

DEALER AGREEMENT

This Dealer Agreement ("Agreement") is entered into to be effective as of _____, 20____, by and between _____, Dealer # _____ ("Dealer") and Covington Capital Corporation, a Utah corporation ("Covington"), with reference to the following:

A. Dealer is engaged in the business of selling or leasing passenger and commercial automobiles and other property, as well as services (singularly, "Vehicle"; collectively, "Vehicles").

B. Dealer enters into Installment Sale Contracts, and Security and Disclosure Agreements (singular, "Contract"; collectively, "Contracts") with the purchasers of the Vehicles (singularly, "Purchaser"; collectively, "Purchasers").

C. Dealer desires to sell Contracts to Covington on a 90-day recourse, full recourse or non-recourse basis as described herein.

D. Covington desires to purchase certain Contracts from Dealer as provided herein.

FOR GOOD AND VALUABLE CONSIDERATION, Covington and Dealer agree as follows:

1. Purchase Terms. Covington may purchase from Dealer such Contracts as Dealer may offer for sale on a non-recourse, 90 day recourse or full recourse basis to be determined solely by Covington and specified on the back side of Contract by Dealer. Contracts purchased by Covington shall be in a form and substance acceptable to Covington in its sole discretion. Each Contract must be completed, signed, and dated to be considered for purchase. Any Contract on which the assignment basis is not accurately specified will be returned to Dealer for proper assignment. The acceptable recourse basis upon which the Contract will be purchased will be shown on the back page of the Contract. Covington shall have the right at all times to refuse any and all Contracts offered for sale by Dealer for whatever reason. Covington's right to refuse to purchase any or all Contracts on any recourse basis may be exercised by Covington at any time notwithstanding any past course of conduct between Dealer and Covington.

2. Delivery of Contract. When Covington purchases a Contract from Dealer, Dealer shall deliver, or cause to be delivered, to Covington: (a) the Contract, with the appropriate assignment on the accepted recourse basis and endorsement of the Contract; (b) the legal certificate of title covering the Vehicle showing Covington as sole lien holder of the Vehicle and the Purchaser as the registered owner of the Vehicle if the Vehicle is subject to registration, or other evidence of a perfected security interest if the Vehicle or property is not subject to registration ("Title Document"); (c) any and all information and documents designated by Covington on its funding checklist, as revised and amended by Covington from time to time ("Funding Checklist"); and (d) the insurance policies covering the Vehicle written by insurance companies approved by Covington ("Policies"). The Policies must protect Covington and Dealer, as their interests may appear, against loss by fire, theft, and collision. For the purposes of this Agreement, the term "Contract Documents" shall include the Contract and all amendments and addenda thereto, the

Title Document, the Policies and any and all documents and information designated by Covington on the Funding Checklist.

3. Complete Files. If Covington purchases any Contract on any basis before all of the documents described in paragraph 2 above are received by Covington, Dealer unconditionally guarantees full payment of all debts and obligations owed under each such Contract until the required documentation is complete in the files of Covington. After all required documentation is complete, the repurchase obligations of Dealer for the unpaid balance will be as described in paragraphs 6, 7 or 8, depending on whether Contract is purchased on a 90-day, full or non-recourse basis.

4. Purchase Price. When Covington purchases a Contract from Dealer, Covington shall pay Dealer the "Amount Financed" as shown on the face of the Contract, less any insurance obtained through Covington, and less any discount agreed to by Covington and Dealer ("Purchase Price") After purchase of any Contract by Covington, Dealer agrees that any negotiations or dispute concerning the rate of interest of the Contract shall be terminated. The Purchase Price paid by Covington to Dealer for the Contract shall be paid within five business days of Covington's receipt of the Contract Documents. Upon payment to Dealer, full title to Contract passes to Covington.

5. Payments to Dealer. If any payments are made to Dealer on any Contract sold to Covington, Dealer will hold such funds in trust for Covington without commingling the funds with funds of Dealer and will promptly deliver the funds to Covington. Covington is irrevocably authorized to endorse the name of the Dealer to any remittance offered as payment on any Contract sold to Covington and to retain the proceeds thereof as a payment on such Contract. If any Vehicle described in any Contract sold to Covington shall come into the possession of Dealer while Purchaser is indebted to Covington therefore, Dealer shall promptly notify Covington and shall deliver the Vehicle to Covington on demand.

6. 90 Day Recourse. Covington shall acquire Contracts on a 90-day recourse basis on the following terms:

(a) If any installment payment due under any Contract purchased by Covington on a 90-day recourse basis is delinquent according to its terms, Covington may exercise its rights against Dealer under this Agreement as follows:

i. If Covington has repossessed the Vehicle covered by a purchased Contract up to and including 90-days after maturity of the oldest unpaid installment due under the terms of that Contract, then Covington may store the Vehicle as Covington property with Dealer at Dealer's risk and expense. After repossession of the Vehicle, Covington, at its election, may tender said Vehicle to Dealer and make written demand on Dealer for the unpaid balance due on Contract.

ii. If Dealer fails to make payment to Covington within 30 days after demand, Covington, at its election, may sell the Vehicle according to the requirements of the Uniform Commercial Code and this Agreement. If the sale proceeds are insufficient to pay Covington the balance due on the Contract, plus

any costs associated with said sale, Dealer agrees to pay upon demand any deficiency.

iii. If Covington is unable to repossess the Vehicle because the owner has filed (under any chapter of the Bankruptcy Code) a petition in Bankruptcy or because the owner has elected to retain possession of the Vehicle as permitted by law, the Covington may recover from Dealer a sum equal to the difference between the amount which the Covington recovers from the debtor in bankruptcy or his trustee and the unpaid balance due on the Contract, including accrued interest.

iv. If the Covington is unable to repossess said Vehicle up to and including 90-days after maturity of the oldest unpaid installment because of any judicial or administrative proceeding or process prohibiting such repossession, the 90-day period shall not begin until a judicial or administrative determination has been made.

(b) Performance - 90 Day Recourse. Dealer unconditionally guarantees full performance of each 90-day recourse Contract sold or to be sold by Dealer to Covington when and if the Dealer, without the Covington's prior written consent, modifies the Contract Documents or makes any settlement or arrangement with the Purchaser in violation of the terms of the Contract or when and if the Contract covers:

- i. Commercial vehicles in excess of 16,000 g.v.w.;
- ii. A commercial or other type of trailer or camper;
- iii. A bus;
- iv. Vehicle sold or to be leased to any of the Dealer's business or household employees;
- v. Vehicle used or to be used as a taxi or daily rental car;
- vi. Vehicle used as a demonstrator;
- vii. Property, other than automobiles and recreational vehicles, including, but not limited to, automobile repair agreements;
- viii. An automobile manufactured seven years or more prior to the current year model.

7. Full Recourse. Covington shall acquire Contracts on a Full Recourse Basis on the following terms:

(a) Dealer hereby unconditionally guarantees full performance of each and every Contract purchased by Covington on a full recourse basis and agrees to repurchase such Contract upon demand by Covington. Demand for repurchase may be oral or in writing.

(b) Repurchase - Full Recourse. Covington, in its sole discretion, may demand repurchase of any Contract purchased on a full recourse basis for any reason whatsoever, including, but not limited to, the following:

- i. Purchaser fails to make the installment payments at the time due and/or in the correct amount under the terms of the Contract; or
- ii. Covington deems itself insecure for whatever reason with respect to the Contract;
- iii. The Contract covers any Vehicle or property listed in paragraph 6(b) including subsections (i)-(viii) therein.

(c) Covington has no obligation to repossess any Vehicle covered by any Contract purchased on a full recourse basis if demand for repurchase is made to Dealer. Upon demand for repurchase, Dealer agrees to pay to Covington the unpaid balance due on the Contract. Dealer may request Covington to repossess any Vehicle purchased on a full recourse basis and Covington, at its option, may repossess such Vehicle at Dealer's expense. Dealer shall pay all repossession expenses incurred by Covington including, but not limited to, any out-of-pocket expenses, any transportation, repossession or return costs, and any attorneys' fees or collection costs.

(d) Dealer hereby indemnifies Covington against any and all actions or claims or liabilities therefrom by Purchaser or any other party which may arise from repossession of any Vehicle covered by a Contract purchased on a full recourse basis.

(e) If Covington purchases any Contract on any basis which contains a pickup or a balloon payment provision, Dealer agrees that notwithstanding any other provision in the Contract to the contrary, such Contract shall be treated as a Contract purchased on a full recourse basis until such time as the pickup payment or balloon payment is paid by Purchaser.

8. Non-Recourse. Covington shall acquire Contracts on a non-recourse basis on the following terms:

(a) Each Contract purchased by Covington on a non-recourse basis are covered by all provisions of this Dealer Agreement, except paragraphs 6 and 7. With respect to each non-recourse Contract, Dealer agrees to properly execute the Standard Recourse Assignment in the section provided on the Installment Sales and Security Agreement and specify the type of recourse to which Covington agreed in the space provided, or Dealer will inscribe the words "Non-Recourse" above the Seller's name.

(b) Notwithstanding any provision to the contrary, Dealer unconditionally guarantees full performance of each Contract sold or to be sold by Dealer to Covington on a non-recourse basis when and if Dealer, without Covington's prior written consent, modifies the Contract Documents or makes any settlement or arrangement with the Purchaser in violation of the terms of the Contract Documents, or if Purchaser fails to make required payments because of any claimed breach of warranty, expressed or implied.

(c) For each Contract sold to Covington, Dealer waives notice of acceptance, demand and presentation for payment, notice of non-payment, protest, notice of protest and hereby agrees to each and every renewal or extension that Covington may grant for the payment of any sum due or to become due under any such Contract. Dealer agrees that Covington, in its sole discretion without affecting the obligations and liabilities of Dealer under this Agreement or under any endorsement or guaranty of Dealer, may grant any renewal, modification or extension of any Contract Documents upon whatever terms and conditions as Covington deems advisable.

9. First Payment Default. Upon the occurrence of any First Payment Default, Dealer shall repurchase the Contract from Covington for an amount equal to 100% of the Contract's unpaid balance (to include without limitation the unpaid principal balance, accrued and unpaid interest, late fees and any and all other fees and costs) ("Repurchase Price"). The Repurchase Price shall be paid in full by Dealer no later than three business days following Covington's written request. If Dealer fails to pay the Repurchase Price when due, then in addition to all other remedies available to Covington, all sums owed to Covington by Dealer shall accrue interest at the rate provided in the Contract until paid in full and Covington shall be entitled, at its option and without having been deemed to have elected any remedy, to set off against any funds due to Dealer the sums owed by Dealer to Covington. Upon receipt of the full Repurchase Price, Covington shall deliver to Dealer the Vehicle secured by the Contract subject to the First Payment Default. If for any reason Covington is unable to repossess the Vehicle, including, but not limited to, Covington's being precluded from repossessing the Vehicle because of the filing of a petition in Bankruptcy under any chapter of the Bankruptcy Code, Covington will transfer to Dealer, upon Dealer's written request, Covington's interest in the Vehicle or its claim against the Purchaser, without recourse to Covington. For the purposes of this Section, the term "First Payment Default" shall mean:

(a) With respect to any Contract in which the payments of the Purchaser as scheduled in the Contract are to be paid by allotment as a condition of approval of the Contract, the failure of Covington to be paid from such allotment the first payment due after applying any payments made prior to or at the time of purchasing the Contract; or

(b) With respect to any Contract for which there is no condition of approval for such allotment, the failure of the Purchaser to pay directly to Covington, from the Purchaser's own funds, the first payment due under the Contract; or

(c) With respect to a Contract which includes a condition for the Purchaser to pay a deferred down payment, scheduled to be paid to Dealer prior to the due date of the first scheduled Contract payment ("Pick Up Payment"), the failure of the Purchaser to pay the Pick Up Payment directly to the Dealer, from Purchaser's own funds.

10. Unearned Insurance. In the event of any default under a Contract purchased by Covington under this Agreement where the Vehicle secured by the Contract is repossessed or declared to be a total loss by Covington or the applicable insurance carrier, Dealer agrees to pay Covington an amount equivalent to Covington's loss resulting from the existence of unearned sales tax and insurance premiums under that Contract, including, but not limited to, warranty insurance, credit life and disability insurance ("Unearned Premiums"). Dealer acknowledges that the method

used to calculate the Unearned Premiums (i) shall be determined solely by Covington; (ii) may not be the method used by the applicable taxing authority or insurance carrier; (iii) is intended to compensate Covington for losses under the Contract due to Covington's inability to realize the full and complete financing benefits arising under the Contract; and (iv) may result in Dealer paying to Covington an amount greater than the amount reimbursed to Dealer by the taxing authority or insurance carrier. Dealer shall be solely responsible for paying any applicable termination and cancellation fees due insurance carriers. The amount of the Unearned Premiums shall be paid to Covington within seven days of the date Dealer receives written demand therefore from Covington.

11. Indemnification. Dealer hereby indemnifies Covington against any and all actions or claims, or any liabilities therefrom, by Purchaser or any other party which may arise from or in connection with any Contract purchased under this Agreement.

12. Dealer Representation. With respect to each Contract sold, or to be sold, by Dealer to Covington, and with respect to all Contract Documents delivered to Covington, Dealer warrants and agrees:

(a) Dealer has, and will have, legal capacity to enter into each Contract and assign the same to Covington;

(b) Purchaser has, and will have, legal capacity to enter into the Contract, executed by him/her and that such Contract is, and will be, legally enforceable against the Purchaser;

(c) Before closing and in connection with each sale, Dealer will comply with all requirements of applicable state and federal laws or regulations, including, but not limited to: (i) Federal Consumer Protection Act and all amendments thereto, including (ii) Truth in Lender Act, (iii) Equal Credit Opportunity Acts, (iv) Regulations Z and B, respectively as promulgated by the Federal Reserve Board, (v) Fair Credit Reporting Act, (vi) applicable State Credit Codes and Uniform Consumer Credit Codes, (vii) Regulations of the Federal Trade Commission, (viii) Uniform Commercial Code, and (ix) all other applicable consumer laws and regulations.

(d) Except as may be disclosed to, and accepted by, Covington in writing, the down payment on each Contract will be in cash or fair trade allowance, or both, and will not be represented by, nor consist of, Purchaser's deferred obligations;

(e) Dealer will apply for, and obtain, proper registration of the Vehicle, showing the Purchaser as registered owner and Covington as legal owner an first lienholder of the Vehicle, or otherwise reflect a perfected security interest;

(f) The Purchaser has not obtained any right in, or possession of, the Vehicle by fraud, or any other unlawful scheme, trick or device;

(g) The statements, terms and provisions contained in the Contract Documents are true and correct in all respects and represent the full and complete agreement between

Dealer and the Purchaser with respect to the purchase, sale and financing of the Vehicle referenced in the Contract;

(h) The Contract represents a bona fide sale by Dealer to the Purchaser on a time basis and not on a cash basis;

(i) No payment shall have been made on the Contract, other than that which has been specifically evidenced in writing to Covington by Dealer at the time the Contract was offered to Covington;

(j) The names and signatures on the Contract Documents are not forged, fictitious or assumed, and are true and correct;

(k) Neither the Contract nor any portion of the purchase and sale of the Vehicle referenced in the Contract Documents is subject to any claim or defense on the part of the Purchaser or Dealer;

(l) A fully completed, completely filled-in, legible copy of the Contract, together with the other Contract Documents and all other documents related to the purchase and sale of the Vehicle referenced in the Contract, and all amendments, exhibits, supplements, attachments thereto, was delivered to the Purchaser at the time of execution of the Contract by Purchaser and has been delivered to Covington;

(m) No representation has been made or event has occurred which, with the giving of notice or the passage of time, or both, would allow the Purchaser the right to make a claim against Dealer or to claim any defense to, or offset against, the obligations under the Contract;

(n) Dealer knows of no facts which would impair or reduce the validity or value of the Contract or an instrument arising from or related to the Contract; and

(o) The Vehicle described in the Contract has been delivered to the Purchaser in good condition and has been accepted by the Purchaser.

13. Additions; Amendments. The rights and liabilities of Covington and Dealer as set forth in this Agreement are in addition to those set forth, or which will be not forth, in the written Contract, written assignments, or related documents which Dealer may sell, transfer, assign or deliver to Covington under this Agreement. Oral agreements affecting or modifying Dealer's promises in this Agreement are not binding on Covington in enforcing its rights under this Agreement.

14. Default. If the Dealer defaults in the performance of this Agreement, representation, guaranty or endorsement in favor of Covington, or default in the payment to Covington in accordance with the terms and conditions of Dealer's obligations to Covington, then Covington, at its election, may declare all obligations of Dealer to Covington immediately due and payable and proceed to exercise its legal rights at such time, place and in such manner as it may elect. Dealer shall pay all legal expenses including reasonable attorneys' fees, court costs and costs

on appeal incurred by Covington in the enforcement or interpretation of rights and obligations of Dealer under this Agreement.

15. Partial Invalidity. If any provision of this Agreement shall be invalid, the other terms and conditions shall remain in full force and effect.

16. Termination. This Agreement may be formally terminated at any time by either party upon notice to the other, provided, however, that such termination shall not affect Dealer's direct or contingent obligations or Covington's right with respect to any Contract purchased under this Agreement and held by Covington.

17. Notices. Any and all notices required or permitted hereunder shall be given in writing and personally delivered; delivered by certified mail, return receipt requested, postage prepaid; or delivered by generally recognized overnight courier providing proof of delivery, addressed as follows:

To Covington: Covington Capital Corporation
1464 East Ridgeline Drive, Suite 101
South Ogden, UT 84405
Attention: Jerald Hunsaker

To Dealer: _____

Any notice which is personally delivered shall be deemed effective upon the date of delivery. Any notice which is mailed shall be deemed effective when the return receipt is signed for the addressee or is returned as undelivered. Any notice which is delivered by overnight courier shall be deemed effective on the day after deposit with the courier.

18. Loss Calculation. In the event Covington should suffer loss on any Contract purchased under this Agreement, Dealer agrees to pay Covington any amount that the purchase price paid by Covington to Dealer exceeded the average wholesale figure quoted from the N.A.D.A. or Kelley Blue Book Used Car Guide on the same date as that of the Contract for used cars, and the Dealer's factor cost as to new vehicles.

DATED this ____ day of _____, 20__.

DEALER:

COVINGTON:

Covington Capital Corporation,
a Utah corporation

By: _____

Print Name: _____

Title: _____

Date: _____

By: _____

Print Name: _____

Title: _____

Date: _____