

Risk Factors Comparison 2025-03-12 to 2024-03-15 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

We are subject to various risks that may materially harm our business, prospects, financial condition and results of operations. An investment in our common stock is speculative and involves risk. In evaluating an investment in shares of our common stock, you should carefully consider the risks described below, together with the other information included in this Annual Report on Form 10-K. The risks described below are not the only risks we face. If any of the events described in the following risk factors actually occurs, or if additional risks and uncertainties later materialize that are not presently known to us or that we currently deem immaterial, then our business, prospects, results of operations and financial condition could be materially adversely affected. In that event, the trading price of our common stock could decline, and you may lose all or part of your investment in our shares. The risks discussed below include forward- looking statements, and our actual results may differ substantially from those discussed in these forward- looking statements. See “**Cautionary Note Regarding Forward- Looking Statements.**” **Risks Related to Our Business We Require a Substantial Amount of Cash to Service Our Substantial Debt.** To service our existing substantial indebtedness, we require a significant amount of cash. Our ability to generate cash depends on many factors, including our successful financial and operating performance. Our financial and operational performance depends upon a number of factors, many of which are beyond our control. These factors include, without limitation: · the economic and competitive conditions in the asset- backed securities market; · the performance of our current and future automobile contracts; · the performance of our residual interests from our securitizations and warehouse credit facilities; · any operating difficulties or pricing pressures we may experience; · our ability to obtain credit enhancement for our securitizations; · our ability to establish and maintain dealer relationships; · the passage of laws or regulations that affect us adversely; · our ability to compete with our competitors; and · our ability to acquire and finance automobile contracts. Depending upon the outcome of one or more of these factors, we may not be able to generate sufficient cash flow from operations or obtain sufficient funding to satisfy all of our obligations. Such factors may result in our being unable to pay our debts timely or as agreed. If we were unable to pay our debts, we would be required to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring our indebtedness or selling additional equity capital. These alternative strategies might not be feasible at the time, might prove inadequate, or could require the prior consent of our lenders. If executed, these strategies could reduce the earnings available to our shareholders. **We Need Substantial Liquidity to Operate Our Business.** We have historically funded our operations principally through internally generated cash flows, sales of debt and equity securities, including through securitizations and warehouse credit facilities, borrowings under senior secured debt agreements and sales of subordinated notes. However, we may not be able to obtain sufficient funding for our future operations from such sources. During 2008, 2009 and much of 2010, our access to the capital markets was impaired with respect to both short- term and long- term funding. In April 2020 we postponed our planned securitization due to the onset of the pandemic and the effective closure of the capital markets in which our securitizations are executed. Subsequently we successfully completed securitizations in June and September 2020, and then on a regular quarterly schedule from January 2021 through January **2024-2025**. While our access to such funding has improved since then, our results of operations, financial condition and cash flows have been from time to time in the past and may in the future be materially and adversely affected. We require a substantial amount of cash liquidity to operate our business. Among other things, we use such cash liquidity to: · acquire automobile contracts; · fund overcollateralization in warehouse credit facilities and securitizations; · pay securitization fees and expenses; · fund spread accounts in connection with securitizations; · satisfy working capital requirements and pay operating expenses; · pay taxes; and · pay interest expense. Historically we have matched our liquidity needs to our available sources of funding by reducing our acquisition of new automobile contracts, at times to merely nominal levels. There can be no assurance that we will continue to be successful with that strategy. **Periods of Significant Losses.** From time to time throughout our history we have incurred net losses, most recently over the period beginning with the quarter ended September 30, 2008 and ending with the quarter ended September 30, 2011. We were adversely affected by the economic recession affecting the United States as a whole, for a time by increased financing costs and decreased availability of capital to fund our purchases of automobile contracts, and by a decrease in the overall level of sales of automobiles and light trucks. Similar periods of losses began in the quarter ended March 31, 1999 through the quarter ended December 31, 2000 and also from the quarter ended September 30, 2003 through the quarter ended March 31, 2005. We expect to earn quarterly profits during **2024-2025**; however, there can be no assurance as to that expectation. Our expectation of profitability is a forward- looking statement. We discuss the assumptions underlying that expectation under the caption “ Cautionary Note Regarding Forward- Looking Statements ” in this report. We identify important factors that could cause actual results to differ, generally in the “ Risk Factors ” section of this report, and also under the caption “ Cautionary Note Regarding Forward- Looking Statements. ” One reason for our expectation is that we have had positive net income in each of the ~~twelve~~ **thirteen** fiscal years ended December 31, ~~2023-2024~~, although not in every quarter within that period. **Our Results of Operations Will Depend on Our Ability to Secure and Maintain Adequate Credit and Warehouse Financing on Favorable Terms.** We depend on various financing sources, including credit facilities, our securitization program and other secured and unsecured debt issuances, to finance our business operations. Historically, our primary sources of day- to- day liquidity have been our warehouse credit facilities, in which we sell and contribute automobile contracts, as often as twice a week, to special- purpose subsidiaries, where they are “**warehoused**” until they are financed on a long- term basis through the issuance and sale of asset- backed notes. Upon sale of the notes, funds advanced under one or more warehouse credit facilities are repaid from the proceeds. Our current short- term funding capacity is \$ ~~400~~ **535** million, comprising two credit facilities, ~~each with a maximum credit limit of \$ 200~~

million. Both warehouse credit facilities have a revolving period during which we may receive advances secured by contributed automobile contracts, followed by an amortization period during which no further advances may be made, but prior to which outstanding advances are due and payable. See “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Liquidity ”. Our access to financing sources depends upon our financial position, general market conditions, availability of bank liquidity, the bank regulatory environment, our compliance with covenants imposed under our financing agreements, the credit quality of the collateral we can pledge to support secured financings, and other factors beyond our control. If we are unable to maintain warehouse or securitization financing on acceptable terms, we might curtail or cease our purchases of new automobile contracts, which could lead to a material adverse effect on our results of operations, financial condition and liquidity. Our Substantial Indebtedness Could Adversely Affect Our Financial Health and Prevent Us From Fulfilling Our Obligations Under Our Existing Indebtedness We currently have and will continue to have a substantial amount of outstanding indebtedness. Under December 31, 2023-2024, we had approximately \$ 2-3, 566-131. 5-0 million of debt outstanding. Such debt consisted primarily of \$ 2, 265-594. 4 million of securitization trust debt, and also included \$ 234-410. 0-9 million of warehouse lines of credit, \$ 49-99. 9-2 million of residual interest financing debt and \$ 17-26. 2-5 million in subordinated renewable notes. Our ability to make payments of principal or interest on, or to refinance, our indebtedness will depend on our future operating performance, and our ability to enter into additional credit facilities and securitization transactions as well as other debt financings, which, to a certain extent, are subject to economic, financial, competitive, regulatory, capital markets and other factors beyond our control. If we are unable to generate sufficient cash flows in the future to service our debt, we may be required to refinance all or a portion of our existing debt or to obtain additional financing. There can be no assurance that any refinancing will be possible or that any additional financing could be obtained on acceptable terms. The inability to service or refinance our existing debt or to obtain additional financing would have a material adverse effect on our financial position, liquidity and results of operations. The degree to which we are leveraged creates risks, including: · we may be unable to satisfy our obligations under our outstanding indebtedness; · we may find it more difficult to fund future credit enhancement requirements, operating costs, tax payments, capital expenditures or general corporate expenditures; · we may have to dedicate a substantial portion of our cash resources to payments on our outstanding indebtedness, thereby reducing the funds available for operations and future business opportunities; and · increasing our vulnerability to adverse general economic, industry and capital markets conditions. · limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; · placing us at a competitive disadvantage compared to our competitors that have less debt; and · limiting our ability to borrow additional funds. Although we believe we are able to service and repay such debt, there is no assurance that we will be able to do so. If we do not generate sufficient operating profits, our ability to make required payments on our debt would be impaired. Failure to pay our indebtedness when due would give rise to various remedies in favor of any unpaid creditors, and creditors’ exercise of such remedies could have a material adverse effect on our earnings. Our Results of Operations Will Depend on Our Ability to Securitiz Our Portfolio of Automobile Contracts. We depend upon our ability to obtain permanent financing for pools of automobile contracts by conducting term securitization transactions. By “ permanent financing ” we mean financing that extends to cover the full term during which the underlying automobile contracts are outstanding and requires repayment as the underlying automobile contracts are repaid or charged off. By contrast, our warehouse credit facilities permit us to borrow against the value of such receivables only for limited periods of time. Our past practice and future plan has been and is to repay loans made to us under our warehouse credit facilities with the proceeds of securitizations. There can be no assurance that any securitization transaction will be available on terms acceptable to us, or at all. The timing of any securitization transaction is affected by a number of factors beyond our control, any of which could cause substantial delays, including, without limitation: · market conditions; · the approval by all parties of the terms of the securitization; · our ability to acquire a sufficient number of automobile contracts for securitization. During 2008 and 2009 we observed adverse changes in the market for securitized pools of automobile contracts, which made permanent financing in the form of securitization transactions difficult to obtain and more costly than in prior periods. These changes included reduced liquidity and reduced demand for asset- backed securities, particularly for securities carrying a financial guaranty or for securities backed by sub- prime automobile receivables. We experienced improvements in the capital markets from 2010 through 2019, during which time we completed 36 securitizations. In April 2020 we postponed our planned securitization due to the onset of the pandemic and the effective closure of the capital markets in which our securitizations are executed. Subsequently we successfully completed securitizations in June and September 2020, and then on a regular quarterly schedule from January 2021 through January 2024-2025. However, if the market conditions for asset- backed securitizations should reverse, we would expect a material adverse effect on our results of operations. Our Results of Operations Will Depend on Cash Flows from Our Residual Interests in Our Securitization Program and Our Warehouse Credit Facilities. When we finance our automobile contracts through securitizations and warehouse credit facilities, we receive cash and retain a residual interest in the assets financed. Those financed assets are owned by the special- purpose subsidiary that is formed for the related securitization. This residual interest represents the right to receive the future cash flows to be generated by the automobile contracts in excess of (i) the interest and principal paid to investors or lenders on the indebtedness issued in connection with the financing, (ii) the costs of servicing the automobile contracts and (iii) certain other costs incurred in connection with completing and maintaining the securitization or warehouse credit facility. We sometimes refer to these future cash flows as “ excess spread cash flows. ” Under the financial structures we have used to date in our securitizations and warehouse credit facilities, excess spread cash flows that would otherwise be paid to the holder of the residual interest are first used to increase overcollateralization or are retained in a spread account within the securitization trusts or the warehouse facility to provide liquidity and credit enhancement for the related securities. While the specific terms and mechanics vary among transactions, our securitization and warehousing agreements generally provide that we will receive excess spread cash flows only if the amount of overcollateralization and spread account balances have reached specified levels and / or the delinquency, defaults or net losses related to the automobile

contracts in the automobile contract pools are below certain predetermined levels. In the event delinquencies, defaults or net losses on automobile contracts exceed these levels, the terms of the securitization or warehouse credit facility: · may require increased credit enhancement, including an increase in the amount required to be on deposit in the spread account to be accumulated for the particular pool; and · in certain circumstances, may permit affected parties to require the transfer of servicing on some or all of the securitized or warehoused contracts from us to an unaffiliated servicer. We typically retain residual interests or use them as collateral to borrow cash. In any case, the future excess spread cash flow received in respect of the residual interests is integral to the financing of our operations. The amount of cash received from residual interests depends in large part on how well our portfolio of securitized and warehoused automobile contracts performs. If our portfolio of securitized and warehoused automobile contracts has higher delinquency and loss ratios than expected, then the amount of money realized from our retained residual interests, or the amount of money we could obtain from the sale or other financing of our residual interests, would be reduced. Such a reduction, if it should occur, could have material adverse effects on our future results of operations, financial condition and cash flows. Our Results of Operations May be Affected by Changing Economic Conditions We are subject to changes in general economic conditions that are beyond our control. During periods of economic slowdown or recession, delinquencies, defaults, repossessions and losses generally increase. These periods also may be accompanied by increased unemployment rates, inflation, decreased demand for automobiles and declining values of automobiles securing outstanding receivables, which weakens collateral values and increases the amount of a loss in the event of default. Additionally, higher gasoline prices, **the introductions of trade tariffs**, declining stock market values, unstable real estate values, increasing unemployment levels, general availability of consumer credit, changes in vehicle ownership trends and other factors that impact consumer confidence or disposable income could increase loss frequency and decrease demand for automobiles as well as weaken collateral values on certain types of automobiles. In addition, during an economic slowdown or recession, our servicing costs may increase without a corresponding increase in our revenue. No assurance can be given that the underwriting criteria and collection methods we employ will afford adequate protection against these risks. Any sustained period of increased delinquencies, defaults, repossessions or losses or increased servicing costs could adversely affect our financial position, liquidity, results of operation and our ability to enter into future financing transactions. We sell repossessed automobiles at wholesale auction markets located throughout the United States. Depressed wholesale prices for used automobiles may result in, or increase, a loss upon our disposition of repossessed vehicles and we may be unable to collect the resulting deficiency balances. Depressed wholesale prices for used automobiles may result from manufacturer incentives or discounts on new vehicles, financial difficulties of new vehicle manufacturers, discontinuance of vehicle brands and models, increased used vehicle inventory resulting from significant liquidations of rental or fleet inventories and increased trade- ins due to promotional programs offered by new vehicle manufacturers. Additionally, higher gasoline prices may decrease the wholesale auction values of certain types of vehicles. Decreased auction proceeds resulting from the depressed prices at which used automobiles may be sold during periods of economic slowdown or low retail demand could result in higher losses for us. Further, we are dependent on the efficient operation of the wholesale auction markets. If the operations of the wholesale auction markets are disrupted, we may be unable to sell our used vehicles at sufficient volume and / or pricing. The number of delinquencies, defaults, losses and repossessions on sub- prime automobile receivables has historically been significantly influenced by the employment status of obligors on automobile loan contracts. Any general weakness in the economy may affect sub- prime obligors more strongly than the population as a whole. Furthermore, the global financial markets have at times experienced increased volatility due to uncertainty surrounding the level and sustainability of the sovereign debt of various countries. Concerns regarding sovereign debt may spread to other countries at any time. There can be no assurance that this uncertainty relating to the sovereign debt of various countries will not lead to further disruption of the financial and credit markets in the United States, which could adversely affect our financial position, liquidity, results of operation and our ability to enter into future financing transactions. A deterioration in economic conditions and certain economic factors, such as reduced business activity, high unemployment, interest rates, housing prices, energy prices (including the price of gasoline), increased consumer indebtedness (including of obligors on the receivables), lack of available credit, the rate of inflation (such as the recent increase in inflation) and consumer perceptions of the economy, as well as other factors, such as terrorist events, civil unrest, cyber- attacks, public health emergencies, extreme weather conditions or significant changes in the geopolitical environment (such as the ongoing military conflict between Ukraine and Russia and the conflict in Israel) and / or public policy, including increased state, local or federal taxation, could adversely affect the ability and willingness of obligors to meet their payment obligations under the receivables we originate. Our operating results could be adversely affected if obligors are unable to make timely payments on their receivables. The above described negative economic factors, as well as others, have also historically resulted in decreased consumer demand for motor vehicles, which may result in an increase in the inventory of used motor vehicles and depress the price at which repossessed motor vehicles may be sold or delay the timing of those sales. If the default rate on our receivables increases and the price at which the vehicles may be sold at auction declines, our financial position, liquidity, results of operation and our ability to enter into future financing transactions may be adversely affected. If Interest Rates Rise, Our Results of Operations May Be Impaired. Our principal means of financing our portfolio of automobile contracts is to issue asset- backed notes in securitizations. The interest payable on such notes is our largest expense. Although such expense is fixed with respect to issued securitization trust debt, the terms of future securitizations may vary. The credit spread between the interest rates payable on our securitization trust debt and the rates payable on risk- free investments has varied. The Federal Reserve increased interest rates multiple times in 2022 and 2023. As a result, we ~~have~~ experienced increased interest expense in 2023. **In 2024, the Federal Reserve lowered short term interest rates. The pace and direction of additional interest rate changes remain uncertain**. If interest rates on risk- free debt ~~continue to~~ increase, or if our spread above risk- free rates ~~continue to~~ increase, or both, we would expect ~~an a continued~~ increase in interest expense. If interest rates in general should ~~continue to~~ rise, our expenses would likewise ~~continue~~ rise, which could have a material adverse effect on our

financial position, liquidity, results of operation and our ability to enter into future financing transactions. If We Are Unable to Compete Successfully with our Competitors, Our Results of Operations May Be Impaired. The automobile financing business is highly competitive. We compete with a number of national, regional and local finance companies. In addition, competitors or potential competitors include other types of financial services companies, such as commercial banks, savings and loan associations, leasing companies, credit unions providing retail loan financing and lease financing for new and used vehicles and captive finance companies affiliated with major automobile manufacturers, such as Ford Motor Credit Company, LLC and General Motors Financial Company, Inc. Many of our competitors and potential competitors possess substantially greater financial, sales, technical, personnel and other resources than we do, including greater access to capital markets for unsecured commercial paper and investment grade rated debt instruments, and to other funding sources which may be unavailable to us. Moreover, our future profitability will be directly related to the availability and cost of our capital relative to that of our competitors. Many of these companies also have long- standing relationships with automobile dealers and may provide other financing to dealers, including floor plan financing for the dealers' purchases of automobiles from manufacturers, which we do not offer. There can be no assurance that we will be able to continue to compete successfully and, as a result, we may not be able to purchase automobile contracts from dealers at a price acceptable to us, which could result in reductions in our revenues or the cash flows available to us. If Our Dealers Do Not Submit a Sufficient Number of Suitable Automobile Contracts to Us for Purchase, Our Results of Operations May Be Impaired. We are dependent upon establishing and maintaining relationships with a large number of unaffiliated automobile dealers to supply us with automobile contracts. During the years ended December 31, **2024 and 2023 and 2022**, no single dealer accounted for as much as 2 % of the automobile contracts we purchased. The agreements we have with dealers to purchase automobile contracts do not require dealers to submit a minimum number of automobile contracts for purchase. The failure of dealers to submit automobile contracts that meet our underwriting criteria could result in reductions in our revenues or the cash flows available to us, and, therefore, could have an adverse effect on our results of operations. If a Significant Number of Our Automobile Contracts Experience Defaults, Our Results of Operations May Be Impaired. We specialize in the purchase and servicing of automobile contracts to finance automobile purchases by sub-prime customers, those who have limited credit history, low income, or past credit problems. Such automobile contracts entail a higher risk of non- performance, higher delinquencies and higher losses than automobile contracts with more creditworthy customers. While we believe that our pricing of the automobile contracts and the underwriting criteria and collection methods we employ enable us to control, to a degree, the higher risks inherent in automobile contracts with sub- prime customers, no assurance can be given that such pricing, criteria and methods will afford adequate protection against such risks. If automobile contracts that we purchase and hold experience defaults to a greater extent than we have anticipated, this could materially and adversely affect our results of operations, financial condition, cash flows and liquidity. Our results of operations, financial condition, cash flows and liquidity, depend, to a material extent, on the performance of automobile contracts that we purchase, warehouse and securitize. A portion of the automobile contracts that we acquire will default or prepay. In the event of payment default, the collateral value of the vehicle securing an automobile contract realized by us in a repossession will generally not cover the outstanding principal balance on that automobile contract and the related costs of recovery. For our receivables originated prior to January 2018, we maintain an allowance for credit losses on automobile contracts held on our balance sheet, which reflects our estimates of probable credit losses that can be reasonably estimated \pm . If the allowance is inadequate, then we would recognize the losses in excess of the allowance as an expense and our results of operations could be adversely affected. Receivables originated since January 2018 are recorded at fair value and incorporate estimates include the timing and severity of future credit losses. If actual credit losses were to exceed our estimates, we might be required to change our estimates, which could result in a fair value adjustment to those receivables or reduced interest income for those receivables in subsequent periods. In addition, under the terms of our warehouse credit facilities, we are not able to borrow against defaulted automobile contracts, including automobile contracts that are, at the time of default, funded under our warehouse credit facilities, which will reduce the overcollateralization of those warehouse credit facilities and possibly reduce the amount of cash flows available to us. If We Lose Servicing Rights on Our Portfolio of Automobile Contracts, Our Results of Operations Would Be Impaired. We are entitled to receive servicing fees only while we act as servicer under the applicable sale and servicing agreements governing our warehouse credit facilities and securitizations. Under such agreements, we may be terminated as servicer upon the occurrence of certain events, including: · our failure generally to observe and perform our responsibilities and other covenants; · certain bankruptcy events; or · the occurrence of certain events of default under the documents governing the facilities. The loss of our servicing rights could materially and adversely affect our results of operations, financial condition and cash flows. Our results of operations, financial condition and cash flow, would be materially and adversely affected if we were to be terminated as servicer with respect to a material portion of our managed portfolio. If We Lose Key Personnel, Our Results of Operations May Be Impaired. Our senior management team averages over 20 years of service with us. Our future operating results depend in significant part upon the continued service of our key senior management personnel, none of whom is bound by an employment agreement. Our future operating results also depend in part upon our ability to attract and retain qualified management, technical, sales and support personnel for our operations. Competition for such personnel is intense. We cannot assure you that we will be successful in attracting or retaining such personnel. Conversely, adverse general economic conditions may have had a countervailing effect. The loss of any key employee, the failure of any key employee to perform in his or her current position or our inability to attract and retain skilled employees, as needed, could materially and adversely affect our results of operations, financial condition and cash flow. If We Fail to Comply with Regulations, Our Results of Operations May Be Impaired. Failure to materially comply with all laws and regulations applicable to us could materially and adversely affect our ability to operate our business. Our business is subject to numerous federal and state consumer protection laws and regulations, which, among other things: · require us to obtain and maintain certain licenses and qualifications; · limit the interest rates, fees and other charges we are allowed to charge; · limit or prescribe certain other terms of our automobile contracts; · require specific

disclosures to our customers; · define our rights to repossess and sell collateral; and · maintain safeguards designed to protect the security and confidentiality of customer information. Our industry is also at times investigated by regulators and offices of state attorneys general, which could lead to enforcement actions, fines and penalties, or the assertion of private claims and lawsuits against us. The Consumer Financial Protection Bureau (“CFPB”) and the Federal Trade Commission (“FTC”) have the authority to investigate consumer complaints against us, to conduct inquiries at their own instance, and to recommend enforcement actions and seek monetary penalties. The FTC has conducted and concluded an inquiry into our practices, and proposed remedial action against us in 2014, to which we consented. The CFPB has adopted regulations that place us and other companies similar to us under its supervision. A host of state and local governmental agencies have jurisdiction over material portions of our business, and might take action adverse to us. No assurance can be given as to whether any of such hypothetical proceedings might materially and adversely affect us. If we fail to comply with applicable laws and regulations, such failure could result in penalties, litigation losses and expenses, damage to our reputation, or the suspension or termination of our licenses to conduct business, which would materially adversely affect our results of operations, financial condition and stock price. In addition, new federal and state laws or regulations or changes in the ways that existing rules or laws are interpreted or enforced could limit our activities in the future or significantly increase the cost of compliance. Furthermore, judges or regulatory bodies could interpret current rules or laws differently than the way we do, leading to such adverse consequences as described above. The resolution of such matters may require considerable time and expense, and if not resolved in our favor, may result in fines or damages, and possibly an adverse effect on our financial condition. We believe that we are in compliance in all material respects with all such laws and regulations, and that such laws and regulations have had no material adverse effect on our ability to operate our business. However, we may be materially and adversely affected if we fail to comply with: · applicable laws and regulations; · changes in existing laws or regulations; · changes in the interpretation of existing laws or regulations; or · any additional laws or regulations that may be enacted in the future. Changes in Law and Regulations May Have an Adverse Effect on Our Business. Existing law, regulations and interpretations may change in ways that increase our costs of compliance. In addition to direct costs, such compliance requires forms, processes, procedures, controls and in the infrastructure to support these requirements. Compliance may create operational constraints and place limits on pricing. Laws in the financial services industry are designed primarily for the protection of consumers. The failure to comply could result in significant statutory civil and criminal penalties, monetary damages, attorneys’ fees and costs, possible revocation of licenses and damage to reputation, brand and valued customer relationships. At this time, it is difficult to predict the extent to which new regulations or amendments will affect our business. However, compliance with these new laws and regulations may result in additional cost and expenses, which may adversely affect our results of operations, financial condition or liquidity. For example, as governments, investors and other stakeholders face pressures to accelerate actions to address climate change and other environmental, governance and social topics, governments may implement regulations or investors and other stakeholders may adopt new investment policies or otherwise impose new expectations that cause significant shifts in disclosure, commerce and consumption behaviors, any or all of which may have negative effects on our business and / or reputation. Risk Retention Rules May Limit Our Liquidity and Increase Our Capital Requirements. Securitizations of automobile receivables executed after December 2016 have been and will be subject to risk retention requirements, which generally require that sponsors of asset-backed securities (ABS), such as us, retain not less than five percent of the credit risk of the assets collateralizing the ABS issuance. The rule also sets forth prohibitions on transferring or hedging the credit risk that the sponsor is required to retain. Similar but not identical risk retention requirements are applicable after December 2018 to securitization transactions where purchasers of the ABS have sufficient contacts with the European Union. Because the rules place an upper limit on the degree to which we may use financial leverage, our securitization structures may require more capital of us, or may release less cash to us, than might be the case in the absence of such rules. If We Experience Unfavorable Litigation Results, Our Results of Operations May Be Impaired. We operate in a litigious society and currently are, and may in the future be, named as defendants in litigation, including individual and class action lawsuits under consumer credit, consumer protection, theft, privacy, data security, automated dialing equipment, debt collections and other laws. Many of these cases present novel issues on which there is no clear legal precedent, which increases the difficulty in predicting both the potential outcomes and costs of defending these cases. We are subject to regulatory examinations, investigations, inquiries, litigation, and other actions by licensing authorities, state attorneys general, the FTC, the CFPB and other governmental bodies relating to our activities. The litigation and regulatory actions to which we are or may become subject involve or may involve potential compensatory or punitive damage claims, fines, sanctions or injunctive relief that, if granted, could require us to pay damages or make other expenditures in amounts that could have a material adverse effect on our financial position and our results of operations. We have recorded loss contingencies in our financial statements only for matters on which losses are probable and can be reasonably estimated. Our assessments of these matters involve significant judgments, and may change from time to time. Actual losses incurred by us in connection with judgments or settlements of these matters may be more than our associated reserves. Furthermore, defending lawsuits and responding to governmental inquiries or investigations, regardless of their merit, could be costly and divert management’s attention from the operation of our business. Unfavorable outcomes in any such current or future proceedings could materially and adversely affect our results of operations, financial conditions and cash flows. As a consumer finance company, we are subject to various consumer claims and litigation seeking damages and statutory penalties based upon, among other things, disclosure inaccuracies and wrongful repossession, which could take the form of a plaintiff’s class action complaint. We, as the assignee of finance contracts originated by dealers, may also be named as a co-defendant in lawsuits filed by consumers principally against dealers. We are also subject to other litigation common to the automobile industry and to businesses in general. The damages and penalties claimed by consumers and others in these types of matters can be substantial. The relief requested by the plaintiffs varies but includes requests for compensatory, statutory and punitive damages. While we intend to vigorously defend ourselves against such proceedings, there is a chance that our results of operations, financial

condition and cash flows could be materially and adversely affected by unfavorable outcomes. Negative Publicity Associated with Litigation, Governmental Investigations, Regulatory Actions, and other Public Statements Could Damage Our Reputation. From time to time there are negative news stories about the “ sub- prime ” credit industry. Such stories may follow the announcements of litigation or regulatory actions involving us or others in our industry. Negative publicity about our alleged or actual practices or about our industry generally could adversely affect our stock price and our ability to retain and attract employees, which could in turn negatively affect our results of operations or cashflows. If We Experience Problems with Our Originations, Accounting or Collection Systems, Our Results of Operations May Be Impaired. We are dependent on our receivables originations, accounting and collection systems to service our portfolio of automobile contracts. **Such We also rely on third- party service providers to facilitate certain aspects of our business. Our systems and the systems of our third- party service providers** are vulnerable to damage or interruption from natural disasters, power loss, telecommunication failures, terrorist attacks, **cyberattacks**, computer viruses and other events. A significant number of our systems are not redundant, and our disaster recovery planning is not sufficient for every eventuality. Our systems are also subject to break- ins, sabotage and intentional acts of vandalism by internal employees and contractors as well as third parties. **Our third- party service providers face similar threats.** Despite any precautions we may take, such problems could result in interruptions in our services, **litigation, and regulatory exposure**, which could harm our reputation and financial condition. We do not carry business interruption insurance sufficient to compensate us for losses that may result from interruptions in our service as a result of system failures. Such systems problems could materially and adversely affect our results of operations, financial conditions and cash flows. A Breach in the Security of Our Systems Could Result in the Disclosure of Confidential Information, Subject us to Liability. We hold in our systems confidential financial and other personal data with respect to our customers, which may be of value to identity thieves and others if revealed. Although we endeavor to protect the security of our computer systems and the confidentiality of customer information entrusted to us, there can be no assurance that our security measures will provide adequate security. It is possible that we may not be able to anticipate, detect or recognize threats to our systems or to implement effective preventive measures against all security breaches, especially because the techniques used change frequently, or are not recognized until launched, **because of the rising use of artificial intelligence**, and because cyberattacks can originate from a wide variety of sources, including third parties outside the Company such as persons who are associated with external service providers or who are or may be involved in organized crime or linked to terrorist organizations. Such persons may also attempt to fraudulently induce employees or other users of our systems to disclose sensitive information in order to gain access to our data or that of our customers. These risks may increase in the future as we continue to increase our mobile- payment and other internet- based product offerings and ~~expands~~ **expand** our use of web or cloud- based products and applications. A successful penetration of the security of our systems could cause serious negative consequences, including disruption of our operations, misappropriation of confidential information, or damage to our computers or systems, and could result in violations of applicable privacy and other laws, financial loss to us or to our customers, customer dissatisfaction, significant litigation **and regulatory** exposure and harm to our reputation, any or all of which could have a material adverse effect on us. Because We Are Subject to Many Restrictions in Our Existing Credit Facilities and Securitization Transactions, Our Ability to Pay Dividends or Engage in Specified Transactions May Be Impaired. The terms of our existing credit facilities, term securitizations and our other outstanding debt impose significant operating and financial restrictions on us and our subsidiaries and require us to meet certain financial tests. These restrictions may have an adverse effect on our business activities, results of operations and financial condition. These restrictions may also significantly limit or prohibit us from engaging in certain transactions, including the following: · incurring or guaranteeing additional indebtedness; · making capital expenditures in excess of agreed upon amounts; · paying dividends or other distributions to our shareholders or redeeming, repurchasing or retiring our capital stock or subordinated obligations; · making investments; · creating or permitting liens on our assets or the assets of our subsidiaries; · issuing or selling capital stock of our subsidiaries; · transferring or selling our assets; · engaging in mergers or consolidations; · permitting a change of control of our company; · liquidating, winding up or dissolving our company; · changing our name or the nature of our business, or the names or nature of the business of our subsidiaries; and · engaging in transactions with our affiliates outside the normal course of business. These restrictions may limit our ability to obtain additional sources of capital, which may limit our ability to generate earnings. In addition, the failure to comply with any of the covenants of one or more of our debt agreements could cause a default under other debt agreements that may be outstanding from time to time. A default, if not waived, could result in acceleration of the related indebtedness, in which case such debt would become immediately due and payable. A continuing default or acceleration of one or more of our credit facilities or any other debt agreement, would likely cause a default under other debt agreements that otherwise would not be in default, in which case all such related indebtedness could be accelerated. If this occurs, we may not be able to repay our debt or borrow sufficient funds to refinance our indebtedness. Even if any new financing is available, it may not be on terms that are acceptable to us or it may not be sufficient to refinance all of our indebtedness as it becomes due. In addition, the transaction documents for our securitizations restrict our securitization subsidiaries from declaring or making payment to us of (i) any dividend or other distribution on or in respect of any shares of their capital stock, or (ii) any payment on account of the purchase, redemption, retirement or acquisition of any option, warrant or other right to acquire shares of their capital stock unless (in each case) at the time of such declaration or payment (and after giving effect thereto) no amount payable under any transaction document with respect to the related securitization is then due and owing, but unpaid. These restrictions may limit our ability to receive distributions in respect of the residual interests from our securitization facilities, which may limit our ability to generate earnings. Risks Related to Fair Value Accounting Receivables we’ ve acquired since January 1, 2018 are accounted for based on the fair value method of accounting. The risks described below are risks related to fair value accounting. If Actual Results for Our Receivables Materially Deviate from Our Estimates, We May Be Required to Reduce the Interest Income We Recognize for Some or All of the Receivables Measured at Fair Value. We recognize interest income on receivables accounted under fair value based on a level yield internal

rate of return that we calculate based the terms of the receivables and our estimates at the time of acquisition of the future performance of those receivables. Such estimates include the timing and severity of future credit losses and the rates of amortization and of prepayments. If actual credit losses were to exceed our estimates, or if the actual amortization and prepayments of the receivables were to be materially different from our estimates, we might be required to change our estimates, which could result in a reduced interest income for those receivables in subsequent periods. If Actual Results for Our Receivables Materially Deviate from Our Estimates, We May Be Required to Reduce the Recorded Value for Some or All of the Receivables Measured at Fair Value. We re-evaluate the recorded value of receivables measured at fair value at the close of each quarter. If the re-evaluation were to yield a value materially different from the previous recorded value, an adjustment would be required. If actual credit losses were to exceed our estimates, or if the actual amortization and prepayments of the receivables were to be materially different from our estimates, we might be required to adjust the recorded value of such receivables. A downward readjustment in recorded value would correspondingly reduce our income and book value for and as of the end of the related quarter. If Actual Market Conditions Indicate That the Amount a Market Participant Would Pay for Our Receivables is Materially Lower Than Our Recorded Value, We May Be Required to Reduce the Recorded Value for Some or All of the Receivables Measured at Fair Value. The fair value of an asset is, by definition, the exchange price in an orderly transaction between market participants. Receivables such as ours are not regularly traded on exchanges where we can observe prices for exchanges of similar assets. We may therefore rely on estimates of what a market participant would pay for our receivables. If such estimated value were to be materially different from our recorded value, we might be required to adjust the recorded value of our receivables. A downward readjustment in recorded value would correspondingly reduce our income and book value.

~~We May Have Rescission Liability in Connection With Sales of Our Subordinated Renewable Notes to Certain Purchasers. We filed a registration statement on Form S-3 with respect to various securities, including our renewable unsecured subordinated notes, on May 28, 2015, and filed amendments to the registration statement on June 26, 2015, and July 27, 2015 (such registration statement, as so amended, the “Former Registration Statement”). The Former Registration Statement was declared effective on August 26, 2015 (the “Former Registration Statement Effective Date”). Rule 415 (a) (5) under the Securities Act of 1933, as amended (the “Securities Act”), provides that a shelf registration statement such as the Former Registration Statement expires three years after the official effective date. The Former Registration Statement expired on August 26, 2018; however, the Company continued to conduct offers and sales and renewals after that date. Additionally, with respect to the Former Registration Statement, the Company failed to file certain prospectus supplements relating to certain sales. Lastly, offers and sales of Renewable Notes and renewals of outstanding notes were made for amounts beyond the amount of securities covered by the registration statement. These activities may result in certain of these purchasers having a statutory right to rescind their purchases. As a result, we could be required to repurchase some or all of such notes at the original sale price plus statutory interest, less the amount of any income received by the purchasers. As of March 1, 2024, there were approximately \$ 3 million of such notes outstanding and sold within the preceding twelve months. That figure includes renewals of previously sold notes, but excludes notes that we have repaid, and excludes notes that we sold or renewed pursuant to the registration statement filed in on June 15, 2023, subsequently amended on August 7, 2023 and November 20, 2023, and declared effective on November 30, 2023. Our results of operations, financial condition and cash flows could be materially and adversely affected if a substantial number of purchasers of such notes were to successfully assert rescission rights or if we were to be assessed substantial penalties by regulatory authorities. If holders of sufficient amounts of such notes were to demand rescission and to prevail in that demand, the adverse effect on our liquidity could be material, which could in turn impair our ability to conduct our business as otherwise planned.~~

Risks Related to General Factors If The Economy of All or Certain Regions of the United States Falls into Recession, Our Results of Operations May Be Impaired. Our business is directly related to sales of new and used automobiles, which are sensitive to employment rates, prevailing interest rates and other domestic economic conditions. Delinquencies, repossessions and losses generally increase during economic slowdowns or recessions. Because of our focus on sub-prime customers, the actual rates of delinquencies, repossessions and losses on our automobile contracts could be higher under adverse economic conditions than those experienced in the automobile finance industry in general, particularly in the states of California, Texas, Ohio, Illinois and Florida, states in which our automobile contracts are geographically concentrated. Any sustained period of economic slowdown or recession could adversely affect our ability to acquire suitable automobile contracts, or to securitize pools of such automobile contracts. The timing of any economic changes is uncertain, and weakness in the economy could have an adverse effect on our business and that of the dealers from which we purchase automobile contracts and result in reductions in our revenues or the cash flows available to us. A Pandemic or Other Public Health Emergency Could Have Adverse Effects The extent to which obligors on our automobile contracts may be adversely affected by a pandemic or other public health emergency, by loss of employment, and by related efforts of governments to slow the spread of a disease outbreak throughout the nation and world cannot be predicted. These occurrences could have a material adverse effect on the ability of obligors to make timely payments to us. ~~Finally, and depending~~ **Depending** on the extent to which a pandemic or other public health emergency adversely affects the United States economy, it may also have the effect of heightening many of the other risks described in this “ Risk Factors ” section, such as those related to our business or operations, the ability or willingness of our customers to make timely payments, and risks of geographic concentrations. Our Results of Operations May Be Impaired as a Result of Natural Disasters. Our automobile contracts are geographically concentrated in the states of California, **Florida,** and Texas. Such states may be particularly susceptible to natural disasters: earthquake in the case of California, and hurricanes and flooding in **Florida and** Texas. Natural disasters, in those states or others, could cause a material number of our vehicle purchasers to lose their jobs, or could damage or destroy vehicles that secure our automobile contracts. In either case, such events could result in our receiving reduced collections on our automobile contracts, and could thus result in reductions in our revenues or the cash flows available to us. Effect of Social, Economic and Other Factors on Losses. The ability of our customers to make payments on automobile contracts will be affected by a variety of social and economic factors, most notably the extent

to which our customers remain gainfully employed. Other economic factors include interest rates, general unemployment levels, the rate of inflation, adjustments in monthly mortgage payments and consumer perceptions of economic conditions generally and the effect of any government stimulus programs and consumer protection / payment relief efforts. Social factors include changes in consumer confidence levels, consumer attitudes toward bankruptcy and the repayment of indebtedness and consumer perceptions of political events and shifts, which may be affected by the pandemic. We are generally unable to determine whether or to what extent economic or social factors will affect the performance of our portfolio of automobile contracts, but caution that a recession or depression in local, regional or national economies would be expected to increase delinquencies and losses, which would adversely affect our financial condition and results of operations. If an Increase in Interest Rates Results in a Decrease in Our Cash Flows from Excess Spread, Our Results of Operations May Be Impaired. Our profitability is largely determined by the difference, or “**”** spread, “**”** between the effective interest rate we receive on the automobile contracts that we acquire and the interest rates payable under warehouse credit facilities and on the asset- backed securities issued in our securitizations. In the past, disruptions in the market for asset- backed securities resulted in an increase in the interest rates we paid on asset- backed securities. Should similar disruptions take place in the future, we may pay higher interest rates on asset- backed securities issued in the future. Although we have the ability to partially offset increases in our cost of funds by increasing fees we charge to dealers when purchasing automobile contracts, or by demanding higher interest rates on automobile contracts we purchase, there is no assurance that such actions will materially offset increases in interest we pay to finance our managed portfolio. As a result, an increase in prevailing interest rates could cause us to receive less excess spread cash flows on automobile contracts, and thus could adversely affect our earnings and cash flows. See “ Quantitative and Qualitative Disclosures About Market Risk- Interest Rate Risk. ” Risks Related to Our Common Stock Our Common Stock Is Thinly-Traded. Our stock is thinly- traded, which means investors will have limited opportunities to sell their shares of common stock in the open market. Limited trading of our common stock also contributes to more volatile price fluctuations. Because there historically has been low trading volume in our common stock, there can be no assurance that our stock price will not decline as additional shares are sold in the public market. As of December 31, ~~2023~~ **2024** , our directors and executive officers collectively owned 13. ~~2~~ **0** million shares of our common stock, or approximately ~~62~~ **61** % **of total shares outstanding** . We Do Not Intend to Pay Dividends on Our Common Stock. We have never declared or paid any cash dividends on our common stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. **29**