S&P Global Ratings

Research

Presale:

DT Auto Owner Trust 2023-3

July 6, 2023

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Preliminary ratings

Class	Preliminary rating	Type	Interest rate(i)	Amount (mil. $)(i)	Legal final maturity date
A	AAA (sf)	Senior	Fixed	255.70	Aug. 16, 2027
B	AA (sf)	Subordinate	Fixed	56.39	March 15, 2028
C	A (sf)	Subordinate	Fixed	65.05	May 15, 2029
D	BBB (sf)	Subordinate	Fixed	72.86	May 15, 2029
E	BB (sf)	Subordinate	Fixed	30.70	May 15, 2030

Note: This presale report is based on information as of July 6, 2023. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. (i)The interest rate and size of each class will be determined on the pricing date.

Profile

Collateral	Subprime auto loan receivables.
Originator	DriveTime Car Sales Co. LLC.
Transferor, sponsor, and servicer	Bridgecrest Acceptance Corp.(i).
Seller	DT Receivables Co. 23-3 LLC.
Issuer	DT Auto Owner Trust 2023-3.
Standby servicer, custodian, and indenture trustee	Computershare Trust Co. N.A. (BBB/Stable/--).
Owner trustee	Wilmington Trust N.A. (A-/Stable/A-2).
Bank account provider	Wells Fargo Bank N.A. (A+/Stable/A-1).

(i)Formerly known as DT Acceptance Corp., Bridgecrest Acceptance Corp. is the parent company of Bridgecrest Credit Co. LLC and the servicing guarantor of all outstanding series. As servicer, it will be responsible for servicing, administering collections on, and otherwise enforcing the auto loans.

Rationale

The preliminary ratings assigned to DT Auto Owner Trust 2023-3's (DTAOT 2023-3) automobile receivables-backed notes reflect:

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- The availability of approximately 60.63%, 54.25%, 43.99%, 35.99%, and 32.28% credit support (hard credit enhancement and a haircut to excess spread) for the class A, B, C, D, and E notes, respectively, based on stressed break-even cash flow scenarios. These credit support levels provide at least 2.37x, 2.12x, 1.72x, 1.38x, and 1.25x coverage of our expected cumulative net loss (ECNL) of 25.50% for the class A, B, C, D, and E notes, respectively (see the Credit Enhancement And Collateral and the Cash Flow Modeling Assumptions And Results sections).
- The expectation that under a moderate ('BBB') stress scenario (1.38x our expected loss level), all else being equal, our preliminary 'AAA (sf)', 'AA (sf)', 'A (sf)', 'BBB (sf)', and 'BB (sf)' ratings on the class A, B, C, D, and E notes, respectively, will be within the credit stability limits (see the Cash Flow Modeling Assumptions And Results section).
- The timely payment of interest and principal by the designated legal final maturity dates under our stressed cash flow modeling scenarios that we believe are appropriate for the assigned preliminary ratings.
- The collateral characteristics of the subprime automobile loans, our view of the credit risk of the collateral, and our updated macroeconomic forecast and forward-looking view of the auto finance sector (see the Credit Enhancement And Collateral and Macroeconomic And Auto Finance Sector Outlook sections).
- The series' bank accounts at Wells Fargo Bank N.A. (Wells Fargo), which do not constrain the preliminary ratings.
- Our operational risk assessment of Bridgecrest Acceptance Corp. (BAC) as servicer, along with our view of the originator's underwriting and the backup servicing arrangement with Computershare Trust Co. N.A.
- Our assessment of the transaction's potential exposure to environmental, social, and governance credit factors that are in line with our sector benchmark.
- The transaction's payment and legal structure.

Our ECNL for DTAOT 2023-3 is 25.50%, unchanged from series 2023-2. It reflects:

- Our view that the 2023-3 collateral is slightly weaker relative to series 2023-2, primarily due to the higher average principal loan balance and the higher average monthly payments for obligors.
- Drive Time's outstanding series, which are performing in line with or better than our expectations, except for series 2022-1, 2022-2, and 2022-3, which was a key consideration when determining the ECNL for series 2023-3.
- Our forward-looking view of the auto finance sector, including our economic outlook for a shallower and more attenuated economic slowdown.

Environmental, Social, And Governance (ESG) Factors

Our rating analysis considers a transaction's potential exposure to ESG credit factors. For the auto ABS sector, we view the exposure to environmental credit factors as above average, social credit factors as average, and governance credit factors as below average (see "ESG Industry Report Card: Auto Asset-Backed Securities," March 31, 2021).

The transaction's environmental credit factors are in line with our sector benchmark. Environmental credit factors are generally viewed as above average given that the collateral pool

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primarily comprise vehicles with internal combustion engines (ICEs), which emit pollutants that contribute to climate transition risks. While the adoption of electric vehicles and future regulation could eventually lower ICE vehicle values, we believe that our current approach to evaluating recovery values adequately account for vehicle values over the transaction's relatively short expected life. As a result, we have not separately identified this as a material ESG credit factor in our analysis.

The transaction has relatively higher exposure to social credit factors than our sector benchmark, in our view, because the transaction has a pool of subprime obligors while the benchmark comprises of prime obligors. Given the elevated interest rate and affordability considerations for these subprime borrowers, legal and regulatory risks could increase if the validity of the contracts or the servicer's collection practices are challenged. We believe this risk is mitigated by representations from the issuer that each loan complied with all laws when it was originated. The issuer also has a compliance department that manages its adherence to all applicable laws.

Credit Enhancement And Collateral

Structural changes from DTAOT 2023-2

- Total initial hard credit enhancement (consisting of subordination, overcollateralization, and the reserve account) increased for classes A, B, C, D, and E to 55.70%, 45.60%, 33.95%, 20.90%, and 15.40% from 54.80%, 44.85%, 33.80%, 18.75%, and 14.10%, respectively.
- Subordination for class D increased to 5.50% from 4.65% and decreased for classes A, B, and C to 40.30%, 30.20%, and 18.55%, respectively, from 40.70%, 30.75% and 19.70%.
- Initial overcollateralization increased to 13.90% from 12.60% of the initial collateral pool balance and will grow to a target of 18.00%, down from 18.80% of the current collateral pool balance. The overcollateralization floor remains at 3.25% of the initial collateral pool balance.
- Pre-pricing excess spread is estimated to be lower at 10.95% compared to 12.56% post pricing.

The changes in initial hard credit enhancement from DTAOT 2023-2, in part, reflect lower estimated excess spread (see table 1). Our stressed cash flow stress results indicate that each class in the series 2023-3 transaction is enhanced to a degree consistent with the assigned preliminary ratings (see the Cash Flow Modeling Assumptions And Results section).

Table 1

Credit enhancement summary (%)

	DT Auto Owner Trust				
	2023-3	2023-2	2023-1	2022-3	2022-2
Subordination(i)					
Class A	40.30	40.70	37.00	36.90	38.75
Class B	30.20	30.75	28.75	28.50	29.25
Class C	18.55	19.70	17.25	18.25	17.00
Class D	5.50	4.65	6.75	4.50	4.00
Class E	N/A	N/A	N/A	N/A	N/A

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Table 1

Credit enhancement summary (%) (cont.)

	DT Auto Owner Trust				
	2023-3	2023-2	2023-1	2022-3	2022-2
Overcollateralization					
Initial(i)	13.90	12.60	16.25	16.00	13.50
Target(ii)	18.00	18.80	23.50	22.00	19.50
Floor(i)	3.25	3.25	3.25	3.25	3.25
Reserve fund(i)					
Initial	1.50	1.50	1.50	1.50	1.50
Target	1.50	1.50	1.50	1.50	1.50
Floor	1.50	1.50	1.50	1.50	1.50
Total initial hard credit enhancement(i)					
Class A	55.70	54.80	54.75	54.40	53.75
Class B	45.60	44.85	46.50	46.00	44.25
Class C	33.95	33.80	35.00	35.75	32.00
Class D	20.90	18.75	24.50	22.00	19.00
Class E	15.40	14.10	17.75	17.50	15.00
Estimated excess spread per year(iii)	10.95	12.56	12.47	10.18	13.55

(i)Percentage of the initial collateral pool balance. (ii)Percentage of the current collateral pool balance. (iii)Includes 3.50% for servicing and standby servicing fees. For 2023-3, before pricing and post pricing for all other series. N/A--Not applicable.

Collateral changes from DTAOT 2023-2

The significant collateral changes in the DTAOT 2023-3 pool as of June 30, 2023, from series 2023-2's closing collateral pool include that:

- The percentages of loans in the highest three credit grades, 'A+', 'A', and 'B' were 15.22%, 35.67%, and 42.96%, respectively, compared to 12.71%, 33.44%, and 48.51%. Of the 93.85% in the highest grades, approximately 2.02% is from the High Tier collateral, compared with 2.79%
- The percentage of bi-weekly payment customers increased to 70.91% from 69.65%.
- The weighted average FICO score increased to 557 from 552.
- The weighted average payment-to-income (PTI) ratio decreased to 14.13% from 14.70%.
- The weighted average APR decreased to 21.87% from 22.69%.
- The average monthly payment due by an obligor increased to $613.55 from $595.72.

We believe the DTAOT 2023-3 collateral is slightly weaker than, but mostly in line with, that of series 2023-2 (see table 2). We have factored these collateral characteristics into our expected loss for DTAOT 2023-3 (see the S&P Global Ratings' Expected Loss section).

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Table 2

Collateral comparison(i)

	DT Auto Owner Trust				
	2023-3	2023-2	2023-1	2022-3	2022-2
Pool balance (mil. $)	558.31	629.31	717.00	500.00	455.07
No. of loans	23,735	27,659	32,776	23,899	23,044
Avg. loan balance ($)	23,523	22,753	21,876	20,921	19,748
Credit grades (%)					
Top three grades(ii)	93.85	94.66	92.30	89.52	79.91
Bottom five grades(iii)	6.15	5.34	7.70	10.48	20.09
Weighted average (%)					
APR	21.87	22.69	22.52	21.38	22.07
Original term (mos.)	70.52	70.49	70.41	70.13	69.22
Remaining term (mos.)	69.37	69.01	67.98	67.43	67.62
Seasoning (mos.)	1.15	1.49	2.42	2.70	1.61
LTV (including ancillary products)	139	138	139	135	135
PTI	14.13	14.70	14.22	13.54	14.01
Original term distribution (%)					
Less than or equal to 60 months	0.11	0.16	0.44	1.12	3.28
61-66 months	0.55	0.53	0.47	1.16	2.60
67-72 months	99.34	99.32	99.09	97.73	94.12
Original FICO score	557	552	559	563	550
No FICO score (%)	7.72	6.60	7.51	8.49	9.49
Up to 550 FICO score (excluding no FICO score) (%)	46.82	49.07	44.76	43.00	48.30
Avg. monthly payment	613.55	595.72	586.02	553.90	523.94
Paying biweekly or semimonthly (%)	75.55	74.38	72.79	68.14	71.44
Top five state concentrations (%)					
	TX=15.00	FL=14.95	TX=14.32	TX=15.84	FL=15.80
	FL=13.83	TX=14.07	FL=14.19	FL=14.34	TX=14.06
	GA=9.10	GA=10.09	GA=9.95	GA=9.60	GA=10.31
	NC=6.53	NC=6.19	NC=6.59	NC=5.55	NC=6.41
	CA=5.85	CA=5.71	CA=5.98	CA=5.39	CA=5.51
S&P Global Ratings' original expected CNL (%)	25.50	25.50	25.25	24.75	24.75-25.75

(i)All percentages are of the initial collateral balance. (ii)Includes credit grades 'A+', 'A', and 'B'. (iii)Includes credit grades 'C', 'C-', 'D+', 'D', and 'D-'. APR--Annual percentage rate. PTI--Payment—to-income. LTV--Loan-to-value. CNL--Cumulative net loss.

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Macroeconomic And Auto Finance Sector Outlook

In our view, changes in the unemployment rate are a key determinant of charge-offs in the auto finance industry. We have also observed that recovery values tend to weaken during recessionary periods.

In our analysis, we considered the economic data and forecasts outlined in table 3, and their baseline effect on collateral credit quality in determining our base-case expected loss level.

Despite 500 basis points of official rate hikes, the U.S. economy has remained resilient. First-quarter 2023 real GDP growth came in at 1.3% annualized, and second-quarter GDP is tracking close to 2.0% annualized. In light of the economic resilience, our baseline scenario has a shallower and more attenuated slowdown than previously. Importantly, our baseline U.S. forecast no longer contains a recession. Our updated forecast is for real GDP growth to slow to under 1.0% in the second half of the year and register only 1.3% and 1.5% in 2024 and 2025, respectively. Unemployment will gradually rise to an average of 4.5% in 2025 (see "Economic Outlook U.S. Q3 2023: A Sticky Slowdown Means Higher For Longer," published June 26, 2023).

Inflation remains a concern because it is eroding wage gains and the savings cushion that was built during the pandemic, particularly for those with lower incomes and smaller cushions.

Table 3

U.S. economic factors

	Actual	Forecast			
	2022	2023	2024	2025	2026
Real GDP (year-over-year growth, %)	2.1	1.7	1.3	1.5	1.8
Unemployment rate (annual average, %)	3.6	3.5	4.0	4.5	4.6
Consumer Price Index (CPI) (annual average, %)	8.0	4.3	2.7	2.3	2.1

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, and S&P Global Ratings Economics forecasts.

In the auto market, as new vehicle supply imbalances continue to ease and borrowing rates continue to rise, we would expect used vehicle values to normalize to historical levels.

S&P Global Ratings' Expected Loss: 25.50%

We determined our expected loss for DTAOT 2023-3 by analyzing:

- The transaction's collateral characteristics relative to those of outstanding series (see table 2);
- The managed portfolio performance and origination static pool data; and
- Performance from 56 transactions we have rated since 2000, with greater emphasis on recent transactions' performance (see table 5 and charts 1-3).

Given DTAOT's established performance track record as a quarterly issuer, we placed more emphasis on origination static pool analysis and outstanding series performance when determining the expected loss for this series. We complemented this analysis with our forward-looking view of the economy and the auto finance sector (see the Macroeconomic And Auto Finance Sector Outlook section above).

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Overall, we expect DTAOT 2023-3 to experience a lifetime CNL of 25.50%, unchanged from series 2023-2.

Managed Portfolio

As of March 31, 2023, DriveTime's serviced portfolio comprised contracts totaling approximately $4.52 billion, a year-over-year increase of approximately 8.7% (see table 4). Total 31-plus-day delinquencies were 18.28% as of March 31, 2023, compared with 13.90% for the similar period a year ago and 14.92% for the same period in 2019. We believe that the increase in delinquencies may be attributable to the normalization to pre-pandemic levels as well as recent economic headwinds, including inflationary pressures, affecting consumers.

Net charge-offs as a percentage of the average principal as of March 31, 2023, were 9.47%, higher than the 6.47% corresponding to the same period in 2022 and lower than the 11.56% experienced for the same period in 2019.

Table 4

Managed portfolio

	As of March 31		As of Dec. 31			
	2023	2022	2022	2021	2020	2019
Principal outstanding at end of period (mil. $)	4,517.50	4,153.11	4,289.29	4,065.01	4,084.32	4,617.75
Average month-end principal amount (mil. $)	4,379.76	4,064.87	4,196.68	4,087.03	4,462.39	4,693.04
Net charge-offs (mil. $)	103.74	65.77	381.00	263.96	459.45	581.98
Net charge-offs as % of average month end principal	9.47	6.47	9.08	6.46	10.30	12.40
Delinquencies (%)						
31-60 days	9.31	6.47	8.94	7.20	8.81	10.23
61-90 days	4.94	3.96	5.39	4.52	5.62	5.91
91-plus days	4.03	3.48	4.32	3.67	4.28	3.33
Total delinquencies	18.28	13.90	18.65	15.40	18.71	19.47

Origination static pool analysis

DriveTime provided origination static pool loss performance broken out by credit grade and original term (less than or equal to 60 months, 61-66 months, and 67-72 months) to factor in the impact of long-term contracts. We derived loss timing curves from paid off vintages and used them to project losses on outstanding vintages.

DTAOT transaction performance

We currently maintain ratings on 15 outstanding auto loan transactions backed by DriveTime-originated loans issued between 2019 and 2023 (see table 5). On April 4, 2023, we raised our ratings on 10 classes and affirmed our ratings on five classes from DTAOT 2021-3, 2021-4, and 2022-1 (See "Ratings Raised On 10 Classes And Five Ratings Affirmed From Three DT Auto Owner Trust Transactions"). These rating actions were consistent with collateral performance to date and our expectations regarding future collateral performance compared with each transaction's structure and the respective credit enhancement levels (see charts 2-3).

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Table 5

DT Auto Owner Trust collateral performance and CNL expectations(i)

Series	Month	Pool factor (%)	Current CNL (%)	Current CRR (%)	60-plus-day delinq. (%)	Initial lifetime CNL exp. (%)	Revised lifetime CNL expected (%)
2019-2	49	12.46	17.99	46.58	20.16	28.50-29.50	18.75-19.25(ii)
2019-3	47	13.63	17.02	46.15	18.93	27.00-28.00	18.25-18.75(ii)
2019-4	44	18.13	15.89	48.13	16.93	28.50-29.50	18.25-18.75(ii)
2020-1	40	23.24	14.43	47.16	15.07	28.50-29.50	18.25-18.75(ii)
2020-2	36	25.47	12.95	48.27	15.91	32.75-33.75	18.25-18.75(ii)
2020-3	33	31.00	13.26	49.00	16.50	32.75-33.75	18.50-19.00(ii)
2021-1	29	35.68	13.96	48.65	17.29	31.50-32.50	20.00-21.00(iii)
2021-2	26	40.62	13.12	49.06	16.49	27.75-28.75	20.00-21.00(ii)
2021-3	22	49.78	11.09	46.33	13.06	26.50 (26.00-27.00)	23.00(iv)
2021-4	19	55.12	10.01	42.65	10.98	25.75 (25.25-26.25)	24.00(iv)
2022-1	15	61.18	11.18	39.57	12.04	24.75 (24.25-25.25)	25.25(iv)
2022-2	13	67.59	9.87	38.40	10.13	24.75-25.75	N/A
2022-3	7	82.02	4.88	32.12	4.73	24.75	N/A
2023-1	5	90.36	2.04	28.64	3.70	25.25	N/A
2023-2	2	96.64	0.11	33.68	0.99	25.50	N/A

(i)As of the June 2023 distribution date. (ii)As of Aug. 2022. (iii)As of March 2022. (iv)As of April 2023. CNL--Cumulative net loss. CRR--Cumulative recovery rate. Delinq.--Delinquency. N/A--Not applicable.

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Chart 1

Securitization cumulative net losses from 2012--paid-off series

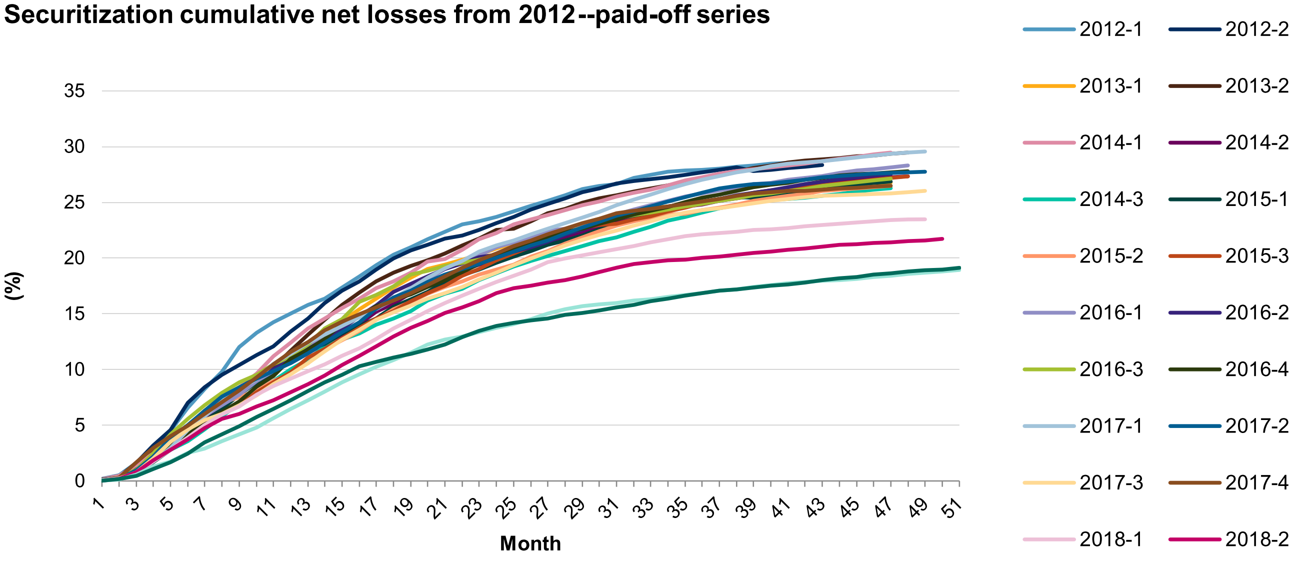

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Chart 2

Securitization cumulative net losses--outstanding series

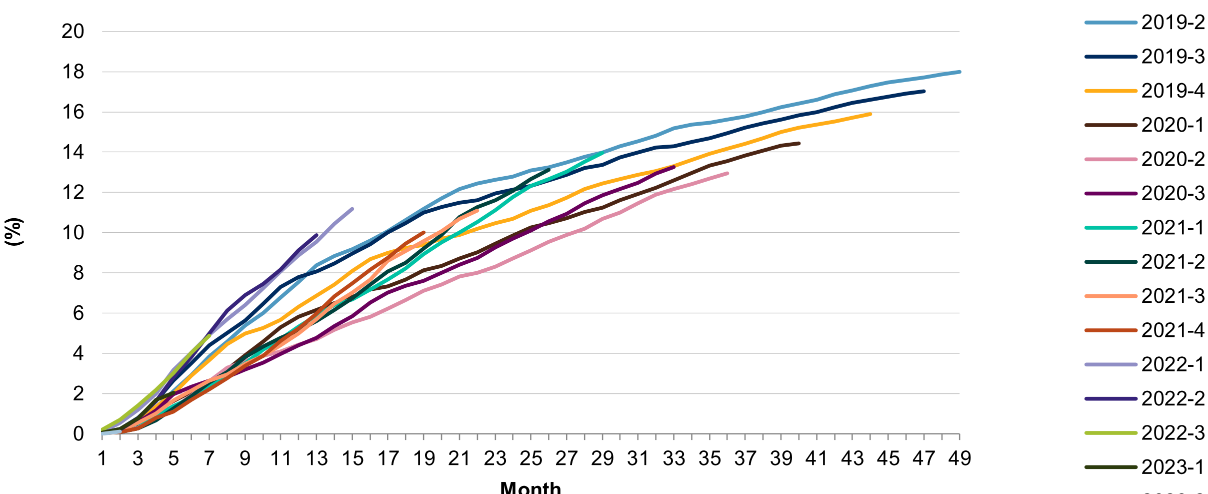

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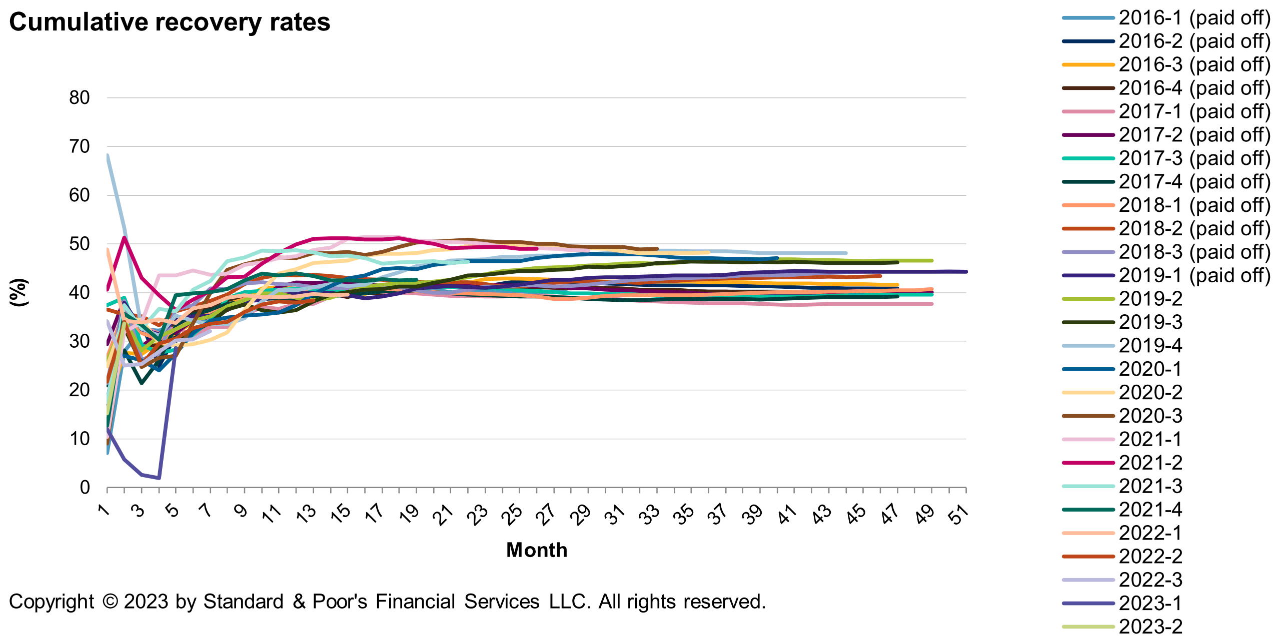
Chart 3



Legal Overview And Transaction Structure

Legal overview

In rating this transaction, S&P Global Ratings will review the legal matters that it believes are relevant to its analysis, as outlined in its criteria.

The transaction is structured as a true sale of the receivables from BAC to DT Receivables Co. 23-3 LLC, which will transfer the receivables to the issuer--a newly formed special-purpose Delaware statutory trust. The issuer will pledge its interest in the receivables and its security interests in the vehicles to the indenture trustee for the noteholders' benefit.

DriveTime directly owns DriveTime Sales and Finance Co. LLC (DTSFC), which directly owns DriveTime Car Sales Co. LLC (DTCS), the originator of the receivables. This entity sells the vehicles to obligors in the pool, and BAC (formerly known as DT Acceptance Corp.), the transferor of the receivables and DriveTime's sister company, finances substantially all of the vehicles that the originator sells. BAC purchases the receivables that DTCS originates and is the lienholder for the financed vehicles in the pool. DT Receivables Co. 23-3 LLC, the seller, is a limited-purpose wholly owned subsidiary of the transferor. It is organized under Delaware law to acquire the auto loans from the transferor and transfer them to DTAOT 2023-3, the issuer (see chart 4).

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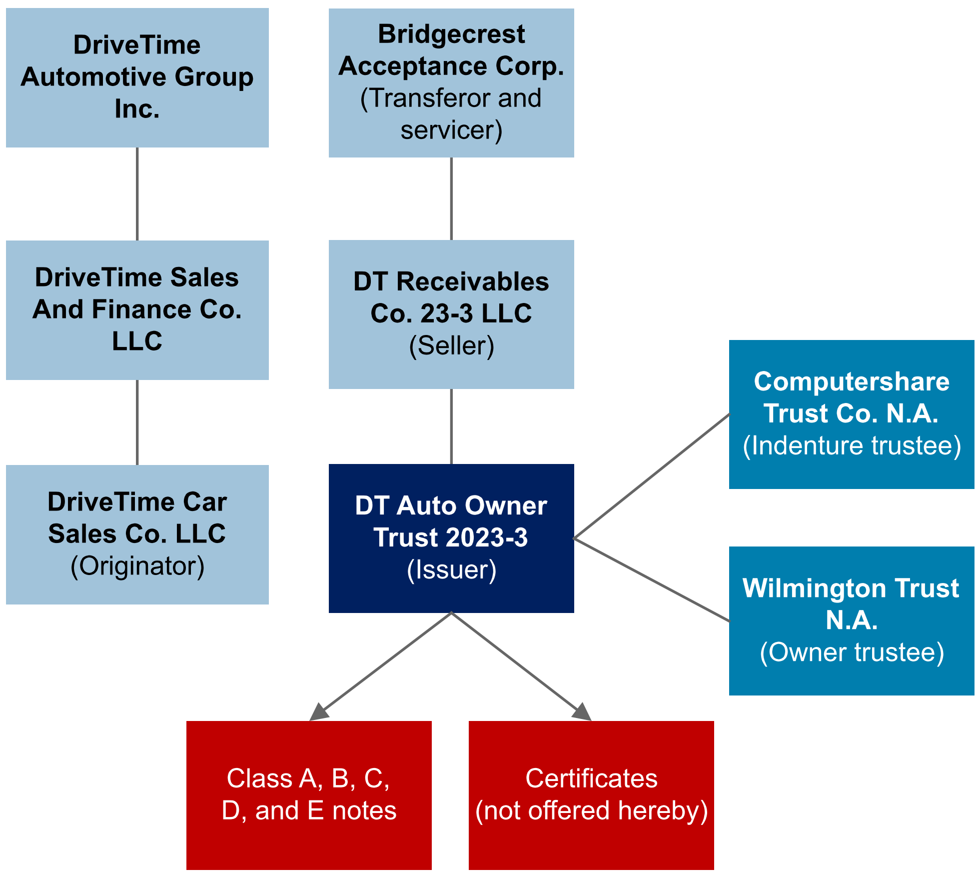
Chart 4

Transaction diagram



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Transaction Structure

DTAOT 2023-3 incorporates the following structural features:

- A senior-subordinated sequential-pay structure in which the senior-most notes outstanding are paid first.
- Initial overcollateralization of 13.90% of the initial pool balance that will build to a target of 18.00% of the current pool balance. The target overcollateralization amount is subject to a floor of 3.25% of the initial pool balance.
- A non-amortizing reserve account amount that will equal 1.50% of the cut-off date pool balance as of the closing date.
- Excess spread of approximately 10.95% per year (pre-pricing).

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Payment Priority

Payment distributions before an event of default

On each payment date, before an acceleration of the notes, distributions will be made from available funds according to the payment priority outlined in table 6. In addition, the funds in the reserve account will be available to cover fees, expenses, and interest shortfalls and pay parity principal and principal due on the notes' final maturity date.

Table 6

Payment waterfall

Priority	Payment
1	To the indenture and owner trustees, any accrued and unpaid fees, expenses, and indemnities due to each entity (to the extent the servicer has not previously paid them), provided that those fees and expenses do not exceed $125,000 in aggregate in any calendar year to the indenture trustee and $10,000 in aggregate in any calendar year to the owner trustee.
2	To the standby servicer, the standby servicer fee and any applicable accrued and unpaid fees, expenses, and indemnities due to the standby servicer, provided that the aggregate amount plus any amounts already paid in item 1 do not exceed $125,000 in aggregate in any calendar year. To the successor servicer, when applicable and if not paid by the predecessor servicer, reasonable transition expenses (capped at $200,000) incurred by the standby servicer in becoming the successor servicer.
3	To the servicer (unless otherwise waived or deferred by the servicer in its sole discretion), the monthly servicing fee (3.50% per year), any supplemental servicing fees for the related calendar month (unless otherwise waived or deferred by the servicer in its sole discretion), and any liquidation reimbursements (unless otherwise waived or deferred by the servicer in its sole discretion).
4	To the class A noteholders, the class A note interest distributable amount on the distribution date, together with any class A note interest carryover shortfall on the distribution date.
5	Principal to the extent necessary to reduce the class A note balance to the pool balance.
6	The remaining principal balance of the class A notes on their final scheduled distribution date.
7	To the class B noteholders, an amount equal to the class B note interest distributable amount on the distribution date and the class B note interest carryover shortfall on the distribution date.
8	Principal to the extent necessary, after giving effect to any payments made under items 5 and 6 above, to reduce the combined class A and B note balances to the pool balance.
9	The remaining principal balance of the class B notes on their final scheduled distribution date.
10	To the class C noteholders, an amount equal to the class C note interest distributable amount on the distribution date and the class C note interest carryover shortfall on the distribution date.
11	Principal to the extent necessary, after giving effect to any payments made under items 5, 6, 8, and 9 above, to reduce the combined class A, B, and C note balances to the pool balance.
12	The remaining principal balance of the class C notes on their final scheduled distribution date.
13	To the class D noteholders, an amount equal to the class D note interest distributable amount on the distribution date and the class D note interest carryover shortfall on the distribution date.
14	Principal to the extent necessary, after giving effect to any payments made under items 5, 6, 8, 9, 11, and 12 above, to reduce the combined class A, B, C, and D note balances to the pool balance.
15	The remaining principal balance of the class D notes on their final scheduled distribution date.
16	To the class E noteholders, an amount equal to the class E note interest distributable amount on the distribution date and the class E note interest carryover shortfall on the distribution date.

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Table 6

Payment waterfall (cont.)

Priority	Payment
17	Principal to the extent necessary, after giving effect to any payments made under items 5, 6, 8, 9, 11, 12, 14, and 15 above, to reduce the combined class A, B, C, D, and E note balances to the pool balance.
18	The remaining principal balance of the class E notes on their final scheduled distribution date.
19	The principal distributable amount on the distribution date (to build overcollateralization to its target level).
20	To the reserve account, an amount equal to the excess of the specified reserve account amount over the amount then on deposit in the reserve account.
21	To the indenture and owner trustees and any successor servicer, any fees and expenses and indemnities then due and payable to each party that exceed the cap or annual limitation specified in items 1 or 2 above.
22	To the servicer, any previously waived or deferred base servicing fee, supplemental servicing fee, and any liquidation reimbursements for a prior collection period.
23	All remaining amounts, pro rata, to the RR certificateholders and the non-RR certificateholders, according to their percentage interest.

On each payment date, principal distributions will be made in the following priority:

- To the class A notes until they are paid in full;
- Then to the class B notes until they are paid in full;
- Then to the class C notes until they are paid in full;
- Then to the class D notes until they are paid in full; and
- Then to the class E notes until they are paid in full.

The above payment priorities can change if certain events of default occur and continue, including:

- A failure to pay interest on the senior-most class;
- A failure to pay principal at final maturity;
- The issuer's involuntary and voluntary bankruptcy; and
- A material breach of a covenant, agreement, representation, or warranty.

Payment distributions after an event of default

If the event of default is related solely to a breach of a covenant, agreement, representation, or warranty, distributions will be made from the available funds according to the priority shown in table 6, except that the principal distributable amount will include all available funds until all the notes are paid in full and there will be no limitation of fees, expenses, and indemnities in items 1 and 2.

For any other events of default, distributions will be made from available funds according to the payment priority outlined in table 7.

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Table 7

Payment Waterfall

Priority	Payment
1	To the indenture trustee, the owner trustee, the standby trustee, the servicer, and any successor servicer, any amount due to each entity, disregarding any caps or annual limitations.
2	To the class A noteholders, the class A note interest distributable amount on the distribution date, together with any class A note interest carryover shortfall on the distribution date.
3	Principal to the extent necessary to reduce the class A note balance to zero.
4	To the class B noteholders, an amount equal to the class B note interest distributable amount on the distribution date and the class B note interest carryover shortfall on the distribution date.
5	Principal to the extent necessary to reduce the class B note balance to zero.
6	To the class C noteholders, an amount equal to the class C note interest distributable amount on the distribution date and the class C note interest carryover shortfall on the distribution date.
7	Principal to the extent necessary to reduce the class C note balance to zero.
8	To the class D noteholders, an amount equal to the class D note interest distributable amount on the distribution date and the class D note interest carryover shortfall on the distribution date.
9	Principal to the extent necessary to reduce the class D note balance to zero.
10	To the class E noteholders, an amount equal to the class E note interest distributable amount on the distribution date and the class E note interest carryover shortfall on the distribution date.
11	Principal to the extent necessary to reduce the class E note balance to zero.
12	To the servicer, any previously waived or deferred base servicing fee, supplemental servicing fee, and any liquidation reimbursements for a prior collection period.
13	All remaining amounts to the certificateholders.

Cash Flow Modeling Assumptions And Results

In our cash flow analysis, we assess the availability of asset cash flows to meet the transaction's promised obligations under a variety of stress assumptions, while considering the transaction structure and available credit support. We also use our cash flow analysis in other aspects of our ratings analysis, including the testing of credit stability (sensitivity analysis) and legal final analysis.

Breakeven analysis

For the DTAOT 2023-3 transaction structure, we applied the assumptions outlined in table 8, in our cash flow analysis to simulate stress scenarios that we believe are appropriate for the assigned preliminary ratings. To assign a rating to a class, we consider the class's lower breakeven (maximum net losses the class can withstand without defaulting) and generally expects it to be equal to or greater than the rating stressed scenario breakeven requirement.

Based on our stressed cash flows, the break-even net loss results show that the class A, B, C, D, and E notes are credit-enhanced to the degree appropriate for the assigned preliminary ratings (see table 9).

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Table 8

Breakeven cash flow assumptions

Voluntary ABS (%)	0.60
Servicing fee (%)	3.50
Recovery rate (%)(i)	30/35
Charge-off and recovery lag (mos.)	3
CNL timing mos. (12/24/36/48) (%)	
Front-loaded loss curve	40/75/90/100
Back-loaded loss curve	30/60/80/100

(i)30% recovery rate used for class A and B; 35% recovery rate used for class C, D, and E. ABS--Absolute prepayment speed. Mos.–-Months.

Table 9

Breakeven cash flow results

	Class				
	A	B	C	D	E
Preliminary rating	AAA (sf)	AA (sf)	A (sf)	BBB (sf)	BB (sf)
CNL timing mos. (12/24/36/48) (%)					
Front-loaded loss curve	55/100	42/79/95/100	40/75/90/100	40/75/90/100	45/75/90/100
Back-loaded loss curve	53/100	38/76/100	32/64/85/100	30/60/80/100	30/60/80/100
Approx. breakeven CNL levels (%)(i)					
Required	60.44	54.06	43.86	35.19	31.88
Available--front-loaded loss curve	60.63	54.25	43.99	35.99	32.28
Available--back-loaded loss curve	60.68	54.51	45.86	36.70	32.37

(i)The maximum cumulative net losses, with 90% credit to any excess spread, the transaction can withstand without triggering a payment default on the relevant class of notes. CNL--Cumulative net loss.

Sensitivity analysis

In addition to running breakeven cash flows, we undertook a sensitivity analysis using the assumptions in table 8 with the exception of the CNL timing curve. Instead of front-loaded and back-loaded loss curves, we used a base case loss curve of 30/70/85/100. We believe that under a moderate ('BBB') stress scenario (1.38x the 25.50% expected loss level) and with 90% credit to any excess spread, all else being equal, our preliminary ratings will be within the credit stability limits specified by section A.4 of the Appendix of "S&P Global Ratings Definitions," published June 9, 2023 (see table 10).

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Table 10

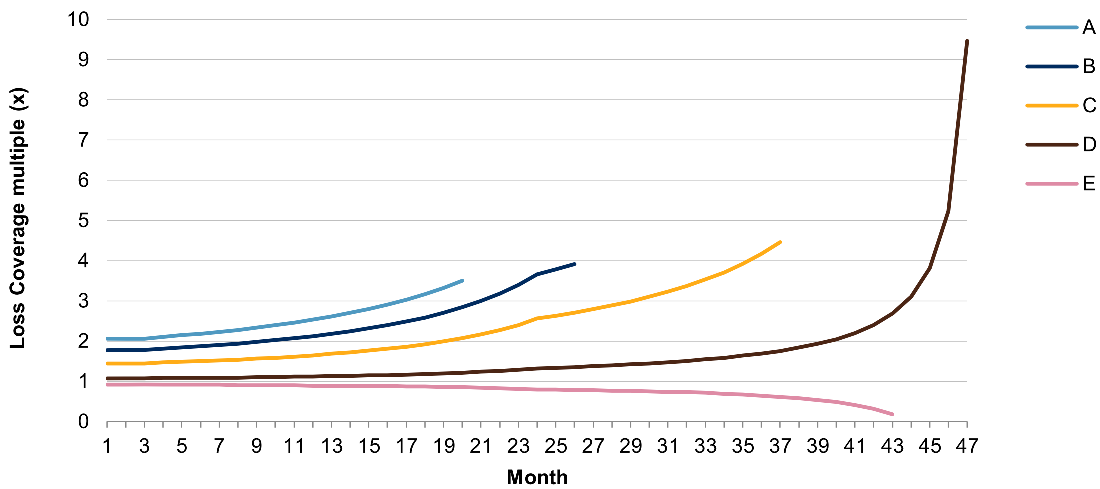
Credit stability as a limiting factor on ratings

	Maximum projected deterioration associated with rating levels for one-year and three-year horizons under moderate stress conditions					
Horizon	AAA	AA	A	BBB	BB	B
One year	AA	A	BB	B	CCC	D
Three years	BBB	BB	B	CCC	D	D

(i)These credit-quality transitions do not reflect our view of the expected degree of deterioration that rated issuers or obligations could experience over the specified time horizons. Nor do they reflect the typical historical levels of deterioration among rated issuers and securities.

Chart 5

Sensitivity analysis



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Legal final maturity

To test the legal final maturity dates for classes A through D, we determined the date when the respective notes would be fully amortized in a zero-loss, zero-prepayment scenario and then added three months to that date. For the longest-dated security (class E), we added eight months to the tenor of the longest-dated receivable in the pool to accommodate extensions. Furthermore, in the break-even scenario for each respective rating level, we confirmed that there was sufficient credit enhancement to cover losses and repay the related notes in full by the respective legal final maturity dates.

Counterparty And Operational Risks

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Bank account provider

On or before the closing date, the series bank accounts will be established with Wells Fargo, acting as the indenture trustee's (Computershare Trust Co. N.A.) agent, as segregated trusts accounts. The bank account provider is consistent with our counterparty criteria for a 'AAA' supported transaction (see "Counterparty Risk Framework: Methodology And Assumptions," published March 8, 2019).

Servicer

As servicer, BAC has an experienced team that oversees servicing and collections practices. Computershare Trust Co. N.A. is also engaged as the standby servicer and contract file custodian for the outstanding series, which would enable servicing transition if necessary. BAC is not rated by S&P Global Ratings, and commingling risk is addressed by the requirement that all collections are deposited to the series collections account within two business days of collection. Our operational risk assessment of BAC as servicer does not constrain the ratings (see "Global Framework For Assessing Operational Risk In Structured Finance Transactions," published Oct. 9, 2014).

Regulatory

DriveTime and the key transaction parties could be subject to various regulatory investigation and or legal proceedings that may arise in their ordinary course of business. We will assess any such events and outcomes as they become available to us to determine any impact on our counterparty and operational risk assessments.

DriveTime

DriveTime was incorporated by Ernest C. Garcia II in Phoenix in 1992. Through DTSFC, its integrated used car sales and finance company, DriveTime operates one of the largest chains of used car dealerships in the U.S., with a primary focus on the sale of used vehicles and related products to the subprime market. As of March 31, 2023, DriveTime operated 146 dealerships and 16 reconditioning facilities in 84 designated marketing areas across 28 states and had two major collection centers (Dallas and Mesa, Ariz.).

DriveTime remains profitable. For the three months ending March 31, 2023, the company had a net income of $21.08 million, down from $26.7 million from the same period a year ago.

The company has four separate multiyear warehouse facilities totaling $1.1 billion. As of June 30, 2023, there is approximately $306.0 million outstanding across the four facilities.

Related Criteria

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- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings , Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash

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Related Research

- Credit Conditions North America Q3 2023: Risks Vs. Resilience, June 27, 2023
- Economic Outlook U.S. Q3 2023: A Sticky Slowdown Means Higher For Longer, June 26, 2023
- U.S. Auto Loan ABS Tracker: April 2023 Performance, June 9, 2023
- Ratings Raised On 10 Classes And Five Ratings Affirmed From Three DT Auto Owner Trust Transactions, April 4, 2023
- Ratings Raised On 22 Classes And Seven Ratings Affirmed From 10 DT Auto Owner Trust Transactions, Aug. 5, 2022
- Four Ratings Raised, One Affirmed On DT Auto Owner Trust 2021-1, March 30, 2022

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