicable, the non-performing party shall be excused from further performance or observance of the obligations so affected for as long as such circumstances prevail and such party continues to use commercially reasonable efforts to recommence performance or observance whenever and to whatever extent possible without delay. Any party so delayed in its performance or unable to perform shall immediately notify the party to whom performance is due, describe at a reasonable level of detail the circumstances causing such delay and keep the other party informed on a daily basis of the status of its efforts to recommence performance of its obligations under this Agreement.

(p) Further Assurances. At any time or from time to time upon the reasonable request of Purchaser, Seller shall execute and deliver such further documents and do such other acts and things as Purchaser may reasonably request in order to effect fully the purposes of this Agreement and the other Account Documents, and to provide for payment of the Receivables made hereunder, with interest thereon, in accordance with the terms of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, Purchaser, and Seller have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the date first above written.

W.S. BADCOCK CORPORATION
(Seller)

By: /s/ Robert Burnette
Name: Robert Burnette
Title: Chief Executive Officer

B. RILEY RECEIVABLES, LLC (Purchaser)

By: /s/ Martin Bernstein
Name: Martin Bernstein
Title: Senior Vice President

Signature Page to Master Receivables Purchase Agreement

SERVICING AGREEMENT

among

W.S. BADCOCK CORPORATION
Servicer

and

B. RILEY RECEIVABLES, LLC
Company

Dated as of December 20, 2021

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EXHIBITS

EXHIBIT A	ACCOUNT DOCUMENTS
EXHIBIT B	RECEIVABLE LEVEL DATA TAPE
EXHIBIT C	SERVICING MANUAL
EXHIBIT D	SERVICING RECORDS
EXHIBIT E	SERVICER ACCOUNT
EXHIBIT F	COLLECTION ACCOUNT
EXHIBIT G	CHARGED OFF REPORTING
EXHIBIT H	INSURANCE REPORTING

SERVICING AGREEMENT

This Servicing Agreement (as amended, restated, supplemented or otherwise modified from time to time, this “Agreement”), dated as of December 20, 2021 (the “Effective Date”), is by and among B. Riley Receivables, LLC, a Delaware limited liability company, as owner (“Company”) and W.S. Badcock Corporation, a Florida corporation, as servicer (in such capacity, “Servicer”) and seller (in such capacity, “Seller”).

Recitals

WHEREAS, in the regular course of its business, Servicer services Accounts and Receivables for its own account;

WHEREAS, Company intends to purchase certain Receivables arising under Accounts owned by Seller from Seller from time to time pursuant to the Master Receivables Purchase Agreement dated as of December 20, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “Master Receivables Purchase Agreement”);

WHEREAS, Company desires to retain Servicer to service and administer the Receivables purchased by the Company under the Receivables Purchase Agreements in connection with the Servicer’s servicing of the related Accounts for Seller’s own account; and

WHEREAS, Company and Servicer desire to set forth the terms and conditions on which Servicer will service and administer the Receivables and related Accounts.

NOW THEREFORE, in consideration of the premises and the mutual agreements hereinafter set forth, the Company and Servicer agree as follows:

Section 1. Definitions. Unless the context shall clearly indicate some other meaning, terms used in this Agreement shall have the meanings assigned thereto in the recitals above or specified in this Section 1 or, if not defined in this Section 1, in the Master Receivables Purchase Agreement.

For purposes of this Agreement, the following capitalized terms shall have the respective meanings set forth below.

Authorized Representative: Any Person expressly designated by Company as an Authorized Representative, as set forth from time to time in a certificate in a form prescribed by Company, and Servicer shall be an Authorized Representative of Company solely for the purposes of the actions to be taken by Servicer pursuant to Section 3(a).

Change in Control of Servicer: (A) Servicer or any direct or indirect holder of equity interests in Servicer enters into any agreement or agreements that contemplates (i) the merger or consolidation of Servicer with or into any Person, (ii) the sale, transfer or other disposition of any material portion of Servicer’s assets or business to any Person (other than the sale of receivables in the normal course of Servicer’s business) or (iii) Franchise Group, Inc. shall fail to own and control, in the aggregate, more than 51% of the outstanding equity interests of Servicer, or shall fail to own and control the right to appoint a majority of the Board of Directors of Servicer (or the equivalent governing body).

Collection Account: The Company's bank account as set forth on Exhibit E.

Collection Period: As of the Effective Date, from the first Cutoff Time to and including January 15, 2022, after January 15, 2022, bi-weekly (from Sunday to the second Saturday) until the end of the Purchase Period, and on the first day after the Purchase Period, from such date weekly (from Sunday to Saturday) until all Receivables have been paid in full.

Confidential Information: The terms and conditions of this Agreement and any proprietary non-public information of a party hereto that is furnished to the other party hereto in connection with this Agreement or the transactions contemplated hereby, including but not limited to, records, documents, proprietary information, technology, software, trade secrets, financial and business information, or data related to such other party's products (including the discovery, invention, research, improvement, development, manufacture, or sale thereof), processes, or general business operations (including sales, costs, profits, pricing methods, organization, employee or customer lists and process), whether oral, written, or communicated via electronic media or otherwise disclosed or made available to a party or to which a party is given access pursuant to this Agreement by the other party, and any information obtained through access to any information assets or information systems (including computers, networks, voice mail, etc.), that, if not otherwise described above, is of such a nature that a reasonable person would believe to be confidential, as well as any Consumer Information. Information (other than Consumer Information) that is made available to the general public, received from independent sources, already in possession of the receiving party prior to disclosure hereunder or that is independently developed without the use of Confidential Information shall not be considered Confidential Information.

Consumer Information: Any "nonpublic personal information" (as such term is defined in the Gramm-Leach-Bliley Act and/or the regulations implementing the provisions thereof) and other personally identifiable information relating to Buyers or applicants.

Customary Servicing Procedures: Procedures (including collection procedures) that Servicer customarily employs and exercises in servicing and administering consumer loans for its own account and in accordance with the Servicing Manual, and in compliance with all applicable Laws.

GAAP: Generally accepted accounting principles in the United States of America or International Financial Reporting Standards (IFRS) as in effect from time to time.

Local Account: An account established by or in the name of Servicer or controlled by Servicer into which Collections from applicable Buyers may be paid.

Principal Prepayment: Any payment or other receipt of the unpaid amount of a Receivable which is received in advance of its scheduled due date and is not accompanied by an amount of interest representing scheduled interest due on any date or dates in any month or months subsequent to the month of prepayment.

Receivable Level Data Tape: An electronic file containing Buyer information, original Receivable amount, current Unpaid Amount, payment history and the other fields set forth in Exhibit B with respect to each Receivable from the date hereof.

Reporting and Remittance Date: With respect to any Collection Period, the sixth Business Day after the end of such Collection Period.

Scheduled Payments: With respect to any Receivable, the periodic payments payable under the terms of the related Account Documents (which shall include all payments of principal, interest, fees and premiums).

Servicer Account: The Servicer's bank account set forth on Exhibit E.

Servicer Event of Default: Any one of the conditions or circumstances enumerated in Section 11(a).

Services: The services that Servicer has agreed to provide to Company under this Agreement, whether directly or through one or more agents, subcontractors or service providers.

Servicing Fee: As of any date of determination, an amount equal to 2.0% per annum on the aggregate Unpaid Amount of Receivables (other than Defaulted Receivables) owned by the Purchaser at the beginning of the each calendar month (to be pro-rated in the first reporting period for newly purchased Receivables acquired mid-month).

Servicing Manual: Servicer's servicing policies and procedures applicable to the Receivables in the form attached hereto as Exhibit C, as amended, modified and/or supplemented from time to time in accordance with the terms of this Agreement.

Servicing Records: With respect to any Receivable, all of the documents and records related to or required for the servicing of such Receivable, including the items referred to in Exhibit D annexed hereto pertaining to such Receivable.

Section 2. Commencement of Servicing; Books and Records

(a) Commencement of Servicing.

(i) Servicer shall service the Receivables and the related Accounts in accordance with the terms hereof. Upon request, Servicer shall cooperate and use commercially reasonable efforts to transfer the Electronic Account Documents and any related electronic documents to the Purchaser or its designee.

(ii) Servicer's possession of the Servicing Records retained by Servicer is for the purpose of servicing the related Receivable and the related Account. The portion of the Servicing Records so retained by Servicer shall be appropriately marked to reflect clearly Company's ownership of the related Receivable. Servicer shall release Servicing Records from its custody only in accordance with written instructions from Company, unless such release is (A) required as incidental to Servicer's servicing of the Receivables and related Accounts or (B) otherwise required or permitted pursuant to the terms hereof, including Section 3(b).

(b) Books and Records, Receivable Level Data Tape, Servicing Manual.

(i) All rights arising out of the Receivables, including all funds received on or in connection with a Receivable, except as otherwise provided herein, shall be held by Servicer in trust for the benefit of Company as the owner of the Receivables. Servicer, on behalf of Company, shall be responsible for maintaining, and shall maintain, a complete and accurate set of books and records for each Receivable and related Account, which shall include the related Account Documents and Servicing Records, and shall be clearly marked to reflect the ownership of each Receivable by Company.

(ii) Servicer may not make amendments or modifications to the Servicing Manual that could reasonably be expected to have a Material Adverse Effect on any Receivables at any time during the term hereof without the prior written consent of Company (such consent not to be unreasonably withheld or delayed). In the event of any amendment or modification of the Servicing Manual, Servicer shall promptly provide a copy of the amended or modified manual to Company, and the Servicing Manual, as amended or modified, must continue to be in compliance with Laws.

Section 3. Administration and Servicing of Receivables and Accounts

(a) Servicer to Act as Servicer.

(i) Servicer shall service and administer the Receivables and related Accounts in accordance with this Agreement and Customary Servicing Procedures, and shall have full power and authority to do or cause to be done any and all things in connection with such servicing and administration that Servicer may deem necessary or desirable and in compliance with the terms of this Agreement, the Customary Servicing Procedures and applicable Laws. Servicer may subcontract with a qualified person to perform all or any portion of the Servicer's servicing duties hereunder; *provided* that (i) the Servicer shall select such person with reasonable care and shall be solely responsible for the fees and expenses payable to any such subcontractor, (ii) Servicer shall not be relieved of, and shall remain liable for, the performance of the duties and obligations of the Servicer pursuant to the terms hereof without regard to any subcontracting arrangement and (iii) any such subcontract shall be terminable with respect to the Receivables and related Accounts upon termination of this Agreement.

(ii) Servicer may waive, modify or vary the terms of any Receivable and related Account or consent to the postponement of strict compliance with any such term if in the Servicer's reasonable and prudent determination such waiver, modification or postponement is consistent with its Underwriting Guidelines and the Servicing Manual; *provided* that Servicer shall not (A) forgive any portion of a scheduled payment under any Receivable or permit any modification with respect to any Receivable that would decrease total Scheduled Payments due thereunder unless, in each case such modification is made in accordance with the policy and procedures as identified in the Servicing Manual and the Underwriting Guidelines. For the avoidance of doubt, Servicer may waive any late payment charge or any other fees that may be collected in the ordinary course of servicing any of the Receivables.

(iii) Servicer may request from Company any powers of attorney and other documents reasonably necessary to enable Servicer to carry out their servicing and administrative duties under this Agreement.

(iv) Notwithstanding anything to the contrary herein, to the extent there is any conflict between the terms of this Agreement and Customary Servicing Procedures (including the Servicing Manual), the terms of this Agreement shall control, except to the extent required to comply with applicable Laws.

(b) Enforcement and Liquidation; Reporting.

(i) Servicer shall, consistent with Customary Servicing Procedures, act with respect to the Receivables and related Accounts in such manner as will maximize the receipt of principal, interest, fees and premiums on the Receivables and related Accounts. Subject to Section 3(b) (ii) in the event that any Receivable becomes a Defaulted Receivable, Servicer shall take such action, consistent with Customary Servicing Procedures, as it shall deem to be in the best interest of Company so as to maximize the receipt of principal and interest on such Defaulted Receivable.

(ii) Notwithstanding anything to the contrary herein or in the Servicing Manual, Servicer shall not, without the prior written consent of Company, commence any Proceeding to enforce or collect upon the Receivables, regardless of whether such Proceeding is brought in its own name, as an agent for Company, or in the name of Company.

(c) Collection of Receivable Payments. Continuously from the date hereof until the principal, interest, fees and premiums on all Receivables are paid in full, Servicer will proceed diligently, in accordance with this Agreement and the Servicing Manual, to collect all payments due under each of the Receivables and related Accounts when the same shall become due and payable.

(d) Reporting of Collections on Charged Off Receivables. Servicer shall, on the Reporting and Remittance Date immediately following the 15th day of each calendar month, provide a written report to Company, in reasonable detail, setting forth all collections and charged off Receivables for the related Collection Period, which shall include the information set forth in Exhibit G. The parties agree that the form of reporting on charged off Receivables in Exhibit G will be finalized after the Effective Date

(e) Insurance Reporting: Servicer shall on the Reporting and Remittance Date immediately following the 15th day of each calendar month, provide a written report to Company, in reasonable detail, which shall include the information set forth in Exhibit H for all Insurance with respect to the related Collection Period. The parties agree that the form of insurance reporting in Exhibit H will be finalized after the Effective Date

(f) Deposits in Collection Account.

(i) Company has established and shall maintain the Collection Account into which Servicer or Seller, as the case may be, shall deposit all Collections net of the Servicing Fee and Purchase Price payable to the Seller pursuant to Section 5(a) of the Master Receivables Purchase Agreement (“Net Collections”) with respect to the Receivables, the applicable details of which are set forth herein in Exhibit B, provided that all credit card servicing fees and related expenses shall be borne by Servicer. Subject to Section 5(b), all Net Collections received by Servicer with respect to the Receivables for each Collection Period, including, among other things, Principal Prepayments, Liquidation Proceeds, Insurance Retro Commissions and charged off Receivables, will be transferred to the Collection Account on or before the related Reporting and Remittance Date (it being understood that Net Collections in respect of Insurance Retro Commissions and charged off Receivables shall be deposited in the Collection Account no less frequently than monthly). Servicer shall bear all costs associated with transferring Net Collections into the Collection Account. Only the Company or its designee will have authority to withdraw or release funds from the Collection Account. Servicer shall not deposit in Collection Account any funds other than Net Collections received with respect to the Receivables. For the avoidance of doubt, Servicer shall not be liable for any costs associated with opening, setting-up, maintaining, creating or perfecting a security interest in the Collection Account for the benefit of Company.

(ii) Servicer shall identify all funds collected and received pursuant to each Receivable as separate from any of its own general assets and from any other amount owed in respect of the related Accounts; *provided* that Company acknowledges and agrees that Servicer may co-mingle payments received in the account on behalf of itself and purchasers, including Collections; *provided further* that the Servicer acknowledges and agrees that it shall hold in trust for the benefit of Company any such payments of Collections it receives related to the Receivables prior to remittance of such funds to the Collection Account.

(iii) Servicer will transfer funds from each Local Account related to each applicable Receivable into the Servicer Account within two (2) Business Days of receipt. Servicer will pay all fees related to the maintenance of the Local Accounts and the Servicer Account. The Local Accounts and the Servicer Account will not be exclusive to Company (e.g. check payments from all of Servicer's serviced accounts are deposited into the comingled Local Accounts and the Servicer Account).

Section 4. Statements to Company.

(a) Remittance Report. On or before each Reporting and Remittance Date, Servicer shall deliver to Company via secure and mutually acceptable transmission method a remittance report and Receivable Level Data Tape as of the end of the related Collection Period reflecting all activity with respect to the Receivables during such Collection Period.

(b) Notice of Claims. Servicer shall give prompt written notice to Company, containing the details thereof, of (1) any material Claim or Proceeding instituted by or against Servicer or any of its Affiliates related to the Services, or the Receivables in any federal or state court or before any commission or other Governmental Authority, or any material Claim or Proceeding to Servicer's knowledge threatened against Servicer or any of its Affiliates related to the Services or the Receivables; (2) any Claim or Proceeding pending, or to Servicer's knowledge, threatened against Servicer before any Governmental Authority that might prohibit or materially and adversely affect the performance by Servicer of its obligations under, or the validity or enforceability of, this Agreement or materially and adversely affect the condition (financial or otherwise) or operations of Servicer; (3) any putative class action complaint; (4) to the extent permitted by Laws and such Governmental Authority, any material investigation by any Governmental Authority involving the Services; and (5) the occurrence of facts actually known to Servicer that would constitute a Servicer Event of Default under this Agreement, following the giving of notice and the failure to cure.

Section 5. General Servicing Procedures; Compensation

(a) Servicing Compensation. As compensation for the Services, Servicer shall be entitled to receive the Servicing Fee on the first Business Day of each calendar month for services rendered during the immediately preceding month, it being understood that no compensation in addition to the Servicing Fee shall be payable in respect of Defaulted Receivables; *provided however*, in the event of termination of this Agreement and upon the receipt by Servicer of a Successor Servicer Commencement Notice, the Servicer shall not be entitled to any portion of the Servicing Fee that would have been earned after the date occurring after the date of such termination on which the transfer of the servicing of the Receivables becomes fully effective.

(b) Invoicing. In the event that a Servicing Fee has not been paid in full when due as set forth in Section 5(a), Servicer shall invoice Company monthly, but no later than the 5th Business Day of the applicable month, for the amount of the applicable Servicing Fee which remains unpaid. Such invoice shall include reasonable detail on the amount due, all amounts netted out of Collections and what such amounts are attributable to, and shall provide to Company such supporting documentation as Company may reasonably request. To the extent Collections are insufficient to cover the Servicing Fee, Company shall pay the unpaid amount of the Servicing Fee within thirty (30) days after the date the invoice is received by Company and all further Collections shall be applied to such outstanding amount until paid in full either by Company or through the application of Collections.

(c) Termination. If any material portion of the Servicing Fee that is not then being disputed in good faith by Company remains unpaid for more than ninety (90) days from the date the invoice is received by Company and Servicer has provided Company with notice of such late payment, Servicer may terminate this Agreement.

(d) Company's Right to Examine Servicer Records; Inspections.

(i) Company and its agents and designees shall have the right, after reasonable notice to Servicer, during normal business hours, to examine and audit any and all of the books, records, systems or other information of Servicer whether held by Servicer or by another on behalf of Servicer, which may be relevant to the performance or observance by Servicer of the terms, covenants or conditions of this Agreement. The cost of such review shall be borne by the Company.

(ii) Servicer will permit, with reasonable advance notice, any authorized representatives designated by Company or its financing sources to visit and inspect, without hindrance, any of the properties of Servicer related to the Receivables or to the performance of this Agreement, to inspect, audit, copy and take extracts from its financial and accounting records, and to discuss its affairs, finances and accounts with any Person, including, without limitation, employees of Servicer and independent public accountants (and shall instruct such accountants to communicate directly with Company and its agents and designees), all at such reasonable times during normal business hours and as often as may reasonably be requested.

(iii) At any time during the existence of a Servicer Event of Default and otherwise one (1) time in any calendar quarter, upon five (5) Business Days' prior written notice, Servicer will permit any authorized representatives designated by Company to perform a compliance review (a "Compliance Review") to examine, audit and verify the compliance by Servicer with this Agreement and applicable Laws. Servicer shall cooperate with all reasonable requests and provide Company (or its designees) with all necessary assistance and information in connection with each such Compliance Review. In connection with any such Compliance Review, Servicer will permit any authorized representatives designated by Company to review Servicer's forms, books, records, information processes and internal control environment, records management, performance standards, compliance practices (including consumer compliance practices), policies, procedures, and practices with respect to the management and oversight of any agent, subcontractor, or service provider Servicer has involved in the provision of the services hereunder, and procedures and marketing materials. Company or its designees may make written recommendations regarding Servicer's compliance with applicable Laws, and Servicer shall consider these recommendations in good faith, consult with Company regarding the implementation of such recommendations and will use commercially reasonable efforts to implement in all material respects on a timely basis any recommendation which Company determines, in its reasonable discretion, is a reasonable recommendation.

(iv) Servicer shall use commercially reasonable efforts to cause any of its agents, contractors, or service providers to allow Company and its designees access to the premises of such agent, contractor, or service provider for the purpose of auditing its operations related to the Services upon reasonable prior notice.

(v) Servicer shall cooperate with any examination that may be required by any Governmental Authority with audit and examination authority over Company; provided, however, that if such audit is occasioned by anything other than the Servicer's performance under this Agreement, the reasonable and documented out-of-pocket costs and expenses of such audit (including without limitation reasonable attorneys, accountants and other professional fees) shall be reimbursed and paid by Company.

Section 6. Indemnification; Third Party Claims.

(a) Servicer Indemnification. Servicer will defend, indemnify and hold Company, its Affiliates and each of their officers, directors, trustees, employees and agents harmless (to the fullest extent permitted by law) from and against, any and all liabilities, damages, losses, and expenses (regardless of the capacity in which the indemnified party incurs such liabilities, damages, losses, and expenses), including, without limitation, reasonable attorneys' fees and expenses (other than those for a third party claim with respect to which Servicer has retained counsel and assumed the defense on behalf of Company in accordance with Section 6(d)) reasonable out-of-pocket costs, interest and penalties arising from (i) any default or failure by Servicer in the performance of its duties as Servicer under this Agreement; (ii) errors and omissions of the Servicer in the performance of its duties as Servicer under this Agreement; (iii) any breach of a representation, warranty or covenant by Servicer under this Agreement or any breach by Servicer of its obligations under this Agreement; and (iv) fraud, willful misconduct, bad faith or gross negligence on the part of Servicer; provided that such indemnity shall not, as to Company or its Affiliates, or any of their officers, directors, employees and agents, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by a final and non-appealable judgement to have resulted from the gross negligence or willful misconduct of such Person.

(b) Company Indemnification. Company will defend, indemnify and hold Servicer, its Affiliates and each of their officers, directors, employees and agents harmless from and against any and all liabilities, damages, losses, and expenses (regardless of the capacity in which the indemnified party incurs such liabilities, damages, losses, and expenses), including, without limitation, reasonable attorneys' fees and expenses (other than those for a third party claim with respect to which Company has retained counsel and assumed the defense on behalf of Servicer in accordance with Section 6(d)), reasonable out-of-pocket costs, interest and penalties, arising from (i) any breach of this Agreement on the part of Company; (ii) all third party claims brought against Servicer or its Affiliates that result from Company's performance or failure to perform any of its obligations under this Agreement; and (iii) all third party claims brought against Servicer or its Affiliates arising out of or relating to the failure of Company and/or any of its Affiliates to comply with all applicable Laws, in all cases, except to the extent such liabilities, damages, losses and expenses arise from the willful misconduct or gross negligence of Servicer; provided that such indemnity shall not, as to Servicer or its Affiliates, or any of their officers, directors, employees and agents, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by a final and non-appealable judgement to have resulted from the gross negligence or willful misconduct of such Person.

(c) Damages Waiver. Notwithstanding anything to the contrary in this Agreement, neither Servicer nor Company shall be liable to the other (or the other's Affiliates, officer, directors, employees and agents) under or in connection with this Agreement for any indirect or consequential or other damages relating to prospective profits, income, anticipated sales or investments, or goodwill, or for any punitive or exemplary damages, except to the extent such losses or damages (i) are payable to a third party in connection with a third party claim or (ii) result from willful misconduct, a willful breach of this Agreement, fraud or gross negligence.

(d) Indemnification Procedure. A party entitled to indemnification shall give prompt written notice to the indemnifying party of any claim, assertion, event, condition or proceeding by any third party with respect to which it may request indemnification under this Section 6. The failure to give such notice will not relieve the indemnifying party from liability hereunder unless, and solely to the extent that, the liabilities, damages, losses or expenses to be indemnified could have been avoided with such prompt notification. An indemnifying party will have the right, upon written notice to the indemnified party within twenty (20) days after receiving notice of a third-party claim, to conduct at its own expense the defense against such third-party claim in its own name, or, if necessary, in the name of the indemnified party. When the indemnifying party assumes the defense, the indemnified party will have no liability for any compromise or settlement of any third-party claim that is effected without its prior written consent (which consents shall not be unreasonably withheld or delayed), unless the sole relief provided is monetary damages that are paid in full by the indemnifying party and such compromise or settlement includes a release of each indemnified party from any liabilities arising out of the third-party claim. If the indemnifying party delivers a notice electing to conduct the defense of the third-party claim, the indemnified party will, at the indemnifying party's expense, cooperate with and make available to the indemnifying party such assistance, personnel, witnesses and materials as the indemnifying party may reasonably request. If the indemnifying party does not deliver a notice electing to conduct the defense of the third-party claim, the indemnified party will have the sole right to conduct such defense and the indemnified party may pay, compromise or defend such third-party claim or proceeding at the indemnifying party's expense. Regardless of which party defends the third-party claim, the other party will have the right at its sole expense to participate in the defense assisted by counsel of its own choosing.

(e) Survival. Notwithstanding anything else in this Agreement, this Section 6 shall survive the expiration or termination of this Agreement.

Section 7. Merger or Consolidation of Servicer.

(a) Existence. Servicer will keep in full effect its existence, rights and franchises as a limited liability company, and will obtain and preserve its qualification to do business as a foreign corporation in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement or any of the Receivables and to perform its duties under this Agreement.

(b) Successor Qualifications. Subject to Company's termination rights under Section 11, any Person into which Servicer may be merged or consolidated, or any Person resulting from any merger, conversion or consolidation to which Servicer shall be a party, or any Person (including an Affiliate of Servicer) succeeding to substantially all of the business or assets of Servicer (whether or not related to loan servicing), shall automatically be the successor of Servicer hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding; provided, however, that the successor or surviving Person shall be an entity whose ongoing business includes the servicing of Receivables and shall be fully licensed to service Receivables, respectively, under applicable Laws and in accordance with Customary Servicing Procedures; provided, further, that, notwithstanding the foregoing, upon the closing of any such merger, conversion or consolidation, the successor or surviving Person shall expressly assume in writing all obligations of Servicer under this Agreement.

Section 8. Servicer Not to Resign. Servicer shall not assign this Agreement or resign from the obligations and duties hereby imposed on it except (a) by mutual consent of Servicer and Company, or (b) upon the determination that Servicer's duties hereunder are no longer permissible under applicable Laws and such impermissibility cannot be cured by Servicer. Any such determination permitting the resignation of Servicer shall be evidenced by an opinion of counsel to such effect delivered to Company, which opinion of counsel shall be in form and substance reasonably acceptable to Company.

Section 9. Representations and Warranties of Servicer. The Servicer makes the following representations and warranties to Company as of the date of this Agreement, and as of the date each Receivable becomes subject to this Agreement:

(a) Servicer is a corporation, validly existing and in good standing under the laws of the state of Florida. Servicer is duly qualified and in good standing in each state where the nature of its business or the character of its properties makes such qualification and good standing necessary, except where the failure to be so qualified or in good standing could not reasonably be expected to result in a Material Adverse Effect and Servicer is taking all commercially reasonable actions necessary to remedy such failure to be so qualified or in good standing. Servicer is licensed and registered, in each state where the nature of its business or the character of its properties makes such licensing or registration necessary.

(b) Servicer has the full power and authority to service the Receivables and related Accounts hereunder and to execute, deliver and perform its obligations under, and to enter into and consummate all transactions contemplated by, this Agreement. Servicer has duly authorized the execution, delivery and performance of this Agreement, has duly executed and delivered this Agreement, and this Agreement, assuming due authorization, execution and delivery by Company, constitutes a legal, valid and binding obligation of Servicer, enforceable against it in accordance with its terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws and general principles of equity (regardless of whether considered in a proceeding in equity or at law).

(c) The execution and delivery of this Agreement by Servicer and the performance of and compliance with the terms of this Agreement will not (i) violate Servicer's organizational documents, (ii) constitute a default under, or result in a breach or acceleration of, any material contract, agreement or other instrument to which Servicer is a party or which may be applicable to Servicer or its assets where such default, breach or acceleration could reasonably be expected to have a Material Adverse Effect, (iii) violate any Laws applicable to Servicer or its assets or (iv) impair the ability of Company to enforce the Receivables or related Accounts, impair the value of the Receivables, or impair the ability of Company to realize the full benefits accruing pursuant to this Agreement.

(d) Servicer is (A) in compliance in all material respects with all Laws applicable to Servicer that relate to the Receivables or Servicer's performance of the Services or its other obligations under this Agreement and (B) except where such failure to be in compliance could not reasonably be expected to have a Material Adverse Effect, in compliance with all other Laws applicable to Servicer or its assets.

(e) There are no Claims or Proceedings pending, or to Servicer's knowledge, threatened against or affecting Servicer before any Governmental Authority (i) that might prohibit its entering into this Agreement, (ii) seeking to prevent the consummation of the transactions contemplated by this Agreement, (iii) asserting the invalidity of this Agreement, any Receivable or Account Document or (iv) that could reasonably be expected to have a Material Adverse Effect on the Servicer or on the timing of any payments or prepayments of, or the enforceability of, any Receivables.

(f) No consents, licenses, registrations, permits, approvals, authorizations or orders of any Governmental Authority ("Permits") are required for the operation of Servicer's business or the execution, delivery and performance by Servicer of, or compliance by Servicer with, this Agreement or the consummation of the transactions contemplated by this Agreement, except for such Permits, if any, that have been obtained by Servicer prior to the date hereof. Throughout the term of this Agreement, Servicer shall comply with and maintain in full force and effect all such Permits. All such Permits are in full force and effect, no violations are or have been recorded with respect to any such Permits, and there are no Proceedings pending or, to Servicer's knowledge, threatened that may terminate, revoke, or limit any such Permits.

(g) The performance of the Services and the consummation of the transactions contemplated by this Agreement are in the ordinary course of business of Servicer.

(h) Servicer has the facilities, procedures and experienced personnel necessary for the servicing of the Receivables in accordance with this Agreement and Customary Servicing Procedures, and no event has occurred (including, but not limited to, any change in insurance coverage) which would make Servicer unable to comply with Customary Servicing Procedures.

(i) Servicer has disclosed to Company all agreements, instruments and corporate or other restrictions to which it or any of its Affiliates is subject that, individually or in the aggregate, would result in a Material Adverse Effect on servicing of the Receivables under this Agreement.

(j) All monthly servicer reports, information, exhibits, financial statements, documents, books, data files or other reports furnished or to be furnished by the Servicer to the Company in connection with this Agreement or any other Program Agreement are accurate, true and correct in all material respects. The Servicing Manual delivered to Company is a complete, true and correct copy of the Servicing Manual.

(k) Servicer's chief place of business, its chief executive office and the office in which the Servicer maintains its books and records are located in the State of Florida. Servicer's registered office and the jurisdiction of organization of the Servicer is the jurisdiction referred to in Section 9(a).

(l) Servicer has filed all federal and material state income tax returns and all other material tax returns which are required to be filed by it, if any, and has paid all taxes shown to be due and payable on such returns, if any, or pursuant to any assessment received by any such Person, other than any such taxes, assessments or charges that are being contested in good faith by appropriate proceedings and for which appropriate reserves in accordance with GAAP have been established.

(m) Servicer is not Insolvent and is not the subject of any Insolvency Event.

Section 10. Additional Covenants of Servicer.

(a) Government Approvals. Servicer shall remain duly licensed, registered and authorized to do business in all jurisdictions necessary to perform the Services and carry out its obligations under this Agreement.

(b) Insurance. Servicer shall, at all times that this Agreement is in effect and at Servicer's cost and expense, keep in full force and effect general liability, errors and omissions, cyber liability, employee crime, commercial automobile (if Servicer owns automobiles), workers' compensation insurance coverage for the Services rendered pursuant to this Agreement, and any other industry standard insurance policies required under applicable Laws. The general liability coverage will have limits of liability of not less than \$2,000,000 aggregate, \$1,000,000 per occurrence, with an excess liability policy(ies) (written over general liability) of not less than \$25,000,000, the cyber liability coverage will have an aggregate limit of not less than \$7,000,000, the employee crime (including fidelity) coverage will have a per occurrence limit of not less than \$1,000,000 and the commercial automobile coverage will have an aggregate limit of \$2,000,000.

At all times that this Agreement is in effect, Servicer shall add and maintain Company as an additional insured on the general liability policy described above and provide Company with a copy of the applicable certificate of insurance. On or before the Initial Closing Date (as defined in the Master Receivables Purchase Agreement), the general liability policy shall include a separation of insureds clause or similar language that will not bar coverage of Company's claims. Company shall be given notice within five (5) Business Days of such event if the insurance coverage, or any portion thereof, has been terminated, cancelled or modified in any way that would cause Servicer to be in default of its obligations under this Section 10(d). In addition, Servicer shall provide Company with 30 days' prior written notice of any expected material change to, or termination of, such insurance coverage. Servicer shall not terminate or allow such insurance coverage to be terminated unless Servicer has replaced such terminated portions of the insurance coverage prior to final termination or modification, without interruption of insurance coverage. Servicer shall cause its commercial general liability insurance policy(ies) to provide for waiver of subrogation in favor of Company as respects ongoing operations related to this Agreement.

(c) Periodic Reports.

(i) As promptly as practicable (but in any event not later than two (2) Business Days) after Servicer obtains knowledge of the occurrence of any event or circumstance which would permit Company to terminate this Agreement pursuant to Section 11(a), Servicer shall deliver written notice thereof to Company.

(ii) Within forty-five (45) days after the end of each quarter, Servicer shall deliver to Company its consolidated balance sheet and the related consolidated statement of income, stockholders' equity and cash flows for such quarter and for the period from the beginning of the then-current fiscal year to the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding periods of the previous fiscal year, all in reasonable detail, together with a certification by Servicer's chief financial officer attesting to the material accuracy thereof.

(iii) Within one hundred-fifty (150) days after the end of each fiscal year, commencing with Servicer's fiscal year ending on December 31, 2021, Servicer shall deliver to Company (1) its audited consolidated balance sheet as at the end of such fiscal year and the related consolidated statement of income, stockholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the corresponding figures for the previous fiscal year, all in reasonable detail, together with a certification by its chief financial officer attesting to the material accuracy thereof and with respect to such financial statements, a report thereon of its independent public accountants of recognized national standing (which report shall state that such financial statements fairly present, in all material respects, the financial position of Servicer as at the dates indicated and the results of its operations and its cash flows for the periods indicated in conformity with GAAP applied on a basis consistent with prior years (except as otherwise disclosed in such financial statements) and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with GAAP).

(d) Account Document and Data Integrity. Servicer agrees that all Account Documents, Account data and other information reported by Servicer to Company with respect to the Receivables will be accurate and complete and will at all times be consistent with (i) the Account Documents signed, accepted, acknowledged or agreed by, or otherwise disclosed or presented to, the related Buyer or Buyers; (ii) all Account data and other information related to the Receivables in existence at the time of origination or purchase, as applicable; and (iii) such Account Documents, Account data and other information as they concurrently exist in the applicable Buyer's Account portal, except in the case of each of clauses (i), (ii) and (iii), where such differences are the result of an amendment or changes in accordance with the terms of the Account Document that is not otherwise in contravention of this Agreement.

Section 11. Default; Termination

(a) Servicer Events of Default. Each of the following shall constitute a Servicer Event of Default under this Agreement:

(i) any failure by Servicer to remit to Company or deposit in the Collection Account any amount required to be so remitted or deposited under the terms of this Agreement and such failure continues unremedied for a period of three (3) Business Days after (A) the date on which written notice of such failure, requiring the same to be remedied, shall have been given to Servicer by Company or (B) Servicer's discovery of such failure;

(ii) any failure by Servicer to duly observe or perform, in any material respect, any other covenants, obligations or agreements of Servicer as set forth in this Agreement which failure continues unremedied for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to Servicer by Company;

(iii) an Insolvency Event shall have occurred with respect to Servicer;

(iv) Servicer shall become Insolvent, admit in writing its inability to pay its debts as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations;

(v) any representation or warranty made by Servicer as set forth in Section 9 proves not to have been complete, true and correct in any respect as of the date when made which could reasonably be expected to have a Material Adverse Effect;

(vi) Servicer fails to maintain any Permits required for (A) the operation of Servicer's servicing business or compliance by Servicer with its obligations under this Agreement or (B) the operation of Servicer's non-servicing business if, only in the case of clause (B), the failure to maintain any such required Permit could reasonably be expected to have a Material Adverse Effect;

(vii) Servicer fails to comply with applicable Laws and such failure could reasonably be expected to have a Material Adverse Effect;

(viii) any regulatory inquiry (other than a routine regulatory examination, a complaint regarding a single Buyer or an inquiry that does not allege, or could not reasonably be expected to result in an allegation of, a violation of Law by Servicer or any agent or other representative of Servicer with respect to the Services or a material violation of Law by Servicer or any agent or other representative of Servicer whether or not with respect to the Services), investigation, enforcement action or litigation is commenced or order or judgment is imposed on or issued against Servicer or any agent or other representative of Servicer, in each case that could reasonably be expected to have a Material Adverse Effect;

Effect; or

(ix) The occurrence of any material adverse change or event that could reasonably be expected to have a Material Adverse

(x) The occurrence of any Change in Control of Servicer.

(b) Termination Due to Servicer Event of Default. In each and every case of a Servicer Event of Default, Company, by notice in writing to Servicer, may, in addition to whatever rights Company may have at law or equity to damages, including injunctive relief and specific performance, commence termination of all the rights and obligations of Servicer under this Agreement and in and to the servicing of the Receivables. After receipt by Servicer of a written notice from Company, stating that Company intends to terminate Servicer as a result of such Servicer Event of Default, and upon the receipt by Servicer of a Successor Servicer Commencement Notice pursuant to Section 11(e), all authority and power of Servicer under this Agreement, whether with respect to the Receivables or otherwise, shall pass to and be vested in the Successor Servicer appointed pursuant to Section 11(e) and the Successor Servicer shall commence servicing the Receivables pursuant to terms hereof; provided that Servicer shall retain authority and power to service and shall continue to service the Receivables until all of the Account Files have been successfully transferred to the applicable platform of the Successor Servicer. Upon written request from Company, Servicer shall prepare, execute and deliver to the Successor Servicer any and all documents and other instruments, place in such successor's possession all Servicing Records and do or cause to be done all other acts or things necessary or appropriate to effect the purposes of such notice of termination, including the transfer, endorsement or assignment of the Receivables and related documents to the successor at Servicer's sole expense. Servicer agrees to cooperate with Company and the Successor Servicer in effecting the termination of Servicer's responsibilities and rights hereunder. Servicer shall be entitled to the Servicing Fee and Servicing Expenses with respect to the Receivables for its performance of such duties. Such fees and expenses shall be payable by the Company.

(c) Waiver of Defaults. Company may waive any default by Servicer in the performance of its obligations hereunder and its consequences. Upon any waiver of a past default, such default shall cease to exist, and any Servicer Event of Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto except to the extent expressly so waived.

(d) Termination.

(i) Except as otherwise provided herein, this Agreement shall terminate upon the payment in full of the Unpaid Amount of the Receivables and all Net Collections to the Company, subject to the parties' right to terminate this Agreement by their mutual consent at any time.

(ii) Except as otherwise provided herein, this Agreement shall terminate with respect to any Receivable on the date on which such Receivable is paid in full by the Buyer. Upon such termination Servicer shall provide the Company with all material information with respect to any ongoing collection efforts with respect to Defaulted Receivables.

(iii) If termination of this Agreement is required or requested by any Governmental Authority, or if Company determines in good faith in its sole discretion, as supported by a legal opinion of counsel for Company, that its actions contemplated under this Agreement or the actions or activities of Servicer violate any applicable Laws, then Company shall have the right to terminate this Agreement, such termination effective upon receipt of the notice of such termination by Servicer.

(e) Successor to Servicer.

(i) Prior to termination of Servicer's responsibilities and duties under this Agreement pursuant to this Section 11 or by Servicer's resignation as servicer to the extent permitted hereunder, Company shall appoint a successor servicer (the "Successor Servicer"), which shall succeed to all rights and assume all of the responsibilities, duties and liabilities of Servicer under this Agreement. In connection with such appointment and assumption, Company may make such arrangements for the compensation of such successor out of payments on Receivables as it and such Successor Servicer shall agree. In the event that Servicer's duties, responsibilities and liabilities under this Agreement shall be terminated pursuant to this Section 11 or Servicer shall resign in accordance with the terms hereof, Servicer shall discharge such duties and responsibilities during the period from the date it acquires knowledge of such termination until the effective date thereof with the same degree of diligence and prudence which it is obligated to exercise under this Agreement, and shall take no action whatsoever that might impair or prejudice the rights or financial condition of the Successor Servicer. The resignation or removal of Servicer pursuant to this Section 11 shall not become effective until a Successor Servicer shall be appointed pursuant to this Section. Any Successor Servicer appointed as provided herein shall execute, acknowledge and deliver to Company an instrument accepting such appointment (the "Successor Servicer Commencement Notice"), whereupon such Successor Servicer shall become fully vested with all the rights, powers, duties, responsibilities, obligations and liabilities of Servicer, with like effect as if originally named as a party to this Agreement; provided, however, that the Successor Servicer must either assume the insurance contracts the Servicer maintained in conformance with Section 10(b) herein or acquire new policies that satisfy the conditions of Section 10(b) prior to accepting such appointment and the predecessor Servicer shall be entitled to any amounts accrued and unpaid under such Insurance contracts prior to termination as Servicer. Any termination or resignation of Servicer or this Agreement shall not affect any claims that Company may have against Servicer arising prior to any such termination or resignation.

(ii) Upon termination or resignation of Servicer hereunder, Servicer shall promptly deliver to the Successor Servicer all Servicing Records and related documents and statements held by it hereunder. Servicer shall account for all funds held in trust for the benefit of Company under this Agreement and not yet deposited into the Collection Account and shall immediately distribute such funds and all funds held in the Collection Account to the Successor Servicer or as otherwise directed by Company, and shall execute and deliver such instruments and do such other things as may reasonably be required to more fully and definitively vest in the Successor Servicer all such rights, powers, duties, responsibilities, obligations and liabilities of Servicer. Servicer shall promptly notify Company of any funds Servicer receives with respect to any Receivable after the termination of this Agreement that are due to Company and shall promptly distribute such funds as directed by Company. The termination rights provided herein shall be in addition to whatever rights the non-defaulting party may have at law or equity to damages, including injunctive relief and specific performance. .

Section 12. Transition Services.

(a) Upon termination in whole or in part of this Agreement for any reason (other than termination pursuant to 11(d)(i) or (ii)), at Company's request and expense, Servicer must provide reasonable transition services up to the end of the last full calendar month ending on or after the date that is six (6) months after the effective date of such termination, or such longer period as the parties may agree, to facilitate the orderly transfer of the Services to another provider or in bringing such services in-house with Company or its affiliates such that there will be no material interruption or adverse effect with respect to such Services.

(b) During any transition services period requested by Company pursuant to Section 12(a), Servicer shall diligently continue to perform the Services, and Company will diligently continue to fulfill its duties and obligations, pursuant to the terms of this Agreement (subject to the payment of compensation therefor by Company pursuant to the terms of this Agreement) as if this Agreement had not been terminated during such time.

(c) Any notice of termination delivered to Servicer by Company shall specify, to the extent then known and possible, the timing and method of transition to a successor servicer. Servicer agrees to cooperate in the transfer of its responsibilities and rights hereunder to a successor servicer or subservicer, including, without limitation, the transfer to such party for administration by it of (a) all cash amounts that shall at the time be credited to the related Receivables or thereafter be received with respect to the related Receivables and (b) all files, documents and records relating to the related Receivables in its possession, regardless of whether such files are in electronic and hard copy form.

(d) Without in any way limiting the foregoing, Servicer shall provide Company information concerning the Services reasonably necessary for the timely transition of the Services from Servicer to Company or the designee of Company.

(e) Notwithstanding the foregoing, Servicer shall not be required to provide any Confidential Information of Servicer to any person other than that which it typically provides to Company pursuant to this Agreement, and then only to the extent that such person has executed a valid and binding confidentiality agreement with customary terms for agreements of such kind.

Section 13. Privacy; Confidentiality.

(a) Protection of Consumer Information.

(i) Servicer will only use, maintain and/or disclose Consumer Information in compliance with all applicable privacy and security Laws and with the policies set forth in this Section 13(a), and will ensure that Persons to whom it transfers Consumer Information do the same. In the event that Company or any of its Affiliates request Servicer to provide it with any Consumer Information, such Person shall have compliance measures in place with respect to such Consumer Information that comply with all applicable privacy and security Laws.

(ii) Servicer will establish and maintain appropriate administrative, technical and physical safeguards to protect the security, confidentiality and integrity of the Consumer Information. These safeguards will be designed to protect the security, confidentiality and integrity of the Consumer Information, ensure against any anticipated threats or hazards to its security and integrity, and protect against unauthorized access to or use of such information or associated records which could result in substantial harm or inconvenience to any Buyer or applicant.

(iii) Servicer will ensure that any third party to whom it transfers or discloses Consumer Information (other than a credit agency) signs a written contract with Servicer in which such third party agrees to (A) restrict its use of Consumer Information to the use specified in the written contract; (B) to comply with all applicable Laws; and (C) implement and maintain appropriate safeguards as stated in clause (ii) above. Servicer agrees to transfer or make available to third parties only such Consumer Information as is reasonably necessary to carry out the contemplated task.

(iv) Servicer shall notify Company immediately following discovery or notification of any breach of security of the systems maintained by Servicer. Servicer agrees to take action immediately, at its own expense, to investigate the breach, to identify and mitigate the effects of any such breach and to implement reasonable and appropriate measures in response to such breach. Servicer also will provide Company with all available information regarding such breach to assist Company in implementing its information security response program and, if applicable, in notifying affected Buyers. For the purposes of this Section 13(a), the term “breach of security” or “breach” means the unauthorized access to or acquisition of any record containing personally identifiable information relating to a Buyer, whether in paper, electronic, or other form, in a manner that renders misuse of the information reasonably possible or that otherwise compromises the security, confidentiality, or integrity of the information.

(v) Notwithstanding anything else contained in this Agreement, neither Servicer nor Company will, and neither of them will be obligated to, take any action that either of them believes in good faith would violate, or is reasonably likely to cause either of them to violate, any applicable Laws or that would cause either of them to become a “consumer reporting agency” for purposes of the federal Fair Credit Reporting Act, as it may be amended from time to time.

(vi) Servicer will use commercially reasonable measures designed to properly dispose of all records containing personally identifiable information relating to Buyers, whether in paper, electronic, or other form, including adhering to policies and procedures that require the destruction or erasure of electronic media containing such personally identifiable information so that the information cannot practicably be read or reconstructed.

(b) Confidentiality.

(i) Generally. Each party agrees that it will hold all Confidential Information in the strictest confidence and will not disclose or use any Confidential Information for any purpose other than in connection with the performance by such party of its obligations under this Agreement, and shall not disclose any Confidential Information to any third party, except that, subject to Section 13(a) each party may disclose Confidential Information: (A) to its Affiliates, and its and its Affiliates’ officers, directors, employees, auditors, agents, advisors and attorneys, (B) to its third party service providers, capital providers, and asset funders (to the extent such funders are impacted by the servicing of the assets) that have agreed in writing with such disclosing party to use and maintain the confidentiality of such Confidential Information in accordance with this Agreement, (C) to any Governmental Authority of such party, (D) to potential purchasers or assignees of all or any portion of the Receivables, or (E) to the extent such disclosure is required or compelled in any judicial or regulatory Proceeding or is otherwise required by applicable Laws. The parties acknowledge and agree that Servicer’s origination, purchase, credit risk management and underwriting strategies constitute Confidential Information of Servicer that is subject to the terms and conditions of this Section 13(b) that may not be disclosed to any third party.

(ii) Account Level Data. The parties acknowledge and agree that all account level data, including the application, credit bureau and ongoing account performance history related to the Receivables sold to Company under the Master Receivables Purchase Agreement, shall be the property of Servicer. Servicer hereby grants to Company, a non-exclusive, worldwide, non-sub licensable, royalty-free, fully paid-up license to use, reproduce, prepare derivative works of such account level data to develop, refine, or enhance Servicer's origination, purchase, credit risk management and underwriting strategies. Servicer shall provide to Company the ongoing account performance data for the life of each Receivable sold to Company hereunder Such data shall be treated as Confidential Information of Company that is subject to the terms and conditions of this Section 13(b).

(c) Publications. Servicer shall not publish or otherwise distribute any written materials (including any website content or correspondence with Buyers) referencing Company or any of its Affiliates, nor shall Servicer orally discuss or reference Company or any of its Affiliates in connection with any Receivable or the Account Program with any Buyers or Receivable applicants, in each case, without the express prior written consent of Company.

Section 14. Notices. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given when received by the other party when sent by certified mail, return receipt requested, or electronic mail (at such email addresses as a party may designate in accordance herewith), at the respective addresses set forth below:

if to Company:

B. Riley Receivables, LLC
30870 Russell Ranch Road, Suite 250
Westlake Village, CA 91362
Attention: Gina Downs
Phone: (818) 746-9310
E-mail Address: gdowns@brileyfin.com

with a copy, which shall not constitute notice, to:

Choate, Hall & Stewart LLP
Two International Place
Boston, MA 02110
Attention: John Ventola
E-mail Address: jventola@choate.com

if to Servicer:

W.S. Badcock Corporation
200 Phosphate Blvd., N.W.
Mulberry, FL 33860
Attention: Mitchell P. Stiles, Senior Vice President- Retail Operations
E-mail Address: Mitchell.Stiles@badcock.com
(863) 425-7506

with a copy, which shall not constitute notice, to:

W.S. Badcock Corporation
200 Phosphate Blvd., N.W.
Mulberry, FL 33860
Attention: Phillip Bayt, Senior Vice President and General Counsel
E-mail Address: phil.bayt@badcock.com
(863) 425-7637

or such other address as may hereafter be furnished to the other party by like notice. Any such demand, notice or communication hereunder shall be deemed to have been received on the date delivered to or received at the premises of the addressee (as evidenced, in the case of registered or certified mail, by the date noted on the return receipt). The parties may provide other communications hereunder via email, but such communications shall only be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as a return e-mail or other written acknowledgement, but not an automated response such as by the "return receipt requested" function).

Section 15. Miscellaneous

(a) Amendment. This Agreement, including any exhibits or schedules hereto, may be amended from time to time only by an agreement in writing signed by Company and Servicer.

(b) Severability. Any part, provision, representation or warranty of this Agreement which is prohibited or which is held to be void or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any part, provision, representation or warranty of this Agreement which is prohibited or unenforceable or is held to be void or unenforceable in any jurisdiction shall be ineffective, as to such jurisdiction, to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction as to any Receivable sold to Company shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable Laws, the parties hereto waive any provision of Laws which prohibits or renders void or unenforceable any provision hereof. If the invalidity of any part, provision, representation or warranty of this Agreement shall deprive any party of the economic benefit intended to be conferred by this Agreement, the parties shall negotiate, in good-faith, to develop a structure the economic effect of which is nearly as possible the same as the economic effect of this Agreement without regard to such invalidity.

(c) Duration of Agreement. This Agreement shall continue in existence and effect until terminated as herein provided.

(d) GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT PREEMPTED BY FEDERAL LAW.

(e) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(f) Choice of Forum. Each party irrevocably and unconditionally submits to the exclusive jurisdiction of the U.S. District Court for the Southern District of New York or any court of the State of New York sitting in New York County, and any appellate court from any thereof, in any action, litigation or proceeding of any kind arising out of or relating to this Agreement and agrees to bring any such action, litigation, or proceeding only in such courts. Each party agrees that a final judgment in any such action, litigation, or proceeding is conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each party hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State or federal court. Each party hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient form to the maintenance of such action or proceeding in any such court.

(g) Assignment. This Agreement shall not be assigned by Servicer to a third party without the prior written consent of the Company. The Company may, without the consent of Servicer, assign this Agreement and its rights and obligations hereunder to any Affiliate of Company or any purchaser, assignee of other transferee of all or some of the Receivables from Company. Notwithstanding anything in this Agreement or in the Master Receivables Purchase Agreement to the contrary, Company may, without prior written notice and without the consent of Servicer, sell, assign or otherwise transfer all or any part of the any Receivables.

(h) General Interpretive Principles. For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(i) the terms defined in this Agreement have the meanings assigned to them in this Agreement and include the plural as well as the singular, and the use of any gender herein shall be deemed to include the other gender;

(ii) accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP;

(iii) references herein to “Sections”, “Exhibits” and other subdivisions without reference to a document are to designated Sections, Exhibits and other subdivisions of this Agreement;

(iv) the words “herein”, “hereof”, “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular provision;

(v) the term “include” or “including” shall mean without limitation by reason of enumeration; and

(vi) section headings are for convenience only and shall not be part of the terms and conditions of this Agreement.

(i) Execution; Successors and Assigns. This Agreement, any documents to be delivered pursuant to this Agreement and any notices thereunder, may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument. The parties agree that this Agreement, any documents to be delivered pursuant to this Agreement, any notices thereunder, and signature pages to any of the foregoing, may be transmitted between them by facsimile or by electronic mail and that faxed, PDF or DocuSign (or other e-signature) signatures may constitute original signatures and that a faxed, PDF or DocuSign (or other e-signature) signature page containing the signature (faxed, PDF, DocuSign (or other e-signature) or original) is binding upon the parties. The original documents shall be promptly delivered, if requested. Subject to the express terms hereof, this Agreement shall inure to the benefit of and be binding upon Company and Servicer and their respective successors and permitted assigns.

(j) Further Agreements. Servicer and Company each agrees to execute and deliver to the other such reasonable and appropriate additional documents, instruments or agreements as may be necessary or appropriate to effectuate the purposes of this Agreement.

(k) No Partnership. Nothing herein contained shall be deemed or construed to create a co-partnership or joint venture between the parties hereto and the Services of Servicer shall be rendered as an independent contractor and not as agent for Company.

(l) Waivers. No term or provision of this Agreement may be waived or modified unless such waiver or modification is in writing and signed by the party against whom such waiver or modification is sought to be enforced.

(m) Exhibits. The exhibits to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement.

(n) Force Majeure. No party to this Agreement shall be liable for any failure to perform or delay in its performance of its obligations to the extent such failure or delay is as a result of war, invasion, act of foreign enemies, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, military or usurped power of confiscation, terrorist activities, nationalization, government sanction, blockade or embargo (a "Force Majeure Event"). Notwithstanding the foregoing, a Force Majeure Event shall not excuse a party from any of its obligations hereunder or liability for failure to perform (i) if such failure or delay is due to the non-performing party's (or any of its personnel's) gross negligence or willful misconduct, including failing to prevent or causing such failure or delay and (ii) to the extent that the non-performing party commercially reasonably could have prevented the failure or delay by reasonable precautions or could not reasonably have circumvented the underlying issues through the use of alternate sources, workaround plans or other means. In the case of a Force Majeure Event to which the previous sentence is not applicable, the non-performing party shall be excused from further performance or observance of the obligations so affected for as long as such circumstances prevail and such party continues to use commercially reasonable efforts to recommence performance or observance whenever and to whatever extent possible without delay. Any party so delayed in its performance or unable to perform shall immediately notify the party to whom performance is due, describe at a reasonable level of detail the circumstances causing such delay and keep the other party informed on a daily basis of the status of its efforts to recommence performance of its obligations under this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, Company and Servicer have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the date first above written.

W.S. BADCOCK CORPORATION
(Servicer)

By: /s/ Robert Burnette
Name: Robert Burnette
Title: Chief Executive Officer

B. RILEY RECEIVABLES, LLC
(Company)

By: /s/ Martin Bernstein
Name: Martin Bernstein
Title: Senior Vice President

Franchise Group, Inc. to Repay \$400 Million of Debt With Proceeds From the Sale of the W.S. Badcock Consumer Credit Accounts Receivable Portfolio

DELAWARE, Ohio, Dec. 20, 2021 (GLOBE NEWSWIRE) -- Franchise Group, Inc. (NASDAQ: FRG) (“Franchise Group,” “FRG” or the “Company”) today announced it intends to repay \$400 million of debt with the proceeds from the sale of the consumer credit accounts receivable portfolio by its recently acquired subsidiary W.S. Badcock Corporation (“Badcock”) to a subsidiary of B. Riley Financial, Inc. (NASDAQ: RILY) (the “Transaction”). FRG received \$400 million in cash proceeds from the Transaction, which the Company intends to use to repay debt.

Brian Kahn, CEO of Franchise Group, said, “We acquired Badcock to add scale and synergy to our home furnishings franchise businesses. I am pleased that we were able to efficiently monetize the Badcock consumer credit receivables. Badcock will continue to service the receivables portfolio sold to B. Riley while also continuing to offer flexible payment solutions and credit options to our customers.” Mr. Kahn continued, “The sale of non-core assets and subsequent repayment of debt are consistent with our commitment to a conservative financial policy as we continue to identify the highest and best uses of the Company’s capital. The evaluation of options for the Badcock real estate portfolio is ongoing and we reaffirm our anticipation of completing that sale by the end of the second quarter of fiscal 2022 as well as reducing our net debt to approximately \$1.1 billion by the end of 2022.”

About Franchise Group

Franchise Group is an owner and operator of franchised and franchisable businesses that continually looks to grow its portfolio of brands while utilizing its operating and capital allocation philosophy to generate strong cash flow for its shareholders. Franchise Group’s business lines include Pet Supplies Plus, American Freight, The Vitamin Shoppe, Badcock Home Furniture & more, Buddy’s Home Furnishings and Sylvan Learning. On a combined basis, Franchise Group currently operates over 3,000 locations predominantly located in the U.S. that are either Company-run or operated pursuant to franchising and dealer agreements.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including, without limitation, those that contain, or are identified by, words such as “outlook”, “guidance”, “believes”, “expects”, “potential”, “continues”, “may”, “will”, “should”, “predicts”, “intends”, “plans”, “estimates”, “anticipates”, “could” or the negative version of these words or other comparable words. Forward-looking statements include, without limitation, projections, predictions, expectations, or beliefs about future events or results and are not statements of historical fact, including the Company’s expectations regarding its financial condition, statements relating to the Transaction, anticipated benefits resulting from the Transaction, the use of cash proceeds received as a result of the Transaction, the potential sale of Badcock’s real estate portfolio, and the resulting anticipated benefits of such potential sale, which are subject to various significant risks and uncertainties, many of which are outside of the control of the Company and the effects of the coronavirus (COVID-19) pandemic and/or supply chain disruptions on economic conditions and the industry in general, and the financial position and operating results of the Company. Such forward-looking statements are based on various assumptions as of the time they are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are often accompanied by words that convey projected future events or outcomes such as “expect,” “believe,” “estimate,” “plan,” “project,” “anticipate,” “intend,” “will,” “may,” “view,” “opportunity,” “potential,” or words of similar meaning or other statements concerning opinions or judgment of the Company or its management about future events. Although the Company believes that its expectations with respect to forward-looking statements are based upon reasonable assumptions within the bounds of its existing knowledge of its business and operations, there can be no assurance that actual results, performance, or achievements of the Company will not differ materially from any projected future results, performance or achievements expressed or implied by such forward-looking statements. Actual future results, performance or achievements may differ materially from historical results or those anticipated depending on a variety of factors, many of which are beyond the control of the Company. Additional factors that could cause actual results to differ materially from forward-looking statements include, among others, the effect of the announcement of the Transaction on the Company’s ability to retain and hire key personnel and maintain relationships with their franchisees, dealers, customers, suppliers, partners and others with whom they do business, or on their respective operating results and business generally; risks associated with the diversion of management’s attention from ongoing business operations due to the Transaction; legal proceedings related to the Transaction; costs, charge or expenses resulting from the Transaction; growth of the Company’s franchise and dealer base; the strength of the economy; changes in the overall level of consumer spending; the performance of the products and services of the Company in the prevailing retail or other business environments; implementation of the strategy of the Company; maintaining appropriate levels of inventory; or changes in tax policy. We refer you to the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of the Company’s Annual Report on Form 10-K for the fiscal year ended December 26, 2020, and comparable sections of the Company’s Quarterly Reports on Form 10-Q and other filings (including the Company’s Current Reports on Form 8-K), which have been filed with the SEC and are available on the SEC’s website at www.sec.gov. All of the forward-looking statements made in this press release are expressly qualified by the cautionary statements contained or referred to herein. The actual results or developments anticipated may not be realized or, even if substantially realized, they may not have the expected consequences to or effects on the Company or its business or operations. Readers are cautioned not to rely on the forward-looking statements contained in this press release. Forward-looking statements speak only as of the date they are made and the Company does not

undertake any obligation to update, revise or clarify these forward-looking statements, whether as a result of new information, future events or otherwise.

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