

## IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS MEETING THE QUALIFICATIONS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM.

**IMPORTANT: You must read the following before continuing.** The following applies to the offering memorandum (the “**Offering Memorandum**”) following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended only for you and you agree you will not forward, reproduce this electronic transmission or the attached document to any person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SERIES 2024-1 NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SERIES 2024-1 NOTES MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. ACQUISITION AND TRANSFER OF THE SERIES 2024-1 NOTES ARE SUBJECT TO ANY ADDITIONAL RESTRICTIONS DESCRIBED IN THE OFFERING MEMORANDUM.

EXCEPT AS SET FORTH IN THE OFFERING MEMORANDUM, THE OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

EACH PURCHASER (AND EACH BENEFICIAL OWNER, INCLUDING ANY BENEFICIAL OWNER FOR U.S. FEDERAL INCOME TAX PURPOSES) AND SUBSEQUENT TRANSFEREE OF A CLASS D NOTE OR CLASS E NOTE (OR ANY BENEFICIAL INTEREST THEREIN) WILL BE DEEMED BY ITS PURCHASE OR ACQUISITION OF ITS INTEREST IN THE NOTE TO HAVE REPRESENTED AND WARRANTED THAT: (A) EITHER (I) IT IS NOT AND WILL NOT BECOME FOR U.S. FEDERAL INCOME TAX PURPOSES AN ENTITY TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES AS A PARTNERSHIP, SUBCHAPTER S CORPORATION OR GRANTOR TRUST (OR A DISREGARDED ENTITY THE SINGLE OWNER OF WHICH IS ANY OF THE FOREGOING), IN EACH CASE AS DEFINED IN THE CODE (A “**FLOW-THROUGH ENTITY**”) OR (II) IF IT IS OR BECOMES A FLOW-THROUGH ENTITY, THEN (X) MORE THAN 50% OF THE VALUE OF ITS OWNERSHIP INTEREST IN THE FLOW-THROUGH ENTITY IS NOT ATTRIBUTABLE, IN THE AGGREGATE, TO ANY COMBINATION OF THE FLOW-THROUGH ENTITY’S INTERESTS IN ANY OF THE CLASS D NOTES OR CLASS C NOTES, ANY OTHER NOTES, OTHER INTEREST (DIRECT OR INDIRECT) IN THE ISSUER, OR ANY INTEREST CREATED UNDER THE INDENTURE AND (Y) IT IS NOT AND WILL NOT BE A PRINCIPAL PURPOSE OF THE ARRANGEMENT INVOLVING THE INVESTMENT OF SUCH FLOW-THROUGH ENTITY IN ANY CLASS D NOTE OR CLASS E NOTE TO PERMIT ANY PARTNERSHIP TO SATISFY THE 100 PARTNER LIMITATION OF SECTION 1.7704-1(H)(1)(II) OF THE TREASURY REGULATIONS NECESSARY FOR SUCH PARTNERSHIP NOT TO BE CLASSIFIED AS A PUBLICLY TRADED PARTNERSHIP UNDER THE CODE; (B) IT WILL NOT SELL, ASSIGN, TRANSFER, PLEDGE OR OTHERWISE CONVEY ANY BENEFICIAL INTEREST IN ANY NOTE OR ENTER INTO ANY FINANCIAL INSTRUMENT OR CONTRACT THE VALUE OF WHICH IS DETERMINED BY REFERENCE IN WHOLE OR IN PART TO ANY CLASS D NOTE OR CLASS E NOTE, IN EACH CASE IF THE EFFECT OF DOING SO WOULD BE THAT THE BENEFICIAL INTEREST OF ANY PERSON IN A CLASS D NOTE OR CLASS E NOTE WOULD BE IN AN AMOUNT THAT IS LESS THAN THE MINIMUM DENOMINATION FOR THE CLASS D NOTES OR CLASS E NOTES, AS APPLICABLE; (C) IT IS NOT ACQUIRING AND WILL NOT SELL, TRANSFER, ASSIGN, PARTICIPATE, PLEDGE OR OTHERWISE DISPOSE OF ANY CLASS D NOTE(S), CLASS E NOTE(S) (OR BENEFICIAL INTEREST THEREIN) OR CAUSE ANY CLASS D NOTE(S) OR CLASS E NOTE(S) (OR BENEFICIAL INTEREST THEREIN) TO BE MARKETED ON OR THROUGH AN “ESTABLISHED SECURITIES MARKET” WITHIN THE MEANING OF SECTION 7704(B) OF THE CODE, INCLUDING, WITHOUT LIMITATION, AN INTERDEALER QUOTATION SYSTEM THAT REGULARLY DISSEMINATES FIRM BUY OR SELL QUOTATIONS; (D)

IT DOES NOT AND WILL NOT BENEFICIALLY OWN A CLASS D NOTE OR CLASS E NOTE (OR ANY BENEFICIAL INTEREST THEREIN) IN AN AMOUNT THAT IS LESS THAN THE MINIMUM DENOMINATION FOR SUCH CLASS D NOTE OR CLASS E NOTE, AS APPLICABLE, AND IF IT IS ACTING AS A NOMINEE OR IN A SIMILAR CAPACITY, NO BENEFICIAL OWNER FOR WHICH IT IS ACTING AS A NOMINEE OWNS LESS THAN THE MINIMUM DENOMINATION FOR SUCH CLASS D NOTE OR CLASS E NOTE; (E) AS A RESULT OF SUCH HOLDER'S OWN ACTIVITIES SEPARATE FROM THOSE OF THE ISSUER, SUCH HOLDER IS NOT REQUIRED TO TREAT INCOME FROM THIS NOTE AS EFFECTIVELY CONNECTED WITH THE CONDUCT OF A UNITED STATES TRADE OR BUSINESS OF A PERSON THAT IS NOT A "UNITED STATES PERSON" AS DEFINED IN SECTION 7701(A)(30) OF THE CODE; (F) IT WILL STRICTLY COMPLY WITH THE INDENTURE AND AFFIRMS ITS INTENT TO TREAT THE NOTES AS INDEBTEDNESS OF THE ISSUER FOR PURPOSES OF U.S. FEDERAL, STATE AND LOCAL INCOME TAXES; (G) IT WILL NOT TAKE ANY ACTION THAT COULD CAUSE, AND WILL NOT OMIT TO TAKE ANY ACTION, WHICH OMISSION COULD CAUSE, THE ISSUER TO BECOME TAXABLE AS A CORPORATION FOR U.S. FEDERAL INCOME TAX PURPOSES; (H) IT ACKNOWLEDGES THAT IT IS NOT PART OF THE ISSUER'S "EXPANDED GROUP" WITHIN THE MEANING OF THE TREASURY REGULATIONS UNDER SECTION 385 OF THE CODE; (I) IT IS NOT PROVIDING AN IRS FORM W-8ECI (OR AN W-8IMY WITH AN IRS FORM W-8ECI ATTACHED) AND DOES NOT EXPECT TO PROVIDE SUCH FORM IN THE FUTURE, (J) IN THE CASE OF A PURCHASER OF A CLASS E NOTE, IT WILL PROVIDE A WRITTEN CERTIFICATION THAT IT IS A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND (K) IT WILL NOT TRANSFER ALL OR ANY PORTION OF ANY CLASS D NOTE OR CLASS E NOTE UNLESS (1) THE PERSON TO WHICH IT TRANSFERS SUCH CLASS D NOTE OR CLASS E NOTE AGREES TO BE BOUND BY THE RESTRICTIONS, CONDITIONS, REPRESENTATIONS, WARRANTIES, AND COVENANTS SET FORTH IN CLAUSES (A) THROUGH (J) HEREOF AND (2) SUCH TRANSFER DOES NOT VIOLATE SUCH CLAUSES.

ANY TRANSFER MADE IN VIOLATION OF THE TRANSFER RESTRICTIONS ABOVE, OR THAT OTHERWISE WOULD CAUSE THE ISSUER TO BE UNABLE TO RELY ON THE "PRIVATE PLACEMENT" SAFE HARBOR OF TREASURY REGULATIONS SECTION 1.7704-1(H), **WILL BE VOID AND OF NO FORCE OR EFFECT**, AND SHALL NOT BIND OR BE RECOGNIZED BY THE ISSUER OR ANY OTHER PERSON, AND NO PERSON TO WHICH SUCH NOTES ARE TRANSFERRED SHALL BECOME A HOLDER OR BENEFICIAL OWNER.

IN ADDITION, EACH PURCHASER (AND EACH BENEFICIAL OWNER, INCLUDING ANY BENEFICIAL OWNER FOR U.S. FEDERAL INCOME TAX PURPOSES) AND SUBSEQUENT TRANSFEREE OF A CLASS D NOTE, CLASS E NOTE, OR ANY BENEFICIAL INTEREST THEREIN, WILL BE DEEMED BY ITS PURCHASE OR ACQUISITION OF ITS INTEREST IN THE NOTE TO HAVE REPRESENTED AND WARRANTED THAT IT UNDERSTANDS AND ACKNOWLEDGES THAT NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE INDENTURE, NO ASSIGNMENT OR PARTICIPATION OF ALL OR ANY PART OF THE CLASS D NOTES OR CLASS E NOTES (COLLECTIVELY, THE "**SPECIALLY RESTRICTED NOTES**") SHALL BE EFFECTIVE, AND ANY SUCH TRANSFER SHALL BE VOID AB INITIO, REGARDLESS OF WHETHER SUCH ASSIGNMENT OR PARTICIPATION AND TRANSFER IS CONSISTENT WITH THE TRANSFER RESTRICTIONS ABOVE, UNLESS AFTER SUCH TRANSFER THERE WOULD BE NO MORE THAN NINETY-FIVE (95) PERSONS FOR U.S. FEDERAL INCOME TAX PURPOSES, IN THE AGGREGATE, THAT HOLD THE SPECIALLY RESTRICTED NOTES AND ANY OTHER INTEREST IN OR SECURITY ISSUED BY THE ISSUER THAT HAS NOT RECEIVED AN OPINION OF NATIONALLY RECOGNIZED TAX COUNSEL THAT SUCH INTEREST OR SECURITY "[WILL BE]" CHARACTERIZED AS DEBT FOR U.S. FEDERAL INCOME TAX PURPOSES (THE "95-PERSON LIMIT"). FOR THIS PURPOSE, A PERSON WHO INDIRECTLY OWNS (I) A SPECIALLY RESTRICTED NOTE OR (II) ANY OTHER INTEREST IN OR SECURITY ISSUED BY THE ISSUER THAT HAS NOT RECEIVED AN OPINION OF NATIONALLY RECOGNIZED TAX COUNSEL THAT SUCH INTEREST OR SECURITY "WILL BE" CHARACTERIZED AS DEBT THROUGH A FLOW-THROUGH ENTITY (AS DEFINED ABOVE) WILL BE COUNTED TOWARD THE 95-PERSON LIMIT IF (I) SUBSTANTIALLY ALL OF THE VALUE OF SUCH PERSON'S OWNERSHIP INTEREST IN THE FLOW-THROUGH ENTITY IS ATTRIBUTABLE, IN THE AGGREGATE, TO ANY COMBINATION TO THE FLOW-THROUGH ENTITY'S INTEREST IN SUCH NOTE, ANY OTHER NOTES, OTHER INTEREST (DIRECT OR INDIRECT) IN THE ISSUER, OR ANY INTEREST CREATED UNDER THE INDENTURE AND (II) A PRINCIPAL PURPOSE OF THE USE OF THE FLOW-THROUGH ENTITY IS TO ALLOW COMPLIANCE WITH THE 95-PERSON LIMIT.

IF RFS BECOMES AWARE THAT ANY CLASS D NOTE OR CLASS E NOTE HAS BEEN TRANSFERRED IN VIOLATION OF THE TRANSFER RESTRICTIONS SET FORTH ABOVE, RFS SHALL HAVE THE AUTHORITY AND SHALL INSTRUCT, ON BEHALF OF THE ISSUER, THE INDENTURE TRUSTEE, SUBJECT TO THE RULES AND PROCEDURES OF DTC AND ANY REQUIREMENTS OF THE

INDENTURE TRUSTEE, TO DIRECT DTC TO DELIVER TO THE INDENTURE TRUSTEE THE BOOK ENTRY NOTES REPRESENTING SUCH CLASS D NOTES OR CLASS E NOTES, AS APPLICABLE, IN EXCHANGE FOR DEFINITIVE NOTES.

**Confirmation of your Representation:** In order to be eligible to view the Offering Memorandum, you must be (i) a qualified institutional buyer (within the meaning of Rule 144A under the Securities Act) or (ii) in the cases of Class A Notes, Class B Notes, Class C Notes, and Class D Notes, a non-“U.S. Person” (as defined in Regulation S (“**Regulation S**”) under the Securities Act) in compliance with Regulation S that is also a qualified institutional buyer (within the meaning of Rule 144A under the Securities Act). The Offering Memorandum is being sent at your request and by accepting this e-mail and accessing the Offering Memorandum, you will be deemed to have represented to RFS that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Offering Memorandum by electronic transmission and (c) you are (i) a qualified institutional buyer (within the meaning of Rule 144A under the Securities Act) or (ii) a non-“U.S. Person” (as defined in Regulation S under the Securities Act) that is also a qualified institutional buyer (within the meaning of Rule 144A under the Securities Act).

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person.

The Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Guggenheim Securities, LLC (the “**Initial Purchaser**”) nor any person who controls the Initial Purchaser, or any director, officer, employee or agent of the Initial Purchaser or an affiliate of the Initial Purchaser accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchaser.

**RFS ASSET SECURITIZATION II LLC**

Issuer

**RAPID FINANCIAL SERVICES, LLC**

Sponsor, Seller and Servicer

**\$160,000,000 Asset-Backed Notes, Series 2024-1**

RFS Asset Securitization II LLC (the “**Issuer**”), a Delaware limited liability company and a wholly-owned subsidiary of Rapid Financial Services, LLC (“**RFS**”), may issue from time to time series of notes pursuant to the base indenture (as amended, restated and supplemented from time to time, the “**Base Indenture**”) dated as of July 28, 2021, by and between the Issuer and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), as indenture trustee (in such capacity, the “**Indenture Trustee**”), including the Series 2024-1 Class A, Class B, Class C, Class D and Class E Notes (collectively, the “**Series 2024-1 Notes**”).

Class of Notes	Initial Principal Balance	Maximum Principal Balance	Note Rate	Anticipated Rating (KBRA)	Month of Legal Final Payment Date
Class A	\$ 83,380,000	\$ 260,562,000	%	AA	July 2031
Class B	\$ 27,118,000	\$ 84,744,000	%	A	July 2031
Class C	\$ 19,478,000	\$ 60,869,000	%	BBB	July 2031
Class D	\$ 21,959,000	\$ 68,622,000	%	BB-	July 2031
Class E	\$ 8,065,000	\$ 25,203,000	%	B+	July 2031
<b>Total</b>	<b>\$ 160,000,000</b>	<b>\$ 500,000,000</b>			

THE SERIES 2024-1 NOTES ARE SOLELY THE OBLIGATIONS OF THE ISSUER. THE SERIES 2024-1 NOTES DO NOT REPRESENT OBLIGATIONS OF RFS OR ANY OF ITS AFFILIATES (OTHER THAN THE ISSUER), OFFICERS, DIRECTORS, STOCKHOLDERS, MEMBERS, PARTNERS, EMPLOYEES, REPRESENTATIVES OR AGENTS. THE SERIES 2024-1 NOTES ARE NOT INSURED OR GUARANTEED BY ANY GOVERNMENTAL AGENCY. THE SERIES 2024-1 NOTES REPRESENT NON-RECOURSE OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY FROM THE COLLATERAL, AND PROSPECTIVE INVESTORS SHOULD MAKE AN INVESTMENT DECISION BASED UPON AN ANALYSIS OF THE SUFFICIENCY OF THE COLLATERAL.

THE SERIES 2024-1 NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”). THE SERIES 2024-1 NOTES ARE BEING OFFERED ONLY (I) TO “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A (“**RULE 144A**”) UNDER THE SECURITIES ACT) IN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AS DESCRIBED HEREIN, AND (II) IN OFFSHORE TRANSACTIONS TO PERSONS WHO ARE NOT “U.S. PERSONS” (AS DEFINED IN REGULATION S (“**REGULATION S**”) UNDER THE SECURITIES ACT) THAT ARE ALSO “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S. ACCORDINGLY, THE SERIES 2024-1 NOTES WILL NOT BE TRANSFERABLE EXCEPT UPON SATISFACTION OF CERTAIN CONDITIONS AS DESCRIBED UNDER “TRANSFER RESTRICTIONS” IN THIS OFFERING MEMORANDUM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

For a discussion of certain risks associated with an investment in the Series 2024-1 Notes, see “**Risk Factors**” herein.

The Series 2024-1 Notes are being offered by Guggenheim Securities, LLC (the “**Initial Purchaser**”), subject to prior sale, when, as and if issued to and accepted by the Initial Purchaser and subject to approval of certain legal matters by counsel for the Initial Purchaser. The Initial Purchaser reserves the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that the delivery of the Series 2024-1 Notes in book-entry form will be made through the facilities of The Depository Trust Company or Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme on or about July , 2024 (the “**Series 2024-1 Closing Date**”) against payment in federal or other same day funds.

**Guggenheim Securities, LLC**

Sole Structuring Advisor, Book-Running Manager and Initial Purchaser

The date of this Offering Memorandum is July , 2024

The information in this preliminary offering memorandum is not complete and may be changed or withdrawn without notice. This preliminary offering memorandum does not, and is not intended to, constitute an offer to sell or a solicitation of an offer to buy, any of these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, sale or solicitation would be unlawful.

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## **IMPORTANT NOTICE ABOUT THE INFORMATION PRESENTED IN THIS OFFERING MEMORANDUM**

This Offering Memorandum contains substantial information concerning the Issuer, the Series 2024-1 Notes, the Pooled Receivables (as defined below) and the obligations of the Seller, the Servicer, the Backup Servicer (as defined below), the Indenture Trustee, the Custodian (as defined below) and others. Potential investors are urged to review this Offering Memorandum in its entirety. The obligations of the parties with respect to the transactions contemplated in this Offering Memorandum are set forth in and will be governed by certain documents. Summaries of those documents are included in this Offering Memorandum. Those summaries do not purport to be complete and are qualified in their entirety by reference to such documents.

This Offering Memorandum is designed to be delivered by the Initial Purchaser to permitted offerees solely via e-mail or other electronic transmission as a non-editable PDF file. If this Offering Memorandum was received by any means other than via e-mail or other electronic transmission from a sender authorized by the Issuer, RFS or the Initial Purchaser, there is a presumption that this Offering Memorandum has been improperly reproduced and circulated, in which case the Issuer, RFS and the Initial Purchaser disclaim any responsibility for its contents and use.

You should rely only on the information provided in this Offering Memorandum. No person has been authorized to give any information or to make any representations other than those contained in this Offering Memorandum and, if given or made, such information or representations must not be relied upon. The Series 2024-1 Notes are not being offered in any jurisdiction where the offer is not permitted. Neither the delivery of this Offering Memorandum at any time nor any sale made hereunder shall, under any circumstances, imply that there has been no change in the affairs of the Issuer, the Servicer or the Seller since the date hereof or that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Memorandum will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing or changes occurring after the date hereof, including changes in general economic or industry conditions.

The Issuer includes cross-references in this Offering Memorandum to captions where you can find additional related information. You can find the page numbers on which these captions are located under the Table of Contents in this Offering Memorandum. You can also find a listing of the pages where the principal terms are defined under “*Index of Terms*” of this Offering Memorandum.

The Series 2024-1 Notes have not been registered with or approved or recommended by any federal, state or other regulatory authority, nor has any such authority determined that this Offering Memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

This Offering Memorandum is being provided on a confidential basis for informational use solely in connection with a prospective investor’s consideration of the purchase of Series 2024-1 Notes. This Offering Memorandum is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Series 2024-1 Notes. Its use for any other purpose and distribution of this Offering Memorandum to any person other than those persons, if any, retained to advise such prospective investor with respect thereto is not authorized. It may not be copied or reproduced in whole or in part, nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is being provided and their agents. Each prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and if the prospective investor does not purchase Series 2024-1 Notes or the offering is terminated, to return to us, upon request, this Offering Memorandum and all documents delivered in connection herewith.

This Offering Memorandum has been prepared from information furnished by RFS and the Issuer and from other sources. Notwithstanding any investigation that the Initial Purchaser may have conducted with respect to the information contained herein, the Initial Purchaser makes no representation or warranty as to the accuracy or completeness of such information, and nothing herein shall be deemed to constitute such a representation or warranty by the Initial Purchaser, or a promise or representation as to the future performance of the Issuer, RFS or the Indenture Trustee or as to the future performance of the Receivables or the Series 2024-1 Notes.

It is expected that prospective investors interested in purchasing Series 2024-1 Notes will conduct their own independent investigation of the risks posed by an investment in Series 2024-1 Notes. Each recipient of this Offering Memorandum acknowledges that (i) such person has been afforded an opportunity to request and to review, and has received and reviewed, all additional information considered by it to be necessary to verify the



accuracy of or to supplement the information herein and (ii) such person has not relied on the Initial Purchaser or any person affiliated with the Initial Purchaser to investigate the accuracy of its investment decision.

The Series 2024-1 Notes are subject to restrictions on transferability and resale and may not be transferred or resold except in accordance with the Indenture to a person that is (i) a “qualified institutional buyer” as defined in Rule 144A under the Securities Act (a “**QIB**”) or (ii) for Class A Notes, Class B Notes, Class C Notes and Class D Notes, a person who is a non-U.S. Person in offshore transactions outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”) that is also a QIB. Each purchaser of the Series 2024-1 Notes will be deemed to have made certain acknowledgments, representations and agreements or, in the case of the Class D Notes and Class E Notes, shall make such certification as set forth under “*Transfer Restrictions*.”

Subject to the considerations disclosed in “*Certain Considerations for ERISA and Other Benefit Plans*” in this Offering Memorandum, Series 2024-1 Notes may be purchased by employee benefit plans and other retirement accounts. An employee benefit plan, any retirement plan and any entity deemed to hold “plan assets” of any employee benefit plan or other plan should consult with its counsel before purchasing Series 2024-1 Notes. In certain limited circumstances, and subject to the considerations and restrictions discussed in more detail under “*Certain Considerations for ERISA and Other Benefit Plans*” herein, the Class D Notes and Class E Notes may be purchased by certain employee benefit plan investors from the Initial Purchaser on the Series 2024-1 Closing Date. Subsequent purchases of the Class D Notes and Class E Notes by (or subsequent transfers of the Class D Notes and Class E Notes to) such plans will be prohibited. See “*Certain Considerations for ERISA and Other Benefit Plans*” in this Offering Memorandum.

Prospective investors are not to construe the contents of this Offering Memorandum or any prior or subsequent communications from the Issuer, RFS or the Initial Purchaser or any of their respective officers, employees or agents as investment, legal or tax advice. Prior to investing in Series 2024-1 Notes, a prospective investor should consult with its attorney and its investment, accounting, regulatory and tax advisors to determine the consequences of an investment in the Series 2024-1 Notes and arrive at an independent evaluation of such investment.

Other than as explicitly referenced herein as to which a party has agreed to provide a separate opinion, none of the Issuer, RFS or the Initial Purchaser make any representation as to the proper characterization of the Series 2024-1 Notes for legal, investment, accounting, regulatory or tax purposes, or as to the ability of particular investors to purchase Series 2024-1 Notes under applicable legal investment restrictions (including, without limitation, regulatory capital requirements and those requirements or considerations applicable to the purchase of Series 2024-1 Notes by banks, savings and loan associations, insurance companies or other financial institutions). All prospective investors whose investment authority is subject to legal restrictions should consult their legal advisors to determine whether and to what extent Series 2024-1 Notes would constitute legal investments for them.

Each prospective investor must comply with all laws and regulations applicable to it in force in any jurisdiction in which it purchases, offers or sells the Series 2024-1 Notes or possesses or distributes this Offering Memorandum and must obtain any consent, approval or permission required to be obtained by it for the purchase, offer or sale by it of the Series 2024-1 Notes under the laws and regulations applicable to it in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and none of the Issuer, RFS or the Initial Purchaser shall have any responsibility therefor.

The information in this Offering Memorandum supersedes any information previously provided to any prospective investor and may be superseded by information delivered to any prospective investor subsequent to the date hereof, but prior to the time of sale.

The Issuer reserves the right to withdraw the offering of the Series 2024-1 Notes at any time and the Issuer and the Initial Purchaser reserve the right to reject any commitment to subscribe for Series 2024-1 Notes in whole or in part and to allot to all or any prospective investors less than the full amount of Series 2024-1 Notes sought by those investors.

Currently there is no market for the Series 2024-1 Notes and there cannot be any assurance that one will develop or, if one develops, that it will continue, and investors should be aware that they may be required to bear the financial risks of their investment for an indefinite period.

THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF, THE ISSUER, THE INITIAL PURCHASER OR ANY OF THEIR AFFILIATES OR ANY OTHER PERSON TO SUBSCRIBE FOR OR PURCHASE ANY OF THE SERIES 2024-1 NOTES IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE DISTRIBUTION OF THIS OFFERING MEMORANDUM AND THE OFFERING OF THE SERIES 2024-1 NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PERSONS INTO WHOSE POSSESSION THIS OFFERING MEMORANDUM COMES ARE REQUIRED BY THE ISSUER AND THE INITIAL PURCHASER TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

EACH PURCHASER OF THE SERIES 2024-1 NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH SERIES 2024-1 NOTES OR POSSESSES THIS OFFERING MEMORANDUM AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF SUCH SERIES 2024-1 NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER, RFS OR THE INITIAL PURCHASER WILL HAVE ANY RESPONSIBILITY THEREFOR.

THE OBLIGATIONS OF THE PARTIES TO THE TRANSACTIONS REFERRED TO HEREIN ARE SET FORTH IN AND GOVERNED BY CERTAIN DOCUMENTS DESCRIBED HEREIN, AND ALL OF THE STATEMENTS AND INFORMATION CONTAINED HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS. THIS OFFERING MEMORANDUM MAY CONTAIN SUMMARIES OF CERTAIN OF THESE DOCUMENTS, BUT FOR A COMPLETE DESCRIPTION OF THE RIGHTS AND OBLIGATIONS SUMMARIZED HEREIN, REFERENCE IS HEREBY MADE TO THE ACTUAL DOCUMENTS.

## **NOTICE TO RESIDENTS OF THE UNITED KINGDOM**

### **PROHIBITION ON SALES TO UK RETAIL INVESTORS**

THE SERIES 2024-1 NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO, AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO, ANY UK RETAIL INVESTOR IN THE UNITED KINGDOM (THE “UK”). FOR THESE PURPOSES, THE EXPRESSION “**UK RETAIL INVESTOR**” MEANS A PERSON WHO IS ONE (OR MORE) OF THE FOLLOWING: (1) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF COMMISSION DELEGATED REGULATION (EU) 2017/565 (AS AMENDED), AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 AND SECONDARY LEGISLATION MADE UNDER IT, IN EACH CASE, AS AMENDED, INCLUDING BY THE EUROPEAN UNION (WITHDRAWAL AGREEMENT) ACT 2020 (“**EUWA**”); (2) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, THE “**FSMA**”) AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA (AS SUCH RULES AND REGULATIONS MAY BE AMENDED) TO IMPLEMENT DIRECTIVE (EU) 2016/97 (AS AMENDED), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) 600/2014 (AS AMENDED), AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (3) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129, AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA (AS AMENDED, THE “**UK PROSPECTUS REGULATION**”) (A “**UK QUALIFIED INVESTOR**”). CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014, AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA, AND AS AMENDED (THE “**UK PRIIPS REGULATION**”) FOR OFFERING OR SELLING THE SERIES 2024-1 NOTES OR OTHERWISE MAKING THEM AVAILABLE TO UK RETAIL INVESTORS IN THE UK HAS BEEN PREPARED; AND THEREFORE OFFERING OR SELLING THE SERIES 2024-1 NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY UK RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

### **OTHER UK OFFERING RESTRICTIONS**

THIS OFFERING MEMORANDUM IS NOT A PROSPECTUS FOR THE PURPOSES OF THE UK PROSPECTUS REGULATION. THIS OFFERING MEMORANDUM HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF THE SERIES 2024-1 NOTES IN THE UK WILL BE MADE ONLY TO A UK QUALIFIED INVESTOR. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE AN OFFER IN THE UK OF THE SERIES 2024-1 NOTES WHICH ARE THE SUBJECT OF THE OFFERING

CONTEMPLATED IN THIS OFFERING MEMORANDUM MAY ONLY DO SO WITH RESPECT TO UK QUALIFIED INVESTORS. NEITHER THE ISSUER NOR THE INITIAL PURCHASER HAS AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF THE SERIES 2024-1 NOTES IN THE UK OTHER THAN TO UK QUALIFIED INVESTORS.

#### **UK MIFIR PRODUCT GOVERNANCE**

ANY DISTRIBUTOR SUBJECT TO THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (THE “**UK MIFIR PRODUCT GOVERNANCE RULES**”) THAT IS OFFERING, SELLING OR RECOMMENDING THE SERIES 2024-1 NOTES IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE SERIES 2024-1 NOTES AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS. NEITHER THE ISSUER NOR THE INITIAL PURCHASER MAKES ANY REPRESENTATIONS OR WARRANTIES AS TO A DISTRIBUTOR'S COMPLIANCE WITH THE UK MIFIR PRODUCT GOVERNANCE RULES.

#### **OTHER UK REGULATORY RESTRICTIONS**

IN THE UK, THIS OFFERING MEMORANDUM MAY ONLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED AND IS BEING COMMUNICATED ONLY TO, AND IS DIRECTED ONLY AT PERSONS WHO: (1) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND QUALIFY AS INVESTMENT PROFESSIONALS UNDER ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE “**FINANCIAL PROMOTION ORDER**”); OR (2) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC.) OF THE FINANCIAL PROMOTION ORDER; OR (3) ARE ANY OTHER PERSONS TO WHOM THIS OFFERING MEMORANDUM MAY OTHERWISE LAWFULLY BE COMMUNICATED UNDER SECTION 21 OF FSMA (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). IN THE UK, A PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFERING MEMORANDUM OR ANY OF ITS CONTENTS. IN THE UK, ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING MEMORANDUM RELATES, INCLUDING THE SERIES 2024-1 NOTES, IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THE COMMUNICATION OF THIS OFFERING MEMORANDUM TO ANY PERSON IN THE UK WHO IS NOT A RELEVANT PERSON IS UNAUTHORIZED AND MAY CONTRAVENE THE FSMA.

POTENTIAL INVESTORS IN THE UK ARE ADVISED THAT ALL, OR MOST, OF THE PROTECTIONS AFFORDED BY THE UK REGULATORY SYSTEM WILL NOT APPLY TO AN INVESTMENT IN THE SERIES 2024-1 NOTES AND THAT COMPENSATION WILL NOT BE AVAILABLE UNDER THE UK FINANCIAL SERVICES COMPENSATION SCHEME.

#### **NOTICE TO RESIDENTS OF THE EUROPEAN ECONOMIC AREA**

##### **PROHIBITION ON SALES TO EU RETAIL INVESTORS**

THE SERIES 2024-1 NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO, AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO, ANY EU RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (THE “**EEA**”). FOR THESE PURPOSES, THE EXPRESSION “**EU RETAIL INVESTOR**” MEANS A PERSON WHO IS ONE (OR MORE) OF THE FOLLOWING: (1) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “**MIFID II**”); (2) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (3) NOT A QUALIFIED INVESTOR (AN “**EU QUALIFIED INVESTOR**”) AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 (AS AMENDED, THE “**EU PROSPECTUS REGULATION**”). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) 1286/2014 (AS AMENDED, THE “**EU PRIIPS REGULATION**”) FOR OFFERING OR SELLING THE SERIES 2024-1 NOTES OR OTHERWISE MAKING THEM AVAILABLE TO EU RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED; AND THEREFORE OFFERING OR SELLING THE SERIES 2024-1 NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY EU RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE EU PRIIPS REGULATION.

## OTHER EEA OFFERING RESTRICTIONS

THIS OFFERING MEMORANDUM IS NOT A PROSPECTUS FOR THE PURPOSES OF THE EU PROSPECTUS REGULATION. THIS OFFERING MEMORANDUM HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF THE SERIES 2024-1 NOTES IN THE EEA WILL BE MADE ONLY TO AN EU QUALIFIED INVESTOR. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE AN OFFER IN THE EEA OF THE SERIES 2024-1 NOTES WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED IN THIS OFFERING MEMORANDUM MAY ONLY DO SO WITH RESPECT TO EU QUALIFIED INVESTORS. NEITHER THE ISSUER NOR THE INITIAL PURCHASER HAS AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF THE SERIES 2024-1 NOTES IN THE EEA OTHER THAN TO EU QUALIFIED INVESTORS.

## MIFID II PRODUCT GOVERNANCE

ANY DISTRIBUTOR SUBJECT TO MIFID II THAT IS OFFERING, SELLING OR RECOMMENDING THE SERIES 2024-1 NOTES IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE SERIES 2024-1 NOTES AND DETERMINING ITS OWN DISTRIBUTION CHANNELS FOR THE PURPOSES OF THE MIFID II PRODUCT GOVERNANCE RULES UNDER COMMISSION DELEGATED DIRECTIVE (EU) 2017/593 (AS AMENDED, “**THE DELEGATED DIRECTIVE**”). NEITHER THE ISSUER NOR THE INITIAL PURCHASER MAKES ANY REPRESENTATIONS OR WARRANTIES AS TO A DISTRIBUTOR’S COMPLIANCE WITH THE DELEGATED DIRECTIVE.

## FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements within the meaning of Section 27A of the Securities Act. Specifically, forward-looking statements, together with related qualifying language and assumptions, are found in the material (including tables) under the headings “*Risk Factors*” and “*Maturity Assumptions*.” Forward-looking statements are also found in other places throughout this Offering Memorandum, and may be identified by, among other things, accompanying language such as “believes,” “expects,” “intends,” “anticipates,” “estimates,” “may,” “might,” “would” or analogous expressions, or by qualifying language or assumptions. These statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results or performance to differ materially from the forward-looking statements. Additionally, statements regarding past trends or activities should not be interpreted as assurances that those trends or activities will continue in the future. Accordingly, you should not place undue reliance on these statements. These statements speak only as of the date of this Offering Memorandum. The risks and uncertainties attributable to these forward-looking statements may adversely affect the distributions to be made on, or the yield of, the Series 2024-1 Notes. Many of these risks and uncertainties are discussed under the “*Risk Factors*” section herein. You should carefully review and consider such risk factors in addition to the other information provided herein.

None of the Issuer, the Seller, the Servicer or any other party to the transaction has, and each such party expressly disclaims, any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements to reflect changes in such party’s expectations with regard to those statements or any change in events, conditions or circumstances on which any forward-looking statement is based.

## IMPORTANT INFORMATION REGARDING OFFERS AND SALES OF THE SERIES 2024-1 NOTES

The Series 2024-1 Notes offered hereby are subject to modification or revision and are offered on a “when, as and if issued” basis. You understand that, when you are considering the purchase of the Series 2024-1 Notes, a binding contract of sale will not exist prior to the time that the relevant class of Series 2024-1 Notes has been priced and the Initial Purchaser has confirmed the allocation of such Series 2024-1 Notes to be made to you; prior to that time any “indications of interest” expressed by you, and any “soft circles” generated by the Initial Purchaser will not create binding contractual obligations for you or the Initial Purchaser and may be withdrawn at any time. You may commit to purchase one or more classes of Series 2024-1 Notes that have characteristics that may change, and you are advised that all or a portion of the Series 2024-1 Notes may not be issued with the characteristics described in this Offering Memorandum. The obligation of the Initial Purchaser to sell such Series 2024-1 Notes to you is conditioned on the Series 2024-1 Notes having the characteristics described in this Offering Memorandum. If the Initial Purchaser or the Issuer determine that condition is not satisfied in any material respect, you will be notified, and neither the Issuer nor the Initial Purchaser will have any obligation to you to deliver any portion of the Series 2024-1 Notes that you have committed to purchase, and there will be no liability among the Issuer or the Initial Purchaser and you as a consequence of the non-delivery. Your payment for the Series 2024-1 Notes will confirm your agreement to the terms and conditions described in this Offering Memorandum.

## U.S. RISK RETENTION

Section 15G of the Exchange Act and the rules promulgated thereunder (the “**U.S. Risk Retention Regulations**”), which became effective on December 24, 2016, require the “sponsor” of a securitization transaction to retain an economic interest in the credit risk of the securitized assets. RFS, as the sponsor (as defined in the U.S. Risk Retention Regulations) intends to satisfy the requirements of those regulations by retaining one hundred percent (100%) of the limited liability company interests of the Issuer (the “**Retention Interests**”) as an “eligible horizontal residual interest”. For a more detailed discussion of the U.S. Risk Retention Regulations and the qualification of the sponsor’s Retention Interests as an eligible horizontal residual interest in compliance therewith, see “*Credit Risk Retention*” in this Offering Memorandum.

Each holder or beneficial owner of the Series 2024-1 Notes is responsible for analyzing its own regulatory position and is advised to consult with its own advisors regarding the suitability of the Series 2024-1 Notes for investment and compliance with regulatory requirements, including risk retention.

## EU SECURITIZATION LAWS AND UK SECURITIZATION LAWS

None of the Issuer, the Seller, the Servicer, the Initial Purchaser nor any of their respective affiliates or any other party intends to retain a risk retention interest contemplated by Article 6, or to report in accordance with Article 7, of (i) Regulation (EU) 2017/2402 (as amended, the “**EU Securitization Regulation**” and, together with any supplementary regulatory technical standards, implementing technical standards and any official guidance published in relation thereto by the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority or the European Commission, the “**EU Securitization Laws**”), or (ii) Regulation (EU) 2017/2402, as it forms part of the domestic law of the United Kingdom (“**UK**”) by virtue of the European Union (Withdrawal) Act 2018 (as amended, the “**EUWA**”), and as amended by the Securitisation (Amendment) (EU Exit) Regulations 2019 and as may be amended or replaced from time to time, including by the Securitisation Regulations 2024 (the “**UK Securitization Regulation**” and, together with any supplementary regulatory technical standards, implementing standards and any official guidance published in relation thereto by the UK Financial Conduct Authority and/or the UK Prudential Regulation Authority, any other transitional, saving or other provision relevant to the UK Securitization Regulation by virtue of the operation of the EUWA and any implementing laws or regulations, the “**UK Securitization Laws**”) in connection with the transaction as described in this Offering Memorandum, or to take any other action or refrain from taking any action that may be required by prospective investors who are subject to the EU Securitization Regulation or the UK Securitization Regulation, as applicable, for the purposes of such investors’ compliance with any due diligence obligations they may have thereunder, or to take any other action or refrain from taking any action in connection with the requirements of any other law or regulation now or hereafter in effect in the UK, the EU or the EEA in relation to risk retention, due diligence and monitoring, credit granting standards, transparency or any other conditions with respect to investments in securitization transactions.

Each prospective investor in the Series 2024-1 Notes which is subject to the EU Securitization Regulation or the UK Securitization Regulation or any other applicable legal, regulatory or other requirements should consult with its own legal, accounting and other advisors and/or its national regulator in determining the extent to which (A) the transactions described herein comply with the EU Securitization Regulation, the UK Securitization Regulation or any other applicable legal, regulatory or other requirements and (B) the information set out in this Offering Memorandum is sufficient for the purpose of complying with the EU Securitization Regulation, the UK Securitization Regulation or any other applicable legal, regulatory or other requirements. Following the publication of the Commission Report, the Series 2024-1 Notes are unlikely to be suitable investments for EU Institutional Investors as the information to be made available by the Issuer will not be sufficient to comply with the EU Securitization Rules. Additionally, the Series 2024-1 Notes will also unlikely be suitable investments for UK Institutional Investors if the reporting made available from time to time to UK Institutional Investors does not meet the then applicable requirements of the UK Securitization Regulation. Any such prospective investor is required to independently assess and determine such compliance and the sufficiency of such information, and none of the Issuer, the Seller, the Servicer, the Initial Purchaser or any other person or entity are providing any assurances as to either such compliance or the sufficiency of such information. See “*Risk Factors—Risks relating to the Notes—EU Securitization Regulation and UK Securitization Regulation*”.

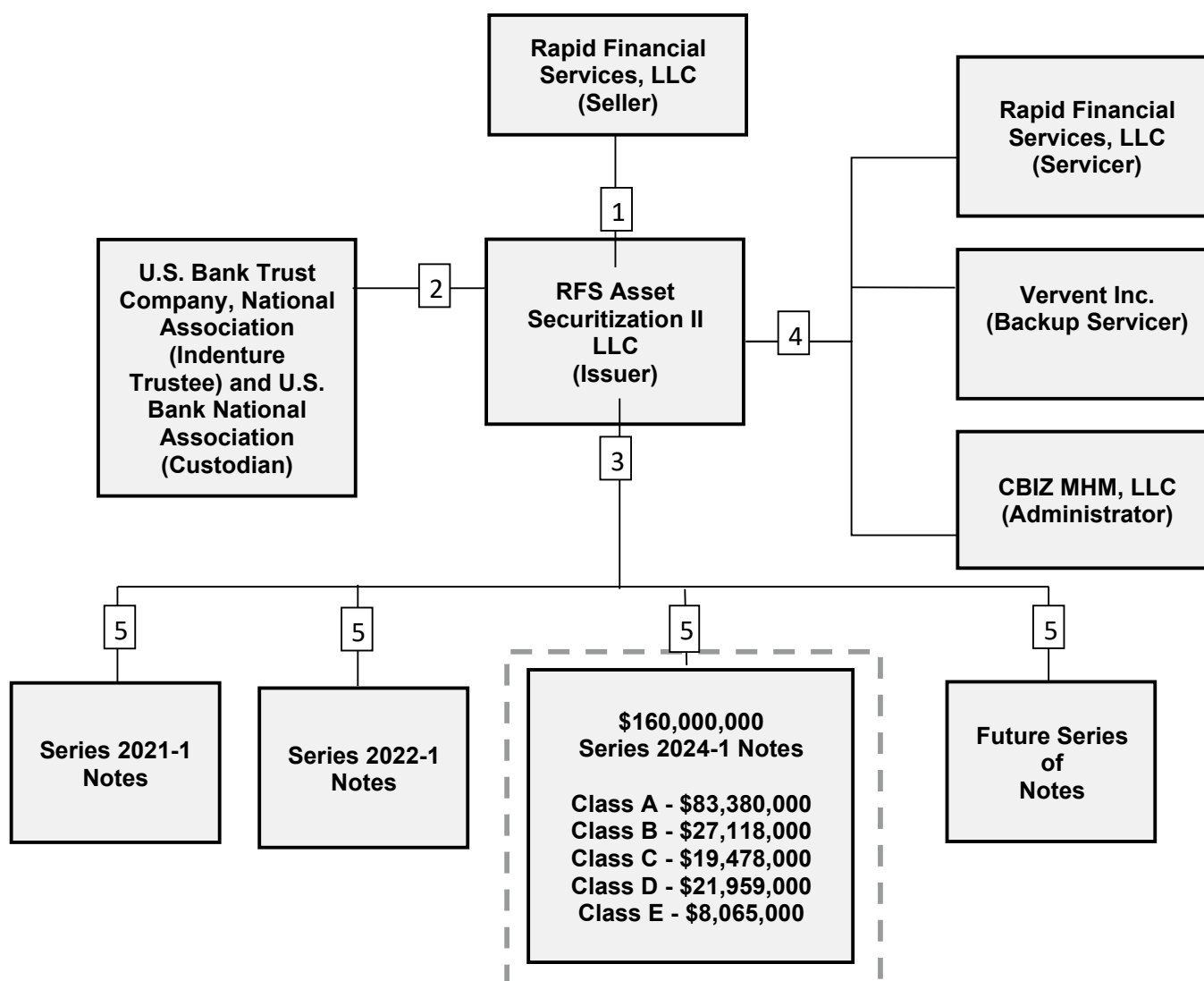
## AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with sales of the Series 2024-1 Notes, the Issuer has agreed to furnish, upon the request of any holder of a Series 2024-1 Note, the information required to be delivered pursuant to paragraph (d)(4) of Rule 144A to such holder and to any prospective purchaser designated by the holder in order to permit such holder to comply with Rule 144A in

connection with the resale of such Series 2024-1 Note, unless at the time of such request, the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act.

RFS has furnished or will furnish one or more Form ABS-15G to the Securities and Exchange Commission pursuant to Rule 15Ga-2 of the Securities Exchange Act of 1934, which will be available on the Securities and Exchange Commission's Internet site. The Forms ABS-15G are not incorporated by reference into this Offering Memorandum.

## TRANSACTION STRUCTURE



- (1) On the Series 2024-1 Closing Date, the Seller will transfer certain Loan Receivables and Factored Receivables (collectively, the “**Receivables**”) to the Issuer for cash available from the sale of the Series 2024-1 Notes or as a contribution of capital to the Issuer. From time to time thereafter, the Seller may transfer additional Receivables to the Issuer using collections held in the Series 2024-1 Collection Account or in the Series 2024-1 Excess Funding Account, the issuances of additional Series 2024-1 Notes or other series of notes or otherwise as contributions of capital to the Issuer, subject to the conditions specified in this Offering Memorandum. For further detail, see “*Description of the Receivables Purchase Agreement—Sale of the Receivables*” in this Offering Memorandum.
- (2) The Issuer pledges a security interest in the Receivables it acquires from the Seller and certain other assets to the Indenture Trustee to secure the Series 2024-1 Notes and any other series of notes. For further detail, see “*Description of the Indenture—The Collateral*” in this Offering Memorandum.
- (3) The Issuer issues the Series 2024-1 Notes on the Series 2024-1 Closing Date as an additional series of notes and from time to time in the future may issue additional Series 2024-1 Notes and other series of notes. On July 28, 2021, the Issuer issued the RFS Asset Securitization II LLC Asset-Backed Notes, Series 2021-1, with an original principal balance equal to \$100,000,000, and on June 29, 2022, the Issuer issued the RFS Asset Securitization II LLC Asset-Backed Notes, Series 2022-1, with an original principal balance equal to \$100,000,000, and on each date, the Seller transferred Receivables to the Issuer. The Series 2021-1 Notes, the Series 2022-1 Notes, and the Series 2024-1 Notes will each be secured by an aggregate pool of the Collateral; provided, that, the Series 2024-1 Notes will be primarily collateralized by funds in the Series 2024-1 Excess Funding Account until the Series 2021-1 Notes and Series 2022-1 Notes have been paid in full. The Series 2021-1 Notes and the Series 2022-1 Notes are expected to be redeemed in full on the payment date in August 2024. See “*Description of the Indenture—The Collateral*” in this Offering Memorandum.
- (4) The Servicer services the Receivables and remits amounts received with respect to the Receivables from Merchants to the collection account. The Backup Servicer provides certain services in respect of reports generated by the Servicer and other matters and, in the event that the Servicer is terminated after a Servicer Default, has agreed at the request of the Indenture Trustee (acting at the direction of the Requisite Noteholders) to act as the successor Servicer. For further detail, see “*Description of the Servicing Agreement—Servicing Duties*” and “*Description of the Backup and Successor*” in this Offering Memorandum.

*Servicing Agreement—Duties as Backup Servicer*” in this Offering Memorandum. In addition, the Administrator will provide certain collateral review and reporting services. See “*Description of the Administrator Services Agreement—Duties as Administrator*.”

- (5) Collections on the Receivables will be used to make payments on the Series 2021-1 Notes, the Series 2022-1 Notes, the Series 2024-1 Notes, and any other additional series of Notes issued pursuant to the Base Indenture and a corresponding indenture supplement. The Issuer uses collections on the Receivables allocated to the Series 2024-1 Notes to make payments on the Series 2024-1 Notes and during the revolving period to purchase additional Receivables from the Seller, in each case pursuant to the payment priorities described under “*Description of the Series 2024-1 Notes—Monthly Distributions*” in this Offering Memorandum.



## SUMMARY OF OFFERING MEMORANDUM

This summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this Offering Memorandum and in the Transaction Documents. Certain capitalized terms used in this summary are defined in the Glossary or elsewhere in this Offering Memorandum. A listing of the pages on which the terms are defined is found in the “*Index of Terms*.” Please read this entire Offering Memorandum carefully for additional detailed information about the Series 2024-1 Notes.

### Principal Terms of the Series 2024-1 Notes:

	<i>Class A</i>	<i>Class B</i>	<i>Class C</i>	<i>Class D</i>	<i>Class E</i>
<i>Initial Principal Balance:</i>	\$83,380,000	\$27,118,000	\$19,478,000	\$21,959,000	\$8,065,000
<i>Maximum Principal Balance:</i>	\$260,562,000	\$84,744,000	\$60,869,000	\$68,622,000	\$25,203,000
<i>Note Rate:</i>	%	%	%	%	%
<i>Interest Accrual method<sup>(1)</sup>:</i>	30/360	30/360	30/360	30/360	30/360
<i>Payment Dates<sup>(2)</sup>:</i>	Monthly (15 <sup>th</sup> )	Monthly (15 <sup>th</sup> )	Monthly (15 <sup>th</sup> )	Monthly (15 <sup>th</sup> )	Monthly (15 <sup>th</sup> )
<i>Month of First Payment Date:</i>	August 2024	August 2024	August 2024	August 2024	August 2024
<i>Record Date:</i>	Business day immediately preceding Payment Date	Business day immediately preceding Payment Date	Business day immediately preceding Payment Date	Business day immediately preceding Payment Date	Business day immediately preceding Payment Date
<i>Partial Call (up to 30%):</i>	First 12 months at 103%; next 11 months at 101%	First 12 months at 103%; next 11 months at 101%	First 12 months at 103%; next 11 months at 101%	First 12 months at 103%; next 11 months at 101%	First 12 months at 103%; next 11 months at 101%
<i>Month of No Premium Optional Redemption Commencement Date:</i>	July 2026	July 2026	July 2026	July 2026	July 2026
<i>Month of Anticipated Repayment Date:</i>	July 2027	July 2027	July 2027	July 2027	July 2027
<i>Month of Legal Final Payment Date:</i>	July 2031	July 2031	July 2031	July 2031	July 2031
<i>Weighted Average Life to Anticipated Repayment Date (years)<sup>(2)</sup>:</i>	3.00	3.00	3.00	3.00	3.00
<i>Priority Classes:</i>	None	A	A, B	A, B, C	A, B, C, D
<i>Junior Classes:</i>	B, C, D, E	C, D, E	D, E	E	None
<i>Anticipated ratings (KBRA)<sup>(3)</sup>:</i>	AA(sf)	A(sf)	BBB(sf)	BB-(sf)	B+(sf)
<i>ERISA Eligible<sup>(4)</sup>:</i>	Yes	Yes	Yes	Yes, subject to certain limitations	Yes, subject to certain limitations
<i>Minimum Denominations:</i>	\$250,000 and integral multiples of \$1,000 in excess thereof	\$250,000 and integral multiples of \$1,000 in excess thereof	\$250,000 and integral multiples of \$1,000 in excess thereof	\$475,000 and integral multiples of \$1,000 in excess thereof	\$475,000 and integral multiples of \$1,000 in excess thereof
<i>Rule 144A CUSIP:</i>	74969D AL9	74969D AM7	74969D AN5	74969D AP0	74969D AQ8
<i>Regulation S CUSIP:</i>	U76204 AL7	U76204 AM5	U76204 AN3	U76204 AP8	N/A
<i>Rule 144A ISIN:</i>	US74969DAL91	US74969DAM74	US74969DAN57	US74969DAP06	US74969DAQ88
<i>Regulation S ISIN:</i>	USU76204AL77	USU76204AM50	USU76204AN34	USU76204AP81	N/A

- (1) If the Series 2024-1 Redemption Date is not a Payment Date, interest on the applicable prepaid portion of the Series 2024-1 Notes with respect to the period beginning on and including the Payment Date immediately preceding the Series 2024-1 Redemption Date and ending on and excluding the Series 2024-1 Redemption Date will accrue on an actual/360 basis.
- (2) Subject to the following business day convention.
- (3) The weighted average life to Anticipated Repayment Date of each class of the Series 2024-1 Notes is calculated based on the maturity assumptions described under “*Maturity Assumptions*” at a CPR of 0% assuming that the Issuer elects to redeem the Series 2024-1 Notes in full on the Anticipated Repayment Date.
- (4) It is a condition to issuance that these ratings are obtained from KBRA. However, there can be no assurance that such ratings will not be lowered, placed on credit watch or withdrawn by KBRA.
- (5) Initial purchases of the Class D Notes and Class E from the Initial Purchaser on the Series 2024-1 Closing Date are ERISA eligible so long as Benefit Plans in the aggregate hold less than 25% of the Class D Notes and Class E Notes on the Series 2024-1 Closing Date; each subsequent purchaser will make a representation that it is not a Benefit Plan or a Controlling Person. Investors subject to ERISA should consult with their own counsel.

Series 2024-1 Notes.....

Asset-Backed Notes, Series 2024-1. The Series 2024-1 Notes will be issued in five classes: Class A (the “**Class A Notes**”), Class B (the “**Class B Notes**”), Class C (the “**Class C Notes**”), Class D (the “**Class D Notes**”) and Class E (the “**Class E Notes**” and, together with the Class A Notes, the Class B Notes, the Class C Notes, and the Class D Notes, the “**Series 2024-1 Notes**”).

The Series 2024-1 Notes will be issued by the Issuer on the Series 2024-1 Closing Date as an additional series of notes pursuant to the Base Indenture (as amended, restated, supplemented or otherwise modified and in effect from time to time (including, as of its execution, the A&R Base Indenture), the “**Base Indenture**”), dated as of July 28, 2021 (the “**Series 2021-1 Closing Date**”), between the Issuer and the Indenture Trustee, as supplemented by the Series 2024-1 Indenture Supplement, to be dated as of the Series 2024-1 Closing Date (as amended, supplemented or otherwise modified and in effect from time to time, the “**Series 2024-1 Indenture Supplement**,” and together with the Base Indenture, the “**Indenture**”).

On the Series 2021-1 Closing Date, the Issuer issued the Series 2021-1 Notes, with an original principal balance equal to \$100,000,000, pursuant to the Base Indenture, as supplemented by that certain Series 2021-1 Indenture Supplement thereto (the “**Series 2021-1 Indenture Supplement**”), dated as of July 28, 2021, between the Issuer and the Indenture Trustee, which were secured by the assets of the Issuer as described in the offering document with respect to the Series 2021-1 Notes.

On the Series 2022-1 Closing Date, the Issuer issued the Series 2022-1 Notes, with an original principal balance equal to \$100,000,000, pursuant to the Base Indenture, as supplemented by that certain Series 2022-1 Indenture Supplement thereto (the “**Series 2022-1 Indenture Supplement**”), dated as of June 29, 2022, between the Issuer and the Indenture Trustee, which were secured by the assets of the Issuer as described in the offering document with respect to the Series 2022-1 Notes.

As of the Series 2024-1 Closing Date, the Series 2021-1 Notes and Series 2022-1 Notes that will be secured by the Collateral have an aggregate outstanding principal balance of approximately \$130 million. The Series 2021-1 Notes and Series 2022-1 Notes are, collectively, referred to herein as the “**Existing Series Notes**”.

Pursuant to the terms of the Indenture, one or more additional series of notes may be issued in the future from time to time by the Issuer (each, a “**Series**”). Each such Series, including the Series 2024-1 Notes, is or will be secured by the Collateral.

Redemption of the Existing Series  
Notes .....

It is expected that, on the Payment Date in August 2024, the Issuer will redeem the Existing Series Notes in full, in accordance with the optional redemption provisions of the Series 2021-1 Indenture Supplement and the Series 2022-1 Indenture Supplement, with funds on deposit in the Series 2024-1 Excess Funding Account.

Failure to redeem the Existing Series Notes on the Payment Date in August 2024 will result in the occurrence of a Rapid Amortization Event with respect to the Series 2024-1 Notes.

For more information regarding the redemption of the Existing Series Notes, see “*Risks Relating to the Notes – On the Series 2024-1 Closing Date, the Series 2024-1 Notes will be primarily collateralized by the*

*amounts on deposit in the Series 2024-1 Excess Funding Account” in this Offering Memorandum.*

Base Indenture Amendment .....

IN ADDITION, EACH PURCHASER (AND EACH BENEFICIAL OWNER) AS A CONDITION TO AND BY ITS PURCHASE OR ACQUISITION OF ITS INTEREST IN THE NOTE WILL HAVE CONSENTED TO THE EXECUTION OF AN AMENDED AND RESTATED BASE INDENTURE (THE “**A&R BASE INDENTURE**”), BY AND BETWEEN THE ISSUER AND U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, WHICH WILL BE ENTERED INTO AND EFFECTIVE ON THE DATE THAT THE SERIES 2021-1 NOTES AND SERIES 2022-1 NOTES ARE REDEEMED IN FULL (WHICH SERIES 2021-1 NOTES AND SERIES 2022-1 NOTES ARE EXPECTED TO BE REDEEMED IN FULL ON THE PAYMENT DATE IN AUGUST). SUCH CONSENT SHALL BE BINDING UPON ANY SUBSEQUENT TRANSFEREE OF ANY SERIES 2024-1 NOTE OR ANY BENEFICIAL INTEREST THEREIN. The full text of the proposed A&R Base Indenture is set forth on Annex A to this Offering Memorandum. The material features of the A&R Base Indenture are summarized below, prospective investors should review the full text of the A&R Base Indenture for a full understanding of its contents:

- Amend the definition of “Event of Default” as follows:
  - Amend and restated clause (d) of the definition of “Event of Default to read as follows: “arising from a default in the payment of interest on either (i) any Controlling Class of any Series when the same becomes due or payable, or (ii) any Note of any Series on the Legal Final Payment Date of such Class of Notes, and such default continues for five business days.”
  - Delete in its entirety clause (h) of the definition of “Event of Default” (the occurrence of a Receivables File Discrepancy).
- Amend the definition of “Charged-Off Receivable” to mean, as of any date of determination, a Receivable that is subject to a Charge-Off Event as of such date. For this purpose, “Charge-Off Event” will mean, with respect to any Receivable as of any date of determination, the earliest to occur of: (a) such Receivable has a Missed Payment Factor (i) in the case of a Daily Pay Receivable, higher than 66, (ii) in the case of a Weekly Pay Receivable, higher than 12, or (iii) in the case of a Bi-Weekly Pay Receivable, higher than 6, (b) no payment has been received for a period of 90 or more consecutive days in respect of such Receivable, or (c) consistent with the Credit Policies, has or should have been written off by the Servicer.
- Amend the definition of “Eligible Receivable” to include that with respect to (i) LOC Receivables, such Receivable has a Risk Band of 1, 2 or 3 and (ii) Factored Receivables or Term Loan Receivables, such Receivable has a Risk Band of 1, 2, 3 or 4.
- Amend the definition of “Permitted Investments”, to, among other things, include commercial paper maturing no more than 365 days from the date of creation thereof and having, at the earlier of (x) the time of investment and (y) the time of the contractual commitment to invest therein, a commercial paper

rating category from Moody's of "P-1" and Standard & Poor's of "A-1".

Backup Servicing Agreement  
Amendment .....

In connection with the issuance of the Series 2021-1 Notes, Vervent Inc. as initial backup servicer, Rapid Financial Services, LLC, as servicer, the Issuer and the Indenture Trustee, entered into a Backup Up Servicing Agreement (as amended, restated supplemented or otherwise modified and in effect from time to time, the "**Backup Servicing Agreement**").

IN ADDITION, EACH PURCHASER (AND EACH BENEFICIAL OWNER) AS A CONDITION TO AND BY ITS PURCHASE OR ACQUISITION OF ITS INTEREST IN THE NOTE WILL HAVE CONSENTED TO THE EXECUTION OF AN AMENDED AND RESTATED BACKUP SERVICING AGREEMENT (THE "**A&R BACKUP SERVICING AGREEMENT**"), BY AND BETWEEN THE INITIAL BACKUP SERVICER, THE SERVICER, THE ISSUER AND THE INDENTURE TRUSTEE, WHICH WILL BE ENTERED INTO AND EFFECTIVE ON THE DATE THAT THE SERIES 2021-1 NOTES AND SERIES 2022-1 NOTES ARE REDEEMED IN FULL (WHICH SERIES 2021-1 NOTES AND SERIES 2022-1 NOTES ARE EXPECTED TO BE REDEEMED IN FULL ON THE PAYMENT DATE IN AUGUST). SUCH CONSENT SHALL BE BINDING UPON ANY SUBSEQUENT TRANSFEREE OF ANY SERIES 2024-1 NOTE OR ANY BENEFICIAL INTEREST THEREIN.

The full text of the proposed A&R Backup Servicing Agreement is set forth on Annex B to this Offering Memorandum. Prospective investors should review the full text of the A&R Backup Servicing Agreement for a full understanding of its contents.

See also "*Description of the Backup Servicing and Successor Servicing Agreement*" in this Offering Memorandum.

Additional Issuances of Series  
2024-1 Notes .....

The Series 2024-1 Notes will be "expandable" term notes such that at any time during the Series 2024-1 Revolving Period, the Issuer may, in its discretion and without the consent of the holders of the Series 2024-1 Notes then outstanding, periodically issue additional Series 2024-1 Notes, subject to the following conditions: (a) such issuance does not cause the maximum issuance amount applicable to each Class (as described in the chart above under the heading "**Maximum Principal Balance**") to be exceeded, (b) the Rating Agency Condition with respect to the Series 2024-1 Notes is satisfied, (c) the Issuer and the Receivables to be acquired by the Issuer in connection with such issuance satisfy all conditions set forth in the Transaction Documents, (d) at the time of such issuance a Rapid Amortization Event has not occurred and is not continuing, (e) such issuance of additional Series 2024-1 Notes will constitute a "qualified reopening" of such corresponding Class of Series 2024-1 Notes for U.S. federal income tax purposes, (f) the Issuer shall deliver to the Indenture Trustee an officer's certificate stating that the foregoing conditions and all other conditions precedent to the authentication of the additional Notes by the Indenture Trustee have been satisfied, and (g) the Issuer receives an opinion from independent tax counsel that the issuance of any additional notes are properly characterized as indebtedness for U.S. federal income tax purposes at the same level of tax opinion certainty as the related Class of Series 2024-1 Notes originally issued and then outstanding. Each such additional issuance of a Class of Series 2024-1 Notes will have the same terms as the corresponding Class of Series 2024-1 Notes issued on the Series 2024-1 Closing Date, including the same Note Rate, Legal Final Payment Date and CUSIP number; provided, however, that (x) interest due on the

additional notes shall accrue from the issue date of such additional notes, and (y) a new, separate global note for a Class of Notes with new CUSIP numbers shall be required unless the Issuer determines, based on written advice of counsel (which may be in electronic format), that such additional issuance will constitute part of a “qualified reopening” within the meaning of the Code and the Treasury regulations. See “*Description of the Indenture—Issuance of Additional Series 2024-1 Notes.*” The additional issuance of Series 2024-1 Notes will impose on RFS additional credit risk retention obligations under the Retention Agreement satisfy the U.S. Risk Retention Regulations. No additional Series 2024-1 Notes may be issued if, after issuance and purchase of such additional Series 2024-1 Notes, the U.S. Risk Retention Regulations would not be satisfied. See “*Credit Risk Retention.*”

Issuance of Additional Series .....

The Issuer may issue additional Series of Notes without the consent of the holders of the Notes then outstanding. Each additional Series of Notes will be issued pursuant to a separate supplement to the Base Indenture and may have terms that differ from the Series 2024-1 Notes. However, the Issuer may not change the terms of the Series 2024-1 Notes by issuing an additional Series of Notes. The Series 2024-1 Notes and all other additional Series of Notes will be secured by the Collateral. Allocations of Collections among all Series of Notes will be made based on the invested percentage of such Series. It is a condition to the issuance of any Series of Notes that, among other things, (i) the Rating Agency Condition with respect to the Series 2024-1 Notes is satisfied and (ii) counsel to the Issuer delivers an opinion that the issuance of such additional Series of Notes will not (a) prevent any Series 2024-1 Notes outstanding or Class thereof that was (based upon an opinion of counsel) characterized as indebtedness for U.S. federal income tax purposes at the time of their issuance from continuing to so qualify and (b) cause the Issuer to be classified as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. As used herein, “**Notes**” means any one of the notes issued by the Issuer, executed and authenticated by the Indenture Trustee and in substantially the form attached to a supplement to the Indenture.

A “**Noteholder**” means, with respect to any Note, the holder of record of such Note, and a “**Series 2024-1 Noteholder**” means a holder of record of a Series 2024-1 Note. The Series 2024-1 Notes and all other such additional Series of Notes will be secured by the Collateral. Allocation of Collections among all Series of Notes will be made based on the invested percentage of each such Series. See “*Description of the Indenture—Issuance of Additional Series.*” The issuance of additional Series of Notes will impose on RFS additional credit risk retention obligations under the Retention Agreement in order to satisfy the U.S. Risk Retention Regulations. No additional Series of Notes may be issued if, after issuance and purchase of such additional Series of Notes, the requirements of the U.S. Risk Retention Regulations would not be satisfied. See “*Credit Risk Retention.*”

Issuer .....

RFS Asset Securitization II LLC, a special purpose limited liability company organized on July 12, 2021 pursuant to the laws of the State of Delaware (the “**Issuer**”). The sole member of the Issuer is Rapid Financial Services, LLC.

Seller.....

Rapid Financial Services, LLC (“**RFS**” or the “**Seller**”), is a specialty financial services and technology company that uses its proprietary risk scoring models, transactional data, technology systems and platforms to provide capital to small and medium-sized businesses. See “*RFS.*” Pursuant to the terms and subject to the conditions of the Receivables

Purchase Agreement, dated as of the Series 2021-1 Closing Date, between the Seller and the Issuer (as amended, supplemented or otherwise modified and in effect from time to time, the “**Receivables Purchase Agreement**”), the Seller will offer on each closing date and each Transfer Date (as defined herein) to sell or contribute and assign all of its right, title and interest in and to certain Receivables and the Related Security with respect thereto to the Issuer.

IN ADDITION, EACH PURCHASER (AND EACH BENEFICIAL OWNER) AS A CONDITION TO AND BY ITS PURCHASE OR ACQUISITION OF ITS INTEREST IN THE NOTE WILL HAVE CONSENTED TO THE EXECUTION OF AN AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT (THE “**A&R RPA**”), BY AND BETWEEN THE SELLER AND THE ISSUER, WHICH WILL BE ENTERED INTO AND EFFECTIVE ON THE DATE THAT THE SERIES 2021-1 NOTES AND SERIES 2022-1 NOTES ARE REDEEMED IN FULL (WHICH SERIES 2021-1 NOTES AND SERIES 2022-1 NOTES ARE EXPECTED TO BE REDEEMED IN FULL ON THE PAYMENT DATE IN AUGUST). SUCH CONSENT SHALL BE BINDING UPON ANY SUBSEQUENT TRANSFEREE OF ANY SERIES 2024-1 NOTE OR ANY BENEFICIAL INTEREST THEREIN.

The full text of the proposed A&R RPA is set forth on Annex C to this Offering Memorandum. Prospective investors should review the full text of the A&R RPA for a full understanding of its contents.

See “*Description of the Receivables Purchase Agreement.*”

Originator(s) .....	RFS and any of its subsidiaries that have been organized to originate Receivables under the RFS Platform (each, an “ <b>Originator</b> ” and, collectively, the “ <b>Originators</b> ”). Currently, Receivables are originated by RFS and Small Business Financial Solutions, LLC (“ <b>SBFS</b> ”), a wholly owned subsidiary of RFS, but additional subsidiaries may be formed to originate Receivables in the future. RFS and its subsidiaries, including any Originator and the Servicer (as defined below), are sometimes referred to herein as the “ <b>RFS Companies.</b> ”
Sponsor .....	RFS, as sponsor for purposes of the U.S. Risk Retention Regulations (in such capacity, the “ <b>Sponsor</b> ”) or any successor thereto to the extent permitted under the U.S. Risk Retention Regulations and the Retention Agreement.
Indenture Trustee and Paying Agent .....	U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), a national banking association (“ <b>U.S. Bank Trust Co.</b> ”), acts as indenture trustee under the Indenture (in such capacity, the “ <b>Indenture Trustee</b> ”) and, as the Indenture Trustee, acts as paying agent under the Indenture (in such capacity, the “ <b>Paying Agent</b> ”).
Servicer .....	RFS acts as servicer (the “ <b>Servicer</b> ”) of the Pooled Receivables and the Related Security with respect thereto for the benefit of the Issuer and the Indenture Trustee on behalf of the holders of Series 2024-1 Notes and the holders of any other Series of Notes issued by the Issuer, pursuant to the Servicing Agreement, dated as of the Series 2021-1 Closing Date, among the Issuer, the Servicer and the Indenture Trustee (as amended, supplemented or otherwise modified and in effect from time to time, the

“**Servicing Agreement**”). See “*Description of the Servicing Agreement*.”

Backup Servicer..... Vervent Inc. (“**Initial Backup Servicer**”) acts as the initial backup servicer pursuant to the Backup Servicing Agreement. The Initial Backup Servicer (or any replacement thereof appointed pursuant to the Backup Servicing Agreement, a “**Replacement Backup Servicer**”; together with the Initial Backup Servicer, the “**Backup Servicer**”) will review the Monthly Settlement Statements (as defined herein) and provides certain services described herein under “*Description of the Backup and Successor Servicing Agreement—Duties as Backup Servicer*.” In addition, the Backup Servicer has agreed to become the Servicer of the Pooled Receivables upon the termination of the initial Servicer and appointment of the Backup Servicer as the successor Servicer in accordance with the Servicing Agreement. See “*Description of the Backup and Successor Servicing Agreement*” and “*Description of the Servicing Agreement—Servicer Default*.”

Custodian..... U.S. Bank National Association, a national banking association (“U.S. Bank N.A.”) will act as custodian (in such capacity, the “**Custodian**”) of electronic copies of the Receivable Files relating to the Pooled Receivables and will verify certain information with respect to a sample set thereof pursuant to the Custodial Agreement, to be dated as of the Series 2024-1 Closing Date, among the Issuer, the Servicer, the Custodian and the Indenture Trustee (as amended, supplemented or otherwise modified and in effect from time to time, the “**Custodial Agreement**”).

During the Series 2024-1 Revolving Period, in connection with its verification duties under the Custodial Agreement, the Custodian will review certain documents and information for a fifteen percent (15%) sample set of the Eligible Receivables (by largest balance) proposed to be transferred by the Seller to the Issuer on the Series 2024-1 Closing Date, in connection with the issuance of the Series 2024-1 Notes. If the Custodian’s review of the sample set reveals exceptions in excess of a fifty basis point percent (0.50%) permitted error rate, the Custodian will review additional Eligible Receivables (as described herein) until it can deliver a certification that the Eligible Receivables proposed to be transferred on any Transfer Date do not exceed the permitted error rate or until all Eligible Receivables have been reviewed. If the Eligible Receivables proposed to be transferred have a Transfer Price less than or equal to five percent (5%) of the aggregate outstanding principal balance of the Series 2024-1 Notes as of the applicable Transfer Date, the sample set verification may be completed up to five (5) business days after the Transfer has been completed. However, if the Transfer Price for such Eligible Receivables on such Transfer Date exceeds five percent (5%) of the aggregate outstanding principal balance of the Series 2024-1 Notes or if the Custodian’s review of any transferred Eligible Receivables that qualified for post-Transfer verification reveals exceptions in excess of the fifty basis point percent (0.50%) permitted error rate, then the verification will be required to be completed, and the exceptions resolved, on or before the applicable Transfer Date. After any such exceptions are resolved, the post-Transfer Date review will resume for Eligible Receivables proposed to be transferred that have a Transfer Price less than or equal to five percent (5%) of the aggregate outstanding principal balance of the Series 2024-1 Notes. See “*Description of the Custodial Agreement—Duties of the Custodian*.”

Administrator..... CBIZ MHM, LLC (“**CBIZ**” or the “**Administrator**”) will be engaged to prepare and provide to the Servicer, the Backup Servicer and the

Indenture Trustee certain monthly and annual reports with respect to the Pooled Receivables pursuant to the engagement letter agreement, to be dated as of the Series 2024-1 Closing Date, among the Issuer, the Seller, the Servicer and the Administrator (as amended, supplemented or otherwise modified and in effect from time to time, the “**Administrator Services Agreement**”).

Pursuant to the Administrator Services Agreement, Administrator will, among other things, on a monthly basis, conduct a data file review of a sample of 100 Receivables from the Servicer’s month-end data file and compare, confirm or calculate, as applicable, 18 data fields with reference to either source documentation or the Servicer’s underlying operating system, as applicable. If the sample error rate of any one of the 18 data fields exceeds four percent (4%), then in the following month the Administrator will review 200 Receivables consisting of the 100 largest Receivables and the other 100 Receivables will be selected by the Administrator on a judgmental basis. If the sample error rate of any one of the data fields with respect to the 200 Receivables reviewed exceeds four percent (4%), then the Administrator will notify the Indenture Trustee, the Seller, the Servicer and the Backup Servicer of the data integrity discrepancy and a Rapid Amortization Event will occur under the Indenture. See “*Description of the Administrator Services Agreement—Duties as Administrator.*”

Initial Purchaser .....	Guggenheim Securities, LLC (the “ <b>Initial Purchaser</b> ”).
Series 2021-1 Closing Date .....	July 28, 2021 (the “ <b>Series 2021-1 Closing Date</b> ”).
Series 2022-1 Closing Date .....	June 29, 2022 (the “ <b>Series 2022-1 Closing Date</b> ”).
Series 2024-1 Closing Date .....	On or about July , 2024 (the “ <b>Series 2024-1 Closing Date</b> ”).
Statistical Cut-off Date .....	Unless otherwise specified, all figures are as of May 31, 2024 (the “ <b>Statistical Cut-off Date</b> ”).
Form of Series 2024-1 Notes.....	The Series 2024-1 Notes may be sold to QIBs in transactions meeting the requirements of Rule 144A or Regulation S. Beneficial interests in each class of the Series 2024-1 Notes will be represented by one or more restricted 144A or Regulation S global notes, each in registered form without coupons, each deposited with U.S. Bank Trust Co. as custodian for, and registered in the name of a nominee of, The Depository Trust Company or “ <b>DTC</b> .”

The Series 2024-1 Notes (other than the Class E Notes) may be sold outside the United States in reliance on Regulation S to non-U.S. Persons that are also QIBs, and each such class of the Series 2024-1 Notes will initially be represented by a temporary Regulation S global Series 2024-1 Note in fully registered form without coupons, which will be deposited with U.S. Bank Trust Co. as custodian for, and registered in the name of a nominee of, DTC, for the account of Euroclear Bank S.A./N.V. (“**Euroclear**”) or Clearstream Banking, société anonyme (“**Clearstream**”). Interests in such temporary Regulation S global Series 2024-1 Note will be exchangeable, in whole or in part, on or after the 40<sup>th</sup> day after the issuance date of the Series 2024-1 Notes and upon certification of non-U.S. beneficial ownership, as set forth in the Series 2024-1 Indenture Supplement, for interests in a permanent Regulation S global Series 2024-1 Note, in fully registered form without coupons, that will be deposited with the Indenture Trustee, as custodian for, and



registered in the name of a nominee of, DTC, for the account of Euroclear or Clearstream.

Except as described herein, none of the Series 2024-1 Notes (or interests therein) will be exchanged for Series 2024-1 Notes in certificated forms. See “*Description of the Series 2024-1 Notes—Form of Series 2024-1 Notes—Definitive Notes.*”

Beneficial interests in the Class A Notes, Class B Notes and Class C Notes will be sold in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. Beneficial interests in the Class D Notes and Class E Notes will be sold in minimum denominations of \$475,000 and multiples of \$1,000 in excess thereof.

Interest Payments on Series  
2024-1 Notes .....

The Series 2024-1 Notes will bear interest at the fixed rates designated for each applicable Class, as set forth in the following table:

Class of Notes	Note Rate
Class A	% per annum
Class B	% per annum
Class C	% per annum
Class D	% per annum
Class E	% per annum

Interest on the Series 2024-1 Notes will accrue on a 30/360 basis which means that for the first Payment Date interest will accrue for a period equal to the number of days from and including the Series 2024-1 Closing Date to and excluding August 15, 2024 or, in the case of additional Series 2024-1 Notes issued after the Closing Date, from and including the date of issuance thereof to and excluding the next Payment Date (calculated on the basis of a 360-day year consisting of twelve 30-day months), and for each subsequent Payment Date, interest will accrue for a period of 30 days; provided, that if the Series 2024-1 Redemption Date is not a Payment Date, interest on the principal portion of any Series 2024-1 Notes with respect to the period beginning on and including the Payment Date immediately preceding the Series 2024-1 Redemption Date and ending on and excluding the Series 2024-1 Redemption Date will accrue on the basis of the actual number of days during such period and a 360-day year. Interest accrued but not paid on a Payment Date will be payable on the subsequent Payment Date, together with, to the extent permitted by applicable law, interest on the unpaid amount at the applicable Note Rate. See “*Description of the Series 2024-1 Notes—Payment of Interest.*”

Repayment of the Series 2024-1  
Notes.....

The timing of principal payments on the Series 2024-1 Notes will be largely dependent on the timing of collections of cash generated by the Collateral.

*Payments during the Series 2024-1 Revolving Period*

During the period from and including the Series 2024-1 Closing Date to but excluding the commencement of the Series 2024-1 Amortization Period (the “**Series 2024-1 Revolving Period**”), no payments of principals of the Series 2024-1 Notes, other than Priority Principal Distribution Amounts (if applicable), will be made unless the Issuer has

elected to redeem the Series 2024-1 Notes (i) with respect to up to 30% of the aggregate Series 2024-1 Note Balance (pro rata to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes), (a) at 103% of the outstanding principal amount redeemed plus accrued interest on any business day prior to (but excluding) the Payment Date in August 2025, and (b) at 101% of the outstanding principal amount redeemed plus accrued interest on any business day on or after the Payment Date in August 2025 and prior to (but excluding) the Payment Date in July 2026, and (ii) in whole or in part (and pro rata to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes) at 100% of the outstanding principal amount redeemed plus accrued interest on any business day occurring on or after the Payment Date in July 2026 (a “**Series 2024-1 Redemption Date**”).

*Payments during the Series 2024-1 Amortization Period*

Unless a Rapid Amortization Event occurs with respect to the Series 2024-1 Notes, the Series 2024-1 Amortization Period will begin at the close of business on June 30, 2027, and the Issuer will begin making payments of principal of the Series 2024-1 Notes on the Payment Date in August 2027. If a Rapid Amortization Event with respect to the Series 2024-1 Notes occurs, the Series 2024-1 Amortization Period will begin at the close of business on the business day immediately preceding the date of such Rapid Amortization Event and the Issuer will begin making payments of principal of the Series 2024-1 Notes on the first Payment Date following the occurrence of such Rapid Amortization Event unless such Rapid Amortization Event has been cured prior to such Payment Date.

On each Payment Date during the Series 2024-1 Amortization Period, payments of principal of the Series 2024-1 Notes will be made from amounts deposited in the Series 2024-1 Note Distribution Account to make payments of principal of the Series 2024-1 Notes as described below under “—Priority of Payments” and under “Description of the Series 2024-1 Notes—Payment of Principal” and “—Monthly Distributions.” Amounts available to make payments of principal of the Series 2024-1 Notes on each Payment Date will be applied in accordance with the Principal Note Payment Sequence.

The amount that will be deposited in the Series 2024-1 Note Distribution Account to make payments of principal of the Series 2024-1 Notes during the Series 2024-1 Amortization Period will equal the lesser of the aggregate outstanding principal amount of the Series 2024-1 Notes and the portion of the Total Available Amount (as defined herein) for that Payment Date remaining after the payment of interest on the Series 2024-1 Notes, the Series 2024-1 Servicing Fee, and the portions of the Series 2024-1 Backup Servicing Fee and the fees, expenses and indemnities payable to the Indenture Trustee, the Depository Bank, the Custodian and the Administrator out of the Collections allocated to the Series 2024-1 Notes prior to the payment of interest on the Series 2024-1 Notes.

In addition, during the Series 2024-1 Amortization Period, amounts on deposit in the Series 2024-1 Reserve Account will be available for the payment of principal of the Series 2024-1 Notes (i) on any Payment Date on which such amounts on deposit in the Series 2024-1 Reserve Account, together with the Series 2024-1 Available Funds for such Payment Date, would be sufficient to pay the aggregate outstanding principal amount of the Series 2024-1 Notes in full on such Payment Date in accordance with the Priority of Payments, (ii) on the Legal Final Payment Date (after payment of Interest Payment deficiencies, if any), or (iii) on any Payment Date, if the amount on deposit in the Series 2024-1 Excess Funding

Account has been reduced to zero and the Series 2024-1 Pool Balance, as of the end of the related Collection Period, has been reduced to zero.

Priority Principal Distribution Amounts (if applicable) may be made on Payment Dates during the Series 2024-1 Amortization Period. During the Series 2024-1 Amortization Period, pursuant to the Priority of Payments and subject to the Total Available Amount, the Priority Principal Distribution Payment Amount (if any) for such Payment Date will be deposited to the Series 2024-1 Note Distribution Account, and be applied first, to the Class A Notes until either the Class A Notes or the First Priority Principal Distribution Amount is paid in full, second, to the Class B Notes until either the Second Priority Principal Distribution Amount or the Class B Notes are paid in full, and third, to the Class C Notes until either the Third Priority Principal Distribution Amount or the Class C Notes is paid in full, fourth, to the Class D Notes until either the Fourth Priority Principal Distribution Amount or Class D Notes is paid in full, and fifth, to the Class E Notes until either the Fifth Priority Principal Distribution Amount or Class E Notes is paid in full.

The “**Priority Principal Distribution Amount**” means, with respect to any Payment Date, the sum of the First Priority Principal Distribution Amount, the Second Priority Principal Distribution Amount, the Third Priority Principal Distribution Amount, the Fourth Priority Principal Distribution Amount, and Fifth Priority Principal Distribution Amount.

The “**First Priority Principal Distribution Amount**” means, with respect to any Payment Date during the Series 2024-1 Revolving Period, zero, and with respect to any Payment Date during the Series 2024-1 Amortization Period, an amount not less than zero equal to the excess, if any of (x) the outstanding principal balance of the Class A Notes prior to any payments on such Payment Date, and (y) the Series 2024-1 Asset Amount as of the last day of the related Collection Period; *provided*, however, that on or after the Legal Final Payment Date, the First Priority Principal Distribution Amount shall not be less than the amount that is necessary to reduce the outstanding principal balance of the Class A Notes to zero.

The “**Second Priority Principal Distribution Amount**” means, with respect to any Payment Date during the Series 2024-1 Revolving Period, zero, and with respect to any Payment Date during the Series 2024-1 Amortization Period, an amount not less than zero equal to the excess of (A) the excess, if any of (x) the sum of (i) the outstanding principal balance of the Class A Notes prior to any payments on such Payment Date, and (ii) the outstanding principal balance of the Class B Notes prior to any payments on such Payment Date, and (y) the Series 2024-1 Asset Amount as of the last day of the related Collection Period, and (B) the First Priority Principal Distribution Amount; *provided*, however, that on or after the Legal Final Payment Date, the Second Priority Principal Distribution Amount shall not be less than the amount that is necessary to reduce the outstanding principal balance of the Class B Notes to zero.

The “**Third Priority Principal Distribution Amount**” means, with respect to any Payment Date during the Series 2024-1 Revolving Period, zero, and with respect to any Payment Date during the Series 2024-1 Amortization Period, an amount not less than zero equal to the excess of (A) the excess, if any of (x) the sum of (i) the outstanding principal balance of the Class A Notes prior to any payments on such Payment Date, (ii) the outstanding principal balance of the Class B Notes prior to any payments on such Payment Date, and (iii) the outstanding principal balance of the Class C Notes prior to any payments on such Payment Date, and (y) the Series 2024-1 Asset Amounts of the last day of the related

Collection Period, and (B) the sum of (i) the First Priority Principal Distribution Amount, and (ii) the Second Priority Principal Distribution Amount; *provided*, however, that on or after the Legal Final Payment Date, the Third Priority Principal Distribution Amount shall not be less than the amount that is necessary to reduce the outstanding principal balance of the Class C Notes to zero.

The “**Fourth Priority Principal Distribution Amount**” means, with respect to any Payment Date during the Series 2024-1 Revolving Period, zero, and with respect to any Payment Date during the Series 2024-1 Amortization Period, an amount not less than zero equal to the excess of (A) the excess, if any of (x) the sum of (i) the outstanding principal balance of the Class A Notes prior to any payments on such Payment Date, (ii) the outstanding principal balance of the Class B Notes prior to any payments on such Payment Date, (iii) the outstanding principal balance of the Class C Notes prior to any payments on such Payment Date, and (iv) the outstanding principal balance of the Class D Notes prior to any payments on such Payment Date, and (y) the Series 2024-1 Asset Amount as of the last day of the related Collection Period, and (B) the sum of (i) the First Priority Principal Distribution Amount, (ii) the Second Priority Principal Distribution Amount, and (iii) the Third Priority Principal Distribution Amount; *provided*, however, that on or after the Legal Final Payment Date, the Fourth Priority Principal Distribution Amount shall not be less than the amount that is necessary to reduce the outstanding principal balance of the Class D Notes to zero.

The “**Fifth Priority Principal Distribution Amount**” means, with respect to any Payment Date during the Series 2024-1 Revolving Period, zero, and with respect to any Payment Date during the Series 2024-1 Amortization Period, an amount not less than zero equal to the excess of (A) the excess, if any of (x) the sum of (i) the outstanding principal balance of the Class A Notes prior to any payments on such Payment Date, (ii) the outstanding principal balance of the Class B Notes prior to any payments on such Payment Date, (iii) the outstanding principal balance of the Class C Notes prior to any payments on such Payment Date, (iv) the outstanding principal balance of the Class D Notes prior to any payments on such Payment Date, and (v) the outstanding principal balance of the Class E Notes prior to any payments on such Payment Date, and (y) the Series 2024-1 Asset Amount as of the last day of the related Collection Period, and (B) the sum of (i) the First Priority Principal Distribution Amount, (ii) the Second Priority Principal Distribution Amount, (iii) the Third Priority Principal Distribution Amount, and (iv) the Forth Priority Principal Distribution Amount; *provided*, however, that on or after the Legal Final Payment Date, the Fourth Priority Principal Distribution Amount shall not be less than the amount that is necessary to reduce the outstanding principal balance of the Class E Notes to zero.

For more information about the repayment of principal of the Series 2024-1 Notes, see “*Description of the Series 2024-1 Notes—Payment of Principal.*”

Anticipated Repayment Date ..... The Payment Date in July 2027.

Rapid Amortization Events ..... The following events will be automatic Rapid Amortization Events with respect to the Series 2024-1 Notes:

- the occurrence of any of the following events (each a “**Trigger Event**”) as of any Payment Date on or after the October 2024 Payment Date:

- the Three-Month Weighted Average Calculated Receivables Yield on such Payment Date is less than 22.50%;
- (i) with respect to the October 2024 Payment Date, the Two-Month Weighted Average Excess Spread on such Payment Date is less than 4.00% or (ii) as of any Payment Date on or after the November 2024 Payment Date, the Three-Month Weighted Average Excess Spread on such Payment Date is less than 4.00%; or
- the Three-Month Average Delinquency Ratio on such payment Date is greater than 15.00%;
- a Series 2024-1 Asset Deficiency shall occur and continue until the second Payment Date following its commencement, or if commencing on a Payment Date, on the next Payment Date; provided, however, that so long as a Series 2024-1 Asset Deficiency has occurred and is continuing (i) no Receivables may be transferred to the Issuer (other than, for the avoidance of doubt, Receivables transferred to the Issuer by the Seller for the purpose of curing such Series 2024-1 Asset Deficiency) and (ii) no excess cash flow may be released to the Issuer unless or until such Series 2024-1 Asset Deficiency is cured;
- a Servicer Default occurs;
- an Event of Default with respect to the Series 2024-1 Notes occurs under the Transaction Documents;
- either the Seller or the Servicer suffers certain specified bankruptcy or insolvency events;
- the occurrence of a Receivables File Discrepancy Event; or
- either the Seller or the Servicer suffers certain specified bankruptcy or insolvency events.

The following events will be Rapid Amortization Events with respect to the Series 2024-1 Notes only if after any applicable grace period either the Indenture Trustee (at the written direction of the Majority in Interest) or the Majority in Interest declares that a Rapid Amortization Event with respect to the Series 2024-1 Notes has occurred:

- the Issuer fails to observe or perform any of the Issuer's other covenants or agreements set forth in the Indenture and that failure materially and adversely affects the interests of the Series 2024-1 Noteholders and continues or is not cured for thirty (30) days after written notice of that failure to the Issuer by the Indenture Trustee or written notice of that failure to the Issuer and the Indenture Trustee by a Majority in Interest;
- the Issuer makes a representation or warranty in the Indenture or in any information that it is required to deliver to the Indenture Trustee that was incorrect when made or when delivered and that incorrect representation, warranty or information materially and adversely affects the interests of the Series 2024-1 Noteholders and continues to be incorrect for 30 days after written notice of such incorrect information to the Issuer by the Indenture Trustee

or written notice of such incorrect information to the Issuer and the Indenture Trustee by a Majority in Interest;

- failure on the part of the Seller to make any payment required by the terms of the Receivables Purchase Agreement (or within the applicable grace period which shall not exceed five (5) business days after the date such payment is required to be made);
- failure on the part of the Seller to duly observe or perform any of the Seller's covenants or agreements in the Receivables Purchase Agreement and that failure materially and adversely affects the interests of the Series 2024-1 Noteholders and continues unremedied for thirty (30) days after written notice of that failure to the Seller by the Indenture Trustee or the Seller and the Indenture Trustee by a Majority in Interest;
- failure on the part of RFS to duly observe or perform any of RFS's covenants or agreements in the Retention Agreement and such failure continues unremedied beyond the applicable cure periods set forth therein;
- the Seller makes a representation or warranty in the Receivables Purchase Agreement or in any information that it is required to deliver to the Issuer or the Indenture Trustee thereunder that was incorrect in any material respect when made or when delivered and that incorrect representation, warranty or information materially and adversely affects the interests of the Series 2024-1 Noteholders and continues to be incorrect for thirty (30) days after written notice of such incorrect information to the Seller by the Indenture Trustee or the Seller and the Indenture Trustee by a Majority in Interest; or
- the Issuer fails to redeem in full either (i) the Series 2021-1 Notes in accordance with the Base Indenture Series 2021-1 Indenture Supplement or (ii) the Series 2022-1 Notes in accordance with the Base Indenture and the Series 2022-1 Indenture Supplement, in each case, on the Payment Date in August 2024.

For more information about Rapid Amortization Events, see “*Description of the Series 2024-1 Notes—Payment of Principal—Rapid Amortization Events.*”

Events of Default .....

An Event of Default with respect to the Series 2024-1 Notes and any other Series of Notes under the A&R Base Indenture will include the occurrence of any of the following events:

- following the execution of the A&R Base Indenture, a default in the payment of interest on either (a) any Controlling Class of any Series when the same becomes due and payable or (b) any Note of any Series on such Class of Notes' Legal Final Payment Date, and such default shall continue for a period of five (5) business days;
- a default in the payment of principal of any Note of any Series when the same becomes due and payable;
- a default in the observance or performance of any covenants or agreements of the Issuer in the Base Indenture or the indenture supplement for such Series of Notes which default materially and

adversely affects the interests of the holders of that Series of Notes and which default continues or is not cured for a period of thirty (30) days, or for such longer period, not in excess of sixty (60) days, as may be reasonably necessary to remedy the default subject to the satisfaction of certain conditions, after the Issuer has received written notice of that failure from the Indenture Trustee, or the Issuer and the Indenture Trustee have received written notice of that failure from holders of a Majority in Interest of such Series of Notes;

- the receipt by the Issuer of a final determination that it will be treated as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes;
- the Securities and Exchange Commission (“SEC”) or other regulatory body having jurisdiction reaches a final determination that the Issuer is an “investment company” within the meaning of the Investment Company Act;
- certain bankruptcy or insolvency events occur with respect to the Issuer;
- the Indenture Trustee fails to have a valid and perfected first priority security interest in any material portion of the Collateral and such failure continues for five (5) business days; or
- any of the Transaction Documents ceases for any reason to be in full force and effect other than in accordance with its terms.

For more information about Events of Default, see “*Description of the Indenture—Events of Default.*”

Optional Redemption .....

The Issuer will have the option to redeem the Series 2024-1 Notes (i) with respect to up to 30% of the aggregate Series 2024-1 Note Balance (pro rata to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes), (a) at 103% of the outstanding principal amount redeemed plus accrued interest on any business day prior to (but excluding) the Payment Date in August 2025, and (b) at 101% of the outstanding principal amount redeemed plus accrued interest on any business day on or after the Payment Date in August 2025 and prior to (but excluding) the Payment Date in July 2026, and (ii) in whole or in part (and pro rata to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes) at 100% of the outstanding principal amount redeemed plus accrued interest, on any business day occurring on or after the Payment Date in July 2026.

For more information about an optional redemption of the Series 2024-1 Notes, see “*Description of the Series 2024-1 Notes—Optional Redemption.*”

Final Payment .....

Any unpaid principal balance of the Series 2024-1 Notes will be payable in full on the final maturity date of the Series 2024-1 Notes, which shall be the Payment Date in July 2031 (the “**Legal Final Payment Date**”).

For more information about the repayment of principal of the Series 2024-1 Notes, see “*Description of the Series 2024-1 Notes—Payment of Principal.*”

Collateral .....

The Series 2024-1 Notes and all other Notes issued by the Issuer under the Base Indenture and any Indenture Supplement will be secured by a first-priority, perfected security interest in the following assets (collectively, the “**Collateral**”) pledged by the Issuer under the Base Indenture:

- all Receivables purchased by the Issuer from the Seller or contributed to the Issuer by the Seller on the Series 2021-1 Closing Date and any subsequent Transfer Date (including the Series 2024-1 Closing Date) pursuant to the Receivables Purchase Agreement that have not become a Warranty Repurchase Receivable (defined herein) (collectively, the “**Pooled Receivables**”) and all Related Security with respect thereto, including all monies due and to become due to the Issuer thereon and all amounts received with respect thereto after the applicable Transfer Date,
- the Collection Account, including all funds held in such account (except for Overpayment Amounts) and all securities, whether certificated or uncertificated, security entitlements, or instruments, if any, from time to time representing or evidencing investment of such amounts and all proceeds thereof, and all claims of the Issuer in and to such funds,
- each of the Transaction Documents (other than the Indenture, the Notes and any agreements relating to the issuance or the purchase of any Notes), including all monies due and to become due to the Issuer thereunder or in connection therewith, and claims of the Issuer under or with respect to each of such Transaction Documents,
- any transactions, agreements, or documents which provide for an interest rate, credit, commodity or equity swap, cap, floor, collar, forward foreign exchange transaction, currency swap, cross currency rate swap, currency option, or any combination of, or option with respect to, these or similar transactions, for the purpose of hedging the Issuer’s exposure to fluctuations in interest or exchange rates, loan, credit exchange, security or currency valuations or commodity prices, and
- the proceeds of the foregoing.

In addition, the Issuer will secure its obligations under the Series 2024-1 Notes and the Series 2024-1 Indenture Supplement by granting a security interest in the Series 2024-1 Accounts and the funds and investments on deposit therein from time to time and certain related collateral, including funds in the Series 2024-1 Excess Funding Account, into which the net proceeds of the Series 2024-1 Notes will be deposited on the Series 2024-1 Closing Date and will continue to be held until either (a) the date on which the Existing Series Notes are redeemed in full or (b) the occurrence of a Rapid Amortization Event with respect to the Series 2024-1 Notes.

For more information about the Collateral see “*Description of the Indenture—The Collateral.*”

Receivables .....

The Receivables will consist of (i) specified amounts of future receivables (the “**Factored Receivables**” and each a “**Factored Receivable**”) purchased from small businesses (each, a “**Merchant**” and collectively, the “**Merchants**”) and (ii) business loans (the “**Loan Receivables**” and each a “**Loan Receivable**”) made to Merchants. The Receivables have



been or will be originated by the Originators (which includes RFS and certain of its subsidiaries) through RFS's online platform (the "**RFS Platform**"). See "*Origination*." The Receivables will be sold by the Seller to the Issuer pursuant to the Receivables Purchase Agreement.

### ***Factored Receivables***

The Originators provide working capital to Merchants by purchasing a specified amount of a Merchant's future receivables that arise from the sale of goods and services in exchange for a discounted purchase price paid in a lump sum up front. These factoring transactions are not loans or extensions of credit, but rather "true sales" of a portion of a Merchant's future receivables with respect to which the Originator, as purchaser, bears the risk of loss. In a Factored Receivable transaction, the Originator receives the future payment card receivables either directly from the Merchant's credit card processing company or via ACH in either a fixed dollar amount or as a percentage of the Merchant's sales revenues. These factoring transactions are evidenced by a Future Receivables Sale Agreement ("**Factoring Agreement**").

The terms of the Factoring Agreement provide that the Originator is entitled to receive only a percentage of the Merchant's sales (directly from the Merchant's card Processor or through ACH debits of the Merchant's business bank account), if and to the extent such sales actually occur, until the purchased amount has been received. As a result, the actual amount of receivables remitted to the Originator aligns with the Merchant's fluctuating sales volumes. In some cases, the Merchant will authorize the collection of fixed dollar amounts, which amounts are then credited to the percentage due. If the Merchant fails to deliver the expected receivables or ceases operations, however, RFS has no recourse against the Merchant for absolute repayment of any shortfall absent a breach of the Factoring Agreement. Factoring Agreements have no fixed term, maturity date or fixed or minimum payment amounts (and, therefore, no late fees or penalties). Instead, purchased receivables continue to be collected until the RTR Amount has been collected in full. Under the Factoring Agreements, a Daily Percentage of the Factored Receivables are remitted to the Originator on either a daily, weekly or bi-weekly basis.

Each business owner is required to personally guarantee the performance of the Merchant's obligations under the Factoring Agreement. However, the personal guarantee does not include a guarantee that the Merchant will deliver the purchased receivables nor does the guarantor pledge personal collateral to secure such an obligation or for any other purpose.

### ***Loan Receivables***

The Originators provide Merchants with business loans (the "**Loan Receivables**") in states which do not require the Originator to hold a lender license except in the case of the State of California where RFS's subsidiary, Small Business Financial Solutions, LLC ("**SBFS**") is licensed pursuant to the California Financing Law (collectively with California, the "**Eligible States**"). In most cases, SBFS utilizes a Maryland choice of law provision (Maryland does not limit the amount of interest that may be charged on business loans in most circumstances) and originates Loan Receivables in the Eligible States without regard to the interest rate limits imposed by such states. In certain limited cases for Loan Receivables of less than \$15,000, where the Merchant is a non-corporate entity, and where the law of the state of the Merchant is more permissive with respect to usury laws, SBFS will utilize the law of the state of the Merchant in its Loan Agreements. In addition, in states with

licensing requirements and/or interest rate limits, RFS may offer Factoring Agreements (which are not subject to interest rate limits or licensing requirements) instead of Loan Receivables.

Loan Receivables, which are evidenced by Loan Agreements, are either (i) non-revolving, fixed rate business loans secured by a pledge from the related Merchant of a security interest in all of the Merchant's general business assets ("**Term Loan Receivables**") or (ii) revolving line of credit, fixed rate business loans secured by a pledge from the related Merchant of a security interest in all of the Merchant's general business assets ("**LOC Receivables**"). The Loan Agreements provide for a personal guarantee of repayment and performance by the applicant. Term Loan Receivables are fully amortizing loans and require daily or weekly payments. LOC Receivables can be repaid in the Merchant's discretion and re-borrowed in the Originator's discretion during the term of the related LOC Agreement. Each LOC Receivable provides for scheduled weekly payments that are re-calculated at the time of each Draw, and provides for payment of the then outstanding balance over six, nine or 12 months from the date of the Draw. However, upon the occurrence of a Rapid Amortization Event, no further Draws will be permitted under the LOC Agreements. Under the Loan Agreements, including for LOC Receivables, the related Merchant will authorize the lender to ACH debit, on each scheduled payment date, the Merchant's designated bank or other payment account in the amount of the applicable loan payment.

### ***Syndication***

As a source of funding for its loan and factoring products, RFS Companies have entered into, and may enter into in the future, syndication agreements (the "**Master Syndication Agreements**") with various third parties (the "**Syndication Participants**") and each a "**Syndication Participant**") pursuant to which such Syndication Participants have the option to request to obtain a participation interest of up to 50% in a Receivable with legal title to such Receivable remaining with the applicable RFS Company. The Syndication Participant evaluates the transaction and may request to participate and provide funds to RFS equal to a portion of the aggregate loan or receivables purchase made under the applicable Merchant Agreement. If a Syndication Participant requests to participate and RFS approves the request, the Syndication Participant will have a participation interest related to a specified percentage of such Receivable (a "**Syndicated Receivable**"). Under the Master Syndication Agreements, a Syndication Participant has no rights to or ownership in any Syndicated Receivable but is entitled to certain payments from the applicable RFS Company. Payment obligations of an RFS Company to a Syndication Participant related to a Syndicated Receivable are dependent upon the performance of such Syndicated Receivable and constitute a financial obligation of the applicable RFS Company. Payments to a Syndication Participant are paid from general funds of the applicable RFS Company and never from the specific funds received from the underlying obligor of such Syndicated Receivable. Payments to the Syndication Participant are the responsibility and obligation of the RFS Companies solely to the extent such payment obligations arise under the Master Syndication Agreement related to the Syndicated Receivables. The applicable RFS Company retains payment rights and legal title to and has the exclusive right to administer and service the Syndicated Receivables. The amount of any Syndicated Receivable sold to Syndication Participants will be reflected in the determination of the Series 2024-1 Adjusted Pool Balance. The Issuer will have no contractual obligation to pay any amounts payable

to the Syndication Participants under the applicable Master Syndication Agreement.

For additional information on the characteristics of the Receivables and the related Loans, see “*The Receivables*.”

The Seller has made certain representations and warranties regarding the Receivables and the related Merchant Agreements in the Receivables Purchase Agreement as a condition to each transfer of Receivables to the Issuer.

Such representations and warranties include that immediately prior to such transfer, among other things, that (i) each such Receivable is an Eligible Receivable, (ii) none of such Transferred Assets have been sold, transferred, assigned or pledged by the Seller to any person other than the Purchaser, except for any Lien granted in favor of the Seller’s senior revolving lender (which Lien, if any, will be released upon the transfer of the Transferred Assets to the Issuer), (iii) immediately prior to such Transfer, the Seller had good and marketable title to such Receivable free and clear of all Liens (other than Permitted Liens and any Lien granted in favor of the Seller’s senior revolving lender (which Lien, if any, will be released upon the transfer of such Receivable to the Issuer)), and immediately upon such Transfer, the Issuer will have good and marketable title to such Receivable, free and clear of all Liens (other than Permitted Liens and any Lien arising out of a grant by Purchaser) and (iv) to the extent that the Lien on such Transferred Assets has not been previously perfected, the Seller (or the Servicer on behalf of Seller) has caused or will cause, within ten (10) days after such Transfer Date, the filing of all appropriate UCC financing statements.

Upon discovery by the Issuer, the Servicer or the Seller of any breach of the representation and warranty contained in the Receivables Purchase Agreement that a transferred Receivable was not an Eligible Receivable as of the related Transfer Date, the Seller will be obligated to either (a) substitute the ineligible Receivable from the Issuer with an Eligible Receivable or (b) repurchase from the Issuer the ineligible Receivable, unless the Seller has cured in all material respects the circumstance or condition giving rise to such breach. For additional information about the eligibility criteria for the Receivables and the substitution and repurchase obligations of the Seller, see “*Description of the Receivables Purchase Agreement—Certain Representations and Warranties*.”

Prior to each transfer of Receivables to the Issuer under the Receivables Purchase Agreement, the Seller will purchase a portion of such Receivables from one or more of its subsidiaries including SBFS pursuant to a purchase and sale agreement (each a “**Purchase and Sale Agreement**”). As provided in each such Purchase and Sale Agreement, SBFS or such other subsidiary will sell such Receivables to the Seller without recourse and will make limited representations and warranties related to such Receivables.

The Series 2024-1 Notes will be secured in part by the aggregate Pooled Receivables, including those Receivables transferred to the Issuer in connection with the issuance of the Series 2021-1 Notes and the Series 2022-1 Notes.

The statistical information in this Offering Memorandum is based on the aggregate Pool of Receivables expected to be held by the Issuer on the

Series 2024-1 Closing Date (the “**Aggregate Series Statistical Pool**”), as of May 31, 2024 (such date, the “**Statistical Cut-off Date**”).

The Pooled Receivables expected to be transferred by the Seller to the Issuer on the Series 2024-1 Closing Date will have an aggregate Outstanding Receivables Balance of between \$5,000,000 and \$10,000,000 (the “**Target Closing Receivables Balance**”). On the Series 2024-1 Closing Date, the net proceeds of the sale of the Series 2024-1 Notes will be deposited into the Series 2024-1 Excess Funding Account and the Series 2024-1 Capitalized Interest Account. On August 15, 2024, the Issuer intends to use amounts deposited in the Series 2024-1 Excess Funding Account to repay the Series 2021-1 Notes and Series 2022-1 Notes in full.

During the Series 2024-1 Revolving Period, any amounts on deposit in the Series 2024-1 Excess Funding Account will be available for the purchase of additional Receivables. On the first Payment Date of the Series 2024-1 Amortization Period, any remaining amounts on deposit in the Series 2024-1 Excess Funding Account will be deposited into the Series 2024-1 Settlement Account for distribution on that Payment Date pursuant to the Priority of Payments.

Not all of the Receivables in the Aggregate Series Statistical Pool described in this Offering Memorandum will be included in the Receivables that are ultimately transferred by the Seller to the Issuer on the Series 2024-1 Closing Date and the Receivables transferred by the Seller to the Issuer on the Series 2024-1 Closing Date will include Receivables that are not included in the Aggregate Series Statistical Pool described herein. As a result, the statistical distribution of the characteristics of the Aggregate Series Statistical Pool will vary somewhat from the statistical distribution of those characteristics in the Pooled Receivables ultimately held by the Issuer on the Series 2024-1 Closing Date, although RFS does not expect that the variance will be material.

In addition, the composition of the Pooled Receivables held by the Issuer as of the Statistical Cut-off Date and included in the Aggregate Series Statistical Pool may vary as Pooled Receivables are collected upon, closed out, charged off or repurchased pursuant to the Series 2021-1 Indenture Supplement and Series 2022-1 Indenture Supplement, between the Statistical Cut-off Date and the Series 2024-1 Closing Date. As a result, the statistical distribution of the characteristics of the Aggregate Series Statistical Pool will vary somewhat from the statistical distribution of those characteristics in the Pooled Receivables held by the Issuer on the Series 2024-1 Closing Date, although RFS does not expect that the variance will be material.

Moreover, the composition of the Pooled Receivables may vary in significant ways while the Series 2024-1 Notes are outstanding as Pooled Receivables are collected upon, closed out, charged-off or repurchased or substituted by the Seller pursuant to the Receivables Purchase Agreement and additional Receivables are sold or contributed to the Issuer from time to time pursuant to the Receivables Purchase Agreement.

For more information about the characteristics of the Receivables in the Aggregate Series Statistical Pool, including delinquency and charge-off information, see “*The Receivables*” in this Offering Memorandum.

Priority of Payments .....

On the fifteenth (15th) day of each month, or if such date is not a business day, the next succeeding business day, commencing on August 15, 2024 (regardless of whether an Event of Default exists) (each a “**Payment Date**”), the Paying Agent will, pursuant to the Monthly Settlement

Statement, apply the Total Available Amount for such Payment Date in the following order of priority:

- (i) on a pro rata basis, to the Indenture Trustee, the Depository Bank, the Custodian and the Administrator, an amount equal to all accrued and unpaid fees, and the Series 2024-1 Invested Percentage of all, expenses and indemnities then due to them, but, as long as no Event of Default has occurred and is continuing, only to the extent, after giving effect to such payment, the aggregate expenses and indemnities paid to the Indenture Trustee, the Depository Bank and the Custodian and the aggregate fees, expenses and indemnities paid to the Administrator, in each case, on such Payment Date and the eleven Payment Dates preceding such Payment Date (or, such lesser number as shall have occurred since the Series 2024-1 Closing Date) prior to the payment of interest on the Series 2024-1 Notes do not exceed \$300,000 in the aggregate with respect to the Indenture Trustee, the Depository Bank and the Custodian (the “**Annual Trustee/the Depository Bank/Custodian Expense Limit**”) and \$211,000 with respect to the Administrator (the “**Annual Administrator Fee Limit**”), as applicable (it being understood that neither the Annual Trustee/the Depository Bank/Custodian Expense Limit nor the Annual Administrator Fee Limit shall apply following an Event of Default, or on any redemption date or any other final payment date) and in connection with an Event of Default applying to less than all outstanding Series of Notes, any expenses and indemnity amounts owed to the Custodian, the Depository Bank or the Indenture Trustee relating solely to Series 2024-1 shall be paid without respect to the Series 2024-1 Invested Percentage;
- (ii) to the Servicer or its designee, the Series 2024-1 Servicing Fee payable to the Servicer on such Payment Date or, if the Backup Servicer, in its capacity as successor servicer (the “**Successor Servicer**”) has been appointed, to the Successor Servicer, the fees, expenses and indemnities payable by the Issuer to the Successor Servicer pursuant to the Backup Servicing Agreement in connection with providing successor services thereunder (the “**Series 2024-1 Successor Servicing Fee**”) on such Payment Date, only to the extent, after giving effect to such payment, the aggregate expenses and indemnities paid to the Successor Servicer on such Payment Date and the eleven Payment Dates preceding such Payment Date (or, such lesser number as shall have occurred since the Series 2024-1 Closing Date) prior to the payment of interest on the Series 2024-1 Notes do not exceed \$200,000 (the “**Annual Successor Servicer Expense Limit**”);
- (iii) to the Backup Servicer or its designee, the Series 2024-1 Backup Servicing Fee for such Payment Date, but only to the extent, after giving effect to such payment, the aggregate amounts paid to the Backup Servicer on such Payment Date and the eleven Payment Dates preceding such Payment Date (or, such lesser number as shall have occurred since the Series 2024-1 Closing Date) prior to the payment of interest on the Series 2024-1 Notes do not exceed \$75,000 (the “**Annual Backup Servicer Fee Limit**”);
- (iv) to the Series 2024-1 Note Distribution Account, an amount equal to the Class A Interest Payment payable with respect to the Series 2024-1 Notes on such Payment Date, which amount will be paid

to the Series 2024-1 Noteholders in accordance with the Interest Note Payment Sequence;

- (v) to the Series 2024-1 Note Distribution Account, an amount equal to the First Priority Principal Distribution Amount on such Payment Date, which amount will be paid as principal to the Series 2024-1 Noteholders in accordance with the Principal Note Payment Sequence;
- (vi) to the Series 2024-1 Note Distribution Account, an amount equal to the Class B Interest Payment on such Payment Date, which amount will be paid as interest to the Series 2024-1 Noteholders in accordance with the Interest Note Payment Sequence;
- (vii) to the Series 2024-1 Note Distribution Account, an amount equal to the Second Priority Principal Distribution Amount on such Payment Date, which amount will be paid as principal to the Series 2024-1 Noteholders in accordance with the Principal Note Payment Sequence;
- (viii) to the Series 2024-1 Note Distribution Account, an amount equal to the Class C Interest Payment on such Payment Date, which amount will be paid as interest to the Series 2024-1 Noteholders in accordance with the Interest Note Payment Sequence;
- (ix) to the Series 2024-1 Note Distribution Account, an amount equal to the Third Priority Principal Distribution Amount on such Payment Date, which amount will be paid as principal to the Series 2024-1 Noteholders in accordance with the Principal Note Payment Sequence;
- (x) to the Series 2024-1 Note Distribution Account, an amount equal to the Class D Interest Payment on such Payment Date, which amount will be paid as interest to the Series 2024-1 Noteholders in accordance with the Interest Note Payment Sequence;
- (xi) to the Series 2024-1 Note Distribution Account, an amount equal to the Fourth Priority Principal Distribution Amount on such Payment Date, which amount will be paid as principal to the Series 2024-1 Noteholders in accordance with the Principal Note Payment Sequence;
- (xii) to the Series 2024-1 Note Distribution Account, an amount equal to the Class E Interest Payment on such Payment Date, which amount will be paid as interest to the Series 2024-1 Noteholders in accordance with the Interest Note Payment Sequence;
- (xiii) to the Series 2024-1 Note Distribution Account, an amount equal to the Fifth Priority Principal Distribution Amount on such Payment Date, which amount will be paid as principal to the Series 2024-1 Noteholders in accordance with the Principal Note Payment Sequence;
- (xiv) on any Payment Date during the Series 2024-1 Revolving Period, if a Series 2024-1 Asset Deficiency has occurred and is continuing, to the Series 2024-1 Excess Funding Account, an amount equal to the Series 2024-1 Asset Deficiency Amount;
- (xv) on any Payment Date during the Series 2024-1 Revolving Period to the Series 2024-1 Reserve Account, the amount, if any, by which the Series 2024-1 Required Reserve Account Amount

exceeds the amount on deposit in the Series 2024-1 Reserve Account as of such Payment Date (after giving effect to any withdrawals on such Payment Date);

- (xvi) on any Payment Date during the Series 2024-1 Amortization Period, to the Series 2024-1 Note Distribution Account, the Series 2024-1 Principal Payment Amount for such Payment Date, which amount will be paid in accordance with the Principal Note Payment Sequence;
- (xvii) on a pro rata basis, to the Indenture Trustee, the Depository Bank, the Custodian, the Administrator, and any Successor Servicer, if so appointed, an amount equal to the fees, expenses and indemnities allocable to the Series 2024-1 Notes not otherwise paid to the Indenture Trustee, the Depository Bank, the Custodian or, the Administrator or any Successor Servicer due to the operation of the Annual Trustee/the Depository Bank/Custodian Expense Limit or the Annual Administrator Fee Limit, or the Annual Successor Servicer Expense Limit as applicable;
- (xviii) to the Backup Servicer or its designee, any portion of the Backup Servicing Fee not otherwise paid to the Backup Servicer due to the operation of the Annual Backup Servicer Fee Limit; and
- (xix) at the written direction of the Issuer, to the Issuer or its designee, an amount equal to the balance remaining in the Series 2024-1 Settlement Account.

See “*Description of the Series 2024-1 Notes—Monthly Distributions.*”

Interest Note Payment Sequence  
and Principal Note  
Payment Sequence .....

On each Payment Date, the Paying Agent will, pursuant to the Monthly Settlement Statement make the following distributions from amounts deposited to the to the Series 2024-1 Note Distribution Account pursuant to either the Interest Note Payment Sequence or the Principal Note Payment Sequence.

Amounts deposited as interest shall be applied under the following distribution (the “**Interest Note Payment Sequence**”):

- *first*, pro rata to each Class A Noteholder, an amount equal to the Class A Interest Payment for such Payment Date, *second*, pro rata to each Class B Noteholder, an amount equal to the Class B Interest Payment for such Payment Date, *third*, pro rata to each Class C Noteholder, an amount equal to the Class C Interest Payment for such Payment Date, *fourth*, pro rata to each Class D Noteholder, an amount equal to the Class D Interest Payment for such Payment Date, and *fifth*, pro rata to each Class E Noteholder, an amount equal to the Class E Interest Payment for such Payment Date.

Amounts deposited as principal shall be applied under the following distribution (the “**Principal Note Payment Sequence**”):

- in the case of funds deposited to pay principal on the Series 2024-1 Notes on each Payment Date during the Series 2024-1 Amortization Period, *first*, pro rata to each Class A Noteholder until the outstanding principal balance of the Class A Notes is reduced to zero, *second*, pro rata to each Class B Noteholder until the outstanding principal balance of the Class B Notes is reduced to zero, *third*, pro rata to each Class C Noteholder until the outstanding principal balance of the Class C Notes is reduced to zero, *fourth*, pro rata to each Class D Noteholder until the outstanding principal balance of the Class D

Notes is reduced to zero, and *fifth*, pro rata to each Class E Noteholder until the outstanding principal balance of the Class E Notes.

Amounts deposited to optionally redeem the Series 2024-1 Notes shall be paid pro rata to each Series 2024-1 Noteholder.

Credit Enhancement.....

Credit enhancement for the Series 2024-1 Notes is intended to reduce the risk of a payment default in respect of the Series 2024-1 Notes by the Issuer. Credit enhancement will be provided by excess spread, overcollateralization (including, by means of amounts on deposit in the Series 2024-1 Excess Funding Account), funds on deposit in the Series 2024-1 Reserve Account and the Series 2024-1 Capitalized Interest Account and subordination of the Junior Classes of the Series 2024-1 Notes.

*Excess Spread.* Excess spread will be available to offset or help offset losses on Charged-Off Receivables. Excess spread generally represents an annualized ratio equal to a fraction: (a) the numerator of which is the positive difference, if any, of (i) the sum of all Collections (including recoveries on Charged-Off Receivables) on the Receivables remitted to the Series 2024-1 Collection Account during the Collection Period except for Collections deemed to represent a return of the Funded Amounts of such Receivables (which, for purposes hereof, the amount of Collections applied to the Funded Amounts shall be determined by dividing the Collections received on the Receivables by the RTR Ratios applicable to such Receivables) and (ii) the sum of (1) the amounts due and payable on the related Payment Date pursuant to clauses (i) through (iii) of the Priority of Payments, (2) the amount of the Interest Payment due for such Payment Date and (3) the aggregate Outstanding Receivables Balance (immediately prior to becoming a Charged-Off Receivable) of all Receivables that became Charged-Off Receivables during the related Collection Period and (b) the denominator of which is the daily average of the product of (i) the Series 2024-1 Invested Percentage and (ii) the outstanding Receivables Balance of all Eligible Receivables during the related Collection Period. A Trigger Event and therefore a Rapid Amortization Event with respect to the Series 2024-1 Notes will occur if any of the following events occur on any Payment Date on or after the October 2024 Payment Date if (i) the Three-Month Weighted Average Calculated Receivables Yield on such Payment Date is less than 22.50%; (ii) (a) with respect to the October 2024 Payment Date, the Two-Month Weighted Average Excess Spread on such Payment Date is less than 4.00% or (b) as of any Payment Date on or after the November 2024 Payment Date, the Three-Month Weighted Average Excess Spread on such Payment Date is less than 4.00%; or (iii) the Three-Month Average Delinquency Ratio on such Payment Date is greater than 15.00%. See “*Description of the Indenture—Credit Enhancement—Excess Spread.*” See also “*Risk Factors—Risks Relating to the Notes—Credit enhancement with respect to the Series 2024-1 Notes may prove inadequate.*”

*Overcollateralization.* In addition, the amount by which the sum of (i) the aggregate Outstanding Receivables Balances of all Pooled Receivables and (ii) the amounts on deposit in the Series 2024-1 Excess Funding Account and the Series 2024-1 Capitalized Interest Account (if any) exceeds the aggregate outstanding principal amount of all Series of Notes issued by the Issuer will be available to offset or help offset losses on Charged-Off Receivables.

Under the Series 2024-1 Indenture Supplement, the Series 2024-1 Asset Amount will be required to be at least equal to the Series 2024-1 Required Asset Amount. A Rapid Amortization Event with respect to the Series



2024-1 Notes will occur if the Series 2024-1 Asset Amount is less than the Series 2024-1 Required Asset Amount until the second Payment Date following its commencement, or if commencing on a Payment Date, on the next Payment Date; provided, however, that so long as a Series 2024-1 Asset Deficiency has occurred and is continuing (i) no Receivables may be transferred to the Issuer and (ii) no excess cash flow may be released to the Issuer unless or until such Series 2024-1 Asset Deficiency is cured.

The “**Series 2024-1 Required Asset Amount**” on any day will equal the sum of (i) the aggregate outstanding principal balance of the Series 2024-1 Notes at such time; plus (ii) all accrued and unpaid interest of the Series 2024-1 Notes; plus (iii) all other obligations that are due and owing at such time with respect to the Series 2024-1 Notes pursuant to (i) through (iii) of the Priority of Payments; plus (iii) the Series 2024-1 Yield Supplement Amount.

The “**Series 2024-1 Asset Amount**” on any day will equal the sum of (i) amounts on deposit in the Series 2024-1 Collection Account (plus any amounts transferred therefrom and on deposit in the Series 2024-1 Interest and Expense Account) and amounts from the Collection Account that will be remitted from the Collection Account to the Series 2024-1 Collection Account within the following two (2) business days), (ii) the amounts on deposit in the Series 2024-1 Excess Funding Account, and (iii) and the product of (x) 98.00% and (y) the Series 2024-1 Adjusted Pool Balance.

The “**Series 2024-1 Yield Supplement Amount**” means if, on any Determination Date, the weighted average Calculated Receivables Yield is less than 22.50% per annum, then the Series 2024-1 Required Asset Amount will include an amount required to supplement the Calculated Receivables Yield to support 22.50% per annum. Such amount will be calculated based on the present value of all of the remaining aggregate payments becoming due under such Eligible Receivables after the end of the prior Collection Period, discounted monthly at 22.50% per annum assuming (a) Scheduled Payments are due on the last day of each Collection Period in which a Scheduled Payment is due; (b) Scheduled Payments are discounted on a monthly basis using a 30-day month and a 360-day year; and (c) Scheduled Payments are discounted to the last day of the Collection Period prior to the Determination Date.

The amount by which the Series 2024-1 Required Asset Amount exceeds the Series 2024-1 Asset Amount (the “**Series 2024-1 Asset Deficiency Amount**” and the occurrence of such deficiency, a “**Series 2024-1 Asset Deficiency**”) may be cured by the Seller through the contribution of additional Receivables to the Issuer or subject to the Recourse Limit described in this Offering Memorandum, the repurchase or substitution of ineligible Receivables with Eligible Receivables pursuant to the Receivables Purchase Agreement.

See “*Description of the Indenture—Credit Enhancement—Series 2024-1 Required Asset Amount*” and “*Description of the Receivables Purchase Agreement—Option to Cure Asset Deficiency.*” See also “*Risk Factors—Risks Relating to the Notes—Credit enhancement with respect to the Series 2024-1 Notes may prove inadequate.*”

*Reserve Account.* The Issuer will be required to establish for the benefit of the Series 2024-1 Noteholders a reserve account and the Issuer will be required to deposit in the reserve account an amount equal to (i) on the Series 2024-1 Closing Date, the quotient of (a) 0.50% of the aggregate initial principal balance of the Series 2024-1 Notes divided by (b) 98.00% and (ii) on the closing date of each additional issuance of Series 2024-1

Notes, the quotient of (a) 0.50% of the aggregate initial principal balance of such additional Series 2024-1 Notes divided by (b) 98.00% (such aggregate amount, the “**Series 2024-1 Required Reserve Account Amount**”). In connection with the issuance of any such additional Series 2024-1 Notes after the Series 2024-1 Closing Date, the Issuer shall deposit a portion of the proceeds of such issuance into the Series 2024-1 Reserve Account in order to cause the balance therein to equal the Series 2024-1 Required Reserve Account Amount as of such date.

If the Issuer determines that the aggregate amount to be distributed from the Series 2024-1 Note Distribution Account on any Payment Date to pay the Interest Payment for the Controlling Class is insufficient (after considering any deposits to the Series 2024-1 Note Distribution Account from the Series 2024-1 Capitalized Interest Account), the Issuer will be required to instruct the Paying Agent in the Monthly Settlement Statement to withdraw from the Series 2024-1 Reserve Account and deposit in the Series 2024-1 Note Distribution Account on that Payment Date the lesser of (x) such deficiency and (y) the amount on deposit in the Series 2024-1 Reserve Account, to be paid as interest in accordance with the Interest Note Payment Sequence.

If, on any Payment Date, the amount on deposit in the Series 2024-1 Excess Funding Account has been reduced to zero and the Series 2024-1 Pool Balance, as of the end of the related Collection Period, has been reduced to zero, the Issuer will be required to instruct the Paying Agent in writing to withdraw from the Series 2024-1 Reserve Account and deposit in the Series 2024-1 Settlement Account on that Payment Date the amount on deposit in the Series 2024-1 Reserve Account on that Payment Date.

If the amount on deposit in the Series 2024-1 Reserve Account on any Payment Date is greater than the Series 2024-1 Required Reserve Account Amount, the Issuer may direct the Paying Agent to withdraw and pay to the Issuer the lesser of (x) such excess and (y) the amount on deposit in the Series 2024-1 Reserve Account and available for withdrawal therefrom on that Payment Date so long as after giving effect to such withdrawal, the Series 2024-1 Required Asset Amount will not exceed the Series 2024-1 Asset Amount.

*Excess Funding Account.* The Issuer will deposit the net proceeds (the “**Closing Date Prefunded Amount**”) into the Series 2024-1 Excess Funding Account and Series 2024-1 Capitalized Interest Account, which is estimated to be approximately \$154 million (prior to the purchase of any Receivables on the Series 2024-1 Closing Date, if any, and assuming all of the Series 2024-1 Notes are sold at par). On the Payment Date in August 2024, the Issuer will use the funds in the Series 2024-1 Excess Funding Account to redeem the Existing Series Notes in full. Failure to redeem the Existing Series Notes will result in the occurrence of a Rapid Amortization Event with respect to the Series 2024-1 Notes.

During the Series 2024-1 Revolving Period, amounts on deposit in the Series 2024-1 Excess Funding Account will be available for the purchase of additional Receivables. On the first Payment Date of the Series 2024-1 Amortization Period, any remaining amounts on deposit in the Series 2024-1 Excess Funding Account will be deposited into the Series 2024-1 Settlement Account for distribution on that Payment Date pursuant to the Priority of Payments.

*Series 2024-1 Capitalized Interest Account.* In addition, on the Series 2024-1 Closing Date, the Issuer will deposit a portion of the proceeds of the sale of the Series 2024-1 Notes in an amount equal to the Closing Date

Prefunded Amount times the weighted average interest rate on the Series 2024-1 Notes times the number of days from and including the Closing Date to and excluding the second Payment Date (calculated on the basis of a 360-day year consisting of twelve 30-day months) (the “**Series 2024-1 Capitalized Interest Amount**”) into the Series 2024-1 Capitalized Interest Account. If the Issuer determines that the funds on deposit in the Series 2024-1 Note Distribution Account on any of the first two Payment Dates are less than the aggregate Interest Payment of the Series 2024-1 Notes, then the Issuer shall direct the Indenture Trustee in the monthly settlement statement to withdraw from the Series 2024-1 Capitalized Interest Account and deposit to the Series 2024-1 Note Distribution Account, and apply pursuant to the Priority of Payments on such Payment Date the lesser of (x) such deficiency and (y) the amount on deposit in the Series 2024-1 Capitalized Interest Account. Any amounts remaining in the Series 2024-1 Capitalized Interest Account after payment of the Interest Payment on the second Payment Date shall be distributed to or at the direction of the Issuer.

See “*Description of the Series 2024-1 Notes—Allocations of Collections—Series 2024-1 Reserve Account*” and “*Description of the Indenture—Credit Enhancement—Series 2024-1 Required Reserve Account Amount*.” See also “*Risk Factors—Risks Relating to the Notes—Credit enhancement with respect to the Series 2024-1 Notes may prove inadequate*.”

Excess Concentration.....

The Pooled Receivables are subject to certain concentration limits that, when exceeded, will result in exclusion of the Outstanding Principal Balance of the allocated Outstanding Principal Balance of the applicable Receivables from the Series 2024-1 Pool Balance, in calculation of the Series 2024-1 Adjusted Pool Balance, which will require the Issuer to maintain additional credit enhancement for the Series 2024-1 Notes. Such concentration limits are based on the amounts, without duplication, in excess of the following limits, determined as a percentage of the Series 2024-1 Pool Balance (collectively, the “**Series 2024-1 Excess Concentration Amounts**”):

<b>Concentration Test</b>	<b>Percentage of Series 2024-1 Pool Balance</b>
Merchants located in California	25.00%
Merchants located in New York	20.00%
Merchants located in Florida	20.00%
Merchants located in Texas	20.00%
Merchants located in any other single state	10.00%
Merchants with Outstanding Receivables Balances greater than \$75,000 <sup>(1)</sup>	60.00%
Merchants with Outstanding Receivables Balances greater than \$125,000 <sup>(1)</sup>	35.00%
Merchants with Outstanding Receivables Balances greater than \$400,000 <sup>(1)</sup>	7.00%
Merchants with Outstanding Receivables Balances greater than \$600,000 <sup>(1)</sup>	0.00%
Merchants in business for less than 1 year	1.00%
Merchants in business for less than 2 years	10.00%
Merchants in business for less than 3 years	20.00%
Merchants in business for less than 4 years	40.00%
Merchant businesses in highest concentration industry <sup>(2)</sup>	25.00%
Merchant businesses in highest 2 concentration industries <sup>(2)</sup>	40.00%
Merchant businesses in highest 5 concentration industries <sup>(2)</sup>	65.00%
Merchant businesses in highest 10 concentration industries <sup>(2)</sup>	90.00%

Receivables that are 13+ Receivables	55.00%
LOC Receivables that are 13+ Receivables	0.00%
Receivables with an Expected Collection Period greater than 24 months (12 months from the latest Draw for LOC Receivables)	0.00%
Variable Payment Receivables	20.00%
Receivables that are 19+ Receivables	2.50%
LOC Receivables	50.00%
Receivables that are approximately 31 to 60 calendar days past due, based on a Missed Payment Factor of (a) 22 to 44 for Daily Pay Receivables; (b) 4 to 8 for Weekly Pay Receivables; and (c) 2 to 4 for Bi-Weekly Pay Receivables	15.00%
Receivables that are approximately 61 calendar days or more past due, based on a Missed Payment Factor greater than (a) 44 for Daily Pay Receivables; (b) 8 for Weekly Pay Receivables; and (c) 4 for Bi-Weekly Pay Receivables	0.00%
Receivables that are subject to Material Modifications	15.00%
Receivables with a Risk Band of 1 is equal to at least	17.00%
Receivables with a Risk Band of 1 or 2 is equal to at least	59.00%
Receivables with a Risk Band of 1, 2 or 3 is equal to at least	94.00%
Receivables with a Risk Band of 4 does not exceed	6.00%
Receivables that cause the weighted average Performance Ratio to be below 80.00%	0.00%
Receivables with an Original Expected Term of 1-13 months that cause the weighted average RTR Ratio to be below 1.270	0.00%
Receivables with an Original Expected Term of 14-19 months that cause the weighted average RTR Ratio to be below 1.320	0.00%
Receivables with an Original Expected Term of 20-24 months that cause the Weighted average RTR Ratio to be below 1.500	0.00%
Receivables that cause the weighted average Receivables Yield to be below 22.50%	0.00%
Receivables that cause the weighted average Credit Score to be below 625	0.00%
Receivables that cause the average outstanding Merchant balance to exceed \$65,000	0.00%

(1) Represents participation interest owned by Seller.

(2) For purposes of this test, Receivables relating to Merchants in unclassified industries will be counted as a single industry.

#### Servicing Fee.....

The Servicer will have the right to receive as full compensation for its services under the Servicing Agreement, a monthly servicing fee equal to the sum of the servicing fees and supplemental servicing fees allocable to each Series of Notes outstanding (the “**Servicing Fee**”). The Servicer will be responsible for all costs and expenses of performing its services under the Servicing Agreement, including, without limitation, payroll costs, data processing fees, rents and utilities, fees of outside counsel and independent accountants, any fees and expenses of any delegatee of the Servicer’s responsibilities thereunder and costs of filings by the Servicer of any UCC financing statements. See “*Description of the Servicing Agreement—Servicer Compensation and Payment of Expenses*” and “*Description of the Series 2024-1 Notes—Monthly Distributions*.”

Under the Series 2024-1 Indenture Supplement, the portion of the Servicing Fee allocable to the Series 2024-1 Notes will be payable to the Servicer on each Payment Date for the immediately preceding calendar month in an amount (the “**Series 2024-1 Servicing Fee**”) equal to the product of (a) one-twelfth of 1.00% times (b) the daily average of the Series 2024-1 Pool Balance on each day during such calendar month.

The Series 2024-1 Servicing Fee will be payable to the Servicer on each Payment Date pursuant to the monthly application of the Total Available Amount under the Series 2024-1 Indenture Supplement. See “*Description of the Servicing Agreement—Servicer Compensation and Payment of Expenses*” and “*Description of the Series 2024-1 Notes—Monthly Distributions*.”

Backup Servicing Fee .....

The Backup Servicer has the right to receive as full compensation for its services under the Backup Servicing Agreement the following fee payable by the Issuer (the “**Backup Servicing Fee**”): a one-time set-up fee of \$3,500 (paid in connection with the issuance of the Series 2021-1 Notes) and a monthly fee of \$3,500 per month at a portfolio size greater than \$0 and less than or equal to \$150 million; \$4,000 per month at a portfolio size greater than \$150 million and less than or equal to \$200 million; \$4,500 per month at a portfolio size greater than \$200 million and less than or equal to \$400 million and \$1,000 for each \$100 million in portfolio size per month at a portfolio size of greater than \$400 million plus all reasonable and necessary third-party costs and expenses incurred by the Backup Servicer that were necessary to provide the services thereunder.

The Backup Servicer has no obligation to pay or advance on behalf of the Issuer any third-party costs or expenses incurred by it pursuant to the Backup Servicing Agreement; however, the Backup Servicer, in its sole discretion, may elect at the Issuer’s request to pay such third-party costs and expenses on behalf of the Issuer, and in such case, the Issuer will be obligated to reimburse the Backup Servicer for such third-party costs and expenses advanced by the Backup Servicer in accordance with the terms of the indenture supplement with respect to each Series of Notes outstanding; provided that to the extent such single expense exceeds \$1,000, such expense has been approved by the Issuer. See “*Description of Backup and Successor Servicing Agreement—Backup Servicer Compensation and Payment of Expenses*” and “*Description of the Series 2024-1 Notes—Monthly Distributions*.”

Under the Series 2024-1 Indenture Supplement, the portion of the Backup Servicing Fee allocable to the Series 2024-1 Notes (the “**Series 2024-1 Backup Servicing Fee**”) will be payable to the Backup Servicer on each Payment Date for the immediately preceding calendar month. The portion of that amount, subject to the Annual Backup Servicer Fee Limit, will be payable pursuant to the related Priority of Payments herein. The remaining portion of that amount will be payable pursuant to the related Priority of Payments herein only to the extent of the Total Available Amount remaining following the payment of accrued and unpaid interest on the Series 2024-1 Notes, principal of the Series 2024-1 Notes and certain other amounts. See “*Description of Series 2024-1 Notes—Monthly Distributions*.”

Risk Factors .....

The Series 2024-1 Notes are highly structured, and as a result, an investment in the Series 2024-1 Notes involves material risks. Before you purchase Series 2024-1 Notes, be sure you understand the structure and those risks. See “*Risk Factors*.”

Investment Company Act .....

The Issuer will not be required to register as an investment company under the Investment Company Act in reliance upon the exclusion from the definition of “investment company” under Rule 3a-7 of the Investment Company Act, although there may be additional exclusions or exemptions available. The Issuer has been structured so as not to constitute a “covered fund” for purposes of the Volcker Rule.

Certain U.S. Federal Income  
Tax Consequences .....

Honigman LLP, as special tax counsel to the Issuer, is of the opinion that, under existing law, assuming compliance with all provisions of the Indenture and Transaction Documents, and based on certain representations and covenants, on the facts set forth in this Offering Memorandum, and on the qualifications, assumptions and limitations set forth in the opinion, although there is no specific authority with respect to the characterization for U.S. federal income tax purposes of entities with a capital structure similar to that of the Issuer or securities having terms similar to those of the Series 2024-1 Notes:

- the Class A Notes, the Class B Notes and the Class C Notes will be characterized as indebtedness for U.S. federal income tax purposes to the extent such Notes are not beneficially owned by the Issuer or an affiliate;
- the Class D Notes should be characterized as indebtedness for U.S. federal income tax purposes to the extent such Notes are not beneficially owned by the Issuer or an affiliate, and
- the Issuer will not be classified as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

The Issuer intends and expects that to treat the Class E Notes as indebtedness for U.S. federal income tax purposes when issued to an unaffiliated purchaser on the Series 2024-1 Closing Date, although no opinion of counsel will be issued regarding the tax treatment of the Class E Notes. By accepting a Series 2024-1 Note, each holder or beneficial owner not affiliated with the Issuer will agree to treat the Series 2024-1 Notes as indebtedness for U.S. federal income tax purposes. The Issuer suggests that you consult your own tax advisor regarding the federal income tax consequences of the purchase, ownership and sale of the Series 2024-1 Notes, and the tax consequences arising under the laws of any state or other taxing jurisdiction.

Purchasers of the Class D Notes and the Class E Notes will be subject to certain transfer restrictions, including but not limited to a requirement on the purchaser of any Class E Note to provide a written confirmation of its status as a “United States person” within the meaning of Section 7701(a)(30) of the Code, see “*Transfer Restrictions*.”

The U.S. federal income tax characterization of any Series 2024-1 Note retained or held by the Issuer, RFS or their respective affiliates will not be determined until the time, if any, that the Series 2024-1 Note is sold (or, if reacquired by the Issuer, RFS or their respective affiliates after its initial sale, resold) based on the law and circumstances existing at that time. Therefore, no opinion is expressed, and no assurances can be given, with respect to the characterization for U.S. federal income tax purposes of such a Series 2024-1 Note. However, prior to any subsequent sale of such a Series 2024-1 Note retained or reacquired by the Issuer, RFS or their respective affiliates, the Issuer must receive an opinion from counsel that, among other things, such sale (a) will not cause the Issuer to be classified as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, (b) will not prevent any outstanding class of Notes for which the Issuer has previously received a tax opinion that such class of Notes is treated as indebtedness for U.S. federal income tax purposes from continuing to qualify at the same level of tax opinion confidence, (c) will not result in the failure of any class of such subsequently sold Note to be treated as indebtedness for U.S. federal income tax purposes at the same level of tax opinion

confidence as the outstanding Notes of that class or as described in this Offering Memorandum, (d) will not cause or constitute an event in which gain or loss would be recognized for U.S. federal income tax purposes by any holder of outstanding Series 2024-1 Notes, and (e) will use a different CUSIP number for the subsequent sale unless the Issuer has received an opinion of counsel that such Class of Series 2024-1 Notes being sold will be part of a “qualified reopening” with the Class of Notes having the same CUSIP number for U.S. federal income tax purposes.

For more information on the material tax consequences of the purchase, ownership and sale of the Series 2024-1 Notes, see “*Certain U.S. Federal Income Tax Consequences.*”

Certain Considerations for ERISA and Other Benefit Plans.....

Subject to the considerations, limitations and restrictions disclosed in “*Certain Considerations for ERISA and Other Benefit Plans*” in this Offering Memorandum, the Series 2024-1 Notes may be purchased by employee benefit plans and retirement accounts. In certain limited circumstances, and subject to the considerations and restrictions discussed in more detail under “*Certain Considerations for ERISA and Other Benefit Plans*” herein, the Class D Notes and the Class E Notes may be purchased by certain employee benefit plan investors from the Initial Purchaser on the Series 2024-1 Closing Date. Subsequent purchases of the Class D Notes, and the Class E Notes by (or subsequent transfers of the Class D Notes and the Class E Notes to) such plans will be prohibited after the Closing Date. An employee benefit plan, a retirement plan and any entity deemed to hold “plan assets” of any employee benefit plan or other plan should consult with its counsel before purchasing the Series 2024-1 Notes.

Ratings.....

It is a condition of the issuance of the Series 2024-1 Notes that (i) the Class A Notes receive an AA(sf) rating from Kroll Bond Rating Agency, LLC (“**KBRA**” or “**Rating Agency**”), (ii) the Class B Notes receive at least an A(sf) rating from KBRA, (iii) the Class C Notes receive at least a BBB rating from KBRA, (iv) the Class D Notes receive at least a BB-(sf) rating from KBRA and (v) the Class E Notes receive at least a B+(sf) rating from KBRA, in each case, on the date of issuance.

See “*Ratings*” in this Offering Memorandum. A rating is not a recommendation to purchase, hold or sell the Series 2024-1 Notes, inasmuch as that rating does not comment on market price or suitability for a particular investor. A rating of the Series 2024-1 Notes addresses the likelihood of the payment of principal of and interest on the Series 2024-1 Notes in accordance with their terms. There can be no assurance that a rating will not be lowered or withdrawn by an assigning rating agency.

It is possible that the Rating Agency could revise its models and ratings methodologies (including its ratings or outlooks with respect to the various transactions parties) and, following the Closing Date, could put on watch, downgrade or withdraw its ratings on certain classes of Series 2024-1 Notes which were not subject to such revised models or ratings methodology as part of the initial ratings process.

Restrictions on Transfer.....	<p>The Series 2024-1 Notes have not been and will not be registered under the Securities Act or the securities laws of any jurisdiction. The Series 2024-1 Notes are being sold initially to the Initial Purchaser and then reoffered and resold only to QIBs in transactions meeting the requirements of Rule 144A or (except for Class D Notes and Class E Notes) outside the United States in reliance on Regulation S. The Series 2024-1 Notes are subject to restrictions on transfer and may not be reoffered, resold, pledged or otherwise transferred except as described herein. Because of these restrictions on transfer, a purchaser of the Series 2024-1 Notes should expect to bear the financial risk of its investment until maturity. In addition, the Notes are subject to certain other tax and ERISA related transfer restrictions set forth under “<i>Transfer Restrictions</i>”. With respect to the Class D Notes and Class E Notes, failure to comply with such restrictions could result in adverse U.S. federal income tax consequences, including a risk that the Issuer could be treated as a publicly traded partnership that is taxable as a corporation for U.S. federal income tax purposes. The imposition of such tax on the Issuer could result in the Issuer’s inability to repay some or all of the classes of the Series 2024-1 Notes. See “<i>Risk Factors—Risks Relating to the Notes—Series 2024-1 Notes are subject to Transfer Restrictions that may impact liquidity</i>” and “<i>Transfer Restrictions</i>.”</p>
U.S. Risk Retention .....	<p>RFS, as the Sponsor intends to satisfy the requirements of the U.S. Risk Retention Regulations by retaining one hundred percent (100%) of the limited liability company interests of the Issuer, which retained interests are intended to qualify as an “eligible horizontal residual interest” under the U.S. Risk Retention Regulations. See “<i>Credit Risk Retention</i>.”</p>
EU and UK Risk Retention.....	<p>The Sponsor and the Issuer do not intend that an investment in the Series 2024-1 Notes comply with the requirements of the EU Securitization Regulation or the UK Securitization Regulation. Accordingly, neither the Sponsor nor the Initial Purchaser makes any representation regarding compliance with the EU Securitization Regulation or the UK Securitization Regulation. The 2024-1 Notes are unlikely to be suitable instruments for EU Institutional Investors (as defined in the EU Securitization Regulation) and UK Institutional Investors (as defined in the UK Securitization Regulation).</p>
Confidentiality .....	<p>Each Series 2024-1 Noteholder agrees, by accepting and holding any interest in the Series 2024-1 Notes, to maintain the confidentiality of all Confidential Information (defined herein) in accordance with procedures adopted by such person in good faith to protect Confidential Information.</p>
Absence of Public Market .....	<p>There is no existing market for the Series 2024-1 Notes. The Initial Purchaser may assist in resales of the Series 2024-1 Notes but is not required to do so. Accordingly, there can be no assurance as to the liquidity of any markets that may develop for the Series 2024-1 Notes. See “<i>Plan of Distribution</i>.”</p>



## RISK FACTORS

*An investment in the Series 2024-1 Notes involves significant risks. The following is a summary of the principal risk factors pertaining to an investment in the Series 2024-1 Notes. The remainder of this Offering Memorandum provides more detailed information about these risk factors. You should consider the following risk factors in light of your investment strategy in deciding whether to purchase the Series 2024-1 Notes.*

### ***Risks relating to the Notes on the Series 2024-1 Closing Date, the Series 2024-1 Notes will be primarily collateralized by the amounts on deposit in the Series 2024-1 Excess Funding Account***

The net proceeds of the Series 2024-1 Notes will be deposited in the Series 2024-1 Excess Funding Account on the Series 2024-1 Closing Date. The net proceeds of the Series 2024-1 Notes are estimated to be approximately equal to \$154 million assuming all Series 2024-1 Notes are sold at par. The Issuer will secure its obligations under the Series 2024-1 Notes and the Series 2024-1 Indenture Supplement in part by granting a security interest in the Series 2024-1 Accounts and the funds on deposit therein.

It is expected that the Issuer will, in accordance with the Series 2024-1 Indenture Supplement, direct the Paying Agent to release amounts on deposit in the Series 2024-1 Excess Funding Account to redeem the Existing Series Notes in full on the Payment Date in August 2024. The failure of the Issuer to redeem the Existing Series Notes on the Payment Date in August 2024 will result in the occurrence of a Rapid Amortization Event with respect to the Series 2024-1 Notes.

If a Rapid Amortization Event with respect to the Series 2024-1 Notes occurs, principal payments of the Series 2024-1 Notes will commence on the next Payment Date unless such Rapid Amortization Event is waived by the Majority in Interest. On each Payment Date after the occurrence of a Rapid Amortization Event the amount available to pay the principal of the Series 2024-1 Notes will equal the portion of the lesser of (i) the outstanding principal balance of the Series 2024-1 Notes and (ii) the Total Available Amount for that Payment Date remaining after the payment of interest on the Series 2024-1 Notes. Accordingly, if the Issuer fails to redeem the Existing Series Notes on the Payment Date in August 2024, amounts on deposit in the Series 2024-1 Capitalized Interest Account and the Series 2024-1 Excess Funding Account will be deposited in the Series 2024-1 Note Distribution Account for payment of principal of the Series 2024-1 Notes pursuant to the Series 2024-1 Settlement Account to be paid pursuant to the Priority of Payments on the Payment Date in September 2024. See also “—*You may receive principal payments earlier or later than anticipated.*”

For more information on the redemption of the Existing Series Notes and the impact on the Series 2024-1 Notes, see “*Description of the Indenture—The Collateral.*”

### ***Repayment of the Series 2024-1 Notes will be limited solely to the Collateral***

The Series 2024-1 Notes are the obligations of the Issuer only and recourse for payments on the Series 2024-1 Notes will be limited, following the redemption in full of the Existing Series Notes, solely to the Collateral pledged to the Indenture Trustee for the benefit of the holders of each Series of Notes issued under the Indenture and amounts on deposit in the Series 2024-1 Accounts. The Issuer does not have, and is not required to, have any other material assets. The Series 2024-1 Notes do not represent an interest in, or obligation of, the Seller, the Servicer, the Indenture Trustee or any of their affiliates (other than the Issuer). The Series 2024-1 Notes will not be guaranteed or insured by any person. Payment of interest on and principal of the Series 2024-1 Notes will depend solely on the amount and the rate and timing of payments and other collections on the Collateral allocated to the Series 2024-1 Notes under the Indenture. The Collateral primarily consists of Receivables arising under either Loan Agreements or Factoring Agreements. The collectability of loan payments under the Loan Agreements will depend on several factors, including, but not limited to, underwriting and default risk, the continued profitability of the Merchants’ businesses, the level of work-outs, settlements and charge-offs. The collectability of purchased receivables under the Factoring Agreements will depend on several factors, including, but not limited to, the amount and timing of the Merchants’ future sales volumes, whether Merchants breach any obligations in the Factoring Agreements that give rise to recourse against the Merchants, and the resulting level of work-outs, settlements and charge-offs. Difficult economic conditions, natural disasters, the level of interest rates and other factors and events could adversely affect the Merchants’ ability to make loan payments under the Loan Agreements and deliver purchased receivables under the Factoring Agreements and may result in shortfalls in payments on the Series 2024-1 Notes.

***Credit enhancement with respect to the Series 2024-1 Notes may prove inadequate***

Credit enhancement for the Series 2024-1 Notes will be provided by excess spread, overcollateralization (including, by means of amounts on deposit in the Series 2024-1 Excess Funding Account), subordination of the Junior Classes of Series 2024-1 Notes and funds on deposit in the Series 2024-1 Reserve Account and the Series 2024-1 Capitalized Interest Account. This credit enhancement may not be sufficient to cover greater than expected losses on the Pooled Receivables. If the credit enhancement is insufficient, you may incur a loss on your investment in the Series 2024-1 Notes.

Moreover, if the Seller does not sell or contribute additional Receivables to the Issuer from time to time to replace Pooled Receivables that are fully collected, charged-off, repurchased or substituted by the Seller, the amount of excess spread available to cover losses on the Pooled Receivables will be reduced. The amount of excess spread will be further limited if the aggregate Outstanding Receivables Balance of all Pooled Receivables on the Series 2024-1 Closing Date is less than the Target Closing Receivables Balance, resulting in a portion of the proceeds of the issuance of the Series 2024-1 Notes being deposited into the Series 2024-1 Excess Funding Account rather than used by the Issuer to purchase Receivables on the Series 2024-1 Closing Date. If the Issuer is not able to purchase additional Receivables, the excess spread on the Receivables actually acquired by the Issuer may be insufficient to cause the Two-Month Weighted Average Excess Spread or Three-Month Weighted Average Excess Spread, as applicable, to be equal to or greater than 4.00%, resulting in a Rapid Amortization Event.

In addition, the composition of the Pooled Receivables may vary in significant ways while the Series 2024-1 Notes are outstanding as Pooled Receivables are collected upon, charged-off, repurchased or substituted by the Seller pursuant to the Receivables Purchase Agreement and additional Receivables are sold or contributed to the Issuer from time to time pursuant to the Receivables Purchase Agreement. Although certain parameters have been placed on the quality, term and other characteristics of such additional Receivables, the composition of the Pooled Receivables may change, resulting in reduced levels of excess spread or increased risk of loss. As a result, the amount of credit enhancement available may decline or could be depleted prior to the payment in full of the Series 2024-1 Notes and you may suffer a loss on your investment.

***You may receive principal payments earlier or later than anticipated***

The amount of and rate and timing of payments of principal on the Series 2024-1 Notes is uncertain. Many factors will affect the amount of and the rate and timing of payments of principal of the Series 2024-1 Notes, including, but not limited to:

- the amount and timing of collections with respect to the Pooled Receivables, which will be based on loan payments received on the related Loan Receivables and transfers of purchased receivables under the Factoring Agreements,
- the occurrence of a Rapid Amortization Event with respect to the Series 2024-1 Notes (see “*Description of the Series 2024-1 Notes—Payment of Principal—Rapid Amortization Events*”), and
- the exercise by the Issuer of its right to redeem the Series 2024-1 Notes (i) with respect to up to 30% of the aggregate Series 2024-1 Note Balance (pro rata to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes), (a) at 103% of the outstanding principal amount redeemed plus accrued interest on any business day prior to (but excluding) the Payment Date in August 2025, and (b) at 101% of the outstanding principal amount redeemed plus accrued interest on any business day on or after the Payment Date in August 2025 and prior to (but excluding) the Payment Date in July 2026, and (ii) in whole or in part (and pro rata to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes) at 100% of the outstanding principal amount redeemed plus accrued interest on any business day occurring on or after the Payment Date in July 2026, in accordance with the Series 2024-1 Indenture Supplement. See “*Description of the Series 2024-1 Notes—Optional Redemption*.”

If no Rapid Amortization Event or optional redemption with respect to the Series 2024-1 Notes occurs earlier, principal payments of the Series 2024-1 Notes will commence on the Payment Date in August 2027. The amounts available to pay principal of the Series 2024-1 Notes will vary based on the levels of payments, prepayments, Factored Receivable collections and charge-offs of the Pooled Receivables and on the amount of the Pooled Receivables that the Seller is required to repurchase pursuant to the Receivables Purchase Agreement.

If a Rapid Amortization Event with respect to the Series 2024-1 Notes occurs, principal payments of the Series 2024-1 Notes will commence on the next Payment Date, unless such Rapid Amortization Event has been cured prior to such Payment Date.

The LOC Agreements applicable to LOC Receivables permit the Merchants to prepay their loan, in whole or in part, at any time without penalty. The rate at which Merchants elect to prepay loans and the rate at which loans are worked-out, settled and/or charged-off will vary due to a number of factors, including, but not limited to, general economic conditions and economic and financial factors affecting the Merchants, their industries and their geographic regions. Such payments will in turn affect collections with respect to the related Pooled Receivables and, thereby, repayment of the Series 2024-1 Notes. The LOC Agreements also permit the Merchants to make additional Draws at the discretion of the Originator for additional amounts of cash prior to a Rapid Amortization Event. Upon the commencement of a Rapid Amortization Event, no further Draws will be permitted under the LOC Agreements. These Draws increase the total outstanding principal amount of the LOC Receivables held by the Issuer, as the Issuer purchases the additional amount represented by the Draw with Principal Proceeds. Following a Rapid Amortization Event, requests for Draws will no longer be paid. See “*Maturity Assumptions*” and “*The Receivables*.”

Merchants have no right to repurchase the future receivables sold to the applicable Originator under a Factoring Agreement. If a Merchant desires to sell more future receivables to the Originator before delivering all of the receivables sold to the Originator under a previous Factoring Agreement, the Originator, in certain circumstances, may allow the Merchant to satisfy the obligation to deliver the receivables it sold under the previous Factoring Agreement through the proceeds of the sale of additional receivables to the Originator. In these cases, Merchants often use the purchase price proceeds from the subsequent Factoring Agreement to satisfy the obligation to deliver receivables that have yet to be generated and delivered under the previous Factoring Agreement. To encourage repeat business and avoid Merchants selecting competitors for their working capital needs, the Originator may solicit Merchants to sell more future receivables before those Merchants have fully remitted the receivables sold to the Originator under a previous Factoring Agreement. The rate at which Merchants seek to enter into repurchase transactions and the frequency with which the Originator is willing to permit them will vary due to various factors, including general economic conditions, the Originator’s policies and procedures regarding such repurchases, and economic and financial factors affecting the Merchants, their industries and their geographic regions. In addition, the rate at which Factoring Agreements are worked-out, settled and/or charged-off will depend on several factors, including whether Merchants go out of business or bankrupt before remitting the purchased receivables, and whether Merchants breach any provisions of the Factoring Agreements that give rise to recourse against the Merchants. See “*Maturity Assumptions*” and “*The Receivables*.”

Although the Seller intends to transfer additional Receivables to the Issuer after the Series 2024-1 Closing Date, the Seller will not be obligated to do so. If the Seller fails to acquire sufficient new Receivables that satisfy the eligibility criteria described in “*The Receivables*” and “*Description of the Receivables Purchase Agreement*” or chooses not to transfer sufficient additional Receivables to the Issuer during the Series 2024-1 Revolving Period, a Rapid Amortization Event with respect to the Series 2024-1 Notes may occur. See “*Risks Relating to the Collateral and the Business—Inability to sustain purchases or origination of Receivables may adversely impact Series 2024-1 Noteholders*.”

If a Rapid Amortization Event with respect to the Series 2024-1 Notes occurs, principal payments of the Series 2024-1 Notes will commence on the next Payment Date unless such Rapid Amortization Event is cured prior to such Payment Date. On each Payment Date after the occurrence of a Rapid Amortization Event the amount available to pay the principal of the Series 2024-1 Notes will equal the portion of the lesser of (i) the outstanding principal balance of the Series 2024-1 Notes and (ii) the Total Available Amount for that Payment Date remaining after the payment of interest on the Series 2024-1 Notes, the Series 2024-1 Servicing Fee, and the portions of the Series 2024-1 Backup Servicing Fee and the fees, expenses and indemnities payable to the Indenture Trustee, the Custodian and the Administrator payable out of the collections on the Pooled Receivables allocated to the Series 2024-1 Notes prior to the payment of interest on the Series 2024-1 Notes in accordance with the Priority of Payments. Thus, if a Rapid Amortization Event with respect to the Series 2024-1 Notes occurs, the average lives of the Series 2024-1 Notes could be significantly reduced.

The actual rate of amortization of principal of the Series 2024-1 Notes will also depend on the number of other Series of Notes outstanding and the percentage of collections on the Pooled Receivables allocated to those other Series of Notes during the amortization of the Series 2024-1 Notes.

After payment for any Receivables, including any additional amounts represented by Draws, amounts available to pay principal of the Series 2024-1 Notes will be distributed, first, to the holders of the Class A Notes until the outstanding principal amount of the Class A Notes has been paid in full, second, to the holders of the Class B Notes until the outstanding principal amount of the Class B Notes has been paid in full, third, to the holders of the Class C Notes until the outstanding principal amount of the Class C Notes has been paid in full, fourth, to the holders of the Class D Notes until the outstanding principal amount of the Class D Notes has been paid in full, and fifth, to the holders of the Class E Notes until the outstanding principal amount of the Class E Notes has been paid in full.

The exercise by the Issuer of its right to redeem the Series 2024-1 Notes (i) with respect to up to 30% of the aggregate Series 2024-1 Note Balance (pro rata to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes), (a) at 103% of the outstanding principal amount redeemed plus accrued interest on any business day prior to (but excluding) the Payment Date in August 2025, and (b) at 101% of the outstanding principal amount redeemed plus accrued interest on any business day on or after the Payment Date in August 2025 and prior to (but excluding) the Payment Date in July 2026, and (ii) in whole or in part (and pro rata to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes) at 100% of the outstanding principal amount redeemed plus accrued interest on any business day occurring on or after the Payment Date in July 2026 would shorten the lives of the Series 2024-1 Notes.

You will bear all the reinvestment risks relating to a faster or slower rate of amortization of principal of the Series 2024-1 Notes. These reinvestment risks include the possibility that you may not be able to reinvest payments of principal in comparable investments with similar yields. Similarly, if principal payments are made later than you expected, you may lose investment opportunities. Asset-backed securities like the Series 2024-1 Notes usually produce a faster return of principal to investors if interest rates generally decline and produce a slower return of principal when interest rates generally increase. In addition, the Series 2024-1 Notes may produce a faster return of principal to investors if Merchants with Factoring Agreements have higher sales than anticipated (which results in faster collections with respect to Factored Receivables securing the Series 2024-1 Notes) and produce a slower return of principal on the Series 2024-1 Notes if Merchants with Factoring Agreements have lower sales than anticipated (which results in slower collections with respect to such Factored Receivables). As a result, you are likely to receive more money to reinvest at a time when other investments generally are producing a lower return than that on your Series 2024-1 Notes, and are likely to receive less money to reinvest when other investments generally are producing a higher return than that on your Series 2024-1 Notes. In addition, you should consider that the yield to maturity of any Series 2024-1 Notes purchased at a discount or premium will be more sensitive to the rate and timing of payments of principal thereon. If you purchase the Series 2024-1 Notes at a discount, a slower than anticipated rate of principal payments could result in an actual yield that is lower than the anticipated yield, and, if you purchase the Series 2024-1 Notes at a premium, a faster than anticipated rate of principal payments could result in an actual yield that is lower than the anticipated yield. You will bear the risk that the amount of and the rate and timing of payments of principal on your Series 2024-1 Notes will prevent you from attaining your desired yield.

The final payment of the principal of the Series 2024-1 Notes is expected to occur prior to the Legal Final Payment Date because of the optional redemption and other considerations described above. If sufficient funds are not available to pay the Series 2024-1 Notes in full on the Legal Final Payment Date, an Event of Default will occur.

***Payments on Junior Classes of the Series 2024-1 Notes are subordinated to the applicable Priority Classes and are more sensitive to losses on the Pooled Receivables***

The Junior Classes of the Series 2024-1 Notes are subordinated to the applicable Priority Classes such that no payments of principal will be made to the holders of the Junior Classes until the applicable Priority Classes have been paid in full, and payments of interest on the Junior Classes will only be made on any Payment Date after all payments of interest that are due and payable to the holders of the Priority Classes on such Payment Date have been made in full.

As a result of the foregoing, if there are insufficient funds to pay the full amount of interest due on the Priority Classes, on any given Payment Date, the holders of any Junior Classes will absorb the amount of such deficiency, due to them on such Payment Date, and, if the aggregate amounts collected from the Collateral allocated to pay the principal of the Series 2024-1 Notes are insufficient to pay the principal of the Series 2024-1 Notes in full, the Junior Classes will absorb the entire amount of such deficiency, up to the outstanding principal balance of the Junior Classes with the Class E Notes being the first to absorb such deficiency. If the actual rate

and amount of losses exceed your expectations and if the amount of credit enhancement is insufficient to cover those losses, you could suffer a loss on your Series 2024-1 Notes.

The Interest Payment of Junior Classes is subordinated in certain circumstances to payments of principal of Priority Classes. These certain circumstances arise only if a payment of Priority Principal Distributable Amount which is senior to such Junior Class's Interest Payment under the Priority of Payments must be made pursuant to the Priority of Payments, under which circumstance the payment of such Priority Principal Distributable Amount to principal would reduce funds available to the payment of the Junior Class's interest. Furthermore, because an Event of Default is not triggered under the Indenture for failure to pay any interest that is due and payable on any Notes other than the Controlling Class, Interest Payments on Junior Classes which are not the Controlling Class may continue to accrue but remain unpaid for so long as Interest Payments on the Controlling Class are made. Consequently, holders of the Class B Notes, Class C Notes, Class D Notes and Class E Notes may receive payments that are, in the aggregate, less than anticipated, or may receive payments later than anticipated.

***Series 2024-1 Notes are subject to transfer restrictions that may impact liquidity***

The Series 2024-1 Notes are being offered in a private placement to QIBs in compliance with Rule 144A and to persons who are (i) QIBs and (ii) for Class A Notes, Class B Notes, Class C Notes, and Class D Notes, non-U.S. Persons in compliance with Regulation S under the Securities Act. The Series 2024-1 Notes will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States, in reliance upon exemptions from registration provided by such laws. Consequently, the Series 2024-1 Notes will be subject to certain transfer restrictions. The Series 2024-1 Notes may be resold, pledged or transferred only (a) to the Issuer, (b) pursuant to a registration statement that has been declared effective under the Securities Act, (c) for so long as the Series 2024-1 Notes are eligible for resale pursuant to Rule 144A, to a person the transferor reasonably believes is a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) to a QIB pursuant to offers and sales that occur outside the United States within the meaning of Regulation S or (e) pursuant to another available exemption from the registration requirements of the Securities Act. See "*Transfer Restrictions*." In addition, the Notes are subject to certain other tax and ERISA related transfer restrictions set forth under "*Transfer Restrictions*" which may also impact liquidity of the Notes. With respect to the Class D Notes and the Class E Notes, failure to comply with such restrictions could result in adverse U.S. federal tax consequences, including the risk that the Issuer could be treated as a publicly traded partnership that is taxable as a corporation for U.S. federal income tax purposes. The imposition of such tax on the Issuer could result in the Issuer's inability to repay some or all of the classes of the Series 2024-1 Notes.

***Investors may not be able to resell the Series 2024-1 Notes***

There is currently no existing market for the Series 2024-1 Notes. The secondary market for the Series 2024-1 Notes will be limited to QIBs and to persons who are not U.S. Persons. Any resale of Series 2024-1 Notes will be limited by the transfer restrictions described in this Offering Memorandum. The Initial Purchaser may assist in resales of the Series 2024-1 Notes but it is not required to do so. There can be no assurance that a secondary market for the Series 2024-1 Notes will develop or, if it does develop, that it will continue or be sufficiently liquid to permit the resale of the Series 2024-1 Notes or at what price the Series 2024-1 Notes may be sold. From mid-2007 through 2009 and during the COVID-19 pandemic, major disruptions in the global financial markets caused a significant reduction in liquidity in the secondary market for asset-backed securities. While conditions in the financial markets and the secondary markets have improved, there can be no assurance that future events will not occur that could have a similar adverse effect on the liquidity of the secondary market. Moreover, negative publicity about the online lending industry, whether related to the performance of securities issued by other financial technology companies or other events directly related to financial technology companies, could have a chilling effect on the secondary market for the Series 2024-1 Notes. Price volatility and lack of liquidity in the secondary market could adversely affect the market value of your Series 2024-1 Notes and/or limit your ability to resell your Series 2024-1 Notes.

As a result, investors must be able to bear the risks of their investment in the Series 2024-1 Notes until maturity. See "*Transfer Restrictions*."

***Series 2024-1 Notes are not suitable for all investors***

The Series 2024-1 Notes are not a suitable investment for all investors. In particular, you should not purchase the Series 2024-1 Notes unless you understand the structure, including the Priority of Payments, prepayment, credit, liquidity and market risks associated with the Series 2024-1 Notes. The Series 2024-1 Notes

are complex securities that should be considered only by investors who, either alone or together with financial, tax and legal advisors, possess the expertise to analyze the prepayment, reinvestment, default and market risk, the tax consequences of an investment in the Series 2024-1 Notes and the interaction and consequences of these factors.

***Ratings of the Series 2024-1 Notes may be withdrawn, downgraded or placed on credit watch, or the Series 2024-1 Notes may receive an unsolicited rating, which may have an adverse effect on the liquidity or the market price of the Series 2024-1 Notes***

It is a condition to the issuance of the Series 2024-1 Notes that (i) the Class A Notes receive at least an AA(sf) rating from KBRA, (ii) the Class B Notes receive at least an A(sf) rating from KBRA, (iii) the Class C Notes receive at least an BBB rating from KBRA, (iv) the Class D Notes receive at least a BB-(sf) rating from KBRA and (v) the Class E Notes receive at least a B+(sf) rating from KBRA. The ratings on the Series 2024-1 Notes are not recommendations to buy, hold or sell the Series 2024-1 Notes. Rather, ratings are an assessment by the applicable rating agency of the likelihood that any interest on a class of notes will be paid on a timely basis and that a class of notes will be paid in full by its final scheduled payment date. Ratings do not consider to what extent the notes will be subject to redemption or that the principal of any class of notes will be paid prior to the final scheduled payment date for that class of notes, nor do the ratings consider the prices of the notes or their suitability to a particular investor. Similar ratings on different types of securities do not necessarily mean the same thing. Additionally, a rating agency may have a conflict of interest where, as is the case with the ratings on the Series 2024-1 Notes, the issuer of a note pays the fee charged by the rating agency for its rating services. There can be no assurances that the Pooled Receivables will perform as expected or that the ratings of your Series 2024-1 Notes will not be downgraded, withdrawn, suspended, placed on credit watch or qualified by KBRA in the future as a result of a change in circumstances, deterioration in the performance of the Pooled Receivables, errors in the analysis or otherwise. Neither the Seller nor the Issuer nor any of their respective affiliates will have any obligation to replace or supplement any credit support, or to take any other action to maintain any ratings of the Series 2024-1 Notes. If any rating with respect to the Series 2024-1 Notes is downgraded, withdrawn, placed on credit watch or qualified, the liquidity and/or the market value of your Series 2024-1 Notes may be adversely affected which could limit your ability to resell your Series 2024-1 Notes. Moreover, it is possible that the Rating Agency could revise its models and ratings methodologies (including its ratings or outlooks with respect to the various transaction parties) and, following the Closing Date, could put on watch, downgrade or withdraw its ratings on certain classes of Series 2024-1 Notes which were not subject to such revised models or ratings methodology as part of the initial ratings process.

The Issuer hired KBRA and will pay it a fee to assign ratings on the Series 2024-1 Notes. It has not hired any other nationally recognized statistical rating organizations, or “NRSROs,” to assign ratings on the Series 2024-1 Notes and is not aware that any other NRSRO will assign ratings on the Series 2024-1 Notes. However, under SEC rules, information provided to a hired rating agency for the purpose of assigning or monitoring the ratings on notes is required to be made available to each NRSRO in order to make it possible for such non-hired NRSROs to assign unsolicited ratings on those notes. Unsolicited ratings could be assigned to the Series 2024-1 Notes at any time, including prior to the Series 2024-1 Closing Date, and none of the Issuer, the Seller, the Initial Purchaser or any of their respective affiliates will have any obligation to inform the holders of the Series 2024-1 Notes of any unsolicited ratings assigned after the date of this Offering Memorandum. NRSROs, including the hired Rating Agency, have different methodologies, criteria, models and requirements. If any non-hired NRSRO assigns an unsolicited rating on a class of the Series 2024-1 Notes, there can be no assurance that such rating will not be lower than the rating provided by KBRA, which could adversely affect the market value of that class of the Series 2024-1 Notes and/or limit an investor’s ability to resell that class of the Series 2024-1 Notes. In addition, if the Issuer fails to make available to the non-hired NRSROs any information provided to KBRA for the purpose of assigning or monitoring the ratings on the Series 2024-1 Notes, KBRA could withdraw its ratings on the Series 2024-1 Notes, which could adversely affect the market value of the Series 2024-1 Notes and/or limit an investor’s ability to resell its Series 2024-1 Notes. None of the Issuer, the Seller, the Initial Purchaser or any of their affiliates will be obligated to monitor any changes to the ratings on the Series 2024-1 Notes. Each potential investor in the Series 2024-1 Notes should make its own evaluation of the value of the Pooled Receivables and the credit enhancement for the Series 2024-1 Notes, and not rely solely on the ratings on the Series 2024-1 Notes.

#### ***Exit of the United Kingdom from the European Union***

The UK ceased to be a member of the EU on January 31, 2020 (an event commonly referred to as “Brexit”). The EU and the UK entered into a withdrawal agreement, which provided for an implementation period which ended at 11:00pm GMT on December 31, 2020 (the “Transition Period”). Since the end of the

Transition Period, the UK has no longer been subject to EU law. On December 30, 2020, the EU and the UK signed the EU-UK Trade and Cooperation Agreement (the “**Trade Agreement**”), which has governed the relationship between the EU and the UK since January 1, 2021. The actual or potential consequences of Brexit, the uncertainty associated with it, and the ongoing impact and application of the terms of the Trade Agreement, could adversely affect economic and market conditions in the UK, in the EU and its member states and elsewhere, and could contribute to instability in global financial markets. In particular, Brexit could significantly affect volatility, liquidity and/or the market value of securities, including the Series 2024-1 Notes.

### ***EU Securitization Regulation and UK Securitization Regulation***

All prospective investors in the Series 2024-1 Notes whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Series 2024-1 Notes will constitute legal investments for them or are subject to investment or other restrictions, unfavorable accounting treatment, capital charges, reserve requirements or other consequences.

Investors should be aware of the investor due diligence requirements (the “**EU Due Diligence Requirements**”) that currently apply with respect to certain types of EU Institutional Investors (which is defined to include: (a) insurance undertakings and reinsurance undertakings as defined in Directive 2009/138/EC; (b) institutions for occupational retirement provision falling within the scope of Directive (EU) 2016/2341 (subject to certain exceptions), and certain investment managers and authorized entities appointed by such institutions; (c) alternative investment fund managers as defined in Directive 2011/61/EU which manage and/or market alternative investment funds in the EU; (d) certain internally-managed investment companies authorized in accordance with Directive 2009/65/EC (UCITS), and management companies as defined in that Directive; and (e) credit institutions and investment firms as defined in Regulation (EU) No 575/2013 (the “EU CRR”) (and certain consolidated affiliates thereof, wherever established or located, of institutions under the EU CRR) (each, an “**EU Institutional Investor**”).

Investors should also be aware of the investor due diligence requirements (the “**UK Due Diligence Requirements**”) that currently apply with respect to certain types of UK Institutional Investors (defined to include: (a) insurance undertakings and reinsurance undertakings as defined in section 417(1) of the FSMA; (b) institutions for occupational retirement provision falling within the scope of section 417(1) of the FSMA; (c) occupational pension schemes as defined in section 1(1) of the Pension Schemes Act 1993; (d) an AIFM (as defined in regulation 4(1) of the Alternative Investment Fund Managers Regulations 2013(5)) which markets or manages AIFs in the UK; (e) a management company as defined in section 237(2) of the FSMA; (f) a UCITS as defined by section 236A of the FSMA, which is an authorized open ended investment company as defined in section 237(3) of the FSMA; and (g) a CRR firm as defined by Article 4(1)(2A) of Regulation (EU) No 575/2013 as it forms part of the domestic law of the UK by virtue of the EUWA (the “UK CRR”) (and certain consolidated affiliates thereof, wherever established or located, of such UK CRR firms) (each a “**UK Institutional Investor**” and together with the EU Institutional Investors, the “**Institutional Investors**”). The EU Due Diligence Requirements and the UK Due Diligence Requirements are hereinafter referred to as the Due Diligence Requirements.

The applicable Due Diligence Requirements restrict an Institutional Investor from investing in a securitization unless:

- a. in each case, it has verified that the originator, sponsor or original lender will retain, on an ongoing basis, a material net economic interest of not less than 5 per cent in the securitization, determined in accordance with Article 6 of the applicable Securitization Regulation, and the risk retention is disclosed to the Institutional Investor (the “**Risk Retention Requirements**”);
- b. in the case of an EU Institutional Investor, it has verified that the originator, sponsor or securitization special purpose entity has, where applicable, made available the information required by Article 7 of the EU Securitization Regulation in accordance with the frequency and modalities provided for thereunder;
- c. in the case of a UK Institutional Investor, it has verified that the originator, sponsor or securitization special purpose entity:
  1. if established in the United Kingdom has, where applicable, made available the information required by Article 7 of the UK Securitization Regulation (the “**UK**”

**Transparency Requirements**”) in accordance with the frequency and modalities provided for thereunder, and

2. if established in a third country has, where applicable, made available information which is substantially the same as that which it would have made available under the UK Transparency Requirements if it had been established in the United Kingdom, and has done so with such frequency and modalities as are substantially the same as those with which it would have made information available if it had been established in the UK; and
- d. in each case, it has verified that, where the originator or original lender either (i) is not a credit institution or an investment firm (each as defined in the applicable Securitization Regulation) or (ii) is established in a third country, the originator or original lender grants all the credits giving rise to the underlying exposures on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the obligor’s creditworthiness.

The applicable Due Diligence Requirements further require that an Institutional Investor carry out a due diligence assessment which enables it to assess the risks involved prior to investing, including but not limited to the risk characteristics of the individual investment position and the underlying assets and all the structural features of the securitization that can materially impact the performance of the investment. In addition, pursuant to the applicable Securitization Regulation, while holding an exposure to a securitization, an Institutional Investor is subject to various monitoring obligations in relation to such exposure, including but not limited to: (i) establishing appropriate written procedures to monitor compliance with the due diligence requirements and the performance of the investment and of the underlying assets, (ii) performing stress tests on the cash flows and collateral values supporting the underlying assets, (iii) ensuring internal reporting to its management body, and (iv) being able to demonstrate to its competent authorities, upon request, that it has a comprehensive and thorough understanding of the investment and underlying assets and that it has implemented written policies and procedures for the risk management and as otherwise required by the applicable Securitization Regulation.

Failure by an Institutional Investor to comply with one or more of the applicable Due Diligence Requirements may result in the imposition of various regulatory penalties including, in the case of those Institutional Investors subject to regulatory capital requirements, the imposition of a punitive capital charge in respect of the Notes acquired by the relevant investor, or, in the case of certain other Institutional Investors, a requirement to take corrective action as is in the best interest of their respective investors.

Prospective investors should therefore make themselves aware of the applicable Due Diligence Requirements described above (and any corresponding implementing rules of their regulator), in addition to any other applicable regulatory requirements with respect to any investment in the Notes. Prospective investors and Noteholders are responsible for analyzing their own regulatory position; and are encouraged (where relevant) to consult their own investment and legal advisors regarding: (a) the scope and applicability of the EU Securitization Regulation and the UK Securitization Regulation; (b) the information as to such matters included in this Offering Memorandum and their compliance with any applicable Due Diligence Requirements; and (c) the suitability of the Series 2024-1 Notes for investment.

The UK Securitization Rules are expected to be replaced with a bespoke UK regime. The new UK securitization regime is initially expected to include the Securitisation Regulations 2024 (which were made on January 29, 2024 and amended on May 24, 2024), and amendments to the Prudential Regulation Authority (“PRA”) rulebook and the Financial Conduct Authority (“FCA”) handbook (as published on April 30, 2024, along with policy statements issued by the PRA and FCA, respectively). It is expected that most of the new rules will come into effect on November 1, 2024 (although this could be delayed and there is no guarantee that the rules will not be further amended before they come into effect). Furthermore, the rules are expected to be further reformed after their initial implementation date. Further consultations and reforms relating to the UK securitization regime are expected in the last quarter of 2024 or first quarter of 2025, although this timing may change. It is expected that, in most but not all respects, the UK Securitization Rules in force as of the date immediately prior to implementation of the new rules will continue to apply to securitizations issued on or after January 1, 2019 and prior to such implementation date, including with respect to the UK Due Diligence Requirements. While the UK Securitization Regulations published to date will be aligned with the EU Securitization Regulation regime in some respects, the wording differs as between those rules and the EU



Securitization Rules and further divergence is possible between the UK Securitization Rules and the EU Securitization Rules in the longer term.

None of the Issuer, the Indenture Trustee, the Initial Purchaser, the Sponsor, their respective affiliates or any transaction parties is required, intends or is undertaking any obligation to retain a material net economic interest in the securitization constituted by the issuance of the Notes in a manner that would satisfy either of the risk retention requirements, or to take any other action that may be required by an Institutional Investor for the purposes of their compliance with any of the Due Diligence Requirements and no such person assumes (i) any obligation to so retain or take any such other action or (ii) any liability whatsoever in connection with any Certificate holder's non-compliance with the applicable Due Diligence Requirements. Consequently, the Notes are not a suitable investment for Institutional Investors. As a result, this may have a negative impact on the regulatory capital position of a Noteholder, a Noteholder's ability to transfer its Notes, or the price it may receive upon its sale of the Notes, may be adversely affected.

### ***Russian Federation-Ukraine Conflict***

The Russian Federation invaded Ukraine on February 24, 2022. Geopolitical tensions have risen significantly in response and the United States, the United Kingdom, EU member states, and other countries have imposed economic sanctions on the Russian Federation, parts of Ukraine, as well as various designated parties. As further military conflicts and economic sanctions continue to evolve, it has become increasingly difficult to predict the impact of these events or how long they will last. Depending on direction and timing, the Russian Federation-Ukraine conflict may significantly exacerbate the normal risks associated with the transaction described in this Offering Memorandum and result in adverse changes to, among other things: (i) general economic and market conditions; (ii) shipping and transportation costs and supply chain constraints; (iii) energy costs and such costs' impact on inflation, overall price levels, and demand for consumer products; (iv) interest rates, currency exchange rates, and expenses associated with currency management transactions; (v) available credit in certain markets; (vi) import and export activity from certain markets; and (vii) laws, regulations, treaties, pacts, accords, and governmental policies. Economic and military sanctions related to the Russian Federation-Ukraine conflict, or other conflicts, may negatively affect markets, global supply and demand, import/export policies, and the availability of labor in certain markets. There is no guarantee that such sanctions and economic actions will abate or that more restrictive measures will not be put in place in the near term. Moreover, it is expected that the Russian Federation-Ukraine military conflict could spark further sanctions and/or military conflicts which will affect other regions. The foregoing could have a material adverse effect on the secondary market for asset-backed securities, which could have a material adverse effect on the market value of the Notes.

### ***Israel-Hamas Conflict***

On October 7, 2023, Hamas militants and members of other terrorist organizations infiltrated Israel's southern border from the Gaza Strip and conducted a series of terror attacks on civilian and military targets. Shortly following the attacks, Israel's security cabinet declared war against Hamas. The impact and duration of Israel's current war against Hamas is difficult to predict. Depending on direction and timing, the Israel-Hamas conflict may significantly exacerbate the normal risks associated with the transaction described in this Offering Memorandum and result in adverse changes to, among other things: (i) general economic and market conditions; (ii) shipping and transportation costs and supply chain constraints; (iii) energy costs and such costs' impact on inflation, overall price levels, and demand for consumer products; (iv) interest rates, currency exchange rates, and expenses associated with currency management transactions; (v) available credit in certain markets; (vi) import and export activity from certain markets; and (vii) laws, regulations, treaties, pacts, accords, and governmental policies. The foregoing could have a material adverse effect on the secondary market for asset-backed securities, which could have a material adverse effect on the market value of the Notes.

### ***Bank failures may adversely affect the Notes***

Negative economic trends may also increase the likelihood that banks and other financial entities may suffer a bankruptcy or insolvency. The bankruptcy or insolvency of any such entity may have an adverse effect on one or more transaction parties in ways that may not be able to be anticipated in advance.

On May 1, 2023, the FDIC seized control of First Republic Bank and, following an auction, JPMorgan Chase agreed to pay \$10.6 billion to the FDIC as part of a deal to take control of most of First Republic Bank's assets. Under the deal, the FDIC will cover 80% of any losses incurred on First Republic Bank's portfolio of single-family residential mortgage loans and commercial loans over the next five to seven years. JPMorgan Chase will not assume First Republic Bank's corporate debt, will assume the deposits, insured and uninsured, of First

Republic Bank, and will receive \$50 billion in financing from the FDIC to complete the deal. On March 19, 2023, UBS Group AG announced that it had agreed to acquire Credit Suisse Group AG for approximately \$3.2 billion in an all-stock transaction brokered by the government of Switzerland and the Swiss Financial Market Supervisory Authority. Following the announcement of the failures of Silicon Valley Bank and Signature Bank, the yields on United States treasury securities fell significantly as investors sought the safety of government securities over more speculative investments. New York Community Bancorp, Inc. (“NYCB”) is the parent company of Flagstaff Bank, one of the largest regional banks in the country. NYCB had acquired most of the assets of Signature Bank after Signature failed in the banking crisis of March 2023. In early March 2024, NYCB announced that its fourth quarter-earnings loss was \$2.4 billion worse than it had previously stated, which it attributed to “material weaknesses” in its loan review process. On March 11, 2024, NYCB announced that it completed transactions resulting in individual investments aggregating to approximately \$1.05 billion in the Company by Liberty Strategic Capital, funds managed by Hudson Bay Capital Management, funds managed by Reverence Capital Partners, and other investors.

Although fluid and uncertain at this time, these developments and any other anticipated disruptions in the banking industry could have a material adverse impact on the value and liquidity of the Notes or may adversely affect one or more transaction parties.

***There may be conflicts of interest among Noteholders***

As described in this Offering Memorandum, less than 100% of the Noteholders may consent to certain amendments, modifications or waivers, take certain actions or direct certain actions to be taken, under the Transaction Documents. Additionally, certain provisions of the Transaction Documents may be amended, and certain actions may be taken without the consent of Noteholders. See “*Description of the Indenture—Amendment.*” In those instances, the interests of every Noteholder will not be protected.

The Requisite Noteholders will have the right to direct the time, method and place of conducting a proceeding for a remedy available to the Indenture Trustee with respect to the Indenture after the occurrence of an Event of Default with respect to all Series of Notes, in accordance with the provisions therein. In addition, under the Indenture, prior to the declaration of the acceleration of the maturity of all Series of Notes, the Requisite Noteholders may waive certain past defaults and Events of Default and their consequences, and may also – if an Event of Default has occurred and is continuing – generally direct the Indenture Trustee (subject to the terms set forth in the Indenture) to exercise the rights, remedies and powers provided for under the Transaction Documents. The Requisite Noteholders may also terminate the Servicer upon a default by the Servicer and appoint a Successor Servicer, terminate the Backup Servicer upon a default by the Backup Servicer and appoint a successor Backup Servicer and may remove the Indenture Trustee and appoint a successor Indenture Trustee. Furthermore, certain amendments, modifications, waivers, supplements, terminations or surrender of the terms of the Transaction Documents require the consent of the Requisite Noteholders. Other amendments, modifications, waivers and supplements to the Indenture require the consent of the Required Noteholders. Noteholders holding in excess of 50% of the sum of the aggregate principal amount held by Noteholders materially and adversely affected by an amendment, waiver or other modification of all Notes will constitute the Requisite Noteholders and Noteholders holding not less than 66 2/3% of the sum of the aggregate principal amount of all Notes will constitute the Required Noteholders.

In the case of votes by holders of all of the Series 2024-1 Notes, the outstanding principal amount of the Class A Notes will generally be substantially greater than the outstanding principal amount of the other Classes of Series 2024-1 Notes. Consequently, the Class A Noteholders may have the ability to determine whether and what actions should be taken. Holders of each class of the Series 2024-1 Notes may act solely in their own interests and those interests may differ.

A Majority in Interest will have the right to declare that any Rapid Amortization Event or Event of Default with respect to the Series 2024-1 Notes that does not occur automatically shall have occurred and to waive the occurrence of any such Rapid Amortization Event or Event of Default with respect to the Series 2024-1 Notes. A Majority in Interest will also have the right to waive past payment defaults and/or covenant defaults and Events of Default that relate only to the Series 2024-1 Notes and their consequences, and may also – if such an Event of Default has occurred and is continuing – generally direct the Indenture Trustee (subject to the terms set forth in the Indenture) to exercise any remedies in respect of such Event of Default under the Transaction Documents with respect to the Series 2024-1 Notes. In addition, the consent of a Majority in Interest together with a majority in interest of each other Series of Notes outstanding will be required to direct the Indenture Trustee to sell the Issuer’s assets after the occurrence and continuance of an Event of Default unless such Event of Default arose from a payment default or the proceeds of the sale distributable to the holders of notes will be sufficient to discharge in

full all amounts then due and unpaid on the notes for principal and interest. A Majority in Interest will consist of, so long as the Class A Notes are outstanding, registered holders of Class A Notes holding in the aggregate more than 50% of the unpaid principal amount of the Class A Notes (excluding any Class A Notes held by the Issuer or any affiliate of the Issuer); so long as the Class B Notes are outstanding and no Class A Notes are outstanding, registered holders of Class B Notes holding in the aggregate more than 50% of the unpaid principal amount of the Class B Notes (excluding any Class B Notes held by the Issuer or any affiliate of the Issuer); so long as the Class C Notes are outstanding and no Class A Notes or Class B Notes are outstanding, registered holders of Class C Notes holding in the aggregate more than 50% of the unpaid principal amount of the Class C Notes (excluding any Class C Notes held by the Issuer or any affiliate of the Issuer); so long as the Class D Notes are outstanding and no Class A Notes, Class B Notes or Class C Notes are outstanding, registered holders of Class D Notes holding in the aggregate more than 50% of the unpaid principal amount of the Class D Notes (excluding any Class D Notes held by the Issuer or any affiliate of the Issuer); and so long as the Class E Notes are outstanding and no Class A Notes, Class B Notes, Class C Notes or Class D Notes are outstanding, registered holders of Class E Notes holding in aggregate more than 50% of the unpaid principal amount of the Class E Notes (excluding any Class E Notes held by the Issuer or any affiliate of the Issuer).

The exercise of remedies by the Indenture Trustee on behalf of the Noteholders or other actions taken by the Indenture Trustee, the Servicer or the Administrator or other transaction parties may result in an increase in the amounts payable to such parties under the Transaction Documents. Such increased amounts will generally be payable out of the portion of collections on the Pooled Receivables allocated to the Series 2024-1 Notes based upon the Series 2024-1 Invested Percentage prior to the payment of interest on the Series 2024-1 Notes in accordance with the Priority of Payments. As a result, the exercise of remedies (which is generally controlled by the Priority Classes) could have a negative impact on amounts available to the Series 2024-1 Notes and, in particular, the Junior Classes which will be in the first loss position.

***The issuance of additional Series of Notes may affect the timing of payments on the Series 2024-1 Notes***

The Issuer previously issued the Series 2021-1 Notes and Series 2022-1 Notes may issue additional Series of Notes with terms that are different from the Series 2024-1 Notes without the prior review or consent of the investors in the Series 2024-1 Notes. The Series 2024-1 Notes and all other additional Series of Notes will be secured by Collateral. The allocation of Collections among all Series of Notes will be made based on the invested percentage of each such Series. It is a condition to the issuance of each new Series of Notes that the Rating Agency Condition is satisfied with respect to such issuance. The satisfaction of the Rating Agency Condition will be based primarily on the Issuer's ability to pay principal by the Legal Final Payment Date and interest on each Payment Date, but the rating agency may not otherwise consider how the terms of a new Series of Notes could affect the timing and amounts of principal payments on the Series 2024-1 Notes. There can be no assurance, however, that the terms of any other Series of Notes issued by the Issuer will not have an impact on the timing or the amount of payments received by investors in the Series 2024-1 Notes. For more information about the Issuer's issuance of additional Series of Notes, see "*Description of the Indenture—Issuance of Additional Series.*"

***The sale of Collateral following an Event of Default may result in losses on your Series 2024-1 Notes***

If the maturity of all Series of Notes has been accelerated and the Indenture Trustee determines (and such determination may be based upon the advice of experts) that the Collateral will not continue to provide sufficient funds to make payments of principal of and interest on all Series of Notes, the Indenture Trustee, acting at the direction of a Majority in Interest and a majority in interest of each other Series of Notes outstanding, will be obligated (subject to the terms of the Indenture) to sell the Collateral and prepay all Series of Notes. If the maturity of all Series of Notes has been accelerated after the occurrence and during the continuance of an Event of Default arising from a payment default, the Indenture Trustee, acting at the direction of the Requisite Noteholders, will be obligated (subject to the terms of the Indenture) to sell the Collateral and prepay all Series of Notes. If the proceeds of any such sale of the Collateral are insufficient to pay all Series of Notes in full, you may suffer a loss on your Series 2024-1 Notes.

***The Seller may not be able to repurchase or substitute a Receivable in the event of a breach of representation or warranty***

The Seller will be obligated to repurchase any Receivable from the Issuer (or, at the Seller's option, and subject to certain conditions, substitute a replacement Receivable for such affected Receivable) for which there is a breach of the representations or warranties with respect to any Pooled Receivables which has not been cured within the applicable cure period. While the Seller has agreed to repurchase or substitute any Receivable if there

is such a breach, there can be no assurances given that the Seller will be in a position financially to fund its repurchase obligation or substitute a replacement Receivable for the Receivable affected by such breach.

### ***General Tax Matters***

An investment in the Series 2024-1 Notes involves complex tax issues. See “*Certain U.S. Federal Income Tax Consequences*” for a more detailed discussion of certain tax issues raised by an investment in the Series 2024-1 Notes.

### ***One or more classes of the Series 2024-1 Notes may be issued with “original issue discount”***

One or more classes of the Series 2024-1 Notes may be issued with original issue discount (“OID”) for U.S. federal income tax purposes. A U.S. Noteholder generally will be required to accrue OID on a current basis as ordinary income and pay tax accordingly, even before such U.S. Noteholder receives cash attributable to that income and regardless of such U.S. Noteholder’s method of tax accounting. For further discussion of the computation and reporting of OID, see “*Certain U.S. Federal Income Tax Consequences—U.S. Holders—Original issue discount.*”

### ***The Internal Revenue Service may challenge the status of the Series 2024-1 Notes as indebtedness***

The determination of whether an instrument is treated as debt or equity for U.S. federal income tax purposes is based on the facts and circumstances. There is no clear statutory definition of indebtedness, and its characterization is governed by principles developed in case law, which analyze numerous factors that are intended to identify the economic substance of the investor’s interest in the issuer. The Issuer intends to treat the Series 2024-1 Notes, when issued, as indebtedness of the Issuer for U.S. federal income tax purposes and will receive an opinion from Honigman LLP to the effect that the Class A Notes, the Class B Notes and the Class C Notes will be characterized as indebtedness for U.S. federal income tax purposes and the Class D Notes should be characterized as indebtedness for U.S. federal income tax purposes (in each case to the extent such Notes are not beneficially owned by the Issuer or an affiliate) The Issuer intends to treat and expects the Class E Notes to be characterized as indebtedness for U.S. federal income tax purposes when issued to an unaffiliated purchaser on the Series 2024-1 Closing Date, although no opinion of counsel will be issued regarding the tax treatment of the Class E Notes. There can be no assurance that the Internal Revenue Service (“IRS”) or a court will not treat the Class A, the Class B, Class C, Class D Notes or the Class E Notes as equity for U.S. federal income tax purposes. The U.S. federal income tax characterization of any Series 2024-1 Note retained or held by the Issuer or an affiliate will not be determined until the time, if any, that the Note is sold (or in the event a Note is reacquired or issued after the Series 2024-1 Closing Date by the Issuer or its affiliates, following its sale, re-sold to a person that is not treated as the issuer of the Note for U.S. federal income tax purposes) based on the law and circumstances existing at that time. If the IRS or a court were to successfully recharacterize any Series 2024-1 Notes as equity of the Issuer for U.S. federal income tax purposes, adverse tax consequences could result to Noteholders. For example, if the IRS were to successfully contend that a Series 2024-1 Note should be treated as an equity interest in the Issuer, certain tax-exempt U.S. holders could have certain portions of their receipts of payments on any such reclassified Series 2024-1 Notes treated as “debt-financed unrelated business taxable income.” See “*Certain U.S. Federal Income Tax Consequences—Treatment of the Series 2024-1 Notes as Indebtedness.*”

### ***Risk of Withholding Tax if the Notes Are Recharacterized as Equity***

*Withholding of tax on payments to and from the Issuer.* Honigman LLP will not issue an opinion as of the Series 2024-1 Closing Date that when issued, the Class E Notes should be treated as indebtedness for U.S. federal income tax purposes to the extent such Notes are not beneficially owned by the Issuer or an affiliate. Consequently, there is less certainty as to the proper characterization of the Class E Notes than the other Notes for U.S. federal income tax purposes. If the IRS successfully contended that Class E Notes, or any other Class of Notes should be recharacterized as equity interests in the Issuer, the Issuer would be treated as a partnership for U.S. federal income tax purposes. The Issuer will not be receiving an opinion of counsel with respect to whether it is engaged in a U.S. trade or business. In the event any Class of Notes are recharacterized as equity in the Issuer and the Issuer is treated as engaged in a U.S. trade or business, any non-U.S. holder that is the beneficial holder of such recharacterized Note could be (i) subject to U.S. tax (and withholding at the highest applicable rate) based on regular U.S. tax rates applicable to U.S. persons on the income allocated to them, (ii) subject to tax prior to distribution of such amounts, (iii) in the case of a corporation, subject to an additional 30% branch profits tax (subject to a lower rate pursuant to an applicable tax treaty), and (iv) required to file a U.S. tax return.

Even presuming the Issuer is not treated as engaged in a U.S. trade or business, if any Class of Notes is recharacterized as equity in the Issuer, the Issuer could be subject to a substantial amount of withholding tax with respect to any such Series 2024-1 Notes held by non-U.S. holders. In such circumstance, neither the Issuer nor RFS is required to gross-up or otherwise pay any additional payments with respect to any amounts withheld and, as a result, the yield to a non-U.S. holder from holding such a recharacterized Series 2024-1 Note would decrease. In addition, in the event the Issuer was required to withhold tax on a such a recharacterized Series 2024-1 Note but failed to do so, the Issuer could be liable for taxes, interest and potentially penalties arising from such failure to so withhold, thereby reducing the cash flow that would otherwise be available to make payments on all Notes, not simply adversely impacting the holders of the Series 2024-1 Notes recharacterized as Issuer equity interests. The Issuer does not currently intend to withhold tax on payments to non-U.S. holders with respect to the Series 2024-1 Notes, but reserves the right to do so in the event it is so required. For further discussion, see “*Certain U.S. Federal Income Tax Consequences—Treatment of the Series 2024-1 Notes as Indebtedness.*”

***Prospective investors of all the Notes should consult with their own tax advisors with respect to the effect of the Notes being recharacterized as equity in the Issuer***

*Treatment of the Issuer as a publicly traded partnership.* The Issuer has required transferees of the Class D Notes and Class E Notes to acknowledge and agree to the accuracy of certain certifications and representations by virtue of their acquisition of a Class D Note or Class E Note. Such deemed certifications and representations are designed to reduce the risk (in the event that the Class D Notes or the Class E Notes were successfully recharacterized as equity of the Issuer and the Issuer was treated as a partnership for U.S. federal income tax purposes) that the Issuer could be treated as a publicly traded partnership taxable as a corporation. However, there is no assurance that the certifications or representations are, or will continue to be, complied with by such holders. In addition, certain holders may have a different risk tolerance for holding such Notes in contravention of such certifications or representations. Further, the Issuer will rely on the compliance with and accuracy of, but will not make any independent verification of the compliance with or accuracy of, such certifications and representations. Thus, in the event that such certifications or representations are not complied with or are incorrect, it is possible that the Issuer could be treated as a publicly traded partnership taxable as a corporation. In addition, with respect to the Class D Notes and Class E Notes in global form, the Issuer may be unable to prevent a violation of the restrictions upon the transfer of the Class D Notes or Class E Notes. There can be no assurance that the transferors or transferees will not either inadvertently or intentionally disregard the Class D Note or Class E Note transfer restrictions, and the Issuer likely will not be aware of any such noncompliant transfers. Accordingly, in the event the Issuer was characterized as a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, the Issuer would be subject to a corporate level U.S. tax and such tax could materially impair the Issuer’s ability to make payments with respect to the Notes.

*Partnership audit rules could subject the Issuer to an entity level tax.* Under the Bipartisan Budget Act of 2015 (the “**Budget Act**”), the partnership tax audit rules provide that a partnership (including the Issuer if it were so recharacterized) appoints one person (the “**partnership representative**”) to act on its behalf in connection with IRS audits and related proceedings. The partnership representative’s actions, including the partnership representative’s agreement to adjustments of the Issuer’s income in settlement of an IRS audit of the Issuer, will bind all holders of the Notes characterized as equity in the Issuer (any such holders, “**Partners**”). In addition, under the partnership tax audit rules, U.S. federal income taxes (and any related interest and penalties) attributable to an adjustment to the Issuer’s income following an IRS audit or judicial proceeding will, absent an election by the Issuer to the contrary, have to be paid by the Issuer in the year during which the audit or other proceeding is resolved. It is possible that any such tax imposed under these rules will be treated (in non-tax terms) entirely as an expense of the Issuer and be economically borne by Holders of the Notes. Consequently, any U.S. federal income taxes (and any related interest and penalties) paid by the Issuer in respect of IRS audit adjustments at the Issuer level could have a material adverse effect on the Issuer’s ability to make payments to holders of the Series 2024-1 Notes.

***Changes to the U.S. federal income tax laws may adversely affect the market value of your Series 2024-1 Notes or limit your ability to resell your Series 2024-1 Notes.***

Congress regularly proposes numerous changes to the U.S. federal income tax laws and the Treasury Department, the Internal Revenue Service and the courts continually review, interpret and clarify existing U.S. federal income tax laws. We cannot predict when or to what extent any U.S. federal tax laws, regulations, interpretations or rulings will be enacted, revised, reinterpreted or clarified or the impact that any of these may have on noteholders with respect to the Series 2024-1 Notes. Prospective investors should consult their tax advisors regarding the effect of potential changes to the U.S. federal tax laws prior to purchasing the Series 2024-1 Notes.

### ***The Series 2024-1 Notes will be subject to book-entry registration***

The Series 2024-1 Notes initially will be represented by one or more Notes registered in the name of Cede & Co. (“**Cede & Co.**”), or any subsequent nominee of the Depository Trust Company (“**DTC**”), and will not be registered in the names of the beneficial owners of such Series 2024-1 Notes or their nominees. Because of this, unless and until definitive notes are issued, the beneficial owners of such Series 2024-1 Notes will not be recognized by the Indenture Trustee as Noteholders. Hence, until definitive notes are issued, beneficial owners of the Series 2024-1 Notes will be able to exercise the rights of Noteholders only indirectly through DTC and its participating organizations. Further, holding the Series 2024-1 Notes in book-entry form could also limit such Noteholders’ ability to pledge or transfer such Series 2024-1 Notes to persons or entities that do not participate in the DTC system. In addition, having the Series 2024-1 Notes in book-entry form may reduce their liquidity in the secondary market since certain potential investors may be unwilling to purchase Series 2024-1 Notes for which they cannot obtain physical notes. Distributions on such Series 2024-1 Notes will be paid by the Indenture Trustee, on behalf of the Issuer, to DTC as the record holder of those Series 2024-1 Notes while they are held in book-entry form. DTC will credit payments received from the Indenture Trustee, on behalf of the Issuer, to the accounts of DTC participants which, in turn, will credit those amounts to such Noteholders either directly or indirectly through indirect participants. This process may delay receipt of payments from the Indenture Trustee, on behalf of the Issuer.

### ***Retention of any of the Notes by the Sponsor or an affiliate of the Sponsor could adversely affect the market value of your Series 2024-1 Notes and/or limit your ability to resell your Series 2024-1 Notes.***

The Sponsor, or an affiliate of the Sponsor, initially may retain all or a portion of one or more classes of Series 2024-1 Notes on the Series 2024-1 Closing Date. As a result, the market for such a retained class of Series 2024-1 Notes may be less liquid than would otherwise be the case and, if any retained Series 2024-1 Notes are subsequently sold in the secondary market, it could reduce demand for Series 2024-1 Notes of that class already in the market, which could adversely affect the market value of your Series 2024-1 Notes and/or limit your ability to resell your Series 2024-1 Notes. Additionally, if any retained Series 2024-1 Notes are subsequently sold in the secondary market, the voting power of the Noteholders of the outstanding Series 2024-1 Notes may be diluted.

### ***Risks Relating to the Collateral and the Business***

#### ***Impacts from the COVID-19 pandemic may continue to impact the financial markets and adversely affect the market value of the Series 2024-1 Notes and/or limit your ability to resell your Series 2024-1 Notes***

The United States experienced a recession as a consequence of the global outbreak of the Coronavirus Disease 2019, commonly known as COVID-19 (“**COVID-19**”), which spread throughout the world, including the United States. The COVID-19 outbreak (the “**COVID-19 Outbreak**”) was declared to be a public health emergency of international concern by the World Health Organization, and the president of the United States made a declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. A significant number of countries and the majority of U.S. state governments also made emergency declarations related to the outbreak and attempted to slow community spread of the virus by providing social distancing guidelines, issuing stay-at-home orders and mandating the closure of certain non-essential businesses. The outbreak led to disruptions in global financial markets and the economies of many nations and is resulting in adverse impacts on the economy of the United States and the global economy in general.

Economic conditions have improved since the onset of the COVID-19 Outbreak. However, the economic recovery following the impact of the COVID-19 Outbreak is only partially underway and has been gradual, uneven and characterized by meaningful dispersion across sectors and regions with uncertainty regarding its ultimate length and trajectory. Further, the risk of continued COVID-19 outbreaks remains, and some jurisdictions may re-impose restrictions in an effort to mitigate risks to public health, especially as more infectious variants of the virus emerge. The emergence of new variants has and may continue to contribute to setbacks or slowing of recovery efforts. Moreover, there can be no assurance that the containment measures or other measures implemented from time to time will be successful in limiting the spread of the virus or as to what effect those measures will have on the economy generally or on the Receivables. These and other potential impacts may adversely affect the ability of the Originators to originate new Receivables, the ability of the Servicer to service the Receivables and the ability of the other transaction parties that are party to the Transaction Documents to perform their obligations.

The long-term impacts of the social, economic and financial disruptions caused by the COVID-19 Outbreak are unknown. While the U.S. Federal Reserve initially implemented emergency interest rate cuts and liquidity programs for businesses and financial markets and the federal government and other state and local

governments implemented other measures in response to concerns surrounding the economic effects of the COVID-19 Outbreak, the United States has since experienced historically high levels of inflation. After many years of historically low inflation, consumer prices in the United States are experiencing steep increases. The general effects of inflation on the economy of the United States can be wide ranging, evidenced by rising wages and rising costs of consumer goods and necessities. The long term effects of inflation on the general economy and on any Merchant are unclear, and in certain cases, rising inflation may affect the ability of Merchants to make payments on the Loan Receivables under the Factored Receivables, which could negatively impact the Series 2024-1 Notes. Additionally, in response to rising inflation and other economic considerations, the Federal Reserve increased its benchmark interest rate seven times in 2022 and three times in 2023, although it has indicated that it may consider reductions of its benchmark interest rate in 2024. In addition, the Federal Reserve has commenced tapering its quantitative easing program. To the extent that interest rates continue to increase as a result of the Federal Reserve actions (such as continued interest rate increases) or otherwise, it may result in decreased origination of Receivables, which could have a material adverse effect on the Seller's business, financial condition, operating results and cash flows, which in turn could negatively impact the Series 2024-1 Notes. The Sponsor cannot predict the length or severity of the Federal Reserve's actions, including its effects on the economy of the United States, the transaction parties or Businesses. Furthermore, even if these actions lower inflation, they may also reduce economic growth rates, create a recession and increase unemployment rates. The likelihood of such measures calming the volatility in the financial markets or preventing the occurrence of a longer term national or global economic downturn cannot be predicted.

***A change in economic conditions may adversely affect the performance of your Series 2024-1 Notes***

Deterioration in economic conditions in the United States as a result of the COVID-19 pandemic or other epidemics, as well as other general economic conditions beyond the Merchants' control could significantly adversely affect the ability of the Merchants subject to Loan Agreements to meet their payment obligations and the ability of the Merchants to generate an adequate volume of future sales to remit the purchased future receivables. Losses on the Loan Agreements may increase due to factors such as prevailing interest rates, the rate of unemployment, the level of business confidence, commercial real estate values, the value of the U.S. dollar, energy prices, changes in business spending, the number of personal bankruptcies, disruptions in the credit markets, natural disasters, the ongoing pandemic, and other factors. In addition, as a result of the deterioration of economic conditions, obligors under the Pooled Receivables may have experienced or will experience changes in work and financial situations, which may negatively impact their ability to repay the Pooled Receivables. The Merchants are small to medium sized businesses which historically have been, and may in the future remain, more likely to be affected or more severely affected than large enterprises by adverse economic conditions. Economic conditions could deteriorate in connection with an economic recession or due to events such as rising interest rates and the Federal Reserve's actions and expected actions on interest rates; expected reductions in the Federal Reserve's balance sheet and other actions; supply chain issues; inflation; the failure of, or the acquisition or government seizure of, several major financial institutions; the establishment of government initiatives such as the government bailout programs for financial institutions and assistance programs designed to increase credit availability, support economic activity and facilitate renewed commercial lending; disrupted credit markets; the devaluation of currencies by foreign governments; the slowing of growth in China's economy; the invasion of Ukraine by the Russian Federation and the sanctions imposed by the U.S., the EU, the UK, Japan, and other countries as a result of such invasion; Israel's war with Hamas; changes in international trade policies, including the imposition of tariffs, by the U.S. or other countries; the rating agency downgrade of U.S. Treasury bonds and other debt instruments backed by the full faith and credit of the U.S., together with similar downgrades of sovereign debt of the UK and of certain member states of the EU; the devaluation of various assets in secondary markets; the forced sale of asset-backed and other securities as a result of the deleveraging of structured investment vehicles, hedge funds, financial institutions and other entities; the lowering of ratings on certain asset-backed securities; the failure of Japan's economic policy to stimulate the Japanese economy; the abandonment of the Euro by a country or a country's voluntary exit from the EU such as the UK's referendum to discontinue its membership in the EU; and increasing tensions between the U.S. and countries such as Iran, China, Russia and North Korea. Regardless of the cause, if economic conditions worsen, delinquencies on Loans, lower than anticipated amounts of remitted purchased receivables under Loan Agreements and losses on the Pooled Receivables could be higher than otherwise anticipated and, as a result, payments on the Series 2024-1 Notes could be delayed or reduced, and you may suffer a loss on your Series 2024-1 Notes. In addition, an improvement in economic conditions could result in prepayments of the Loans and higher than anticipated amounts of remitted purchased receivables and during the Series 2024-1 Amortization Period, earlier than expected principal payments of the Series 2024-1 Notes. Further, a rise in interest rates may adversely affect debt security prices and, accordingly, the ability to resell your Series 2024-1 Notes. This is because prospective investors may seek to invest in other securities paying higher yields in the market. The Issuer is unable to determine and has no basis to predict whether or to

what extent an economic downturn, economic growth, rising interest rates or the COVID-19 pandemic or other epidemics will affect the rate of delinquencies, prepayments and/or charge-offs on Loans, higher or lower than anticipated amounts of remitted purchased receivables and/or charge-offs, or the market value of your Series 2024-1 Notes.

### ***Effects of Inflation***

After many years of historically low inflation, consumer prices in the United States are experiencing volatility. Reports, including the Consumer Price Index for All Urban Consumers, a widely followed inflation gauge published by the Bureau of Labor Statistics, have reflected high rates of inflation that peaked in 2022 but remain high by historic standards. The general effects of inflation on the economy of the United States can be wide ranging, evidenced by rising wages and rising costs of consumer goods and necessities. The long-term effects of inflation on the general economy and on small to medium sized businesses are unclear, and in certain cases, rising inflation may affect a business's ability to repay its Loan or generate future receivables, thereby reducing the amount received by the holders of the Series 2024-1 Notes with respect thereto.

### ***The financial strength of RFS may affect its ability to perform its obligations as Seller and Servicer***

Neither RFS nor any of its subsidiaries is obligated to make any payments to you on your Series 2024-1 Notes and none of them guarantee payments on the Pooled Receivables or your Series 2024-1 Notes. However, RFS, as the Seller, has obligations arising from representations, warranties, indemnities and covenants in the Transaction Documents, including the obligation of RFS, as the Seller, to provide indemnities under certain circumstances and to repurchase or substitute certain Pooled Receivables. RFS, as the Servicer, also has obligations arising from representations, warranties, indemnities and covenants in the Transaction Documents, including the obligation to service the Pooled Receivables and to provide indemnities under certain circumstances. There can be no assurances given that RFS will be in a position financially to satisfy these obligations.

### ***RFS has a limited operating history in a rapidly evolving industry, which makes it difficult to evaluate its future prospects and this may increase the risk that it will not be successful***

RFS has a limited operating history in a rapidly evolving industry that may not develop as expected. Assessing its business and future prospects is challenging in light of the risks and difficulties it may encounter. These risks and difficulties include RFS's ability to:

- maintain or increase the number and total volume of Loan Receivables and Factored Receivables;
- assess the creditworthiness of Merchants;
- maintain or improve the terms on which it makes capital available to Merchants;
- maintain or increase the effectiveness of RFS's direct marketing and referral partner merchant acquisition channels;
- maintain or increase repeat borrowing or factoring by existing customers;
- successfully develop and deploy new products;
- access funding sources for new products that may be ineligible under existing credit facilities;
- successfully maintain its diversified funding strategy;
- maintain adequate allowances for Loan Receivables and Factored Receivable losses;
- favorably compete with other companies that are currently in, or may in the future enter, the business of lending or providing small businesses with access to capital;
- successfully navigate economic conditions and fluctuations in the credit market;
- effectively manage the growth of its business;
- obtain debt or equity capital on attractive terms;
- successfully expand internationally;



- attract and retain management and other key personnel; and
- anticipate changes to an evolving regulatory and legislative environment.

RFS and its affiliates may not be able to successfully address these risks and difficulties, which could harm its business and cause its operating results to suffer. As a result, RFS may not be in position to satisfy its obligations as Seller and Servicer, respectively, under the Transaction Documents.

***RFS may not be able to manage its growth effectively***

RFS's rapid growth has placed, and may continue to place, significant demands on RFS's management and operational and financial resources. Its organizational structure is becoming more complex as it adds additional staff, and it may not be able to improve its operational, financial and management controls as well as its reporting systems and procedures to sufficiently accommodate that growth. If it cannot manage its growth effectively, its financial results and ability to service the Pooled Receivables will suffer. The RFS Companies' business may be adversely affected by disruptions in the credit markets or RFS's failure to comply with its debt agreements, including reduced access to credit and other financing.

The ability of RFS and its subsidiaries to fund receivable purchases or originations and to maintain its existing operations depends upon its having substantial amounts of liquidity. Historically, RFS has depended on various forms of debt and equity in order to finance its business. However, no assurances can be made that these financing sources will continue to be available beyond the current maturity date of each debt facility, on reasonable terms or at all. As the volume of Loan Receivables and Factored Receivables originated utilizing the RFS platform increases, RFS may require the expansion of its borrowing capacity on its existing debt facilities and other debt arrangements or the addition of new sources of capital. The availability of these financing sources depends on many factors, some of which are outside of its control. Some of these factors include: (a) conditions in the securities and finance markets generally; (b) RFS's operating performance, creditworthiness or (if necessary) the credit rating of any securities it may issue; (c) general economic conditions; (d) conditions in the markets for securitized instruments, or other debt or equity instruments; (e) the quality and performance of the Receivables originated or purchased by RFS; (f) RFS's overall sales performance and profitability; (g) RFS's ability (via RFS) to adequately service Receivables; (h) RFS's ability to meet its debt covenant requirements; (i) prevailing interest rates; (j) changes in the ability or capacity of the existing lenders to advance funds to RFS in the future and (k) regulatory capital requirements. RFS may also experience the occurrence of events of default or breaches of financial performance or other covenants under its debt agreements, which could reduce or terminate its access to institutional funding. RFS also intends to rely on the securitization markets as a source of funding. There can be no assurance that RFS will be able to successfully access the securitization markets in the future.

In the event of a sudden or unexpected shortage of funds in the banking and financial system, RFS cannot be sure that it will be able to maintain necessary levels of funding without incurring high funding costs, a reduction in the term of funding instruments or the liquidation of certain assets. If RFS were to be unable to arrange new or alternative methods of financing on favorable terms, it may have to curtail its origination of Receivables, which could have a material adverse effect on its business, financial condition, operating results and cash flow.

If RFS fails to manage its growth, or maintain necessary levels of financing on favorable terms, its ability to meet its obligations as Seller under the Transaction Documents (including repurchasing or substituting Pooled Receivables that it is obligated to repurchase or substitute) as well as its ability to meet its obligations as Servicer under the Transaction Documents may be impaired, payments on the Series 2024-1 Notes could be delayed or reduced and you could experience losses on your Series 2024-1 Notes.

***Changes in Receivables since Statistical Cut-off Date***

Not all of the Receivables in the Aggregate Series Statistical Pool will be included in the Receivables that will be transferred to the Issuer on the Series 2024-1 Closing Date, and the Receivables that are ultimately transferred to the Issuer on the Series 2024-1 Closing Date will include Receivables that are not included in the Aggregate Series Statistical Pool described herein. As a result, the Receivables transferred by the Seller to the Issuer may have characteristics that differ somewhat from the characteristics of the Receivables in the Aggregate Series Statistical Pool. RFS believes that the characteristics of the Receivables transferred by the Seller to the Issuer on the Series 2024-1 Closing Date will not differ materially from the characteristics of the Aggregate Series Statistical Pool as of the Statistical Cut-off Date. In addition, the Pooled Receivables must satisfy the eligibility criteria described in "*The Receivables*" and "*Description of the Receivables Purchase Agreement*." An investor in the Series 2024-1 Notes should not assume, however, that the characteristics of the Receivables transferred by

the Seller to the Issuer on the Series 2024-1 Closing Date will be identical to the characteristics of the Aggregate Series Statistical Pool. Moreover, the composition of the Pooled Receivables as of the Statistical Cut-off Date and included in the Aggregate Statistical Pool may vary as Pooled Receivables are collected upon, closed out or charged off between the Statistical Cut-off Date and the Series 2024-1 Closing Date. As a result, the statistical distribution of the characteristics of the Aggregate Series Statistical Pool will vary somewhat from the statistical distribution of those characteristics in the Pooled Receivables owned by the Issuer on the Series 2024-1 Closing Date, although RFS does not expect that the variance will be material.

In addition, the composition of the Pooled Receivables held by the Issuer as of the Statistical Cut-off Date and included in the Aggregate Series Statistical Pool may vary as Pooled Receivables are collected upon, closed out, charged off or repurchased pursuant to the Series 2021-1 Indenture Supplement and Series 2022-1 Indenture Supplement between the Statistical Cut-off Date and the Series 2024-1 Closing Date. As a result, the statistical distribution of the characteristics of the Aggregate Series Statistical Pool will vary somewhat from the statistical distribution of those characteristics in the Pool Receivables held by the Issuer on the Series 2024-1 Closing Date, although RFS does not expect that the variance will be material.

### ***Characteristics of the Pooled Receivables may change over time***

It is expected that the Issuer will use funds available to it under the Indenture to acquire additional Receivables from RFS as the Seller under the Receivables Purchase Agreement. Given the short-term nature of the Pooled Receivables, it is likely that substantially all payments collected from the Pooled Receivables acquired by the Issuer will be reinvested during the Series 2024-1 Revolving Period. In addition, the balances of the LOC Receivables may increase as a result of additional Draws. Although additional Receivables must meet the eligibility criteria described in “*Description of the Receivables Purchase Agreement*,” the additional Receivables may be different from the Pooled Receivables as of the Series 2024-1 Closing Date. The overall credit quality of the Pooled Receivables may decline as compared to the Pooled Receivables as of the Series 2024-1 Closing Date. The conditions to the Issuer’s acquisition of additional Receivables and the eligibility criteria are designed to ensure that the acquisition of additional Receivables does not result in degradation of the quality of the Pooled Receivables taken as a whole. However, there can be no assurance that those conditions or the eligibility criteria will prevent such degradation, for example, because other characteristics of those Pooled Receivables which are not contemplated in the eligibility criteria may impact the overall credit performance of the Pooled Receivables.

In addition, the Credit Policies applicable to the Loan Receivables and Factored Receivables may be amended from time to time so long as such modification would not reasonably be expected to result in an Adverse Effect. An “**Adverse Effect**” is an action that will (a) result in the occurrence of a Rapid Amortization Event with respect to any Series of Notes outstanding or an Event of Default or (b) materially and adversely affect the amount or timing of payments to be made to the Noteholders of any Class of Notes outstanding pursuant to the Indenture. Amendments to such Credit Policies could result in the Issuer acquiring Receivables of lower quality than the Receivables acquired as of the Series 2024-1 Closing Date. Notwithstanding the foregoing, certain requirements for the Issuer’s acquisition of additional Receivables related to credit, such as Credit Score, will not be adjusted in connection with any change to the Credit Policies.

It is possible that differences in the characteristics of the additional Receivables from the characteristics of the Receivables as of the Series 2024-1 Closing Date and changes after the Series 2024-1 Closing Date to various policies and procedures, including the Credit Policies, could result in delinquencies and losses on the Loan Receivables and Factored Receivables included in the Pooled Receivables being higher than otherwise anticipated. If the amount of credit enhancement for the Series 2024-1 Notes is insufficient to cover those delinquencies and losses, you could suffer a loss on your Series 2024-1 Notes. In addition, it is possible that those losses could result in a downgrade of the ratings, if any, assigned to the Series 2024-1 Notes.

### ***Historical loss experience may not accurately predict the likelihood of losses on the Pooled Receivables***

The historical charge-off and delinquency information set forth under “*The Receivables—Historical Performance*” was affected by several variables, including then-existing general economic conditions and the risk scoring models used, that are likely to differ in the future, and includes Receivables with respect to Loan Receivables and Factored Receivables that were underwritten using different standards and procedures than those applicable to the Receivables eligible for purchase by the Issuer. Therefore, there can be no assurance that the static pool net charge-off and delinquency data presented in this Offering Memorandum will reflect actual experience with respect to the Pooled Receivables. In addition, there can be no assurance that historical performance data regarding the performance of such Loans will be indicative of future losses. There can be no assurance that future charge-off and delinquency experience with respect to the Pooled Receivables will be better

or worse than that set forth in this Offering Memorandum. Losses with respect to the Pooled Receivables may trend higher for various reasons, including, but not limited to, changes in local, regional or national economies or changes in particular industries. See also “—*Geographic concentration of Merchants may increase the risk of loss*” and “—*Industry concentration of Merchants may increase the risk of loss*.”

***RFS’s risk management efforts may not be effective***

RFS and its subsidiaries could incur substantial losses and its business operations could be disrupted if it is unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, liquidity risk, and other market-related risk, as well as operational risk related to its business, assets and liabilities. To the extent that the models used to assess the creditworthiness of applicants do not adequately identify potential risks, RFS’s assessment may not adequately represent the risk profile of such applicants and could result in higher risk than anticipated. RFS’s risk management policies and procedures may not be sufficient to identify all of the risks RFS is exposed to, to mitigate the risks that it has identified or to identify concentrations of risk or additional risks to which it becomes subject to in the future.

***There are risks to Series 2024-1 Noteholders because the Merchant Agreements are not in tangible form***

The Loan Receivables and Factored Receivables are originated, documented and stored in electronic form. Because the Issuer relies on electronic systems maintained by the Servicer to identify the related Pooled Receivables and to collect on the Pooled Receivables, the timing and amount of payments on the Series 2024-1 Notes are susceptible to the risks associated with such electronic systems. These risks include, among others: power loss, computer systems failures and internet, telecommunications or data network failures, operator negligence or improper operation by, or supervision of, employees, physical and electronic loss of data or security breaches, misappropriation and similar events, computer viruses, cyberattacks, intentional acts of vandalism and similar events and hurricanes, fires, floods, solar activity and other natural disasters and events.

***Maturity and estimated collection period assumption tables may not accurately predict the Weighted Average Lives of the Series 2024-1 Notes***

The tables appearing under “*Maturity Assumptions*” have been prepared on the basis of the modeling assumptions set forth under such section. The model used in this Offering Memorandum for Loan Receivable prepayments does not purport to be a historical description of Loan Receivable prepayment experience or a prediction of the anticipated rate of prepayment of any Loan Receivables. It is highly unlikely that the Loan Receivables will prepay at the rates specified. In addition, the model used in this Offering Memorandum for the estimated collection period of Factored Receivables, including repurchase transactions, does not purport to be a historical description of Factored Receivable performance or actual collection experience or a prediction of the actual collection period of any Factored Receivables. It is highly unlikely that the Factored Receivables will be collected at the estimated collection period specified. The Loan prepayment and Factored Receivable collection period assumptions are for illustrative purposes only. Therefore, the actual weighted average lives of the Series 2024-1 Notes may differ from the weighted average lives shown in the tables.

***Geographic concentration of Merchants may increase the risk of loss***

The geographic concentration of the Merchants related to the Pooled Receivables may expose the Series 2024-1 Notes to an increased risk of loss due to risks associated with certain regions. Certain regions of the United States from time to time will experience weaker economic conditions and, consequently, assets originated in such regions will experience higher rates of losses than on similar assets nationally. In addition, natural disasters in specific geographic regions may result in higher rates of losses in those areas. Because a significant portion of the Pooled Receivables is comprised of Loan Receivables or Factored Receivables originated in certain states, economic conditions generally, natural disasters, or other factors affecting these states in particular could materially and adversely impact the loss experience of the Pooled Receivables and could result in reduced or delayed payments on the Series 2024-1 Notes.

Merchants located in Florida, Texas, California, New York and Georgia comprised approximately 11.89%, 10.54%, 7.70%, 6.48% and 4.92%, respectively, of the Statistical Pool (based on the Outstanding Receivables Balance of the Statistical Pool) as of the Statistical Cut-off Date. The geographic concentration of the Pooled Receivables will change after the Series 2024-1 Closing Date as a result of Receivables purchased by the Issuer thereafter, repayments of Loan Receivables, collections on Factored Receivables, charge-offs or otherwise, including in a manner that could materially and adversely affects investors of the Series 2024-1 Notes. See “—*Characteristics of the Pooled Receivables may change over time*.”

***Industry concentration of Merchants may increase the risk of loss***

Approximately 11.89%, 10.11%, 9.50%, 8.95%, and 6.79% respectively, of the Statistical Pool (based on the Outstanding Receivables Balance of the Statistical Pool) as of the Statistical Cut-off Date related to Merchants classified by RFS as being in the SIC2 industry codes for Eating And Drinking Places, Business Services, Health Services, Miscellaneous Retail, and Personal Services, respectively. If an industry in which there is a substantial concentration of Merchants experiencing adverse events or economic conditions (whether as a result of industry-specific events or general economic events which have a disproportionate negative impact on certain industries), those Merchants may be unable to make timely payment on their Loan Receivables or generate future receivables in the case of Factored Receivables, and you may experience payment delays or losses on your Series 2024-1 Notes. The Issuer cannot predict whether adverse economic changes or other adverse events will occur in any industry or to what extent those events would affect the timing and/or amount of Loan Receivable payments or Factored Receivable collections and loss experience of the Pooled Receivables or repayment of your Series 2024-1 Notes.

***Limited operating history of Merchants may increase the likelihood of losses on the Pooled Receivables***

Approximately 11.98% of the Statistical Pool (based on the Outstanding Receivables Balance of the Statistical Pool) as of the Statistical Cut-off Date related to Merchants with less than five years of operating histories. While the Credit Policy is designed to establish that, notwithstanding such limited operating and financial history, the Merchant would be a reasonable risk, the Loan Receivables and Factored Receivables in the Pooled Receivables can be expected nonetheless to experience higher rates of delinquency than a portfolio of receivables with Merchants that have more established business operations, including as a result of the underlying Merchants seeking protection under federal or state bankruptcy or debtor relief laws. See “*Federal or state bankruptcy or other debtor protection laws may impede collection efforts or alter the timing and amount of collections.*” Accordingly, if the amount of credit enhancement for the Series 2024-1 Notes is insufficient to cover those higher rates of non-performance, you may experience losses on your Series 2024-1 Notes.

***Merchants may have other debt or commercial financing obligations***

Merchants may have debt and/or commercial financing obligations other than those related to the Receivables, and the Merchants’ other creditors may have prior liens on the Merchants’ business assets. If a Merchant has additional debt at the time it incurs a Loan Receivable or incurs additional debt after it incurs a Loan Receivable, including additional debt owing to the Seller, such additional debt may impair its ability to make payments on the Loan Receivables included in the Receivables. In addition, the additional debt may adversely affect the Merchant’s creditworthiness generally, and could result in the financial distress, insolvency, or bankruptcy of the Merchant. The Issuer will not receive any notification if a Merchant incurs additional debt. The Seller will not perform UCC searches with respect to Merchants to confirm whether any creditors have prior liens on the Merchants’ business assets. The existence of such prior debt or liens could significantly reduce the Seller’s ability to recover on any collateral securing the Loan Receivables, thereby reducing collections with respect to the Receivables.

***Federal or state bankruptcy or other debtor protection laws may impede collection efforts or alter the timing and amount of collections***

Federal or state bankruptcy or debtor relief laws may impede collection efforts or alter the timing and amount of collections on the Pooled Receivables, which may result in acceleration of, or reduction in, payment on the Series 2024-1 Notes. If a Merchant related to a Pooled Receivable were to seek protection under federal or state bankruptcy or debtor relief laws, a court could (a) reduce or discharge completely such Merchant’s obligations to repay amounts due on its Loan Receivable or (b) delay or potentially restrict the ability of the Issuer to take delivery of the receivables purchased from such Merchant pursuant to a Factoring Agreement. As a result, a bankruptcy proceeding involving a Merchant could cause the related Pooled Receivable to be charged-off, the Issuer may have no recourse against the bankrupt Merchant, and, even if it does, efforts to recover any amounts from the Merchant may prove unsuccessful. If the amount of credit enhancement for the Series 2024-1 Notes is insufficient to cover the losses on Pooled Receivables that are written-off, you could suffer a loss on your Series 2024-1 Notes.

***Remittances of certain Factored Receivables are subject to the risks of consumers' payment card usage patterns and third-party payment card Processors***

In a factoring transaction involving payment card receivables, the applicable Originator is entitled to receive only a fixed percentage of the Merchant's payment card sales that are processed by a designated third-party card Processor if and to the extent such card sales actually occur. If a Merchant has low payment card sales, the Originator's percentage thereof will equal a low amount of remitted receivables. If the Merchant's customers elect to pay for the Merchant's goods or services with cash, fewer purchased receivables will be remitted. If general economic conditions deteriorate, consumers may elect to use cash more often than payment cards. In addition, consumers may pay with payment cards that are not processed by the designated card Processor. For example, the designated Processor may process only signature-based Visa and MasterCard transactions, not PIN-based transactions or transactions on other card networks, such as American Express, Discover, or others. It is also possible that a number of Merchants' customers will utilize other forms of payment such as bitcoins and other similar payment systems that would not be processed by the designated card Processor. In such case, the Originator, and therefore the Issuer, bears the risks that an insufficient portion of a Merchant's sales are payment card sales of the types processed by the designated Processor, which may result in the Merchant's inability to generate the purchased receivables within an estimated period of time or at all.

The applicable Originator, and therefore the Issuer, also bears the risk that the designated Processor does not remit the purchased receivables even though the Merchant generated sufficient payment card sales through the Processor. RFS has no recourse against the Merchant in the event the designated Processor refuses or fails to remit the Originator's share of actually generated card receivables. In such circumstances, the Originator, and therefore the Issuer, may bring a claim against only the card Processor itself. The Originator's, and therefore the Issuer's, ability to recover any amounts from the card Processor could be limited by the Processor's financial condition, the Processor filing bankruptcy, and the uncertainties of litigation.

***Refinancing of Loan Receivables and early delivery of Factored Receivables will result in prepayments on the Pooled Receivables which may reduce returns on your investment***

The RFS Companies will be permitted to solicit, and may actively solicit, Merchants to refinance their Loan Receivables into new Loan Receivables or deliver the purchase price for receivables sold pursuant to previous Factoring Agreements and enter into new Factoring Agreements. Any such refinancing or early delivery will result in the payment in full, in the case of Loan Receivables, or remittance in full, in the case of Factored Receivables, quicker than anticipated at the time the initial Loan Receivables and Factored Receivables were underwritten. As a result of the refinancing of Loan Receivables and repurchases of Factored Receivables during the Series 2024-1 Amortization Period, you may receive payments on your Series 2024-1 Notes earlier than expected. You may not be able to reinvest the amounts paid to you earlier than you expected at a rate of return that is equal to or greater than the rate of return on your Series 2024-1 Notes. In addition, with respect to LOC Receivables, Draw requests will not be paid once a Rapid Amortization Event has occurred and the applicable RFS Company may offer to refinance the Merchant with a new loan in this event, resulting in a paydown of the prior loan. See “—Risks Relating to the Notes—You may receive principal payments earlier or later than anticipated.”

***The security interest granted under the Loan Agreements and Factoring Agreements may not be perfected***

Loan Receivables are secured by a pledge from the related Merchant of a security interest in all of the Merchant's business assets. The Loan Agreement authorizes the related Originator to file UCC-1 financing statements to perfect its security interests. The Originator or the Servicer may, but is not required to, file a UCC-1 financing statement in certain instances and a UCC-1 financing statement may be filed shortly after funding a Merchant or, if not filed then, shortly after a Merchant defaults. Pursuant to the Servicing Agreement, the Servicer will file a UCC-1 financing statement to perfect the rights granted in the purchased receivables and the security interest in the Merchant's other personal property if the Receivable becomes 60 days delinquent, based on a Missed Payment Factor greater than (a) 44 for Daily Pay Receivables; (b) 8 for Weekly Pay Receivables; and (c) 4 for Bi-Weekly Pay Receivables. However, no UCC-1 financing statement is otherwise required to be filed and neither the Originator nor the Servicer are required to take steps to ensure that the Originator has a first priority security interest prior to originating Loan Receivables. As a result, the Originator's security interest under the Loan Agreement may be unperfected or subject to the prior liens of other creditors, which could impact the Issuer's recovery on the related Pooled Receivables.

Each Factoring Agreement grants the Originator the right to file one or more UCC-1 financing statements to perfect its interests under the UCC created by the Factoring Agreement, including its purchase and ownership

of the future receivables, as well as the Merchant's grant of a security interest in all of its business assets to secure performance of the Merchant's obligation under the Factoring Agreement. Pursuant to the Servicing Agreement, the Servicer will file a UCC-1 financing statement to perfect the rights granted in the purchased receivables and the security interest in the Merchant's other personal property if the Receivable becomes 60 days delinquent, based on a Missed Payment Factor greater than (a) 44 for Daily Pay Receivables; (b) 8 for Weekly Pay Receivables; and (c) 4 for Bi-Weekly Pay Receivables. For Factoring Agreements, however, no UCC-1 financing statement is required to be filed and neither the Originators nor the Servicer are required to take steps to ensure that the Originator has a first priority security interest prior to originating a Factoring Agreement. As a result, the Issuer's rights in Factored Receivables purchased under a Factoring Agreement and its security interest in other assets pursuant to the terms of such Factoring Agreement may be unperfected or subject to the prior liens of others, which could impact the Issuer's recovery on the related Pooled Receivables.

***Syndication arrangements may impair servicing of Receivables and enforcement of remedies against Merchants***

RFS has entered into Master Syndication Agreements with Syndication Participants which may elect to request to participate and provide funds to RFS equal to a portion of the aggregate loan or receivables purchase made under the applicable Merchant Agreement. If a Syndication Participant requests to participate and RFS approves the request to participate, the Syndication Participant will have a participation interest related to a specified percentage of such Syndicated Receivable. The amount of any Syndicated Receivable sold to Syndication Participants is included in the Outstanding Receivables Balance of the related Receivable. The Issuer will have no contractual obligation to pay any amounts payable to the Syndication Participants under the applicable Master Syndication Agreement.

Under the Master Syndication Agreements, a Syndication Participant has no rights to or ownership in any Syndicated Receivable but is entitled to certain payments from the applicable RFS Company. Payment obligations of an RFS Company to a Syndication Participant related to a Syndicated Receivable are dependent upon the performance of such Syndicated Receivable and constitute a financial obligation of the applicable RFS Company. Payments to a Syndication Participant are paid from general funds of the applicable RFS Company and never from the specific funds received from the underlying obligor of such Syndicated Receivable nor from collections deposited in any account of the Issuer. Payments to the Syndication Participant are the responsibility and obligation of the RFS Companies solely to the extent such payment obligations arise under the Master Syndication Agreement related to the Syndicated Receivables. The applicable RFS Company retains payment rights and legal title to and has the exclusive right to administer and service the Syndicated Receivables.

Although the terms of the Master Syndication Agreements do not grant the Syndication Participants payment rights or legal title to the loans or factored receivables arising under each Syndicated Receivable, it is possible that a Syndication Participant could dispute the ownership of a Syndicated Receivable and seek to have it determined through an arbitration proceeding instituted pursuant to the terms of the Master Syndication Agreement that such Syndication Participant has an ownership or other interest in the Syndicated Receivable. Such a dispute could disrupt the servicing of the Syndicated Receivables and create conflicts in the enforcement of remedies against Merchants, which could result in losses on the Syndicated Receivables owned by the Issuer.

***If RFS's proprietary risk scoring model and decision making system fail to adequately predict the performance of the Pooled Receivables, losses on the Pooled Receivables may increase and you may suffer a loss on your Series 2024-1 Notes***

In deciding whether to approve a Merchant and provide a Loan Receivable or purchase Factored Receivables, the Originators rely heavily on RFS's proprietary risk scoring model. If RFS's risk scoring model and decision making system fails to adequately predict the continuing viability of the Merchants, or if any portion of the information pertaining to the prospective Merchant is false, inaccurate or incomplete, and RFS's systems did not detect such falsity, inaccuracies or incompleteness, or any or all of the other components of the underwriting decision process described herein fails, increased delinquencies and losses on the Pooled Receivables could occur. In addition, if RFS is unable to access the third party data used in RFS's proprietary risk scoring model, or its access to such data is limited, RFS's ability to accurately evaluate the credit-worthiness, viability, and integrity of prospective Merchants and the information submitted by prospective Merchants will be compromised, and increased delinquencies and losses on the Pooled Receivables could occur. See "Underwriting."

Additionally, if RFS makes errors in the development and validation of any of its underwriting models or tools, the Pooled Receivables may experience higher losses. Moreover, if future performance of the Pooled

Receivables differs from past experience (driven by factors, including, but not limited to, macro-economic factors, policy actions by regulators, lending or receivables purchase services by other institutions, RFS's risk scoring and pricing models, and reliability of data used in the underwriting process), which experience has informed the development of the underwriting procedures employed by RFS, losses on the Pooled Receivables could increase. See "*Underwriting*."

If the amount of credit enhancement for the Series 2024-1 Notes is insufficient to cover these increased losses, you could suffer a loss on your Series 2024-1 Notes.

***If the information provided by Merchants to an Originator is incorrect or fraudulent, the Originator may misjudge a Merchant's qualification to receive a Loan Receivable or sell Factored Receivables, losses on the related Pooled Receivables may increase and you may suffer a loss on your Series 2024-1 Notes***

The Originators' underwriting decisions are based in part on information provided to the Originator by applicants. To the extent that these applicants provide information to the Originator in a manner that the Originator is unable to verify, RFS's risk score may not accurately reflect the associated risk. In addition, data provided by third-party sources is a significant component of RFS's risk score and this data may contain inaccuracies. Inaccurate analysis of credit data that could result from false loan application information could result in increased delinquencies and losses on the Pooled Receivables.

In addition, RFS uses identity and fraud checks analyzing data provided by external databases to authenticate each applicant's identity. From time to time in the past, these checks have failed and there is a risk that these checks could also fail in the future, and fraud may occur, resulting in increased delinquencies and losses on the Pooled Receivables. See "*RFS—Investigations*" for a description of various federal and state inquiries and information requests regarding RFS and an affiliate of RFS previously acting as subcontractors in connection with the COVID-19 Economic Injury Disaster Loan ("**EIDL**") program for the U.S. Small Business Administration. While RFS believes that its fraud losses represent a small portion of its total originations, fraudulent activity or significant increases in fraudulent activity could also lead to regulatory intervention, negatively impact RFS's operating results, brand and reputation and require RFS to take steps to reduce fraud risk, which could increase RFS's costs.

Notwithstanding the foregoing, RFS, as Seller, will make certain representations and warranties regarding the Pooled Receivables that, if breached, would obligate RFS to repurchase (or substitute) the applicable Pooled Receivable. While RFS has agreed to repurchase or substitute any Receivable if there is such a breach, there can be no assurances given that RFS will be in a position financially to fund its repurchase obligation or substitute a replacement Receivable for the Receivable affected by such breach.

If the amount of credit enhancement for the Series 2024-1 Notes is insufficient to cover these increased losses, you could suffer a loss on your Series 2024-1 Notes.

***Your receipt of payments on the Series 2024-1 Notes depends on RFS's ability to service the Pooled Receivables***

The Issuer's receipt of collections on the Pooled Receivables will depend on the skill and diligence of RFS, as Servicer of the Pooled Receivables in collecting scheduled loan payments under the Loan Receivables and ensuring the delivery of Factored Receivables. Currently, RFS relies on unaffiliated banks to automatically process loan disbursements and scheduled payments on the Loan Receivables and receivables purchased under Factoring Agreements. RFS is not a bank, it does not have the ability to directly access the ACH payment network, and it must therefore rely on an FDIC-insured depository institution to process such transactions. RFS does not currently have redundancy for such bank services; therefore, if RFS cannot continue to obtain such services from its current institution or elsewhere, or if it cannot transition to another Processor quickly or at all, its ability to process payments will suffer. If RFS, as the Servicer, fails to adequately collect amounts owing in respect of the Pooled Receivables, as a result of the loss of direct debiting or other payment processing, then payments to the Issuer in respect of the Pooled Receivables may be delayed or reduced. In that event, it is likely that delays or reductions in the amounts paid on the Series 2024-1 Notes would result, which delays or reductions could be material.

***Termination of RFS as Servicer and the transfer to a Successor Servicer may result in increased losses with respect to the Pooled Receivables***

If RFS were to be removed as Servicer, the Backup Servicer or any other Successor Servicer appointed by the Indenture Trustee (acting at the direction of the Requisite Noteholders), or by the Requisite Noteholders,

would assume the duties of the Servicer as provided in the Backup Servicing Agreement. See “*Description of the Servicing Agreement—Servicer Default*.” The Backup Servicer, pursuant to the Backup Servicing Agreement, has agreed to become the Successor Servicer of the Pooled Receivables. Removal of RFS as Servicer in connection with a Servicer Default constitutes an Event of Default under the Indenture.

A servicing transfer would result in a transfer from RFS to the Successor Servicer of the day-to-day responsibility for (i) providing information to the ACH operators and other payment Processors that RFS works with to collect payments under the Loan Receivables or Factored Receivables, (ii) collecting all amounts owed from Merchants that defaulted under their Loan Agreement or Factoring Agreement, (iii) posting payments, and (iv) contract enforcement. A servicing transfer, however well planned, may result in a material increase in delayed payments, losses with respect to the Pooled Receivables due to delays incurred during transition, changes in personnel and other factors associated with such transfer. The receipt of scheduled payments under the Pooled Receivables would be delayed during any period during which the Successor Servicer was not debiting the Merchants’ designated bank accounts for those scheduled payments. A delay in the debiting of the Merchants’ designated bank accounts for scheduled payments could result in increased delinquencies and losses on the Pooled Receivables. A servicing transfer may also result in higher servicing costs, which will be payable prior to any payments of principal or interest on the Series 2024-1 Notes. See “*Description of the Servicing Agreement—Servicer Compensation and Payment of Expenses*.” In addition, to the extent that the servicing of the Pooled Receivables relies on the use of proprietary software, the Successor Servicer may not be able to provide the same level of service and functionality as the Servicer. There can be no assurance that the Successor Servicer or any other successor servicer would be able to fulfill its obligations or effectively service the Pooled Receivables. The Indenture Trustee will not be liable for any losses resulting from a servicing transfer and shall not, under any circumstances, be required to act as successor servicer.

#### ***Inability to sustain purchases or origination of Receivables may adversely impact Series 2024-1 Noteholders***

There can be no assurance that the Originators will continue to originate Receivables that satisfy the eligibility criteria described in “*The Receivables*” and “*Description of the Receivables Purchase Agreement*” or that the Issuer will have sufficient funds to acquire additional Receivables from the Seller, in each case, after the Series 2024-1 Closing Date. Additionally, the Seller is not under any obligation to sell any additional Receivables to the Issuer pursuant to the Receivables Purchase Agreement. If the Seller is unable to purchase or originate sufficient additional Receivables in the future or chooses not to transfer sufficient additional Receivables to the Issuer in the future, there may be less excess spread available to provide credit enhancement for losses on the Pooled Receivables which could adversely affect the Issuer’s ability to make timely or full payments on the Series 2024-1 Notes. Further, if the Seller fails to acquire or originate sufficient new Receivables or chooses not to transfer sufficient additional Receivables to the Issuer during the Series 2024-1 Revolving Period, then there would occur a prepayment of the Series 2024-1 Notes from remaining amounts on deposit in the Series 2024-1 Excess Funding Account. See “*—Risks Relating to the Notes—You may receive principal payments earlier or later than anticipated.*”

There are a number of factors that could adversely affect the rate at which the Originators can originate Loan Receivables and Factored Receivables. For example, the small business finance industry is competitive and rapidly changing, and the Originators compete with other online lenders, as well as other types of financial institutions that offer products that are similar to or compete with RFS’s loan and factoring products. Some of these competitors may have considerably greater financial, technical and marketing resources than the Originators. Some competitors may also have a lower cost of funds, greater access to funding sources or other competitive advantages. Some competitors may develop new products or new competitors may enter the space with different products, which might better serve the funding needs of small businesses. These competitive pressures may materially and adversely affect the ability of the Originators to originate new Loan Receivables and Factored Receivables and the ability of RFS to fulfill its servicing obligations in respect of the Loan Receivables and the Factored Receivables, in which case payments on the Series 2024-1 Notes could be materially and adversely affected. Other factors could include: new competitors entering into the space, changes in the funding needs of small businesses, an inability to retain key management personnel and attract and retain qualified sales personnel, an increasing interest rate environment, regulatory risk, including, but not limited to, changes to the regulatory environment and increased or decreased regulatory oversight, or inflationary environment and availability to small businesses of alternative sources of working capital.



***Failures or security breaches of the computer systems and telecommunications and data centers of the RFS Companies could materially adversely impact the RFS Companies and could result in an interruption in, or reduction in the amount of, the collections on the Pooled Receivables, which would adversely impact the timing and amount of payments on the Series 2024-1 Notes***

The underwriting, origination and servicing of Loan Receivables and Factored Receivables by the applicable RFS Companies (including through the provision of reliable service to the underlying customers), will depend on the availability of telecommunications and the efficient and uninterrupted operation of its computer systems and telecommunications and data centers. The RFS Companies' businesses involve the processing of a large number of transactions and the management of large amounts of data. The RFS Companies rely on the ability of its employees, systems and processes to process these transactions in an efficient, uninterrupted and error-free manner. These computer systems and telecommunications and data centers are subject to damage or interruption from:

- power loss, computer systems failures and internet, telecommunications or data network failures;
- operator negligence or improper operation by, or supervision of, employees;
- physical and electronic loss of data;
- security breaches, misappropriation, cyberattacks and similar events;
- computer viruses;
- intentional acts of vandalism and similar events; and
- hurricanes, tornadoes, fires, floods, solar activity and other natural disasters and events.

In addition, the software that the RFS Companies have developed to use in its daily operations is highly complex and may contain undetected errors that could cause the computer systems to fail. Any failure of the RFS Companies' computer systems due to any of these causes could cause an interruption in operations and result in disruptions in, or reductions in the amount of, collections on the Pooled Receivables that would cause delays or reductions in payments on the Series 2024-1 Notes.

***The RFS Companies' collection, processing, storage, use and disclosure of personal data could give rise to liabilities, which could adversely affect the RFS Companies resulting in an interruption in, or reduction in the amount of, the collections on the Pooled Receivables, which would adversely impact the timing and amount of payments on the Series 2024-1 Notes***

The RFS Companies receive, collect, process, transmit, store and use a large volume of personally identifiable information and other sensitive data from its customers and potential customers. There are federal, state and foreign laws regarding privacy, recording telephone calls and the storing, sharing, use, disclosure and protection of personally identifiable information and sensitive data. Specifically, personally identifiable information is increasingly subject to legislation and regulations to protect the privacy of personal information that is collected, processed and transmitted. Any violations of these laws and regulations may require the RFS Companies to change their business practices or operational structure, address legal claims and sustain monetary penalties, any of which could have a material adverse effect on its business, financial condition and results of operations or its ability to perform its obligations under the Transaction Documents.

The regulatory framework for privacy issues in the United States and internationally is constantly evolving and is likely to remain uncertain for the foreseeable future. The interpretation and application of such laws is often uncertain, and such laws may be interpreted and applied in a manner inconsistent with the RFS Companies' current policies and practices or require changes to the features of its platform. If either the RFS Companies or any of their third party vendors are unable to address any privacy concerns, even if unfounded, or to comply with applicable laws and regulations, it could have a material adverse effect on its business, financial condition and results of operations or its ability to perform its obligations under the Transaction Documents.

For example, an increasing number of state, federal, and international jurisdictions have enacted, or are considering enacting, privacy laws, such as the California Consumer Privacy Act ("CCPA"), which became effective on January 1, 2020, and the General Data Protection Regulation ("GDPR"), which regulates the collection and use of personal information of data subjects in the EU and the European Economic Area. The CCPA gives residents of California expanded rights to access and delete their personal information, opt out of

certain personal information sharing, and receive detailed information about how their personal information is used, and also provides for civil penalties for violations and private rights of action for data breaches. On August 14, 2020, the final CCPA regulations were approved and took effect immediately. Additional CCPA regulations took effect on March 15, 2021 that further clarify important requirements for CCPA compliance. Meanwhile, the GDPR provides data subjects with greater control over the collection and use of their personal information (such as the “right to be forgotten”) and has specific requirements relating to cross-border transfers of personal information to certain jurisdictions, including to the United States, with fines for noncompliance of up to the greater of 20 million euros or up to 4% of the annual global revenue of the noncompliant company.

In addition, on November 3, 2020, California voters approved a new privacy law, the California Privacy Rights Act (“CPRA”), which significantly modifies the CCPA, including by expanding consumers’ rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts. Many of the CPRA’s provisions became effective on January 1, 2023. Virginia, Utah and Colorado have also enacted data privacy laws. Several other states, such as Maine, Minnesota, Nevada, New York, Oklahoma, Virginia, and Washington, have proposed or passed legislation regarding data privacy and use, which could create more risks and potential costs. RFS cannot predict the impact of the CCPA, the CPRA or other similar laws on their business, operations or financial condition, but these laws could require RFS to modify certain processes or procedures, which could result in additional costs and liability. Any violations of these laws and regulations may require RFS to change their business practices or operational structure, including limiting their activities in certain states and/or jurisdictions, address legal claims and sustain monetary penalties, reputational damage and/or other harms to their business.

#### *State Commercial Financing Disclosures*

Certain states have enacted disclosure laws with respect to commercial loans. Recently, California, New York, Utah, Virginia, Georgia, Florida, Connecticut and Kansas enacted laws that require or will require certain commercial financing “providers” to furnish certain consumer-like disclosures to prior to the consummation of commercial financing transactions. The California disclosure requirements came into effect on December 9, 2022, the effective date of final implementing regulations adopted by the California Department of Financial Protection and Innovation. The New York disclosure requirements are substantively similar to those passed in California and took effect August 1, 2023, six months from the date of the promulgation of final implementing regulations, which were issued February 1, 2023. The Utah law came into effect on January 1, 2023 and also imposes a registration requirement on the provider. The scope of Virginia’s disclosure requirements is limited to sales-based financing contracts (as opposed to the obligations imposed by the new laws in California, New York, and Utah which apply more broadly to commercial financing providers and various commercial finance products) and applies to contracts entered into on or after July 1, 2022. Similar to Utah, Virginia also imposes a registration requirement, which became effective November 1, 2022. Virginia has issued implementing regulations that prescribe the form of disclosure for sales based financing transactions, which became effective January 19, 2023. On May 1, 2023, Georgia amended its Fair Business Practices Act to require certain providers of commercial financings of \$500,000 or less to furnish various disclosures to small-business borrowers before the consummation of the transactions. The statute, known as Senate Bill 90, applies to covered commercial financings consummated on or after January 1, 2024. On June 26, 2023, Florida enacted the Florida Commercial Financing Disclosure Law, which requires covered providers to furnish consumer-oriented disclosures to businesses for certain commercial non-real-estate-secured financing transactions exceeding \$500,000. The Florida law took effect July 1, 2023 and becomes mandatory for transactions consummated on or after January 1, 2024. On June 28, 2023, Connecticut enacted “An Act Requiring Certain Financing Disclosures,” which requires (1) lenders offering certain types of commercial purpose “sales-based financing” in amounts of \$250,000 or less to provide specified consumer-like disclosures to applicants; and (2) mandates that lenders offering such credit register annually with the Connecticut Department of Banking starting by October 1, 2024. The Connecticut law authorizes the state banking commissioner to adopt promulgating regulations, and the law took effect on July 1, 2023. Each state law referred to above is described in more detail below. The impact of these enacted laws is unclear.

The New York Commercial Financing Disclosure Law (“NYCFDL”) requires “providers” of commercial credit to provide Truth in Lending Act-like disclosures to applicants at the time it extends a specific offer of the commercial financing in amounts of \$2,500,000 or less. “Providers” include both lenders and brokers. The NYCFDL applies to closed end financing, open-end financing, sales-based financing, including merchant cash advances and factoring transactions. The NYCFDL provides a de minimis exemption, “for any person or provider who makes no more than five commercial financing transactions in [New York] in a twelve-month period.” Further, “Financial institutions”, which include banks, and certain other chartered depository institutions authorized to conduct business in New York, are also exempt from the new commercial loan disclosure law, but the subsidiaries or affiliates of such exempt financial institutions are not exempt. Commercial mortgage

financings over \$2,500,000 are exempt from the law as are transactions secured by real property. The obligation to provide disclosures apply if the financing recipient's business is "principally directed or managed from New York."

With respect to California's law, as of December 9, 2022, persons providing commercial financing (including small business loans and sales based financing) to small businesses "whose business is principally directed or managed from California" will be required to provide borrowers with consumer-like disclosures, after the California Department of Financial Protection and Innovation issued final regulations in June 2022 to implement SB 1235, otherwise known as the California Commercial Financing Disclosure Law ("CCFDL"). Commercial financing providers are required to disclose to the recipient at the time of extending a specific offer of commercial financing specified information relating to the transaction and to obtain the recipient's signature on that disclosure before consummating the commercial financing transaction.

Notably, the CCFDL does not apply to transactions greater than \$500,000 or to real estate-secured commercial loans or financings.

The California law otherwise applies to, among other things, commercial loans, certain commercial open-end plans, factoring, sales based financing, and commercial asset-based lending. Unlike the New York law which applies to brokers as well as lenders, under the California law "provider" is primarily limited to entities extending credit, such as lender/originators, but also includes a non-bank partner in a marketplace lending arrangement who facilitates the arrangement of financing through a financial institution.

Effective January 1, 2023, the Utah law requires "providers" to register with the Utah Department of Financial Institutions and maintain such registration annually. Further, prior to consummation of the commercial financing, "providers" must, among other things, disclose to borrowers: (i) the total amount of funds provided to the business; (ii) the total amount of funds disbursed to the business; (iii) the total amount paid to the "provider" under the financing; (iv) the manner, frequency and amount of each payment (or if the amount of each payment may vary, the manner, frequency and estimated amount of the initial payment); (v) information regarding prepayment of the financing; and (vi) the amount the "provider" paid to the broker, if applicable.

The Utah law does not apply to consumer purpose transactions, real estate-secured transactions or transactions with loan amounts greater than \$1 million—or if the "provider" makes five or fewer Utah commercial financings in any calendar year.

Effective July 2, 2022, the Virginia law also contains some of the same disclosure obligations as the California, New York, and Utah laws, but, as noted above, it is limited to sales-based financing. Notably, the Virginia law requires sales-based financing providers to make disclosures of the financing terms at the time the provider offers sales-based financing to a recipient—and requires them to register with the Virginia State Corporation Commission as of November 1, 2022. The law exempts sales-based financings in amounts over \$500,000 and contains a de minimis exemption for a person that enters into no more than five "sales-based financing" transactions in any 12-month period.

The Georgia law requires providers of commercial credit in amounts of \$500,000 or less to provide TILA-like disclosures to small-business borrowers before the consummation of the transaction but does not specify the time period. The Georgia law defines "provider" as "a person who consummates more than five commercial financing transactions" in Georgia during any calendar year, including participants in commercial purpose marketplace lending arrangements. "Commercial financing transactions" include both closed-end and open-end commercial loans as well as accounts receivable purchase transactions but do not include real-estate-secured transactions. The Georgia law exempts federally insured depository institutions and their subsidiaries, affiliates, and holding companies; Georgia-licensed money transmitters; captive finance companies; and institutions regulated by the federal Farm Credit Act. The law also exempts purchase money obligations.

The Florida law applies to providers of commercial financing transactions and defines "provider" as a "person who consummates more than five commercial financings" in Florida during any calendar year. "Commercial financing transactions" include commercial loans, open-end lines of credit, and accounts receivable purchase transactions. The Florida law exempts the following entities and transactions: federally insured depository institutions, their subsidiaries, affiliates, and holding companies; licensed money transmitters; real-estate-secured loans; loans exceeding \$500,000; leases; and certain purchase money transactions.

The Connecticut law applies to providers of commercial financings and defines "provider" as "a person who extends a specific offer of commercial financing to a recipient and includes, unless otherwise exempt ... a

commercial financing broker.” “Commercial financing” means any extension of sales-based financing by a provider not exceeding \$250,000. Under the statute, “sales-based financing” is a “transaction that is repaid by the recipient to the provider over time” (1) as a percentage of sales or revenue, in which the payment amount may increase or decrease according to the recipient’s sales or revenue, or (2) according to a fixed payment mechanism that provides for a reconciliation process that adjusts the payment to an amount that is a percentage of sales or revenue. Notably, the Connecticut law exempts the following entities and transactions:

- Banks, bank holding companies, credit unions, and their subsidiaries and affiliates.
- Entities providing no more than five commercial financing transactions in a 12-month period.
- Real-estate-secured loans.
- Leases.
- Purchase money obligations.
- Technology service providers acting for an exempt entity as long as they do not have an interest in the entity’s program.
- Transactions of \$50,000 or more to motor vehicle dealers or rental companies.
- Transactions offered in connection with the sale of a product that the person manufactures, licenses, or distributes.
- On April 19, 2024, the Kansas Legislature enacted the “Commercial Financing Disclosure Act”, which requires “providers” (defined as entities that consummate more than five commercial financings transactions with businesses located in Kansas in a calendar year, to provide certain TILA-like disclosures to debtor business counterparties prior to consummation. The legislation exempts from its coverage financings greater than \$500,000 and real estate-secured transactions. The Kansas law took effect on July 1, 2024.

Several other states are considering legislation that would require originators of certain non-real estate secured commercial purpose loans to provide similar Truth in Lending Act-like disclosures to borrowers.

It is anticipated that other states, such as Louisiana, will enact similar laws in the future, which will impact small balance commercial lending. The potential impact of these laws and regulations on RFS and its affiliates or on the obligors for the Receivables is not yet known but may lead to a reduced demand for the business financing products offered by RFS.

***Third party providers’ systems may fail due to factors beyond the RFS Companies’ control, which could interrupt the RFS Companies’ operations, cause the RFS Companies to lose business and increase costs***

The RFS Companies currently rely on third party providers for certain of its systems and operations, including telecommunications function and database management. In addition, the RFS Companies currently rely on ACH and other payment processing systems. Any such third party provider could be exposed to damage or interruption from, among other things, natural disaster, power loss, telecommunications failure, security breaches and computer viruses. Defects in such third party provider systems, telecommunications failures or other difficulties, loss of data, harm to the RFS Companies’ business or reputation resulting from negative publicity, exposure to fraud losses or other liabilities, additional operating and development costs, and/or diversion of technical and other resources that could have a material adverse effect on its business, financial condition and results of operations or its ability to perform its obligations under the Transaction Documents. In addition, any such defect could result in disruptions in, or reductions in the amount of, collections on the Pooled Receivables that could cause delays or reductions in payments on the Series 2024-1 Notes. See also “—Your receipt of payments on the Series 2024-1 Notes depends on RFS’s ability to service the Pooled Receivables.”

***RFS is subject to the risks of hurricanes, earthquakes, fires, floods and other natural disasters, public health crises, power outages, telecommunications failures and similar events, and to interruption by man-made problems such as terrorism, cyberattack, and other actions. Comparable risks may also impact the demand for loans or their customers' ability to repay the Pooled Receivables***

Events beyond RFS's control may damage its ability to accept its customers' applications, underwrite loans, maintain its platform or perform RFS's servicing obligations. Such events include, but are not limited to, hurricanes, earthquakes, fires, floods and other natural disasters, public health crises, such as outbreaks of the coronavirus or other infectious diseases, power outages, telecommunications failures and similar events. Despite any precautions RFS may take, system interruptions and delays could occur if there is a natural disaster, if a third-party provider closes a facility RFS uses without adequate notice for financial or other reasons, or if there are other unanticipated problems at RFS's or SBFS's leased facilities. Because RFS relies heavily on servers, computer and communications systems and the internet to conduct its business and provide high-quality customer service, disruptions could harm its ability to run its business and cause lengthy delays which could harm its business, results of operations and financial condition. Man-made problems such as terrorism, cyberattack, and other criminal, tortious or unintentional actions could also give rise to significant disruptions to RFS's operations. RFS's business interruption insurance may not be sufficient to compensate it for losses that may result from interruptions to its service as a result of system failures or other disruptions. Comparable natural and man-made risks may reduce demand for loans or cause the RFS Companies' customers to suffer significant losses and/or incur significant disruption in their respective operations, which may affect their ability to repay their loans.

All of the foregoing could materially and adversely affect RFS's and SBFS's business, results of operations and financial condition and RFS's ability to meet its obligations as Seller and Servicer (including purchasing Pooled Receivables that Seller is obligated to purchase or may optionally purchase) may be impaired, payments on the Series 2024-1 Notes could be delayed or reduced and you could experience losses on your Series 2024-1 Notes.

***Financial regulatory reform could have a significant impact on RFS and could adversely affect the timing and amount of payments on the Series 2024-1 Notes***

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") was signed into law on July 21, 2010. The Dodd-Frank Act is extensive and provides for significant legislation that, among other things, strengthens the regulatory oversight of securities and capital markets activities by the SEC and has created the Consumer Financial Protection Bureau (the "**CFPB**"), an agency responsible for administering and enforcing the laws and regulations for consumer financial products and services. The Dodd-Frank Act increases the regulation of the securitization markets. See "*Changes to rules and regulations with respect to the offering of asset-backed securities.*" For example, it mandated the implementation of rules requiring securitizers or originators to retain an economic interest in a portion of the credit risk for any asset that they securitize or originate. The final rule implementing the foregoing provision of the Dodd-Frank Act requires, among other things, that the sponsor of a securitization transaction or an affiliate retain at least 5% of the credit risk of the assets of the securitization, and in general prohibit, for a period of at least 5 years after the closing of a securitization transaction, the transfer or hedging, and restrict the pledge, of the retained credit risk, subject to certain exemptions. The rules went into effect on December 24, 2016. Because the Series 2024-1 Notes will be issued after the effective date of the risk retention requirements under the Dodd-Frank Act, the Issuer will be taking measures to comply with those requirements in connection with the offering and sale of the Series 2024-1 Notes. See "*Credit Risk Retention*". However, no assurances can be given that (i) RFS, as the "sponsor," will comply with these requirements, (ii) if RFS should be out of compliance with these requirements, it will be able to become compliant within the applicable cure period, or (iii) the effectiveness of the risk retention requirements under the Dodd-Frank Act will not have an adverse effect on the liquidity and market value of the Series 2024-1 Notes.

Compliance with implementing regulations under the Dodd-Frank Act or the oversight of the SEC, CFPB or other governmental entities, as applicable, may impose costs on, create operational constraints for, or place limits on pricing with respect to companies such as RFS. Generally, while most federal consumer financial protection laws do not apply to commercial purpose credit, the Equal Credit Opportunity Act applies to RFS's loan and factoring business. The Equal Credit Opportunity Act requirements include: (1) prohibitions on discrimination on certain bases in any aspect of a credit decision; (2) adverse action notifications; (3) the spousal signature rule; and (4) record retention requirements. Although Merchants agree that they are entering into a commercial transaction and that the proceeds of the Loan Receivables will be used solely for business purposes and will not be used for personal, family, or household purposes, if the Loan Receivables are deemed not to constitute business loans, RFS could become subject to the purview of the CFPB and other additional federal and state regulatory agencies.

The Biden administration is aggressively enforcing consumer protection laws intended to promote racial equity and fair lending. For example, the CFPB's director, Rohit Chopra, formerly a commissioner at the Federal Trade Commission, has expressed his intent to aggressively enforce consumer protection laws, increase enforcement actions and punish repeat offenders, with a focus on, among other things, student lending, high fee unsecured consumer lending, fair lending, payday lending, overdraft programs, and asserting the CFPB's authority under the Unfair Deceptive Abusive Acts and Practices provisions of Dodd-Frank. Additionally, President Biden revoked Executive Order 13772 on February 24, 2021, signaling a return to increased scrutiny on consumer protection issues at the federal level.

See "*Certain Legal Aspects of the Receivables—Regulatory Compliance and Licensing Requirements.*"

Some of the regulations required by the Dodd-Frank Act have not been finalized or have yet to become effective. Until all of the implementing regulations are issued, no assurance can be given that these new requirements imposed, or to be imposed after implementing regulations are issued, by the Dodd-Frank Act will not have a significant impact on the marketability or liquidity of asset-backed securities such as the Series 2024-1 Notes, the servicing of the Loan Receivables and related Receivables and the operating results, regulation and supervision of RFS.

Other regulations resulting from the Dodd-Frank Act may also have a material impact on RFS's business.

Section 1033 of the Dodd Frank Act instructed the CFPB to implement rules that ensure certain providers of financial services will make available to a consumer in an electronic form, upon request, information in the control or possession of such providers concerning the consumer financial product or service that the consumer obtained from such provider, including information relating to any transaction, series of transactions, or to the account including costs, charges and usage data. To implement this section of the law, the CFPB is currently working on a new regulation to clarify standards around consumer-authorized access to financial data. In October 2023, the CFPB published a proposed rule (the "Personal Financial Data Rights Rule") with the stated intention to issue a final rule in the fall of 2024. The proposed rule, if adopted in its current form, would impose additional privacy and security requirements, operational burdens and increased risk of liability for access to confidential information on providers of financial services including RFS.

On October 9, 2021, the CFPB published its Proposed Rule to amend Regulation B to implement changes to the Equal Credit Opportunity Act made by Section 1071 of the Dodd-Frank Act. Comments must be filed by January 6, 2022. On March 30, 2023, the CFPB issued a final rule amending Regulation B to implement changes to ECOA made by section 1071 of the Dodd-Frank Act. Consistent with section 1071, covered financial institutions are required to collect and report to the CFPB data on applications for credit for small businesses, including those that are owned by women or minorities. The rule also addresses the CFPB's approach to privacy interests and the publication of section 1071 data; shielding certain demographic data from underwriters and other persons; recordkeeping requirements; enforcement provisions; and the rule's effective and compliance dates. Specifically, lenders that originate at least 2,500 small business loans annually must collect data starting October 1, 2024. Lenders that originate at least 500 loans annually must collect data starting April 1, 2025. Lenders that originate at least 100 loans annually must collect data starting January 1, 2026. Further, once effective, these regulations could result in changes to RFS's application and data collection processes. Further, once implemented, Section 1071 will pose substantial compliance and regulatory burdens on financial services companies offering credit to small businesses, including RFS. Other regulatory and political developments could have a significant impact on the RFS Companies and could adversely affect the timing and amount of payments on the Series 2024-1 Notes

In addition, Section 1033 of the Dodd Frank Act instructed the CFPB to implement rules that ensure certain providers of financial services will make available to a consumer in an electronic form, upon request, information in the control or possession of such providers concerning the consumer financial product or service that the consumer obtained from such provider, including information relating to any transaction, series of transaction, or to the account including costs, charges and usage data. On November 6, 2020, the CFPB issued an Advance Notice of Proposed Rulemaking to solicit comments and information to assist the Bureau in developing regulations to implement section 1033. The comment period closed on February 4, 2020. The CFPB is still in the process of writing regulations to implement section 1033, and on October 19, 2023, the CFPB released the Notice of Proposed Rulemaking for the Required Rulemaking on Personal Financial Data Rights. Comments to this Rulemaking were due on or before December 29, 2023.

In addition, the Issuer could be subject to litigation. As an example, the CFPB has successfully asserted the power to investigate and bring enforcement actions directly against securitization vehicles. Recently, one

federal district court, in denying the defendants' motion to dismiss, concluded that securitization trusts that hold consumer loans and hire third parties to service those loans may be viewed as engaged in offering or providing a consumer financial product or service and are, therefore, subject to the CFPB's enforcement authority under the Consumer Financial Protection Act (the "CFPA"). *Consumer Financial Protection Bureau v. National Collegiate Master Student Loan Trust*, No. 1:17-cv-1323-SB (D. Del. Dec. 12, 2021). On February 11, 2022, the district court certified its decision for an immediate interlocutory appeal to the United States Court of Appeals for the Third Circuit, recognizing that one could "reasonably disagree" with its decision and that the threshold issue was both important and potentially dispositive. In addition, the district court stayed the case while the appellate court decided whether to grant review, which it did on April 29, 2022. On March 19, 2024, the United States Court of Appeals for the Third Circuit, ruled that the CFPB may proceed with its debt collection practices suit, rejecting their claims that they are just passive financing entities outside the reach of the agency's enforcement authority. The Third Circuit ruled that the National Collegiate Student Loan Trusts, a collection of 15 pre-2008 trusts created to securitize private student loans, qualify as "covered persons" subject to CFPB enforcement under the Consumer Financial Protection Act. On May 3, 2024, the securitization trusts filed a petition in the Third Circuit requesting a rehearing before the full appellate court. If entered by the court, the Third Circuit's ruling will likely enable the CFPB to resume its litigation against such student loan in federal district court. In addition, the CFPB and state attorneys general, who have the independent authority to enforce the Dodd-Frank Act, may rely on this decision as precedent in investigating and bringing enforcement actions against other trusts, including the Issuer, in the future. For example, on May 6, 2024, the CFPB filed a complaint and two proposed stipulated final judgments in a separate action in connection with alleging servicing violations by the National Collegiate Student Loan Trusts and the securitization trusts' servicer. If the Issuer is deemed to be a covered person, then it could become subject to the enforcement authority of the CFPB. It is uncertain what activities would be attributed to the Issuer and what liability the Issuer might have for such activities but such an enforcement action by the CFPB against the Issuer could result in a claim against the Issuer. Although any liability arising out of such a claim may be offset by indemnities from the Servicer or others, if this were to occur with respect to the Issuer, you may experience losses with respect to the Notes.

On May 17, 2024, the Supreme Court rejected a challenge to the constitutionality of the structure used to fund the CFPB. By a vote of 7-2, the justices reversed a decision by a federal appeals court in Louisiana, which had ruled that the agency's funding violates the Constitution because it comes from the Federal Reserve rather than through the congressional appropriations process. As a consequence of the Supreme Court ruling, the CFPB will proceed with the implementation of rulemakings that the agency paused due to the litigation.

## **Federal Charter**

On December 2, 2016, the Comptroller of the Currency, Thomas J. Curry, announced that the Office of Comptroller of Currency (the "OCC") would consider applications from financial technology companies to become special purpose national banks (the "FinTech Charter"). Accompanying his decision, the OCC published a white paper entitled "*Exploring Special Purpose National Bank Charters for FinTech Companies*" which discussed the issues and conditions that the agency will consider and soliciting guidance and recommendations for issuing a FinTech Charter. In July 2018, the OCC announced that it would begin accepting applications for FinTech Charters. The authority of the OCC to issue FinTech Charters is currently being challenged by state banking supervisors in court. For example, the validity of the FinTech Charter is being challenged by the New York Department of Financial Institutions Services (the "NYDFS") which contends that the OCC has overstepped its regulatory authority in offering the special purpose charter. In May 2019, the U.S. District Court for the Southern District of New York allowed a suit by the NYDFS challenging the FinTech Charter to proceed, dismissing the OCC's motion to dismiss the case. To date, the OCC has not issued any FinTech Charters. If RFS or its subsidiaries were to pursue a FinTech Charter, potential benefits could include, among others, availability of national preemption of state licensing statutes, interest rate exportation rights, access to Federal Reserve Financial Services, and consolidated guidance and supervisory oversight from a single federal regulator. Significant burdens may also be associated with obtaining a FinTech Charter, including, among others, stringent capital and liquidity requirements, need for increased headcount to address compliance and regulatory needs, approvals and restrictions around business plans, and Community Reinvestment Act-like mandates. There can be no assurance that the OCC will actually move forward with the charter program or that RFS or its subsidiaries would apply for or would be approved for such a charter.

### *Financial Reform at the State Level*

Individual states may elect to increase their respective laws applicable to financial institutions. The potential consequences of these and other actions are uncertain and could have an overall negative impact on RFS's businesses. Also, if the risk retention rules under the Dodd-Frank Act are revoked or materially modified,

the requirements of RFS, as sponsor, to hold an “eligible horizontal residual interest” may be terminated or modified. See “*Credit Risk Retention*.”

#### *Conflation of Consumer and Commercial Credit*

The U.S. Department of the Treasury in May, 2016 issued a policy white paper entitled “*Opportunities and Challenges in Online Marketplace Lending*” which called for new disclosure requirements for commercial loans below \$100,000. The U.S. Treasury called on Congress to consider taking legislative action to enhance transparency for small business loans because of a perceived need for greater transparency and standardized terms across the full spectrum of small business credit products. While RFS believes that business loans and consumer loans have clear and important distinctions that have been reflected in product offerings and features, regulations, capital markets and banking history, any potential legislative actions that would regulate small business loans under \$100,000 in a similar manner as consumer loans could have a significant negative impact on the small business online lending industry and could result in increases operating costs due to any required changes to the way in which the RFS Companies do business, which changes could adversely affect the RFS Companies’ ability to perform their obligations under the Transaction Documents and their ability to acquire or originate new Receivables.

#### *Changes to rules and regulations with respect to the offering of asset-backed securities*

In August 2014, the SEC adopted significant revisions to Regulation AB and other rules relating to the disclosure, reporting and offering process for issuers of publicly-issued asset-backed securities. The rules impose new requirements for asset-level disclosures for residential and commercial mortgage-backed securities, auto loan and lease securitizations and securitizations of debt securities, as well as re-securitizations of asset-backed securities that include these asset types. The final rules do not apply to privately-issued asset-backed securities such as the Series 2024-1 Notes. However, the final rules indicate that the SEC’s proposal to require issuers to provide the same disclosure for Rule 144A offerings as required for publicly-issued asset-backed securities remains outstanding and, therefore, the Issuer could become subject to similar disclosure requirements in the future. It cannot be predicted what effect, if any, these rules will have on the marketability of asset-backed securities such as the Series 2024-1 Notes.

#### *The Volcker Rule could restrict the ability of certain investors to invest in the Series 2024-1 Notes*

On December 10, 2013, the Federal Reserve Board, the Office of the Comptroller of the Currency, the FDIC, the SEC and the Commodity Futures Trading Commission adopted final regulations implementing Section 619 of the Dodd-Frank Act (the “**Volcker Rule**”). These final regulations prohibit “banking entities” (as defined therein) from (i) acquiring or retaining an ownership interest in or sponsoring certain hedge funds, private equity funds (broadly defined to include any entity that would be an investment company under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), but for the exemptions provided in Section 3(c)(1) or 3(c)(7) of the Investment Company Act) and certain similar funds (each a “**covered fund**”), (ii) engaging in proprietary trading, and (iii) entering into certain relationships with such covered funds. The Issuer does not rely upon the exemption contained in Section 3(c)(1) or 3(c)(7) of the Investment Company Act. Nevertheless, should the Issuer breach the restrictions on its limited purpose and undergo a material change to its business and/or asset holdings, which would constitute an event of default, then it may fall within the scope of the Volcker Rule.

The final rule preserves the prohibition on banking entities from owning or sponsoring a covered fund if that fund relies on the Section 3(c)(1) or 3(c)(7) exclusions to the Investment Company Act. Exceptions to this prohibition include: (i) ownership of under three percent of a covered fund, (ii) ownership of a covered fund for risk-mitigating hedging purposes, and (iii) use of an Investment Company Act exclusion other than Sections 3(c)(1) or 3(c)(7), such as Section 3(c)(5) of the Investment Company Act. Further, the final rule expands the exclusions under the definition of covered fund to exclude certain loan securitizations, qualifying asset-backed commercial paper conduits, wholly owned subsidiaries of a banking entity, qualifying covered bond issuing entities, joint ventures, acquisition vehicles, foreign pension funds, insurance company separate accounts, bank owned life insurance funds, small business investment companies and public welfare investment funds, registered investment companies and business development companies.

The Issuer was structured so as not to constitute a covered fund for purposes of the Volcker Rule. The Issuer believes that the regulators will not view the Issuer as a covered fund because it is able to rely on an exemption or exclusion from registration under the Investment Company Act other than Section 3(c)(1) or 3(c)(7). However, it is not possible to know at this time what effect, if any, the Volcker Rule or any new rule thereunder will have on the ability of any investor to invest in or retain the Series 2024-1 Notes, and no representation is



made as to any such effect. Each prospective investor in the Series 2024-1 Notes should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

***The RFS Companies operate in a highly regulated industry that is subject to public interest and may therefore be subject to changes in law or regulation***

The regulatory environment in which financial institutions operate has become increasingly complex, and following the financial crisis of 2008, efforts to enact and apply relevant laws, regulations and policies have become more intense, both by private litigants and administrative, governmental and regulatory agencies. In the past RFS has been subject to inquiries and investigations from administrative, governmental and regulatory agencies, and could be subject to similar inquiries and investigations in the future. See “*RFS—Investigations*” for a description of various federal and state inquiries and information requests regarding RFS and an affiliate of RFS previously acting as subcontractors in connection with the EIDL program for the U.S. Small Business Administration. No past administrative, governmental or regulatory inquiry or investigation has identified any violation of existing law, regulation or policy, and RFS does not expect any future inquiry or investigation, if one were to occur, to reach a different conclusion.

Changes in laws or regulations or the regulatory application or judicial interpretation of the laws and regulations applicable to the RFS Companies could adversely affect their ability to operate in the manner in which they currently conduct business or make it more difficult or costly for the RFS Companies to originate or otherwise acquire additional Receivables or to service such Receivables by subjecting the RFS Companies to additional licensing, registration and other regulatory requirements in the future or otherwise. For example, if Loan Receivables, such as those under a certain dollar threshold or extended to sole proprietors, were determined to not be commercial loans or maximum interest rate limitations were imposed on commercial loans, the RFS Companies would be subject to many additional requirements, and their fees and interest arrangements could be challenged by regulators or the borrowers. Similarly, if RFS’s Factoring Agreements were recharacterized as loans, or treated as loans for purposes of state law and regulation, the RFS Companies would be subject to many additional requirements, and their fees and interest arrangements could be challenged by regulators or the borrowers. Furthermore, the RFS Companies’ efforts in cooperating with and responding to such inquiries, or changes in law, if any, could increase their cost of doing business. Further, regulators and private litigants could recharacterize the Factoring Agreements as commercial loans, thereby subjecting these arrangements to licensing, usury and other regulatory requirements if successful.

In recent years, state lawmakers have introduced legislation aimed at banning or restricting merchant cash advance transactions. While unsuccessful to date, it is possible that state legislatures could seek to pass legislation that, if passed, may prevent RFS from being able to offer Loan Agreements in some jurisdictions. As noted herein, states like Virginia have passed laws requiring registration for companies providing sales-based financing. Additionally, at the federal level, the Biden administration has expressed its interest in expanding CFPB authority to oversee small business lending and bring enhanced transparency to small commercial loans. One example of this is CFPB’s final rule on data collection applicable to small business lenders, as referred to above. The effect such laws, if enacted, will have on RFS’s ability to originate Receivables cannot be determined.

In addition, providers of sales-based financing or “merchant cash advances” have recently been the subject of litigation relating to consumer protection and public interest. For example, on December 27, 2022, the New Jersey Attorney General and Office of Consumer Protection reached a \$27.375 million settlement with Yellowstone Capital LLC, its parent company Fundry LLC, and six other associated companies (collectively, “**Yellowstone**”) to resolve allegations that the companies targeted small businesses “with unconscionable, misleading, and abusive lending, servicing, and collection tactics that caused financial harm through their merchant cash advance (“**MCA**”) business. Under the terms of the consent order entered by the New Jersey Division of Consumer Affairs, Yellowstone agreed to, among other things: (i) dismiss any pending debt collection actions against customers whose balances were forgiven as a result of this settlement; (ii) provide current customers with enhanced rights to request modifications to their payment terms based on actual receivables; and (iii) improve internal business practices, be transparent in any terms of future MCA agreements regarding fees and reconciliation rights, and give notice to customers before taking certain actions, including filing legal action, to collect on purported unpaid balances.

On March 5, 2024, the New York Attorney General (“**NYAG**”) filed a lawsuit against Yellowstone Capital, its founder David Glass, and a network of 30 other affiliated companies and individuals for exploiting small businesses through fraudulent loans at sky-high interest rates disguised as merchant cash advances (“**Yellowstone II**”). Through this lawsuit, the NYAG is seeking at least \$1.4 billion in interest and fraudulent fees that were collected from small businesses, and a court order for the companies to stop their illegal activities. The

lawsuit alleges that Yellowstone Capital and the other named defendants operated an illegal and fraudulent operation through a string of different company names, and therefore each is part of the same predatory lending scheme. Starting in 2009, Yellowstone Capital, under company founder David Glass's direction, worked under dozens of different company aliases, including Fundry, Green Capital Funding, High Speed Capital, and Capital Advance Services. In 2021, Yellowstone Capital purportedly ceased operations. However, the NYAG of New York investigation uncovered that Yellowstone Capital simply rebranded itself as Delta Bridge, also known as Cloudfund, and continued to issue and collect on the same fraudulent, illegal loans through the same personnel that supervised and operated the Yellowstone Capital scheme. In this action, the NYAG alleged that the merchant cash advances issued by Yellowstone Capital, Delta Bridge, and their affiliates are really short-term, high-interest usurious loans for small businesses and that the contracts related thereto falsely describe each transaction as a purchase of a portion of a merchant's future revenues, and that their alleged flexible payment terms and reconciliation rights were a sham. The NYAG action alleged that in fact that was not the case and the lenders collected payments at fixed daily amounts, which they debited directly from merchants' bank accounts over short repayment terms, such as sixty or ninety days, whether or not the merchants had business revenue. In addition, the NYAG action alleged that the lenders falsely promised to "reconcile" merchants' daily payments, while ensuring merchants were never eligible for this, using numerous fraudulent measures to ensure borrowers almost never qualified for payment refunds. As a result, the NYAG concluded that the denominated MCA transactions were actually short-term loans with ultra-high interest rates of up to 820% per year. Further, the NYAG alleged other fraudulent business and collections practices by the Yellowstone defendants who had also been sued in a customer class action lawsuit.

Recently, in addition to the Yellowstone II action, the NYAG has brought several high-profile actions recently under the New York Executive Law 63(12), citing illegal and fraudulent business practices and claiming substantial damages, without the requirement of showing actual damages or victims of the alleged offense. The NYAG has taken a very aggressive approach to regulation and litigation, including well-publicized actions against Donald Trump and his company and JBS USA Food Company, a New-York subsidiary of the world's largest beef packager. Notably, the NYAG relied heavily on the same Executive Law in both those lawsuits and in the Yellowstone II action.

### ***Risks Associated with Proposed Legislation in New York State***

In addition to risks posed by regulatory and other litigation targeting the MCA business under existing law, as described above, there is currently pending before the New York State Assembly a number of proposed bills that, individually and collectively, pose additional risks for companies involved in the MCA space, and evidence a concerted legislative intent to aggressively regulate this industry.

In early January 2024, Governor Hochul stated that it was a priority to bring the State's UDAP laws into conformity with other states' and federal UDAP statutes, and introduced the Consumer and Small Business Protection Act, <https://www.nysenate.gov/legislation/bills/2023/A7138> with the intention of including the bill in the State's 2024 budget. In addition to broadening the scope of the State's current UDAP laws to include unfair and abusive conduct, the proposed bill would increase the statutory penalty from \$50 to \$1,000 per violation and eliminate the need of showing actual damages or intent. In addition, the proposed bill contains a private right of action with mandatory legal fees and punitive damages, thereby increasing the risk of class action lawsuits.

Another bill, relating to Interest Rate Limitations for Financing Arrangements and the Extension of Credit, NY State Assembly Bill 2023-A9585 ([nysenate.gov](https://www.nysenate.gov/legislation/bills/2023/A9585)), would extend New York State interest rate limitations to commercial financing arrangements. If this bill were to pass, it would prevent RFS from charging a return amount equal to more than 25%, well below the company's current returns, for all transactions at or below \$2.5M. Such a bill would have a material adverse impact defect on RFS's MCA business, as it would treat MCAs as a loan for pricing purposes, even though MCA funders, unlike lenders, would only be able to collect payments from Merchant Receivables.

Another bill, proposing Regulation of Commercial Finance Licensing, NY State Assembly Bill 2023-A7482 ([nysenate.gov](https://www.nysenate.gov/legislation/bills/2023/A7482)), proposes to regulate commercial finance providers and would require MCA providers to get licensed, among other requirements. If this bill were to pass, it would entail not only potentially burdensome licensing requirements, but also clearly signal a concerted regulatory and legislative intent to strictly regulate the MCA industry. If this were to happen, it is impossible to predict the lights and form such additional regulations might take.

At this point, it is impossible to predict whether one or more of the above proposed bills will be included in the final New York State approved budget, or would survive as stand-alone bills for additional future

consideration. If any of these proposed bills were enacted into law having similar or substantially similar terms to those currently proposed, this would have a material adverse impact on RFS's MCA business, including both scale and profitability.

***Failure to comply with other regulatory requirements could have a significant impact on the RFS Companies and could adversely affect the timing and amount of payments on the Series 2024-1 Notes***

A failure by the RFS Companies to comply with any applicable laws or regulations could result in regulatory actions, lawsuits and damage to the reputation of the RFS Companies, which could have a material adverse effect on the RFS Companies' business and financial condition, and the ability of the RFS Companies to acquire and service Receivables and perform their respective obligations under the Transaction Documents.

In addition, although the Merchants agree in the Loan Agreements and Factoring Agreements that the proceeds of their Loan Receivables and Factored Receivables, respectively, will be used solely for business purposes and will not be used for personal, family or household purposes, were these transactions deemed not to constitute business purpose transactions, the RFS Companies would become subject to the purview of the CFPB and other additional federal, state and local regulatory authorities. Such additional regulatory authorities and laws and regulations impose specific statutory liabilities upon entities that fail to comply with the provisions of applicable laws and regulations. Loan Receivables and Factored Receivables, and RFS's compliance programs, are not currently designed to comply with all laws and regulations applicable to consumer lending.

Additionally, certain federal and state laws may make an assignee of a Receivable, such as the Issuer, liable to the Merchant for any violation by the creditor under the Loan Receivable or purchaser under the factoring transaction. In some cases, this liability could affect an assignee's ability to enforce its rights related to contracts such as the Loan Agreements or Factoring Agreements. The Receivables arise under standard Loan Agreements and Factoring Agreements, and therefore, any violation of laws or any proceeding alleging a violation with respect to one Loan Receivable or Factored Receivable could give rise to claims and/or defenses by similarly situated Merchants, against the Originators, RFS, the Issuer and certain other parties, or subject them to claims for damages and/or enforcement actions.

A proceeding relating to one or more allegations or findings of a violation of such laws by the Originators, RFS or the Issuer could result in modifications in the RFS Companies' methods of doing business that could impair the RFS Companies' ability to collect on the Pooled Receivables or the Originators' ability to originate additional Receivables or could result in the requirement that the RFS Companies (including the Issuer) pay damages or other financial penalties and/or cancel the balance or other amounts owing under Loan Receivables or cancel the factoring transactions associated with such violation, or result in criminal penalties being imposed on one or more of the RFS Companies under state law. There is no assurance that such claims will not be asserted against the RFS Companies in the future. To the extent it is determined that the Loan Receivables were not originated or the Factored Receivables purchased in accordance with all applicable laws, RFS, as the Seller, would be obligated to repurchase from (or substitute) the Issuer any related Pooled Receivables that fail to comply with such legal requirements. There can be no assurance, however, that RFS would have adequate resources to make such repurchases or substitutions. To the extent that RFS fails to make such a repurchase, or to the extent that a court or regulatory body holds the Issuer liable for violating applicable laws regardless of such a repurchase, a failure to comply with such laws could result in required payments by the Issuer. In that event, it is likely that delays or reductions in the amounts paid on your Series 2024-1 Notes would result, which delays or reductions could be material.

***Several lawsuits and numerous counter-claims or affirmative defenses have sought to recharacterize factoring transactions as loans. If litigation of this type were successful against the Originators, the Factored Receivables could be subject to certain state usury limits and the Originators would be required to obtain licenses in some states***

Several lawsuits have been brought to recharacterize factoring transactions, including merchant cash advances, as loans subject to applicable state regulations. Numerous merchants have asserted that factoring agreements are actually loans through counter-claims or as defenses to the collectability of factoring agreements in lawsuits brought against the merchants or in bankruptcy proceedings involving the merchant. In the event that a court were to determine that the purchases of receivables under the Factoring Agreements are loans, the transactions would be subject to state interest rate and fee limitations, if any, and the Originators, including RFS, could be subject to state licensing requirements. In such case, the Originators could be found to have engaged in unauthorized lending or to have charged unauthorized or criminal interest rates or fees within such jurisdictions.

If the transactions are deemed to violate state usury laws, the Originators could be subject to civil and criminal penalties and the Issuer could experience losses on any Pooled Receivables deemed to be usurious. The Originators could be subject to claims by Merchant sellers of receivables, as well as enforcement actions by regulators, which could result in fines and other penalties, all or a portion of the discount obtained by the Originators on the Factored Receivables could be found to be disguised interest and thus unenforceable or recoverable by the Merchant and, to the extent it is determined that the Factored Receivables were not originated in accordance with all applicable laws, the Seller would be obligated to repurchase from (or substitute for) the Issuer any Factored Receivables that failed to comply with such legal requirements. There can be no assurance, however, that the Seller would have adequate resources to make such repurchases or substitutions.

Each Factoring Agreement includes an arbitration provision pursuant to which the parties agree that, rather than engaging in litigation, they may resolve any and all claims and disputes through binding individual arbitration. These provisions are intended to avert or deter representative and class proceedings against the RFS Companies while complying with applicable case law. To that end, the arbitration provision is designed to be substantially fair and customer friendly, to prevent any credible allegation of overreaching. Any rule or decision prohibiting reliance on the Factoring Agreements' arbitration provision may not affect the RFS Companies' current collection procedures, but might create additional exposure for the RFS Companies at some point in the future if it restricts the use of class action waivers.

***The regulatory framework for online lending platforms is evolving and uncertain as federal and state governments consider new laws to regulate online lending platforms. New laws and regulations, including taxes on services provided by online lenders, as well as continued uncertainty regarding potential new laws or regulations, may negatively affect RFS's business***

The regulatory framework for online lending platforms such as RFS is evolving and uncertain. It is possible that new laws and regulations will be adopted in the United States and internationally, or existing laws and regulations may be interpreted in new ways, that would affect the operation of RFS and the way in which it interacts with Merchants and investors.

Both federal and state legislators and regulators continue to seek new ways to expand their oversight and it is expected that this will continue. The cost and complexity to comply with new laws or regulations could be significant and result in the need for one or more Originators to modify its operations and increase its operating expenses, which may adversely affect the ability of Originators to originate and service Loan Receivables or Factored Receivables and could result in lower collections on the Pooled Receivables and have an adverse impact on the Series 2024-1 Notes.

***If the choice of law provisions in the Loan Agreements are found to be unenforceable, the Originators may be found to be in violation of state usury laws***

Although the federal government does not currently regulate the maximum interest rates that may be charged on private loan transactions, many states have enacted usury laws specifying the maximum legal interest rate at which loans can be made in the state. Because the Loan Agreements relating to Loan Receivables originated by the Originators are by their terms governed by the laws of states that have a usury law that does not restrict the origination of Loan Receivables, state usury laws that would otherwise be applicable to the loans made in particular states should not be applicable to the Loan Receivables. If the applicability of such state laws to the Loan Receivables were challenged and those Loan Receivables were found to be governed by the laws of another state, and such other state had a usury law that prohibits the interest rate in effect with respect to such Loan Receivables, the obligations of those Merchants to pay all or a portion of the principal of and interest on those Loan Receivables could be found unenforceable or recoverable by such Merchants. In addition, the Originators and/or the Issuer (as assignee of such Loan Receivables) could be subject to fines and other penalties, including criminal penalties.

Each Loan Agreement includes an arbitration provision pursuant to which the parties agree that, rather than engaging in litigation, they may resolve any and all claims and disputes through binding individual arbitration. These provisions are intended to avert or deter representative and class proceedings against the RFS Companies while complying with applicable case law. To that end, the arbitration provision is designed to be substantially fair and customer friendly, to prevent any credible allegation of overreaching. Any rule or decision prohibiting reliance on the Loan Agreements' arbitration provision may not affect the RFS Companies' current collection procedures, but might create additional exposure for the RFS Companies at some point in the future if it restricts the use of class action waivers.

To the extent that Loan Receivables were determined to have been originated in non-compliance with applicable usury laws in a particular state, the Seller would be obligated to repurchase the Receivables related to those Loan Receivables from the Issuer or substitute unaffected Receivables therefor. There can be no assurance, however, that the Seller would have adequate resources to make such repurchases or substitutions. It is likely that delays or reductions in the amounts distributed on the Series 2024-1 Notes would result, which delays or reductions could be material.

The Originators may also be found to be in violation of state usury laws if the Factoring Agreements were to be recharacterized as loans. See “—*Several lawsuits and numerous counter-claims or affirmative defenses have sought to recharacterize factoring transactions as loans. If litigation of this type were successful against the Originators, the Factored Receivables could be subject to certain state usury limits and the Originators would be required to obtain licenses in some states.*”

***Several lawsuits have sought to recharacterize certain loan marketers and other bank service providers as lenders or brokers.***

The association between marketers of high-interest consumer purpose “payday” loans, tax-return anticipation loans, subprime credit cards and online payment services, on the one hand, and banks, on the other hand, has come under recent scrutiny. Recent litigation asserts that loan marketers use lenders with a bank charter that authorizes the lender to charge the most favored interest rate available in the lender’s home state in order to evade usury and interest rate caps, state licensing requirements, and other consumer protection laws imposed by the states where they do business. Such litigation has sought, successfully in some instances, to recharacterize the loan marketer as the lender for purposes of state law restrictions. Other cases have sought, successfully in some instances, to characterize the loan marketer as a loan broker or credit services business. Moreover, federal banking regulators and the Federal Trade Commission have undertaken enforcement actions challenging the activities of certain loan marketers and their bank partners, particularly in the context of subprime credit cards. RFS has not contracted with any bank for the purpose of originating loans. However, Loan Receivables originated under such an arrangement would be eligible for sale to the Issuer under the Receivables Purchase Agreement so long as the Rating Agency Condition is satisfied. RFS’s entry into such an arrangement could be subject to risk to the Issuer and the investors if such arrangement were subsequently challenged.

***Non-compliance with laws and regulations may impair the RFS Companies’ ability to make, acquire or service Loan Receivables or Factored Receivables***

The RFS Companies must comply with a number of federal, state and local laws governing the purchase of receivables and the making of loans to small businesses. These statutes apply to purchasing receivables, loan origination, underwriting, brokering, servicing, collections, use of credit reports, safeguarding of non-public, personally identifiable information about Merchants’ owners and guarantors, interest rates and fees, mandate certain disclosures and notices and prohibit unfair and deceptive acts or practices. These requirements can and do change as statutes and regulations are enacted, promulgated, amended or interpreted.

Failure to comply with applicable federal, state and local laws could lead to:

- civil and criminal liability;
- loss of licenses and approvals to engage in business;
- inability to collect all or part of the principal amount of or interest on the Loan Receivables or to collect purchased future receivables;
- delays or reductions in payments of principal and interest on the Series 2024-1 Notes;
- damage to the RFS Companies’ reputation in the industry;
- administrative fines and penalties and litigation, including class action lawsuits;
- governmental investigations and enforcement actions; and
- inability to execute on the RFS Companies’ business strategy.

Additionally, Congress, the states and regulatory agencies could further regulate the small business finance industry in ways that make it more difficult or costly for the RFS Companies to facilitate the origination

of Loan Receivables and Factored Receivables and to service Loan Receivables and Factored Receivables. Further, changes in the regulatory application, recharacterization of the transactions or judicial interpretation of the laws and regulations applicable to financial institutions also could impact the manner in which the RFS Companies conduct their businesses. The regulatory environment in which financial institutions operate has become increasingly complex, and following the financial crisis of 2008, supervisory efforts to enact and apply relevant laws, regulations and policies have become more intense.

***Efforts by federal banking regulators and government enforcement agencies to investigate banks and payment Processors could be expanded to cover the RFS Companies' business***

The Department of Justice, federal banking regulators, and various federal and state enforcement agencies have initiated investigations of banks and payment Processors and various customers of such institutions operating in industries the government deems to be at higher risk for fraud or other violations of law, with the goal of cutting off access to the payments system for merchants that violate the law. These efforts have targeted a broad range of categories of merchants that transact business with banks and payment Processors. To date, RFS is not aware of these efforts targeting businesses of the types conducted by its Merchant clients. However, see “RFS—Investigations” for a description of various federal and state inquiries and information requests regarding RFS and an affiliate of RFS previously acting as subcontractors in connection with the EIDL program for the U.S. Small Business Administration. Heightened regulatory activity of this nature could increase the likelihood that the RFS Companies or third parties with which they do business, or Merchants receiving Loan Receivables or factoring products could become subject to investigation or otherwise face increased regulatory scrutiny. In the event of such investigations or regulatory scrutiny, the RFS Companies could have trouble obtaining or maintaining banking relationships, which could have a material adverse effect on the RFS Companies' business and operations.

***The RFS Companies may be exposed to liability for failures of third parties with which it does business to comply with the registration, licensing and other requirements that apply to them***

Third parties from whom RFS sources loans and factoring transactions as part of marketing the RFS Platform, including, but not limited to, federal and state chartered financial institutions, non-bank loan marketers, lead generation providers and referral partners, may be subject to registration, licensing and federal, state and local regulations. As a result of the activities that the RFS Companies conduct or may conduct, it may be asserted that the RFS Companies' have some responsibility for compliance by third parties with whom it does business with the laws and regulations applicable to it, whether on contractual or other grounds. For example, the Telephone Consumer Protection Act of 1991, as amended (the “TCPA”) has been frequently used to assign vicarious liability to contractual partners for unauthorized telephone calls or facsimiles made by third parties servicing marketing or referral functions. If it is determined that the RFS Companies failed to comply with its obligations with respect to these third parties, the RFS Companies could be subject to civil or criminal liability. Even if the RFS Companies bear no legal liability for the actions of these third parties, the imposition of licensing and registration requirements on it, or any sanctions against it for conducting business without a license or registration, may reduce the volume of Loan Receivables or Factored Receivables that the RFS Companies process from them in the future, which could adversely affect the ability of RFS, as Seller, to originate or acquire sufficient Receivables.

***Regulatory agencies have increased their expectations with respect to how regulated institutions oversee their relationships with service providers, which could impact the RFS Companies***

The federal banking agencies have issued numerous guidance documents outlining their expectations of supervised banks and non-banks with respect to their relationships with service providers that increase the responsibilities of parties to vet and supervise the activities of service providers to ensure compliance with federal laws. Regulators increasingly espouse a “life cycle” approach to vendor management that includes five important stages of the vendor relationship, including planning, due diligence and service provider selection, contract negotiation, ongoing monitoring, and termination. The issuance of regulatory guidance, and the enforcement of the enhanced vendor management standards via examination and investigation of the RFS Companies or any third party with whom the RFS Companies do business, may increase costs, require increased management attention and adversely impact operations. In the event the RFS Companies should fail to meet the heightened standards for management of service providers, either in its supervision of vendors or as a result of acts or omissions of counterparties who are deficient in their supervision of the RFS Companies, the RFS Companies could in the future be subject to supervisory orders to cease and desist, civil monetary penalties or other actions due to claimed noncompliance, which could have an adverse effect on its business and operations.

***The RFS Companies may be subject to certain laws and regulations protecting consumer information***

Although the RFS Companies transact business with Merchants (i.e., businesses), they could be subject to state and federal laws regarding the use and safeguarding of consumer information, including laws requiring consumer notification in the event of a data breach, based on information acquired with respect to Merchant owners and guarantors and stored in the RFS Platform. The United States has experienced a heightened legislative and regulatory focus on data security. Regulation of privacy, data use and security may cause an increase in the costs of making Loan Receivables or purchasing Factored Receivables and/or may decrease the number of Loan Receivables or Factored Receivables originated by the RFS Companies. New regulations in these areas may also increase the costs to comply with such regulations, which could materially adversely affect the financial condition and results of operations of the RFS Companies. Failure to comply with the privacy and data use and security laws and regulations to which the RFS Companies are subject, including by reason of inadvertent disclosure of confidential information, could result in fines, sanctions or other penalties, which could materially adversely affect the RFS Companies' reputation and ability to attract and retain customers.

***Material litigation involving the RFS Companies may affect their ability to perform their obligations under the Transaction Documents***

From time to time, the RFS Companies are subject to various legal proceedings and claims in the ordinary course, which it does not believe will have a material adverse effect upon its business, financial condition or results of operations. See "*RFS—Investigations*" for a description of various federal and state inquiries and information requests regarding RFS and an affiliate of RFS previously acting as subcontractors in connection with the EIDL program for the U.S. Small Business Administration. However, it can offer no assurance as to the ultimate outcome of any such proceedings, or that it will not in the future be subject to legal proceedings or claims that may have a material adverse effect upon its business, financial condition or results of operations. A significant judgment against RFS in connection with any such claims could have a material adverse effect on RFS's financial condition, results of operations or ability to perform its respective obligations under the Transaction Documents.

***If RFS is required to register under the Investment Company Act, its ability to conduct business could be materially adversely affected***

The Investment Company Act contains substantive legal requirements that regulate the manner in which "investment companies" are permitted to conduct their business activities. RFS intends to conduct its business in a manner that does not result in it being characterized as an investment company. If, however, RFS is deemed to be an investment company under the Investment Company Act, it may be required to institute burdensome compliance requirements and its activities may be restricted, which would materially adversely affect its business, financial condition and results of operations and thereby impair its ability to perform its obligations under the Transaction Documents. If RFS is deemed to be an investment company, RFS may also attempt to seek exemptive relief from the SEC, which could impose significant costs and delays with respect to its business.

***Risks relating to the Securitization Structure and Bankruptcy***

***Insolvency or bankruptcy of RFS, SBFS, or the Issuer may result in delayed or reduced payments on the Series 2024-1 Notes***

Following a bankruptcy or insolvency of any RFS Company, a court could conclude that such RFS Company owns the Pooled Receivables by treating such RFS Company and the Issuer as the same entity for bankruptcy purposes or by determining that such RFS Company still owns the Pooled Receivables. If this were to occur, you could experience delays in payments due to you on the Series 2024-1 Notes, or you may not ultimately receive all amounts due to you on your Series 2024-1 Notes as a result of:

- the "automatic stay" provision of the United States Bankruptcy Code (the "**Bankruptcy Code**"), which prevents a secured creditor from exercising remedies against a debtor in bankruptcy without permission from the court and provisions of the Bankruptcy Code that permit substitution for collateral in limited circumstances;
- tax and government or other liens or claims on the property of RFS (that arose prior to the transfer of the Pooled Receivables to the Issuer) having a prior claim on collections on the Pooled Receivables before those collections can be used to make payments on the Series 2024-1 Notes; and
- the risk that the bankruptcy court may block the replacement of RFS as Servicer.

Opinions of legal counsel were rendered on the Series 2021-1 Closing Date to the effect that in the event RFS becomes subject to a bankruptcy proceeding under U.S. bankruptcy laws, a court properly exercising its equitable discretion (a) would not disregard the separate existence of RFS and the Issuer and would not consolidate the assets and liabilities of the Issuer with the assets and liabilities of RFS, and (b) would treat RFS's sale and contribution of the Pooled Receivables to the Issuer under the Receivables Purchase Agreement as absolute transfers to the Issuer and the Pooled Receivables would not be assets of the RFS's bankruptcy estate. These opinions, however, are subject to numerous qualifications and assumptions, including, among other things, (i) that each of RFS and the Issuer will follow certain procedures in the conduct of its affairs, including maintaining separate records and books of account, refraining from commingling its assets with other's assets and refraining from holding itself out as having agreed to pay, or being liable for, the debts of the other, and (ii) excluding cases where certain representations and warranties made by RFS are not accurate, the Issuer will not have recourse against RFS if Pooled Receivables are not collectible. There can be no assurances that a court in a bankruptcy proceeding in respect of RFS would not treat RFS as one entity with the Issuer for bankruptcy purposes.

***The security interest of the Indenture Trustee in the Collateral may be subject to preference risk***

If the perfection of the security interest granted to the Indenture Trustee in the Collateral lapses and is re-perfected, such security interest granted to the Indenture Trustee may be deemed to be a preference on account of an antecedent debt under bankruptcy laws, and may be voided by a court if such re-perfection occurs during a preference period related to an applicable bankruptcy or insolvency proceeding. If that were to occur, the investors in the Notes (including the Series 2024-1 Notes) may not have the benefit of all or a portion of the Collateral to make payments on the Notes. The Indenture Trustee is not responsible for monitoring or ensuring the initial perfection, the maintenance or continuation of the security interest granted to it.

***The bankruptcy of RFS could delay the appointment of a Successor Servicer or reduce payments on the Series 2024-1 Notes***

If a Servicer Default resulting solely from certain events of insolvency or bankruptcy of RFS were to occur, a court, conservator, receiver or liquidator may have the power to prevent either the Indenture Trustee or the Noteholders from appointing a Successor Servicer and delays in the collection of payments on the Pooled Receivables may occur. You could experience payment delays or losses on the Series 2024-1 Notes due to delays in the collection of payments on the Pooled Receivables.

***There are risks associated with the Investment Company Act***

Neither the Issuer nor the Pooled Receivables and other collateral have been registered as an investment company under the Investment Company Act. Counsel for the Issuer will opine, in connection with the initial sale of the Series 2024-1 Notes by the Issuer, that the Issuer is not required to be registered on the Series 2024-1 Closing Date as an investment company under the Investment Company Act in reliance on Rule 3a-7 under the Investment Company Act, although other exemptions or exceptions may be available. No opinion or no-action position has been requested of the SEC.

If the SEC or a court of competent jurisdiction were to find that the Issuer is in violation of the Investment Company Act having failed to register as an investment company thereunder, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Series 2024-1 Notes could sue the Issuer and recover any damages caused by the violation; and (iii) any contract to which the Issuer is party that is made in, or whose performance involves a violation of the Investment Company Act would be unenforceable by any party to that contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than nonenforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Issuer be subjected to any or all of the foregoing, you could suffer a loss on your Series 2024-1 Notes.

***Investors will be dependent on certain third parties performing their responsibilities in an accurate and timely manner***

To the extent the Servicer, the Backup Servicer, the Indenture Trustee, the Administrator, the Custodian or any other party to the transaction fails to fully perform its obligations or does not perform its obligations in accordance with the standard for performance provided in the Transaction Documents to which they are a party, and does not provide any required indemnities for such failure to the Issuer, or such indemnities are insufficient, the Series 2024-1 Notes could experience losses. The failure to perform may result in a default by such party, but any remedy for such default or the selection of a successor to that party may be inadequate or may result in costs



or expenses to the other transaction parties or to other third-parties, which may be allocated to the Issuer, and result in a shortfall on the Series 2024-1 Notes. In addition, Series 2024-1 Noteholders may not have the right to directly enforce remedies against the Servicer, the Backup Servicer, the Indenture Trustee, the Administrator, the Custodian or any other party to the transaction and instead may be required, if such Series 2024-1 Noteholders obtain the requisite percentage of Series 2024-1 Noteholders, to direct the Indenture Trustee (subject to the Indenture Trustee's rights under the Indenture), at such Series 2024-1 Noteholders' expense and with coverage for any required indemnities, to enforce certain rights or take other actions as may be required under the transaction documents. Any risks associated with the failure to perform of the Servicer, the Backup Servicer, the Indenture Trustee, the Administrator, the Custodian or any other party to the transaction may affect the yield to maturity of the Series 2024-1 Notes to the extent losses caused by these risks which are not covered by credit enhancement are allocated to the Series 2024-1 Notes.

***The obligations of the Indenture Trustee are limited and may result in an undeclared Event of Default or a loss of the security interest in the Collateral***

Investors in the Series 2024-1 Notes should be aware that the role of the Indenture Trustee is limited by the terms of the Transaction Documents to which it is a party, and not by what trustees typically or traditionally do in other transactions, or by the Trust Indenture Act of 1939, as amended. For example, investors in the Series 2024-1 Notes should be aware that the Indenture Trustee will not be deemed to have knowledge of an Event of Default unless it has received written notice thereof and will not be required to take any action until such notice is received (along with any other conditions precedent under the Indenture to the taking of any such action). Certain Events of Default are ones for which the Indenture Trustee may be the only party who may receive any knowledge, but it will have no requirement to act. As a result, investors in the Series 2024-1 Notes should monitor the transaction carefully to determine whether there are Events of Default of which they may be aware.

Also, investors in the Series 2024-1 Notes should be aware that the Indenture Trustee is not responsible for monitoring or ensuring the initial perfection, the maintenance or continuation of the security interest in the Collateral granted to it. However, certain opinions related thereto obtained on the Series 2021-1 Closing Date and certain procedures, including the requirement for the Issuer to deliver an annual opinion of counsel stating whether any actions are required to be taken to maintain such perfection, have been put in place to ensure that the Indenture Trustee's security interest in the Collateral is perfected and that such security interest remains perfected.

Other actions and obligations of the Indenture Trustee are similarly limited as described in this Offering Memorandum. In particular, see "*Description of the Indenture.*"

***Indemnities of the transaction parties may materially delay the redemption of the Series 2024-1 Notes***

In connection with the recent optional terminations of certain securitization transactions, the related trustee and one or more other transaction parties have held back a significant portion of the purchase proceeds to cover their unreimbursed and anticipated costs and expenses related to defense of litigation concerning the related securitization trusts. If any redemption option is exercised with respect to the Series 2024-1 Notes, to the extent that any of the transaction parties anticipate that they will be responsible for ongoing expenses following the termination of the Issuer, it is possible that they will require a material payment for expenses or indemnification from the party exercising the redemption, which may result in the Series 2024-1 Notes remaining outstanding longer than otherwise would be the case. The limited assets of the Issuer and the Sponsor at the time of redemption may be viewed as inadequate by the transaction parties if a request for an indemnity is proposed as a substitute for a holdback.

***There are risks in the combination or "layering" of multiple Risk Factors***

Although the various risks discussed in this Offering Memorandum are generally described separately, prospective investors in the Series 2024-1 Notes should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased.

## USE OF PROCEEDS

The Issuer will apply the net proceeds from the sale of the Series 2024-1 Notes as follows: (i) to fund the Series 2024-1 Excess Funding Account as described herein, (iii) to fund the Series 2024-1 Capitalized Interest Account as described herein, and (iv) to pay the purchase price of the Receivables being sold to the Issuer on the Series 2024-1 Closing Date pursuant to the Receivables Purchase Agreement. The Seller intends to use the purchase price of those Receivables to repay the Series 2021-1 Notes and Series 2022-1 Notes and for general corporate purposes.

## THE ISSUER

The Issuer was formed on June 14, 2021 as a Delaware limited liability company. It is a bankruptcy remote special purpose vehicle that is wholly owned by RFS. Under the Issuer LLC Agreement, the nature of the activities or purpose to be conducted or promoted by the Issuer is to engage exclusively in the following activities:

- (i) to acquire, own, hold, sell, transfer, service, convey, safekeep, dispose of, pledge, assign, borrow money against, finance, refinance or otherwise deal with, publicly or privately and whether with unrelated third parties or with affiliated entities, the Receivables, the contracts, the related rights, all books, records and other contracts and documents relating thereto, all related rights and security and all collections and other proceeds with respect to the foregoing, all only as expressly contemplated by the Transaction Documents; and
- (ii) to engage in any lawful act or activity and to exercise any powers permitted to limited liability companies organized under the laws of the State of Delaware that are related or incidental to and necessary, convenient or advisable for the accomplishment of the above-mentioned purposes (including the establishment of bank accounts and referral, management, servicing and administration agreements), in each case, to the extent permitted by the Transaction Documents.

As of the Series 2024-1 Closing Date, RFS will be the sole equity member (the “**Member**”) of the Issuer. RFS has agreed in the Receivables Purchase Agreement to retain ownership of all outstanding membership interests of the Issuer free and clear of all liens other than certain permitted liens; *provided, however*, that RFS may pledge membership interests in the Issuer to the extent permitted under the U.S. Risk Retention Regulations. See “*Description of the Receivables Purchase Agreement—Certain Covenants.*” As of the Series 2024-1 Closing Date, there will be a Board of Managers (the “**Board**”) consisting of nine managers, two of whom will be independent managers (the “**Independent Managers**”) of the Issuer.

The Member may act by written consent. However, none of the Member, the Board, any officer or any other person is authorized or empowered, nor shall they permit the Issuer, without the prior unanimous written consent of the Member and the Board (including the Independent Managers), to take any Material Action; *provided*, that no Material Action may be authorized unless there are at least two Independent Managers then serving in such capacity and such Independent Managers consent to such Material Action. In addition, in order to amend that provision and certain other related provisions of the Issuer LLC Agreement, the unanimous consent of the Member and the Board (including the Independent Managers) must be obtained. Under the Issuer LLC Agreement, a “**Material Action**” means to consolidate or merge the Issuer with or into any Person, or sell all or substantially all of the assets of the Issuer, or to institute proceedings to have the Issuer be adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against the Issuer or file a petition seeking, or consent to, reorganization or relief with respect to the Issuer under any applicable federal or state law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Issuer or a substantial part of its property, or make any assignment for the benefit of creditors of the Issuer, or admit in writing the Issuer’s inability to pay its debts generally as they become due, or take action in furtherance of any such action, or, to the fullest extent permitted by law, dissolve or liquidate the Issuer.

In addition, the Issuer LLC Agreement obligates the Issuer to do certain things in order to maintain its existence separate and apart from that of RFS and its affiliates, including, without limitation:

- maintaining its own books and records and bank accounts;
- except as contemplated by the Transaction Documents to which it is a party, not commingling assets with those of any other entity;
- practicing all organizational formalities to maintain its separate existence;

- maintaining an arm's length relationship with the RFS Affiliates;
- not holding out its credit or assets as being available to satisfy the obligations of others; and
- have a Board of Managers which is not identical to that of the Member (which, until the Final Payment Date, must include at least two Independent Managers).

See “*Description of the Indenture—Representations and Warranties*” and “*Description of the Indenture—Certain Covenants*” in this Offering Memorandum.

## RFS

RFS is a leading provider of working capital to small businesses in the United States through loans and factoring agreements. RFS, directly and through its subsidiaries, provides loans and factors Merchant receivables through the RFS Platform, an automated application, underwriting and servicing platform. The RFS Platform evaluates credit-worthiness of Merchants using traditional methods as well as a proprietary risk scoring models. RFS's proprietary risk scoring models have driven a material improvement in portfolio profitability over the past several years while reducing credit risk and improving the time to providing a decision. RFS continuously monitors and analyzes such data in order to deliver fast, flexible funding in real time. RFS's products are funded through RFS's balance sheet, Syndication Participants and sales to third party funders.

RFS is backed by a Michigan-based private equity firm with deep expertise investing in financial services companies. RFS has maintained strong and profitable credit relationships with several lending partners throughout its 18 years in business. Currently, RFS funds the debt portion of its balance sheet using a revolving line of credit from a private equity firm.

RFS has a direct sales team which consults with small businesses regarding the form of capital most appropriate for the Merchant's business and helps the Merchants obtain capital either in-house or from a marketplace of funding solutions. RFS also has a channel sales team that manages outbound campaigns that drive referral partnership opportunities for both the direct sales channel as well as the third party funding channel, allowing Merchants to choose the relationship most appropriate for them.

RFS provides loans and factoring to many types of businesses, including, but not limited to, those in the construction, restaurant, personal services, health services and retail industries. In addition, RFS is integrated with many of the largest credit card Processors, allowing RFS to split fund the credit card receipts with a wide range of small businesses without forcing the small business to switch their processing relationships to do so.

RFS has served more than 58,612 customers and funded more than \$4.3 billion in business loans and factoring agreements through the RFS Platform. As of March 31, 2024, RFS had 168 employees with an office in Bethesda, Maryland.

RFS will sell and/or contribute all of its rights to Receivables to the Issuer pursuant to the Receivables Purchase Agreement. See “*Description of Receivables Purchase Agreement*.” The Receivables are the primary Collateral securing the Series 2024-1 Notes. The offering of the Series 2024-1 Notes contemplated hereby is RFS's second capital markets securitization.

## Management

RFS's management team has extensive industry experience. Set forth below are the names, titles and prior experience of the members of RFS's senior management team.

**Jeremy Brown, Executive Chairman.** Mr. Brown is one of the original founders of RFS and was its chief executive officer until 2015, when he assumed the role of executive chairman. He is a CPA and has over 30 years of experience in the management of mid-sized businesses across various industries, including retail, construction, and technology, with a specialization in the delivery of funding solutions. Prior to co-founding RFS, Mr. Brown served as Chief Operating Officer of a national audiovisual service company with more than 50 locations from May 2001 to November 2004, as chief financial officer, and then chief executive officer, of a commercial construction contractor with 500 employees from February 1985 to March 2001, and as president of a retail computer company from June 1983 to January 1985.

**Will Tumulty, Chief Executive Officer.** Mr. Tumulty joined RFS in 2015 as chief executive officer following 16 years in the banking and payments industry. He has held management positions in marketing, operations, and IT at Capital One from March 1999 to August 2006 and AccountNow from September 2006 to June 2015. Mr. Tumulty also founded Ready Financial Group, Inc. in 2006, and served as president and chief executive officer until it was acquired by industry leader Green Dot in 2015. He began his career in the U.S. military, where he completed the United States Navy's Basic Underwater Demolition/SEAL training program in Coronado, California, and served five years on active duty with SEAL Teams ONE and FOUR. Mr. Tumulty holds a Bachelor of Science in aerospace engineering from the United States Naval Academy, as well as a Master of Science in manufacturing systems engineering and an MBA from Stanford University.

**Joseph Looney, General Counsel and Chief Operating Officer.** Mr. Looney oversees the legal and compliance functions at RFS. Mr. Looney ensures the company complies with applicable legal requirements so that Merchants, businesses, and banks partnering with RFS can access safe and secure funding. Prior to joining RFS in 2007, Mr. Looney worked at one of the nation's top financial services law firms, Hudson Cook, LLP from May 2004 to April 2007, where he specialized in financial services compliance. Prior to that, he was with the firm of Weil, Gotshal and Manges, LLP. Mr. Looney graduated from the University of Maryland, School of Law, with honors.

**Mark Cerminaro, Chief Revenue Officer.** Mr. Cerminaro oversees all business development, third-party relationship management, and partnership sales efforts at RFS. He works directly with the chief executive officer and other senior executives to develop the company's vision, implement revenue strategies across all channels, and manage revenue growth. Prior to joining RFS in 2007, Mr. Cerminaro worked as a financial advisor and associate branch manager with Morgan Stanley from June 2001 to April 2007, where he managed both personal and corporate assets. Mr. Cerminaro has over 15 years of experience in financial services and holds a Bachelor of Arts from Georgetown University.

**Bogdan Nastea, Chief Technology Officer.** Prior to joining RFS in 2012, Mr. Nastea worked on Accenture led government contracts and ran technology for multiple firms, including State Ventures LLC from February 2010 to December 2012. His experience includes leading efficient technology teams in developing complex platforms such as parcel tracking infrastructure, an online hotel reservation system, and an autonomous online asset trader. Mr. Nastea holds a Bachelor of Science in Computer Science from the University of Maryland.

**Young Kim, Chief Financial Officer.** Mr. Kim joined RFS in 2016 after serving as Vice President and Controller at CW Capital Asset Management from 2011 to 2016. He also served in various management roles at Fannie Mae and Freddie Mac between 2001 and 2011. Mr. Kim's career experience includes over 15 years in the financial services industry and 7 years in audit and financial consulting roles with Deloitte and PricewaterhouseCoopers. Mr. Kim is a CPA, and holds a Bachelor of Science in accounting from SUNY Albany and an MBA with a concentration in finance from Arizona State University.

**Terry Thornton, Chief Credit Officer.** Mr. Thornton joined RFS in January 2018 as Vice President of Credit and Analysis. He previously worked at Capital One for 23 years in various Credit Risk Management, Credit Talent Development, and Marketing roles. He holds a Bachelor of Arts in Economics from the University of Virginia.

## **Investigations**

RFS and its affiliate previously acted as subcontractors in connection with the EIDL program for the U.S. Small Business Administration. In connection with such activities, RFS and its affiliate are subject to various state and federal inquiries and information requests. RFS and its affiliate have produced the requested documents and are continuing to comply in all respects with any such inquiries and requests.

## **ORIGINATION**

RFS provides loans and receivable factoring to small and medium size businesses that operate in all fifty U.S. states and the District of Columbia. RFS's core market is businesses with less than \$10 million in annual sales in all industries consistent with the RFS Credit Policy and underwriting guidelines.

Although RFS originates some Receivables through its own marketing efforts and direct sales, a majority of its originations are sourced through hundreds of regional and national third party independent sales

organizations (“**Referral Partners**”), which operate principally in the merchant acquisition, credit card processing and equipment leasing verticals. Referral Partners submit applications to RFS via an online portal that feeds into the RFS Platform, through email, and through application programming interface connectivity. In addition to incentivizing the Referral Partners through commissions, RFS offers select Referral Partners the opportunity to become Syndication Participants pursuant to a Master Syndication Agreement.

RFS’s marketing department solicits Merchants through multiple acquisition channels, including search engine marketing and search engine optimization, radio advertisements, Referral Partners, display advertisements on Facebook and other social media websites, and retargeting prior RFS customers. RFS’s marketing department focuses on brand marketing to grow awareness, acquisition programs through direct channels to acquire customers, site and funnel optimization to increase conversion for applications, and customer loyalty marketing to drive utilization.

## **UNDERWRITING**

The following is a brief description of RFS’s Credit Policies used in underwriting Merchants through the RFS Platform. RFS and each of its subsidiaries apply the same Credit Policies. Each funding to a Merchant is made under a separate and distinct contract. The Receivables related to such funding may be purchased by the Issuer under the Receivables Purchase Agreement and pledged as collateral for the Notes, including the Series 2024-1 Notes. RFS utilizes a risk based pricing approach that is informed by its statistically developed proprietary risk model with appropriate manual oversight to determine the amount of future receivables to purchase or amount of the loans to fund and the cost incurred by the Merchants. As described below, the procedures are subject to modifications.

### **Underwriting Generally**

RFS takes into account all available information when evaluating a Merchant’s eligibility for each of its products. RFS’s underwriting process verifies the identity of the applicant, assesses the applicant’s intent and ability to repay, and makes an offer that RFS believes is within the Merchant’s ability to repay at an appropriate risk-based price. Below are the guidelines RFS follows in evaluating its applicants.

Underwriting is a two-step process:

#### **1. *Upfront Underwriting:***

RFS performs upfront underwriting upon receipt of an application from a Merchant. RFS analyzes all documentation submitted, performs a comprehensive background search, calculates a risk score that is attributed to the Merchant, and determines the amount of the loan or the factoring transaction for which the Merchant has been approved and generates the list of conditions precedent that must be satisfied before funding. The list of underwriting conditions that must be satisfied varies based on the applicant’s risk profile and the amount of financing sought. RFS may at any time determine that a Merchant will not qualify for a loan or factoring product and decline the submission before completing each underwriting step if new information gathered indicates that the Merchant is ineligible in accordance with RFS’s Credit Policies. For each Merchant, RFS:

- (a) reviews the submission form, associated business, nature of the business, age of the business, general geographic location, revenue, entity type, prior RFS funding history, prior repayment history and prior approvals or declines;
- (b) generates a risk score based on personal credit history, business credit history, bank statements and application data and reviews a personal credit report for recent derogatory events to assess business revenue and cash management;
- (c) reviews bank statement data for sufficiency of revenue and to check for auto decline items in respect of personal bank accounts, such as excessive negative bank balances, concentration of revenue or inconsistency in revenue, or pre-existing balances with other lenders or competitors;
- (d) performs background checks on the Merchant including (i) searches to verify the existence of the business and other claims against the business, (ii) through the use of consortium information to investigate the character of Merchant, (iii) Google searches to review a Merchant’s website, social media posts, and other relevant information and (iv) a “CLEAR” search with respect to the Merchant’s personal background (i.e., criminal history, ties to

business that Merchant is applying for financing for and bankruptcies, liens and judgments), business background (i.e., bankruptcies, liens, lawsuits, judgments and UCCs), phone numbers (Merchant and landlord), property ownership and business address (to review any associated businesses);

- (e) completes bank statement analysis to assess income accuracy (i.e., back out transfers from other accounts, lines of credit, cash advances deposits, or other types of financing and debit reversals, overdraft fees, and returned items), recurring debt obligations (i.e., daily/weekly Factored Receivables debits, variable credit line payments and monthly loan payments), payment history with current lines of financing and daily balances and number of negative balance days; and
- (f) analyzes credit card statements (if provided by Merchant).

As part of the underwriting process RFS obtains a FICO Score for the Merchant's owner. If a FICO Score is unavailable, RFS obtains a VantageScore.

A Merchant's risk score is calculated by the RFS scoring engine which classifies the Merchant into a credit grade ranging from 0 to 1, with 0 indicating the lowest credit risk and 1 the highest, based on the score generated by RFS's proprietary risk model. The credit grade is based on the Merchant's business credit report, personal credit report, time in business, industry, legal entity type, ownership of business property, bank statement information, and other factors. The RFS risk score will be leveraged in RFS's pricing matrix to determine a Merchant's financing offer and repayment terms ("x" for "y" months). RFS underwriters may deviate from the pricing matrix based on judgmental experience.

## *2. Backend Underwriting:*

Prior to funding, RFS performs backend underwriting upon receipt of a signed Merchant Agreement. Backend underwriting consists of the following:

- (a) review the file, analyze any new documentation provided, and request additional information if any underwriting concerns are not addressed;
- (b) confirm conditions precedent to funding have been satisfied;
- (c) perform an additional background check to determine if any new adverse filings have been made since the date of the offer and analyze any new documents provided (including additional bank statements, financial statements, etc.);
- (d) potentially conduct reference calls and a funding call to make the customer aware of their payment obligations after funding; and
- (e) complete any additional missing items and submit the file to a manager for final review and initiation of the funding.

## **General Guidelines for Determining Funding Qualifications and Amounts**

In determining the funding amount for a qualified applicant, RFS takes into consideration a wide range of variables, including but not limited to the Merchant's credit profile, ability to pay and the amount of funding requested by the Merchant.

### **Automatic Declines**

A Merchant will be automatically declined if certain conditions are not met. Any such automatic declines may be appealed for further review with additional information (such further review could result in a loan or factoring agreement). Conditions that may trigger an automatic decline include the Merchant's credit history, ability to pay, and business condition.

### **Maximum Funding Amounts and Concentration Limits**

RFS may from time to time impose maximum funding limits that vary in order to balance RFS's exposure to any one Merchant. Additionally, RFS may from time to time impose limits on the amount of fundings made to Merchants in specified industries in order to limit concentration in any particular industry.

### **Condition Precedent to Funding by Contract Size**

The conditions precedent to funding for each Merchant vary based on the funding amount and the business type. In general, lower loan amounts require fewer conditions precedent to be satisfied than higher loan amounts and factoring transactions. For higher loan amounts or factoring transactions, RFS may require (i) a franchisor reference for any Merchant franchisee in order to confirm such Merchant is in good standing with the franchisor and permitted to obtain third party financing, (ii) a written consent signed by the board of directors or members of the Merchant authorizing the transaction; and (iii) any additional information or documentation based on the circumstances of the particular Merchant.

### **Landlord, Mortgage and Occupancy Requirements**

Generally, a Merchant must have an enforceable lease for at least the length of the expected collection or repayment period or own the property at which it conducts its business. In addition, the payment performance of the commercial property lease or loan must meet RFS guidelines, including those guidelines governing waivers of these requirements.

### **Modification of Underwriting Procedures**

RFS follows the above guidelines for underwriting. RFS, however, makes certain procedural exceptions based on circumstances. Exceptions require approval by a senior underwriter and/or an RFS credit committee member. All exceptions are monitored.

### **RFS Risk Score and Portfolio Monitoring**

RFS's risk score is a proprietary statistical model developed by RFS's Risk and Analytics team, which is currently staffed by four (4) dedicated personnel utilizing past performance of its applicant pool. The model predicts the probability that a Merchant will default. The RFS risk model was developed considering various statistical techniques such as logistic regression, utilizing automated data feeds from multiple data sources.

RFS applicant pool characteristics, portfolio performance characteristics and model performance characteristics are monitored based on data that is available near real time and reports automatically generated based on this data. Monthly performance reports are circulated to RFS's credit committee who provide overall guidance with respect to credit and portfolio management.

The RFS risk score is validated and/or updated annually based on new observations during the prior year and periodic adjustments to the underwriting and pricing criteria are made based on observed changes in the marketplace and macroeconomic indicators.

## **THE SERVICER**

RFS acts as servicer of the Pooled Receivables pursuant to the Servicing Agreement. RFS services all of RFS's Factored Receivables and Loan Receivables. Under certain circumstances described in the Servicing Agreement, RFS may be removed as Servicer of the Pooled Receivables. In the event that RFS ceases to be the Servicer, the Backup Servicer or another Successor Servicer may be appointed as the Successor Servicer in accordance with the terms of the Servicing Agreement. See "*Description of the Servicing Agreement—Servicer Default.*"

RFS was established for the purpose of originating and servicing receivables and loans originated under the RFS Platform. RFS charges a servicing fee to third parties (including Syndication Participants) for cash management, collection, administration, reporting and collections in connection with the loan and factoring agreements funded under the RFS Platform. RFS generally does not service any loans or receivables not originated through the RFS Platform.

RFS's customer service and collections teams are staffed by dedicated personnel located in Bethesda, Maryland. RFS's customer service representatives, which consist of approximately three (3) full time employees, are responsible for handling routine Merchant inquiries, routing Merchant complaints or questions to the appropriate department, scheduling and completing calls with Merchants prior to funding to confirm the Merchant identity and terms of the funding and managing routine Merchant correspondence. RFS's collections representatives, which consist of about 30 personnel, are responsible for contacting Merchants who have missed

one or more payments or who are in default under their Merchant Agreement. Collections representatives will work with Merchants who have missed one or more payments to try to maintain a business relationship in an effort to enhance the collectability of the Receivables.

## SERVICING

The following is a brief description of the servicing and collection practices, policies and procedures employed by RFS to service Factored Receivables and Loan Receivables. The policies and procedures described herein are subject to change from time to time as business conditions dictate. In the event the Backup Servicer becomes the Successor Servicer, there are no assurances that it will follow the same guidelines described below. See *“Risk Factors—Risks Relating to the Collateral and the Business—Termination of RFS as Servicer and the transfer to a Successor Servicer may result in increased losses with respect to the Pooled Receivables,”* and *“Risk Factors—Risks Relating to the Collateral and the Business—Non-compliance with laws and regulations may impair the RFS Companies’ ability to make, acquire or service Loan Receivables or Factored Receivables.”*

### Payment Processing

During the underwriting process of any Loan Receivable or Factored Receivable originated under the RFS Platform, a method of payment collection will be approved based on the cash flow characteristics of the Merchant to ensure the highest likelihood of “low touch” collectability. As Servicer, RFS will apply the approved collection method. These methods are described below, organized in the order of most to least common.

- **Fixed ACH:** RFS will initiate fixed ACH debits from the Merchant’s bank account on a daily, weekly or bi-weekly schedule in accordance with the Merchant Agreement. The fixed ACH debit amount reflects an estimate of the agreed percentage of future receivables of the Merchant purchased under a Factoring Agreement or the scheduled payment amount under a Loan Agreement. Under certain circumstances, RFS may agree to an adjustment of the fixed ACH debit amount or the frequency of debits in order to maximize collections from a particular Merchant.
- **Split Batch Processing:** In a Processor split, RFS receives a share of a Merchant’s daily batch of credit card receipts. RFS enters into a tri-party agreement with the Merchant and the Merchant’s credit card Processor. RFS notifies the processor that the Merchant has sold a percentage of future credit card receipts to RFS, and that RFS has the right to receive a specified percentage of each “batch” of credit card sales processed in the normal course of business. The Processor then splits the batch and sends the contracted-for percentage directly to RFS and the remainder to the Merchant’s designated operating account.
- **Variable ACH:** RFS may initiate ACH debits in varied amounts designed to fluctuate with the Merchant’s daily sales volume. RFS accesses the Merchant’s daily batch of credit card receipts and calculates the debit amount in accordance with the terms of the Merchant Agreement.

All payments collected, regardless of collection method, are received in an RFS servicing account. Funds in the servicing accounts are applied in accordance with the terms of the Merchant Agreement. Pursuant to the terms of the Servicing Agreement, RFS, as Servicer, will be required to transfer collections received with respect to the Pooled Receivables in any Servicer Account to the Collection Account within two business days of receipt, except that the Servicer may first reimburse the applicable RFS Companies for any unreimbursed Draws made by any of them under LOC Receivables that are Pooled Receivables (and under the related Loan Agreements) out of the amounts on deposit in the Servicer Accounts representing Principal Proceeds. As a result, the Issuer will acquire the additional balance representing the Draw under the LOC Receivable following the netting of such amounts and the outstanding principal balance of the related LOC Receivables will increase by the amount of the related Draws.

From time to time, a Merchant may change bank accounts or credit card Processors. In such cases, RFS will work with the Merchant to ensure the continued remittance of receivables or payments due. In the event that the Merchant is unable to continue with the method of collection designated during underwriting, RFS may in its discretion approve an alternate collection method for such Receivables.



## **Adjustments and Modifications**

In accordance with the Credit Policies, RFS may adjust or modify payments due from a Merchant in the event that the Merchant's business is affected by external forces beyond its control, such as natural disasters, municipal construction, fire, theft, or fraud. Merchant Agreements that provide for fixed ACH debits are most commonly adjusted or modified as the other collections methods fluctuate by their terms based on a specified percentage of revenues. In the case of such fluctuating collections, RFS may adjust the specified percentage remitted by the Merchant to RFS.

RFS reviews requests for adjustments or modifications to payment terms by, among other things, reviewing available information with respect to claimed hardship, evaluating affected areas and conducting interviews of the Merchant and/or third parties. If the request for an adjustment or modification is adequately supported, RFS will determine the amount and length of the adjustment or modification. Adjustments are temporary changes to the collection amount or schedule and will be reviewed at a specified future date, generally either 7, 14 or 30 days from the date of the adjustment. When the time period of the temporary adjustment concludes, the original payment or collection terms are reinstated. On the other hand, modifications may constitute a permanent change to the payment or collection terms and will typically involve a reduction in the scheduled payment amount and an extension of the collection or payment period.

## **Delinquent Receivable Collections**

Merchant accounts are designated as "In Risk" in the event of repetitive lack of payment, unexplained poor performance against expectation and/or a Merchant's willful efforts to impede collection of the RTR Amount by, for example, revoking the ACH debit authorization, changing credit card Processors, or closing the designated bank account for payment.

RFS generates a "Delinquency Report" which calculates the number of consecutive days that a Merchant has not made payments which reduce the outstanding RTR Amount. Qualitative and quantitative analysis is performed to examine the total number of days no payment has been received, and, combined with other behavior patterns, are used to determine the collection procedures to be used in order to maximize recovery. The primary goal of the RFS collection agents is to return Merchants to the payment schedule agreed to in the Merchant Agreement. To effectuate this goal, collection agents are authorized to explore various repayment options with the applicable Merchant, including a lump sum catch-up payment, adjustment of the payment schedule or a reduction of the outstanding RTR Amount. The option employed by collection agents is driven by their assessment of a cost effective recovery. Discounts or significant changes to the payment obligations must be supported by updated financial information and a verification process that takes into account information similar to that considered when adjustments and modification are granted.

RFS segments the servicing for In Risk accounts based on consecutive days of non-payment by the Merchant. Each segment has a specific strategy that is utilized to return the Merchant to paying in accordance with the terms of its Merchant Agreement.

Stage one of the collections cycle covers Loan Receivables and Factored Receivables for which there have been 1 to 16 days of non-payment by the Merchant. In this stage, RFS focuses on understanding the cause of the missed payments and returning the Merchant to compliance with the automated cash management platform, restarting payments and making up any payments that were missed. If payments were missed due to hardship, unanticipated variables in sales volume or other influences, and the Merchant is unable to return to its scheduled payments plan, the collection agent can request a temporary adjustment to the payment amount or frequency in an effort to re-establish compliance with the Merchant Agreement.

Stage two of the collections cycle covers Loan Receivables and Factored Receivables for which there have been 17 to 30 days of non-payment by a Merchant. In stage two, RFS seeks to collect a single payment from the delinquent Merchant to demonstrate a good faith intention to repay the amounts due. A collection agent then works with the Merchant to find a longer term solution to the delinquency either through adjustments to the payment frequency or amount, a change in the method by which collection is obtained, or other strategies that will return the Merchant to compliance with the original terms of the Merchant Agreement.

Stage three of the collections cycle covers Loan Receivables and Factored Receivables for which there have been 31 to 60 days of non-payment by the Merchant. In this stage, collection agents contact the delinquent

Merchant and its owners to negotiate a repayment plan. Third party information services are utilized to identify the most effective method of communication. Advanced skip tracing and broader calling plans may be utilized.

Any Loan Receivables and Factored Receivables for which a Charge-Off Event has occurred are categorized as “charged-off” pursuant to the Credit Policy and included in stage four of the collections cycle. At this stage, collection agents focus on settling accounts by changing the terms of the Merchant Agreement. RFS generally does not engage third party collection services to handle collections on Charged-Off Receivables and does not sell them to third parties. Instead, RFS seeks to maximize recovery by offering a longer payment period or other terms to maximize the recoveries. RFS will, in many instances, reach a settlement with a Merchant that materially affects the original payment terms by, for example, agreeing to accept less than the full RTR Amount owing under a Merchant Agreement or accepting an extended repayment period. RFS management evaluates charged-off accounts on a daily basis to ensure consistency in the settlement terms being offered by individual agents. Under the Transaction Documents, the Issuer will have the right to sell any Charged-Off Receivable to the Servicer or a wholly owned subsidiary of the Servicer, subject to the satisfaction of certain conditions.

### **Interaction with Legal Department**

Any account can be referred to the legal department to negotiate with counsel for a Merchant and/or to initiate litigation against the Merchant if the collection agent believes that legal process is the most effective means to obtain a cost-effective recovery.

Intervention from the legal department is typically requested when the discussions with the Merchant have reached an impasse, counteroffers for resolution of the account are unacceptable based on standard parameters, there is evidence that the Merchant remains open to a settlement but refuses to communicate with the collection agent, or there has been a possible misrepresentation by the Merchant in connection with obtaining a loan or factoring agreement. A formal complaint is, in most instances, preceded by a demand letter generated by RFS’s correspondence department as a final step in attempting to reestablish contact with a Merchant and resolve the account. When the complaint has been requested, legal department personnel assign the complaint to be drafted by either in-house or outside counsel depending on the venue stated in the Merchant Agreement. After the complaint has been filed, RFS collection agents will continue to contact the Merchant or their attorneys in an attempt reach an acceptable resolution of the outstanding RTR Amount.

## **THE RECEIVABLES**

The Receivables consist of (i) Factored Receivables and (ii) Loan Receivables. The Receivables have been or will be originated by the Originators (which includes RFS and certain of its subsidiaries) through the RFS Platform. Below is a description of some of the features of these assets.

### **Factored Receivables**

The Originators provide funding to Merchants through purchases of future receivables. These factoring transactions include purchases of payment card receivables, referred to herein as Factored Account Receivables, in which the Originator receives a percentage of the Merchant’s credit card sales revenues under a FAR Agreement or purchases of non-payment card receivables, referred to herein as Factored General Receivables, in which the Originator receives purchased receivables via ACH in either a fixed dollar amount or as a percentage of the Merchant’s sales revenues under an ACH Factoring Agreement. In each case, the Merchant agrees to sell and the Originator agrees to purchase a specified amount of future receivables for a discounted purchase price paid in a lump sum up front. The specified amount of purchased receivables are remitted to the Originator. These factoring transactions are not loans or extensions of credit, but rather “true sales” of a portion of a Merchant’s future receivables with respect to which the Originator, as purchaser, bears the risk of loss. The factoring transactions do not involve traditional “payments,” but rather the transfer or delivery of purchased receivables. As such, the actual amounts of receivables transferred or delivered to the Originator is contingent upon the Merchant’s fluctuating sales volumes. The factoring transactions have no fixed term or maturity date. If the Merchant fails to deliver the expected receivables or ceases operations, the Originator has no recourse against the Merchant for absolute repayment of any shortfall absent a breach of the Factoring Agreement.

In connection with entering into each Factoring Agreement, the Merchant pledges certain assets as collateral to secure its payment and performance obligations to the Originator under the Factoring Agreement. In addition, each Factoring Agreement provides for a personal guarantee of performance of the Factoring Agreement by the applicant.

In connection with each Factoring Agreement and related documents, the Originator has the right to file one or more UCC-1 financing statements to evidence the sale of the purchased receivables and, in the event of breaches of specified representations, warranties or covenants under the Factoring Agreement, to perfect its security interest in the Collateral. Pursuant to the Servicing Agreement, the Servicer will file a UCC-1 financing statement to perfect the rights granted in the purchased receivables and the security interest in the Merchant's other personal property if the Receivable becomes 60 days delinquent, based on a Missed Payment Factor greater than (a) 44 for Daily Pay Receivables; (b) 8 for Weekly Pay Receivables; and (c) 4 for Bi-Weekly Pay Receivables. For many Factoring Agreements, no UCC-1 financing statement is required to be filed. As a result, the security interest may be unperfected or subject to the prior liens of other creditors.

In each Factoring Agreement, the Merchant represents and agrees that the transaction is a sale transaction and not a loan and that the Merchant will not use any amount advanced for personal, family or household purposes.

The Expected Collection Period of a factoring transaction is the period of time the Originator estimates, at the time of origination, that it will take for the Originator to collect the Amount Sold of future receivables purchased from the Merchant. The concept of the Expected Collection Period does not appear in any Factoring Agreement and is only an internal estimate made by the Originator. Because the Originator is entitled to receive only a fixed percentage of the receivables arising from the Merchant's sales if and to the extent such sales actually occur, the amount of receivables actually remitted to the Originator fluctuates with the Merchant's fluctuating sales volumes, and factoring transactions have no set term, maturity date or fixed or minimum payment amounts. The actual period of time over which purchased receivables are collected by the Originator can be determined only after the Factoring Agreement is completed by remittance of the Amount Sold of purchased receivables or the Factoring Agreement is written off.

Because of their product features, terms and conditions, factoring transactions are not loans or extensions of credit, do not involve any interest component, and the price of such transactions cannot be expressed in terms of any form of interest rate, yield or annual percentage rate. An interest component cannot exist and cannot be calculated unless there is an absolute and unconditional obligation to repay a sum certain by a date certain, which is not true of factoring transactions. The price of factoring transaction is reflected in the ratio between the Amount Sold of purchased future receivables and the Purchase Price paid therefor.

The Factoring Agreement governing each Factored Receivable provides that the legality, enforceability and interpretation of the Factoring Agreement are to be governed by and construed in accordance with the laws of the State of Maryland, without regard to conflicts of laws principles, except for an arbitration agreement which is to be governed exclusively by the Federal Arbitration Act. Each Factoring Agreement includes an arbitration provision pursuant to which the parties agree that, rather than engaging in litigation, they may resolve any and all claims and disputes through binding individual arbitration. Such Factoring Agreement also contains a provision pursuant to which the parties waive their rights to a jury trial, other trial, and the right to bring claims as a plaintiff, class member or in a representative capacity.

## **Business Loans**

Loan Receivables are comprised of Term Loan Receivables and LOC Receivables. Each Term Loan Receivable is a non-revolving, fixed-rate business loan made to a borrower by the Originator. Each Term Loan Receivable is evidenced by a Term Loan Agreement between the borrower and RFS which sets forth the terms of the loan. Term Loan Receivables have a term of up to 24 months and provide for scheduled daily or weekly payments. The Term Loan Receivables will be fully amortizing loans and will require equal scheduled loan payments over their terms. The Term Loan Agreements for each Term Loan Receivable specify the initial principal amount and the repayment amount (the sum of the initial principal amount and the aggregate interest amount, the "**Amount Owed**") owed over the term of such Term Loan Receivable.

Each LOC Receivable is a revolving line of credit, fixed rate business loan made to a borrower by the Originator. Each LOC Receivable is evidenced by an LOC Agreement between the borrower and RFS which sets forth the terms of the loan. The LOC Agreements provide that the Amount Owed is the principal amount outstanding from time to time and the accrued but unpaid interest outstanding from time to time.

Each LOC Receivable permits the Merchant to make additional Draws in the Originator's discretion to the extent provided in the related LOC Agreement. Draws under an LOC Receivable are paid from general funds of the applicable RFS Company and not from collections deposited in any account of the Issuer. Draws under an LOC Receivable are the responsibility and obligation of the RFS Companies solely to the extent such payment

obligations arise under the Merchant Agreement related to the LOC Receivables. However, the Servicer will reimburse the RFS Companies for the amount of such Draws from Principal Proceeds in the Servicer Collection Accounts and the amount of such Draws will be added to the balance of the LOC Receivables.

Each LOC Receivable provides for scheduled weekly payments that are re-calculated at the time of each Draw and provides for payment of the then outstanding balance over six, nine or 12 months from the date of the Draw. There is no fixed term for the LOC Agreement. Additionally, the Originator performs a limited credit evaluation at the time of each Draw; all Draws are made at the discretion of the Originator. However, upon the occurrence of a Rapid Amortization Event or a rapid amortization event with respect to any other Series of Notes, no Draw requests will be paid.

An LOC Receivable is a Loan Receivable that can be prepaid without penalty (i.e., the Merchant will not owe the full RTR Amount, just the current month's interest payment) and with respect to which the Merchant may make additional Draws in the Originator's discretion to the extent provided in the related LOC Agreement. Draws under an LOC Receivable are paid from general funds of the applicable RFS Company and not from collections deposited in the Series 2024-1 Collection Account. However, the balance of any Draws paid by the RFS Companies are purchased by the Issuer at par using Principal Proceeds and the amounts of such Draws increase the outstanding principal balances of the related LOC Receivables that are part of the Collateral. Draws under an LOC Receivable are the responsibility and obligation of the RFS Companies solely to the extent such payment obligations arise under the Merchant Agreement related to the LOC Receivables. However, during a Series 2024-1 Amortization Period, to the extent that a Draw request is made on a LOC Receivable, such amount will not be advanced to the Merchant by the Originator. Alternatively, during a Series 2024-1 Amortization Period, the applicable RFS Company can refinance the Merchant with a new loan.

Under each Loan Agreement, the borrower authorizes the lender to electronically debit the borrower's designated business bank or payment account for the amount of such scheduled payments. There is no prepayment penalty.

In connection with the origination of any Loan Receivable, an origination fee may be applied in connection with such Loan Receivable's origination. In addition to an origination fee, returned payment fees and/or late fees may be levied upon a Merchant from time to time in connection with dishonored or returned electronic payments or late payments, respectively, and draw fees may be levied upon a Merchant in connection with Draws under an LOC Receivable. Any origination fee is imposed at the beginning of the Loan Agreement.

Under the Loan Agreement, the Merchant represents and agrees that the proceeds of the loan may be used solely for the purchase and acquisition of specific products or services for business purposes and that the loan will not be used for personal, family or household purposes.

Loan Receivables are secured by a pledge from the related Merchant of a security interest in all of the Merchant's business assets. The Loan Agreement authorizes the Originator to file a UCC-1 financing statement to perfect its security interest. Pursuant to the Servicing Agreement, the Servicer will file a UCC-1 financing statement to perfect the security interest granted under a Loan Receivable if the Loan Receivable becomes 60 days delinquent, based on a Missed Payment Factor greater than (a) 44 for Daily Pay Receivables; (b) 8 for Weekly Pay Receivables; and (c) 4 for Bi-Weekly Pay Receivables. For many Loan Receivables, no UCC-1 financing statement is required to be filed. As a result, the security interest may be unperfected or subject to the prior liens of other creditors. Each Loan Agreement provides for a personal guarantee of payment and performance of all contractual covenants by the applicant.

The Loan Agreement governing each Loan Receivable provides that the legality, enforceability and interpretation of the Loan Agreement are to be governed by and construed in accordance with the laws of the state of the Merchant or the State of Maryland, without regard to conflicts of laws principles, except for an arbitration agreement which is to be governed exclusively by the Federal Arbitration Act. Each Loan Agreement includes an arbitration provision pursuant to which the parties agree that, rather than engaging in litigation, they may resolve any and all claims and disputes through binding individual arbitration. The Loan Agreement also contains a waiver of the borrower's right to a jury trial or other trial, and the right to bring claims as a plaintiff, class member or in a representative capacity.

## Master Syndication Agreements

As a source of funding for its loan and factoring products, RFS has entered into, and may enter into in the future, Master Syndication Agreements with various third parties (the “**Syndication Participants**”) pursuant to which such Syndication Participants agree, from time to time, to provide funds to RFS equal to a portion of the aggregate loan or receivables purchase originated by an RFS Company.

RFS has entered into Master Syndication Agreements with Syndication Participants which may elect to request to participate and provide funds to RFS equal to a portion of the aggregate loan or receivables purchase made under the applicable Merchant Agreement. If a Syndication Participant requests to participate (such requests are generally required to be received by RFS prior to the origination of the applicable Receivable), and RFS approves the request, the Syndication Participant will have a participation interest related to a specified percentage of such Syndicated Receivable. The portion of any Receivables sold to Syndication Participants are included in the Outstanding Receivables Balance of the related Receivable. The Issuer will have no contractual obligation to pay any amounts payable to the Syndication Participants under the applicable Master Syndication Agreement.

Under the Master Syndication Agreements, a Syndication Participant has no rights to or ownership in any Syndicated Receivable but is entitled to certain payments from the applicable RFS Company. Payment obligations of an RFS Company to a Syndication Participant related to a Syndicated Receivable are dependent upon the performance of such Syndicated Receivable and constitute a financial obligation of the applicable RFS Company. Payments to a Syndication Participant are paid from general funds of the applicable RFS Company and not from the specific funds received from the underlying obligor of such Syndicated Receivable nor from collections deposited in the Series 2024-1 Collection Account. Payments to the Syndication Participant are the responsibility and obligation of the RFS Companies solely to the extent such payment obligations arise under the Master Syndication Agreement related to the Syndicated Receivables. The applicable RFS Company retains payment rights and legal title to and has the exclusive right to administer and service the Syndicated Receivables.

## Eligibility Criteria

On the Series 2024-1 Closing Date and each other Transfer Date, each of the Receivables transferred by the Seller to the Issuer pursuant to the Receivables Purchase Agreement are required to be Eligible Receivables. An “**Eligible Receivable**” means a Receivable that satisfied each of the following criteria as of Transfer Date for such Receivable:

- (a) such Receivable represents a legal, valid and binding obligation of the related Merchant, enforceable against such Merchant, in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors’ rights generally or by equitable principles relating to enforceability;
- (b) such Receivable was originated in the ordinary course of the applicable Originator’s business;
- (c) such Receivable was underwritten and originated in accordance with the Credit Policies;
- (d) such Receivable was originated in all material respects in accordance with, and complies in all material respects with, all applicable Requirements of Law, including any applicable usury laws and credit protection laws;
- (e) such Receivable is due from an Eligible Merchant;
- (f) except with respect to a renewed Receivable pursuant to a Factoring Agreement, the Merchant thereof submitted no fewer than two prior, consecutive bank account statements (or similar electronic bank information) in respect of its operating checking account to the applicable Originator in connection with its application for such Receivable;
- (g) such Receivable is a Daily Pay Receivable, a Weekly Pay Receivable or Bi-Weekly Receivable;
- (h) such Receivable is denominated and payable in U.S. dollars;
- (i) such Receivable has been fully disbursed (except for LOC Receivables), the Merchant thereof has no additional right to further fundings under the related Merchant Agreement (except for LOC Receivables) and the related Merchant Agreement requires that the Receivable proceeds be used for business purposes and not for personal, family or household purposes;

- (j) such Receivable (i) is not subject to any defense (including any defense arising out of violations of usury laws), counterclaim, right of set off or right of rescission (or any such right of rescission has expired in accordance with applicable law except for the contractual right of rescission provided in the Merchant Agreement) and (ii) is due from a Merchant that has not asserted any defense, counterclaim, right of set off or right of rescission with respect to such Receivable;
- (k) such Receivable was originated by the applicable Originator without fraud on the part of any person, including, without limitation, the Merchant (to the best of the Seller's knowledge) thereof or any other party involved in its origination;
- (l) such Receivable has a Calculated Receivable Yield greater than or equal to 10.00% per annum;
- (m) such Receivable is not a Charged-Off Receivable or a Sub-Performing Receivable;
- (n) such Receivable is not 31 calendar days or more delinquent (based on a Missed Payment Factor greater than (a) 22 for Daily Pay Receivables, (b) 4 for Weekly Pay Receivables or (c) 2 for Bi-Weekly Pay Receivables);
- (o) as of the Original Funding Date with respect to such Receivable, the Merchant (or applicable individual owner of Merchant) has a Credit Score (obtained from Experian, Equifax, TransUnion or Fair Isaac Corporation) equal to or greater than 450;
- (p) such Receivable has an Expected Collection Period not exceeding twenty-four (24) months;
- (q) such Receivable has been serviced by the applicable Originator or RFS since origination in all material respects in accordance with the Servicing Standard;
- (r) none of the terms, conditions or provisions of such Receivable or the related Merchant Agreement have been amended, modified, restructured or waived except in accordance with the Credit Policies;
- (s) such Receivable constitutes an "account" or a "payment intangible" (each as defined in the UCC), or proceeds thereof, and is not "chattel paper" or an "instrument" (each as defined in the UCC);
- (t) such Receivable was originated by the applicable Originator and the related Merchant Agreement is governed by the laws of Maryland (for Factored Receivables) or the state of the Merchant or Maryland (for Loan Receivables);
- (u) immediately prior to the sale or contribution of such Receivable to the Issuer pursuant to the Receivables Purchase Agreement, the Seller had good and marketable title to such Receivable, free and clear of all Liens (other than any Lien which has been or will be terminated concurrently with such sale or contribution to the Issuer);
- (v) under the related Merchant Agreement such Receivable is freely assignable and does not require the consent of the Merchant thereof or any other person as a condition to any transfer, sale or assignment of any rights thereunder to or by the Issuer;
- (w) when sold or contributed to the Issuer by the Seller pursuant to the Receivables Purchase Agreement, such Receivable will be owned by the Issuer, and the Issuer will have good and marketable title to such Receivable, free and clear of all Liens (other than Permitted Liens);
- (x) the Seller has caused its master computer records relating to such Receivable to be clearly and unambiguously marked to show that such Receivable has been sold and/or contributed by the Seller to the Issuer pursuant to the Receivables Purchase Agreement and pledged by the Issuer to the Indenture Trustee pursuant to the Base Indenture;
- (y) copies (or electronic copies) of each of the documents required by, and listed in, the document checklist attached to the Custodial Agreement are included in the Receivable File with respect to such Receivable and such Receivable File has been delivered to and accepted by the Custodian in accordance with the Custodial Agreement;
- (z) such Receivable was selected from all Receivables owned by the Seller or, in the case of the initial Transfer Date, all Receivables owned by the Seller or one of the Seller's subsidiaries, in each case satisfying each of the aforesaid criteria as of such Transfer Date using no selection procedures known to be or intended to be adverse to the Issuer or the Noteholders;

- (aa) under the A&R Base Indenture, any “additional receivable eligibility criteria” specified in any indenture supplement; and
- (bb) under the A&R Base Indenture, with respect to (i) LOC Receivables, such Receivable has a Risk Band of 1, 2 or 3 and (ii) Factored Receivables or Term Loan Receivables, such Receivable has a Risk Band of 1, 2, 3 or 4.

### **Historical Performance**

The following tables provide historical information relating to cash collections, delinquency experience and net charge-off information for all Loan Receivables and Factored Receivables made or purchased through the RFS Platform since 2015. The data related to cash collections and net charge-off information are provided for all originations by year for 2015 through 2021 and by quarter for 2022. The data related to delinquency experience are provided for all originations by year for 2013 through 2023 and by the three months ended March 31, 2024. The Loan Receivables and Factored Receivables included in the tables below include products originated or purchased by the Seller that will not be eligible for purchase by the Issuer, including Loan Receivables and Factored Receivables that are underwritten using different standards and procedures than those applicable to Eligible Receivables. The charge-off experience and cash collections experience tables are presented as of March 31, 2024.

Differences between the characteristics of the Loan Receivables and Factored Receivables that generated the cash collections, delinquency experience and net charge-off data contained herein and the characteristics of the Eligible Receivables, along with varying social and economic conditions, may make it unlikely that the Eligible Receivables will perform in the same way as the Loan Receivables and Factored Receivables that generated the delinquency experience and net charge-off data contained herein.

**DELINQUENCY EXPERIENCE<sup>(1)</sup>**

	<b>December 31, 2013</b>	<b>December 31, 2014</b>	<b>December 31, 2015</b>	<b>December 31, 2016</b>	<b>December 31, 2017</b>	<b>December 31, 2018</b>	<b>December 31, 2019</b>
<b>Number of Receivables Outstanding</b>	2,005	1,966	2,998	4,732	3,866	3,714	5,353
<b>Aggregate Outstanding Receivables Balance</b>	\$35,401,180	\$42,664,658	\$84,666,656	\$116,698,312	\$93,660,805	\$119,003,690	\$197,311,744
	<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>December 31, 2022</b>	<b>December 31, 2023</b>	<b>March 31, 2024</b>		
<b>Number of Receivables Outstanding</b>	3,992	5,543	13,173	7,825	7,730		
<b>Aggregate Outstanding Receivables Balance</b>	\$118,205,287	\$187,615,050	\$480,530,332	\$298,354,469	\$320,068,951		

**Non-Cumulative<sup>(2)</sup>**

<b>Delinquent Receivables Balance as % of Aggregate Outstanding Receivables Balance</b>	<b>December 31, 2013</b>	<b>December 31, 2014</b>	<b>December 31, 2015</b>	<b>December 31, 2016</b>	<b>December 31, 2017</b>	<b>December 31, 2018</b>	<b>December 31, 2019</b>	<b>December 31, 2020</b>	<b>December 31, 2021</b>
<b>5-9 Days</b>	1.52%	1.94%	1.76%	2.04%	1.63%	1.17%	1.99%	1.91%	2.16%
<b>10-14 Days</b>	0.84%	0.95%	0.99%	0.99%	0.82%	0.72%	0.81%	1.09%	0.88%
<b>15-29 Days</b>	1.71%	1.91%	1.44%	1.64%	1.86%	1.05%	1.31%	1.55%	0.97%
<b>30+ Days</b>	1.06%	1.24%	1.78%	1.47%	1.65%	1.01%	1.16%	4.04%	0.80%
<b>Delinquent Receivables Balance as % of Aggregate Outstanding Receivables Balance</b>	<b>December 31, 2022</b>	<b>December 31, 2023</b>	<b>March 31, 2024</b>						
<b>5-9 Days</b>	2.73%	2.70%	1.81%						
<b>10-14 Days</b>	1.25%	1.09%	0.67%						
<b>15-29 Days</b>	2.25%	1.30%	1.65%						
<b>30+ Days</b>	1.98%	1.23%	1.27%						



## DELINQUENCY EXPERIENCE

### Cumulative<sup>(2)</sup>

Delinquent Receivables Balance as % of Aggregate Outstanding Receivables Balance	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
5+ Days	5.13%	6.04%	5.97 %	6.14 %	5.97%	3.96%	5.27%	8.59%	4.80%
10+ Days	3.60%	4.10%	4.21 %	4.09 %	4.34%	2.78%	3.29%	6.68%	2.64%
15+ Days	2.76%	3.15%	3.22 %	3.10 %	3.51%	2.06%	2.47%	5.59%	1.77%
30+ Days	1.06%	1.24%	1.78 %	1.47 %	1.65%	1.01%	1.16%	4.04%	0.80%
Delinquent Receivables Balance as % of Aggregate Outstanding Receivables Balance	December 31, 2022	December 31, 2023	March 31, 2024						
5+ Days	8.20%	6.32%	5.39 %						
10+ Days	5.48%	3.62%	3.58 %						
15+ Days	4.23%	2.53%	2.91 %						
30+ Days	1.98%	1.23%	1.27 %						

- (1) Delinquency is calculated by reference to the number of consecutive days the Merchant has failed to make any payment or remittance.
- (2) Percentages shown are averages of the monthly delinquency percentages during the corresponding period.

# CHARGE-OFF EXPERIENCE (AGGREGATE)

## Funded Amount

	Twelve Months Ended								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of Receivables Funded	5,015	7,752	6,952	5,997	7,865	4,055	6,979	9,433	5,039
Original Funded Amount	\$196,799,689	\$283,830,338	\$260,629,289	\$268,060,080	\$403,783,437	\$193,721,837	\$333,664,252	\$591,366,921	\$364,453,704

## Three Months Ended

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Number of Receivables Funded	404	1,677	1,531	1,627	1,919	1,902	1,978	2,145
Original Funded Amount	\$16,867,672	\$74,647,602	\$66,990,939	\$73,714,662	\$94,267,684	\$98,690,967	\$119,418,727	\$139,041,890

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Number of Receivables Funded	2,857	2,453	1,111	1,027	1,399	1,502	1,530
Original Funded Amount	\$180,043,324	\$152,862,980	\$81,734,008	\$73,632,906	\$97,558,235	\$111,528,555	\$121,281,053

# CHARGE-OFF EXPERIENCE (LOC ONLY)

	Twelve Months Ended			
	2021	2022	2023	Quarter ended 3/31/24
<b>Average Aggregate Unpaid Principal Balance(1)</b>	\$849,782	\$37,993,152	\$66,763,061	\$72,200,992
<b>Gross Charge-Offs</b>	\$0	\$4,988,543	\$18,513,317	\$4,461,399
<b>Annualized Gross Charge-Off Rate(2)</b>	0.00%	13.13%	27.73%	24.72%

(1) Calculated as simple average of monthly average balances for period. Monthly average balance calculated as simple average of beginning of month balance and end of month balance.

(2) Annualized Gross Charge-off divided by Average Aggregate Unpaid Principal Balance. Multiplied by 4 in case of 1Q2024.

### CHARGE-OFF EXPERIENCE (AGGREGATE)

Months Since Origination	Twelve Months Ended		
	2018	2019	2020
0	0.00%	0.00%	0.00%
1	0.00%	0.00%	0.00%
2	0.00%	0.00%	0.00%
3	0.04%	0.35%	0.09%
4	0.61%	1.47%	0.14%
5	1.43%	2.35%	0.72%
6	2.27%	3.30%	1.14%
7	3.14%	4.28%	1.51%
8	3.96%	4.88%	1.84%
9	4.50%	5.31%	2.94%
10	4.81%	5.63%	3.82%
11	5.15%	6.25%	4.41%
12	5.26%	6.52%	4.44%
13	5.34%	6.71%	4.62%
14	5.40%	7.02%	4.73%
15	5.45%	7.14%	4.83%
16	5.42%	7.20%	4.82%
17	5.38%	7.26%	4.90%
18	5.35%	7.27%	4.94%
19	5.33%	7.20%	4.90%
20	5.32%	7.09%	4.88%
21	5.22%	7.00%	4.88%
22	5.19%	6.87%	4.85%
23	5.12%	6.74%	4.80%
24	5.11%	6.62%	4.81%
25	5.06%	6.52%	4.69%
26	5.00%	6.41%	4.66%
27	4.93%	6.30%	4.57%
28	4.87%	6.19%	4.52%
29	4.83%	6.12%	4.56%
30	4.76%	6.01%	4.52%
31	4.74%	5.93%	4.48%
32	4.70%	5.79%	4.39%
33	4.65%	5.68%	4.36%
34	4.62%	5.63%	4.25%
35	4.66%	5.58%	4.24%
36	4.63%	5.54%	4.19%

## CHARGE-OFF EXPERIENCE (AGGREGATE)

### Three Months Ended

Months Since Origination	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	0.19%	0.34%	0.30%	0.13%	0.23%	0.34%	0.30%	0.74%	0.24%	0.19%	0.04%	
5	0.58%	0.72%	0.78%	0.98%	1.01%	0.88%	1.74%	2.20%	1.06%	0.49%	0.71%	
6	1.03%	1.34%	1.60%	1.62%	1.53%	1.85%	3.69%	3.33%	1.93%	1.23%	2.49%	
7	1.35%	1.86%	2.23%	2.42%	2.30%	2.96%	4.98%	4.98%	2.66%	2.53%		
8	1.80%	2.49%	3.11%	3.35%	2.90%	3.93%	6.18%	6.47%	3.77%	3.75%		
9	2.16%	3.25%	3.47%	4.04%	3.74%	4.63%	7.42%	7.54%	5.00%	5.05%		
10	2.25%	3.83%	3.71%	4.92%	4.38%	5.49%	8.58%	8.66%	5.78%			
11	2.88%	3.95%	4.13%	5.73%	5.28%	5.83%	9.25%	9.87%	6.63%			
12	3.03%	4.21%	4.37%	5.99%	5.82%	6.99%	10.01%	10.64%	6.77%			
13	3.12%	4.27%	4.54%	6.41%	6.28%	7.39%	10.55%	11.17%				
14	3.34%	4.31%	4.76%	6.64%	6.58%	7.63%	11.29%	11.60%				
15	3.42%	4.55%	4.97%	6.67%	7.01%	8.36%	11.77%	12.29%				
16	3.55%	4.55%	5.10%	6.82%	7.23%	8.42%	12.06%					
17	3.59%	4.85%	5.01%	7.00%	7.44%	8.84%	12.25%					
18	3.70%	4.82%	5.35%	7.09%	7.48%	9.31%	12.50%					
19	3.66%	4.78%	5.22%	7.09%	7.45%	9.81%						
20	3.64%	4.80%	5.22%	7.06%	7.57%	9.86%						
21	3.52%	4.81%	5.15%	7.16%	7.59%	9.84%						
22	3.50%	4.80%	5.13%	7.10%	7.56%							
23	3.54%	4.86%	5.21%	7.07%	7.60%							
24	3.51%	4.88%	5.19%	7.03%	7.58%							
25	3.49%	4.83%	5.09%	6.99%								
26	3.47%	4.83%	4.97%	6.99%								
27	3.44%	4.69%	4.87%	6.96%								
28	3.55%	4.74%	4.85%									
29	3.57%	4.74%	4.75%									
30	3.50%	4.75%	4.72%									
31	3.46%	4.70%										
32	3.47%	4.69%										
33	3.44%	4.66%										
34	3.38%											
35	3.36%											
36	3.36%											

\*

*Cumulative Net Charge-offs as % of Original Funded Amount.*

## CASH COLLECTIONS EXPERIENCE (AGGREGATE)

Twelve Months Ended

Months Since Origination	2018	2019	2020
1	0.06x	0.05x	0.05x
2	0.19x	0.17x	0.17x
3	0.34x	0.30x	0.28x
4	0.48x	0.42x	0.39x
5	0.63x	0.54x	0.50x
6	0.76x	0.65x	0.62x
7	0.88x	0.75x	0.73x
8	0.96x	0.84x	0.82x
9	1.03x	0.90x	0.89x
10	1.07x	0.95x	0.97x
11	1.11x	1.00x	1.02x
12	1.14x	1.04x	1.06x
13	1.16x	1.07x	1.09x
14	1.16x	1.09x	1.12x
15	1.17x	1.11x	1.14x
16	1.18x	1.12x	1.15x
17	1.18x	1.13x	1.17x
18	1.18x	1.14x	1.18x
19	1.19x	1.15x	1.19x
20	1.19x	1.16x	1.19x
21	1.19x	1.16x	1.20x
22	1.19x	1.17x	1.20x
23	1.19x	1.17x	1.21x
24	1.19x	1.17x	1.21x
25	1.19x	1.18x	1.21x
26	1.19x	1.18x	1.22x
27	1.19x	1.18x	1.22x
28	1.19x	1.18x	1.22x
29	1.20x	1.19x	1.22x
30	1.20x	1.19x	1.23x
31	1.20x	1.19x	1.23x
32	1.20x	1.19x	1.23x
33	1.20x	1.19x	1.23x
34	1.20x	1.19x	1.23x
35	1.20x	1.19x	1.23x
36	1.20x	1.20x	1.23x

## CASH COLLECTIONS EXPERIENCE (AGGREGATE)

Three Months Ended

Months Since Origination	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
1	0.05x	0.05x	0.05x	0.05x	0.05x	0.04x	0.04x	0.05x	0.05x	0.04x	0.04x	0.04x
2	0.18x	0.17x	0.17x	0.18x	0.15x	0.14x	0.15x	0.15x	0.15x	0.15x	0.15x	0.14x
3	0.32x	0.31x	0.29x	0.30x	0.27x	0.25x	0.25x	0.25x	0.26x	0.25x	0.25x	0.24x
4	0.45x	0.44x	0.42x	0.43x	0.38x	0.36x	0.34x	0.35x	0.36x	0.36x	0.36x	
5	0.58x	0.57x	0.55x	0.55x	0.49x	0.46x	0.44x	0.44x	0.47x	0.46x	0.46x	
6	0.71x	0.69x	0.67x	0.66x	0.59x	0.56x	0.53x	0.54x	0.58x	0.57x	0.56x	
7	0.82x	0.81x	0.78x	0.75x	0.69x	0.65x	0.62x	0.63x	0.67x	0.68x		
8	0.93x	0.90x	0.87x	0.85x	0.79x	0.74x	0.69x	0.72x	0.76x	0.78x		
9	1.00x	0.97x	0.95x	0.92x	0.86x	0.81x	0.76x	0.80x	0.84x	0.87x		
10	1.07x	1.04x	1.02x	0.99x	0.93x	0.88x	0.83x	0.87x	0.92x			
11	1.11x	1.09x	1.07x	1.03x	0.99x	0.93x	0.89x	0.92x	0.98x			
12	1.15x	1.12x	1.11x	1.07x	1.04x	0.98x	0.93x	0.97x	1.04x			
13	1.18x	1.16x	1.14x	1.10x	1.07x	1.02x	0.97x	1.01x				
14	1.20x	1.17x	1.16x	1.13x	1.10x	1.05x	1.00x	1.03x				
15	1.21x	1.19x	1.18x	1.15x	1.12x	1.07x	1.03x	1.05x				
16	1.23x	1.20x	1.19x	1.16x	1.13x	1.09x	1.04x					
17	1.23x	1.21x	1.20x	1.17x	1.15x	1.11x	1.06x					
18	1.24x	1.22x	1.21x	1.18x	1.16x	1.12x	1.07x					
19	1.24x	1.23x	1.22x	1.19x	1.16x	1.13x						
20	1.25x	1.23x	1.22x	1.19x	1.17x	1.13x						
21	1.25x	1.23x	1.23x	1.19x	1.17x	1.13x						
22	1.25x	1.23x	1.23x	1.20x	1.17x							
23	1.25x	1.23x	1.23x	1.20x	1.17x							
24	1.25x	1.23x	1.23x	1.20x	1.17x							
25	1.25x	1.24x	1.23x	1.20x								
26	1.25x	1.24x	1.24x	1.20x								
27	1.25x	1.24x	1.24x	1.20x								
28	1.25x	1.24x	1.24x									
29	1.25x	1.24x	1.24x									
30	1.25x	1.24x	1.24x									
31	1.25x	1.24x										
32	1.25x	1.24x										
33	1.25x	1.24x										
34	1.26x											
35	1.26x											
36	1.26x											

\* Cumulative Cash Collections as % of Original Funded Amount.

## Pool Stratifications

As of the Statistical Cut-off Date, the Receivables in the Aggregate Series Statistical Pool had an aggregate Outstanding Receivables Balance of \$138,221,150. The composition, Outstanding Receivables Balance, Funded Amount, original Expected Collection Period, remaining Expected Collection Period, age, Calculated Receivables Yield, RFS Credit Grade, Credit Score, annualized revenue, time in business, industry, state, delinquency status, Performance Ratio, customer status, year of origination, product type, modification status, payment frequency, RTR Ratio, eligibility and performance status, in each case of the Receivables in the Statistical Pool as of the Statistical Cut-off Date, are set forth in the tables below. Figures provided below as weighted average are weighted by Outstanding Receivables Balance.

The Receivables that are ultimately transferred by the Seller to the Issuer on or before the Series 2024-1 Closing Date are expected to have an aggregate Outstanding Receivables Balance of between \$5,000,000 and \$10,000,000. On the Series 2024-1 Closing Date, a portion of the net proceeds of the sale of the Series 2024-1 Notes equal to the Series 2024-1 Invested Percentage of the difference between the Target Closing Receivables Balance and the aggregate Outstanding Receivables Balance of the Pooled Receivables on the Series 2024-1 Closing Date, if any, will be deposited into the Series 2024-1 Excess Funding Account. The actual Receivables that will be transferred by the Seller to the Issuer will be selected from the Receivables in the Statistical Pool. However, not all of the Receivables in the Aggregate Series Statistical Pool described in this Offering Memorandum will be transferred by the Seller to the Issuer on the Series 2024-1 Closing Date and the Receivables transferred by the Seller to the Issuer on the Series 2024-1 Closing Date will include Receivables that are not included in the Aggregate Series Statistical Pool described herein. As a result, the statistical distribution of the characteristics of the Aggregate Series Statistical Pool will vary somewhat from the statistical distribution of those characteristics of Receivables that are ultimately purchased by the Issuer, although RFS does not expect that the variance will be material.

In addition, the composition of the Pooled Receivables held by the Issuer as of the Statistical Cut-off Date and included in the Aggregate Series Statistical Pool may vary as Pooled Receivables are collected upon, closed out, charged off or repurchased pursuant to the Series 2021-1 Indenture Supplement and Series 2022-1 Indenture Supplement between the Statistical Cut-off Date and the Series 2024-1 Closing Date. As a result, the statistical distribution of the characteristics of the Aggregate Series Statistical Pool will vary somewhat from the statistical distribution of those characteristics in the Pool Receivables held by the Issuer on the Series 2024-1 Closing Date, although RFS does not expect that the variance will be material.

References in the tables below to “Term Loan” refer to Term Loan Receivables, “Line of Credit” refer to LOC Receivables, and “MCA” refer to Factored Receivables.



**Composition of the Statistical Pool as of Statistical Cut-off Date**

	<u><b>Term Loan</b></u>	<u><b>MCA</b></u>	<u><b>Line of Credit</b></u>	<u><b>Aggregate Pool</b></u>
Number of Receivables	2,493	129	290	2,912
Number of Obligor	2,391	129	290	2,796
Average Number of Receivables per Obligor	1.04	1.00	1.00	1.04
Outstanding Receivables Balance	\$126,397,870	\$3,131,581	\$8,691,699	\$138,221,150
Percentage of Total Outstanding Receivables Balance	91.45%	2.27%	6.29%	100.00%
Average Outstanding Receivables Balance per Receivable	\$50,701	\$24,276	\$29,971	\$47,466
Maximum Outstanding Receivables Balance per Receivable	\$546,000	\$145,756	\$57,200	\$546,000
Average Outstanding Receivables Balance per Obligor	\$52,864	\$24,276	\$29,971	\$49,435
Maximum Outstanding Receivables Balance per Obligor	\$546,000	\$145,756	\$57,200	\$546,000
Aggregate Original Receivables Balance	\$190,584,153	\$5,412,950	\$6,740,401	\$202,737,504
Average Original Receivables Balance per Receivable	\$76,448	\$41,961	\$23,243	\$69,621
Average Original Receivables Balance per Obligor	\$79,709	\$41,961	\$23,243	\$72,510
Maximum Original Receivables Balance per Receivable	\$600,000	\$170,000	\$55,000	\$600,000
Maximum Original Receivables Balance per Obligor	\$600,000	\$170,000	\$55,000	\$600,000
Weighted Average Original Expected Term (months)	15.0	11.9	11.7	14.7
Weighted Average Remaining Expected Term (months)	11.8	9.0	10.5	11.6
Weighted Average Age (months)	3.8	3.5	1.4	3.6
Weighted Average RTR Ratio	1.35x	1.34x	1.33x	1.35x
Weighted Average Calculated Receivables Yield at Origination	38.58%	45.77%	45.74%	39.20%
Weighted Average FICO Score	697	663	708	697
Weighted Average Time in Business (years)	15	17	15	15
Weighted Average Annualized Revenue	\$2,270,099	\$648,382	\$1,528,783	\$2,186,741
Weighted Average Performance Ratio	100.0%	99.2%	107.0%	100.4%

**Distribution by Outstanding Funded Amount (Aggregate)**

<b>Range of Outstanding Funded Amount</b>	<b>Number of Receivables</b>	<b>Statistical Unpaid Principal Balance (\$)</b>	<b>Average Statistical Unpaid Principal Balance (\$)</b>	<b>Percentage of Aggregate Statistical Unpaid Principal Balance</b>	<b>Weighted Average Original Expected Term (mos)</b>	<b>Weighted Average Annualized Revenue (\$)</b>	<b>Weighted Average Time in Business (yrs)</b>	<b>Weighted Average FICO</b>	<b>Weighted Average RTR</b>
\$5,000.00 or less	237	617,959	2,607	0.45%	11.89	782,985	12.55	669	1.34x
\$5,000.01 to \$10,000.00	219	1,681,929	7,680	1.22%	11.93	567,120	14.30	674	1.33x
\$10,000.01 to \$25,000.00	741	12,869,549	17,368	9.31%	13.36	628,974	13.35	674	1.35x
\$25,000.01 to \$50,000.00	774	27,844,766	35,975	20.15%	14.01	991,086	13.81	688	1.35x
\$50,000.01 to \$75,000.00	397	24,025,207	60,517	17.38%	14.72	1,398,645	14.64	692	1.35x
\$75,000.01 to \$100,000.00	177	15,139,778	85,535	10.95%	14.99	1,744,823	14.36	692	1.35x
\$100,000.01 to \$125,000.00	128	14,225,061	111,133	10.29%	15.52	2,716,866	16.26	705	1.35x
\$125,000.01 to \$150,000.00	133	18,220,664	136,997	13.18%	15.90	3,060,697	16.56	712	1.37x
\$150,000.01 to \$175,000.00	26	4,195,962	161,383	3.04%	15.06	2,731,946	14.83	706	1.35x
\$175,000.01 to \$200,000.00	28	5,250,188	187,507	3.80%	15.54	3,606,610	21.19	718	1.33x
\$200,000.01 to \$250,000.00	38	8,450,020	222,369	6.11%	14.48	3,737,677	16.72	700	1.30x
\$250,000.01 to \$300,000.00	2	538,231	269,115	0.39%	18.00	6,403,832	14.46	702	1.39x
\$300,000.01 to \$400,000.00	5	1,726,976	345,395	1.25%	14.32	5,688,952	18.32	757	1.31x
\$400,000.01 to \$500,000.00	4	1,848,822	462,206	1.34%	14.83	7,535,601	21.28	751	1.32x
\$500,000.01 to \$600,000.00	3	1,586,039	528,680	1.15%	18.00	13,559,039	25.31	703	1.31x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Outstanding Funded Amount**

<b>Average:</b>	\$47,466.05
<b>Minimum:</b>	\$52.35
<b>Maximum:</b>	\$546,000.00

**Distribution by Original Funded Amount (Aggregate)**

<b>Range of Original Funded Amount</b>	<b>Number of Receivables</b>	<b>Statistical Unpaid Principal Balance (\$)</b>	<b>Average Statistical Unpaid Principal Balance (\$)</b>	<b>Percentage of Aggregate Statistical Unpaid Principal Balance</b>	<b>Weighted Average Original Expected Term (mos)</b>	<b>Weighted Average Annualized Revenue (\$)</b>	<b>Weighted Average Time in Business (yrs)</b>	<b>Weighted Average FICO</b>	<b>Weighted Average RTR</b>
\$5,000.00 or less	93	1,683,273	18,100	1.22%	11.60	1,587,269	16.91	707	1.31x
\$5,000.01 to \$10,000.00	133	1,218,596	9,162	0.88%	11.04	642,247	13.79	685	1.31x
\$10,000.01 to \$25,000.00	568	8,088,367	14,240	5.85%	12.81	591,469	13.02	677	1.35x
\$25,000.01 to \$50,000.00	733	18,892,752	25,775	13.67%	14.01	677,477	13.47	678	1.36x
\$50,000.01 to \$75,000.00	503	21,274,529	42,295	15.39%	14.36	1,169,880	14.25	690	1.35x
\$75,000.01 to \$100,000.00	239	14,431,783	60,384	10.44%	15.30	1,270,474	15.50	690	1.36x
\$100,000.01 to \$125,000.00	143	9,864,036	68,979	7.14%	14.89	1,622,368	13.68	700	1.34x
\$125,000.01 to \$150,000.00	296	29,667,969	100,230	21.46%	15.52	2,749,922	15.84	706	1.37x
\$150,000.01 to \$175,000.00	32	3,296,714	103,022	2.39%	15.81	1,693,151	15.60	701	1.36x
\$175,000.01 to \$200,000.00	34	4,760,925	140,027	3.44%	14.89	2,573,775	19.47	717	1.33x
\$200,000.01 to \$250,000.00	116	17,985,895	155,051	13.01%	15.05	3,649,979	17.11	704	1.32x
\$250,000.01 to \$300,000.00	5	933,102	186,620	0.68%	15.19	6,680,523	12.30	727	1.31x
\$300,000.01 to \$400,000.00	6	1,709,623	284,937	1.24%	12.73	5,804,914	17.83	735	1.29x
\$400,000.01 to \$500,000.00	4	1,543,551	385,888	1.12%	16.06	6,553,376	13.78	735	1.35x
\$500,000.01 to \$600,000.00	7	2,870,035	410,005	2.08%	17.01	10,678,495	25.22	725	1.31x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Original Funded Amount**

<b>Average:</b>	\$69,621.40
<b>Minimum:</b>	\$1,000.00
<b>Maximum:</b>	\$600,000.00

**Distribution by Original Expected Term (Aggregate)**

<b>Range of Original Expected Term</b>	<b>Number of Receivables</b>	<b>Statistical Unpaid Principal Balance (\$)</b>	<b>Average Statistical Unpaid Principal Balance (\$)</b>	<b>Percentage of Aggregate Statistical Unpaid Principal Balance</b>	<b>Weighted Average Original Expected Term (mos)</b>	<b>Weighted Average Annualized Revenue (\$)</b>	<b>Weighted Average Time in Business (yrs)</b>	<b>Weighted Average FICO</b>	<b>Weighted Average RTR</b>
4.000 months or less	17	546,061	32,121	0.40%	3.97	8,721,376	14.83	741	1.14x
4.001 to 6.000 months	76	2,342,635	30,824	1.69%	6.00	2,785,043	15.14	694	1.19x
6.001 to 8.000 months	77	2,585,232	33,574	1.87%	8.00	3,314,393	16.32	703	1.25x
8.001 to 10.000 months	362	10,472,680	28,930	7.58%	9.15	1,503,901	11.78	671	1.31x
10.001 to 12.000 months	928	38,326,184	41,300	27.73%	11.97	2,475,261	13.14	699	1.30x
12.001 to 14.000 months	11	361,912	32,901	0.26%	13.16	1,706,948	16.64	657	1.29x
14.001 to 16.000 months	443	20,870,287	47,111	15.10%	15.00	1,710,291	15.02	687	1.38x
16.001 to 18.000 months	996	62,601,842	62,853	45.29%	18.00	2,162,930	17.42	703	1.38x
18.001 to 20.000 months	2	114,317	57,158	0.08%	19.00	577,425	11.42	642	1.39x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Original Expected Term**

<b>Weighted Average:</b>	14.7 months
<b>Minimum:</b>	2.0 months
<b>Maximum:</b>	19.0 months

**Distribution by Remaining Expected Term (Aggregate)**

<b>Range of Remaining Expected Term</b>	<b>Number of Receivables</b>	<b>Statistical Unpaid Principal Balance (\$)</b>	<b>Average Statistical Unpaid Principal Balance (\$)</b>	<b>Percentage of Aggregate Statistical Unpaid Principal Balance</b>	<b>Weighted Average Original Expected Term (mos)</b>	<b>Weighted Average Annualized Revenue (\$)</b>	<b>Weighted Average Time in Business (yrs)</b>	<b>Weighted Average FICO</b>	<b>Weighted Average RTR</b>
2.000 months or less	175	943,903	5,394	0.68%	11.45	2,453,287	14.10	695	1.30x
2.001 to 4.000 months	176	3,088,099	17,546	2.23%	10.08	3,101,143	15.06	691	1.27x
4.001 to 6.000 months	301	8,922,108	29,642	6.45%	10.26	2,186,675	12.85	685	1.29x
6.001 to 8.000 months	370	13,624,502	36,823	9.86%	11.42	1,902,089	12.42	690	1.31x
8.001 to 10.000 months	413	19,249,767	46,610	13.93%	12.96	2,649,257	14.09	693	1.32x
10.001 to 12.000 months	607	31,091,121	51,221	22.49%	14.24	1,943,554	14.18	698	1.34x
12.001 to 14.000 months	309	16,833,225	54,476	12.18%	16.05	1,743,611	15.32	696	1.37x
14.001 to 16.000 months	308	23,216,185	75,377	16.80%	17.42	2,072,424	18.64	702	1.37x
16.001 to 18.000 months	216	18,194,526	84,234	13.16%	18.00	2,828,219	18.07	706	1.39x
18.001 to 20.000 months	37	3,057,715	82,641	2.21%	18.01	1,500,951	16.02	697	1.40x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Remaining Expected Term**

<b>Weighted Average:</b>	11.6 months
<b>Minimum:</b>	0.0 months
<b>Maximum:</b>	19.0 months

**Distribution by Age (Aggregate) (1)**

<b>Range of Age</b>	<b>Number of Receivables</b>	<b>Statistical Unpaid Principal Balance (\$)</b>	<b>Average Statistical Unpaid Principal Balance (\$)</b>	<b>Percentage of Aggregate Statistical Unpaid Principal Balance</b>	<b>Weighted Average Original Expected Term (mos)</b>	<b>Weighted Average Annualized Revenue (\$)</b>	<b>Weighted Average Time in Business (yrs)</b>	<b>Weighted Average FICO</b>	<b>Weighted Average RTR</b>
0 months	88	4,674,912	53,124	3.38%	13.24	2,630,565	14.04	701	1.33x
0.001 to 2.000 months	725	42,921,973	59,203	31.05%	13.84	2,266,667	15.35	696	1.35x
2.001 to 4.000 months	703	39,999,338	56,898	28.94%	14.94	2,545,436	16.76	702	1.34x
4.001 to 6.000 months	570	24,531,414	43,038	17.75%	14.76	1,820,367	13.90	694	1.35x
6.001 to 8.000 months	355	14,129,385	39,801	10.22%	16.07	1,683,172	14.35	690	1.37x
8.001 to 10.000 months	268	9,167,457	34,207	6.63%	16.24	1,946,622	15.92	698	1.35x
10.001 to 12.000 months	82	1,692,310	20,638	1.22%	16.17	1,583,144	12.90	682	1.34x
12.001 to 14.000 months	12	190,050	15,837	0.14%	17.18	1,213,809	19.67	711	1.37x
14.001 to 16.000 months	31	574,376	18,528	0.42%	17.85	1,744,500	15.66	704	1.39x
16.001 to 18.000 months	48	269,852	5,622	0.20%	17.75	1,671,381	14.08	698	1.35x
18.001 to 20.000 months	13	14,239	1,095	0.01%	16.78	2,775,013	12.19	656	1.36x
20.001 to 22.000 months	5	9,572	1,914	0.01%	16.29	1,375,963	9.22	638	1.34x
22.001 to 24.000 months	5	35,327	7,065	0.03%	17.53	3,757,435	26.44	734	1.35x
24.001 months or greater	7	10,945	1,564	0.01%	16.26	1,740,637	11.77	643	1.37x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Age**

<b>Weighted Average:</b>	3.6 months
<b>Minimum:</b>	0.0 months
<b>Maximum:</b>	31.9 months

(1) Age for LOC Receivables calculated as time from most recent draw

**Distribution by Calculated Receivables Yield at Origination (Aggregate)**

Range of Calculated Receivables Yield at Origination	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of Aggregate Statistical Unpaid Principal Balance	Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
14.999% or less	1	87,164	87,164	0.06%	15.00	776,917	9.35	732	1.12x
15.000% to 19.999%	18	1,628,616	90,479	1.18%	15.67	2,073,397	15.03	701	1.17x
20.000% to 24.999%	79	6,033,107	76,368	4.36%	15.28	3,805,035	22.35	704	1.21x
25.000% to 29.999%	270	16,363,822	60,607	11.84%	16.14	3,183,529	16.68	702	1.27x
30.000% to 34.999%	531	31,136,846	58,638	22.53%	16.13	2,045,777	17.93	713	1.32x
35.000% to 39.999%	529	27,299,305	51,605	19.75%	15.33	2,202,906	15.03	703	1.35x
40.000% to 44.999%	447	21,135,812	47,284	15.29%	15.75	1,693,521	14.95	688	1.42x
45.000% to 49.999%	368	12,772,051	34,707	9.24%	12.75	1,473,387	12.47	685	1.38x
50.000% to 54.999%	284	10,867,265	38,265	7.86%	12.55	1,736,528	12.44	682	1.42x
55.000% to 59.999%	132	4,090,327	30,987	2.96%	10.27	3,692,038	9.23	679	1.37x
60.000% to 64.999%	191	5,778,841	30,256	4.18%	9.05	1,756,550	10.31	669	1.36x
65.000% to 69.999%	39	620,088	15,900	0.45%	8.27	1,235,589	14.46	666	1.37x
70.000% or greater	23	407,906	17,735	0.30%	7.10	1,028,655	14.92	621	1.35x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Yield at Origination**

**Weighted Average:** 39.20%

**Distribution by FICO Score (Aggregate)**

<b>Range of FICO Score</b>	<b>Number of Receivables</b>	<b>Statistical Unpaid Principal Balance (\$)</b>	<b>Average Statistical Unpaid Principal Balance (\$)</b>	<b>Percentage of Aggregate Statistical Unpaid Principal Balance</b>	<b>Weighted Average Original Expected Term (mos)</b>	<b>Weighted Average Annualized Revenue (\$)</b>	<b>Weighted Average Time in Business (yrs)</b>	<b>Weighted Average FICO</b>	<b>Weighted Average RTR</b>
Less than 500	11	295,526	26,866	0.21%	14.05	879,448	16.29	487	1.34x
500 to 549	49	1,413,474	28,846	1.02%	13.00	842,233	11.28	528	1.40x
550 to 599	137	4,542,054	33,154	3.29%	14.58	1,032,547	13.94	578	1.35x
600 to 649	565	21,261,019	37,630	15.38%	14.23	1,606,636	13.33	629	1.36x
650 to 699	947	41,198,049	43,504	29.81%	14.63	1,952,052	15.30	677	1.35x
700 to 749	819	45,364,962	55,391	32.82%	14.93	2,466,433	16.05	722	1.34x
750 to 799	320	19,192,626	59,977	13.89%	15.44	2,547,489	16.76	770	1.34x
800 to 850	64	4,953,441	77,398	3.58%	14.29	4,189,310	15.53	816	1.31x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**FICO Score**

<b>Weighted Average:</b>	697
<b>Minimum:</b>	462
<b>Maximum:</b>	840



**Distribution by Weekly Balance Fee Rate (Aggregate)**

Range of LOC Weekly Balance Fee Rate	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of Aggregate Statistical Unpaid Principal Balance	Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
0.700% or less	25	920,758	36,830	0.67%	11.60	1,705,533	17.81	711	1.23x
0.701% to 1.000%	122	3,612,996	29,615	2.61%	11.66	1,370,942	16.01	710	1.30x
1.001% to 1.300%	140	4,044,941	28,892	2.93%	11.70	1,614,479	13.37	707	1.37x
1.301% to 1.600%	3	113,005	37,668	0.08%	12.00	2,067,693	24.47	700	1.52x
Not Applicable	2,622	129,529,451	49,401	93.71%	14.95	2,230,892	15.39	696	1.35x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Distribution by Draw Fee (Aggregate)**

Risk Tier	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of Aggregate Statistical Unpaid Principal Balance	Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
3.000%	131	4,324,356	33,010	3.13%	11.53	1,671,320	15.27	703	1.31x
4.000%	159	4,367,343	27,468	3.16%	11.83	1,387,650	14.90	713	1.35x
Not Applicable	2,622	129,529,451	49,401	93.71%	14.95	2,230,892	15.39	696	1.35x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>\$2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Distribution by Risk Tier (Aggregate)**

Risk Tier	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of Aggregate Statistical Unpaid Principal Balance	Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
Risk Tier 1	682	32,644,379	47,866	23.62%	12.82	3,103,947	17.48	700	1.26x
Risk Tier 2	1,252	61,087,411	48,792	44.20%	15.10	2,152,821	14.97	699	1.34x
Risk Tier 3	837	38,088,650	45,506	27.56%	15.47	1,607,928	14.37	693	1.41x
Risk Tier 4	141	6,400,710	45,395	4.63%	16.87	1,276,943	14.35	679	1.46x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>\$2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Distribution by Annualized Revenue (Aggregate)**

Range of Annualized Revenue	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of		Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
				Aggregate Statistical Unpaid Principal Balance	Aggregate Statistical Unpaid Principal Balance					
\$100,000.00 and less	21	167,491	7,976	0.12%		13.50	82,371	19.65	643	1.35x
\$100,000.01 to \$500,000.00	1,019	19,876,680	19,506	14.38%		14.69	334,968	13.46	671	1.37x
\$500,000.01 to \$1,000,000.00	803	30,611,599	38,122	22.15%		14.75	747,871	14.25	688	1.35x
\$1,000,000.01 to \$2,000,000.00	623	42,190,692	67,722	30.52%		15.14	1,458,846	15.28	699	1.35x
\$2,000,000.01 to \$4,000,000.00	318	29,323,401	92,212	21.21%		14.49	2,815,129	16.43	708	1.34x
\$4,000,000.01 to \$6,000,000.00	68	6,673,058	98,133	4.83%		14.85	4,774,810	21.09	718	1.32x
\$6,000,000.01 to \$8,000,000.00	25	3,375,817	135,033	2.44%		13.88	6,857,813	15.35	726	1.34x
\$8,000,000.01 to \$10,000,000.00	16	2,206,736	137,921	1.60%		13.99	8,863,335	18.41	731	1.26x
\$10,000,000.01 to \$12,000,000.00	10	2,287,262	228,726	1.65%		13.64	11,247,147	14.60	721	1.32x
\$12,000,000.01 to \$14,000,000.00	2	250,938	125,469	0.18%		12.00	13,317,117	11.96	706	1.34x
\$14,000,000.01 and greater	7	1,257,475	179,639	0.91%		14.27	19,841,606	16.88	721	1.25x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>		<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Annualized Revenue**

**Weighted Average:**

\$2,186,741

**Distribution by Time in Business (Aggregate)**

<b>Range of Time in Business (years)</b>	<b>Number of Receivables</b>	<b>Statistical Unpaid Principal Balance (\$)</b>	<b>Average Statistical Unpaid Principal Balance (\$)</b>	<b>Percentage of Aggregate Statistical Unpaid Principal Balance</b>	<b>Weighted Average Original Expected Term (mos)</b>	<b>Weighted Average Annualized Revenue (\$)</b>	<b>Weighted Average Time in Business (yrs)</b>	<b>Weighted Average FICO</b>	<b>Weighted Average RTR</b>
Less than 2.00 year	5	173,898	34,780	0.13%	12.80	1,135,777	1.52	714	1.39x
2.00 to 4.99 years	399	16,374,506	41,039	11.85%	12.93	1,924,483	3.86	694	1.34x
5.00 to 9.99 years	881	38,100,094	43,246	27.56%	14.57	2,265,359	7.41	693	1.36x
10.00 to 14.99 years	598	28,976,475	48,456	20.96%	14.97	1,971,721	12.19	695	1.35x
15.00 to 19.99 years	405	19,537,551	48,241	14.13%	15.10	1,856,723	17.34	690	1.36x
20.00 to 24.99 years	245	12,261,479	50,047	8.87%	15.20	2,265,123	22.15	709	1.34x
25.00 to 29.99 years	155	8,536,254	55,073	6.18%	15.11	2,692,351	27.27	697	1.34x
30.00 to 39.99 years	146	8,666,973	59,363	6.27%	15.88	2,473,920	34.14	709	1.33x
40.00 to 49.99 years	48	2,713,235	56,526	1.96%	15.80	3,970,179	43.68	722	1.31x
50.00 to 59.99 years	22	2,390,785	108,672	1.73%	15.78	2,762,963	54.98	716	1.37x
60.00 years or greater	8	489,901	61,238	0.35%	14.29	2,548,926	74.16	683	1.29x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Time in Business (years)**

**Weighted Average:** 15.4 years

Distribution by Industry (Aggregate)									
Industry	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of Aggregate Statistical Unpaid Principal Balance	Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
Eating And Drinking Places	344	16,440,676	47,793	11.89%	14.88	1,577,471	14.96	686	1.36x
Business Services	249	13,968,541	56,099	10.11%	15.36	2,402,603	15.32	712	1.35x
Health Services	333	13,135,903	39,447	9.50%	14.52	1,459,364	14.45	689	1.35x
Miscellaneous Retail	253	12,372,247	48,902	8.95%	14.74	1,828,807	12.95	702	1.34x
Personal Services	286	9,385,532	32,817	6.79%	14.57	1,119,641	13.76	680	1.35x
Rubber And Miscellaneous Plastics Products	109	7,862,996	72,138	5.69%	15.24	2,784,660	19.16	705	1.35x
Building Construction General Contractors And Operative Builders	158	7,291,069	46,146	5.27%	14.38	2,936,257	18.15	697	1.30x
Wholesale Trade- durable Goods	90	6,945,143	77,168	5.02%	14.46	3,086,677	14.19	706	1.34x
Miscellaneous Services	104	6,054,093	58,212	4.38%	14.82	2,433,100	13.79	703	1.37x
Construction Special Trade Contractors	130	5,878,288	45,218	4.25%	14.33	2,061,387	17.98	693	1.35x
Automotive Repair, Services, And Parking	163	5,737,289	35,198	4.15%	14.90	1,160,726	16.09	690	1.38x
Motor Freight Transportation And Warehousing	86	5,042,165	58,630	3.65%	14.09	4,578,105	13.61	712	1.37x
Amusement And Recreation Services	74	3,526,607	47,657	2.55%	14.31	1,671,663	14.40	695	1.35x
Metal Mining	61	3,496,355	57,317	2.53%	15.82	2,905,263	25.29	694	1.32x
United States Postal Service	51	3,326,838	65,232	2.41%	15.36	4,792,652	14.19	692	1.31x
Other Industries	421	17,757,408	42,179	12.85%	14.46	2,090,599	15.04	698	1.34x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

Distribution by State (Aggregate)									
State	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of Aggregate Statistical Unpaid Principal Balance	Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
Florida	341	16,440,429	48,212	11.89%	14.47	1,891,088	15.14	695	1.35x
Texas	286	14,567,695	50,936	10.54%	14.88	2,666,903	13.83	687	1.35x
California	252	10,645,663	42,245	7.70%	14.24	1,887,001	15.95	709	1.34x
New York	180	8,963,047	49,795	6.48%	14.22	2,060,193	15.54	702	1.33x
Georgia	133	6,805,697	51,171	4.92%	15.35	1,898,429	15.75	697	1.35x
Illinois	125	5,213,602	41,709	3.77%	14.16	2,549,928	14.17	688	1.34x
Colorado	121	6,115,463	50,541	4.42%	15.07	2,523,456	12.00	700	1.34x
Ohio	114	5,900,721	51,761	4.27%	15.09	2,638,226	14.26	696	1.33x
North Carolina	103	4,504,100	43,729	3.26%	14.79	1,596,670	13.85	691	1.36x
Virginia	87	4,559,575	52,409	3.30%	15.30	2,713,674	16.70	705	1.35x
Arizona	74	3,657,221	49,422	2.65%	14.51	1,936,944	16.67	683	1.35x
Massachusetts	78	3,590,643	46,034	2.60%	14.13	2,354,289	16.40	687	1.34x
Maryland	53	2,907,448	54,858	2.10%	15.08	1,670,464	12.87	703	1.34x
Tennessee	65	2,814,647	43,302	2.04%	14.93	1,375,280	13.88	695	1.34x
Washington	54	2,923,477	54,138	2.12%	15.39	2,283,113	15.63	707	1.35x
Indiana	54	2,129,042	39,427	1.54%	14.88	2,236,985	12.69	694	1.34x
Missouri	56	2,727,228	48,700	1.97%	13.77	2,185,437	14.73	703	1.36x
Minnesota	35	2,212,737	63,221	1.60%	14.75	3,191,319	14.93	708	1.31x
South Carolina	57	1,898,647	33,310	1.37%	13.72	1,151,501	20.22	697	1.32x
Louisiana	43	2,196,252	51,076	1.59%	15.19	1,866,460	15.95	680	1.37x
Other States	601	27,447,816	45,670	19.86%	15.04	2,257,766	17.20	700	1.36x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

Distribution by Delinquency Status (based on Missed Payment Factor) (Aggregate)									
Delinquency Status	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of Aggregate Statistical Unpaid Principal Balance	Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
Current	2,912	138,221,150	47,466	100.00%	14.75	2,186,741	15.37	697	1.35x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Distribution by Performance Ratio (Aggregate)**

Range of Performance Ratio	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of		Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
				Aggregate Statistical Unpaid Principal Balance	Weighted Average Original Expected Term (mos)					
Not Available	2	181,000	90,500	0.13%	16.46	4,260,029	13.18	756	1.39x	
74.990% or less	17	669,972	39,410	0.48%	11.52	1,204,918	10.41	708	1.36x	
75.00% to 79.99%	12	620,205	51,684	0.45%	14.46	1,125,563	13.29	701	1.39x	
80.00% to 84.99%	13	538,692	41,438	0.39%	13.44	2,033,063	15.47	667	1.34x	
85.00% to 89.99%	48	2,352,054	49,001	1.70%	13.03	1,953,502	13.26	681	1.34x	
90.00% to 94.99%	81	2,795,572	34,513	2.02%	14.18	1,691,718	13.63	678	1.37x	
95.00% to 99.99%	235	6,203,399	26,397	4.49%	14.83	1,716,044	15.06	675	1.35x	
100.00% to 104.99%	2,423	121,895,226	50,308	88.19%	14.84	2,242,950	15.52	698	1.35x	
105.00% to 109.99%	21	750,794	35,752	0.54%	15.78	1,924,086	18.59	697	1.37x	
110.00% to 114.99%	9	682,729	75,859	0.49%	12.00	2,971,797	10.62	700	1.33x	
115.00% to 119.99%	3	101,034	33,678	0.07%	15.51	852,468	9.72	678	1.45x	
120.00% to 124.99%	9	300,892	33,432	0.22%	14.17	802,250	11.43	712	1.39x	
125.00% or greater	39	1,129,581	28,964	0.82%	12.60	1,511,203	15.57	716	1.34x	
Total	2,912	138,221,150	47,466	100.00%	14.75	2,186,741	15.37	697	1.35x	

**Performance Ratio \***

**Weighted Average:** 100.4%

\* Calculations exclude Receivables for which Performance Ratio is not applicable.

**Distribution by Customer Status (Aggregate)**

Customer Status	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of		Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
				Aggregate Statistical Unpaid Principal Balance	Weighted Average Original Expected Term (mos)					
New Customer	1,510	68,438,121	45,323	49.51%	14.67	2,038,213	14.14	709	1.37x	
Existing Customer	1,402	69,783,029	49,774	50.49%	14.82	2,332,407	16.57	685	1.33x	
Total	2,912	138,221,150	47,466	100.00%	14.75	2,186,741	15.37	697	1.35x	

**Distribution by Year of Origination (Aggregate)**

Year of Origination	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of	Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
				Aggregate Statistical Unpaid Principal Balance					
2021	1	2,734	2,734	0.00%	18.00	634,049	24.78	609	1.29x
2022	52	133,213	2,562	0.10%	17.08	2,298,125	14.78	690	1.36x
2023	987	35,909,689	36,383	25.98%	15.99	1,837,076	14.61	693	1.36x
2024	1,872	102,175,514	54,581	73.92%	14.31	2,309,528	15.64	698	1.34x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Distribution by Receivable Legal Format (Aggregate)**

Legal Format	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of	Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
				Aggregate Statistical Unpaid Principal Balance					
Loan	2,783	135,089,570	48,541	97.73%	14.81	2,222,403	15.32	698	1.35x
MCA	129	3,131,581	24,276	2.27%	11.93	648,382	17.38	663	1.34x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Distribution by Receivable Term Format (Aggregate)**

Term Format	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of	Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
				Aggregate Statistical Unpaid Principal Balance					
MCA	129	3,131,581	24,276	2.27%	11.93	648,382	17.38	663	1.34x
Term Loan	2,493	126,397,870	50,701	91.45%	15.03	2,270,099	15.34	697	1.35x
Subtotal: Term Products	2,622	129,529,451	49,401	93.71%	14.95	2,230,892	15.39	696	1.35x
LOC	290	8,691,699	29,971	6.29%	11.68	1,528,783	15.08	708	1.33x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Distribution by Modification Status (Aggregate)**

Modification Status	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of Aggregate Statistical Unpaid Principal Balance	Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
Not Modified	2,907	138,205,208	47,542	99.99%	14.75	2,186,783	15.37	697	1.35x
Modified	5	15,942	3,188	0.01%	15.01	1,827,695	7.65	654	1.42x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Distribution by Payment Frequency (Aggregate)**

Payment Frequency	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of Aggregate Statistical Unpaid Principal Balance	Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
Daily	297	9,528,542	32,083	6.89%	13.73	1,425,182	17.52	670	1.34x
Weekly	2,615	128,692,608	49,213	93.11%	14.82	2,243,128	15.21	699	1.35x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Distribution by RTR Ratio (Aggregate)**

Range of RTR Ratio	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of Aggregate Statistical Unpaid Principal Balance	Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
Less than 1.10	1	220,000	220,000	0.16%	4.00	8,780,732	7.52	710	1.09x
1.10 to 1.20	130	7,464,982	57,423	5.40%	10.52	3,541,535	16.35	714	1.16x
1.20 to 1.30	640	31,425,579	49,102	22.74%	13.20	2,929,203	16.03	700	1.26x
1.30 to 1.40	1,296	56,170,302	43,341	40.64%	14.94	1,766,051	15.60	700	1.35x
1.40 to 1.50	704	36,952,840	52,490	26.73%	16.50	1,997,610	14.62	689	1.43x
1.50 to 1.60	140	5,880,232	42,002	4.25%	15.89	1,477,581	13.31	673	1.51x
1.60 to 1.70	1	107,215	107,215	0.08%	18.00	1,186,766	16.61	758	1.61x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>	<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Weighted Average** 1.35

**Minimum:** 1.09

**Maximum:** 1.61



**Distribution by Eligibility (Aggregate)**

Eligible Receivable Status	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of		Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
				Aggregate Statistical Unpaid Principal Balance	Statistical Unpaid Principal Balance					
Eligible	2,912	138,221,150	47,466	100.00%		14.75	2,186,741	15.37	697	1.35x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>		<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

**Distribution by Performance Status (Aggregate)**

Sub- Performing Receivable Status	Number of Receivables	Statistical Unpaid Principal Balance (\$)	Average Statistical Unpaid Principal Balance (\$)	Percentage of		Weighted Average Original Expected Term (mos)	Weighted Average Annualized Revenue (\$)	Weighted Average Time in Business (yrs)	Weighted Average FICO	Weighted Average RTR
				Aggregate Statistical Unpaid Principal Balance	Statistical Unpaid Principal Balance					
Non Sub- Performing	2,912	138,221,150	47,466	100.00%		14.75	2,186,741	15.37	697	1.35x
<b>Total</b>	<b>2,912</b>	<b>138,221,150</b>	<b>47,466</b>	<b>100.00%</b>		<b>14.75</b>	<b>2,186,741</b>	<b>15.37</b>	<b>697</b>	<b>1.35x</b>

## MATURITY ASSUMPTIONS

“**Weighted Average Life**” refers to the average amount of time from the date of issuance of a security until each dollar of principal of the security is repaid to the investor. The weighted average lives of the Series 2024-1 Notes will be influenced by (among other things) the rate at which payments with respect to the Receivables are made during the Series 2024-1 Amortization Period, and whether the Issuer exercises its option to redeem (i) with respect to up to 30% of the aggregate Series 2024-1 Note Balance (pro rata to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes), (a) at 103% of the outstanding principal amount redeemed plus accrued interest on any business day prior to (but excluding) the Payment Date in August 2025, and (b) at 101% of the outstanding principal amount redeemed plus accrued interest on any business day on or after the Payment Date in August 2025 and prior to (but excluding) the Payment Date in July 2026, and (ii) in whole or in part (and pro rata to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes) at 100% of the outstanding principal amount redeemed plus accrued interest on any business day occurring on or after the Payment Date in July 2026. See “*Description of the Series 2024-1 Notes—Optional Redemption.*” In addition, the occurrence of a Rapid Amortization Event with respect of the Series 2024-1 Notes could significantly reduce the Weighted Average Lives of the Series 2024-1 Notes. See “*Risk Factors – Risks Relating to the Notes – You may receive principal payments earlier or later than anticipated.*”

The amounts available to pay principal of the Series 2024-1 Notes will vary based on the levels of payments, prepayments, receivables collections on Factored Receivables and charge-offs of the Pooled Receivables and on the amount of the Pooled Receivables that the Seller is required to repurchase or substitute pursuant to the Receivables Purchase Agreement as a result of a breach of representation or warranty.

The rate at which Merchants elect to prepay Loan Receivables in connection with a refinancing or otherwise, the rate at which receivable transfers or remittances with respect to Factored Receivables are made and the rate at which Pooled Receivables are charged-off will vary due to various factors, including, but not limited to, general economic conditions and economic and financial factors affecting the Merchants, their industries and their geographic regions.

Any reinvestment risks resulting from a faster or slower incidence of prepayment of Loan Receivables, receivable transfers or remittances with respect to Factored Receivables, charge-offs with respect to the Pooled Receivables or repayment of the Series 2024-1 Notes will be borne by the Series 2024-1 Noteholders. See “*Risk Factors—Risks Relating to the Notes—You may receive principal payments earlier or later than anticipated.*”

The prepayment methodology used in this Offering Memorandum, the constant prepayment rate or “**CPR**,” represents an assumed annualized rate of prepayment relative to the then-Outstanding Receivables Balance on a pool of Receivables. The CPR assumes that a fraction of the outstanding Receivables pool is prepaid on each Payment Date, which implies that each Receivable in the Receivables pool is equally likely to prepay. This fraction, expressed as a percentage, is annualized to arrive at the CPR for the Hypothetical Receivables (discussed below). The CPR measures prepayments based on the Outstanding Receivables Balance on the previous Payment Date. The CPR further assumes that each Hypothetical Receivables will be either paid as scheduled or prepaid in full. The CPR prepayment model, like any prepayment model, does not purport to be either an historical description of prepayment experience or a prediction of the anticipated rate of prepayment.

The “**Hypothetical Receivables**” are hypothetical pools of Receivables. The table below represents the Hypothetical Receivables segregated into three hypothetical pools having the characteristics set forth in the table below.

### Hypothetical Receivables

Hypothetical Receivables Receivable Type	RTR Ratio	Expected Remaining Collection Period	Performance Ratio	Actual Remaining Collection Period	Base (No-Default) Yield*
13-month Receivable	1.270	13 months	95.0%	14 months	41.1611%
19-month Receivable	1.320	19 months	95.0%	20 months	33.6410%
24-month Receivable	1.500	24 months	95.0%	26 months	40.3467%

\*Yields are rounded to percentage ten-thousandths for purposes of this table.

The “**Initial Hypothetical Receivables**” represent the Hypothetical Receivables constituting the Pooled Receivables as of the Series 2024-1 Closing Date.

**Initial Hypothetical Receivables**

Hypothetical Receivables Receivable Type	Closing Date Outstanding Receivables Balance	% of Aggregate Closing Date Outstanding Receivables Balance	RTR Amount	Original Monthly Payment	Adjusted Monthly Payment
13-month Receivable	\$81,632,653.06	50.00%	\$103,673,469.39	\$7,974,882.26	\$7,576,138.15
19-month Receivable	\$77,551,020.41	47.50%	\$102,367,346.94	\$5,387,755.10	\$5,118,367.35
24-month Receivable	\$4,081,632.65	2.50%	\$6,122,448.98	\$255,102.04	\$242,346.94
<b>Total</b>	<b>\$163,265,306.12</b>	<b>100.00%</b>	<b>\$212,163,265.30</b>	<b>\$13,617,739.40</b>	<b>\$12,936,852.43</b>

During the Series 2024-1 Revolving Period, additional Hypothetical Receivables (each, an “**Additional Hypothetical Pool of Receivables**”) are assumed to be purchased. Additional Hypothetical Pools of Receivables of each Hypothetical Receivables Receivable type will be purchased in amounts equal to the reduction in the Outstanding Receivables Balance of the respective Hypothetical Receivables Receivable type (without regard to whether reduction is related to a pool of Initial Hypothetical Receivables or Additional Hypothetical Pool of Receivables) during the prior Collection Period. The purchase price of each Additional Hypothetical Pool of Receivables will be equal to such pool’s initial aggregate Outstanding Receivables Balance.

The tables below show the assumed monthly reduction in Outstanding Receivables Balance as a percentage of the initial Outstanding Receivables Balance for each type of the Hypothetical Receivable, assuming 0 CPR.

Receivable Month	13-Month Receivable	19-Month Receivable	24-Month Receivable
1	5.851%	3.797%	2.575%
2	6.051%	3.903%	2.662%
3	6.259%	4.012%	2.751%
4	6.474%	4.125%	2.844%
5	6.696%	4.241%	2.939%
6	6.925%	4.359%	3.038%
7	7.163%	4.482%	3.140%
8	7.409%	4.607%	3.246%
9	7.663%	4.736%	3.355%
10	7.926%	4.869%	3.468%
11	8.197%	5.006%	3.585%
12	8.479%	5.146%	3.705%
13	8.769%	5.290%	3.830%
14	6.139%	5.439%	3.958%
15	-%	5.591%	4.092%
16	-%	5.748%	4.229%
17	-%	5.909%	4.371%
18	-%	6.075%	4.518%
19	-%	6.245%	4.670%
20	-%	6.420%	4.827%
21	-%	-%	4.990%
22	-%	-%	5.157%
23	-%	-%	5.331%
24	-%	-%	5.510%
25	-%	-%	5.695%
26	-%	-%	1.512%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

*Percentages are rounded to percentage thousandths for purposes of this table. “-%” represent zero percent.  
Totals may not add to 100.000% due to rounding.*

In addition, the following assumptions have been used in preparing the tables below (collectively, the “**Additional Maturity Assumptions**”):

- the Issuer does not issue any other Series of Notes while the Series 2024-1 Notes are outstanding, and the Series 2024-1 Notes are the only Series of Notes outstanding as of the Series 2024-1 Closing Date;
- with respect to any calendar month, all prepayments of the Receivables are prepayments in full at the specified monthly CPR commencing July 2024 and such prepayments include interest that would have been paid on such Receivables through the end of the calendar month in which any such prepayment occurs;
- none of the Receivables become Charged-Off Receivables and none of the Receivables are repurchased by the Seller;
- none of the Receivables are ever delinquent and scheduled payments on the Receivables are made once a month on the last day of the month, whether or not such day is a business day;
- there are no Draws for any LOC Receivables following the initial Draw for such Receivables;
- the initial principal balance of the Series 2024-1 Notes are: (i) \$83,380,000 for the Class A Notes, (ii) \$27,118,000 for the Class B Notes, (iii) \$19,478,000 for the Class C Notes, (iv) \$21,959,000 for the Class D Notes and (v) 8,065,000 for the Class E Notes;
- interest accrues on the Series 2024-1 Notes at the following rates: (i) 6.550% per annum for the Class A Notes, (ii) 7.450% per annum for the Class B Notes, (iii) 9.300% per annum for the Class C Notes, (iv) 13.500% per annum for the Class D Notes, and (v) 16.500% per annum for the Class E Notes and that interest on the Series 2024-1 Notes is calculated as described under “Description of the Series 2024-1 Notes—Payment of Interest”;
- the Issuer makes all payments due on the Series 2024-1 Notes on the 15<sup>th</sup> day of each month commencing in August 15, 2024 whether or not such day is a business day;
- the Series 2024-1 Closing Date is July 15, 2024 for the purposes of this section;
- the Series 2024-1 Amortization Period begins at the close of business on June 30, 2027;
- no Rapid Amortization Event with respect to the Series 2024-1 Notes, nor Servicer Default or Event of Default occurs;
- the Issuer does not exercise its right to prepay the Series 2024-1 Notes (except as otherwise noted in the tables below);
- the Series 2024-1 Required Reserve Account Amount and the amounts on deposit in the Series 2024-1 Reserve Account on each Payment Date equal approximately \$816,327;
- the Servicer receives the Series 2024-1 Servicing Fee on each Payment Date and the Series 2024-1 Servicing Fee equals the product of (a) one-twelfth of 1.00% and (b) the aggregate Outstanding Receivables Balance of the Receivables as of the immediately preceding Payment Date (or in the case of the first Payment Date, as of the Series 2024-1 Closing Date);
- the Back-Up Servicer receives a monthly fee equal to (i) \$3,500, if the aggregate Outstanding Receivables Balance of the Pooled Receivables is less than or equal to \$150,000,000, or (ii) \$4,000, if the aggregate Outstanding Receivables Balance of the Pooled Receivables is greater than \$150,000,000 as of the beginning of the related Collection Period, but less than or equal to \$200,000,000;
- the Indenture Trustee and the Custodian receive a combined monthly fee equal to \$3,850;
- the Administrator receives a monthly fee approximately equal to \$12,583;
- all other fees and expenses payable by the Issuer are assumed to be zero;
- all months have 30 days;
- there is no investment income earned on any of the accounts established for the Issuer or the Series 2024-1 Notes;

- there are no Series 2024-1 Excess Concentration Amounts at any time; and
- there are no funds deposited to the Series 2024-1 Excess Funding Account or Series 2024-1 Capitalized Interest Account as of the Series 2024-1 Closing Date.

The tables below were created relying on the assumptions listed above. The tables indicate the percentages of the original principal amounts of the Series 2024-1 Notes that would be outstanding after each of the listed Payment Dates if certain percentages of CPR are assumed. The tables also indicate the corresponding weighted average life of the Series 2024-1 Notes if the same percentages of CPR are assumed.

The foregoing assumptions are known as the “modeling assumptions.” Since the tables were prepared on the basis of the modeling assumptions, there will be discrepancies between the characteristics of the actual Pooled Receivables and the characteristics of the Pooled Receivables assumed in preparing the tables. As such, there can be no assurance that (a) the Pooled Receivables will prepay at any of the rates shown in the tables or at any other particular rate or will prepay proportionately or (b) the principal of the Series 2024-1 Notes and the weighted average lives of the Series 2024-1 Notes will be as calculated below. Any of the discrepancies may have an effect upon the percentages of the initial principal balance for the Series 2024-1 Notes outstanding and the weighted average lives of the Series 2024-1 Notes set forth in the tables below. In particular, because the rate of distributions of principal of the Series 2024-1 Notes will be a result of the actual amortization (including prepayments) of the Pooled Receivables, which will include Term Loans that have remaining terms to stated maturity shorter or longer than those assumed, the weighted average lives of the Series 2024-1 Notes may be longer or shorter than those set forth below, even if all of the contracts prepay at the indicated constant prepayment rates.

**Percent of Initial Note Principal Amount at Various Prepayment Assumptions**

**Class A**

<b>WAL to Maturity (years)</b>	3.22	3.21	3.20	3.20	3.19	3.18
<b>WAL to ARD (years)</b>	3.00	3.00	3.00	3.00	3.00	3.00

<b>Payment Date</b>	<b>0% CPR</b>	<b>10% CPR</b>	<b>20% CPR</b>	<b>30% CPR</b>	<b>40% CPR</b>	<b>50% CPR</b>
<b>Closing Date.....</b>	100%	100%	100%	100%	100%	100%
<b>August 2024 .....</b>	100%	100%	100%	100%	100%	100%
<b>September 2024 .....</b>	100%	100%	100%	100%	100%	100%
<b>October 2024 .....</b>	100%	100%	100%	100%	100%	100%
<b>November 2024.....</b>	100%	100%	100%	100%	100%	100%
<b>December 2024 .....</b>	100%	100%	100%	100%	100%	100%
<b>January 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>February 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>March 2025.....</b>	100%	100%	100%	100%	100%	100%
<b>April 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>May 2025.....</b>	100%	100%	100%	100%	100%	100%
<b>June 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>July 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>August 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>September 2025.....</b>	100%	100%	100%	100%	100%	100%
<b>October 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>November 2025.....</b>	100%	100%	100%	100%	100%	100%
<b>December 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>January 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>February 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>March 2026.....</b>	100%	100%	100%	100%	100%	100%
<b>April 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>May 2026.....</b>	100%	100%	100%	100%	100%	100%
<b>June 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>July 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>August 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>September 2026.....</b>	100%	100%	100%	100%	100%	100%
<b>October 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>November 2026.....</b>	100%	100%	100%	100%	100%	100%
<b>December 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>January 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>February 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>March 2027.....</b>	100%	100%	100%	100%	100%	100%
<b>April 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>May 2027.....</b>	100%	100%	100%	100%	100%	100%
<b>June 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>July 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>August 2027 .....</b>	74%	73%	72%	71%	69%	68%
<b>September 2027.....</b>	50%	48%	47%	44%	42%	39%
<b>October 2027 .....</b>	27%	25%	23%	20%	17%	13%
<b>November 2027.....</b>	7%	4%	2%	-%	-%	-%
<b>December 2027 .....</b>	-%	-%	-%	-%	-%	-%

Notes:

“-%” Indicates a number that is equal to zero percent. ARD refers to the Anticipated Repayment Date.

### Percent of Initial Note Principal Amount at Various Prepayment Assumptions

#### Class B

WAL to Maturity (years)	3.48	3.46	3.46	3.44	3.42	3.40
WAL to ARD (years)	3.00	3.00	3.00	3.00	3.00	3.00

Payment Date	0% CPR	10% CPR	20% CPR	30% CPR	40% CPR	50% CPR
Closing Date.....	100%	100%	100%	100%	100%	100%
August 2024 .....	100%	100%	100%	100%	100%	100%
September 2024 .....	100%	100%	100%	100%	100%	100%
October 2024 .....	100%	100%	100%	100%	100%	100%
November 2024.....	100%	100%	100%	100%	100%	100%
December 2024 .....	100%	100%	100%	100%	100%	100%
January 2025 .....	100%	100%	100%	100%	100%	100%
February 2025 .....	100%	100%	100%	100%	100%	100%
March 2025.....	100%	100%	100%	100%	100%	100%
April 2025 .....	100%	100%	100%	100%	100%	100%
May 2025.....	100%	100%	100%	100%	100%	100%
June 2025 .....	100%	100%	100%	100%	100%	100%
July 2025 .....	100%	100%	100%	100%	100%	100%
August 2025 .....	100%	100%	100%	100%	100%	100%
September 2025.....	100%	100%	100%	100%	100%	100%
October 2025 .....	100%	100%	100%	100%	100%	100%
November 2025.....	100%	100%	100%	100%	100%	100%
December 2025 .....	100%	100%	100%	100%	100%	100%
January 2026 .....	100%	100%	100%	100%	100%	100%
February 2026 .....	100%	100%	100%	100%	100%	100%
March 2026.....	100%	100%	100%	100%	100%	100%
April 2026 .....	100%	100%	100%	100%	100%	100%
May 2026.....	100%	100%	100%	100%	100%	100%
June 2026 .....	100%	100%	100%	100%	100%	100%
July 2026 .....	100%	100%	100%	100%	100%	100%
August 2026 .....	100%	100%	100%	100%	100%	100%
September 2026.....	100%	100%	100%	100%	100%	100%
October 2026 .....	100%	100%	100%	100%	100%	100%
November 2026.....	100%	100%	100%	100%	100%	100%
December 2026 .....	100%	100%	100%	100%	100%	100%
January 2027 .....	100%	100%	100%	100%	100%	100%
February 2027 .....	100%	100%	100%	100%	100%	100%
March 2027.....	100%	100%	100%	100%	100%	100%
April 2027 .....	100%	100%	100%	100%	100%	100%
May 2027.....	100%	100%	100%	100%	100%	100%
June 2027 .....	100%	100%	100%	100%	100%	100%
July 2027 .....	100%	100%	100%	100%	100%	100%
August 2027 .....	100%	100%	100%	100%	100%	100%
September 2027.....	100%	100%	100%	100%	100%	100%
October 2027 .....	100%	100%	100%	100%	100%	100%
November 2027.....	100%	100%	100%	96%	84%	71%
December 2027 .....	63%	55%	46%	36%	24%	11%
January 2028 .....	10%	2%	-%	-%	-%	-%
February 2028 .....	-%	-%	-%	-%	-%	-%

Notes:

“-%” Indicates a number that is equal to zero percent. ARD refers to the Anticipated Repayment Date.

**Percent of Initial Note Principal Amount at Various Prepayment Assumptions**

<b>Class C</b>						
<b>WAL to Maturity (years)</b>	3.62	3.61	3.59	3.57	3.55	3.53
<b>WAL to ARD (years)</b>	3.00	3.00	3.00	3.00	3.00	3.00

<b>Payment Date</b>	<b>0% CPR</b>	<b>10% CPR</b>	<b>20% CPR</b>	<b>30% CPR</b>	<b>40% CPR</b>	<b>50% CPR</b>
Closing Date.....	100%	100%	100%	100%	100%	100%
August 2024 .....	100%	100%	100%	100%	100%	100%
September 2024 .....	100%	100%	100%	100%	100%	100%
October 2024 .....	100%	100%	100%	100%	100%	100%
November 2024.....	100%	100%	100%	100%	100%	100%
December 2024 .....	100%	100%	100%	100%	100%	100%
January 2025 .....	100%	100%	100%	100%	100%	100%
February 2025 .....	100%	100%	100%	100%	100%	100%
March 2025.....	100%	100%	100%	100%	100%	100%
April 2025 .....	100%	100%	100%	100%	100%	100%
May 2025.....	100%	100%	100%	100%	100%	100%
June 2025 .....	100%	100%	100%	100%	100%	100%
July 2025 .....	100%	100%	100%	100%	100%	100%
August 2025 .....	100%	100%	100%	100%	100%	100%
September 2025.....	100%	100%	100%	100%	100%	100%
October 2025 .....	100%	100%	100%	100%	100%	100%
November 2025.....	100%	100%	100%	100%	100%	100%
December 2025 .....	100%	100%	100%	100%	100%	100%
January 2026 .....	100%	100%	100%	100%	100%	100%
February 2026 .....	100%	100%	100%	100%	100%	100%
March 2026.....	100%	100%	100%	100%	100%	100%
April 2026 .....	100%	100%	100%	100%	100%	100%
May 2026.....	100%	100%	100%	100%	100%	100%
June 2026 .....	100%	100%	100%	100%	100%	100%
July 2026 .....	100%	100%	100%	100%	100%	100%
August 2026 .....	100%	100%	100%	100%	100%	100%
September 2026.....	100%	100%	100%	100%	100%	100%
October 2026 .....	100%	100%	100%	100%	100%	100%
November 2026.....	100%	100%	100%	100%	100%	100%
December 2026 .....	100%	100%	100%	100%	100%	100%
January 2027 .....	100%	100%	100%	100%	100%	100%
February 2027 .....	100%	100%	100%	100%	100%	100%
March 2027.....	100%	100%	100%	100%	100%	100%
April 2027 .....	100%	100%	100%	100%	100%	100%
May 2027.....	100%	100%	100%	100%	100%	100%
June 2027 .....	100%	100%	100%	100%	100%	100%
July 2027 .....	100%	100%	100%	100%	100%	100%
August 2027 .....	100%	100%	100%	100%	100%	100%
September 2027.....	100%	100%	100%	100%	100%	100%
October 2027 .....	100%	100%	100%	100%	100%	100%
November 2027.....	100%	100%	100%	100%	100%	100%
December 2027 .....	100%	100%	100%	100%	100%	100%
January 2028 .....	100%	100%	90%	75%	59%	41%
February 2028 .....	47%	35%	23%	9%	-%	-%
March 2028.....	-%	-%	-%	-%	-%	-%

Notes:

“-%” Indicates a number that is equal to zero percent. ARD refers to the Anticipated Repayment Date.



**Percent of Initial Note Principal Amount at Various Prepayment Assumptions**

**Class D**

<b>WAL to Maturity (years)</b>	3.77	3.76	3.74	3.72	3.70	3.68
<b>WAL to ARD (years)</b>	3.00	3.00	3.00	3.00	3.00	3.00

<b>Payment Date</b>	<b>0% CPR</b>	<b>10% CPR</b>	<b>20% CPR</b>	<b>30% CPR</b>	<b>40% CPR</b>	<b>50% CPR</b>
<b>Closing Date.....</b>	100%	100%	100%	100%	100%	100%
<b>August 2024 .....</b>	100%	100%	100%	100%	100%	100%
<b>September 2024 .....</b>	100%	100%	100%	100%	100%	100%
<b>October 2024 .....</b>	100%	100%	100%	100%	100%	100%
<b>November 2024.....</b>	100%	100%	100%	100%	100%	100%
<b>December 2024 .....</b>	100%	100%	100%	100%	100%	100%
<b>January 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>February 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>March 2025.....</b>	100%	100%	100%	100%	100%	100%
<b>April 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>May 2025.....</b>	100%	100%	100%	100%	100%	100%
<b>June 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>July 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>August 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>September 2025.....</b>	100%	100%	100%	100%	100%	100%
<b>October 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>November 2025.....</b>	100%	100%	100%	100%	100%	100%
<b>December 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>January 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>February 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>March 2026.....</b>	100%	100%	100%	100%	100%	100%
<b>April 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>May 2026.....</b>	100%	100%	100%	100%	100%	100%
<b>June 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>July 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>August 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>September 2026.....</b>	100%	100%	100%	100%	100%	100%
<b>October 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>November 2026.....</b>	100%	100%	100%	100%	100%	100%
<b>December 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>January 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>February 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>March 2027.....</b>	100%	100%	100%	100%	100%	100%
<b>April 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>May 2027.....</b>	100%	100%	100%	100%	100%	100%
<b>June 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>July 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>August 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>September 2027.....</b>	100%	100%	100%	100%	100%	100%
<b>October 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>November 2027.....</b>	100%	100%	100%	100%	100%	100%
<b>December 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>January 2028 .....</b>	100%	100%	100%	100%	100%	100%
<b>February 2028 .....</b>	100%	100%	100%	100%	95%	80%
<b>March 2028.....</b>	87%	77%	67%	57%	45%	32%
<b>April 2028 .....</b>	38%	30%	21%	12%	2%	-%
<b>May 2028.....</b>	-%	-%	-%	-%	-%	-%

Notes:

“-%” Indicates a number that is equal to zero percent. ARD refers to the Anticipated Repayment Date.

**Percent of Initial Note Principal Amount at Various Prepayment Assumptions**

**Class E**

<b>WAL to Maturity (years)</b>	3.90	3.89	3.87	3.86	3.83	3.81
<b>WAL to ARD (years)</b>	3.00	3.00	3.00	3.00	3.00	3.00

<b>Payment Date</b>	<b>0% CPR</b>	<b>10% CPR</b>	<b>20% CPR</b>	<b>30% CPR</b>	<b>40% CPR</b>	<b>50% CPR</b>
<b>Closing Date.....</b>	100%	100%	100%	100%	100%	100%
<b>August 2024 .....</b>	100%	100%	100%	100%	100%	100%
<b>September 2024 .....</b>	100%	100%	100%	100%	100%	100%
<b>October 2024 .....</b>	100%	100%	100%	100%	100%	100%
<b>November 2024.....</b>	100%	100%	100%	100%	100%	100%
<b>December 2024 .....</b>	100%	100%	100%	100%	100%	100%
<b>January 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>February 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>March 2025.....</b>	100%	100%	100%	100%	100%	100%
<b>April 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>May 2025.....</b>	100%	100%	100%	100%	100%	100%
<b>June 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>July 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>August 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>September 2025.....</b>	100%	100%	100%	100%	100%	100%
<b>October 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>November 2025.....</b>	100%	100%	100%	100%	100%	100%
<b>December 2025 .....</b>	100%	100%	100%	100%	100%	100%
<b>January 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>February 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>March 2026.....</b>	100%	100%	100%	100%	100%	100%
<b>April 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>May 2026.....</b>	100%	100%	100%	100%	100%	100%
<b>June 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>July 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>August 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>September 2026.....</b>	100%	100%	100%	100%	100%	100%
<b>October 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>November 2026.....</b>	100%	100%	100%	100%	100%	100%
<b>December 2026 .....</b>	100%	100%	100%	100%	100%	100%
<b>January 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>February 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>March 2027.....</b>	100%	100%	100%	100%	100%	100%
<b>April 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>May 2027.....</b>	100%	100%	100%	100%	100%	100%
<b>June 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>July 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>August 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>September 2027.....</b>	100%	100%	100%	100%	100%	100%
<b>October 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>November 2027.....</b>	100%	100%	100%	100%	100%	100%
<b>December 2027 .....</b>	100%	100%	100%	100%	100%	100%
<b>January 2028 .....</b>	100%	100%	100%	100%	100%	100%
<b>February 2028 .....</b>	100%	100%	100%	100%	100%	100%
<b>March 2028.....</b>	100%	100%	100%	100%	100%	100%
<b>April 2028 .....</b>	100%	100%	100%	100%	100%	76%
<b>May 2028.....</b>	86%	67%	47%	27%	-%	-%
<b>June 2028 .....</b>	-%	-%	-%	-%	-%	-%

Notes:

“-%” Indicates a number that is equal to zero percent. ARD refers to the Anticipated Repayment Date.

## SENSITIVITY OF PRE-TAX YIELD TO MATURITY

The following tables indicate the sensitivity of the yields to maturity on the Series 2024-1 Notes to varying levels of aggregate realized losses on the Pooled Receivables by projecting the monthly aggregate cash flows on each Class of Series 2024-1 Notes and computing the corresponding pre-tax yields to maturity on a corporate bond equivalent (semi-annual) basis.

The following assumptions have been used in preparing the table below:

- the aggregate purchase prices of the Class A, Class B, Class C, Class D and Class E Notes are each equal to par,
- each of the Class A, Class B, Class C, Class D and Class E Notes were purchased on the Series 2024-1 Closing Date,
- the yields are calculated on semi-annually compounded (corporate bond equivalent) basis;
- the CPR equals 0.0%,
- loss given default (loss severity) equals 100%;
- the Receivables held by the Issuer on the Series 2024-1 Closing Date consist of the Initial Hypothetical Receivables listed on page 114 of this preliminary offering memorandum;
- under the 0% CDR scenario, Additional Hypothetical Pools of Receivables are purchased, as described on page 114 of this preliminary offering memorandum;
- under the 0% CDR scenario, Series 2024-1 Notes are redeemed on the Anticipated Repayment Date,
- under other scenarios (other than 0% CDR) the Series 2024-1 Amortization Period begins at the close of business on the Series 2024-1 Closing Date, and
- each of the assumptions described in the “Additional Maturity Assumptions”, unless otherwise stated above.

### Sensitivity of Pre-Tax Yield to Maturity of the Series 2024-1 Notes to Realized Losses on the Pooled Receivables

The following tables indicate the sensitivity of the yields to maturity on the Series 2024-1 Notes to varying levels of aggregate realized losses on the Pooled Receivables by projecting the monthly aggregate cash flows on each Class of Series 2024-1 Notes and computing the corresponding pre-tax yields to maturity on a corporate bond equivalent basis.

Class A									
CDR	0%	10%	20%	30%	40%	50%	60%	70%	80%
Pre-Tax Yield to Maturity	6.640%	6.640%	6.640%	6.640%	6.640%	6.640%	6.640%	6.640%	*
Class Write-down as Percentage of Initial Principal Balance	-%	-%	-%	-%	-%	-%	-%	-%	12.9%
Cumulative Loss on Pooled Receivables	-%	8.1%	16.1%	24.2%	32.2%	40.3%	48.5%	56.9%	65.7%
Class B									
CDR	0%	10%	20%	30%	40%	50%	60%		
Pre-Tax Yield to Maturity	7.567%	7.567%	7.567%	7.567%	7.567%	7.567%	*		
Class Write-down as Percentage of Initial Principal Balance	-%	-%	-%	-%	-%	-%	14.8%		
Cumulative Loss on Pooled Receivables	-%	8.1%	16.1%	24.2%	32.2%	40.3%	48.5%		
Class C									
CDR	0%	10%	20%	30%	40%	50%			
Pre-Tax Yield to Maturity	9.482%	9.482%	9.482%	9.482%	9.482%	*			
Class Write-down as Percentage of Initial Principal Balance	-%	-%	-%	-%	-%	44.6%			
Cumulative Loss on Pooled Receivables	-%	8.1%	16.1%	24.2%	32.2%	40.3%			
Class D									
CDR	0%	10%	20%	30%	40%				
Pre-Tax Yield to Maturity	13.885%	13.885%	13.885%	13.405%	*				
Class Write-down as Percentage of Initial Principal Balance	-%	-%	-%	0.8%	78.6%				
Cumulative Loss on Pooled Receivables	-%	8.1%	16.1%	24.2%	32.2%				
Class E									
CDR	0%	10%	20%	30%					
Pre-Tax Yield to Maturity	17.078%	17.078%	17.078%	*					
Class Write-down as Percentage of Initial Principal Balance	-%	-%	-%	100.0%					
Cumulative Loss on Pooled Receivables	-%	8.1%	16.1%	24.2%					

\*\*\* indicates negative yield.

-% indicates 0.00%.

## CERTAIN LEGAL ASPECTS OF THE RECEIVABLES

### Rights in the Receivables

The transfer of the Pooled Receivables and the Related Security with respect thereto by the Seller to the Issuer, the pledge thereof to the Indenture Trustee for the benefit of Noteholders, the perfection of the security interests in the Pooled Receivables, and the enforcement of rights to realize on the Collateral are subject to a number of federal and state laws, including the UCC as enacted in various states. Under the New York UCC, a Pooled Receivable will constitute accounts or payment intangibles. The Seller, the Issuer and the Servicer will take necessary actions to perfect the Indenture Trustee's rights in the Pooled Receivables.

### Interest Rate Regulations

RFS Companies originate Factored Receivables and Loan Receivables. The Factored Receivable product involves purchases of Factored Account Receivables and Factored General Receivables. In each case, the Merchant agrees to sell and the related Originator agrees to purchase a specified amount of future receivables for a discounted purchase price paid in a lump sum up front. As the Factored Receivables are purchase transactions and not loans, they are not subject to interest rate limit laws.

Loan Receivables are repayment obligations where funds are advanced to a Merchant and the Merchant must repay the funds advanced plus fees in fixed amounts at regular intervals (typically daily or weekly). The Loan Receivable product is subject to applicable state usury limits. Many states have laws that specify the maximum legal interest rate that may be charged, and some states require that entities making commercial loans are licensed. The RFS Companies' principal place of business is Maryland which does not have a licensing requirement or an interest rate limit applicable to loans extended to corporations or for loans of more than \$15,000 made for business purposes. For loans of less than \$15,000 to non-corporate entities, the Merchants agree, per the terms of the applicable Loan Agreement, that the laws of the State of Maryland or their state, if more permissive than Maryland law, will govern their loan. As a result, state usury laws that otherwise would be applicable to the loans made in particular states should not apply to the Loan Receivables originated by the Originators. If the Loan Receivables were found to be governed by the laws of another state, and such other state has a usury law that prohibits the effective interest rate for the subject Loan Receivables, the obligations of those Merchants to pay all or a portion of the Loan Receivables could be found to be unenforceable. In addition, the Originator and the Issuer could be subject to fines and other penalties, including criminal penalties. To the extent the Loan Receivables were determined to violate a state usury law, the Seller would be obligated to repurchase or substitute for those Loan Receivables from the Issuer. There can be no assurance, however, that the Seller would have adequate resources to make such repurchases or substitutions. See *"Risk Factors—Risks Relating to the Collateral and the Business—If the choice of law provisions in the Loan Agreements are found to be unenforceable, the Originators may be found to be in violation of state usury laws."*

### Regulatory Compliance and Licensing Requirements

The RFS Companies are subject to federal and state regulation. At the federal level, RFS's business practices and products are subject to numerous laws and related regulations, including, among others:

- the Fair Credit Reporting Act, which regulates the use, reporting, safeguarding and disposal of information relating to the credit history of individuals and requires certain disclosures;
- the Equal Credit Opportunity Act, which prohibits discrimination on the basis of age, race, and certain other characteristics, in the extension of credit and requires certain disclosures;
- the Bank Secrecy Act and related anti-money laundering rules and the requirements of the Office of Foreign Assets Control, which collectively restrict certain transactions or transactions with certain entities and individuals and which impose other legal obligations on lenders;
- the Servicemembers Civil Relief Act, which provides, among other things, interest rate protections for service members on active duty;
- the Federal Trade Commission Act's provisions prohibiting unfair or deceptive acts or practices;
- the federal laws that prohibit transactions with certain persons, including persons identified as Specially Designated Nationals on lists maintained by the federal Office of Foreign Assets Control, and impose certain procedural guidelines for screening applicants and borrowers;

- the TCPA, which sets forth restrictions and procedural guidelines on the placement of calls and sending of faxes and text messages, including the use of automated dialing and announcing devices (auto-dialers) and recorded messages; and
- the Electronic Signatures in Global and National Commerce Act, which authorizes the creation of legally binding and enforceable agreements utilizing electronic records and electronic signatures.

At the state level, the RFS Companies may be subject to disclosure and licensing requirements. Although the RFS Companies have reviewed state licensing requirements with potential applicability to their business operations and have either (i) concluded that such licensing requirements do not apply to the RFS Companies or (ii) determined that they are in substantial compliance with any such applicable licensing requirements, there can be no assurance that state licensing authorities would agree with their conclusions or that the RFS Companies will be able to obtain or maintain all the necessary licenses and permits in a timely manner or all that they may need in the future. Failure to obtain and maintain required licenses and permits would limit, delay and disrupt the RFS Companies' operations in certain jurisdictions, and could have a material adverse effect on their business and operations. See *"Risk Factors—Risks Relating to the Collateral and the Business—Financial regulatory reform could have a significant impact on RFS and could adversely affect the timing and amount of payments on the Series 2024-1 Notes,"* *"—Failure to comply with other regulatory requirements could have a significant impact on the RFS Companies and could adversely affect the timing and amount of payments on the Series 2024-1 Notes,"* and *"—Non-compliance with laws and regulations may impair the RFS Companies' ability to make, acquire or service Loan Receivables or Factored Receivables."*

In addition, changes in laws or regulations applicable to the RFS Companies could subject them to additional licensing, registration and other regulatory requirements in the future or could adversely affect their ability to operate or the manner in which they conduct business. A material failure to comply with applicable state licensing laws and regulations could result in regulatory actions, lawsuits and damage to the reputation of the RFS Companies, which could have a material adverse effect on their business and financial condition, and the ability of the RFS Companies to originate or service Receivables and perform their obligations with respect to the Receivables and the Transaction Documents. See *"Risk Factors—Risks Relating to the Collateral and the Business—The RFS Companies operate in a highly regulated industry that is subject to public interest and may therefore be subject to changes in law or regulation."*

In addition, President Biden and the current director of the CFPB, Rohit Chopra, has aggressively enforced consumer protection laws, increased enforcement actions and punished repeat offenders. Since his confirmation in September 2021, Mr. Chopra CFPB's priorities have included, among other things, student lending, small business loans, high fee unsecured consumer lending, fair lending, payday lending and overdraft programs. He is also aggressively asserting the CFPB's authority under the Unfair Deceptive Abusive Acts and Practices provisions of the Dodd-Frank Act.

Further, certain state attorneys general have indicated that they will take a more active role in enforcing consumer protection laws, including through use of Dodd-Frank Act provisions that authorize state attorneys general to enforce certain provisions of federal consumer financial laws and obtain civil money penalties.

## **Regulatory Interpretation and Compliance**

The regulatory environment in which financial institutions operate has become increasingly complex, and following the financial crisis of 2008, supervisory efforts to enact and apply relevant laws, regulations and policies have become more intense. Changes in laws or regulations or the regulatory application or judicial interpretation of the laws and regulations applicable to the RFS Companies could adversely affect their ability to operate in the manner in which it currently conducts business or make it more difficult or costly for it to acquire additional Receivables, or for the RFS Companies to collect payments on the Receivables by subjecting it to additional licensing, registration and other regulatory requirements in the future or otherwise. For example, if the Loan Receivables were determined not to be commercial loans for any reason, maximum interest rate caps were imposed on commercial loans and if the Factoring Agreements were recharacterized as loans and/or determined not to be commercial loans for any reason, the RFS Companies would be subject to many additional requirements, and its fees and interest arrangements could be challenged by regulators or borrowers. A material failure to comply with any such laws or regulations could result in regulatory actions, lawsuits and damage to the reputation of the RFS Companies, which could have a material adverse effect on its business and financial condition, and the ability of the RFS Companies to originate and service Receivables and perform their obligations under the Transaction Documents.

In addition, although the Merchants agree in the Loan Agreements and Factoring Agreements that the proceeds of their Loan Receivables and sales of Factored Receivables, respectively, will be used solely for business purposes and will not be used for personal, family or household purposes, were these transactions deemed not to constitute business purpose transactions, the RFS Companies would become subject to the purview of the CFPB and other additional federal and state regulatory authorities. Such additional regulatory authorities and laws and regulations impose specific statutory liabilities upon entities that fail to comply with the provisions of applicable laws and regulations.

The RFS Companies' internal policies and procedures have been reviewed by its internal legal and compliance staff with advice from external regulatory compliance counsel. RFS has built its systems and processes with controls in place in order to permit its policies and procedures to be followed on a consistent basis.

In addition, it is RFS's policy to keep apprised of and provide its input, if appropriate, on the changing regulatory environment and new laws that may impact its business. RFS receives updated materials from outside consultants, attends seminars on regulatory issues and compliance best practices, and works closely with external regulatory compliance counsel to track changes in federal and state laws applicable to its business. As a part of its compliance program, RFS routinely reviews its contracts and procedures to ensure compliance with applicable regulatory laws and regulations, and has its contracts, practices and procedures periodically reviewed by independent third parties, including outside regulatory counsel. See *"Risk Factors—Risks Relating to the Collateral and the Business."*

### **Factoring Transactions are Sales, not Loan Transactions**

A large portion of the Receivables consist of Factored Receivables purchased under Factoring Agreements. In a factoring transaction, the related Originator purchases a specified amount of a Merchant's future receivables in exchange for a discounted purchase price paid in a lump sum up front. The Factoring Agreement sets forth the aggregate specified amount of future receivables that the Merchant is selling, the discounted purchase price and the specified percentage of receipts that are to be remitted to the Originator.

Factoring transactions are not loans or extensions of credit, but rather "true sales" of a portion of a Merchant's future receivables with respect to which the purchaser bears the risk of loss. Factoring Agreements do not contain traditional "payment" obligations, but rather require the remittance of purchased receivables as and when such receivables arise. As such, the actual amounts of receivables remitted to the Originator may fluctuate with the Merchant's sales volumes. Factoring Agreements also have no set term or maturity date and, therefore, no late fees or penalties. Accordingly, Factoring Agreements do not involve any concept of "delinquency" for a Merchant failing to remit purchased receivables over a given period of time. RFS, as Servicer, will classify Factored Receivables as delinquent if the Merchant stops remitting any receivables, changes its bank accounts or Processor relationship, stops payment of an ACH debit under an ACH Factoring Agreement, or the amount of receivables remitted declines dramatically and the receivables will not be received within the estimated period of time. The Originator bears the risk that the purchased receivables materialize over a period of time that may be much longer than the Originator anticipated, provided the Merchant is otherwise in compliance with the terms of the Factoring Agreement. Factoring transactions do not involve any concept of "default" based solely on a Merchant failing to generate and remit the purchased receivables, going out of business, declaring bankruptcy, or otherwise. RFS has no recourse against a Merchant that simply goes out of business before generating future sales sufficient to remit the specified amount of receivables it purchased, provided that the Merchant and the related guarantor: (a) have not breached the terms of the Factoring Agreement prior to going out of business by, for example, entering into another factoring arrangement or providing false or misleading information at the time of origination, and (b) did not interfere with the delivery of the purchased receivables by, for example, changing its Processor or banking relationships to divert the factored receivables. The Originator, therefore, bears the risk that it will not collect the specified amount of purchased receivables, or any portion thereof. As a result, factoring transactions do not entail "absolute repayability."

Although applicants personally guarantee the performance of the Merchant under the Factoring Agreement, they do not personally guarantee that future receivables will be generated or that such receivables will equal the specified amount purchased by the Originator. See *"The Receivables—Factored Receivables."*

In the event that a court were to determine that the factoring transactions are loans, the transactions would be subject to state interest rate and fee limitations, if any, and the Originators could be subject to state licensing requirements. In such case, the Originators could be found to have engaged in unauthorized lending and/or to have charged unauthorized interest rates or fees within such jurisdictions. The Originators could also be subject to claims by Merchants that engaged in factoring transactions, as well as enforcement actions by regulators, that

could result in fines and other penalties, all or a portion of the discount obtained the Originator on the factoring transactions could be found to be disguised interest and thus unenforceable or recoverable by Merchants that engaged in such transactions and, to the extent it is determined that the Factored Receivables were not originated in accordance with all applicable laws, RFS, as Seller, would be obligated to repurchase (or substitute for) from the Issuer any Factored Receivable that failed to comply with such legal requirements. There can be no assurance, however, that the Seller would have adequate resources to make such repurchases or substitutions. See *“Risk Factors—Risks Relating to the Collateral and the Business—Several lawsuits and numerous counter-claims or affirmative defenses have sought to recharacterize factoring transactions as loans. If litigation of this type were successful against the Originators, the Factored Receivables could be subject to certain state usury limits and the Originators would be required to obtain licenses in some states.”*

## **DESCRIPTION OF THE SERIES 2024-1 NOTES**

### **General**

The Series 2024-1 Notes will be issued under the Base Indenture and the Series 2024-1 Indenture Supplement. Following is a summary of the provisions of the Series 2024-1 Notes. This summary describes the material provisions of the Series 2024-1 Notes. This summary is qualified in its entirety by reference to the provisions of the Indenture. You should read the full text of the Series 2024-1 Notes, the Base Indenture and the Indenture Supplement to understand their provisions.

The Series 2024-1 Notes are the third Series of Notes issued by the Issuer under the Base Indenture. On the Series 2021-1 Closing Date, the Issuer issued the Series 2021-1 Notes, with an original principal balance equal to \$100,000,000, and on the Series 2022-1 Closing Date, the Issuer issued the Series 2022-1 Notes, with an original principal balance equal to \$100,000,000, each of which were secured by the assets of the Issuer as described in the applicable offering documents. The Issuer may issue additional Series of Notes under the Base Indenture, as supplemented by an indenture supplement, as described under *“Description of the Indenture—Issuance of Additional Series.”* Each Series of Notes issued by the Issuer is and will be secured by the Pooled Receivables, the Related Security with respect thereto and certain other assets of the Issuer, and will represent the right to receive all Collections allocated to that series in accordance with the Base Indenture, as supplemented by the applicable indenture supplement.

The Series 2024-1 Notes will initially be represented by one or more notes which will be registered in the name of Cede & Co., as the nominee of DTC. The Class A Notes, Class B Notes and Class C Notes will be available for purchase in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. The Class D Notes and Class E Notes will be available for purchase in minimum denominations of \$475,000 and integral multiples of \$1,000 in excess thereof.

For all purposes under the Transaction Documents, a business day means any weekday, excluding any day which is a legal holiday under the laws of the State of New York, or the State of Minnesota, or is a day on which banking institutions located in New York, or Minnesota are authorized or required by law to close.

### **Form of Series 2024-1 Notes**

The information in this section concerning DTC and DTC’s book-entry system has been provided by DTC. The Issuer has not independently verified the accuracy of this information.

The Series 2024-1 Notes sold to QIBs under Rule 144A and pursuant to Regulation S will be represented by certificates registered in the name of the nominee of DTC, except as set forth below. The Issuer has been informed by DTC that its nominee will be Cede & Co. Accordingly, the Issuer expects Cede & Co. to be the holder of record of the Series 2024-1 Notes. This means that you, as an owner of the Series 2024-1 Notes, will generally not be entitled to receive a definitive note representing your interest in the Series 2024-1 Notes; you will hold your Series 2024-1 Notes through a book-entry record maintained by DTC. References in this Offering Memorandum to distributions, reports and notices to the holders of Series 2024-1 Notes will be made to DTC or Cede & Co., as registered holder of the Series 2024-1 Notes in accordance with DTC’s procedures. References in this Offering Memorandum to actions by the holders of the Series 2024-1 Notes refer to actions taken by DTC upon instructions from its participants for distribution to you in accordance with DTC’s procedures.

You may hold the Series 2024-1 Notes in book-entries through DTC, in the United States or Clearstream or Euroclear in Europe. You may hold your Series 2024-1 Notes directly with one of these systems if you are a participant in the system or indirectly through an organization which is a participant. The Series 2024-1 Notes



will be tradable as home market instruments in U.S. domestic markets and the European markets. Initial settlement and all secondary trades of the Series 2024-1 Notes will settle in same-day funds.

*Exchanges between Restricted Global Series 2024-1 Notes, Temporary Global Series 2024-1 Notes and Permanent Global Series 2024-1 Notes*

Each class of the Series 2024-1 Notes sold within the United States to QIBs in compliance with Rule 144A will initially be represented by a restricted global Series 2024-1 Note, with the legend substantially as provided below under “*Transfer Restrictions*” set forth thereon and will be deposited with the Indenture Trustee, as custodian for DTC, and registered in the name of a nominee of DTC for credit to the respective accounts of the purchasers.

Class A Notes, Class B Notes, Class C Notes and Class D Notes which are sold outside the United States to non-U.S. persons who are also QIBs in reliance on Regulation S will initially be represented by a temporary global Series 2024-1 Note and will be deposited with the Indenture Trustee, as custodian for DTC, and registered in the name of a nominee of DTC for the accounts of Euroclear and Clearstream. The temporary global Series 2024-1 Note for each such class will be exchangeable, in whole or in part, for a permanent global Series 2024-1 Note for such class on or after the 40th day after the issuance date of the Series 2024-1 Notes, and such permanent global Series 2024-1 Note will be deposited with the Indenture Trustee, as custodian for DTC, and registered in the name of a nominee of DTC for the accounts of Euroclear and Clearstream. Class E Notes will only be sold in the United States.

The following sections apply to transfers of beneficial interests in the Class A Notes, Class B Notes, Class C Notes and Class D Notes.

Beneficial interests in the temporary global Series 2024-1 Note or the permanent global Series 2024-1 Note of each class of the Series 2024-1 Notes may be exchanged for beneficial interests in the restricted global Series 2024-1 Note of such class only if, in the case of a beneficial interest in the temporary global Series 2024-1 Note of such class, such exchange occurs in connection with a transfer of the Series 2024-1 Notes of such class pursuant to Rule 144A and the transferor first delivers to the Indenture Trustee a written certificate (in the form provided in the Series 2024-1 Indenture Supplement) to the effect that the Series 2024-1 Notes of such class are being transferred to a person whom the transferor reasonably believes is a QIB, purchasing for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in the restricted global Series 2024-1 Note of each class of the Series 2024-1 Notes may be transferred to a person who takes delivery in the form of an interest in the temporary global Series 2024-1 Note of such class or the permanent global Series 2024-1 Note of such class, only if the transferor first delivers to the Indenture Trustee a written certificate (in the form provided in the Series 2024-1 Indenture Supplement) to the effect that such transfer is being made in accordance with Rule 904 of Regulation S and that the interest transferred will be held immediately thereafter through Euroclear or Clearstream. In addition, beneficial interests in the restricted global Series 2024-1 Note of each class of the Series 2024-1 Notes may be transferred to a person who takes delivery in the form of an interest in the permanent global Series 2024-1 Note of such class if the transferor first delivers to the Indenture Trustee a written certificate (in the form provided in the Series 2024-1 Indenture Supplement) to the effect that such transfer is being made in a transaction permitted by Rule 144A under the Securities Act.

Transfers involving an exchange of a beneficial interest in a temporary global Series 2024-1 Note or a permanent global Series 2024-1 Note for a beneficial interest in the restricted global Series 2024-1 Note of the same class or vice versa, will be effected in DTC by means of an instruction through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the temporary global Series 2024-1 Note or the permanent global Series 2024-1 Note and a corresponding increase in the principal amount of the restricted global Series 2024-1 Note or vice versa, as applicable.

Any beneficial interest in a global Series 2024-1 Note that is transferred to a person who takes delivery in the form of an interest in one of the other forms of global Series 2024-1 Note of the same class will, upon transfer, cease to be an interest in such global Series 2024-1 Note and will become an interest in the other form of global Series 2024-1 Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to such beneficial interest in such other form of global Series 2024-1 Note for so long as it remains such an interest.

## *DTC*

DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants (“**Direct Participants**”) deposit with DTC and facilitates the post-trade settlement among its Direct Participants of sales and other securities transactions, in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). The DTC rules applicable to its participants are on file with the SEC.

## *Clearstream*

Clearstream has advised us that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations (“**Clearstream Participants**”), and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to its Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in several countries. As a registered bank in Luxembourg, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier*). Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. In the U.S., Clearstream Participants are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly. Clearstream is an Indirect Participant in DTC.

Distributions with respect to debt securities held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by the U.S. Depository for Clearstream.

## *Euroclear*

Euroclear has advised us that it was created in 1968 to hold securities for participants of Euroclear (“**Euroclear Participants**”), and to clear and settle transactions between participants in Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear performs various other services, including securities lending and borrowing, and interacts with domestic markets in several countries. The Euroclear System is owned by Euroclear Clearance System Public Limited Company (ECSplc) and operated through Euroclear Bank S.A/N.V. (the “**Euroclear Operator**”), a bank incorporated under the laws of the Kingdom of Belgium, under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the “**Cooperative**”). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. Euroclear Participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of Euroclear, and applicable Belgian law, which we refer to collectively as the Terms and Conditions. The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without

attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no records of, or relationship with, persons holding through Euroclear Participants. Distributions with respect to the notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions.

#### *Book-Entry Registration*

Cede & Co., as DTC's nominee, will be the holder of record of the global notes representing the Series 2024-1 Notes. Clearstream and Euroclear will hold omnibus positions on behalf of Clearstream customers and participants in Euroclear, respectively, through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories. These depositories will hold these positions in customers' securities accounts in the depositories' names on DTC's books.

Secondary market trading between participating organizations in DTC will occur in accordance with DTC rules and procedures applicable to U.S. corporate debt obligations. Secondary market trading between Clearstream customers and participants in Euroclear will occur in the ordinary way in accordance with their normal rules and operating procedures and in accordance with conventional Eurobond practice, i.e., seven calendar day settlement.

Secondary cross-market transfers between persons holding securities directly or indirectly through DTC in the United States, on the one hand, and directly or indirectly through Clearstream customers or participants in Euroclear, on the other, will be effected in DTC on a delivery-against-payment basis in accordance with DTC rules on behalf of the relevant European international clearing system by its depository. However, these cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and participants in Euroclear may not deliver instructions directly to the depositories.

Because of time-zone differences, credits of securities in Clearstream or Euroclear as a result of a transaction with a participating organization in DTC will be made during the subsequent securities settlement processing, dated the business day following the DTC settlement date, and such credits or any transactions in such securities settled during such processing will be reported to the relevant Clearstream customer or participant in Euroclear on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream customer or a participant in Euroclear to a participating organization in DTC will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Your purchase of a beneficial interest in the Series 2024-1 Notes under the DTC system must be made by or through a DTC participant, which will receive a credit for the Series 2024-1 Notes on DTC's records. Your ownership interest is in turn recorded on the records of the DTC direct participant or an Indirect Participant in DTC. You will not receive written confirmation from DTC of your purchase, but you can expect to receive written confirmation providing details of the transaction, as well as periodic statements of your holdings, from the DTC direct or Indirect Participant through which you entered into the transaction. Transfers of ownership interests in the Series 2024-1 Notes are accomplished by entries made on the books of DTC direct and Indirect Participants acting on behalf of you and other holders of Series 2024-1 Notes. You will not receive definitive certificates representing your ownership interest in the Series 2024-1 Notes, except in the event that use of the book-entry system for the Series 2024-1 Notes is discontinued.

To facilitate subsequent transfers, all Series 2024-1 Notes deposited by DTC participants with DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of the Series 2024-1 Notes with DTC and their registration in the name of Cede & Co. effects no change in beneficial ownership. DTC has no knowledge of the actual owners of the Series 2024-1 Notes. DTC's records reflect only the identity of DTC participants to whose accounts such Series 2024-1 Notes are credited, which may or may not be the owners of the Series 2024-1 Notes. DTC participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to its participants, by DTC participants to indirect DTC participants, and by DTC participants and indirect DTC participants to owners of Series 2024-1

Notes will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect.

Neither DTC nor Cede & Co. will consent or vote with respect to the Series 2024-1 Notes. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date, which assigns Cede & Co.'s consenting or voting rights to those DTC participants to whose accounts the Series 2024-1 Notes are credited on the record date, identified in a listing attached to that proxy.

Principal and interest payments on the Series 2024-1 Notes will be made to DTC. DTC's practice is to credit its participants' accounts on the Payment Date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the Payment Date. Payments by DTC participants to the owners of the Series 2024-1 Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of the DTC participant and not of DTC, the Indenture Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect. Disbursement of principal and interest to DTC is the responsibility of the Indenture Trustee, disbursement of these payments to the DTC participants will be the responsibility of DTC, and disbursement of these payments to the owners of the Series 2024-1 Notes will be the responsibility of the DTC direct and Indirect Participants.

Distributions on the Series 2024-1 Notes held through Clearstream or Euroclear will be credited to the cash accounts of the Clearstream customers or the participants in Euroclear in accordance with the relevant system's rules and procedures, to the extent received by its depository. These distributions will be subject to tax reporting in accordance with relevant U.S. tax laws and regulations. Clearstream or the operator of Euroclear, as the case may be, will take any other action permitted to be taken by a holder of a Series 2024-1 Note under the Transaction Documents on behalf of a Clearstream customer or a participant in Euroclear only in accordance with its relevant rules and procedures and subject to its depository's ability to effect such actions on its behalf through DTC.

DTC may discontinue providing its services as securities depository for the Series 2024-1 Notes at any time by giving reasonable notice to the Indenture Trustee. If this occurs and a successor securities depository is not obtained, you will receive definitive certificates representing your Series 2024-1 Notes. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC, or a successor securities depository. If the Issuer so decides, you will receive definitive certificates representing your Series 2024-1 Notes.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of securities among DTC participants, Clearstream customers and participants in Euroclear, they are under no obligation to perform or continue to perform these procedures and may discontinue these procedures at any time.

Until the 40th day after the issuance date of the Series 2024-1 Notes, beneficial interests in a temporary global Series 2024-1 Note may be held only through Euroclear and Clearstream (as Indirect Participants in DTC) unless transferred to a person who takes delivery through the restricted global Series 2024-1 Note of the same class in accordance with the certification requirements described herein. Beneficial interests in a restricted global Series 2024-1 Note may not be exchanged for beneficial interests in the temporary global Series 2024-1 Note of the same class at any time except in the limited circumstances described under "*Exchanges between Restricted Global Series 2024-1 Notes, Temporary Global Series 2024-1 Notes and Permanent Global Series 2024-1 Notes.*"

#### *Definitive Notes*

You will receive definitive certificates representing your Series 2024-1 Notes only if:

- the Issuer advises the Indenture Trustee in writing that DTC is no longer willing or able to discharge properly its responsibilities with respect to the Series 2024-1 Notes, and the Issuer is unable to locate a qualified successor,
- the Issuer, at its option, advises the Indenture Trustee in writing that it elects to terminate the book-entry system through DTC, or
- after the occurrence of an Event of Default with respect to the Series 2024-1 Notes under the Indenture or a Servicer Default, owners of Series 2024-1 Notes representing a Majority in Interest advise the Indenture Trustee and DTC through the DTC participants in writing that the continuation of a book-entry system through DTC is no longer in the best interest of the owners of the Series 2024-1 Notes.

If one of the events described above occurs, DTC will be required to notify all of its participants of the availability through DTC of definitive certificates representing the Series 2024-1 Notes. When DTC surrenders the global notes evidencing the Series 2024-1 Notes and the Indenture Trustee receives instructions for registration of the definitive certificates, the Issuer will issue the definitive certificates representing the Series 2024-1 Notes. After definitive certificates representing the Series 2024-1 Notes are issued, the Indenture Trustee will recognize the registered holders of the definitive certificates as the holders of the Series 2024-1 Notes under the Indenture.

The Indenture Trustee will distribute interest and principal payments on the Series 2024-1 Notes issued in definitive form on each Payment Date directly to the holders in whose names the Series 2024-1 Notes were registered at the close of business on the related record date. The Indenture Trustee will make these distributions by wire transfer or by check mailed to the address of the holders of the Series 2024-1 Notes as they appear on the register maintained by the Indenture Trustee. In order to receive the final payment of principal of any Series 2024-1 Notes issued in definitive form, you must surrender your definitive certificates at the offices or agencies specified in the notice of final distribution. The Indenture Trustee will provide notice of the final payment of principal of the Series 2024-1 Notes to the registered holders of the Series 2024-1 Notes mailed within three business days of receipt of the Monthly Settlement Statement indicating that such final payment will be made.

You may transfer or exchange the definitive certificates representing your Series 2024-1 Notes at the offices of the transfer agent and registrar, which initially will be the Indenture Trustee. No service charge will be imposed for any registration of transfer or exchange, but the transfer agent and registrar may require payment of a sum sufficient to cover any tax or other governmental charge imposed in connection with any transfer or exchange. The transfer agent and registrar will not be required to register the transfer or exchange of definitive certificates representing the Series 2024-1 Notes after the record date before the due date for the final payment of principal of the Series 2024-1 Notes.

If you surrender a mutilated note to the transfer agent and registrar or you deliver to the transfer agent and registrar evidence to its satisfaction of the destruction, loss or theft of any Series 2024-1 Note, and you deliver to the Issuer, transfer agent and registrar and the Indenture Trustee such security or indemnity as may be reasonably required by them to hold each of them harmless, then, in the absence of notice to the Issuer that your Series 2024-1 Note has been acquired by a protected purchaser, the Issuer will execute, the Indenture Trustee will authenticate and the transfer agent and registrar will deliver, in exchange for or in lieu of your mutilated, destroyed, lost or stolen Series 2024-1 Note, a replacement Series 2024-1 Note of like tenor, including the same date of issuance, and principal amount, bearing a number not contemporaneously outstanding. If you deliver evidence of the destruction, loss or theft of a Series 2024-1 Note within seven days of when that note is due and payable, instead of issuing a replacement Series 2024-1 Note, the Issuer may pay you when that note is due or payable. Upon the issuance of any replacement Series 2024-1 Note, the Issuer may require the payment by you of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation to that note and any other expenses, including the related fees and expenses of the Indenture Trustee and the transfer agent and registrar.

#### *Initial Settlement*

Custody accounts of investors holding their interests in the restricted global Series 2024-1 Notes through DTC will be credited with their holdings against payment in same-day funds on the Series 2024-1 Closing Date.

Investors holding their interests in the temporary global Series 2024-1 Notes through accounts with Clearstream or Euroclear will follow the settlement procedures applicable to conventional Eurobonds. Securities will be credited to the securities custody accounts on the Series 2024-1 Closing Date against payment in same-day funds.

#### *Secondary Market Trading*

Since the purchaser determines the place of delivery, it is important to establish at the time of the trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

#### *Trading between DTC Participants.*

Secondary market trading between investors holding Series 2024-1 Notes through DTC participants will be settled in same-day funds in accordance with the rules and procedures that apply to U.S. corporate debt obligations.

*Trading between Clearstream and/or Euroclear Participants.*

Secondary market trading between investors holding Series 2024-1 Notes through Clearstream customers or participants in Euroclear will be settled in the ordinary way using the procedures applicable to conventional Eurobonds in same-day funds, seven calendar day settlement.

*Trading between a DTC Seller and a Clearstream or Euroclear Purchaser.*

When interests in the Series 2024-1 Notes are to be transferred from the account of a DTC participant to the account of a Clearstream customer or the account of a participant in Euroclear, the purchaser will send instructions to Clearstream or Euroclear through a Clearstream customer or a participant in Euroclear at least one business day prior to settlement. Clearstream or Euroclear will instruct the respective depository, as appropriate, to receive the Series 2024-1 Notes against payment. Payment will include interest accrued on the Series 2024-1 Notes from and including the last Payment Date to and excluding the settlement date. Payment will then be made by the respective depository to the DTC participant's account against delivery of the Series 2024-1 Notes. After settlement has been completed, the Series 2024-1 Notes will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the Clearstream customer's or Euroclear participant's account. The credit for the Series 2024-1 Notes will appear the next day, in European time, and the cash debit will be back-valued to, and the interest on the Series 2024-1 Notes will accrue from, the value date, which would be the preceding day when settlement occurred in New York. If settlement is not completed on the intended value date, i.e., the trade fails, the Clearstream or Euroclear cash debit will be valued instead as of the actual settlement date.

Clearstream customers and participants in Euroclear will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Clearstream or Euroclear. Under this approach, they may take on credit exposure to Clearstream or Euroclear until the Series 2024-1 Notes are credited to their accounts one day later.

As an alternative, if Clearstream or Euroclear has extended a line of credit to them, Clearstream customers or participants in Euroclear may elect not to pre-position funds and allow that credit line to be drawn upon to finance the settlement. Under this procedure, Clearstream customers or participants in Euroclear purchasing Series 2024-1 Notes would incur overdraft charges for one day, assuming they cleared the overdraft when the Series 2024-1 Notes were credited to their accounts. However, interest on the Series 2024-1 Notes would accrue from the value date. Therefore, in many cases the investment income on the Series 2024-1 Notes earned during that one-day period may substantially reduce or offset the amount of the overdraft charges, although this result will depend on each Clearstream customer's or Euroclear participant's particular cost of funds.

Because the settlement is taking place during New York business hours, DTC participants may employ their usual procedures for sending Series 2024-1 Notes to the respective depository for the benefit of Clearstream customers or participants in Euroclear. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC participants a cross-market transaction will settle no differently than a trade between two DTC participants.

*Trading between a Clearstream or Euroclear Seller and a DTC Purchaser.*

Due to time zone differences in their favor, Clearstream customers and participants in Euroclear may employ their customary procedures for transactions in which Series 2024-1 Notes are to be transferred by the respective clearing system through the respective depository to a DTC participant. The seller will send instructions to Clearstream or Euroclear through the respective depository to a DTC participant. The seller will send instructions to Clearstream or Euroclear through a Clearstream customer or a participant in Euroclear at least one business day prior to settlement. In these cases, Clearstream or Euroclear will instruct the respective depository, as appropriate, to deliver the Series 2024-1 Notes to the DTC participant's account against payment. Payment will include interest accrued on the Series 2024-1 Notes from and including the last Payment Date to and excluding the settlement date. The payment will then be reflected in the account of the Clearstream customer or participant in Euroclear the following day, and receipt of the cash proceeds in the Clearstream customer's or Euroclear participant's account would be back-valued to the value date, which would be the preceding day, when settlement occurred in New York. Should the Clearstream customer or participant in Euroclear have a line of credit with its respective clearing system and elect to be in debt in anticipation of receipt of the sale proceeds in its account, the back-valuation will extinguish any overdraft charges incurred over that one-day period. If settlement is not complete on the intended value date, i.e., the trade fails, receipt of the cash proceeds in the

Clearstream customer's or Euroclear participant's account would instead be valued as of the actual settlement date.

Finally, day traders that use Clearstream or Euroclear and that purchase Series 2024-1 Notes from DTC participants for delivery to Clearstream customers or participants in Euroclear should note that these trades would automatically fail on the sale side unless affirmative action were taken. At least three techniques should be readily available to eliminate this potential problem:

- borrowing through Clearstream or Euroclear for one day until the purchase side of the day trade is reflected in their Clearstream or Euroclear accounts in accordance with the clearing system's customary procedures;
- borrowing the Series 2024-1 Notes in the U.S. from a DTC participant no later than one day prior to settlement, which would give sufficient time to have the Series 2024-1 Notes be reflected in their Clearstream or Euroclear account in order to settle the sale side of the trade; or
- staggering the value dates for the buy and sell sides of the trade so that the value date for the purchase from the DTC participant is at least one day prior to the value date for the sale to the Clearstream customer or participant in Euroclear.

### **Payment of Interest**

The Issuer will pay interest on the Series 2024-1 Notes on each Payment Date to the holders in whose names the Series 2024-1 Notes are registered as of the business day immediately preceding that Payment Date. The Payment Date will be the 15th day of each month or, if that day is not a business day, on the next business day, commencing on August 15, 2024.

Each Class of Series 2024-1 Notes will bear interest at the applicable Note Rate applicable to such Class. The amount of interest payable on the Series 2024-1 Notes on each Payment Date (other than the initial Payment Date) will equal the interest payment applicable to such Class which will generally equal the sum of (i) the product of one-twelfth of the applicable Note Rate and the outstanding principal amount of the applicable Class of Series 2024-1 Notes on the immediately preceding Payment Date and (ii) the amount of any unpaid interest on such Class of Series 2024-1 Notes from prior Payment Dates plus, to the extent permitted by law, interest thereon at the applicable Note Rate. The amount of interest payable on the Series 2024-1 Notes on the initial Payment Date will equal the product of (i) 1/360 of the applicable Note Rate, (ii) the number of days from and including the Series 2024-1 Closing Date to and excluding the 15th day of the calendar month in which the initial Payment Date occurs (calculated on the basis of a 360-day year consisting of twelve 30-day months) and (iii) the initial principal amount of the applicable Class of Series 2024-1 Notes; provided, that the amount of interest payable on the applicable Series 2024-1 Notes on a Series 2024-1 Redemption Date (other than a Series 2024-1 Redemption Date that occurs on a Payment Date), if any, will equal the sum of (A) the product of (i) 1/360 of the applicable Note Rate, (ii) the actual number of days from and including the immediately preceding Payment Date to and excluding the Series 2024-1 Redemption Date and (iii) the principal amount of the class of Series 2024-1 Notes on the immediately preceding Payment Date that is being prepaid and (B) the amount of any unpaid interest on the applicable class of Series 2024-1 Notes from prior Payment Dates plus, to the extent permitted by law, interest thereon at the applicable Note Rate.

If on any Payment Date the amount of funds available to the Issuer for making interest payments on the Series 2024-1 Notes is less than the amount of interest payable on the Series 2024-1 Notes, the Issuer will pay the funds available to it to make interest payments on the Series 2024-1 Notes on that Payment Date in accordance with the Interest Note Payment Sequence. Interest that is not paid on a Payment Date will accrue interest at the applicable interest rate until paid in full.

### **Payment of Principal**

#### *Series 2024-1 Revolving Period*

No payments of principal of the Series 2024-1 Notes will be made during the Series 2024-1 Revolving Period unless the Issuer elects to redeem (i) with respect to up to 30% of the aggregate Series 2024-1 Note Balance (pro rata to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes), (a) at 103% of the outstanding principal amount redeemed plus accrued interest on any business day prior to (but excluding) the Payment Date in August 2025, and (b) at 101% of the outstanding principal amount redeemed plus accrued interest on any business day on or after the Payment Date in August 2025 and prior to (but excluding) the Payment Date

in July 2026, and (ii) in whole or in part (and pro rata to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes) at 100% of the outstanding principal amount redeemed plus accrued interest on any business day occurring on or after the Payment Date in July 2026. The Series 2024-1 Revolving Period will begin on the Series 2024-1 Closing Date and will end when the Series 2024-1 Amortization Period begins.

During the Series 2024-1 Revolving Period, the Issuer may direct the Paying Agent to release amounts on deposit in the Series 2024-1 Collection Account or the Series 2024-1 Excess Funding Account, no more than once per business day, to (x) fund all or a portion of the purchase price of Receivables being acquired by the Issuer pursuant to the Receivables Purchase Agreement or (y) reduce the outstanding principal amount of any other Series of Notes outstanding so long as no Rapid Amortization Event with respect to the Series 2024-1 Notes exists or would result therefrom and, after giving effect to such release, a Series 2024-1 Asset Deficiency will not exist.

It is expected that on the Payment Date in August 2024, the Issuer will direct the Paying Agent, in an officer's certificate, to release amounts on deposit in the Series 2024-1 Excess Funding Account to redeem the Existing Series Notes in full. Failure to redeem the Existing Series Notes on the Payment Date in August 2024 will result in the occurrence of a Rapid Amortization Event with respect to the Series 2024-1 Notes.

#### *Series 2024-1 Amortization Period*

The Series 2024-1 Amortization Period will begin on the earlier of (i) the close of business on the business day preceding the day on which a Rapid Amortization Event is deemed to have occurred with respect to the Series 2024-1 Notes and (ii) the close of business on June 30, 2027. The Series 2024-1 Amortization Period will end on the earliest to occur of (i) the Payment Date on which the Series 2024-1 Notes are paid in full, (ii) the Legal Final Payment Date or (iii) the termination of the Indenture.

Payments of principal of the Series 2024-1 Notes, other than amounts optionally redeemed by the Issuer, during the Series 2024-1 Revolving Period (if any), will be made beginning on the first Payment Date following the occurrence of a Rapid Amortization Event or, on the Payment Date in August 2027, if no Rapid Amortization Event with respect to the Series 2024-1 Notes shall have occurred. On that Payment Date and on each Payment Date thereafter, the Paying Agent will transfer the sum of (i) the aggregate Priority Principal Distribution Amount for that Payment Date, and (ii) the Series 2024-1 Principal Payment Amount for that Payment Date from the Series 2024-1 Settlement Account into the Series 2024-1 Note Distribution Account for distribution to the holders of the Series 2024-1 Notes.

The “**Anticipated Repayment Date**” with respect to the Series 2024-1 Notes is the Payment Date in July 2027.

The “**Series 2024-1 Principal Payment Amount**” for any Payment Date will equal the lesser of (i) the outstanding principal amount of the Series 2024-1 Notes on that Payment Date, less the aggregate Priority Principal Distribution Amount for such Payment Date, and (ii) the Total Available Amount remaining after payment of all items payable pursuant to clauses (i) through (xv) of the Priority of Payments. The Paying Agent will pay the amount deposited in the Series 2024-1 Note Distribution Account on account of the payment of principal of the Series 2024-1 Notes to the holders of the Series 2024-1 Notes in accordance with the Principal Note Payment Sequence.

The Issuer will be obligated to pay the principal amount of each class of the Series 2024-1 Notes in full on or prior to the Legal Final Payment Date.

#### *Rapid Amortization Events*

The events described below will be “**Rapid Amortization Events**” with respect to the Series 2024-1 Notes.

The following events will be automatic Rapid Amortization Events with respect to the Series 2024-1 Notes that are deemed to occur without notice or other action on the part of the Indenture Trustee or holders of the Series 2024-1 Notes:

- any Trigger Event occurs;
- a Series 2024-1 Asset Deficiency shall occur and continue until the second Payment Date following its commencement, or if commencing on a Payment Date, on the next Payment Date; provided, however, that so long as a Series 2024-1 Asset Deficiency has occurred and is continuing (i) no



Receivables may be transferred to the Issuer and (ii) no excess cash flow may be released to the Issuer (other than, for the avoidance of doubt, Receivables transferred to the Issuer by the Seller for the purpose of curing such Series 2024-1 Asset Deficiency) unless or until such Series 2024-1 Asset Deficiency is cured;

- a Servicer Default occurs;
- an Event of Default with respect to the Series 2024-1 Notes occurs under the Transaction Documents; and
- either the Seller or the Servicer suffers certain specified bankruptcy or insolvency events;
- the occurrence of a Receivables File Discrepancy Event; or
- the Issuer fails to redeem in full either (i) the Series 2021-1 Notes in accordance with the Base Indenture and Series 2021-1 Indenture Supplement or (ii) the Series 2022-1 Notes in accordance with the Base Indenture and the Series 2022-1 Indenture Supplement, in each case, on the Payment Date in August 2024.

The following events will be Trigger Events as of any Payment Date on or after the October 2024 Payment Date:

- the Three-Month Weighted Average Calculated Receivables Yield on such Payment Date is less than 22.50%;
- (i) with respect to the October 2024 Payment Date, the Two-Month Weighted Average Excess Spread on such Payment Date is less than 4.00% or (ii) as of any Payment Date on or after the November 2024 Payment Date, the Three-Month Weighted Average Excess Spread on such Payment Date is less than 4.00%; or
- the Three-Month Average Delinquency Ratio on such Payment Date is greater than 15.00%.

The following events will be Rapid Amortization Events with respect to the Series 2024-1 Notes only if after any applicable grace period, either the Indenture Trustee (at the written direction of the Majority in Interest) or the Majority in Interest declares that a Rapid Amortization Event with respect to the Series 2024-1 Notes has occurred:

- the Issuer fails to make a payment or deposit when required to under the Indenture (other than any failure to make a payment of interest on or principal of any Series 2024-1 Notes) which failure continues unremedied for at least five (5) business days;
- the Issuer fails to observe or perform any of the Issuer's covenants or agreements set forth in the Indenture and that failure materially and adversely affects the interests of the Series 2024-1 Noteholders and continues or is not cured for thirty (30) days after written notice of that failure to the Issuer by the Indenture Trustee or written notice of that failure to the Issuer and the Indenture Trustee by a Majority in Interest;
- the Issuer makes a representation or warranty in the Indenture or in any information that it is required to deliver to the Indenture Trustee that was incorrect when made or when delivered and that incorrect representation, warranty or information materially and adversely affects the interests of the Series 2024-1 Noteholders and continues to be incorrect for thirty (30) days after written notice of that breach to the Issuer by the Indenture Trustee or written notice of that breach to the Issuer and the Indenture Trustee by a Majority in Interest;
- failure on the part of the Seller to make any payment required by the terms of the Receivables Purchase Agreement (or within the applicable grace period which shall not exceed five (5) business days after the date such payment is required to be made);
- failure on the part of the Seller to duly observe or perform any of the Seller's covenants or agreements in the Receivables Purchase Agreement and that failure materially and adversely affects the interests of the Series 2024-1 Noteholders and continues unremedied for thirty (30) days after written notice of that failure to the Seller by the Indenture Trustee or the Seller and the Indenture Trustee by a Majority in Interest, failure on the part of RFS to duly observe or perform any of RFS's covenants or

agreements in the Retention Agreement and such failure continues unremedied beyond the applicable cure periods set forth therein; or

- the Seller makes a representation or warranty in the Receivables Purchase Agreement or in any information that it is required to deliver to the Issuer or the Indenture Trustee that was incorrect in any material respect when made or when delivered and that incorrect representation, warranty or information materially and adversely affects the interests of the Series 2024-1 Noteholders and continues to be incorrect for thirty (30) days after written notice of that breach to the Seller by the Indenture Trustee or the Seller and the Indenture Trustee by a Majority in Interest.

A “**Majority in Interest**” will consist of, so long as the Class A Notes are outstanding, registered holders of Class A Notes holding more than fifty percent (50%) of the unpaid principal amount of the Class A Notes (excluding any Class A Notes held by the Issuer or any affiliate of the Issuer); so long as the Class B Notes are outstanding and no Class A Notes are outstanding, registered holders of Class B Notes holding more than fifty percent (50%) of the unpaid principal amount of the Class B Notes (excluding any Class B Notes held by the Issuer or any affiliate of the Issuer); so long as the Class C Notes are outstanding and no Class A Notes or Class B Notes are outstanding, registered holders of Class C Notes holding more than fifty percent (50%) of the unpaid principal amount of the Class C Notes (excluding any Class C Notes held by the Issuer or any affiliate of the Issuer); so long as the Class D Notes are outstanding and no Class A Notes, Class B Notes or Class C Notes are outstanding, registered holders of Class D Notes holding more than fifty percent (50%) of the unpaid principal amount of the Class D Notes (excluding any Class D Notes held by the Issuer or any affiliate of the Issuer); and so long as the Class E Notes are outstanding and no Class A Notes, Class B Notes Class C Notes, or Class D Notes are outstanding, registered holders of Class E Notes holding more than fifty percent (50%) of the unpaid principal amount of the Class E Notes (excluding any Class E Notes held by the Issuer or any affiliate of the Issuer).

## **Bank Accounts**

### *Existing Accounts*

All Collections with respect to the Pooled Receivables shall initially be directed to be deposited or remitted by the Merchants or the applicable payment Processors to one of several deposit accounts or lockbox accounts established by the Servicer at various national banks (collectively, the “**Servicer Accounts**”). The Servicer Accounts will include funds received with respect to (i) referral fees paid by referral partners to RFS, (ii) Syndication Participant payments pursuant to Master Syndication Agreements, and (iii) certain other Receivables not owned by the Issuer and, in each case, the Servicer will transfer any such funds out of the Servicer Accounts on a daily basis. Pursuant to the Servicing Agreement, the Servicer will transfer all funds related to the Pooled Receivables owned by the Issuer from the Servicer Accounts to the Collection Account within two (2) business days of receipt of such funds therein by the Servicer, except as set forth in the Servicing Agreement. The Servicer can reimburse the RFS Companies for the amount of any Draws under LOC Receivables from Principal Proceeds in the Servicer Account. The additional amounts represented by the Draws will increase the outstanding principal balances of the related LOC Receivables and will become part of the trust Collateral.

### *Issuer Accounts*

The Issuer has established, and will be required to maintain, an Eligible Deposit Account into which all Collections are deposited by the Servicer from the Servicer Accounts (the “**Collection Account**”), except that the Servicer may first reimburse the applicable RFS Companies for any unreimbursed Draws made by any of them under LOC Receivables that are Pooled Receivables (and under the related Loan Agreements) out of the amounts on deposit in the Servicer Accounts representing Principal Proceeds. U.S. Bank N.A., as depository bank (in such capacity, the “**Depository Bank**”), has entered into a control agreement as of the Series 2021-1 Closing Date (the “**Collection Account Control Agreement**”) with the Issuer and the Indenture Trustee for the purpose of perfecting the security interest of the Indenture Trustee in the Collection Account.

For the benefit of the Series 2024-1 Noteholders, the Issuer will cause the Indenture Trustee (in its capacity as Paying Agent) to establish, and the Indenture Trustee (as Paying Agent) will be required to maintain seven securities accounts, each of which is required to be an Eligible Account:

- the collection account for the Series 2024-1 Notes (the “**Series 2024-1 Collection Account**”);

- the interest and expense account for the Series 2024-1 Notes (the “**Series 2024-1 Interest and Expense Account**”);
- the settlement account for the Series 2024-1 Notes (the “**Series 2024-1 Settlement Account**”);
- the excess funding account for the Series 2024-1 Notes (the “**Series 2024-1 Excess Funding Account**”);
- the capitalized interest account for the Series 2024-1 Notes (the “**Series 2024-1 Capitalized Interest Account**”);
- the reserve account for the Series 2024-1 Notes (the “**Series 2024-1 Reserve Account**”); and
- the distribution account for the Series 2024-1 Notes (the “**Series 2024-1 Note Distribution Account**” and, together with the Series 2024-1 Collection Account, the Series 2024-1 Interest and Expense Account, the Series 2024-1 Excess Funding Account, the Series 2024-1 Capitalized Interest Account, the Series 2024-1 Reserve Account and the Series 2024-1 Settlement Account, the “**Series 2024-1 Accounts**”).

The Series 2024-1 Accounts and all funds and investments of funds on deposit in those accounts will be part of the Collateral for the Series 2024-1 Notes and not the collateral that secures any other Series of Notes.

### *Investments*

The Issuer may instruct the institution maintaining each of the Series 2024-1 Collection Account, the Series 2024-1 Interest and Expense Account, the Series 2024-1 Capitalized Interest Account, Series 2024-1 Excess Funding Account and the Series 2024-1 Reserve Account to invest funds on deposit in such Series 2024-1 Accounts in Permitted Investments; provided, in the absence of such instructions, funds held in such accounts will remain uninvested. Investments on deposit in the Series 2024-1 Collection Account may be invested at the Issuer’s written direction in Permitted Investments that mature or that are payable or redeemable not later than (i) in the case of investments made during the Series 2024-1 Revolving Period, the next business day or (ii) in the case of investments made during the Series 2024-1 Amortization Period, the business day prior to the Payment Date following the date on which such funds were received. Investments on deposit in the Series 2024-1 Collection Account, the Series 2024-1 Interest and Expense Account, the Series 2024-1 Capitalized Interest Account and the Series 2024-1 Reserve Account may be invested at the Issuer’s written direction in Permitted Investments that mature or that are payable or redeemable on or prior to the business day prior to the Payment Date following the date on which such funds were received. Investments on deposit in the Series 2024-1 Excess Funding Account may be invested at the Issuer’s written direction in Permitted Investments that mature or that are payable or redeemable not later than the business day prior to the date the funds in such account are to be used to in accordance with the terms of the Indenture. In the absence of any such written direction, amounts on deposit in the Series 2024-1 Collection Account, the Series 2024-1 Interest and Expense Account, the Series 2024-1 Capitalized Interest Account, the Series 2024-1 Excess Funding Account and the Series 2024-1 Reserve Account shall remain uninvested.

Any earnings on investments in the Series 2024-1 Interest and Expense Account will be deposited into the Series 2024-1 Collection Account on each Payment Date. Any earnings on investments in the Series 2024-1 Collection Account, the Series 2024-1 Capitalized Interest Account, the Series 2024-1 Excess Funding Account and the Series 2024-1 Reserve Account will remain on deposit in such accounts.

### **Allocations of Collections**

#### *Series 2024-1 Collection Account, Series 2024-1 Interest and Expense Account and Series 2024-1 Excess Funding Account*

On each business day on which Collections are deposited in the Collection Account, the Issuer will direct the Paying Agent in writing to allocate to the holders of the Series 2024-1 Notes and deposit into the Series 2024-1 Collection Account the Series 2024-1 Invested Percentage on that business day of those Collections and thereafter to deposit to the Series 2024-1 Interest and Expense Account the lesser of such amount and the amount necessary to cause the aggregate amount so deposited in the Series 2024-1 Interest and Expense Account during the current calendar month to equal the Interest and Expense Amount (defined below) for the related Payment Date. The “**Interest and Expense Amount**” for each Payment Date will equal the sum of (i) the sum of the Interest Payments for such Payment Date and (ii) the amounts to be distributed from the Series 2024-1 Settlement

Account out of the Total Available Amount for that Payment Date pursuant to the Priority of Payments before any such Interest Payment. For a description of those amounts, see “—*Monthly Distributions*” below.

The “**Series 2024-1 Invested Percentage**” (i) on any business day during the Series 2024-1 Revolving Period will equal the percentage equivalent (which shall not exceed 100%) of a fraction the numerator of which is the Series 2024-1 Entitlement Amount as of the close of business on the immediately preceding business day and the denominator of which is the sum of the numerators used to determine the invested percentages for allocations for all Series of Notes as of the close of business on the immediately preceding business day and (ii) on any business day during the Series 2024-1 Amortization Period, will equal the percentage equivalent (which shall not exceed 100%) of a fraction the numerator of which is the Series 2024-1 Entitlement Amount as of the end of the Series 2024-1 Revolving Period and the denominator of which is the sum of the numerators used to determine the invested percentages for allocations for all Series of Notes as of the close of business on the immediately preceding business day.

The “**Series 2024-1 Entitlement Amount**” on any business day will equal the sum of (1) the quotient of (A) the difference, not to be less than zero, of (x) the aggregate outstanding principal balance of the Series 2024-1 Notes at such time, minus (y) the funds on deposit in the Series 2024-1 Excess Funding Account at such time, and (B) 100% minus the Series 2024-1 Required Overcollateralization Percentage on such day, *plus* (2) the sum of (a) the obligations that are due and owing at such time with respect to the Series 2024-1 Notes pursuant to clauses (i) through (iii) of the Priority of Payments, and (b) the aggregate Interest Payment for Series 2024-1 Notes.

The “**Series 2024-1 Required Overcollateralization Percentage**” means, on any date, an amount equal to (i) 100% minus (ii) the product of (x) 98.00%, *multiplied by* (y) the quotient of (a) the Series 2024-1 Adjusted Pool Balance over (b) the Series 2024-1 Pool Balance; *provided that* solely for purposes of the calculation of clause (ii) of this definition, the Series 2024-1 Invested Percentage will be assumed to be 100% when calculating the Series 2024-1 Pool Balance and the Series 2024-1 Adjusted Pool Balance.

If the amount on deposit in the Series 2024-1 Reserve Account on any business day is less than the Series 2024-1 Required Reserve Account Amount, the Issuer will be required to direct the Paying Agent to withdraw the amount of such deficit from the Series 2024-1 Collection Account and deposit it into the Series 2024-1 Reserve Account so long as, after giving effect to such withdrawal, the Series 2024-1 Required Asset Amount will not exceed the Series 2024-1 Asset Amount.

During the Series 2024-1 Revolving Period, the Issuer may direct the Paying Agent to release amounts on deposit in the Series 2024-1 Collection Account or the Series 2024-1 Excess Funding Account, no more than once per business day, to (x) fund all or a portion of the purchase price of Receivables pursuant to the Receivables Purchase Agreement or (y) reduce the outstanding principal amount of any other Series of Notes outstanding so long as no Rapid Amortization Event with respect to the Series 2024-1 Notes exists or would result therefrom and, after giving effect to such release, a Series 2024-1 Asset Deficiency will not exist.

It is expected that the Issuer will direct the Paying Agent on the Payment Date in August 2024 to redeem the outstanding principal amount of the Existing Series Notes in full. If the Issuer fails to redeem the Existing Series Notes on the Payment Date in August 2024, the Issuer will direct the paying agent, in the September monthly settlement statement to withdraw from the Series 2024-1 Excess Funding Account and deposit in the Series 2024-1 Settlement Account all amounts on deposit in the Series 2024-1 Excess Funding Account.

#### *Series 2024-1 Settlement Account*

On each Payment Date, the Issuer will direct the Paying Agent in the Monthly Settlement Statement to withdraw from the Series 2024-1 Interest and Expense Account and the Series 2024-1 Collection Account and deposit in the Series 2024-1 Settlement Account the sum (the “**Series 2024-1 Available Funds**”) of:

- the portion of Collections allocated to the holders of the Series 2024-1 Notes based upon the Series 2024-1 Invested Percentage and deposited in the Series 2024-1 Collection Account during the immediately preceding calendar month, including amounts deposited in the Series 2024-1 Interest and Expense Account during that calendar month, but less, in the case of any calendar month during the Series 2024-1 Revolving Period, any amounts withdrawn from the Series 2024-1 Collection Account during such calendar month to cover any deficit in the Series 2024-1 Reserve Account and any amounts released to the Issuer from the Series 2024-1 Collection Account in that calendar month;

- the Series 2024-1 Invested Percentage of the proceeds of any Servicer Advances made with respect to such Payment Date for any delinquent Scheduled Payments with respect to the Pooled Receivables no later than immediately prior to such Payment Date;
- on the first Payment Date during the Series 2024-1 Amortization Period, any amounts on deposit in the Series 2024-1 Collection Account at the close of business on the last day of the calendar month immediately preceding that Payment Date that are attributable to Collections that were allocated to the Series 2024-1 Notes based upon the Series 2024-1 Invested Percentage prior to that calendar month;
- on the first Payment Date during the Series 2024-1 Amortization Period, any amounts on deposit in the Series 2024-1 Excess Funding Account;
- the investment income on amounts on deposit in the Series 2024-1 Collection Account during that calendar month; and
- the investment income on amounts on deposit in the Series 2024-1 Interest and Expense Account during that calendar month transferred to the Series 2024-1 Collection Account on that Payment Date.

#### *Series 2024-1 Reserve Account*

If the Issuer determines that the aggregate amount to be distributed from the Series 2024-1 Note Distribution Account on any Payment Date to pay the Interest Payment for the Controlling Class is insufficient (after considering any deposits to the Series 2024-1 Note Distribution Account from the Series 2024-1 Capitalized Interest Account), the Issuer will be required to instruct the Paying Agent in the Monthly Settlement Statement to withdraw from the Series 2024-1 Reserve Account and deposit in the Series 2024-1 Note Distribution Account on that Payment Date the lesser of (x) such deficiency and (y) the amount on deposit in the Series 2024-1 Reserve Account, to be paid as interest in accordance with the Interest Note Payment Sequence.

If the Issuer determines that the aggregate amount to be distributed from the Series 2024-1 Note Distribution Account on the Legal Final Payment Date to pay the outstanding principal balance of the Series 2024-1 Notes to the Series 2024-1 Noteholders is less than sum of the (i) the Interest Payment for such Payment Date, and (ii) the outstanding principal amount of the Series 2024-1 Notes, the Issuer will be required to instruct the Paying Agent in writing to withdraw on the business day immediately preceding the Legal Final Payment Date from the Series 2024-1 Reserve Account and deposit in the Series 2024-1 Note Distribution Account the lesser of (x) such deficiency and (y) the amount then on deposit in the Series 2024-1 Reserve Account and available for withdrawal, upon which such deposit shall be applied *first* to payment of Interest Payments (if any deficiency exists with respect to Interest Payments) applied in accordance with the Interest Note Payment Sequence, and *second* to the payment of the outstanding principal of the Series 2024-1 Notes (if any deficiency with respect to payment of the outstanding principal amount of the Series 2024-1 Notes), applied in accordance with the Principal Note Payment Sequence.

If the Issuer determines during the Series 2024-1 Amortization Period that the sum of the Series 2024-1 Available Funds for a Payment Date and the amount on deposit in the Series 2024-1 Reserve Account and available for withdrawal on that Payment Date is greater than or equal to the sum of (i) the Interest Payment for the Series 2024-1 Notes on that Payment Date, (ii) all fees, expenses and indemnities payable to the Indenture Trustee, the Custodian, the Administrator, the Servicer and the Backup Servicer on that Payment Date pursuant to the Priority of Payments described below under “—*Monthly Distributions*” and (iii) the outstanding principal amount of the Series 2024-1 Notes (before any principal payments on that Payment Date), the Issuer will be required to instruct the Paying Agent in the Monthly Settlement Statement to withdraw from the Series 2024-1 Reserve Account and deposit in the Series 2024-1 Settlement Account on that Payment Date the amount on deposit in the Series 2024-1 Reserve Account on that Payment Date.

If, on any Payment Date, the amount on deposit in the Series 2024-1 Excess Funding Account has been reduced to zero and the Series 2024-1 Pool Balance, as of the end of the related Collection Period, has been reduced to zero, the Issuer will be required to instruct the Paying Agent in writing to withdraw from the Series 2024-1 Reserve Account and deposit in the Series 2024-1 Settlement Account on that Payment Date the amount on deposit in the Series 2024-1 Reserve Account on that Payment Date.

If the amount on deposit in the Series 2024-1 Reserve Account on any Payment Date is greater than the Series 2024-1 Required Reserve Account Amount, the Issuer may direct the Paying Agent to withdraw and pay

to the Issuer the lesser of (x) such excess and (y) the amount on deposit in the Series 2024-1 Reserve Account and available for withdrawal therefrom on that Payment Date so long as after giving effect to such withdrawal, the Series 2024-1 Required Asset Amount will not exceed the Series 2024-1 Asset Amount.

#### *Series 2024-1 Capitalized Interest Account*

If, on any of the first two Payment Dates, the Issuer determines that the aggregate amount otherwise distributable from the Series 2024-1 Note Distribution Account on any Payment Date to pay the Interest Payment will exceed the Series 2024-1 Available Funds for that Payment Date, the Issuer will direct the Paying Agent, in the monthly settlement statement to withdraw from the Series 2024-1 Capitalized Interest Account and deposit in the Series 2024-1 Note Distribution Account on that Payment Date the lesser of (x) such deficiency and (y) the amount on deposit in the Series 2024-1 Capitalized Interest Account. Any amounts remaining in the Series 2024-1 Capitalized Interest Account, after payment of the Interest Payment on the second Payment Date shall be distributed at the direction of the Issuer. In addition, if the Issuer fails to redeem the Existing Series Notes on the Payment Date in August 2024, the Issuer will direct the Paying Agent, in the September Monthly Settlement Statement to withdraw from the Series 2024-1 Capitalized Interest Account and deposit into the Series 2024-1 Settlement Account, all amounts on deposit in the Series 2024-1 Capitalized Interest Account.

#### **Monthly Distributions**

Prior to 2:00 p.m. (New York City time), on the business day prior to each Payment Date (each a “**Monthly Reporting Date**”), the Issuer will provide the Paying Agent a Monthly Settlement Statement directing the Paying Agent to apply, on the immediately succeeding Payment Date, the Series 2024-1 Available Funds on deposit in the Series 2024-1 Settlement Account on such Payment Date, together with any amounts deposited in the Series 2024-1 Settlement Account from the Series 2024-1 Reserve Account on such Payment Date (regardless of whether there is a continuing Event of Default) (the “**Total Available Amount**”) in the following order of priority (the “**Priority of Payments**”):

- (i) on a pro rata basis, to the Indenture Trustee, the Depository Bank, the Custodian and the Administrator, an amount equal to all accrued and unpaid fees, and the Series 2024-1 Invested Percentage of all expenses and indemnities then due to them, but, as long as no Event of Default has occurred and is continuing, only to the extent, after giving effect to such payment, the aggregate expenses and indemnities paid to the Indenture Trustee, the Depository Bank and the Custodian and the aggregate fees, expenses and indemnities paid to the Administrator, in each case, on such Payment Date and the eleven Payment Dates preceding such Payment Date (or, such lesser number as shall have occurred since the Series 2024-1 Closing Date) prior to the payment of interest on the Series 2024-1 Notes do not exceed the Annual Trustee/the Depository Bank/Custodian Expense Limit and the Annual Administrator Fee Limit, as applicable (it being understood that neither the Annual Trustee/the Depository Bank/Custodian Expense Limit nor the Annual Administrator Fee Limit shall apply following an Event of Default, or on any redemption date or any other final payment date) and in connection with an Event of Default applying to less than all outstanding Series of Notes any expenses and indemnity amounts owed to the Custodian the Depository Bank or the Indenture Trustee relating solely to Series 2024-1 shall be paid without respect to the Series 2024-1 Invested Percentage;
- (ii) to the Servicer or its designee, the Series 2024-1 Servicing Fee payable to the Servicer on such Payment Date, or, if the Successor Servicer has been appointed, to the Successor Servicer, the Series 2024-1 Successor Servicing Fee on such Payment Date, subject to the Annual Successor Servicer Expense Limit;
- (iii) to the Backup Servicer or its designee, the Series 2024-1 Backup Servicing Fee for such Payment Date, but only to the extent, after giving effect to such payment, the aggregate amounts paid to the Backup Servicer on such Payment Date and the eleven Payment Dates preceding such Payment Date (or, such lesser number as shall have occurred since the Series 2024-1 Closing Date) prior to the payment of interest on the Series 2024-1 Notes do not exceed the Annual Backup Servicer Fee Limit;
- (iv) to the Series 2024-1 Note Distribution Account, an amount equal to the Class A Interest Payment payable with respect to the Series 2024-1 Notes on such Payment Date, which amount will be paid to the Series 2024-1 Noteholders in accordance with the Interest Note Payment Sequence;

- (v) to the Series 2024-1 Note Distribution Account, an amount equal to the First Priority Principal Distribution Amount on such Payment Date, which amount will be paid as principal to the Series 2024-1 Noteholders in accordance with the Principal Note Payment Sequence;
- (vi) to the Series 2024-1 Note Distribution Account, an amount equal to the Class B Interest Payment on such Payment Date, which amount will be paid as interest to the Series 2024-1 Noteholders in accordance with the Interest Note Payment Sequence;
- (vii) to the Series 2024-1 Note Distribution Account, an amount equal to the Second Priority Principal Distribution Amount on such Payment Date, which amount will be paid as principal to the Series 2024-1 Noteholders in accordance with the Principal Note Payment Sequence;
- (viii) to the Series 2024-1 Note Distribution Account, an amount equal to the Class C Interest Payment on such Payment Date, which amount will be paid as interest to the Series 2024-1 Noteholders in accordance with the Interest Note Payment Sequence;
- (ix) to the Series 2024-1 Note Distribution Account, an amount equal to the Third Priority Principal Distribution Amount on such Payment Date, which amount will be paid as principal to the Series 2024-1 Noteholders in accordance with the Principal Note Payment Sequence;
- (x) to the Series 2024-1 Note Distribution Account, an amount equal to the Class D Interest Payment on such Payment Date, which amount will be paid as interest to the Series 2024-1 Noteholders in accordance with the Interest Note Payment Sequence;
- (xi) to the Series 2024-1 Note Distribution Account, an amount equal to the Fourth Priority Principal Distribution Amount on such Payment Date, which amount will be paid as principal to the Series 2024-1 Noteholders in accordance with the Principal Note Payment Sequence;
- (xii) to the Series 2024-1 Note Distribution Account, an amount equal to the Class E Interest Payment on such Payment Date, which amount will be paid as interest to the Series 2024-1 Noteholders in accordance with the Interest Note Payment Sequence;
- (xiii) to the Series 2024-1 Note Distribution Account, an amount equal to the Fifth Priority Principal Distribution Amount on such Payment Date, which amount will be paid as principal to the Series 2024-1 Noteholders in accordance with the Principal Note Payment Sequence;
- (xiv) on any Payment Date during the Series 2024-1 Revolving Period, if a Series 2024-1 Asset Deficiency has occurred and is continuing, to the Series 2024-1 Excess Funding Account, an amount equal to the Series 2024-1 Asset Deficiency Amount;
- (xv) on any Payment Date during the Series 2024-1 Revolving Period to the Series 2024-1 Reserve Account, the amount, if any, by which the Series 2024-1 Required Reserve Account Amount exceeds the amount on deposit in such Series 2024-1 Reserve Account as of such Payment Date (after giving effect to any withdrawals on such Payment Date);
- (xvi) on any Payment Date during the Series 2024-1 Amortization Period, to the Series 2024-1 Note Distribution Account, the Series 2024-1 Principal Payment Amount for such Payment Date, which amount will be paid in accordance with the Principal Note Payment Sequence;
- (xvii) on a pro rata basis, to the Indenture Trustee, the Depository Bank, the Custodian, the Administrator, and any Successor Servicer, if so appointed, an amount equal to the fees, expenses and indemnities allocable to the Series 2024-1 Notes not otherwise paid to the Indenture Trustee, the Depository Bank, the Custodian or, the Administrator or any Successor Servicer due to the operation of the Annual Trustee/the Depository Bank/Custodian Expense Limit or the Annual Administrator Fee Limit, or the Annual Successor Servicer Expense Limit as applicable;
- (xviii) to the Backup Servicer or its designee, any portion of the Backup Servicing Fee not otherwise paid to the Backup Servicer due to the operation of the Annual Backup Servicer Fee Limit; and
- (xix) at the written direction of the Issuer, to the Issuer or its designee, an amount equal to the balance remaining in the Series 2024-1 Settlement Account.

#### *Series 2024-1 Note Distribution Account*

On each Payment Date, the Paying Agent will make the following distributions from amounts on deposit in the Series 2024-1 Note Distribution Account:

- in the case of funds deposited to pay interest on the Series 2024-1 Notes, *first*, pro rata to each Class A Noteholder, an amount equal to the Class A Interest Payment for such Payment Date, *second*, pro rata to each Class B Noteholder, an amount equal to the Class B Interest Payment for such Payment Date, *third*, pro rata to each Class C Noteholder, an amount equal to the Class C Interest Payment for such Payment Date, *fourth*, pro rata to each Class D Noteholder, an amount equal to the Class D Interest Payment for such Payment Date, and *fifth*, pro rata to each Class E Noteholder, an amount equal to the Class E Interest Payment for such Payment Date (the “**Interest Note Payment Sequence**”), and
- in the case of funds deposited to pay principal on the Series 2024-1 Notes on a Payment Date during the Series 2024-1 Amortization Period, *first*, pro rata to each Class A Noteholder until the outstanding principal balance of the Class A Notes is reduced to zero, *second*, pro rata to each Class B Noteholder until the outstanding principal balance of the Class B Notes is reduced to zero, *third*, pro rata to each Class C Noteholder until the outstanding principal balance of the Class C Notes is reduced to zero, *fourth*, pro rata to each Class D Noteholder until the outstanding principal balance of the Class D Notes is reduced to zero, and *fifth*, pro rata to each Class E Noteholder until the outstanding principal balance of the Class E Notes is reduced to zero (the “**Principal Note Payment Sequence**”), and
- in the case of funds available to optionally redeem the Series 2024-1 Notes, pro rata to each Series 2024-1 Noteholder.

Distributions will be made to each holder of the Series 2024-1 Notes as determined on the record date preceding such Payment Date. The record date will be the business day immediately preceding the Payment Date.

#### *Priority Principal Distribution Amounts*

“**Priority Principal Distribution Amount**” means, with respect to any Payment Date, collectively, the First Priority Principal Distribution Amount, the Second Priority Principal Distribution Amount, the Third Priority Principal Distribution Amount, Fourth Priority Principal Distribution Amount, and the Fifth Priority Principal Distribution Amount.

“**First Priority Principal Distribution Amount**” means, with respect to any Payment Date during the Series 2024-1 Revolving Period, zero, and with respect to any Payment Date during the Series 2024-1 Amortization Period, an amount not less than zero equal to the excess, if any of (x) the outstanding principal balance of the Class A Notes prior to any payments on such Payment Date, and (y) the Series 2024-1 Asset Amount as of the last day of the related Collection Period; *provided*, however, that on or after the Legal Final Payment Date, the First Priority Principal Distribution Amount shall not be less than the amount that is necessary to reduce the outstanding principal balance of the Class A Notes to zero.

“**Second Priority Principal Distribution Amount**” means, with respect to any Payment Date during the Series 2024-1 Revolving Period, zero, and with respect to any Payment Date during the Series 2024-1 Amortization Period, an amount not less than zero equal to the excess of (A) the excess, if any of (x) the sum of (i) the outstanding principal balance of the Class A Notes prior to any payments on such Payment Date, and (ii) the outstanding principal balance of the Class B Notes prior to any payments on such Payment Date, and (y) the Series 2024-1 Asset Amount as of the last day of the related Collection Period, and (B) the First Priority Principal Distribution Amount; *provided*, however, that on or after the Legal Final Payment Date, the Second Priority Principal Distribution Amount shall not be less than the amount that is necessary to reduce the outstanding principal balance of the Class B Notes to zero.

“**Third Priority Principal Distribution Amount**” means, with respect to any Payment Date during the Series 2024-1 Revolving Period, zero, and with respect to any Payment Date during the Series 2024-1 Amortization Period, an amount not less than zero equal to the excess of (A) the excess, if any of (x) the sum of (i) the outstanding principal balance of the Class A Notes prior to any payments on such Payment Date, (ii) the outstanding principal balance of the Class B Notes prior to any payments on such Payment Date, and (iii) the outstanding principal balance of the Class C Notes prior to any payments on such Payment Date, and (y) the Series 2024-1 Asset Balance as of the last day of the related Collection Period, and (B) the sum of (i) the First Priority



Principal Distribution Amount, and (ii) the Second Priority Principal Distribution Amount; *provided*, however, that on or after the Legal Final Payment Date, the Third Priority Principal Distribution Amount shall not be less than the amount that is necessary to reduce the outstanding principal balance of the Class C Notes to zero.

**“Fourth Priority Principal Distribution Amount”** means, with respect to any Payment Date during the Series 2024-1 Revolving Period, zero, and with respect to any Payment Date during the Series 2024-1 Amortization Period, an amount not less than zero equal to the excess of (A) the excess, if any of (x) the sum of (i) the outstanding principal balance of the Class A Notes prior to any payments on such Payment Date, (ii) the outstanding principal balance of the Class B Notes prior to any payments on such Payment Date, (iii) the outstanding principal balance of the Class C Notes prior to any payments on such Payment Date, and (iv) the outstanding principal balance of the Class D Notes prior to any payments on such Payment Date, and (y) the Series 2024-1 Asset Amount as of the last day of the related Collection Period, and (B) the sum of (i) the First Priority Principal Distribution Amount, (ii) the Second Priority Principal Distribution Amount, and (iii) the Third Priority Principal Distribution Amount; *provided*, however, that on or after the Legal Final Payment Date, the Fourth Priority Principal Distribution Amount shall not be less than the amount that is necessary to reduce the outstanding principal balance of the Class D Notes to zero.

The **“Fifth Priority Principal Distribution Amount”** means, with respect to any Payment Date during the Series 2024-1 Revolving Period, zero, and with respect to any Payment Date during the Series 2024-1 Amortization Period, an amount not less than zero equal to the excess of (A) the excess, if any of (x) the sum of (i) the outstanding principal balance of the Class A Notes prior to any payments on such Payment Date, (ii) the outstanding principal balance of the Class B Notes prior to any payments on such Payment Date, (iii) the outstanding principal balance of the Class C Notes prior to any payments on such Payment Date, (iv) the outstanding principal balance of the Class D Notes prior to any payments on such Payment Date, and (v) the outstanding principal balance of the Class E Notes prior to any payments on such Payment Date, and (y) the Series 2024-1 Asset Amount as of the last day of the related Collection Period, and (B) the sum of (i) the First Priority Principal Distribution Amount, (ii) the Second Priority Principal Distribution Amount, (iii) the Third Priority Principal Distribution Amount, and (iv) the Fourth Priority Principal Distribution Amount; *provided*, however, that on or after the Legal Final Payment Date, the Fourth Priority Principal Distribution Amount shall not be less than the amount that is necessary to reduce the outstanding principal balance of the Class E Notes to zero.

### **Optional Redemption**

The Issuer will have the option to redeem the Series 2024-1 Notes (i) with respect to up to 30% of the aggregate Series 2024-1 Note Balance (pro rata to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes), (a) at 103% of the outstanding principal amount redeemed plus accrued interest on any business day prior to (but excluding) the Payment Date in August 2025, and (b) at 101% of the outstanding principal amount redeemed plus accrued interest on any business day on or after the Payment Date in August 2025 and prior to (but excluding) the Payment Date in July 2026, and (ii) in whole or in part (and pro rata to the Class A Notes, Class B Notes, Class C Notes, Class D Notes, and Class E Notes) at 100% of the outstanding principal amount redeemed plus accrued interest, on any business day occurring on or after the Payment Date in July 2026. If the Issuer exercises its option to redeem, the Issuer will repay the principal amount of the Series 2024-1 Notes in full or in part, as applicable, and pay all accrued and unpaid interest on the Series 2024-1 Notes on such Payment Date. In order for the Issuer to redeem the Series 2024-1 Notes, the Issuer must give the Indenture Trustee five (5) business days' prior written notice of the Payment Date on which the Issuer intends to exercise its option and deposit funds in an amount that is sufficient together with the funds deposited in the Series 2024-1 Note Distribution Account on such Payment Date to redeem the Series 2024-1 Notes. The Indenture Trustee will be obligated to provide notice of the redemption of the Series 2024-1 Notes to the Series 2024-1 Noteholders within two (2) business day of its receipt of such notice.

If the Issuer exercises its option to redeem the Series 2024-1 Notes, you will be required to surrender your Series 2024-1 Notes in order to receive the final payment of principal of your Series 2024-1 Notes.

### **Final Payment**

Each class of the Series 2024-1 Notes will be retired on the date on which the final payment of principal is made to the holders of such class of the Series 2024-1 Notes, whether as a result of optional redemption or otherwise. If the Series 2024-1 Notes are not paid in full on or before the Legal Final Payment Date, then both a Rapid Amortization Event with respect to the Series 2024-1 Notes and an Event of Default under the Indenture will occur.

Any money deposited with the Indenture Trustee or any paying agent (or any of their affiliates) or a clearing agency in trust for the payment of any amount due with respect to any Series 2024-1 Notes and remaining unclaimed for two (2) years after the principal or interest has become due and payable will be paid to the Issuer at its request, or, if then held by the Issuer, will be discharged from the trust. Once those funds are released to the Issuer, the holder of any Series 2024-1 Notes will be an unsecured general creditor of the Issuer and may look only to the Issuer for payment. The Indenture Trustee or any paying agent, before being required to release funds to the Issuer, may at the Issuer's expense cause to be published once, in a newspaper published in the English language, customarily published on each business day and of general circulation in New York, New York, and in a newspaper customarily published on each business day and of general circulation in London, England, if applicable, notice that the money remains unclaimed and that, after a specified date, which may not be less than 30 days from the publication date, any unclaimed balance of money will be repaid to the Issuer.

### **Governing Law**

The Series 2024-1 Notes and the other Transaction Documents, other than the Issuer LLC Agreement, will be governed by the laws of the State of New York. The Issuer LLC Agreement is governed by the laws of the State of Delaware.

### **Confidentiality**

Each Series 2024-1 Note beneficial owner, by its acceptance and holding of a beneficial interest in a Series 2024-1 Note, will agree to maintain the confidentiality of all Confidential Information in accordance with procedures adopted by such Series 2024-1 Note beneficial owner in good faith to protect Confidential Information of third parties delivered to such person; *provided* that such person may deliver or disclose Confidential Information to: (i) such person's directors, trustees, officers, employees, agents, attorneys, independent or internal auditors and affiliates who agree to hold confidential the Confidential Information; (ii) such person's financial advisors and other professional advisors who agree to hold confidential the Confidential Information; (iii) any other Series 2024-1 Note beneficial owner; (iv) any person of the type that would be, to such person's knowledge, permitted to acquire an interest in the Series 2024-1 Notes in accordance with the requirements of the Indenture pursuant to which such person sells or offers to sell any such interest in the Series 2024-1 Notes or any part thereof and that agrees to hold confidential the Confidential Information in accordance with the Indenture; (v) any federal or state or other regulatory, governmental or judicial authority having jurisdiction over such person; (vi) the National Association of Insurance Commissioners or any similar organization, or any nationally-recognized rating agency that requires access to information about the investment portfolio of such person; (vii) any reinsurers or liquidity or credit providers that agree to hold confidential the Confidential Information; (viii) any other person with the consent of the Issuer or (ix) any other person to which such delivery or disclosure may be necessary or appropriate (A) to effect compliance with any law, rule, regulation, statute or order applicable to such Series 2024-1 Noteholder, (B) in response to any subpoena or other legal process upon prior notice delivered to the Issuer (unless prohibited by applicable law or other requirement having the force of law), (C) in connection with any litigation to which such person is a party upon prior notice delivered to the Issuer (unless prohibited by applicable law or other requirement having the force of law) or (D) if a Rapid Amortization Event with respect to the Series 2024-1 Notes or Event of Default has occurred and is continuing, to the extent such person may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies offered under the Series 2024-1 Notes, the Indenture or any other document relating to the Series 2024-1 Notes. Each Series 2024-1 Note beneficial owner, by its acceptance of a beneficial interest in the Series 2024-1 Notes, will agree, except as set forth in clauses (v), (vi) and (ix) above, that it will use the Confidential Information for the sole purpose of making an investment in the Series 2024-1 Notes or administering its investment in the Series 2024-1 Notes. In the event of any required disclosure of the Confidential Information by such Series 2024-1 Noteholder, such Series 2024-1 Noteholder will agree to use reasonable efforts to protect the confidentiality of the Confidential Information.

**"Confidential Information"** will mean information delivered to the Indenture Trustee or any Series 2024-1 Noteholder by or on behalf of the Issuer or the RFS Companies in connection with and relating to the transactions contemplated by or otherwise pursuant to the Indenture and the Transaction Documents, but will not include information that: (i) was publicly known or otherwise known to the Indenture Trustee or the Series 2024-1 Noteholder prior to the time of such disclosure; (ii) subsequently becomes publicly known through no act or omission by the Indenture Trustee, any Series 2024-1 Noteholder or any person acting on behalf of the Indenture Trustee or any Series 2024-1 Noteholder; (iii) otherwise is known or becomes known to the Indenture Trustee or any Series 2024-1 Noteholder other than (x) through disclosure by the Issuer or the RFS Companies or (y) as a result of a breach of fiduciary duty to the Issuer or a contractual duty to the Issuer; or (iv) is allowed to be treated as non-confidential by consent of the Issuer and the RFS Companies.

## DESCRIPTION OF THE INDENTURE

Following is a summary of the provisions of the Indenture. This summary describes the material provisions of the Indenture. This summary is qualified in its entirety by reference to the provisions of the Indenture. See below “—*Base Indenture Amendment*” for a description of the proposed amendment to be effected following the repayment of the Series 2021-1 Notes and Series 2022-1 Notes, which Notes are anticipated to be repaid on August 15, 2024.

### The Collateral

The Issuer has secured its obligations under the Notes issued under the Base Indenture, including the Series 2024-1 Notes, by granting a security interest in the Collateral, which consists of:

- all Receivables purchased by the Issuer from the Seller or contributed to the Issuer by the Seller on the Series 2021-1 Closing Date and any subsequent Transfer Date (including the Series 2024-1 Closing Date) pursuant to the Receivables Purchase Agreement that have not become a Warranty Repurchase Receivable (collectively, the “**Pooled Receivables**”) and all Related Security with respect thereto, including all monies due and to become due to the Issuer thereon and all amounts received with respect thereto after the applicable Transfer Date,
- the Collection Account, including all funds held in such account (except for Overpayment Amounts) and all securities, whether certificated or uncertificated, security entitlements, or instruments, if any, from time to time representing or evidencing investment of such amounts and all proceeds thereof, and all claims of the Issuer in and to such funds,
- each of the Transaction Documents (other than the Indenture, the Notes and any agreements relating to the issuance or the purchase of any Notes), including all monies due and to become due to the Issuer thereunder or in connection therewith, and claims of the Issuer under or with respect to each of such Transaction Documents,
- any transactions, agreements, or documents which provide for an interest rate, credit, commodity or equity swap, cap, floor, collar, forward foreign exchange transaction, currency swap, cross currency rate swap, currency option, or any combination of, or option with respect to, these or similar transactions, for the purpose of hedging the Issuer’s exposure to fluctuations in interest or exchange rates, loan, credit exchange, security or currency valuations or commodity prices, and
- all proceeds of the foregoing.

In addition, the Issuer will secure its obligations under the Series 2024-1 Notes and the Series 2024-1 Indenture Supplement by granting a security interest in the Series 2024-1 Accounts and the funds on deposit therein from time to time.

It is expected that the Issuer will, in accordance with the Series 2024-1 Indenture Supplement, direct the Paying Agent to release amounts on deposit in the Series 2024-1 Excess Funding Account to redeem the Existing Series Notes in full on the Payment Date in August 2024. The failure of the Issuer to redeem the Existing Series Notes on the Payment Date in August 2024 will result in the occurrence of a Rapid Amortization Event with respect to the Series 2024-1 Notes.

If a Rapid Amortization Event with respect to the Series 2024-1 Notes occurs, principal payments of the Series 2024-1 Notes will commence on the next Payment Date unless such Rapid Amortization Event is waived by the Majority in Interest. On each Payment Date after the occurrence of a Rapid Amortization Event the amount available to pay the principal of the Series 2024-1 Notes will equal the portion of the lesser of (i) the outstanding principal balance of the Series 2024-1 Notes and (ii) the Total Available Amount for that Payment Date remaining after the payment of interest on the Series 2024-1 Notes. Accordingly, if the Issuer fails to redeem the Existing Series Notes on the Payment Date in August 2024, amounts on deposit in the Series 2024-1 Capitalized Interest Account and the Series 2024-1 Excess Funding Account will be deposited in the Series 2024-1 Note Distribution Account for payment of principal of the Series 2024-1 Notes pursuant to the Series 2024-1 Settlement Account to be paid pursuant to the Priority of Payments, on the Payment Date in September 2024.

The Issuer has agreed, promptly following a request from the Indenture Trustee (as directed in writing by the holders of a Majority in Interest of any outstanding Series of Notes) and at the Issuer’s expense, to take all such lawful action as the Indenture Trustee may reasonably request to compel or secure the performance and

observance by the Seller, the Servicer, the Backup Servicer, the Custodian, the Administrator or any other party to any of the Transaction Documents, as applicable, of each of their respective obligations under the Transaction Documents, in each case in accordance with the applicable terms thereof, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer to the extent and in the manner directed by the Indenture Trustee, including the transmission of notices of default thereunder and the institution of legal or administrative actions or proceedings to compel or secure performance by the Seller, the Servicer, the Backup Servicer, the Custodian, the Administrator or any other party to any of the Transaction Documents, as applicable, of each of their respective obligations under the Transaction Documents.

### **Issuance of Additional Series 2024-1 Notes**

The Series 2024-1 Notes will be “expandable” term notes such that at any time during the Series 2024-1 Revolving Period, the Issuer may, in its discretion, periodically issue additional Series 2024-1 Notes, subject to the following conditions: (a) such issuance does not cause the maximum issuance amount applicable to each Class (as described in the chart above under the heading “**Maximum Principal Balance**”) to be exceeded, (b) the Rating Agency Condition with respect to the Series 2024-1 Notes is satisfied, (c) the Issuer and the Receivables to be acquired by the Issuer in connection with such issuance satisfy all conditions set forth in the Transaction Documents, (d) at the time of such issuance a Rapid Amortization Event has not occurred and is not continuing, (e) such issuance of additional Series 2024-1 Notes will constitute a “qualified reopening” of such corresponding Class of Series 2024-1 Notes for U.S. federal income tax purposes, (f) the Issuer shall deliver to the Indenture Trustee an officer’s certificate stating that the foregoing conditions and all other conditions precedent to the authentication of the additional Notes by the Indenture Trustee have been satisfied and (g) the Issuer receives an opinion from independent tax counsel that the issuance of any additional notes are properly characterized as indebtedness for U.S. federal income tax purposes at the same level of tax opinion certainty as the related Class of Series 2024-1 Notes originally issued on the initial Series 2024-1 Closing Date and then outstanding. Each such additional issuance of a Class of Series 2024-1 Notes will have the same terms as the corresponding Class of Series 2024-1 Notes issued on the Series 2024-1 Closing Date, including the same Note Rate, Legal Final Payment Date and CUSIP provided, however, that (x) the interest due on the additional Notes shall accrue from the issue date of such additional Notes and (y) a new, separate global note for a Class of Notes with new CUSIP numbers shall be required unless the Issuer determines, based on written advice of counsel (which may be in electronic format), that such additional issuance will constitute part of a “qualified reopening” within the meaning of the Code and the Treasury regulations. No additional Notes may be issued if, after the issuance and purchase of such additional Notes, the U.S. Risk Retention Regulations (to the extent applicable) would not be satisfied.

### **Issuance of Additional Series**

The Issuer may issue additional Series of Notes without the consent of the holders of the Notes then outstanding. The Issuer may not change the terms of the Series 2024-1 Notes by issuing an additional Series of Notes. It is a condition to the issuance of any Series of Notes that, among other things, (i) the Rating Agency Condition with respect thereto is satisfied and (ii) counsel to the Issuer delivers an opinion that the issuance of such additional Series of Notes will not (a) prevent any Series 2024-1 Notes outstanding or Class thereof that was (based upon an opinion of counsel) characterized as indebtedness for U.S. federal income tax purposes at the time of their issuance from continuing to so qualify and (b) cause the Issuer to be classified as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. There can be no assurance that the terms of any additional Series of Notes will not impact the timing or amount of payments or distributions received by you or any other holder of an outstanding Series of Notes. Among other things, additional Series of Notes may accrue interest at different rates, may have a different interest rate basis, different final maturities and different levels of credit enhancement and may benefit from different Rapid Amortization Events than your Series of Notes. No additional Series of Notes may be issued if, after the issuance and purchase of such additional Series of Notes, the U.S. Risk Retention Regulations (to the extent applicable) would not be satisfied.

### **Credit Enhancement**

Credit enhancement for the Series 2024-1 Notes is intended to reduce the risk of a payment default in respect of the Series 2024-1 Notes by the Issuer. The Issuer will provide credit enhancement for the Series 2024-1 Notes in the form of excess spread, overcollateralization (including the Series 2024-1 Excess Funding Account and Series 2024-1 Capitalized Interest Account) to the extent that the Series 2024-1 Asset Amount exceeds the outstanding principal amount of the Series 2024-1 Notes, funds on deposit in the Series 2024-1 Reserve Account, and, with respect to the Priority Classes of Series 2024-1 Notes, subordination of the applicable Junior Classes of Series 2024-1 Notes.

### *Excess Spread*

Weighted Average Excess Spread will be available to offset or help offset losses on the Pooled Receivables. As determined as of the last day of any calendar month (each a “**Determination Date**”), the “**Weighted Average Excess Spread**” means an annualized ratio equal to a fraction:

- (a) the numerator of which is the excess, if any, of:
  - (i) the sum of
    - (A) all Collections on the Receivables remitted to the Series 2024-1 Collection Account during the Collection Period ending on such Determination Date except for Collections constituting principal payments (which, for purposes hereof, “principal payments” shall refer to all payments made by the related Merchant other than costs (as described in the applicable Merchant Document) or payments constituting fees payable thereunder); plus
    - (B) all recoveries collected and remitted to the Series 2024-1 Collection Account during the Collection Period ending on such Determination Date with respect to Receivables that are Charged-Off Receivables;
  - less
  - (ii) the sum of:
    - (A) the amounts due and payable on the immediately following Payment Date pursuant to clauses (i) through (iii) of the Priority of Payments; plus
    - (B) the amount of the Interest Payments due for such Payment Date; plus
    - (C) the aggregate Outstanding Receivables Balance (immediately prior to becoming a Charged-Off Receivable) of all Receivables that became Charged-Off Receivables during the related Collection Period;
- and
- (b) the denominator of which is the daily average of the product of (i) the Series 2024-1 Invested Percentage and (ii) the Outstanding Receivables Balance of all Eligible Receivables during the related Collection Period.

A Trigger Event and therefore a Rapid Amortization Event with respect to the Series 2024-1 Notes will occur on any Payment Date on and after the October 2024 Payment Date if (a) with respect to the October 2024 Payment Date, the Two-Month Weighted Average Excess Spread on such Payment Date is less than 4.00% or (b) as of any Payment Date on or after the November 2024 Payment Date, the Three-Month Weighted Average Excess Spread on any Payment Date is less than 4.00%. A Pooled Receivable will be treated as a Charged-Off Receivable if such Pooled Receivable (x) has a Missed Payment Factor (i) in the case of a Daily Pay Receivable, higher than 66; (ii) in the case of a Weekly Pay Receivable, higher than 12; (iii) in the case of a Bi-Weekly Pay Receivable, higher than 6; or (y) consistent with the Credit Policies, has or should have been written off by the Servicer. See “*Servicing*”.

### *Series 2024-1 Required Asset Amount*

The amount by which the aggregate Outstanding Receivables Balance of the Pooled Receivables exceeds the aggregate outstanding principal amount of all Series of Notes issued by the Issuer will also be available to offset or help offset losses on Charged-Off Receivables.

Under the Series 2024-1 Indenture Supplement, the Series 2024-1 Asset Amount will be required to be at least equal to the Series 2024-1 Required Asset Amount. A Rapid Amortization Event with respect to the Series 2024-1 Notes will occur if the Series 2024-1 Asset Amount is less than the Series 2024-1 Required Asset Amount for the later of (a) 31 calendar days or (b) the next Payment Date following 31 calendar days; provided, however, that so long as a Series 2024-1 Asset Deficiency has occurred and is continuing (i) no Receivables may be transferred to the Issuer and (ii) no excess cash flow may be released to the Issuer unless or until such Series 2024-1 Asset Deficiency is cured.

The “**Series 2024-1 Asset Amount**” will equal (A) the sum of (i) the amounts on deposit in the Series 2024-1 Collection Account (plus any amounts transferred therefrom and on deposit in the Series 2024-1 Interest and Expense Account and amounts from the Collection Account that will be remitted from the Collection Account to the Series 2024-1 Collection Account within the following two (2) business days), (ii) the amounts on deposit in the Series 2024-1 Excess Funding Account, and (iii) the product of (x) 98.00% and (y) the Series 2024-1 Adjusted Pool Balance.

The “**Series 2024-1 Adjusted Pool Balance**” will, for any Payment Date, be the then-current Series 2024-1 Pool Balance minus the Series 2024-1 Excess Concentration Amounts.

The “**Series 2024-1 Pool Balance**” will be equal to the product of (x) the aggregate Outstanding Receivables Balances of all Eligible Receivables and (y) the Series 2024-1 Invested Percentage.

The “**Series 2024-1 Required Asset Amount**” on any day will equal the sum of (i) the aggregate Series 2024-1 Note Balance under the Indenture at such time, plus (ii) all accrued and unpaid interest or other obligations that are due and owing at such time with respect to the Series 2024-1 Notes pursuant to (i) through (iv) of the related *Priority of Payments* described herein; plus (iii) the Series 2024-1 Yield Supplement Amount.

The “**Series 2024-1 Yield Supplement Amount**” means the amount equal to the greater of (a) \$0 or (b) the excess of (x) the Series 2024-1 Adjusted Pool Balance and (y) the present value of all of the remaining aggregate payments becoming due under such Eligible Receivables after the end of the prior Collection Period, discounted monthly at 22.50% per annum (or such higher rate determined by the Servicer in its sole discretion) assuming (a) Scheduled Payments are due on the last day of each Collection Period in which a Scheduled Payment is due; (b) Scheduled Payments are discounted on a monthly basis using a 30-day month and a 360-day year; and (c) Scheduled Payments are discounted to the last day of the Collection Period prior to the Determination Date.

Exceeding the following concentration limitations will cause the Series 2024-1 Pool Balance to decrease by the Series 2024-1 Excess Concentration Amounts, determining the Series 2024-1 Adjusted Pool Balance:

<b>Concentration Test</b>	<b>Percentage of Series 2024-1 Pool Balance</b>
Merchants located in California	25.00%
Merchants located in New York	20.00%
Merchants located in Florida	20.00%
Merchants located in Texas	20.00%
Merchants located in any other single state	10.00%
Merchants with Outstanding Receivables Balances greater than \$75,000 <sup>(1)</sup>	60.00%
Merchants with Outstanding Receivables Balances greater than \$125,000 <sup>(1)</sup>	35.00%
Merchants with Outstanding Receivables Balances greater than \$400,000 <sup>(1)</sup>	7.00%
Merchants with Outstanding Receivables Balances greater than \$600,000 <sup>(1)</sup>	0.00%
Merchants in business for less than 1 year	1.00%
Merchants in business for less than 2 years	10.00%
Merchants in business for less than 3 years	20.00%
Merchants in business for less than 4 years	40.00%
Merchant businesses in highest concentration industry <sup>(2)</sup>	25.00%
Merchant businesses in highest 2 concentration industries <sup>(2)</sup>	40.00%
Merchant businesses in highest 5 concentration industries <sup>(2)</sup>	65.00%
Merchant businesses in highest 10 concentration industries <sup>(2)</sup>	90.00%
Receivables that are 13+ Receivables	55.00%
LOC Receivables that are 13+ Receivables	0.00%
Receivables with an Expected Collection Period greater than 24 months (12 months from the latest Draw for LOC Receivables)	0.00%
Variable Payment Receivables	20.00%
Receivables that are 19+ Receivables	2.50%
LOC Receivables	50.00%

<b>Concentration Test</b>	<b>Percentage of Series 2024-1 Pool Balance</b>
Receivables that are approximately 31 to 60 calendar days past due, based on a Missed Payment Factor of (a) 22 to 44 for Daily Pay Receivables; (b) 4 to 8 for Weekly Pay Receivables; and (c) 2 to 4 for Bi-Weekly Pay Receivables	15.00%
Receivables that are approximately 61 calendar days or more past due, based on a Missed Payment Factor greater than (a) 44 for Daily Pay Receivables; (b) 8 for Weekly Pay Receivables; and (c) 4 for Bi-Weekly Pay Receivables	0.00%
Receivables that are subject to Material Modifications	15.00%
Receivables with a Risk Band of 1 is equal to at least	17.00%
Receivables with a Risk Band of 1 or 2 is equal to at least	59.00%
Receivables with a Risk Band of 1, 2 or 3 is equal to at least	94.00%
Receivables with a Risk Band of 4 does not exceed	6.00%
Receivables that cause the weighted average Performance Ratio to be below 80.00%	0.00%
Receivables with an Original Expected Term of 1-13 months that cause the weighted average RTR Ratio to be below 1.270	0.00%
Receivables with an Original Expected Term of 14-19 that cause the weighted average RTR Ratio to be below 1.320	0.00%
Receivables with an Original Expected Term of 20-24 months that cause the weighted average RTR Ratio to be below 1.500	0.00%
Receivables that cause the weighted average Receivables Yield to be below 22.50%	22.50%
Receivables that cause the weighted average FICO Score to be below 625	0.00%
Receivables that cause the average outstanding Merchant balance to exceed \$65,000	0.00%

(1) Represents participation interest owned by Seller.

(2) For purposes of this test, Receivables relating to Merchants in unclassified industries will be counted as a single industry.

Prior to transferring a Receivable to the Issuer, RFS will classify the Merchant under that Receivable within one of the SIC2 industry codes.

Material Modifications include, with respect to any Loan Receivable, a reduction in the Amount Owed, extension of the term, reduction in, or change in frequency of, required payments or an extension of scheduled payment dates (other than temporary modifications made in accordance with the Credit Policies) or a reduction in the outstanding balance; provided this shall not include customary collection practices followed by Servicer if there is no change to the reporting of the contractual obligations of the Merchant at the time of original funding.

#### *Series 2024-1 Required Reserve Account Amount*

The Issuer will be required to maintain the Series 2024-1 Required Reserve Account Amount on deposit in the Series 2024-1 Reserve Account. The Issuer will deposit that amount into the Series 2024-1 Reserve Account on the Series 2024-1 Closing Date.

Funds will be withdrawn from and deposited in the Series 2024-1 Reserve Account as described under “Description of the Series 2024-1 Notes—Allocation of Collections—Series 2024-1 Reserve Account.”

#### *Series 2024-1 Excess Funding Account*

On the Series 2024-1 Closing Date, the net proceeds of the sale of the Series 2024-1 Notes will be deposited into the Series 2024-1 Excess Funding Account and the Series 2024-1 Capitalized Interest Account. On the Payment Date in August 2024, the Issuer will use the funds in the Series 2024-1 Excess Funding Account to redeem the Existing Series Notes in full. Failure to redeem the Existing Series Notes will result in the occurrence of a Rapid Amortization Event with respect to the Series 2024-1 Notes.

During the Series 2024-1 Revolving Period, amounts on deposit in the Series 2024-1 Excess Funding Account will be available for the purchase of additional Receivables. On the first Payment Date of the Series 2024-1 Amortization Period, any remaining amounts on deposit in the Series 2024-1 Excess Funding Account will be deposited into the Series 2024-1 Settlement Account for distribution on that Payment Date pursuant to the Priority of Payments.

#### *Series 2024-1 Capitalized Interest Account*

On the Series 2024-1 Closing Date, the Issuer will deposit the Series 2024-1 Capitalized Interest Amount in the Series 2024-1 Capitalized Interest Account. Funds will be withdrawn from the Series 2024-1 Capitalized Interest Account as described under “*Description of the Series 2024-1 Notes—Allocation of Collections—Series 2024-1 Capitalized Interest Account.*”

### **Representations and Warranties**

The Issuer will make the following representations and warranties, among others, under the Base Indenture, upon the issuance of each Series of Notes, including the Series 2024-1 Notes:

- the Issuer is a limited liability company duly formed and validly existing and in good standing in Delaware and is duly qualified to do business as a foreign limited liability company and in good standing under the laws of each jurisdiction where the character of its property, the nature of its business or the performance of its obligations make such qualification necessary, except to the extent that the failure to so qualify would not reasonably be expected to result in a Material Adverse Effect;
- the Issuer has the authority to consummate the transactions contemplated by the Base Indenture and the other applicable Transaction Documents;
- the Base Indenture and each other Transaction Document to which the Issuer is party constitute the legal, valid and binding obligations of the Issuer;
- the Issuer is not an “investment company” or under the “control” of an “investment company” as such terms are defined in the Investment Company Act of 1940, as amended;
- the Issuer will not use the proceeds from the sale of the Notes to purchase or carry “margin stock”, as defined or used in Regulation T, U or X of the Board of Governors of the Federal Reserve System, or to extend credit to others for that purpose;
- the Issuer is not insolvent or subject to any voluntary or involuntary proceeding with respect to any bankruptcy or insolvency law;
- the Issuer owns and has good and marketable title to the Collateral, free and clear of all liens other than certain permitted liens;
- the Indenture constitutes a valid and continuing lien on the Collateral in favor of the Indenture Trustee prior to all other liens, except as permitted by the Indenture or other Transaction Documents;
- other than the security interest granted to the Indenture Trustee under the Indenture, the Issuer has not pledged, assigned, sold or granted a security interest in the Collateral. All action necessary to protect and perfect the Indenture Trustee’s security interest in the Collateral now in existence and hereafter acquired or created has been duly and effectively taken;
- each of the Transaction Documents is in full force and effect and there are no outstanding Events of Default nor any events which with the giving of notice, the passage of time or both, would constitute an Event of Default; and
- all of the issued and outstanding membership interests of the Issuer are owned by RFS, all of which membership interests have been validly issued, are fully paid and non-assessable and are owned of record by RFS, free and clear of all liens other than certain permitted liens; *provided, however*, that RFS may pledge membership interests in the Issuer to the extent permitted under the U.S. Risk Retention Regulations.



## Certain Covenants

The Issuer has agreed to the following covenants, among others, in the Base Indenture:

- the Issuer may not create, incur, assume or permit any lien on any of its assets other than the liens created or permitted under the Base Indenture;
- the Issuer may not create, assume, incur, suffer to exist or otherwise become or remain liable in respect of any indebtedness, other than the Notes and liabilities under the Transaction Documents;
- the Issuer may not merge with or consolidate with or into any other entity;
- the Issuer may not sell, lease, transfer, liquidate or otherwise dispose of any of its assets, except as contemplated by the Transaction Documents;
- the Issuer may not acquire, by long-term or operating lease or otherwise, any assets except in accordance with the Transaction Documents;
- the Issuer may not declare or pay any dividends on any of its membership interests or make any purchase, redemption or other acquisition of any of its membership interests after the occurrence and during the continuance of an Event of Default or a Rapid Amortization Event with respect to any Series of Notes;
- the Issuer may not make, incur or suffer to exist any loan, advance, extension of credit or other investment in any other entity other than in accordance with the Transaction Documents;
- the Issuer may not engage in any business or enterprise or enter into any transaction other than the acquisition of the Receivables and the Related Security with respect thereto pursuant to the Receivables Purchase Agreement and the funding of the Receivables and the Related Security with respect thereto through the issuance and sale of the Notes, in each case pursuant to the Transaction Documents, and the incurrence and payment of ordinary course operating expenses and other related activities;
- the Issuer may not make any material amendments to the Issuer LLC Agreement unless, prior to the amendment, the Rating Agency Condition is satisfied with respect thereto;
- promptly upon becoming aware of any Potential Amortization Event with respect to any Series of Notes, Rapid Amortization Event with respect to any Series of Notes, Potential Servicer Default, Servicer Default, Potential Event of Default or Event of Default, the Issuer shall give the Indenture Trustee written notice thereof together with an officer's certificate setting forth the details thereof and any action with respect thereto taken or contemplated to be taken by the Issuer;
- on or before March 31 of each calendar year, commencing with March 31, 2022, the Issuer shall furnish to the Indenture Trustee an opinion of counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of the Base Indenture or any supplement hereto and any other requisite documents and with respect to the authorization and filing of any financing statements and continuation statements as are necessary to maintain the perfection of the lien and security interest created by the Base Indenture and reciting the details of such action or stating that in the opinion of such counsel no such action is necessary to maintain the perfection of such lien and security interest; and
- the Issuer will change neither its location (within the meaning of Section 9-307 of the UCC) nor its legal name without sixty (60) days' prior written notice to the Indenture Trustee.

In addition, the Issuer has agreed not to agree to any amendment, modification, waiver, supplement, termination or surrender of the terms of any of the Transaction Documents (other than the Indenture), consent to the assignment of any such Transaction Document or waive timely performance or observance by the Seller, the Servicer, the Backup Servicer, the Administrator or the Custodian under any Transaction Document to which such entity is a party (other than any Transaction Document that relates solely to a Series of Notes) (each such action, a "**Transaction Document Action**"), in each case without the prior written consent of the Requisite Noteholders and satisfaction of the Rating Agency Condition and any other conditions as may be set forth in any indenture supplement; *provided*, that, if any Transaction Document Action does not materially adversely affect the holders of one or more Series of Notes, but not all, Series of Notes (as substantiated by an officer's certificate of the Issuer

to such effect), the consent of the holders of such Series of Notes will not be required (and the related calculation of Requisite Noteholders will be modified accordingly); provided, further, if any Transaction Document Action does not materially adversely affect any holders of Notes (as substantiated by an officer's certificate of the Issuer to such effect), the Issuer will be permitted to effect such action without the prior written consent of the Indenture Trustee or any holder of Notes. Any amendment of a Transaction Document to which the Indenture Trustee, Administrator or the Custodian is a party that affects the rights, protections, indemnities or obligations of the Indenture Trustee, Administrator or the Custodian, as applicable, will require the consent of the Indenture Trustee, Administrator or the Custodian, as applicable.

## Events of Default

An event of default (an “**Event of Default**”) with respect to any Series of Notes under the Base Indenture will include any one of the following events:

- following the execution of the A&R Base Indenture, a default in the payment of interest on either (a) any Controlling Class of any Series when the same becomes due and payable or (b) any Note of any Series on such Class of Notes' Legal Final Payment Date, and such default shall continue for a period of five (5) business days;
- a default in the payment of principal of any Note of any Series when the same becomes due and payable;
- a default in the observance or performance of any covenants or agreements of the Issuer in the Base Indenture or the indenture supplement for such Series of Notes which default materially and adversely affects the interests of the holders of that Series of Notes and which default continues or is not cured for a period of thirty (30) days, or for such longer period, not in excess of sixty (60) days, as may be reasonably necessary to remedy the default subject to the satisfaction of certain conditions, after the Issuer has received written notice of that failure from the Indenture Trustee or the Issuer and the Indenture Trustee have received written notice specifying such default from holders of a Majority in Interest of such Series of Notes and requiring it to be remedied;
- the receipt by the Issuer of a final determination that it will be treated as an association or a publicly traded partnership taxable as a corporation for federal income tax purposes;
- the SEC or other regulatory body having jurisdiction reaches a final determination that the Issuer is an “investment company” within the meaning of the Investment Company Act of 1940, as amended;
- certain bankruptcy or insolvency events occur with respect to the Issuer;
- the Indenture Trustee fails to have a valid and perfected first priority security interest in any material portion of the Collateral and such failure continues for five (5) business days;
- (prior to the execution of the A&R Base Indenture only) the occurrence of a Receivables File Discrepancy Event; or
- any of the Transaction Documents ceases for any reason to be in full force and effect other than in accordance with its terms.

If an Event of Default arising from the Issuer's bankruptcy or insolvency occurs, the unpaid principal amount of all Series of Notes, together with accrued and unpaid interest, and all other amounts due to the holders of Notes under the Indenture, will immediately become due and payable.

If an Event of Default arising from a payment or covenant default occurs and is continuing with respect to any class or Series of Notes, the Indenture Trustee or the holders of a Majority in Interest of such affected class or Series of Notes may declare the Notes of that Class or Series to be immediately due and payable. If any other Event of Default occurs and is continuing, the Indenture Trustee or the Requisite Noteholders may declare all Series of Notes to be immediately due and payable.

At any time after the acceleration of the maturity of all or a particular class or Series of Notes but before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee, a Majority in Interest of that Series of Notes may rescind and annul the acceleration and its consequences.

## **Rights upon an Event of Default**

If the maturity of a Series of Notes has been accelerated and an Event of Default with respect to that series has occurred and is continuing, the Indenture Trustee may institute proceedings to collect amounts due in respect of that Series of Notes.

If the maturity of all Series of Notes has been accelerated and an Event of Default with respect to all Series of Notes has occurred and is continuing, the Indenture Trustee may:

- institute proceedings from time to time for the complete or partial foreclosure on the Issuer's assets;
- exercise remedies as a secured party under the UCC and take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee and the holders of the Notes; or
- sell Collateral or any portion thereof or rights or interests therein at one or more public or private sales called and conducted in any manner permitted by law.

However, the Indenture Trustee may not sell the Issuer's assets following an Event of Default other than an Event of Default arising from a payment default unless:

- the holders of all Series of Notes outstanding consent to the sale;
- the proceeds of the sale distributable to the holders of such Notes will be sufficient to discharge in full all amounts then due and unpaid on such Notes for principal and interest; or
- the Indenture Trustee determines that the Collateral (based on expert advice to the extent that the Indenture Trustee deems it necessary) will not continue to provide sufficient funds for the payment of principal of and interest on such Notes as they would have become due if such Notes had not been declared due and payable and a majority in interest of each Series of Notes consents to the sale.

If an Event of Default has occurred and is continuing with respect to any class or Series of Notes, the Indenture Trustee shall (subject to its rights under the Indenture) at the direction of a Majority in Interest of such class or Series of Notes with respect to which an Event of Default shall have occurred, and absent such direction may, exercise all rights, remedies, powers, privileges and claims of the Issuer against the Seller, the Servicer, the Backup Servicer, the Custodian, the Administrator or any other party to any of the Transaction Documents, under or in connection with any of the Transaction Documents in respect of such Event of Default, including the right or power to take any action to compel or secure performance or observance by the Seller, the Servicer, the Backup Servicer, the Custodian, the Administrator or any other party of their respective obligations thereunder relating to such Event of Default and the right to give any consent, request, notice, direction, approval, extension or waiver under the Transaction Documents, and any right of the Issuer to take such action will be suspended.

No holder of Notes will have any right to institute a proceeding with respect to the Indenture unless:

- such holder has previously given written notice to the Indenture Trustee of a continuing Event of Default;
- the holders of not less than 25% of each Series of Notes outstanding have made a written request to the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;
- that holder or holders of Notes have offered to the Indenture Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;
- the Indenture Trustee for sixty (60) days after receipt of such notice, request and offer of indemnity has failed to institute that proceeding; and
- no direction inconsistent with such written request has been given to the Indenture Trustee during such 60-day period by the Requisite Noteholders.

Notwithstanding any other provisions in the Indenture, the holder of any Note shall have the right, which is absolute and unconditional, to receive timely payment of principal of and interest on their Notes and to institute suit for the enforcement of any such payment, which right may not be impaired without the individual holder's consent.

Subject to the Indenture Trustee's rights under the Indenture (including its right to be indemnified), the Requisite Noteholders will have the right, subject to the limitations set forth above, to direct the time, method and place of conducting a proceeding for a remedy available to the Indenture Trustee after the occurrence and during the continuance of an Event of Default with respect to all Series of Notes.

Prior to the declaration of the acceleration of the maturity of all Series of Notes, the Requisite Noteholders (or, if an Event of Default with respect to any Series of Notes outstanding has occurred, a Majority in Interest of such Series of Notes with respect to which an Event of Default shall have occurred) may waive any past Potential Event of Default or Event of Default and its consequences except a Potential Event of Default or Event of Default (a) in payment of principal of or interest on any of such Notes or (b) in respect of a covenant or provision which cannot be modified or amended without the unanimous consent of the holders of such Notes, which, in each case, may only be waived by 100% of the holders of the Notes. In the case of a waiver, the Issuer, the Indenture Trustee and the holders of such Notes will be restored to their respective former positions and rights under the Indenture.

### **Reporting Requirements**

On each Payment Date, the Indenture Trustee will make the Monthly Settlement Statement prepared by the Servicer, setting forth the following information for the Series 2024-1 Notes, available to each holder of Series 2024-1 Notes and KBRA via its website, as set forth in the Indenture:

- the average Series 2024-1 Invested Percentage during the preceding Collection Period,
- the total amount distributed to the holders of the Series 2024-1 Notes on that Payment Date,
- the amount of the distribution allocable to principal of the Series 2024-1 Notes,
- the amount of the distribution allocable to interest on the Series 2024-1 Notes,
- the Series 2024-1 Required Asset Amount, the Series 2024-1 Asset Amount, the Series 2024-1 Pool Balance, the Series 2024-1 Excess Concentration Amount (including the amount applicable to each individual concentration limit and an indication of whether such limit was exceeded) and the amounts on deposit in the Series 2024-1 Collection Account and the Series 2024-1 Reserve Account, in each case, as of the close of business on the business day immediately preceding the Determination Date,
- whether a Series 2024-1 Asset Deficiency exists as of the close of business on the business day immediately preceding the Determination Date,
- the calculation of the Three-Month Average Delinquency Ratio, the Two-Month Weighted Average Excess Spread or Three-Month Weighted Average Excess Spread, as applicable, and the Three-Month Weighted Average Calculated Receivables Yield,
- the amount of any withdrawal from the Series 2024-1 Reserve Account anticipated to be made on that Payment Date, the amount that will be on deposit in the Series 2024-1 Reserve Account as of the close of business on that Payment Date, after giving effect to any withdrawals or deposits therein on that Payment Date, and whether that amount on deposit in the Series 2024-1 Reserve Account will be less than the Series 2024-1 Required Reserve Account Amount,
- on each of the first two Payment Dates, the amount of any withdrawal from the Series 2024-1 Capitalized Interest Account anticipated to be made on that Payment Date and the amount that will be on deposit in the Series 2024-1 Capitalized Interest Account as of the close of business on that Payment Date,
- the calculation of the Retention Interests for purposes of the U.S. Risk Retention Regulations and the compliance, or lack thereof, with the U.S. Risk Retention Regulations; and
- whether any Rapid Amortization Event with respect to the Series 2024-1 Notes, any Servicer Default or Event of Default shall have occurred and is continuing.

The Monthly Settlement Statement will indicate whether an Additional Servicer Default shall have occurred and is continuing. The Monthly Settlement Statement will include the total amount distributed to the holders of each class of the Series 2024-1 Notes, the amount of that distribution allocable to principal and the amount of that distribution allocable to interest expressed as a dollar amount per \$1,000 of the initial principal

amount of that class of the Series 2024-1 Notes and as a percentage of the outstanding principal amount of that class of the Series 2024-1 Notes as of that date.

In addition, on or before March 31<sup>st</sup> of each year, beginning with the year 2025, the Indenture Trustee is required to mail to each person who at any time during the prior calendar year was a Series 2024-1 Noteholder, a statement containing the information necessary to permit the holder to prepare its federal income tax returns.

## **Amendment**

### *Without Noteholder Consent*

The Issuer and the Indenture Trustee may enter into one or more supplements to the Base Indenture or any indenture supplement, without the consent of any holder of Notes, *provided* that the Rating Agency Condition is met, to:

- create a new Series of Notes;
- add to the covenants of the Issuer for the benefit of the holders of all or any Series of Notes or to surrender any right or power conferred upon the Issuer in the Base Indenture; *provided* that the Issuer will not surrender any right or power it has under the Transaction Documents;
- mortgage, pledge, convey, assign and transfer to the Indenture Trustee any additional property or assets or increase the amount of such property or assets that are required as security for the Notes or correct or amplify any previously made description of any such property or asset;
- cure any mistake, ambiguity, defect, or inconsistency or correct or supplement any provision in the Base Indenture or in any indenture supplement or in any Notes issued under any indenture supplement;
- evidence and provide for the acceptance of appointment under the Base Indenture by a successor Indenture Trustee with respect to the Notes of one or more series and add to or change any of the provisions of the Indenture as necessary to facilitate the administration of the trusts contained in the Indenture by more than one Indenture Trustee;
- correct or supplement any provision in the Base Indenture or in any indenture supplement which may be inconsistent with any other provision or make any other provisions with respect to issues or questions arising under the Base Indenture or in any indenture supplement;
- if the Indenture is required to be qualified under the Trust Indenture Act of 1939, modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under that act; or
- (x) make any amendment or modification to the Retention Agreement, the Indenture or any other Transaction Document, (y) enter into or accommodate the execution of any other agreement or (z) take any other action determined by RFS (and written notice of which is provided to the Issuer and the Indenture Trustee) to be necessary or appropriate, in each case, in order to comply with any changes or regulatory guidance relating to the U.S. Risk Retention Regulations;

*provided* that, as evidenced by an officer's certificate of the Issuer, those actions will not adversely affect in any material respect the interests of the holder of any Notes and *provided, further*, that no amendment or supplement will be permitted absent the delivery of an opinion of counsel that such amendment or supplement will not adversely affect the tax classification of any outstanding Series 2024-1 Notes or result in a taxable event to any Series 2024-1 Noteholder unless such Series 2024-1 Noteholder's consent is obtained.

In addition, the Issuer and the Indenture Trustee may, without consent of any of the Series 2024-1 Noteholders, amend, modify or waive an Additional Servicer Default with respect to the Series 2024-1 Notes set forth in the Series 2024-1 Indenture Supplement *provided* that the Rating Agency Condition with respect to such amendment, modification or waiver is satisfied and the Indenture Trustee has been provided with an officers' certificate and opinion of counsel stating that all conditions precedent to such amendment, modification or waiver have been satisfied and that such amendment, modification or waiver is permitted by the Indenture.

*With Noteholder Consent*

The Issuer and the Indenture Trustee may enter into one or more supplements to the Base Indenture or any indenture supplement to amend, modify or waive any provision thereof with the consent of the Requisite Noteholders (unless otherwise specified in any indenture supplement) or, if the amendment, modification or waiver does not materially adversely affect the holders of one or more Series of Notes (as substantiated by an officer's certificate of the Issuer), the consent of the holders of such Series of Notes will not be required (and the related calculation of or Requisite Noteholders will be modified accordingly), *provided* that the Rating Agency Condition is met.

Notwithstanding the foregoing (but subject, in each case, to satisfaction of the Rating Agency Condition with respect to each Series of Notes outstanding):

- any modification of any requirement in the Indenture that any particular action be taken by holders with a certain percentage in principal amount of the Notes or any change in the definitions of "Pool Outstanding Receivables Balance", "Outstanding Receivables Balance" and "Outstanding" will require the consent of the Required Noteholders, except that any modification that decreases the percentage of Noteholders required to take any action under the Indenture may only be modified by the percentage of Noteholders required to take such action,
- any amendment, waiver or other modification that would:
  - change the Legal Final Payment Date or the due date for, or change the interest rate or any principal amount of any Note or the amount of any scheduled repayment or prepayment of principal of or interest on any Note (or change the principal amount of or rate of interest on any Note), amend the priority of payments, or amend the definitions of the Series 2024-1 Required Asset Amount, Series 2024-1 Asset Deficiency, Series 2024-1 Asset Amount or Series 2024-1 Required Reserve Amount, will require the consent of the Issuer and each holder of outstanding Notes,
  - affect adversely the interests, rights or obligations of any holder of Notes individually in comparison to other holders will require the consent of that holder, or
  - amend or otherwise modify any Rapid Amortization Event with respect to any Series of Notes will require the consent of each of the Required Noteholders, provided that the Rating Agency Condition is met.
- any amendment, waiver or other modification that would:
  - approve the assignment or transfer by the Issuer of any of the Issuer's rights or obligations under the Indenture or under any other Transaction Document, unless permitted under the express terms of the Indenture or that Transaction Document,
  - release any non-Charged Off Receivable under any Transaction Document to which the Issuer is a party, except under the express terms of that Transaction Document,
  - cause any Series 2024-1 Noteholder to recognize gain or loss for U.S. federal income tax purposes,
  - prevent any Series 2024-1 Notes outstanding or Class thereof that was (based upon an opinion of counsel) characterized as indebtedness for U.S. federal income tax purposes at the time of their issuance from continuing to so qualify, or
  - cause the Issuer to be treated as an association or a publicly traded partnership taxable as a corporation for federal income tax purposes,

will require the consent of the Required Noteholders, *provided* that if such amendment, waiver or other modification relates solely to a single Series of Notes (as substantiated by an officer's certificate of the Issuer), the consent of the holders of all other Series of Notes will not be required and *provided further*, that if such amendment, waiver or other modification does not adversely affect in any material respect a Series of Notes (as substantiated by an officer's certificate of the Issuer and, with respect to the final three paragraphs above, an opinion of counsel), the consent of the holders of such Series of Notes will not be required, *provided* that the Rating Agency Condition is met, and

- any amendment, waiver or other modification to:
  - the Series 2024-1 Excess Concentration Amounts or the excess concentration limits of any other Series of Notes,
  - the definition of “Eligible Receivable”, or
  - the definition of “Trigger Event”,

will require the consent of (i) greater than 50% of the most senior Class of Notes of the applicable Series outstanding (as a percentage of such Class) and (ii) greater than 50% of the aggregate principal balance of all Classes of Notes outstanding with respect to such Series. With respect to any such amendment, waiver or other modification, the Issuer may propose a waiver, temporary amendment or permanent amendment and instruct the Indenture Trustee to post such proposal on the Indenture Trustee’s internet website <https://pivot.usbank.com>. Noteholders will be permitted to respond to the proposal within fourteen days following the posting on the Indenture Trustee’s website. After such fourteen day voting period, any Noteholder who failed or refused to respond will be deemed to have rejected the proposal.

### **Satisfaction and Discharge of the Indenture**

The Indenture will be discharged when all outstanding Notes have been delivered to the Indenture Trustee for cancellation and the Issuer has paid all sums due under the Indenture or, with certain limitations, upon:

- the irrevocable deposit with the Indenture Trustee of funds sufficient for the payment in full when due of all principal and interest on the Notes to maturity or redemption, as the case may be, and to pay all other sums payable by the Issuer under the Indenture,
- the receipt by the Indenture Trustee of the certificate from one of the Issuer’s officers and an opinion of counsel to the effect that all the conditions precedent to the satisfaction and discharge of the Indenture have occurred, and
- the satisfaction of the Rating Agency Condition with respect to each series of outstanding Notes.

### **The Indenture Trustee**

U.S. Bank Trust Co. (as successor in interest to U.S. Bank National Association) will act as the indenture trustee under the Indenture for the benefit of the Noteholders (in such capacity, the “**Indenture Trustee**”).

U.S. Bank N.A. made a strategic decision to reposition its corporate trust business by transferring substantially all of its corporate trust business to its affiliate, U.S. Bank Trust Co., a non-depository trust company (U.S. Bank N.A. and U.S. Bank Trust Co. are collectively referred to herein as “**U.S. Bank**”). Upon U.S. Bank Trust Co.’s succession to the business of U.S. Bank N.A., it became a wholly owned subsidiary of U.S. Bank N.A. The Indenture Trustee or the Paying Agent will maintain the accounts of the Issuer in the name of the Indenture Trustee at U.S. Bank N.A.

U.S. Bancorp, with total assets exceeding \$684 billion as of March 31, 2024, is the parent company of U.S. Bank N.A., the fifth largest commercial bank in the United States. As of March 31, 2024, U.S. Bancorp operated over 2,200 branch offices in 26 states. A network of specialized U.S. Bancorp offices across the nation provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses, and institutions.

U.S. Bank has one of the largest corporate trust businesses in the country with office locations in 49 domestic and 3 international cities. The Indenture will be administered from U.S. Bank’s corporate trust office located at One Federal Street, 3rd Floor, Mailcode EX-MA-FED, Boston, Massachusetts 02110, Attention: Global Structured Finance/RFS Asset Securitization II LLC (and for certificate transfer services, 111 Fillmore Ave. East, EP-MN-WS2N, St. Paul, Minnesota 55107, Attention: Bondholder Services/RFS Asset Securitization II LLC).

U.S. Bank has provided corporate trust services since 1924. As of March 31, 2024, U.S. Bank was acting as trustee with respect to over 148,000 issuances of securities with an aggregate outstanding principal balance of over \$6.0 trillion. This portfolio includes corporate and municipal bonds, mortgage-backed and asset-backed securities and collateralized debt obligations.

U.S. Bank N.A. and other large financial institutions have been sued in their capacity as trustee or successor trustee for certain residential mortgage-backed securities (“**RMBS**”) trusts. The complaints, primarily filed by investors or investor groups against U.S. Bank N.A. and similar institutions, allege the trustees caused losses to investors as a result of alleged failures by the sponsors, mortgage loan sellers and servicers to comply with the governing agreements for these RMBS trusts. Plaintiffs generally assert causes of action based upon the trustees’ purported failures to enforce repurchase obligations of mortgage loan sellers for alleged breaches of representations and warranties, notify securityholders of purported events of default allegedly caused by breaches of servicing standards by mortgage loan servicers and abide by a heightened standard of care following alleged events of default.

U.S. Bank N.A. denies liability and believes that it has performed its obligations under the RMBS trusts in good faith, that its actions were not the cause of losses to investors, that it has meritorious defenses, and it has contested and intends to continue contesting the plaintiffs’ claims vigorously. However, U.S. Bank N.A. cannot assure you as to the outcome of any of the litigation, or the possible impact of these litigations on the trustee or the RMBS trusts.

On March 9, 2018, a law firm purporting to represent fifteen Delaware statutory trusts (the “**DSTs**”) that issued securities backed by student loans (the “**Student Loans**”) filed a lawsuit in the Delaware Court of Chancery against U.S. Bank N.A. in its capacities as indenture trustee and successor special servicer, and three other institutions in their respective transaction capacities, with respect to the DSTs and the Student Loans. This lawsuit is captioned *The National Collegiate Student Loan Master Trust I, et al. v. U.S. Bank National Association, et al.*, C.A. No. 2018-0167-JRS (Del. Ch.) (the “**NCMSLT Action**”). The complaint, as amended on June 15, 2018, alleged that the DSTs have been harmed as a result of purported misconduct or omissions by the defendants concerning administration of the trusts and special servicing of the Student Loans. Since the filing of the NCMSLT Action, certain Student Loan borrowers have made assertions against U.S. Bank N.A. concerning special servicing that appear to be based on certain allegations made on behalf of the DSTs in the NCMSLT Action.

U.S. Bank N.A. has filed a motion seeking dismissal of the operative complaint in its entirety with prejudice pursuant to Chancery Court Rules 12(b)(1) and 12(b)(6) or, in the alternative, a stay of the case while other prior filed disputes involving the DSTs and the Student Loans are litigated. On November 7, 2018, the Court ruled that the case should be stayed in its entirety pending resolution of the first-filed cases. On January 21, 2020, the Court entered an order consolidating for pretrial purposes the NCMSLT Action and three other lawsuits pending in the Delaware Court of Chancery concerning the DSTs and the Student Loans, which remains pending.

U.S. Bank N.A. denies liability in the NCMSLT Action and believes it has performed its obligations as indenture trustee and special servicer in good faith and in compliance in all material respects with the terms of the agreements governing the DSTs and that it has meritorious defenses. It has contested and intends to continue contesting the plaintiffs’ claims vigorously.

U.S. Bank serves as both Indenture Trustee and in certain roles, including Custodian and Depository Bank, under the agreements governing the Collateral and the Notes. U.S. Bank may, in such capacities, discharge its separate functions fully, without hindrance or regard to conflict of interest principles, duty of loyalty principles or other breach of fiduciary duties to the extent that any such conflict or breach arises from the performance by U.S. Bank of its express duties set forth in such agreements in any of such capacities, all of which defenses, claims or assertions are waived by the parties to the Indenture and the Noteholders.

The Indenture Trustee (a) shall not be required to take any action which would involve the prosecution or commencement of any action, proceeding or demand against U.S. Bank in any capacity in relation to the Collateral or the Notes and (b) shall suffer no liability for its refusal to take any such action. In instances where such action is properly requested in accordance with other provisions of this Indenture, the Indenture Trustee, in its sole discretion, will be entitled to either appoint a separate trustee to take such action or assign its right to take such action (in either case, to the extent it possesses the legal right to take such action) to a third party pursuant to an agreement acceptable to the Indenture Trustee in its sole discretion; provided, however, if the Trustee does not take such action and does not appoint a separate trustee or third party pursuant hereto within ninety (90) days of such proper direction, the Issuer or the holders of a Majority in Interest of each series of notes outstanding may appoint such trustee or third party to pursue such action without the consent of the Indenture Trustee, and the Indenture Trustee shall not incur any liability in connection with such appointment by the Issuer or the holders of a Majority in Interest of each series of notes outstanding (or its own failure to act or appoint a party to act).



Knowledge of the Indenture Trustee shall not be attributed or imputed to U.S. Bank Trust Co.'s or U.S. Bank N.A.'s other roles in the transaction, if any, and knowledge of U.S. Bank Trust Co. or U.S. Bank N.A. in any other role shall not be attributed or imputed to each other or to the Indenture Trustee.

The Indenture Trustee shall make each monthly statement available to the Noteholders via the Indenture Trustee's internet website <https://pivot.usbank.com>. Noteholders with questions may direct them to the Indenture Trustee's bondholder services group at (800) 934-6802. For a description of the roles and responsibilities of the Indenture Trustee, see "*Description of the Indenture—Reporting Requirements*."

Subject to the terms of the Indenture, and except during a continuing Event of Default (of which a responsible officer of the Indenture Trustee has received written notice) under the Indenture, the Indenture Trustee will perform only those duties specifically set forth in the Indenture and disclaims all other duties, implied covenants or obligations. After an Event of Default and during the continuance thereof (of which a responsible officer of the Indenture Trustee has received written notice) under the Indenture occurs, the Indenture Trustee will be obligated to exercise the rights and powers vested in it by the Indenture and to use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Indenture Trustee will be liable for its own negligent action, its own negligent failure to act or its own bad faith or willful misconduct under the Indenture; *provided, however*, that:

- the Indenture Trustee will not be liable for an error of judgment made in good faith by a responsible officer of the Indenture Trustee, unless it is proven that the Indenture Trustee was negligent in ascertaining the pertinent facts, nor will the Indenture Trustee be liable with respect to any action it takes or omits to take (A) in good faith in accordance with the Indenture, (B) in accordance with a direction received by it pursuant to the Indenture or (C) in the absence of its own negligence, bad faith or willful misconduct (as finally determined by a court of competent jurisdiction), and
- the Indenture Trustee will not be required to expend or risk its own funds or otherwise incur financial liability if there are reasonable grounds for believing that the repayment of those funds or indemnity satisfactory to it against that risk or liability is not assured to it under the Indenture.

In addition, the Indenture Trustee will not be charged with knowledge of any Event of Default, any Potential Event of Default, any Rapid Amortization Event, any Potential Amortization Event, any Servicer Default or any Potential Servicer Default, any breached representation or warranty or any failure by any person to comply with its obligations under the Transaction Documents unless a responsible officer of the Indenture Trustee receives written notice of such event at its corporate trust office.

If an Event of Default, Potential Event of Default, a Potential Amortization Event with respect to any Series of Notes issued by the Issuer or a Rapid Amortization Event with respect to any Series of Notes issued by the Issuer occurs and is continuing and written notice of the existence thereof has been delivered to a responsible officer of the Indenture Trustee at its corporate trust office, the Indenture Trustee is required to notify each Noteholder thereof within ten (10) business days after receipt of such notice.

The Issuer is required to:

- pay to the Indenture Trustee from time to time reasonable compensation for its services,
- reimburse the Indenture Trustee for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services, and
- indemnify the Indenture Trustee against any and all loss, liability, tax, judgment, penalty, cause of action, damage, cost or expense (including the reasonable fees and expenses of counsel, the costs of successfully defending itself against a claim for breach of its standard of care (by the Issuer or otherwise) and the costs of enforcing the Issuer's indemnity obligations) incurred by it in connection with the administration of the trust and the performance of its duties under the Indenture and the other Transaction Documents, excluding any such losses, liabilities or expenses arising from or resulting from the Indenture Trustee's own negligence, bad faith or willful misconduct (as finally determined by a court of competent jurisdiction), in accordance with and subject to the terms of each indenture supplement.

For purposes of meeting the legal requirements of certain local jurisdictions or avoiding certain conflicts, the Indenture Trustee may appoint a co-trustee or separate trustees of all or a part of the Issuer's assets. A co-trustee or separate trustee is not subject to the eligibility requirements which must be met by the Indenture Trustee. If a co-trustee or a separate trustee is appointed, all rights, powers, duties and obligations will be conferred or imposed upon the Indenture Trustee and the separate trustee or co-trustee jointly, or, in any jurisdiction in which the Indenture Trustee is incompetent or unqualified to perform certain acts, singly upon the separate trustee or co-trustee, which will exercise those rights, powers, duties and obligations solely at the direction of the Indenture Trustee.

The Indenture Trustee and its affiliates will not be required to, and shall not, monitor, verify or enforce any U.S. or EU risk retention requirements or any percentage holding requirements thereunder.

RFS and its affiliates may maintain normal commercial bank relationships with the Indenture Trustee and its affiliates.

### *Removal*

The Requisite Noteholders may remove the Indenture Trustee and appoint a successor Indenture Trustee. The Issuer will be obligated to remove the Indenture Trustee if:

- the Indenture Trustee ceases to meet the eligibility criteria under the Indenture;
- the Indenture Trustee is adjudged bankrupt or insolvent;
- a receiver of the Indenture Trustee or of its property is appointed or any public officer takes charge or control of the Indenture Trustee or of its property or affairs; or
- the Indenture Trustee becomes incapable of acting.

The Issuer will appoint a successor Indenture Trustee. Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee will not become effective until the acceptance of the appointment by the successor.

### **The Custodian**

U.S. Bank N.A. will act as custodian of the Receivable Files pursuant to the Custodial Agreement. As custodian, U.S. Bank N.A. is responsible for holding electronic copies of Receivable Files on behalf of the Indenture Trustee. U.S. Bank N.A. will hold the electronic copies in a custodial vault. The Receivable Files are tracked electronically to identify that they are held by U.S. Bank N.A. pursuant to the Custodial Agreement. U.S. Bank N.A. uses a barcode tracking system to track the location of, and owner or secured party with respect to, each file that it holds as custodian, including the Receivable Files held on behalf of the Indenture Trustee. As of December 31, 2023, U.S. Bank N.A. held approximately 14,500,000 document files for approximately 980 entities and has been acting as a custodian for over 35 years.

### **Base Indenture Amendment**

IN ADDITION, EACH PURCHASER (AND EACH BENEFICIAL OWNER) AS A CONDITION TO AND BY ITS PURCHASE OR ACQUISITION OF ITS INTEREST IN THE NOTE WILL HAVE CONSENTED TO THE EXECUTION OF THE A&R BASE INDENTURE, WHICH WILL BE ENTERED INTO AND EFFECTIVE ON THE DATE THAT THE SERIES 2021-1 NOTES AND SERIES 2022-1 NOTES ARE REDEEMED IN FULL (WHICH SERIES 2021-1 NOTES AND SERIES 2022-1 NOTES ARE EXPECTED TO BE REDEEMED IN FULL ON THE PAYMENT DATE IN AUGUST). SUCH CONSENT SHALL BE BINDING UPON ANY SUBSEQUENT TRANSFEREE OF ANY SERIES 2024-1 NOTE OR ANY BENEFICIAL INTEREST THEREIN.

The full text of the proposed A&R Base Indenture is set forth on Annex A to this Offering Memorandum. The material features of the A&R Base Indenture are summarized below, although you should review the full text of the A&R Base Indenture for a full understanding of its contents:

- Amend the definition of “Event of Default” as follows:
  - Amend and restate clause (d) of the definition of “Event of Default” to read as follows: “arising from a default in the payment of interest on either (i) any Controlling Class of any Series when the same becomes due or payable, or (ii) any Note of any Series on the Legal Final Payment Date of such Class of Notes, and such default continues for five business days.”
  - Delete in its entirety clause (h) of the definition of “Event of Default (the occurrence of a Receivables File Discrepancy).
- Amend the definition of “Charged-Off Receivable” to mean, as of any date of determination, a Receivable that is subject to a Charge-Off Event as of such date. For this purpose, “Charge-Off Event” will mean, with respect to any Receivable as of any date of determination, the earliest to occur of: (a) such Receivable has a Missed Payment Factor (i) in the case of a Daily Pay Receivable, higher than 66, (ii) in the case of a Weekly Pay Receivable, higher than 12, or (iii) in the case of a Bi-Weekly Pay Receivable, higher than 6, (b) no payment has been received for a period of 90 or more consecutive days in respect of such Receivable, or (c) consistent with the Credit Policies, has or should have been written off by the Servicer.
- Amend the definition of “Eligible Receivable” to include that with respect to (i) LOC Receivables, such Receivable has a Risk Band of 1, 2 or 3 and (ii) Factored Receivables or Term Loan Receivables, such Receivable has a Risk Band of 1, 2, 3 or 4.
- Amend the definition of “Permitted Investments”, to, among other things, include commercial paper maturing no more than 365 days from the date of creation thereof and having, at the earlier of (x) the time of investment and (y) the time of the contractual commitment to invest therein, a commercial paper rating category from Moody’s of “P-1” and Standard & Poor’s of “A-1”.

The Series 2024-1 Indenture Supplement and the Series 2024-1 Notes will provide that with respect to the amendment and restatement of the Base Indenture, Backup Servicing Agreement and Receivables Purchase Agreement and entry into the A&R Base Indenture, the A&R Backup Servicing Agreement and the A&R RPA, all Noteholders will have consented to such amendments as described in this offering and no separate written consent will be required. Additionally, the Series 2024-1 Notes will include a representation from each Purchaser and Beneficial Owner of the Series 2024-1 Notes (which will be binding upon any subsequent transferee thereof) that such party has consented to the aforementioned amendments as a condition to, and by, its acquisition of the Series 2024-1 Notes. The Indenture Trustee shall be entitled to conclusively rely upon such representation as to establishing Noteholder consent in connection with the aforementioned amendments (provided, the Indenture Trustee shall also be entitled to receive any additional documentation required by the Indenture in connection with such amendments).

## **DESCRIPTION OF THE RECEIVABLES PURCHASE AGREEMENT**

Additional Receivables will be purchased by the Issuer from the Seller on the Series 2024-1 Closing Date and on subsequent Transfer Dates to be included in the aggregate Pooled Receivables pursuant to the Receivables Purchase Agreement by and between RFS, as the seller, and the Issuer, as the purchaser.

IN ADDITION, EACH PURCHASER (AND EACH BENEFICIAL OWNER) AS A CONDITION TO AND BY ITS PURCHASE OR ACQUISITION OF ITS INTEREST IN THE NOTE WILL HAVE CONSENTED TO THE EXECUTION OF THE A&R RPA, WHICH WILL BE ENTERED INTO AND EFFECTIVE ON THE DATE THAT THE SERIES 2021-1 NOTES AND SERIES 2022-1 NOTES ARE REDEEMED IN FULL (WHICH SERIES 2021-1 NOTES AND SERIES 2022-1 NOTES ARE EXPECTED TO BE REDEEMED IN FULL ON THE PAYMENT DATE IN AUGUST). SUCH CONSENT SHALL BE BINDING UPON ANY SUBSEQUENT TRANSFEREE OF ANY SERIES 2024-1 NOTE OR ANY BENEFICIAL INTEREST THEREIN.

The full text of the proposed A&R RPA is set forth on Annex B to this Offering Memorandum. The material features of the A&R RPA are included below, but prospective investors should review the full text of the A&R RPA for a full understanding of its contents.

## Sale of the Receivables

The Seller will originate, either directly or indirectly through one or more subsidiaries, and own certain Receivables and the Related Security with respect thereto. With respect to Receivables originated by a subsidiary, the Seller purchases such Receivables and Related Security from one or more of its subsidiaries pursuant to a Purchase and Sale Agreement. As provided in each such Purchase and Sale Agreement, the subsidiaries sell such Receivables to the Seller without recourse and make limited representations and warranties related to such Receivables.

Pursuant to the Receivables Purchase Agreement, the Seller will sell and/or contribute, convey, transfer and assign on the Series 2024-1 Closing Date, and may continue to sell and/or contribute, convey, transfer and assign, all of its right, title and interest in, to and under certain Receivables and the Related Security with respect thereto to the Issuer and the Issuer may, in its sole discretion, accept such Receivables and the Related Security (collectively, the “**Transferred Assets**”) with respect thereto from time to time (each such sale or contribution, conveyance, transfer and assignment, a “**Transfer**”). At least one business day (or on the Series 2024-1 Closing Date, in the case of Receivables sold on the Series 2024-1 Closing Date) prior to the date on which the Receivables are to be sold or contributed by the Seller to the Issuer (each such sale or contribution date, a “**Transfer Date**”), the Seller shall deliver to the Issuer a notice (a “**Transfer Notice**”) (with a copy to the Indenture Trustee). Each such Transfer Notice shall (i) specify the Transfer Date for such Transfer, (ii) identify the Receivables included in such Transfer on a schedule (a “**Transfer Schedule**”) and (iii) include a calculation of the sum of the Transfer Prices for the Receivables included in such transfer (such sum, the “**Sales Price**”). The “**Transfer Price**” will be equal to the Outstanding Receivables Balance of such Receivables as of the related Transfer Date.

Notwithstanding the foregoing, Seller retains the right to receive reimbursements from Purchaser for any unreimbursed Draws made by Seller pursuant to an LOC Agreement. On any date on which the Seller receives reimbursements from Purchaser for any previously unreimbursed Draws made by Seller under an LOC Agreement, the amount of such Draws will be transferred to Purchaser pursuant to a Bill of Sale and Assignment and such date will constitute a Transfer Date. The amount of the Draws will be reimbursed at par and such reimbursement will constitute consideration paid by Purchaser for the Draws. Following the Transfer of the Draw amounts, such Draw amounts will be pledged to the Indenture Trustee as additional Collateral for the related Series of Notes. As a result, with respect Draws, the Issuer, as owner of the LOC Receivables, receives the benefit of the increased principal balance resulting from the Draw (and the related interest scheduled payments), but does not receive into its Collection Account an equal amount of Principal Payments collected in the Servicer Accounts on all Receivables until the applicable RFS Company is reimbursed for Draws it has funded. Further, once a Series 2024-1 Amortization Period commences, all Draws will cease.

The Issuer’s willingness to purchase Receivables under the Receivables Purchase Agreement on each Transfer Date will be subject to certain terms and conditions, including, without limitation, the satisfaction of the following conditions:

(a) (i) certain representations and warranties of the Seller contained in the Receivables Purchase Agreement will be true and correct in all material respects as of such Transfer Date (except to the extent such representations or warranties expressly relate to an earlier date, in which case they will be true and correct as of such earlier date), other than representations and warranties qualified by materiality, in which case such representation and warranty will be true and correct in all respects, (ii) the Receivables included in the Transferred Assets are Eligible Receivables, after giving effect to the transfer of the Receivables included in the Transferred Assets on such Transfer Date, and the sale, transfer, assignment and conveyance of such Receivables will not result in transfer taxes as of such Transfer Date and (iii) the Seller will have performed all material obligations to be performed by it under the Receivables Purchase Agreement on or prior to such Transfer Date;

(b) the Seller will have executed and delivered a Bill of Sale and Assignment with respect to the Transferred Assets identified on the Transfer Schedule thereto being transferred and assigned by it on such Transfer Date;

(c) the Custodian will have received possession of the electronic copies of the applicable Receivable Files related to the Transferred Assets being transferred and assigned by the Seller on such Transfer Date;

(d) the Seller will have obtained all security interest releases, and will have recorded and filed, at its expense, as appropriate and/or applicable, UCC-3 amendment or termination statements, in each case, with respect to any previous Liens on the Transferred Assets being transferred and assigned by it on such Transfer Date; and

(e) RFS shall retain on an ongoing basis a material net economic interest of not less than 5 % of the nominal value of such Transferred Assets.

On each Transfer Date, the Seller will sell, transfer, assign, set over and otherwise convey to the Issuer, absolutely and not as collateral security, without recourse, pursuant to a Bill of Sale and Assignment, the Transferred Assets described therein, and the Issuer will pay or cause to be paid to the Seller (or to such other entity as may be specified by the Seller) the Sales Price in respect of such Transferred Assets consisting solely of the cash, if any, available to the Issuer under the Indenture in respect of such Receivables on such Transfer Date (the “**Cash Transfer Price**”), and a capital contribution from the Seller in an amount equal to the excess, if any, of the Sales Price in respect of such Transferred Assets over the Cash Transfer Price in respect of such Transferred Assets. The Merchants of the Receivables included in any Transferred Asset will not be notified in connection with the sale, contribution, conveyance, transfer and assignment of such Transferred Assets to the Issuer. The Seller will relinquish all title and control over the Transferred Assets upon transfer thereof to the Issuer.

### **Obligations of the Seller**

On or before each Transfer Date, the Seller will, at its own expense, (i) deliver to the Issuer evidence satisfactory to the Issuer that the Seller has delivered, with respect to each Receivable included in such Transfer, the Receivable File with respect to such Receivable to the Custodian and the Seller will deliver, or cause to be delivered, a Trust Receipt executed by the Custodian to the Issuer and the Indenture Trustee and (ii) indicate in its computer files that the Receivables and Related Security with respect thereto transferred on such Transfer Date have been sold or contributed, as the case may be, to the Issuer pursuant to the Receivables Purchase Agreement and pledged by the Issuer to the Indenture Trustee pursuant to the Indenture. On and after such Transfer Date, the Issuer will own the Transferred Assets which have been identified in the related Transfer Notice as being sold or otherwise conveyed pursuant to the applicable Transfer, and the Seller will not take any action inconsistent with such ownership and will not claim any ownership interest in any such Transferred Assets.

### **Option to Cure Asset Deficiency**

Pursuant to the Receivables Purchase Agreement, the Seller will have the option to cure any collateral deficiency with respect to any Series of Notes by either (a) contributing additional Eligible Receivables to the Issuer at any time, (b) repurchasing any Receivables that are not Eligible Receivables or which are not included in any collateral coverage calculation with respect to any Series of Notes due to application of any excess concentration limits (any such Receivables, “**Excluded Receivables**”) by remitting cash to the Collection Account in an amount equal to the Outstanding Receivables Balance of such Receivable plus accrued and unpaid interest thereon as of the date of the repurchase thereof, which interest rate shall be equal to the sum of (x) the effective yield on the Receivables being purchased, plus (y) the Servicing Fee and (c) substituting Excluded Receivables with Eligible Receivables; provided, however, that the repurchases and substitutions contemplated by clauses (b) and (c) shall be subject to the Recourse Limit. The “**Recourse Limit**” means an amount equal to the product of (x) 10.00% and (y) the outstanding principal amount of all Series of Notes, as of the related Determination Date, minus all prior payments (or substitutions) made by Seller for the purpose of repurchasing (or substituting) Excluded Receivables (excluding Warranty Repurchase Receivables).

### **Certain Representations and Warranties**

Pursuant to the Receivables Purchase Agreement, the Seller will represent and warrant to the Issuer, among other things, that as of the Series 2024-1 Closing Date and as of each Transfer Date, (i) the Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (ii) has the requisite power and authority to own, pledge, mortgage or otherwise encumber and operate its properties, to lease the property it operates under lease and to conduct its business as now conducted or proposed to be conducted; (iii) the Seller is duly qualified to do business and is in good standing as a foreign entity (or is exempt from such requirements) in each other jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification and has obtained all necessary licenses except where the failure to be so qualified or licensed would not reasonably be expected to result in a Material Adverse Effect; (iv) the Seller is in compliance, in all material respects, with its organizational documents; and (v) the execution, delivery and performance by the Seller of the Receivables Purchase Agreement and each Bill of Sale and Assignment and the creation of all Liens provided for therein: (a) are within the Seller’s power; (b) have been duly authorized by all necessary action; (c) do not contravene any provision of the Seller’s organizational documents; (d) do not conflict with or violate any Requirements of Law applicable to the Seller or any of its properties; (e) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required

by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which the Seller is a party or by which the Seller or any of its property is bound; and (f) do not require the consent or approval of any governmental authority having jurisdiction over the Seller or any other entity, except in the case of clauses (d), (e) and (f), to the extent such conflict or violation or failure to obtain such consent or approval would not reasonably be expected to result in a Material Adverse Effect.

The Seller also makes certain representations and warranties regarding the Receivables in the Receivables Purchase Agreement. Such representations and warranties include, with respect to each Receivable, as of the relevant Transfer Date, among other things, that (i) each such Receivable that comprises part of the Transferred Assets being transferred hereunder on a particular Transfer Date will be an Eligible Receivable, (ii) none of such Transferred Assets has been sold, transferred, assigned or pledged by the Seller to any person other than the Purchaser, except for any Lien granted in favor of the Indenture Trustee in connection with the issuance by RFS Asset Securitization II LLC of its Series 2021-1 notes and Series 2022-1 Notes (which Lien, if any, will be released upon the transfer of the Transferred Assets), (iii) immediately prior to such Transfer, the Seller had good and marketable title to such Transferred Assets free and clear of all Liens (other than Permitted Liens and any Lien granted in favor of the Indenture Trustee (which Lien, if any, will be released upon the transfer of such Transfer of the Transferred Assets)), and immediately upon such Transfer, the Issuer will have good and marketable title to such Transferred Assets, free and clear of all Liens (other than Permitted Liens and any Lien arising out of a grant by Purchaser) and (iv) to the extent that the Lien on such Transferred Assets has not been previously perfected, the Seller has caused or will cause, within ten (10) days after such Transfer Date, the filing of all appropriate UCC financing statements against the Seller in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in such Transferred Assets granted to the Issuer.

Upon discovery by the Issuer, the Servicer, the Indenture Trustee (which shall be deemed to occur upon a responsible officer of the Indenture Trustee receiving written notice thereof) or the Seller of any breach of the representation and warranty contained in the Receivables Purchase Agreement that a transferred Receivable was not an Eligible Receivable as of the related Transfer Date, the party discovering any such breach will give prompt written notice thereof to the other parties and the Indenture Trustee. On or prior to the sixth business day following the actual discovery by the Seller of such breach or receipt by the Seller of a notice from the Issuer or the Indenture Trustee of such breach, the Seller will be obligated to either (a) substitute an Eligible Receivable selected by the Seller in its sole and absolute discretion for the Receivable affected by such breach, or (b) repurchase from the Issuer the Receivable affected by such breach by remitting cash to the Collection Account in an amount equal to (i) with respect to any Receivable that is not a Charged-Off Receivable, the Outstanding Receivables Balance of such Receivable plus accrued and unpaid interest thereon, which interest rate shall be equal to the sum of (x) the effective yield on the Receivables being repurchased, plus (y) the Servicing Fee or (ii) if such Receivable has become a Charged-Off Receivable, an amount equal to the realized loss, if any, on the related Charged-Off Receivable, unless the Seller has (x) cured in all material respects the circumstance or condition giving rise to such breach prior to such sixth business day and (y) provided written notice to the Indenture Trustee and the Issuer prior to such sixth business day describing the circumstance or condition giving rise to such breach and how it has been cured. Notwithstanding anything to the contrary in the Receivables Purchase Agreement or in any other Transaction Document, such substitution or repurchase will constitute the sole remedy of the Issuer or the Indenture Trustee with respect to any breach of the representation and warranty described above set forth in the Receivables Purchase Agreement.

### **Certain Covenants**

Pursuant to the Receivables Purchase Agreement, the Seller has covenanted, among other things:

(a) Except for the sales under the Receivables Purchase Agreement, the Seller will not, subsequent to the applicable transfer, sell, pledge, assign, transfer or otherwise convey to anyone, or take any other action inconsistent with the Issuer's ownership of the Transferred Assets or the Indenture Trustee's security interest therein, or grant, create, incur, assume or suffer to exist any Lien (other than Liens in favor of the Indenture Trustee for the benefit of the Noteholders), on any Transferred Asset or any interest therein;

(b) The Seller will not, subsequent to the applicable transfer, claim any ownership interest in the Transferred Assets conveyed to the Issuer and will defend the right, title and interest of the Issuer and the Indenture Trustee to, and under the Transferred Assets, whether now existing or hereafter created, against all claims of third parties claiming through or under the Seller;

(c) As of each Transfer Date, the Seller will (i) timely file in all appropriate filing offices all documents that are necessary or advisable to perfect the transfer of the Transferred Assets the subject of the Transfer on such Transfer Date to the Issuer, and (ii) mark its books and records to reflect the sale or capital contribution of such Transferred Assets, as applicable, by the Seller under GAAP; *provided*, that the Seller may consolidate the Issuer and/or its properties and other assets for accounting purposes in accordance with GAAP;

(d) The Seller will (i) give at least thirty (30) days' prior written notice to the Issuer and the Indenture Trustee of any change in its name, jurisdiction of organization, its organization type, its organization number issued by its jurisdiction of organization and the current locations of the offices of the Seller in which it maintains books or records relating to the Transferred Assets and (ii) prior to such change, deliver to the Issuer such financing statements or amendments to financing statements (Form UCC-1 or Form UCC-3, respectively) authorized by it which are necessary under applicable law or as the Issuer or the Indenture Trustee may request to reflect such name change, change in form or jurisdiction of organization, change in organization number or change in the location;

(e) The Seller will, whenever and so often as reasonably requested by the Issuer or the Indenture Trustee, promptly execute and deliver, or cause to be executed and delivered, all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other things, as may be necessary or reasonably required to vest and maintain vested in the Issuer, and to Transfer to the Issuer, valid and perfected ownership of, the Transferred Assets under the Receivables Purchase Agreement, free and clear of any Liens (other than Permitted Liens), and otherwise to effectuate the transactions contemplated by the Receivables Purchase Agreement;

(f) The Seller will (a) comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental authorities (including all applicable provisions of federal, state and local laws imposed upon lenders, including all credit protection laws and all laws relating to usury or other interest or finance charge limitations and finance company licensing matters in respect of the conduct of its business and the ownership of its property, noncompliance with which would reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect and (b) do or cause to be done all things necessary to preserve and keep in full force and effect its existence and all rights and franchises, licenses and permits material to its business, *provided* that the foregoing will not prohibit any merger, consolidation, liquidation, dissolution or disposition of assets permitted under the Receivables Purchase Agreement (as described in clause (k) below);

(g) The Seller will not make any change to (i) the Credit Policies or (ii) the forms of Loan Agreements and Factoring Agreements used to originate Receivables that in each case would reasonably be expected to result in an Adverse Effect; *provided*, however, that a change to the "term" or maturity date in the case of a Loan Agreement or the estimated period of time or date by which purchased receivables will be transferred or received in the case of a Factoring Agreement shall not constitute an Adverse Effect;

(h) The Seller will not permit the commingling of Collections at any time with its funds or the funds of any other entity (except as permitted in the Transaction Documents);

(i) The Seller will retain ownership of all outstanding membership interests in the Issuer free and clear of all liens other than certain permitted liens; *provided, however*, that the Seller may pledge membership interests in the Issuer to the extent permitted under the U.S. Risk Retention Regulations;

(j) The Seller shall not take any action, or omit to take any action, if the effect of such action or omission is to reduce or impair the rights of the Issuer or the Indenture Trustee in any Transferred Assets or the value of any Transferred Assets unless such action or omission is in compliance with the Credit Policies;

(k) Any entity (i) into which the Seller may be merged, amalgamated or consolidated, (ii) resulting from any merger, amalgamation or consolidation to which the Seller is a party and in which the Seller is not the surviving entity, (iii) that acquires by conveyance, transfer or lease substantially all of the assets of the Seller or (iv) succeeding to the business of the Seller, which entity will in each case execute an agreement of assumption to perform every obligation of the Seller under the Receivables Purchase Agreement, will be the successor to the Seller under the Receivables Purchase Agreement without the execution or filing of any paper or any further act on the part of any of the parties to the Receivables Purchase Agreement; *provided*, that, prior to any such merger, amalgamation, consolidation, succession, conveyance or transfer, and as a condition thereof, the Rating Agency Condition with respect to each Series of Notes in respect of such merger, amalgamation, consolidation, succession,

conveyance or transfer will have been satisfied. The Seller will provide notice of any such merger, amalgamation, consolidation, succession, conveyance or transfer to the Issuer and the Indenture Trustee; and

(l) All transactions and dealings between the Seller, on the one hand, and the Issuer, on the other hand, will be conducted on an arm's-length basis. The Seller will take all reasonable steps to maintain the identity of the Issuer as a separate legal entity, and will make it manifest to third parties that the Issuer is an entity with assets and liabilities distinct from those of the Seller and not a division of the Seller. The Seller will maintain its books and records separate from those of the Issuer and maintain records of all intercompany debits and credits and transfers of funds made by it on the Issuer's behalf. Except as otherwise contemplated under the Transaction Documents, the Seller will not commingle its funds or other assets with those of the Issuer and will not maintain bank accounts to which the Issuer is an account party, into which the Issuer makes deposits or from which the Issuer has the power to make withdrawals, except as otherwise contemplated under the Transaction Documents. Any consolidated financial statements of the Seller will contain a footnote or will otherwise disclose that the Seller has sold the Transferred Assets to the Issuer, that the assets of the Seller are not available to satisfy the obligations of the Issuer. Any separate financial statements of the Issuer will indicate that the assets of the Issuer are not available to satisfy the obligations of the Seller.

(m) Following the execution of the A&R RPA, the Seller will use best efforts to cause the Receivables transferred to the Issuer under the Receivables Purchase Agreement to have, in the aggregate, an annualized rate of return of no less than 37.336%, as determined on each Determination Date based on the Receivables outstanding as of such date and after taking into account the discount afforded to the related Merchants for early delivery or repurchase of such Receivables pursuant to the Loan Agreements.

### **Indemnification**

Under the Receivables Purchase Agreement, the Seller has agreed to indemnify the Issuer, the Indenture Trustee and any of their respective officers, directors, employees, attorneys, agents and representatives (each, a **"Purchaser Indemnified Person"**) from and against any and all suits, actions, proceedings, claims, damages, losses, injuries, liabilities and reasonable and documented out-of-pocket expenses (including reasonable and documented attorneys' fees and disbursements and other costs of investigation or defense, including those incurred upon any appeal, and whether any such damages, losses, injuries, liabilities or expenses are incurred by a Purchaser Indemnified Person as an actual or potential party, witness or otherwise and the costs of enforcing the Seller's indemnity obligation) that may be instituted or asserted against or incurred by any such Purchaser Indemnified Person arising out of or incurred in connection with the following (collectively, **"Purchaser Indemnified Liabilities"**); *provided*, that the Seller will not be liable for any indemnification to a Purchaser Indemnified Person to the extent that any such Purchaser Indemnified Liabilities (x) result from such Purchaser Indemnified Person's gross negligence, fraud, bad faith or willful misconduct, as finally determined by a court of competent jurisdiction, or (y) constitute recourse for uncollectible or uncollected Transferred Assets due to the failure (without cause or justification) or inability on the part of the related obligor to perform its obligations thereunder or the occurrence of any event of bankruptcy with respect to such obligor:

(a) the breach in any material respect of any representation or warranty made or deemed made by the Seller under the Receivables Purchase Agreement (other than as to whether, as of the related Transfer Date a transferred Receivable was an Eligible Receivable);

(b) the failure by the Seller to comply in any material respect with any term, provision or covenant contained in the Receivables Purchase Agreement (including any cost associated with the Seller's failure to comply with its indemnification obligation hereunder and any action taken to enforce such obligation);

(c) any investigation, litigation or proceeding related to the Receivables Purchase Agreement or the ownership of Receivables or Collections with respect thereto or any other investigation, litigation or proceeding relating to the Seller in which any Purchaser Indemnified Person becomes involved, in any case, as a result of the transactions contemplated thereby;

(d) any attempt by anyone to void any Transfer or the Lien granted under the Receivables Purchase Agreement under statutory provisions or common law or equitable action; or

(e) any withholding, deduction or taxes imposed upon any payments with respect to any Transferred Asset.



## DESCRIPTION OF THE SERVICING AGREEMENT

Under the Servicing Agreement among the Servicer, the Issuer and the Indenture Trustee on behalf of the Noteholders, the Servicer has agreed to service the Pooled Receivables and the Related Security with respect thereto in accordance with the Servicing Agreement and the Servicing Standard. The Servicer has agreed to use, with respect to the Pooled Receivables, the same degree of care and diligence in servicing, collecting and reporting that is exercised by it with respect to all similarly situated Receivables owned by it or serviced for others, in each case in compliance with all Requirements of Law, including federal and state legal and regulatory requirements and all credit protection laws, except as would not reasonably be expected to result in a Material Adverse Effect, and in accordance with the Credit Policies (the “**Servicing Standard**”). The Servicer shall be considered an independent contractor and shall not be considered an agent of the Indenture Trustee or the Issuer.

### Servicing Duties

The Servicer will take all lawful actions and follow all procedures that the Servicer deems necessary or advisable to service, and collect on, the Pooled Receivables in accordance with the Credit Policies. In furtherance of the foregoing, the Servicer will perform the following services:

(a) The Servicer will:

(i) in a manner consistent with the Credit Policies and the Servicing Standard, collect all payments due under each Pooled Receivable when the same become due and payable;

(ii) use commercially reasonable efforts to cause all Collections in respect of any ACH payments to be deducted on each scheduled payment date therefor from the operating account of the applicable Merchant and remitted directly to one of the Servicer Accounts;

(iii) to the extent that any funds received in respect of a Pooled Receivable are not paid directly into a Servicer Account and are otherwise in the Servicer’s possession or control, the Servicer will (A) maintain any such funds separate and apart from any other funds and assets, (B) hold such funds in trust for the benefit the Indenture Trustee for the benefit of the Noteholders and (C) promptly, but in any event within two business days of receipt, transfer all such funds (other than any amounts constituting Overpayment Amounts) on any business day to be swept on such business day to the Collection Account, except that the Servicer may first reimburse the applicable RFS Companies for any unreimbursed Draws made by any of them under LOC Receivables that are Pooled Receivables (and under the related LOC Agreements) out of the amounts on deposit in the Servicer Accounts representing Principal Proceeds; and

(iv) direct all Collections in respect of a Pooled Receivable (other than amounts constituting Overpayment Amounts) that are remitted to a Servicer Account to be transferred to the Collection Account by the end of the third business day following the date of receipt, except that the Servicer may first reimburse the applicable RFS Companies for any unreimbursed Draws made by any of them under LOC Receivables that are Pooled Receivables (and under the related LOC Agreements) out of the amounts on deposit in the Servicer Accounts representing Principal Proceeds.

(b) With respect to any Pooled Receivable that is a Sub-Performing Receivable or a Charged-Off Receivable, or in respect of which a payment default is imminent, the Servicer will undertake, in accordance with the Servicing Standard, such collection or servicing actions set forth in the Credit Policies.

(c) The Servicer may from time to time sell or RFS may from time to time purchase Pooled Receivables that becomes Charged-Off Receivables in accordance with the Credit Policies and the Servicing Standard, including to RFS or any RFS Affiliate; provided, however, that in connection with any purchase by RFS or sale of a Charged-Off Receivable to RFS or any RFS Affiliate the Servicer shall pay to the Issuer a purchase price equal to the fair market value of such Charged-Off Receivable as determined by the Servicer in good faith.

(d) Upon payment in full of any Pooled Receivable, or settlement of any Pooled Receivable, in accordance with the Credit Policies, the Servicer will take all necessary action to release the applicable Lien securing such Pooled Receivable, and execute and deliver, on behalf of the Issuer, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge, and all other comparable instruments, with respect to such Pooled Receivable.

(e) The Servicer will maintain electronic copies of the Receivable Files with respect to the Pooled Receivables necessary for servicing such Pooled Receivables.

(f) The Servicer will not permit the commingling of Collections at any time with its funds or the funds of any affiliate of the Servicer other than the Issuer (provided that (i) inadvertent and non-reoccurring errors by Servicer in applying Collections or other proceeds of the Pooled Receivables that are promptly, and in any event within two business days after Servicer has (or should have had in the exercise of reasonable diligence) knowledge thereof, cured, (ii) Collections received in the Servicer Accounts which are transferred out of the Servicer Accounts as provided in the Servicing Agreement and (iii) funds received in the Servicer Accounts with respect to (x) referral fees paid by referral partners to RFS, (y) Syndication Participant payments pursuant to Master Syndication Agreements, and/or (z) certain other Receivables not owned by the Issuer, in each case, so long as the Servicer transfers any such funds out of the Servicer Accounts as provided in the Servicing Agreement, shall not, in each case of (i), (ii) and (iii) be considered a breach of the Servicing Agreement).

(g) For so long as the Issuer is permitted to direct the investment of the funds from time to time held in any account or accounts established pursuant to an indenture supplement for the benefit of a Series of Notes in Permitted Investments and to sell or liquidate such Permitted Investments and reinvest proceeds from such sale or liquidation in other Permitted Investments pursuant to such indenture supplement, the Servicer (on behalf of the Issuer) may direct the investment of such funds in Permitted Investments and sell or liquidate such Permitted Investments and reinvest proceeds from such sale or liquidation in other Permitted Investments, in each case, in accordance with the related indenture supplement.

(h) The Servicer will deliver to the Issuer and the Indenture Trustee, promptly (in any event, within five business days) upon any Authorized Officer of the Servicer obtaining actual knowledge of any condition or event that constitutes a Rapid Amortization Event with respect to any Series of Notes or a Potential Amortization Event with respect to any Series of Notes, a Servicer Default or a Potential Servicer Default or an Event of Default or a Potential Event of Default, the nature thereof and what action the Servicer has taken, is taking and proposes to take with respect thereto.

(i) The Servicer will instruct each Merchant of a Pooled Receivable to make all payments with respect to such Pooled Receivable directly to one of the Servicer Accounts. The Servicer Accounts will include funds received with respect to (i) referral fees paid by referral partners to RFS, (ii) Syndication Participant payments pursuant to Master Syndication Agreements and (iii) certain other Receivables not owned by the Issuer and, in each case, the Servicer will transfer any such funds out of the Servicer Accounts on each business day. On each business day, except as set forth in this clause (i) and with respect to amounts constituting Overpayment Amounts, the Servicer shall deposit all payments received by it on account of Pooled Receivables, whether in the form of cash, checks, notes, drafts, bills of exchange, money orders or otherwise, into the Servicer Accounts for further transfer within two business days to the Collection Account, and until they are so deposited to hold such payments in trust for and as the property of the Indenture Trustee; *provided, however*, that with respect to any payment received that does not contain sufficient identification of the account number to which such payment relates or cannot be processed due to an act beyond the control of the Servicer, such deposit will be made no later than the second (2<sup>nd</sup>) business day following the date on which such account number is identified or such payment can be processed, as applicable and *provided further, however*, that the Servicer may first reimburse the applicable RFS Companies for any unreimbursed Draws made by any of them under LOC Receivables that are Pooled Receivables (and under the related Loan Agreements) out of the amounts on deposit in the Servicer Accounts representing Principal Proceeds. The Servicer will use commercially reasonable efforts to promptly identify all unidentified payments.

(j) At any time or from time to time upon the reasonable request of the Issuer or the Indenture Trustee, the Servicer will, at its expense, promptly execute, acknowledge and deliver such further documents and do such other acts and things as the Indenture Trustee or the Issuer may reasonably request in order to effect fully the purposes of the Servicing Agreement.

(k) The Servicer will duly satisfy all obligations on its part to be fulfilled under or in connection with each Pooled Receivable and the related Merchant Documents and the Master Syndication Agreements (if any) and will comply in all respects with all Requirements of Law in connection with servicing each Pooled Receivable and the related Merchant Documents and the Master Syndication Agreements (if any), the failure to comply with which would reasonably be expected to result in a Material Adverse Effect.

(l) The Servicer will file a UCC-1 financing statement to perfect the security interest granted under a Merchant Agreement with respect to a Pooled Receivable within sixty (60) days after such Pooled Receivable

becomes delinquent, based on a Missed Payment Factor greater than (a) 44 for Daily Pay Receivables; (b) 8 for Weekly Pay Receivables; and (c) 4 for Bi-Weekly Receivables. To the extent provided in the Credit Policies, the Servicer may take such other actions necessary to maintain the perfection and security interest of the Issuer in the collateral described in the Merchant Agreements related to the Pooled Receivables, including without limitation, the filing of financing statements and other similar instruments or documents required under the UCC of any applicable jurisdiction or any other applicable law.

(m) The Servicer will cooperate and use its commercially reasonable efforts to provide at all times, at the Issuer's expense, the Backup Servicer (or any other Successor Servicer) with reasonable access during normal working hours to the Servicer's employees and to any and all of the books, records (in electronic or other form) or other information reasonably requested by the Backup Servicer (or any other Successor Servicer) to enable the Backup Servicer (or any other Successor Servicer) to become the Successor Servicer of the Pooled Receivables pursuant to the Backup Servicing Agreement or any other servicing agreement. The Servicer's obligation to provide such access will be applicable at all times (regardless, in the case of the Backup Servicer, of whether (x) the Servicer's obligations have been terminated under the Servicing Agreement or (y) a Servicer Default has occurred).

(n) The Servicer will comply with its obligations under the Backup Servicing Agreement in all material respects, including the timely delivery of any reports or data required to be delivered thereunder.

Under the Servicing Agreement, the Servicer may, at its sole discretion, make an advance (a "**Servicer Advance**") to the Issuer in the amount of any delinquent payments in respect of the Pooled Receivables; provided that the Servicer reasonably expects such payment will be ultimately recoverable from the expected Collections from the related Pooled Receivable for which such Servicer Advance is being made. The Servicer shall be entitled to reimbursement for such Servicer Advances from monies in the related Collection Account as provided in the Transaction Documents.

#### **Modification of Pooled Receivables and Delegation of Duties**

Under the Servicing Agreement, the Servicer, may, in accordance with the Credit Policies, amend, modify or waive any term or condition of any Pooled Receivable that, in the Servicer's reasonable discretion, would maximize recoveries on such Pooled Receivable; *provided*, that the Servicer will not have the authority to, and will not, reduce, modify or waive any payment due on a Pooled Receivable, other than temporary modifications to a Pooled Receivable or Material Modifications, in each case, in accordance with the Servicing Agreement and the Credit Policies.

In the ordinary course of business, the Servicer may at any time delegate its duties under the Servicing Agreement to (i) any affiliate of the Servicer or (ii) any third party to whom such duties are delegated with respect to substantially all comparable Receivables that the Servicer services for itself or others; *provided, however*, that any such delegation will not relieve the Servicer of its liability and responsibility with respect to such duties, and will not constitute a resignation within the meaning of the Servicing Agreement and that any fees or expenses of any such Affiliate or third party shall be payable solely by the Servicer; *provided further* that any such servicing arrangement relating to the Pooled Receivables involving an Affiliate of the Servicer or other third party shall be (i) consistent with the servicing arrangements contemplated under the Servicing Agreement, and (ii) deemed to be between such party and the Servicer alone and neither the Indenture Trustee nor the Issuer shall be deemed a party thereto and shall have no obligations, duties or liabilities with respect to any such party. In accordance with the Servicer's ability to delegate duties under the Servicing Agreement, the Servicer delegates to SBFS all duties in respect of receipt of Collections in connection with the Receivables originated by SBFS. All Collections in respect of Receivables originated by SBFS will be remitted into an account maintained by SBFS at a national bank, which account will be deemed to be a "Servicer Account."

#### **Reporting Requirements**

*Deposit Reports.* The Servicer will maintain, and will furnish to the Issuer and the Indenture Trustee information setting forth the aggregate amount of Collections deposited into the Collection Account on each business day during each month.

*Schedule of Pooled Receivables.* The Servicer will maintain, and will furnish to the Issuer, the Custodian and the Indenture Trustee upon request, a schedule of the Pooled Receivables, which will be updated by the Servicer promptly to reflect the sale of Receivables to the Issuer set forth in any Transfer Schedule, the

repurchase or substitution by the Seller of any Pooled Receivables in accordance with the Receivables Purchase Agreement or the removal of any Charged-Off Receivables in accordance with the Credit Policies.

*Settlement Statements.* Prior to 2:00 p.m. (New York City time), on each Monthly Reporting Date, the Servicer will deliver to the Issuer and the Indenture Trustee a settlement statement and a Monthly Settlement Statement with respect to each Series of Notes, substantially in the form attached to the related indenture supplement.

*Annual Financial Statements.* The Servicer will furnish (or cause to be furnished) to the Issuer within 120 days after the end of each fiscal year, consolidated financial statements consisting of a balance sheet of RFS and its Subsidiaries (including the Servicer) as at the end of such fiscal year and statements of income, stockholders' equity and cash flows of such entities for such fiscal year, setting forth in comparative form the corresponding figures for the preceding fiscal year (if applicable), certified by and containing an opinion, of a firm of independent certified public accountants of nationally recognized standing selected by Servicer.

*Compliance Certificates.* The Servicer will deliver to the Indenture Trustee and the Rating Agency, on or prior to March 31st of each year, commencing with March 31, 2025 with respect to the Series 2024-1 Notes, an officer's certificate of the Servicer stating, as to the Authorized Officer signing such officer's certificate, that: (a) a review of the activities of the Servicer during the preceding fiscal year (or such shorter period from the Series 2024-1 Closing Date in the case of the first such officer's certificate) and of its performance under the Servicing Agreement has been made under such Authorized Officer's supervision; and (b) based on such review, the Servicer has complied with all conditions and covenants under the Servicing Agreement throughout the preceding fiscal year (or such shorter period from the Series 2021-1 Closing Date in the case of the first such officer's certificate) or, if there has been a default in its compliance with any such condition or covenant, specifying each such default known to such Authorized Officer and the nature and status thereof.

*Delivery.* Documents, reports, notices or other information required to be furnished or delivered pursuant to the Servicing Agreement may be delivered electronically and, if so delivered by the Servicer, shall be deemed to have been delivered (i) with respect to the Issuer, on the date (A) on which the Servicer posts such documents, or provides a link thereto on its website (or such other website address as the Servicer may specify by written notice to the Issuer and the Indenture Trustee from time to time) or (B) on which such documents are posted on Servicer's internet or intranet website to which the Issuer and the Indenture Trustee have access (whether a commercial, government or third-party website or whether sponsored by or on behalf of the Indenture Trustee) and (ii) with respect to the Indenture Trustee, on the date that such documents are actually delivered to the Indenture Trustee in accordance with the Servicing Agreement, although there is no obligation at any time to furnish or deliver such items electronically.

### **Servicer Compensation and Payment of Expenses**

With respect to each calendar month, the Servicer will be entitled to receive as full compensation for its services under the Servicing Agreement, the Servicing Fee, which will equal the sum of the servicing fees for each Series of Notes for such calendar month payable on the Payment Date for such Series of Notes immediately following such calendar month pursuant to the related indenture supplement. The Servicer will be responsible for all costs and expenses of performing its services thereunder, including, without limitation, payroll costs, data processing fees, rents and utilities, fees of outside counsel and independent accountants, any fees and expenses of any delegatee of the Servicer's responsibilities under the Servicing Agreement and costs of filings by the Servicer of any financing statements. See "*Description of the Series 2024-1 Notes—Monthly Distributions.*"

Under the Series 2024-1 Indenture Supplement, the servicing fee payable to the Servicer for the Series 2024-1 Notes will be payable to the Servicer on each Payment Date for the immediately preceding calendar month in an amount (the "**Series 2024-1 Servicing Fee**") equal to the product of (a) one-twelfth of 1.00% times (b) the daily average of the Series 2024-1 Pool Balance on each day during such calendar month. The Series 2024-1 Servicing Fee will be payable to the Servicer on each Payment Date pursuant to the monthly application of the Total Available Amount for that Payment Date under the Series 2024-1 Indenture Supplement. See "*Description of the Servicing Agreement—Servicer Compensation and Payment of Expenses*" and "*Description of the Series 2024-1 Notes—Monthly Distributions.*"

## Servicer Default

Each of the following events will constitute a default by the Servicer under the Servicing Agreement (each, a “**Servicer Default**”):

(a) Any failure by the Servicer to make any payment, transfer or deposit, or, if applicable, to give instructions or notice to the Indenture Trustee to make such payment, transfer or deposit on or before the date such payment, transfer or deposit or such instruction or notice is required to be made or given under the Servicing Agreement or the Indenture, and such failure shall continue for five (5) business days;

(b) Any representation or warranty made by the Servicer in the Servicing Agreement or in any statement or certificate at any time given by the Servicer in writing pursuant to the Transaction Documents is incorrect when made and such inaccuracy has a material and adverse effect on the interests of the Noteholders and such inaccuracy is not cured for a period of thirty (30) consecutive days after the earlier of (A) the date on which an Authorized Officer of the Servicer obtains actual knowledge thereof or (B) the date on which written notice of such inaccuracy, requiring the same to be remedied, is given to the Servicer by the Indenture Trustee or the Requisite Noteholders;

(c) Any failure by the Servicer to comply with any of its agreements or covenants contained in the Transaction Documents and such failure has a material and adverse effect on the interests of the Noteholders and such failure is not cured for a period of thirty (30) consecutive days after the earlier of (A) the date on which an Authorized Officer of the Servicer obtains actual knowledge thereof or (B) the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Indenture Trustee or the Requisite Noteholders;

(d) Certain bankruptcy or insolvency events shall have occurred with respect to the Servicer;

(e) With respect to any other Series of Notes outstanding, any “additional servicer default” specified in the related indenture supplement; or

(f) the occurrence of any of the following events (each an “**Additional Servicer Default**”) as of any Payment Date, beginning with the October 2024 Payment Date:

(i) (a) with respect to the October 2024 Payment Date, the Two-Month Weighted Average Excess Spread on such Payment Date is less than 4.00% or (b) as of any Payment Date on or after the November 2024 Payment Date, the Three-Month Weighted Average Excess Spread on such Payment Date is less than 4.00%; or

(ii) the Three-Month Average Delinquency Ratio on such Payment Date is greater than 15.00%;

then, and in each and every such case, so long as such Servicer Default shall not have been remedied, either the Indenture Trustee (at the direction of the Requisite Noteholders) or the Requisite Noteholders, may, in addition to whatever rights the Indenture Trustee may have at law or in equity to damages, including injunctive relief and specific performance, by notice in writing to the Servicer (and to the Indenture Trustee if given by the Requisite Noteholders) (such notice, a “**Servicer Termination Notice**”), terminate all the rights and obligations of the Servicer as servicer under the Servicing Agreement, effective on the date specified in the Servicer Termination Notice (the “**Effective Servicer Termination Date**”). On or after the receipt by the Servicer of a Servicer Termination Notice or resignation of the Servicer in accordance with the Servicing Agreement, all authority and power of the Servicer to service the Receivables under the Servicing Agreement will on the date set forth in such notice pass to and be vested in the Backup Servicer or any other successor servicer (the Backup Servicer or any other entity so appointed, a “**Successor Servicer**”) appointed by the Indenture Trustee (at the direction of the Requisite Noteholders) or the Requisite Noteholders. Under no circumstances shall the Indenture Trustee be required to act as Successor Servicer or servicer of last resort.

The Issuer and the Indenture Trustee may, without the consent of any of the Series 2024-1 Noteholders, amend, modify or waive an Additional Servicer Default with respect to the Series 2024-1 Notes set forth in clause (f) above *provided* that the Rating Agency Condition with respect to such amendment, modification or waiver is satisfied and the Indenture Trustee receives an officers’ certificate and opinion of counsel stating that such amendment, modification or waiver is authorized or permitted by the Base Indenture and Indenture Supplement and that all conditions precedent to such amendment, modification or waiver have been satisfied.

## Indemnity by the Servicer

The Servicer will indemnify and hold harmless the Issuer and the Indenture Trustee or any of their respective officers, directors, employees, attorneys, agents and representatives (collectively, the “**Servicer Indemnified Parties**”), from and against any and all suits, actions, proceedings, claims, damages, losses, liabilities and reasonable and documented out-of-pocket expenses (including reasonable and documented attorneys’ fees and disbursements and other costs of investigation or defense, including those incurred upon any appeal, and whether any such damages, losses, liabilities or expenses are incurred by a Servicer Indemnified Party as an actual or potential party, witness or otherwise and the costs of enforcing the Servicer’s indemnity obligation) that may be instituted or asserted against or incurred by any such Servicer Indemnified Party arising out of or incurred in connection with the following (collectively, “**Servicer Indemnified Liabilities**”):

- (a) on any representation or warranty made or deemed made by the Servicer (or any of its officers acting in its capacity as such) under or in connection with the Servicing Agreement or the Indenture or on any other information delivered by the Servicer pursuant thereto that will have been materially incorrect when made or deemed made or delivered;
- (b) the failure by the Servicer to comply in any material respect with any term, provision or covenant contained in the Servicing Agreement (including any costs associated with enforcing the Servicer’s indemnity obligation);
- (c) the failure by the Servicer to comply with the terms, provisions or covenants relating to the commingling of any Collections;
- (d) the occurrence of a Servicer Default; *provided, however*, that the Servicer will not be liable for any indemnification to a Servicer Indemnified Party with respect to any Servicer Default that is due to (i) insolvency of the Servicer, unless any such loss results from or is proximately caused by any action or inaction on the part of the Servicer or (ii) the occurrence of any Additional Servicer Default;
- (e) any claim brought by anyone arising from any activity by the Servicer or any of its affiliates in servicing, administering or collecting any Pooled Receivables;

*provided*, that the Servicer will not be liable for any indemnification to a Servicer Indemnified Party to the extent that any such Servicer Indemnified Liabilities (x) result from such Servicer Indemnified Party’s gross negligence, bad faith or willful misconduct, as finally determined by a court of competent jurisdiction, or (y) constitute recourse for uncollectible or uncollected Pooled Receivables which result independent of the Servicer’s actions.

## Servicer Term

The Servicer will act as the servicer under the Servicing Agreement until the earliest of (a) the indefeasible payment in full or charge-off by the Servicer in accordance with the Credit Policies of all Pooled Receivables, (b) the Effective Servicer Termination Date and (c) the indefeasible payment in full of all amounts owing by the Issuer under the Indenture and each other Transaction Document to which it is a party.

## DESCRIPTION OF THE BACKUP AND SUCCESSOR SERVICING AGREEMENT

Vervent Inc. acts as the Initial Backup Servicer pursuant to the Backup Servicing Agreement. Its principal place of business is at 10182 Telesis Court, Suite 300, San Diego, CA 92121.

## Backup Servicer

The Backup Servicer has provided the Backup Services as of the Series 2021-1 Closing Date and will provide the Backup Services (as defined below) with respect to the Series 2024-1 Notes. The services that the Backup Servicer has performed include data mapping, transition plan development and monthly reporting obligations (“**Backup Services**”), including among other things, the following:

- Receive daily electronic data files from the Servicer.
- Conduct data mapping from the electronic data files received from the Servicer to the Backup Servicer’s data warehouse system and the Backup Servicer’s servicing system.
- Test data mapping and electronic boarding for accuracy and completeness.

- Receive and load the Servicer's month-end data file to the Backup Servicer's data warehouse system and confirm information was completed accurately by reviewing select control totals for reasonableness.
- Receive from the Servicer the Monthly Settlement Statement with respect to each series of notes on or before the fourth (4<sup>th</sup>) business day prior to each Payment Date.
- Review, analyze, reconcile mutually agreed upon components of the monthly Settlement Statement to the Servicer's month-end data file within three business days of the latter of receipt of the Settlement Statement and month-end data file, with certification issued via electronic mail to the Issuer, RFS, and the Indenture Trustee.

IN ADDITION, EACH PURCHASER (AND EACH BENEFICIAL OWNER) AS A CONDITION TO AND BY ITS PURCHASE OR ACQUISITION OF ITS INTEREST IN THE NOTE WILL HAVE CONSENTED TO THE EXECUTION OF AN AMENDED AND RESTATED BACKUP SERVICING AGREEMENT (THE "A&R BACKUP SERVICING AGREEMENT"), BY AND BETWEEN THE INITIAL BACKUP SERVICER, THE SERVICER, THE ISSUER AND THE INDENTURE TRUSTEE, WHICH WILL BE ENTERED INTO AND EFFECTIVE ON THE DATE THAT THE SERIES 2021-1 NOTES AND SERIES 2022-1 NOTES ARE REDEEMED IN FULL (WHICH SERIES 2021-1 NOTES AND SERIES 2022-1 NOTES ARE EXPECTED TO BE REDEEMED IN FULL ON THE PAYMENT DATE IN AUGUST). SUCH CONSENT SHALL BE BINDING UPON ANY SUBSEQUENT TRANSFEREE OF ANY SERIES 2024-1 NOTE OR ANY BENEFICIAL INTEREST THEREIN.

The full text of the proposed A&R Backup Servicing Agreement is set forth on Annex A to this Offering Memorandum. The material features of the A&R Backup Servicing Agreement are summarized below, but prospective investors should review the full text of the A&R Backup Servicing Agreement for a full understanding of its contents.

The Backup Services, following the amendment of the existing Backup Servicing Agreement will include, among other things:

- Confirm read-only online access to the Collection Account and each account established pursuant to an indenture supplement for the benefit of a Series of Notes; confirm such online access monthly or notify the Servicer and work with the Servicer until such access is available.
- Receive daily electronic data files from the Servicer.
- Conduct data mapping from the electronic data files received from the Servicer to the Backup Servicer's data system and the Backup Servicer's servicing system.
- Test data mapping and electronic boarding for accuracy and completeness.
- As applicable, archive copies of all the Servicer's policies and procedures.
- Archive all templates used by the servicer for Receivables administration (welcome letters, invoices, ACH authorization forms, collection letters, demand letters, etc.) received from the Servicer.
- Receive all information necessary to create and process National Automated Clearinghouse Association (NACHA) files at a national bank.
- Receive and load the Servicer's month-end data file to the Backup Servicer's data system and confirm information was completed accurately by reviewing select control totals for reasonableness.
- Receive from the Servicer the monthly settlement statement with respect to each Series of Notes on or before the fourth business day prior to each Payment Date.
- Review, analyze and reconcile mutually agreed upon components of the monthly settlement statements to the Servicer's month-end data file within three business days; and\Reconcile and certify the monthly settlement statements received from the Servicer to the Servicer within three business days of the later of receipt of the Servicer's month-end data file or the monthly settlement statements.

## **Duties as Successor Servicer**

Upon appointment as successor servicer in accordance with the terms of the Backup Servicing Agreement, the Backup Servicer will commence providing the Successor Services. The duties of the Backup Servicer when acting as the successor servicer include, among other things, the following duties (the “**Successor Services**”, and together with the Backup Services, the “**Services**”):

### ***Computer Operations***

- Establish dedicated and secure portfolio environment.
- Computer operations and maintenance required to manage the Client Portfolio.
- Nightly back-ups of Client Portfolio data and back up media off-site.

### ***Portfolio Set Up***

- Receive electronic portfolio data file from Issuer or Issuer’s designate.
- Initiate conversion routines to board Client Portfolio onto the Backup Servicer servicing system test environment.
- Complete post-boarding reconciliation of original terms, remaining terms, rates, and balances, etc.
- Resolve reconciling items and move Client Portfolio into production environment.
- Establish toll-free customer service number dedicated to Client Portfolio.
- Assign and train servicing personnel to Client Portfolio.
- Obtain view access to Issuer lockbox and DDA accounts.
- Integrate with applicable credit card Processors to obtain daily credit card activity.

### ***ACH Processing***

- Create daily batch ACH file that is NACHA-compliant and issue on a daily basis to Issuer’s treasury provider for daily/weekly pay loans.
- Receive daily files from credit card Processors; compute split amount owed to Issuer; and initiate ACH debit from merchant’s account.

### ***Payment Posting***

- On a daily basis, view Issuer’s DDA collection accounts for daily deposit activity.
- Post ACH payment receipts directly to the Issuer account, within one (1) business day of receipt.
- Post payments from all other payment sources (check, wire) received and validated, within one (1) business day of receipt.

### ***Contract Adjustments***

- Process contract modifications, reschedules, and extensions in accordance with Issuer’s or Indenture Trustee’s request and approval.
- Process ACH payment reversals and rejects within one (1) business day of receipt from Issuer’s treasury provider.

### ***Customer Service***

- Maintain customer service hours 9:00 a.m. EST to 8:00 p.m. EST Monday-Friday, excluding national holidays.



- Maintain toll free customer service number dedicated to Client Portfolio.
- Respond to all obligor inquiries regarding billing, contract terms, adjustments, etc. within one (1) business day of inquiry.
- Make system notes and or e-mail record of obligor inquiries.

#### ***Contract Terminations***

- Process early termination payments and close obligor loan on servicing system.
- Process obligor loan termination upon receipt of final payment.
- Process obligor loan charge-off or suspend earnings based on written request of Issuer or Indenture Trustee.

#### ***Collections***

- On a same-day or next-day basis, initiate collection call to any obligor account with an ACH reject.
- Continue making collection calls on an every other business day basis in an effort to resolve obligor delinquency.
- Negotiate payment arrangements or establish other remediation protocol as agreed to with Issuer or Indenture Trustee.
- Perform skip-tracing procedures, as needed.
- Prepare and remit via USPS delinquency/collection letter at approximately ten (10) days past due.
- Prepare and remit via UPS second-day delivery demand letters (up to date demand or accelerated) - as per Issuer or Indenture Trustee specifications.
- Create system notes to document collection activity.
- Make collections calls from 9:00 a.m. EST to 7:00 p.m. EST, Monday through Friday, excluding national holidays.
- For accounts that reach approximately 45 days past due, with Issuer or Indenture Trustee approval, schedule a third party site visit in an effort to obtain payment and otherwise assess obligor's business operations.
- At approximately 90 days past due and with Issuer or Indenture Trustee approval, engage third party legal counsel to initiate enforcement proceedings which may include litigation or arbitration.
- With Issuer or Indenture Trustee approval, assign charged-off or non-performing accounts to third party collection agency approved by Issuer or Indenture Trustee.

#### ***Collateral Services***

- Track all UCC filings for expiration, when applicable.
- File required UCC-3 continuations and amendments, when applicable.

#### ***Financial Reporting***

- Provide monthly servicer report within fifteen (15) calendar days after each month end.
- Provide delinquency and cash receipts reports to Issuer and Indenture Trustee on a weekly basis.
- Reconcile cash receipts between Issuer's treasury provider and the Backup Servicer's servicing system daily.

## ***A/P and Treasury***

Perform miscellaneous A/P processing and disbursement work, upon request of Issuer or Indenture Trustee.

### **Backup Servicer Compensation and Payment of Expenses**

While performing the Backup Services, the Backup Servicing Fee payable by the Issuer to the Backup Servicer will equal (i) a one-time set-up fee of \$3,500 (paid in connection with the issuance of the Series 2021-1 Notes) and a one-time set-up fee of \$20,000 (paid in connection with the issuance of the Series 2024-1 Notes), (ii) a monthly fee of \$3,500 per month at a portfolio size greater than \$0 and less than or equal to \$150 million; \$4,000 per month at a portfolio size greater than \$150 million and less than or equal to \$200 million; \$4,500 per month at a portfolio size greater than \$200 million and less than or equal to \$400 million and \$1,000 for each \$100 million in portfolio size per month at a portfolio size of greater than \$400 million and (iii) reasonable third-party costs and expenses incurred by the Backup Servicer that were necessary to provide the Backup Services, including in connection with a transfer of servicing from the Servicer to the Backup Servicer as Successor Servicer (“**Third Party Costs and Expenses**”) and (iv) any additional reasonable and documented out-of-pocket expenses or indemnities expressly provided for in the Backup Servicing Agreement or in any other Transaction Document.

Neither the Backup Servicer nor the Indenture Trustee will have any obligation to pay or advance on behalf of the Issuer any Third Party Costs and Expenses, however, the Backup Servicer, in its sole discretion, may elect at the Issuer’s or the Indenture Trustee’s request to pay such Third Party Costs and Expenses on behalf of the Issuer, and in such case, the Issuer will be obligated to reimburse the Backup Servicer for such Third Party Costs and Expenses advanced by the Backup Servicer; provided that, to the extent any single expense exceeds \$1,000, such expense has been approved by the Issuer.

Under the Series 2024-1 Indenture Supplement, the Series 2024-1 Backup Servicing Fee will be payable to the Backup Servicer on each Payment Date for the immediately preceding calendar month. The Series 2024-1 Backup Servicing Fee, in an amount up to the Annual Backup Servicer Fee Limit for that Payment Date will be payable pursuant to the monthly application of the Total Available Amount for that Payment Date senior to the payment of accrued and unpaid interest on, and principal of, the Series 2024-1 Notes. The remaining portion of the Series 2024-1 Backup Servicing Fee will be payable pursuant to the monthly application of the Total Available Amount only to the extent of the Total Available Amount remaining following the payment of accrued and unpaid interest on the Series 2024-1 Notes, principal of the Series 2024-1 Notes and certain other amounts. See “*Description of the Series 2024-1 Notes—Monthly Distributions.*”

### **Termination of the Backup Servicer**

Pursuant to the Backup Servicing Agreement, the Backup Servicer may be removed or resign in the following circumstances; *provided* that any such resignation or removal will not be effective and the Backup Servicer will remain obligated to perform as Backup Servicer under the Backup Servicing Agreement until a Replacement Backup Servicer shall have been appointed in accordance with the Backup Servicing Agreement. Notwithstanding any such termination or resignation, the Backup Servicer will be entitled to all amounts due and owing to it (net of all expenses or costs to be borne by the Backup Servicer pursuant to the terms of the Backup Servicing Agreement) as of the effective date of such termination or resignation.

#### ***Early Termination for Cause***

Either (x) the Issuer, subject to any restrictions on such action set forth in the Indenture, may or (y) the Indenture Trustee may, and at the direction of the Required Noteholders shall (subject to its rights under the Indenture), remove the Backup Servicer for cause by delivering ten days’ written notice to the Backup Servicer of the occurrence of any of the following events (any such event, a “**Backup or Successor Servicer Default**”); provided that any such removal shall not be effective and the Backup Servicer shall remain obligated to perform the Backup Services until a Replacement Backup Servicer shall have been appointed in accordance with the Backup Servicing Agreement:

- (a) The Backup Servicer fails to perform or observe in any material respect the Backup Services, which failure is not cured within ten business days of the earlier of the Backup Servicer obtaining knowledge thereof or receiving written notice thereof from the Issuer, the Indenture Trustee or the Requisite Noteholders;

- (b) Any gross negligence, fraud, bad faith or willful misconduct of the Backup Servicer as determined by the Requisite Noteholders and notified by the Indenture Trustee;
- (c) The Backup Servicer defaults under the Backup Servicing Agreement and fails to cure such default within ten business days of the earlier of the Backup Servicer obtaining knowledge thereof or receiving written notice thereof from the Issuer or the Indenture Trustee;
- (d) Any representation or warranty made by the Backup Servicer under the Backup Servicing Agreement shall prove to be untrue in any material respect, which failure, if possible to cure, shall continue unremedied for a period of twenty days after the date of the Backup Servicer obtaining knowledge thereof or receiving written notice thereof from the Issuer, the Indenture Trustee or the Requisite Noteholders;
- (e) Any failure by the Backup Servicer to make any payment, transfer or deposit, or if applicable, to give instructions or notice to any party to make such payment, transfer or deposit, on or before the second business day following the date such payment, transfer or deposit or such instruction or notice is required to be made or given under the Backup Servicing Agreement, and such failure shall remain unremedied for two business days;
- (f) The Backup Servicer assigns the Backup Servicing Agreement or the servicing responsibilities thereunder or delegates its rights thereunder or any portion thereof in violation of the terms thereof;
- (g) The occurrence of a material adverse change in the business operations of the Backup Servicer, as determined by the Required Noteholders in their commercially reasonable discretion;
- (h) The Backup Servicer shall admit in writing its inability to pay its debts generally, make an assignment for the benefit of its creditors or voluntarily suspend payment of its obligations;
- (i) A conservator, receiver or liquidator is appointed with respect to the Backup Servicer in any bankruptcy, insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings; or
- (j) A voluntary or involuntary petition under the Federal bankruptcy laws shall be filed by or against the Backup Servicer and, in the case of an involuntary filing, the petition is not dismissed prior to the earlier to occur of sixty (60) days and entry of an order for relief.

*Early Termination by the Backup Servicer for Cause*

The Backup Servicer may terminate the Backup Servicing Agreement for cause upon delivery of at least 30 days' written notice to the Issuer, the Servicer and the Indenture Trustee upon the occurrence of any of the following events:

- (a) The Issuer fails to pay to the Backup Servicer the Backup Servicing Fee when due under the Backup Servicing Agreement with funds available for such purpose in accordance with the indenture supplement for each Series of Notes outstanding and such delinquency is not cured within thirty calendar days after an Authorized Officer of the Issuer has actual knowledge or have actually received such written notice; *provided, however*, in such event the Indenture Trustee may, in its sole discretion (but shall have absolutely no obligation to) pay any amount required to be paid by the Issuer pursuant to the terms of the Backup Servicing Agreement within the 30 calendar day period set forth in the Backup Servicing Agreement with respect to resignation by the Backup Servicer for cause, and such payment will operate to cure the Issuer's delinquency;
- (b) The Issuer or the Servicer defaults under the Backup Servicing Agreement and fails to cure such default within ten business days of the earlier of an Authorized Officer of the Issuer or the Servicer having actual knowledge or having actually received such written notice from the Backup Servicer; or
- (c) The Backup Servicer reasonably determines that the performance of its duties under the Backup Servicing Agreement is no longer permissible under any laws, rules or regulations applicable to it or if termination of the Services is required by governmental or regulatory authorities. Any determination permitting such resignation shall be evidenced by an opinion of outside counsel as to

the applicable law or regulatory order that would be violated and delivered to RFS, the Issuer and the Indenture Trustee in form and substance reasonably satisfactory to each.

#### *Removal by the Issuer*

The Issuer may remove the Backup Servicer at any time, other than after the occurrence and during continuance of a Rapid Amortization Event with respect to any Series of Notes outstanding or a Backup or Successor Servicer Default, by delivering to the Backup Servicer, the Indenture Trustee and the Servicer 30 days' prior written notice (such notice, an **"Issuer Removal Notice"** and any of an Issuer Removal Notice or notice delivered in connection with Issuer or Indenture Trustee's ability to remove the Backup Servicer for cause, a **"Removal Notice"**) of its intention to remove the Backup Servicer under the Backup Servicing Agreement; *provided* that any such removal by the Issuer will be subject to satisfaction of the Rating Agency Condition with respect to each Series of Notes outstanding in respect of any such removal and shall not be effective until a Replacement Backup Servicer shall be appointed. The Issuer will be obligated to pay to the Backup Servicer a fee equal to (i) \$7,500.00 if the Backup Servicer is then performing the Backup Services or (ii) \$75,000 if the Backup Servicer is then performing the Successor Services.

#### **Appointment of the Replacement Backup Servicer**

If the Backup Servicer is removed or resigns pursuant to the Backup Servicing Agreement, the Issuer, or, if a Rapid Amortization Event with respect to any Series of Notes outstanding or a Backup or Successor Servicer Default shall have occurred and is continuing, the Indenture Trustee at the written direction of the Requisite Noteholders, will (subject to its rights under the Indenture) appoint an Eligible Backup Servicer to be a Replacement Backup Servicer, subject to satisfaction of the Rating Agency Condition with respect to each Series of Notes outstanding in respect of any such appointment and subject to any additional restrictions set forth in the Indenture, who will, upon its acceptance of such appointment, be the successor in all respects to the Backup Servicer under the Backup Servicing Agreement and will become subject to all the responsibilities, duties and liabilities relating thereto by the terms and provisions thereof. An **"Eligible Backup Servicer"** means any person that either (i) has been consented to in writing by RFS, which consent may be withheld in its sole and absolute discretion or (ii) after the occurrence and during the continuance of a Rapid Amortization Event with respect to any Series of Notes outstanding or an Event of Default, shall have been appointed by the Indenture Trustee or the Requisite Noteholders.

Under the Backup Servicing Agreement, the Backup Servicer will be obligated to cooperate with the Servicer and any Replacement Backup Servicer in effecting the termination of the responsibilities and rights of the Backup Servicer thereunder, including the transfer to such Replacement Backup Servicer of all files, books and records relating to the Pooled Receivables and the transfer of the authority of the Backup Servicer to provide the Backup Services. Upon such removal or resignation of the Backup Servicer and the acceptance by the Replacement Backup Servicer of its appointment, all authority and power of the Backup Servicer under the Backup Servicing Agreement will pass to and be vested in the Replacement Backup Servicer; and, without limitation, each of the Servicer and the Indenture Trustee will be irrevocably authorized and empowered (upon the failure of the Backup Servicer to cooperate) to execute and deliver, on behalf of the Backup Servicer, as attorney-in-fact or otherwise, all documents and other instruments upon the failure of the Backup Servicer to execute or deliver such documents or instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of services. Under no circumstances shall the Indenture Trustee be required to act as Backup Servicer or a Replacement Backup Servicer.

#### **Indemnity by the Servicer and Issuer**

The Issuer and the Servicer shall each defend, indemnify and hold the Backup Servicer, and its shareholders, directors, officers, affiliates, assignees, agents, and employees, harmless from and against any and all costs, damages, claims, counterclaims, liabilities, losses, damages, court costs, attorneys' fees, and other expenses arising from or related in any way with any third-party claim, including the costs of enforcing a party's indemnity obligations under the Backup Servicing Agreement (the **"Losses"**) concerning in any way the Backup Servicing Agreement, but excepting Losses arising from the gross negligence, bad faith, or willful misconduct (including any act or omission constituting theft, embezzlement, breach of trust or violation of any applicable law) by the Backup Servicer or any of its officers, directors, employees, partners, principals, agents or contractors; provided that any Losses with respect to which reimbursement is sought must be provided to the Issuer and/or RFS within the later of (x) two years after the Series 2024-1 Closing Date and (y) one year following termination of the Backup Servicing Agreement; and provided further that, the Backup Servicer shall use commercially reasonable efforts at all times to minimize the losses for which the Issuer or RFS may be liable under the Backup

Servicing Agreement. Notwithstanding anything in the foregoing to the contrary, the Issuer and RFS shall not be responsible for reimbursement of any consequential, special or indirect damages, lost profits, lost investment or business opportunity, interest, damages to reputation, punitive damages, exemplary damages, treble damages, nominal damages or operating losses.

### **Indemnity by the Backup Servicer**

The Backup Servicer shall defend, indemnify, and hold the Issuer, the Servicer, the Indenture Trustee and their shareholders, beneficiaries, directors, officers, affiliates, assignees, agents, and employees harmless from and against any and all Losses arising from or related in any way with the gross negligence, bad faith, or willful misconduct by the Backup Servicer; provided that, with respect to RFS and the Issuer, written notice of any Losses with respect to which reimbursement is sought must be provided to the Backup Servicer within the later of (x) two years after the Series 2024-1 Closing Date and (y) one year following termination of the Backup Servicing Agreement; and provided further that, RFS and the Issuer shall use commercially reasonable efforts at all times to minimize the losses for which the Backup Servicer may be liable under the Backup Servicing Agreement. Notwithstanding anything in the foregoing to the contrary, the Backup Servicing Agreement shall not be responsible for reimbursement of any consequential, special or indirect damages, lost profits, lost investment or business opportunity, interest, damages to reputation, punitive damages, exemplary damages, treble damages, nominal damages or operating losses.

### **DESCRIPTION OF THE ADMINISTRATOR SERVICES AGREEMENT**

CBIZ MHM, LLC will be engaged to provide certain reporting services pursuant to the Administrator Services Agreement. Its principal place of business is at 1001 Conshohocken State Road, Ste 1-406, West Conshohocken, PA 19428.

### **Duties as Administrator**

The Administrator will commence providing the Administrator Services for the Series 2024-1 Notes as of the Series 2024-1 Closing Date. The duties of the Administrator (“**Administrator Services**”) include, among other things, the following duties:

#### *Monthly Services*

- Receive and load the Servicer’s month-end data file to the Administrator’s data system and recalculate the total number of Receivables and the total Outstanding Receivables Balance for accuracy.
- Receive from the Servicer the Monthly Settlement Statement with respect to each Series of Notes on or before the second business day after the end of the month date.
- Confirm and Calculate (each as defined in the Administrator Services Agreement) the following components of the Monthly Settlement Statements to the Servicer’s month-end data file or underlying source documentation, as applicable, three business days before the related Payment Date:
  - 1) Calculate the interest due by Class of Series 2024-1 Notes;
  - 2) Calculate the total interest due for the Series 2024-1 Notes;
  - 3) Confirm total available funds in the Issuer Accounts as of the related Payment Date;
  - 4) Calculate the Pool Outstanding Receivables Balance;
  - 5) Calculate the ineligible Receivable total amounts and the Series 2024-1 Excess Concentration Amounts;
  - 6) Calculate the Series 2024-1 Adjusted Pool Balance;
  - 7) Calculate 98.00% of the Series 2024-1 Adjusted Pool Balance;
  - 8) Confirm the Series 2024-1 Excess Funding Account balance;
  - 9) Calculate the Series 2024-1 Required Asset Amount;

- 10) Calculate the Series 2024-1 Asset Amount;
  - 11) Calculate the Series 2024-1 Asset Deficiency Amount;
  - 12) Calculate the current Receivables; and
  - 13) Calculate the Sub-Performing Receivables.
- Review a sample of 100 Receivables from the Servicer's month-end data file and Compare, Confirm or Calculate (each as defined in the Administrator Services Agreement) the 18 data fields listed below with reference to either source documentation or the Servicer's underlying operating system, as applicable (the "**Receivables File Review**"). (Such sample will consist of 50 of the largest Receivables and 50 Receivables chosen by the Administrator on a judgmental basis).
    - 1) Merchant name
    - 2) Merchant industry
    - 3) Applicant's Credit Score at time of origination
    - 4) Merchant's year founded date
    - 5) Merchant's years in business at time of origination
    - 6) Merchant's Outstanding Receivables Balance (as of the end of the applicable Collection Period)
    - 7) Merchant's RTR Ratio
    - 8) Merchant's state of business address
    - 9) Merchant's expected maturity date
    - 10) Merchant's expected Collection Period
    - 11) Merchant's expected Remaining Term
    - 12) Merchant's Material Modification flag (as of the end of the applicable Collection Period) (Y/N)
    - 13) Merchant's electronic v. non-electronic payments
    - 14) Merchant's delinquency status (as of the end of the applicable Collection Period)
    - 15) Past due amount
    - 16) Performance Ratio
    - 17) Missed Payment Factor
    - 18) Variable Payment Receivable flag

In connection with each Receivables File Review, if the sample error rate of any one of the above data fields exceeds 4%, then in the following month the Administrator will review a sample set of 200 Receivables consisting of the 100 largest Receivables and the other 100 Receivables will be selected by the Administrator on a judgmental basis. If the sample error rate of any one of the above data fields with respect to the 200 Receivables reviewed exceeds 4%, then the Administrator will notify the Indenture Trustee, the Seller, the Servicer and the Backup Servicer of the data integrity discrepancy (a "**Receivables File Discrepancy Event**") and a Rapid Amortization Event will occur under the Indenture.

For the avoidance of doubt, the Administrator shall be required to review only one sample set for all outstanding Series.

## *Annual Services*

While the Notes remain outstanding, the Administrator will provide the Seller, Servicer and the Backup Servicer and the Indenture Trustee with an annual report representing a due diligence review of RFS and the Issuer which will include a management discussion and overview, a portfolio review, servicer report, Receivable roll-forward and pace analysis, Receivables balances summary, underwriting/credit approval summary, servicing and collections summary, boarding of accounts/billing, cash cycle summary, allowance for credit losses and static pool testing, management reporting, accounting, internal, external and regulatory audit and systems review and summary (each as more fully described in the Administrator Services Agreement). With respect to the Series 2024-1 Notes, this annual services report shall cover the 12-month period ending September 30th of each year, commencing with the period on the Series 2024-1 Closing Date and ending September 30, 2024 with the annual report to be delivered no later than December 31, 2024.

### **Administrator Compensation and Payment of Expenses**

The Administrator will be paid a monthly fee not to exceed the amounts as follows: (i) the monthly fee is estimated to be \$8,000 plus expenses pre-approved by RFS and the Issuer when 100 Receivable accounts are selected and tested as noted in the Administrator Services Agreement and (ii) the monthly fee is estimated to be \$18,000 plus expenses pre-approved by RFS and the Issuer when 200 Receivable accounts are selected and tested as noted in the Administrator Services Agreement. The Administrator will be paid in accordance with the Priority of Payments.

In addition to the monthly fee, the Administrator will also be paid an annual fee not to exceed \$55,000 plus expenses pre-approved by RFS and the Issuer (unless RFS or the Issuer elects to expand the scope of such engagement) in connection with providing its annual services and annual report as more fully described in Administrator Services Agreement. The Administrator will be paid in accordance with the Priority of Payments.

### **Termination of the Administrator**

Pursuant to the Administrator Services Agreement, if any party fails to perform its obligations under the Administrator Services Agreement and fails to cure its non-performance within thirty (30) days of receiving notice from any other party to the Administrator Services Agreement, any of the performing parties shall have the right to terminate the Administrator Services Agreement. In the event of such non-performance by a party other than the Administrator, the Administrator shall have the right to suspend performance of services thereunder without any further liability to the Seller, the Servicer or the Issuer whatsoever. In the event of termination other than for a termination due to a breach of the Administrator Services Agreement by the Administrator, a final invoice will be prepared to reflect all billable services and expenses incurred by Administrator through the termination date and presented to the Issuer for payment in accordance with the invoice terms set forth in the Administrator Services Agreement.

### **Indemnification**

The Issuer, the Seller and the Servicer (“**Indemnifying Parties**”) shall indemnify, reimburse, defend, and hold harmless the Administrator, its employees, officers, directors, attorneys, agents, representatives and affiliates (“**Administrator Indemnitees**”) from and against any and all claims, expenses, damages, costs, fines, penalties, liabilities and amounts incurred in judgments or settlements, including reasonable attorneys’ fees suffered by Administrator Indemnitees, or any of them, as a result of any claim or suit by any third party against Administrator Indemnitees arising out of or in connection with: (i) disputes, concerns or lawsuits raised by any third party pertaining to the transaction regarding the report(s) produced by Administrator under any Transaction Document or (ii) the Indemnifying Parties’ distribution of the report to any Person (except as permitted in the Transaction Documents to the Issuer, the Seller, the Servicer, the Backup Servicer, the Indenture Trustee, the Custodian or the Noteholders, as applicable) without the Administrator’s written permission, provided, however, Indemnifying Parties shall have no indemnification obligation under clause (i) to the extent such expenses, damages, costs, fines, penalties, liabilities and amounts incurred in judgments or settlements, including attorneys’ fees, result from the gross negligence, bad faith or willful misconduct of an Administrator Indemnitee.

### **Limitation of Liability**

The Administrator will not be liable for any action or omission to act under the Administrator Services Agreement, except for its own gross negligence or willful misconduct. In no event shall the Administrator be liable for consequential, special, incidental, indirect, exemplary or punitive loss: damage, or expenses (including

but not limited to Indemnifying Parties loss of time, lost profits, money or goodwill, opportunity costs, etc.) even if Administrator has been advised of their possible existence.

The indemnification provisions and the limitation of liability provisions set forth above shall survive the resignation or removal of the Administrator and the termination of the Administrator Services Agreement.

### DESCRIPTION OF THE CUSTODIAL AGREEMENT

U.S. Bank N.A. will act as the Custodian pursuant to the Custodial Agreement. The Custodian has its principal place of business at 60 Livingston Avenue, EP-MN-WS3D, St. Paul, MN 55107, Attention: Global Structured Finance/RFS 2024-1.

#### Duties of the Custodian

Pursuant to the Custodial Agreement, the Custodian will:

Upon receipt from the Seller of a Receivables Schedule and Receivable Files on or prior to each Transfer Date and a statement from the Seller confirming (i) the aggregate amount of Receivables being transferred, (ii) the number of Receivable Files delivered and (iii) that all relevant documents have been included in such delivery, the Custodian will deliver to the Issuer, Servicer and the Indenture Trustee, on the same business day if such Receivable Files are received by 12:00 pm (New York City time) or if received later on the next business day, a Trust Receipt confirming receipt of the Receivable Files. The Custodian shall be permitted to rely on the confirmation from the Seller in connection with its issuance of a Trust Receipt.

Segregate and maintain continuous custody of the Receivable Files in secure facilities in accordance with its customary standards for such custody.

Within ten business days after the written request of the Indenture Trustee, at the expense of the Issuer, provide the Indenture Trustee with copies of the Receivable Files or any document(s) included therein; *provided*, that so long as no Rapid Amortization Event with respect to any Series of Notes, no Event of Default and no Servicer Default has occurred and is then continuing, such request may not be made more frequently than one time per calendar quarter. In any event, the Custodian shall not provide any copies of the Receivable Files to Series 2024-1 Noteholders.

Following written notification by the Indenture Trustee to the Custodian that a Rapid Amortization Event with respect to any Series of Notes, an Event of Default or a Servicer Default has occurred and is continuing, the Custodian shall (i) not release, or incur any liability to the Issuer or any other entity for refusing to release, any item relating to a Pooled Receivable to the Issuer or any other entity without the express prior written consent and at the direction of the Indenture Trustee, and (ii) follow any written direction of the Indenture Trustee to release and deliver to any entity, in accordance with such direction any Receivable File or other item relating to a Pooled Receivable. Upon request by the Backup Servicer, the Custodian will provide to the Backup Servicer copies of any Receivable Files.

Pursuant to the Custodial Agreement, the Custodian will also:

- (a) Review the Collateral Package Items against the applicable schedule of Receivables for fifteen percent (15%) of the Eligible Receivables (by largest balance) proposed to be transferred by the Seller to the Issuer on the Series 2024-1 Closing Date in connection with the issuance of the Series 2024-1 Notes (the “**Sample Set**”). The Issuer or the Servicer shall identify and provide the Sample Set to the Custodian.
- (b) If the Transfer does not qualify for Post Delivery Verification, deliver to the Indenture Trustee, the Issuer, the Servicer and the Administrator, a certification with respect to the Sample Set (each, a “**Certification**”) by no later than 2:00 P.M. (New York City time) on the related Transfer Date and (ii) if the Transfer qualifies for Post Delivery Verification, deliver to the Indenture Trustee and the Administrator a Certification no later than five (5) business days after the related Transfer Date.

If the Custodian’s review of the Sample Set reveals exceptions in excess of the Permitted Error Rate, the Issuer or the Servicer shall provide and the Custodian shall review the Collateral Package Items for the next fifteen percent (15%) of the Eligible Receivables (by largest balance) proposed to be pledged in connection with such transfer and shall continue to review the Collateral Package Items in increments of fifteen percent (15%) of the Eligible Receivables (by largest balance) proposed to be transferred until it can deliver a Certification that is free



from exceptions in excess of the Permitted Error Rate or until Custodian shall have reviewed the Collateral Package Items for 100% of the Eligible Receivables proposed to be transferred to the Issuer on a Transfer Date.

**“Collateral Package Items”** means, with respect to any Receivable, the related Receivables File and the following information: (i) name of the related Merchant, (ii) the name of the Originator and (iii) the Funded Amount.

**“Permitted Error Rate”** means, with respect to a Sample Set, errors or exceptions in the Collateral Package Items for not more than 0.50% of the Sample Set.

**“Post Delivery Verification”** means, solely during the Series 2024-1 Revolving Period, any Transfer of Receivables from the Seller to the Issuer pursuant to the Receivables Purchase Agreement having a Transfer Price less than or equal to five percent (5%) of the aggregate outstanding principal balance of the Series 2024-1 Notes as of the Transfer Date; provided, however, that if any review of Receivables subject to Post Delivery Verification results in an error rate in excess of the Permitted Error Rate, no Transfer of Receivables will be eligible for Post Delivery Verification unless and until the applicable verification exceptions have been resolved, after which time such Transfers of Receivables will once again be eligible for Post Delivery Verification.

No Noteholder will have any right to possess, maintain, inspect or otherwise review any Receivable Files.

### **Custodian Compensation and Payment of Expenses**

The Issuer will be solely responsible for the payment of all fees and expenses of the Custodian for the services provided by the Custodian under the Custodial Agreement, which fees and expenses will be payable in accordance with the terms of the indenture supplements with respect to each Series of Notes outstanding, and the Indenture Trustee will have no obligation for such fees and expenses. As set forth in the Series 2024-1 Indenture Supplement, the Custodian will be paid an amount equal to its accrued and unpaid fees and the Series 2024-1 Invested Percentage on the immediately preceding Payment Date of any expenses and indemnities then due to it, but as long as no Event of Default has occurred, the amount of expenses and indemnities paid, when combined with expenses and indemnities paid to the Indenture Trustee and the Depository Bank, will be subject to the Annual Trustee/ Depository Bank/Custodian Expense Limit for such Payment Date.

The Custodian will have no lien, claim or right of set-off against the Indenture Trustee or the Servicer for the payment of such fees and expenses due and owing under the Custodial Agreement; *provided, however*, that the foregoing will not affect any indemnity provided to the Custodian from a party or person other than the Issuer pursuant to any other express term or provision of the Custodial Agreement. The Custodian waives any lien, claim or right of setoff arising under the Custodial Agreement, the Collection Account Control Agreement or under common law, statute or otherwise against the Receivable Files. See *“Description of the Series 2024-1 Notes—Monthly Distributions”*.

### **Termination of the Custodian**

The Custodian may resign and be discharged from its duties or obligations under the Custodial Agreement, not earlier than 60 days after delivery to the Indenture Trustee and the Issuer of written notice of such resignation specifying a date when such resignation will take effect. Unless the Custodian elects to terminate the Custodial Agreement in accordance with its terms, the Custodial Agreement will remain in effect until (i) the Custodian has received joint written notice from the Indenture Trustee and the Issuer that all principal and interest, at any time and from time to time, owing by the Issuer on all Series of Notes and all costs, fees and expenses payable by, or obligations of, the Issuer under the Base Indenture, each indenture supplement, and each other Transaction Document to which it is a party have been satisfied and the Base Indenture has been terminated in accordance with its terms or (ii) one year after the latest Legal Final Payment Date with respect to any Series of Notes. Upon the termination thereof, promptly after receipt of such joint written notice from both the Issuer and the Indenture Trustee to such effect or one year after the latest Legal Final Payment Date with respect to any Series of Notes, the Custodian will release and deliver all documents remaining in the Receivable Files, Collateral Package Items and all other documents relating to the Issuer Assets to the Issuer or otherwise in accordance with the Custodial Agreement.

### **Limitations on Liability**

The Custodian will not be liable for any action or omission to act under the Custodial Agreement, except for its own gross negligence or willful misconduct. In no event will the Custodian have any responsibility to ascertain or take action with respect to the Receivable Files, except as expressly provided in the Custodial

Agreement. Notwithstanding anything in the Custodial Agreement to the contrary, in no event will the Custodian be liable for special, indirect, punitive, incidental or consequential losses or damages of any kind whatsoever (including but not limited to lost profits), even if the Custodian has been advised of the likelihood of such losses or damages and regardless of the form of action. In the Custodian's review of documents pursuant to the Custodial Agreement, the Custodian will be under no duty or obligation to inspect, review or examine the Receivable Files to determine that the contents thereof are genuine, enforceable or appropriate for the represented purpose or that they are other than what they purport to be on their face.

### **Indemnification of the Custodian**

Under the Custodial Agreement, the Issuer agrees to reimburse, indemnify and hold harmless the Custodian, its directors, officers, employees or agents from and against any and all claims, damages, liability, loss, cost, penalties, disbursements and expenses including reasonable and documented out-of-pocket fees and expenses of counsel arising from or connected with the Custodian's execution and performance of the Custodial Agreement, including, but not limited to any action taken or not taken by it thereunder and the claims of any parties, including the Indenture Trustee, and the costs of enforcing the Issuer's indemnity obligation, except in the case of loss, liability or expense resulting from gross negligence, bad faith or willful misconduct on the part of the Custodian.

No provision of the Custodian Agreement will require the Custodian to expend or risk its own funds or otherwise incur financial liability in the performance of its duties under the Custodial Agreement if it has reasonable grounds for believing that repayment of such funds or adequate indemnity is not reasonably assured to it. Without limiting the generality of the foregoing, the Custodian will not be required to follow any direction of the Indenture Trustee with respect to actions to be taken after the occurrence of a default or an Event of Default under the Base Indenture if the Custodian reasonably believes that such direction would cause it to incur any liability, loss, cost or expense (including reasonable legal fees and expenses), other than costs or expenses that are incurred in the ordinary course of the Custodian's performance of its ministerial obligations thereunder, unless the Custodian has been furnished with indemnification satisfactory to it (which may be provided by the Noteholders).

## **CREDIT RISK RETENTION**

### **U.S. Risk Retention Regulations**

On October 22, 2014, the SEC, the FDIC and certain other regulators jointly adopted the U.S. Risk Retention Regulations in their final form. The final rules became effective on February 23, 2015, and except with respect to asset-backed securities transactions that satisfy certain exemptions, require that a minimum of 5 percent risk retention be retained by sponsors of securitizations that are issued after December 24, 2016. Under the final U.S. Risk Retention Regulations, the sponsor or depositor of a securitization transaction (or a majority-owned affiliate, as defined in the rules) generally must retain, on an unhedged basis, at least 5 percent of the credit risk of an asset-backed securities transaction. The rules define "sponsor" as a person who "organizes and initiates" an asset-backed securities transaction by selling or transferring assets, either directly or indirectly, including through an affiliate, to the Issuer. An "asset-backed security" as used in the U.S. Risk Retention Regulations is defined by reference to Section 3(a)(79) of the Securities Exchange Act, which refers to any fixed-income or other security collateralized by any type of self-liquidating financial asset (including a loan, a lease, a mortgage, or a secured or unsecured receivable) that allows the holder to receive payments that depend primarily on cash flow from such asset. The rule also applies to any asset-backed security, regardless of whether public (i.e., registered with the SEC) or private.

A sponsor may comply with the requirements of the U.S. Risk Retention Regulations generally by retaining either an "eligible horizontal residual interest" or an "Eligible Vertical Interest," or a combination of both, which meet the requirements of the rules. If the sponsor retains only an Eligible Vertical Interest as its required risk retention, the sponsor must retain an Eligible Vertical Interest in a percentage of not less than five percent. If the sponsor retains only an eligible horizontal residual interest as its required risk retention, the amount of the interest must equal at least five percent of the fair value of all ABS interests in the issuing entity issued as a part of the securitization transaction, determined using a fair value measurement framework under U.S. generally accepted accounting principles.

The term "ABS interest" is defined by the U.S. Risk Retention Regulations as any type of interest or obligation issued by an issuing entity, whether or not in certificated form, including a security, obligation,

beneficial interest or residual interest (other than certain types of residual interests issued by a REMIC), payments on which are primarily dependent on the cash flows of the collateral owned or held by the issuing entity. The rules further provide that an ABS interest does not include common or preferred stock, limited liability interests, partnership interests, trust certificates, or similar interests that: (i) are issued primarily to evidence ownership of the issuing entity; and (ii) the payments, if any, on which are *not* primarily dependent on the cash flows of the collateral held by the issuing entity. The payments, if any, to be received by RFS, as the holder of 100 percent of the limited liability company interest in the Issuer (the Retention Interests), are primarily dependent on the cash flows of the collateral held by the Issuer, since the Issuer is a special-purpose limited liability company with no assets other than those serving as collateral for the Notes. Thus, the Retention Interests to be held by RFS, as sponsor, qualifies as an ABS interest.

RFS, as the “sponsor” as defined under the U.S. Risk Retention Regulations, is required under such rules to retain, either directly or indirectly through its majority-owned affiliates, on the Series 2024-1 Closing Date not less than five percent of the credit risk in the transaction. Pursuant to a Retention Agreement (the “**Retention Agreement**”) among RFS, the Issuer and the Indenture Trustee, RFS will retain a portion of the Certificates having a fair value of at least 5% of the fair value of the Notes and the Certificates on the Series 2024-1 Closing Date (the “**Retention Interests**”) in order to comply with this requirement.

On the Series 2024-1 Closing Date, RFS will acquire 100% of the certificates representing the membership interests in the Issuer (the “**Certificates**”). RFS or its majority-owned affiliate (as defined in the U.S. Risk Retention Regulations) will be required to retain the Retention Interests. The Retention Interests are structured to satisfy the requirements for an “eligible horizontal residual interest” under the U.S. Risk Retention Regulations. RFS or a majority-owned affiliate of RFS is required to retain the Retention Interests until the latest of:

- two years from the Series 2024-1 Closing Date;
- the date on which the Pool Balance is one-third or less of the Series 2024-1 Pool Balance of the Receivables as of the Series 2024-1 Closing Date; and
- the date on which the outstanding balance of the Series 2024-1 Notes is one-third or less of the initial principal balance of the Series 2024-1 Notes on the Series 2024-1 Closing Date.

Neither RFS nor any of its affiliates may transfer the Retention Interests (except to a majority-owned affiliate (as defined in the U.S. Risk Retention Regulations) of RFS) or hedge the credit risk associated with the Retention Interests during this period. Subsequent to the Series 2024-1 Closing Date, the Retention Interests may be transferred among RFS and any of its majority-owned affiliates.

Under the U.S. Risk Retention Regulations, RFS or its majority-owned affiliate (as defined in U.S. Risk Retention Regulations) is permitted to pledge the Retention Interests to secure a loan, or to enter into repurchase transactions with respect to the Retention Interests, so long as such financing is on a recourse basis. The Initial Purchaser (or affiliates thereof) or other parties may act as counterparty for the financing of the Retention Interests, including by entering into a repurchase transaction. If RFS or its majority-owned affiliate (as defined in U.S. Risk Retention Regulations) finances the Retention Interests, including by entering into repurchase transactions with respect to the Retention Interests, and if an event of default with respect to RFS or its majority-owned affiliate, as applicable, occurs under any such transaction and remains uncured, the counterparty to such transaction may have the right to take action resulting in a final disposal of all or any portion of the Retention Interests. Thus, a default on the repurchase transaction, loan, or other financing may result in RFS failing to comply with the U.S. Risk Retention Regulations.

If the U.S. Risk Retention Regulations were to be repealed or amended such that RFS or its majority-owned affiliate is no longer required to hold the Retention Interests, RFS or its majority-owned affiliate may sell all or any portion of the Retention Interests that it holds.

## Fair Value of Retained Interest

The expected approximate fair values of the Series 2024-1 Notes and the range of the approximate estimated fair value of the Certificates on the assumed Series 2024-1 Closing Date, prepared for purposes of compliance with U.S. Risk Retention Regulations, are estimated to be as follows:

	Fair Value Range (as dollar amount)	Fair Value Range (as a percentage of Total Fair Value) <sup>(1)</sup>
Class A Notes	\$83,380,000	39.03% – 38.61%
Class B Notes	\$27,118,000	12.69% – 12.56%
Class C Notes	\$19,478,000	9.12% – 9.02%
Class D Notes	\$21,959,000	10.28% – 10.17%
Class E Notes	\$8,065,000	3.78% – 3.73%
Certificates <sup>(1)</sup>	\$53,616,235 – \$55,952,664	25.10% – 25.91%
<b>Total</b>	<b>\$213,616,235 – \$215,952,664</b>	<b>100.00%</b>

<sup>(1)</sup> The fair value of the entire aggregate notional amount of the Certificates is shown. The fair value of the Certificates that will comprise the Retention Interests will be at least 5.00% of the total fair value of the Series 2024-1 Notes and the Certificates, which is estimated to be between approximately \$213,616,235 and \$215,952,664.

## Valuation Methodology

RFS determined the fair value (or range of fair values) of the Series 2024-1 Notes and the Certificates using a fair value measurement framework under generally accepted accounting principles, as described below. In measuring fair value, the use of observable and unobservable inputs and their significance in measuring fair value are reflected in the fair value hierarchy assessment, with Level 1 inputs favored over Level 3 inputs.

- Level 1 – inputs include quoted prices for identical instruments and are the most observable,
- Level 2 – inputs include quoted prices for similar instruments and observable inputs such as interest rates and yield curves, and
- Level 3 – inputs include data not observable in the market and reflect management judgment about the assumptions market participants would use in pricing the instrument.

The fair values of the Series 2024-1 Notes are categorized within Level 2 of the hierarchy, reflecting the use of inputs derived from prices for similar instruments. The fair value of the Certificates is categorized within Level 3 of the hierarchy as inputs to the fair value calculation are generally not observable. The fair value of each class of the Series 2024-1 Notes is assumed to be equal to the initial Series 2024-1 Note Balance of such class, or par. The assumed interest rates are estimated based on the recent pricing of similar transactions and market based expectations for interest rates and credit risk. Interest will accrue on the Series 2024-1 Notes based on the following per annum assumed interest rates:

Class	Initial Note Balance	Range of Assumed Note Rate
Class A Notes	\$83,380,000	6.300% – 6.800%
Class B Notes	\$27,118,000	7.200% – 7.700%
Class C Notes	\$19,478,000	9.050% – 9.550%
Class D Notes	\$21,959,000	13.000% – 14.000%
Class E Notes	\$8,065,000	15.500% – 17.500%

To calculate the range of fair value of the Certificates, including the Retention Interests, RFS used an internal valuation model based on a discounted cash flow. This model projects future interest and principal payments on the Receivables, payments of principal of and interest on each class of Series 2024-1 Notes, and transaction fees. The resulting cash flows to the Certificates are discounted to present value based on a discount rate that reflects the credit exposure to these cash flows. The fair value measurement framework utilized by RFS considered inputs based on various factors, including:

- current economic conditions, including interest rates;
- experience with Factored Receivables and Loan Receivables, including prepayments, residual value performance, gross losses and recoveries; and
- management judgment about the assumptions market participants would use in pricing the Certificates.

In completing these calculations, RFS made the following assumptions:

- cash flows for the Receivables are calculated using hypothetical pools of Receivables, including the Initial Hypothetical Receivables and Additional Hypothetical Pools of Receivables with the characteristics set forth under “*Maturity Assumptions*” on pages 113 through 114 of this Offering Memorandum;
- Hypothetical Receivables pools which are 13-month Receivables experience a CPR of 10%, and all other pools of Hypothetical Receivables experiences a CPR of zero percent;
- each pool of Hypothetical Receivables experiences a CDR of 14.424%;
- a recovery rate equal to 25.10% of the Outstanding Receivables Balance at the time of default;
- recoveries following a given default are received over 49 months, where each month relieves a percentage of the total recovery shown in the table below;
- Certificate cash flows are discounted at a semi-annual rate of 20.00%;
- the Servicer redeems the Notes on the Anticipated Repayment Date; and
- unless stated otherwise in the foregoing, the Additional Maturity Assumptions listed on pages 115 through 116 of this Offering Memorandum.

<b>Months from Default:</b>	<b>Approximate % of Total Recovery</b>	<b>Months from Default:</b>	<b>Approximate % of Total Recovery</b>
1	2.03%	25	1.71%
2	2.75%	26	1.71%
3	4.74%	27	1.16%
4	4.74%	28	1.16%
5	4.74%	29	1.16%
6	4.74%	30	1.16%
7	4.74%	31	1.16%
8	4.74%	32	1.16%
9	3.82%	33	0.64%
10	3.82%	34	0.64%
11	3.82%	35	0.64%
12	3.82%	36	0.64%
13	3.82%	37	0.64%
14	3.82%	38	0.64%
15	2.63%	39	0.64%
16	2.63%	40	0.64%
17	2.63%	41	0.64%
18	2.63%	42	0.64%
19	2.63%	43	0.64%
20	2.63%	44	0.64%
21	1.71%	45	0.64%
22	1.71%	46	0.64%
23	1.71%	47	0.64%
24	1.71%	48	0.64%
		49	0.64%

RFS developed these inputs and assumptions by considering the following factors:

- CPR – estimated considering the composition of the Receivables and the historical performance of Receivables originated through the RFS Platform that are similar to the Receivables.
- Constant default rate – estimated considering the composition of the Receivables and the historical performance of Receivables originated through the RFS Platform that are similar to the Receivables. These estimates are included in the cumulative net loss assumption.
- Recovery rate and timing – estimated considering the composition of the Receivables and the historical performance of the Servicer with respect to the receivables originated through the RFS Platform that are similar to the Receivables. These estimates are included in the cumulative net loss assumption.
- Discount rates applicable to the Certificate cash flows – estimated to reflect the credit exposure to the Certificate cash flows. The discount rates were derived using qualitative factors that consider the equity-like component of the first-loss exposure of the Certificates.
- Composition of Receivables – estimated based on the characteristics of the Receivables as of June 2024.

RFS believes that the inputs and assumptions described above include inputs and assumptions that could have a material impact on the fair value calculation of the Series 2024-1 Notes and the Certificates, or that would be material to an evaluation of a prospective holder's ability to evaluate such fair value calculations. The fair value determinations of the Series 2024-1 Notes and the Certificates were calculated based on the inputs and

assumptions described above, which will differ from the actual characteristics and performance of the Receivables and other applicable market factors. You should be sure you understand these inputs and assumptions when considering the fair value calculations.

#### **Disclosure of Fair Value as of Series 2024-1 Closing Date**

RFS will recalculate the fair value of the Series 2024-1 Notes and the Certificates as of the Series 2024-1 Closing Date to reflect the issuance of the Series 2024-1 Notes and Certificates and any changes in the methodology or any of the inputs and assumptions described above. The fair value of the Retention Interests in the Certificates retained by RFS, expressed as a percentage of the sum of the fair values of the Series 2024-1 Notes and the Certificates and as a dollar amount, will be included in the first monthly settlement statement delivered by the Servicer, together with a description of any changes in the methodology or key inputs and assumptions used to calculate the fair value. That recalculation will take into account the actual portfolio of Receivables sold to the Issuer and, if Certificates have been sold to investors, the prices of the sales of such Certificates.

**The Indenture Trustee makes no representation or warranty or guarantee and shall have no liability to any recipient of this offering memorandum or any other person or entity with respect to the sufficiency of the information provided herein or actions described herein to satisfy or otherwise comply with U.S. Risk Retention Regulations or any other applicable legal, regulatory or other requirements. Each recipient of this offering memorandum, to the extent it considers U.S. Risk Retention Regulations to be relevant to its decision to invest, should independently assess and determinate the sufficiency, for purposes of complying with the U.S. Risk Retention Regulations, of the information set forth in this offering memorandum, and should consult with its own legal, accounting and other advisors or its national regulator to determine whether, and to what extent, such information is sufficient for such purposes and with respect to any other related requirements of which it is uncertain.**

#### **CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Series 2024-1 Notes by persons who acquire the Series 2024-1 Notes pursuant to their initial offering at their initial offering price. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Series 2024-1 Notes. Except to the extent discussed below, this summary does not purport to address U.S. federal income tax consequences that might be relevant to certain types of holders such as dealers or traders in securities or currencies, banks and other financial institutions, insurance companies, real estate investment trusts, regulated investment companies, tax-exempt entities, grantor trusts, persons that hold the Series 2024-1 Notes as part of a straddle, hedge, conversion transaction or other integrated investment, U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar, persons liable for the alternative minimum tax, United States expatriates, controlled foreign corporations, passive foreign investment companies, investors in pass-through entities, nonresident aliens present in the United States for more than 182 days of the calendar year, and investors subject to special tax accounting rules as a result of any item of gross income with respect to the Series 2024-1 Notes being taken into account in an applicable financial statement. In addition, this summary is generally limited to investors who hold the Series 2024-1 Notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, this summary does not address any tax consequences arising under the laws of any state, local or non-U.S. jurisdiction or any estate, gift, alternative minimum or Medicare contribution tax consequences or under special timing rules prescribed under section 451(b) of the Code. The summary is based on current provisions of the Code, Treasury regulations, and judicial or ruling authority, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect. Moreover, no ruling on any of the issues discussed below will be sought from the IRS. The opinion of counsel and other conclusions described below are not binding on the IRS or the courts. As a result, the IRS might disagree with all or part of the discussion below.

As discussed in more detail below, withholding or deduction of taxes may be required in certain circumstances in respect of payments on the Series 2024-1 Notes. In the event that any such withholding or deduction of taxes is required, in any jurisdiction, the Issuer will not be under any obligation to make any additional payments to the Noteholders in respect of such withholding or deduction.

**Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local and foreign income and other tax consequences to them of the purchase, ownership and disposition of the Series 2024-1 Notes as well as the tax consequences to them in light of their particular circumstances.**

For purposes of this discussion, a “**U.S. Holder**” is a beneficial owner of Series 2024-1 Notes that is for U.S. federal income tax purposes (i) a citizen or resident alien individual of the U.S., (ii) a corporation or other entity taxable as a corporation for U.S. federal income tax purposes created in or organized under the laws of the U.S. or any political subdivision thereof, or that otherwise is subject to U.S. federal taxation on a net income basis in respect of the Series 2024-1 Notes, (iii) an estate the income of which is subject to U.S. federal income taxation without regard to its source or (iv) a trust if (A) it is subject to the primary supervision of a U.S. court and one or more U.S. persons have the authority to control all substantial decisions of the trust or (B) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person. A “**Non-U.S. Holder**” means a beneficial owner of Series 2024-1 Notes that is an individual, corporation, estate or trust other than a U.S. Holder. If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds Series 2024-1 Notes, the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners in a partnership holding Series 2024-1 Notes are urged to consult their tax advisors.

For purposes of this discussion, references to a holder of a Note generally are deemed to refer to a beneficial owner of the Series 2024-1 Notes.

The timing of payments of principal of the Series 2024-1 Notes is largely dependent on the timing of collections of cash generated by the Pooled Receivables and Related Security with respect thereto, and are not pursuant to a fixed payment schedule. The Issuer intends to take the position that such variability in the payments of principal should not cause the Series 2024-1 Notes to be treated as contingent payment debt instruments for U.S. federal income tax purposes. The Issuer’s determination that the Series 2024-1 Notes will not be treated as contingent payment debt instruments will be binding on a beneficial owner of a Series 2024-1 Note unless such beneficial owner of a Series 2024-1 Note explicitly discloses its contrary position to the IRS in the manner required by applicable Treasury regulations. The Issuer’s determination, however, is not binding on the IRS and if the IRS successfully challenged this position, the U.S. federal income tax consequences of holding and disposing of a Series 2024-1 Note would differ materially from the consequences described herein (e.g., a beneficial owner of a Series 2024-1 Note may be required to accrue interest at a higher rate and any gain on the disposition of a Series 2024-1 Note may be treated as ordinary interest income, rather than capital gain). The remainder of this discussion assumes that the Series 2024-1 Notes will not be treated as contingent payment debt instruments.

### **The Issuer’s Classification**

Upon the issuance of the Series 2024-1 Notes, Honigman LLP, as the Issuer’s special tax counsel (“**Tax Counsel**”), will deliver an opinion to the effect that, under existing law, assuming compliance with all provisions of the Indenture and Transaction Documents, and based on certain representations and covenants, on the facts set forth in this Offering Memorandum, and on the qualifications, assumptions and limitations set forth in the opinion, although there is no specific authority with respect to entities with a capital structure similar to that of the Issuer’s, the Issuer will not be classified as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

Notwithstanding the foregoing, there can be no assurance that income derived by the Issuer will not become subject to withholding or gross income taxes as a result of changes in law, contrary conclusions by the IRS, or other causes. In that event, such withholding or gross income taxes could be applied retroactively to fees or other income previously received by the Issuer. To the extent that withholding or gross income taxes are imposed and not paid through withholding, the Issuer may be directly liable to the taxing authority to pay such taxes.

### **Treatment of the Series 2024-1 Notes as Indebtedness**

The parties to the Indenture have agreed to treat the Series 2024-1 Notes as indebtedness for U.S. federal income tax purposes. By purchasing the Series 2024-1 Notes, holders (and beneficial owners) of the Series 2024-1 Notes not affiliated with the Issuer will agree to treat the Series 2024-1 Notes as indebtedness for U.S. federal income tax purposes. Upon issuance of the Series 2024-1 Notes, Tax Counsel will deliver an opinion to the effect that, under existing law, assuming compliance with all provisions of the Indenture and Transaction Documents, and based on certain representations and covenants, on the facts set forth in this Offering Memorandum, and on the qualifications, assumptions and limitations set forth in the opinion, although there is no specific authority with respect to the characterization for U.S. federal income tax purposes of securities having terms similar to the Series 2024-1 Notes, the Class A Notes, the Class B Notes and the Class C Notes will be characterized as indebtedness for U.S. federal income tax purposes and the Class D Notes should be characterized as indebtedness for U.S.



federal income tax purposes, in each case to the extent such Notes are treated as beneficially owned by a person other than the Issuer or its affiliates. The Issuer intends and expects to treat the Class E Notes as indebtedness for U.S. federal income tax purposes when issued to an unaffiliated purchaser on the Series 2024-1 Closing Date, although no opinion of counsel will be issued regarding the tax treatment of the Class E Notes.

Although, as described more fully above, the Issuer and each holder (and each beneficial owner of a Series 2024-1 Note), agree to treat the Series 2024-1 Notes for tax purposes as indebtedness, the IRS may assert that the Series 2024-1 Notes, or a particular class of Series 2024-1 Notes, are not properly characterized as indebtedness for U.S. federal income tax purposes. The courts and the IRS have held that, in certain circumstances, indebtedness issued by a thinly capitalized entity should not be treated as indebtedness of that entity for U.S. federal income tax purposes. Although it is not clear that the Issuer should be viewed as being thinly capitalized, the IRS might contend that the Issuer is thinly capitalized and thus the Series 2024-1 Notes or a class of the Series 2024-1 Notes, in substance, represent equity of the Issuer. If the IRS were to contend successfully that any class of Series 2024-1 Notes were not properly treated as indebtedness for U.S. federal income tax purposes, such Series 2024-1 Notes might be treated as equity interests in the Issuer (any such Notes, “**Recharacterized Notes**”). Because of the subordination of the Class B Notes, Class C Notes, Class D Notes and Class E Notes, any such attempted recharacterization is more likely to be successful, if at all, with respect to such subordinated classes of Notes, as compared to the Class A Notes. Moreover, the likelihood of successful recharacterization would tend to increase with each degree of subordination so that the Class E Notes would tend to be the most vulnerable to a challenge. If any of the Series 2024-1 Notes were successfully recharacterized as equity interests, the Issuer would be considered to have multiple equity owners for U.S. federal income tax purposes (rather than the Seller being treated as its sole owner) and, if that were the case, it is expected that the Issuer would be classified as a partnership for U.S. federal income tax purposes.

If the IRS were to assert successfully that the Series 2024-1 Notes (or one or more classes thereof) are not debt, but rather equity, the Issuer’s entity classification for U.S. federal income tax purposes may be affected, and the amount, character and timing of income from the Series 2024-1 Notes (or the class or classes thereof so determined to be equity) could differ from the amount, character and timing of income that would be recognized by U.S. Holders if the Series 2024-1 Notes were respected as debt for U.S. federal income tax purposes. In addition, in the case of Non-U.S. Holders, if the Series 2024-1 Notes (or one or more classes thereof) were recharacterized as the Issuer’s equity for U.S. federal income tax purposes, withholding tax might be imposed on payments on the Series 2024-1 Notes (or the class or classes thereof so determined to be equity). Although the Issuer has required the transferees of the Class D Notes and Class E Notes to make deemed certifications and representations designed to reduce the risk (in the event that the Class D Notes or Class E Notes were successfully recharacterized as equity of the Issuer and the Issuer was treated as a partnership for U.S. federal income tax purposes) that the Issuer could be treated as a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, there is no assurance that the certifications and representations are, or will continue to be, complied with by such holders of Class D Notes or Class E Notes. In the event that the Issuer was treated as a publicly traded partnership taxable as a corporation, it would be subject to U.S. tax on its net income and such tax could materially impair the Issuer’s ability to make payments with respect to the Notes. The Issuer does not intend to withhold on any Series 2024-1 Notes and the Issuer could be liable for withholding tax, interest and potential penalties for any such failure to so withhold, with such liability paid from the assets of the Issuer which could materially adversely impact the Issuer, the Issuer’s ability to perform its obligations under the Indenture, and all holders of Series 2024-1 Notes (and not only the holders of any such Recharacterized Notes).

Additionally, if the Issuer were treated as a partnership for U.S. federal income tax purposes, adverse tax consequences might be experienced by Non-U.S. Holders and certain tax-exempt U.S. Holders of Recharacterized Notes. In particular, a Non-U.S. Holder of Recharacterized Notes could be subject to withholding at a tax rate of up to 30% (subject to a lower rate pursuant to an applicable tax treaty) on the interest amounts due to them, possibly prior to distribution of such amounts. Alternatively, a Non-U.S. Holder of Recharacterized Notes that is engaged in a trade or business in the United States could be subject to tax (and withholding) based on regular U.S. tax rates applicable to U.S. persons on the interest amounts due to them, possibly prior to distribution of such amounts, and, in the case of a corporation, an additional 30% branch profits tax (subject to a lower rate pursuant to an applicable tax treaty). Further, depending on the circumstances, a Non-U.S. Holder of Recharacterized Notes could be required to file a U.S. tax return. The Issuer intends to take the position that it is not engaged in a U.S. trade or business. However, the Issuer will not be receiving an opinion of counsel with respect to whether it is engaged in a U.S. trade or business and there is no assurance that the IRS or the courts would not take a contrary position. In the event that the Issuer is treated as a partnership (but not a publicly traded partnership taxable as a corporation) for U.S. federal income tax purposes that is engaged in a U.S. trade or business, income earned by the Issuer that is deemed allocated to any non-U.S. persons who beneficially own the Class D Notes (and any

other Class of Notes recharacterized as equity in the Issuer) could be subject to a material amount of withholding tax.

To backstop a non-U.S. person's tax liability associated with gain upon the sale of a partnership interest where the partnership is engaged in a trade or business within the United States, rules under Section 1446(f) of the Code have been enacted providing that the transferee of an equity interest in the Issuer (including a Recharacterized Note) could be liable for a withholding tax of 10% of the amount realized by the transferor (including debt deemed to be assumed by the transferee) if the transferee does not obtain an affidavit meeting the requirements of Section 1446(f) of the Code or satisfy the requirements of IRS guidance issued thereunder so as to exempt the amount realized from such withholding. The affidavits generally relate to either confirming that the transferor is a U.S. person for U.S. federal income tax purposes, that the underlying assets of the Issuer do not give rise to a certain level of income effectively connected with a trade or business in the United States, or that certain matters involving gain recognition are applicable to the transaction. The Issuer has not created a mechanism for a transferee of an equity interest in the Issuer (including a Recharacterized Note) to obtain an affidavit to this effect from a transferor. If any Series 2024-1 Notes were recharacterized successfully by the IRS as other than indebtedness, a transferee of such Note may be required to withhold unless it receives an appropriate affidavit. If a transferee is required to withhold and fails to do so, the Issuer is required to withhold, but only on distributions to such transferee. Any tax liability or penalties payable by the Issuer could reduce the cash flow that otherwise would be available to make payments on the Series 2024-1 Notes.

In addition, with respect to the audit of partnerships and entities treated as partnerships will apply to the Issuer if the Issuer is treated as a partnership for U.S. federal income tax purposes. Such rules require taxes arising from audit adjustments to be paid by the entity rather than by its partners or members unless an entity elects otherwise. It is unclear to what extent these elections will be available to the Issuer and how any such elections may affect the procedural rules available to challenge any audit adjustment that would otherwise be available in the absence of any such elections. The parties responsible for the tax administration of the Issuer will have the authority to utilize, and intend to utilize, any exceptions available so that the Issuer's equity holders, to the fullest extent possible, rather than the Issuer itself, will be liable for any taxes arising from audit adjustments to the Issuer's taxable income if the Issuer is treated as a partnership for U.S. federal income tax purposes. As such, holders of equity (including holders of any Recharacterized Notes) in the Issuer could be obligated to pay any such taxes and other costs, and may have to take the adjustment into account for the taxable year in which the adjustment is made rather than for the audited taxable year. Prospective investors are urged to consult with their tax advisors regarding the possible effect of these rules on them if the Series 2024-1 Notes (or one or more classes thereof) were characterized as equity in the Issuer.

If, alternatively, the Issuer were treated as either an association taxable as a corporation or a publicly traded partnership taxable as a corporation, the Issuer would be subject to U.S. federal income taxes at corporate tax rates on its taxable income generated by ownership of the receivables and the other assets of the Issuer. Moreover, distributions by the Issuer to all or some of the Noteholders would probably not be deductible in computing the Issuer's taxable income and all or part of the distributions to Noteholders would probably be treated as dividends. Such an entity-level tax could result in reduced distributions to holders and adversely affect the Issuer's ability to make payments of principal and interest with respect to the Series 2024-1 Notes. To the extent distributions on such Series 2024-1 Notes were treated as dividends, a Non-U.S. Holder would generally be subject to tax (and withholding) on the gross amount of such dividends at a rate of 30% unless reduced or eliminated pursuant to an applicable income tax treaty.

The U.S. federal income tax characterization of any Series 2024-1 Note retained or beneficially owned by the Issuer, RFS or their respective affiliates will not be determined until the time, if any, that the Note is sold (or in the event a Series 2024-1 Note is reacquired by the Issuer, RFS or their respective affiliates following its initial sale, re-sold to a person that is not treated as the issuer of the Series 2024-1 Note for U.S. federal income tax purposes) based on the law and circumstances existing at that time. Therefore, no opinion is expressed, and no assurances can be given, with respect to the characterization for U.S. federal income tax purposes of such a Series 2024-1 Note. However, prior to any subsequent sale of such a Series 2024-1 Note retained or reacquired by the Issuer, RFS or their respective affiliates, the Issuer must receive an opinion of counsel that such sale (i) will not prevent any Class of outstanding Notes for which the Issuer has previously received a tax opinion that such Class of Notes is treated as indebtedness for U.S. federal income tax purposes from continuing to qualify at the same level of tax opinion confidence, (ii) will not result in the failure of any Class of such subsequently sold Note to be treated as indebtedness for U.S. federal income tax purposes at the same level of tax opinion confidence as the outstanding Notes of that Class or as described in this Offering Memorandum, (iii) will not cause or constitute an event in which gain or loss would be recognized for U.S. federal income tax purposes by any holder of

outstanding Series 2024-1 Notes, and (iv) will not cause the Issuer to be classified as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. Unless such subsequently sold Series 2024-1 Note has a CUSIP number that is different than that of any other Series 2024-1 Notes outstanding immediately prior to such sale, the Issuer must also receive an opinion of counsel that, for U.S. federal income tax purposes, such later sold Series 2024-1 Note (i) has the same issue price and issue date as do any outstanding Series 2024-1 Notes that have the same CUSIP number as the Series 2024-1 Note being sold and (ii) is not subject to materially different U.S. federal income tax treatment than any outstanding Series 2024-1 Notes that have the same CUSIP number as the Series 2024-1 Note being sold. In addition, with respect to any subsequent sale of such a Series 2024-1 Note, the Issuer must receive an opinion of counsel that (a) in the case of any such Class A Note, Class B Note or Class C Note, such Class A Note, Class B Note or Class C Note will be characterized as indebtedness for U.S. federal income tax purposes, and (b) in the case of any such Class D Note, such Class D Note should be characterized as indebtedness for U.S. federal income tax purposes.

Prospective investors in Series 2024-1 Notes are strongly encouraged to consult their tax advisors regarding the materially adverse U.S. federal income tax consequences that could potentially impact them if any of the Series 2024-1 Notes (or one or more classes thereof) were recharacterized as equity in the Issuer. The balance of the discussion below assumes that the characterization of the Series 2024-1 Notes as debt for U.S. federal income tax purposes is correct.

## **U.S. Holders**

### *Stated interest*

Stated interest will be includable in the gross income of each U.S. Holder of Series 2024-1 Notes as ordinary income at the time such payments are received or are accrued, in accordance with the U.S. Holder's method of tax accounting.

### *Original issue discount*

It is expected that the Series 2024-1 Notes may be issued with original issue discount ("OID"). If the Series 2024-1 Notes are issued with OID, each U.S. Holder will be required to include the OID in its income over the term of the Series 2024-1 Note on a constant yield basis, regardless of whether such U.S. Holder is a cash method or accrual basis taxpayer.

Subject to a *de minimis* exception, the amount of OID, if any, with respect to a Series 2024-1 Note is equal to the excess of its "stated redemption price at maturity" over its "issue price." The "issue price" of a Note is the first price at which a substantial amount of the issue of which such Series 2024-1 Note is a part is sold for money. For purposes of determining the issue price, sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers are ignored. The "stated redemption price at maturity" of a Series 2024-1 Note is the sum of all payments required to be made on the Series 2024-1 Note other than "qualified stated interest" payments. Qualified stated interest is generally interest that is payable based upon a single fixed rate or certain variable rates and that is unconditionally payable at least annually. The Issuer intends to treat stated interest on the Series 2024-1 Notes as qualified stated interest.

OID is considered *de minimis* if it is less than 0.25% of the stated redemption price at maturity of a Series 2024-1 Note multiplied by its weighted average maturity. Under applicable Treasury regulations, a U.S. Holder of a Series 2024-1 Note with *de minimis* OID must include such OID in income as stated principal payments on such Series 2024-1 Note are made. The includible amount with respect to each payment will be equal to the product of the total amount of such Series 2024-1 Note's *de minimis* OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount outstanding of such Series 2024-1 Note. Any amount of *de minimis* OID includible in income under the preceding sentence is treated as an amount received in retirement of the debt instrument and thus as capital gain.

Section 1272(a)(6) of the Code provides that, in the case of a debt instrument as to which the repayment of principal may be accelerated as a result of the prepayment of other obligations securing the debt instrument, the daily portion of the OID is determined by allocating to each day in any accrual period its ratable portion of the excess of (1) the sum of (a) the present value of all remaining payments under the debt instrument as of the close of such period, and (b) the payments during the accrual period of amounts included in the stated redemption price of the debt instrument, over (2) the adjusted issue price of such debt instrument at the beginning of such period. The present value of all remaining payments under the debt instrument will be determined by taking into account

(1) the original yield to maturity, (2) events which have occurred before the close of the accrual period, and (3) a prepayment assumption. No Treasury regulations have been promulgated under Section 1272(a)(6). The manner in which the rules of Section 1272(a)(6) may apply to the Series 2024-1 Notes is unclear. If the rules of Section 1272(a)(6) apply to the Series 2024-1 Notes, the amount of OID that will accrue in any given accrual period may either increase or decrease depending upon the actual prepayment rate. Prospective investors should consult their tax advisors regarding the applicability to and effects of Section 1272(a)(6) on the Series 2024-1 Notes.

#### *Sale, exchange, retirement or other disposition of Series 2024-1 Notes*

A U.S. Holder will recognize gain or loss on the sale, exchange, redemption or other taxable disposition of a Series 2024-1 Note. The amount of the gain or loss will be the difference between the amount realized on the sale or other disposition (other than accrued but unpaid interest, which will be taxable as ordinary income to the extent not previously included in income) and the U.S. Holder's adjusted tax basis in the Series 2024-1 Note. The adjusted tax basis of a Series 2024-1 Note will generally be the U.S. Holder's cost for the Series 2024-1 Note, increased by any OID previously included in income and decreased by any payments received by the U.S. Holder with respect to a Series 2024-1 Note other than payments of qualified stated interest. Any such gain or loss will generally be capital gain or loss. If the U.S. Holder's holding period for the Series 2024-1 Note is more than one year at the time of the sale or other disposition, any such gain or loss will be long-term capital gain or loss. A U.S. Holder that is an individual is generally subject to a lower rate of U.S. federal income tax on long-term capital gains. The deductibility of capital losses is subject to limitations.

#### *Information reporting and backup withholding*

Information reporting will apply to payments of interest and accruals of OID on the Series 2024-1 Notes and to the proceeds of the sale or other disposition of the Series 2024-1 Notes unless the U.S. Holder is an exempt recipient such as a corporation. Backup withholding tax (currently at a rate of 24%) will apply to such payments if the U.S. Holder fails to provide a correct taxpayer identification number and comply with certain certification procedures or otherwise establish an exemption from backup withholding. Backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against the U.S. Holder's U.S. federal income tax liability if the required information is timely furnished to the IRS.

### **Non-U.S. Holders**

#### *Interest income*

In general, subject to the discussion under “—*Treatment of the Series 2024-1 Notes as Indebtedness*” and the discussion under “—*Additional Withholding Requirements*”, payments of interest (including OID, if any) on the Series 2024-1 Notes to a Non-U.S. Holder will not be subject to U.S. federal income tax withholding if the Non-U.S. Holder satisfies one of the following requirements:

- The Non-U.S. Holder satisfies the following requirements of an exemption from withholding for “portfolio interest.”
  - (i) the interest on the Series 2024-1 Notes is not effectively connected with conduct by the Non-U.S. Holder of a trade or business in the United States;
  - (ii) the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of the stock, capital or profits interests, as applicable, of the Issuer (or the entity treated as the issuer of the Series 2024-1 Notes for U.S. federal income tax purposes) within the meaning of the Code and the regulations promulgated thereunder;
  - (iii) the Non-U.S. Holder is not a controlled foreign corporation that is related, directly or indirectly, to the Issuer (or the entity treated as the issuer of the Series 2024-1 Notes for U.S. federal income tax purposes);
  - (iv) the Non-U.S. Holder is not a bank receiving interest on a loan agreement entered into in the ordinary course of its trade or business; and
  - (v) the Non-U.S. Holder has provided a completed IRS Form W-8BEN or W-8BEN-E (or other applicable form or successor form) to a qualified intermediary through which the Non-U.S.

Holder holds its Series 2024-1 Notes, or if the Non-U.S. Holder holds the Series 2024-1 Notes directly, to the Issuer or the Issuer's paying agent establishing its Non-U.S. Holder status (or satisfied certain documentary evidence requirements for establishing such Non-U.S. Holder status).

A qualified intermediary is a bank, broker or other intermediary that (i) is either a U.S. or non-U.S. entity, (ii) is acting out of a non-U.S. branch or office and (iii) has signed an agreement with the IRS providing that it will administer all or part of the U.S. tax withholding rules under specified procedures.

- The Non-U.S. Holder is entitled to an exemption from withholding tax on interest under a tax treaty between the United States and the Non-U.S. Holder's country of residence. To claim this exemption, the Non-U.S. Holder must generally complete IRS Form W-8BEN or W-8BEN-E (or other applicable form or successor form) and claim this exemption on the form.
- The interest income on the Series 2024-1 Notes is effectively connected with the conduct of a trade or business by the Non-U.S. Holder in the United States. To claim this exemption, the Non-U.S. Holder must complete IRS Form W-8ECI (or other applicable form or successor form).

If a Non-U.S. Holder cannot satisfy the requirements described above, payments of interest on the Notes made to a Non-U.S. Holder will generally be subject to a 30% U.S. federal withholding tax. If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on the Series 2024-1 Notes is effectively connected with the conduct of that trade or business (or, if provided by an applicable income tax treaty, is attributable to a U.S. permanent establishment or fixed base maintained by the Non-U.S. Holder), then the Non-U.S. Holder will be subject to U.S. federal income tax on that interest on a net income basis generally in the same manner as if it were a U.S. Holder unless an applicable income tax treaty provides otherwise (although such Non-U.S. Holder would be exempt from the 30% U.S. federal withholding tax, provided the certification requirements discussed above are satisfied). In addition, if the Non-U.S. Holder is a corporation, it may be subject to an additional branch profits tax equal to 30% (or a lower applicable income tax treaty rate) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States.

#### *Sale, exchange, retirement or other disposition of Notes*

In general, subject to the discussion under “—*Information reporting and backup withholding*” and “—*Additional Withholding Requirements*”, a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, redemption or other disposition of Notes (except with respect to accrued but unpaid interest, which will be taxable as described above under “—*Interest income*”) unless (i) the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States) or (ii) the Non-U.S. Holder is an individual who is present in the U.S. for 183 days or more during the taxable year of disposition and certain other requirements are satisfied.

If a Non-U.S. Holder holds the Series 2024-1 Notes in connection with the conduct of a trade or business by such Non-U.S. Holder in the United States (and, if required by an applicable income tax treaty, such Notes are attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States), any gain from disposing of the Series 2024-1 Notes will generally be subject to U.S. income tax on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. If the Non-U.S. Holder is a corporation, the income or gain might also be subject to a branch profits tax at a rate of 30% (or a lower applicable income tax treaty rate). If the Non-U.S. Holder is described in (ii) above and does not hold the Series 2024-1 Notes in connection with the conduct of a trade or business by such Non-U.S. Holder in the United States, the Non-U.S. Holder will be subject to a flat 30% U.S. federal income tax (or lower applicable income tax treaty rate) on the gain derived from the sale or other disposition, which may generally be offset by U.S. capital losses.

#### *Information reporting and backup withholding*

Generally, the Issuer or RFS must report annually to the IRS and to Non-U.S. Holders certain payments including interest paid to Non-U.S. Holders and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such interest and withholding may also be made available to the tax authorities in the country in which a Non-U.S. Holder resides under the provisions of an applicable income tax treaty. In general, a Non-U.S. Holder will not be subject to backup withholding with respect to payments of

interest, provided the proper certification(s) has been received (and the applicable withholding agent does not have actual knowledge or reason to know that the holder is a United States person, as defined under the Code, that is not an exempt recipient). In addition, a Non-U.S. Holder will be subject to information reporting and, depending on the circumstances, backup withholding with respect to payments of the proceeds of the sale of a Note within the United States or conducted through certain U.S.-related financial intermediaries, unless the certification described above has been received (and the applicable withholding agent does not have actual knowledge or reason to know that a holder is a United States person, as defined under the Code, that is not an exempt recipient) or the Non-U.S. Holder otherwise establishes an exemption. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability provided the required information is furnished timely to the IRS.

#### *Additional Withholding Requirements*

Sections 1471 through 1474 of the Code, commonly known as “**FATCA**,” generally impose withholding at a 30% rate on certain types of “withholdable payments” (including U.S.-source interest) made to a “foreign financial institution” or to a “non-financial foreign entity” (all as defined in the Code) (whether such foreign financial institution or non-financial foreign entity is the beneficial owner or an intermediary), unless (1) the foreign financial institution undertakes certain diligence, reporting and withholding obligations, (2) the non-financial foreign entity either certifies it does not have any “substantial United States owners” (as defined in the Treasury regulations) or furnishes identifying information regarding each substantial United States owner or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence, reporting and withholding requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it will undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities (as defined in applicable Treasury regulations), annually report certain information about such accounts and withhold 30% on payments to noncompliant foreign financial institutions and certain other account holders. Application of this FATCA tax does not depend on whether the payment otherwise would be exempt from U.S. federal withholding tax under the other exemptions described in the Memorandum. Foreign financial institutions and non-financial foreign entities located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. FATCA withholding generally applies to payments of interest on the Series 2024-1 Notes. Persons considering the purchase of Series 2024-1 Notes should consult their own tax advisors regarding these rules and whether they may be relevant to their ownership of the Series 2024-1 Notes.

#### **State and Local Tax Consequences**

Because of the variation in the tax laws of each state and locality, it is impossible to predict the tax classification of the Issuer or the tax consequences to the Issuer or to holders of Series 2024-1 Notes in all of the state and local taxing jurisdictions in which they may be subject to tax. Prospective holders are encouraged to consult their tax advisors about state and local taxation of the Issuer and state and local tax consequences of the purchase, ownership and disposition of Series 2024-1 Notes.

**Persons considering the purchase of Series 2024-1 Notes should consult their own tax advisors concerning the application of the U.S. federal tax laws to their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.**

#### **CERTAIN CONSIDERATIONS FOR ERISA AND OTHER BENEFIT PLANS**

The Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) imposes certain requirements on employee benefit plans subject thereto, and on persons who are fiduciaries with respect to such plans, and ERISA and Section 4975 of the Code impose other requirements on such plans and on individual retirement accounts and annuities that are subject to Section 4975 of the Code. A person who exercises discretionary authority or control with respect to the management of assets of an ERISA Plan (as defined below) or the management or disposition of the assets of an ERISA Plan or who renders investment advice for a fee or other compensation to an ERISA Plan will generally be considered a fiduciary of the Benefit Plan under ERISA. A “**Benefit Plan Investor**” is defined under Section 406 of ERISA and Section 4975 of the Code as (i) any “employee benefit plan” (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA (an “**ERISA Plan**”), (ii) any “plan” (as defined in Section 4975(e)(1) of the Code) that is subject to Section 4975 of the Code or (iii) any entity deemed to hold the “assets” of any such employee benefit plan or plan (within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the “**Plan Assets Regulation**”)) (each of

(i), (ii) and (iii), a “**Benefit Plan**”). Section 406 of ERISA and Section 4975 of the Code prohibit such entities from engaging in certain transactions with persons that are “parties in interest” under ERISA or “disqualified persons” under the Code with respect to such Benefit Plan. A violation of these “prohibited transaction” rules may result in an excise tax or other penalties and liabilities under ERISA and the Code for such persons or the fiduciaries of the Benefit Plan. Therefore, before investing a portion of the assets of any Benefit Plan in the Series 2024-1 Notes, a Benefit Plan fiduciary should determine whether such an investment is permitted under the governing Benefit Plan documents and instruments and is appropriate for the Benefit Plan in view of its overall investment policy and the composition and diversification of its portfolio. Furthermore, a Benefit Plan fiduciary considering an investment in the Series 2024-1 Notes should also consider whether such an investment is in accordance with the applicable provisions of ERISA and/or the Code relating to the fiduciary’s duties to the Benefit Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA and the Code.

In addition, employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain non-U.S. plans and certain church plans (as defined in Section 3(33) of ERISA) are not subject to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code, but may be subject to other federal, state, local, non-U.S. or other laws or regulations that are substantially similar to such provisions of ERISA or the Code (each a “**Similar Law**” and collectively, “**Similar Laws**”) (together with Benefit Plans, the “**Plans**”). Such plans should determine whether an investment in the Series 2024-1 Notes is appropriate.

### **Plan Assets Issues**

Certain transactions involving the Issuer and certain other persons might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code with respect to a Benefit Plan that purchases Series 2024-1 Notes if the Issuer’s assets were deemed to be assets of the Benefit Plan. Under the Plan Assets Regulation, the Issuer’s assets would be treated as plan assets of a Benefit Plan for the purposes of the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and Section 4975 of the Code if Benefit Plans, hold a significant amount (i.e., 25 percent or more) of any class of security which constitutes an “equity interest” in the Issuer and none of the exceptions contained in the Plan Assets Regulation were applicable. An equity interest is defined under the Plan Assets Regulation as an interest other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. As set forth in the discussion under the heading “*Certain U. S. Federal Income Tax Consequences*,” in the opinion of Tax Counsel, the Class A, Class B Notes and Class C Notes will be characterized as indebtedness for U.S. federal income tax purposes to the extent such Notes are not beneficially owned by the Issuer or an affiliate. However, because there is no authority that clarifies the relationship between the standards used for Plan Assets Regulation purposes and the standards used for U.S. federal income tax purposes in evaluating the proper characterization of a security as debt or equity, each prospective investor should make its own assessment as to whether or not the Class A Notes, Class B Notes and Class C Notes will be respected as debt for purposes of the Plan Assets Regulation, and should consult with its own legal advisers concerning the potential consequences under the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA, Section 4975 of the Code and any applicable Similar Law of an investment in the Series 2024-1 Notes with the assets of a Benefit Plan. In addition, the status of the Series 2024-1 Notes as indebtedness could be affected, subsequent to their issuance, by negative changes in the Issuer’s financial condition or their creditworthiness.

The Issuers do not intend to treat the Class D Notes or Class E Notes as “equity interests” in the Issuers. However, for purposes of the Plan Assets Regulation, Class D Notes or Class E Notes (the “**ERISA Restricted Notes**”) may be considered “equity interests” in the Issuer, and will not constitute “publicly-offered securities” for purposes of the Plan Assets Regulation. In addition, the Issuer will not be registered under the Investment Company Act, and it is not likely that the Issuer will qualify as an “operating company” for purposes of the Plan Assets Regulation. Therefore, if equity participation in Class D Notes by Benefit Plan Investors is “significant” within the meaning of the Plan Assets Regulation, the assets of the Issuer could be considered to be the assets of any Benefit Plans that purchase the ERISA Restricted Notes. In such circumstances, in addition to considering the applicability of ERISA and Section 4975 of the Code to the ERISA Restricted Notes, a Benefit Plan fiduciary considering an investment in the ERISA Restricted Notes should consider, among other things, the applicability of ERISA and Section 4975 of the Code to transactions involving any of the parties to the Transaction Documents or any of their respective affiliates, including whether such transactions might constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or otherwise may result in a breach of fiduciary duty under ERISA.

Under the Plan Assets Regulation, equity participation in an entity by Benefit Plan Investors is “significant” on any date if, immediately after the most recent acquisition of any equity interest in the entity, 25% or more of the value of any class of equity interests in the entity is held by Benefit Plan Investors. For purposes of this determination, the value of equity interests held by a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the entity or that provides investment advice for a fee (direct or indirect) with respect to such assets (or any “affiliate” of such a person (as defined in the Plan Assets Regulation)) is disregarded (any such person with respect to the Issuer, a “**Controlling Person**”).

The Issuer intends to limit equity participation by Benefit Plan Investors to less than 25% of the Class D Notes and 25% of the Class E Notes. No Benefit Plan Investor or Controlling Person (other than a Benefit Plan Investor purchasing on the Series 2024-1 Closing Date that has identified itself in writing as a Benefit Plan Investor in a signed investor representation letter delivered to the Issuer, Indenture Trustee and the Initial Purchaser, as applicable) may hold Class D Notes or Class E Notes in a form other than as a definitive note.

Each prospective purchaser (including transferees) of an ERISA Restricted Note in the form of a definitive note will be required to make a written representation as to whether it is a Benefit Plan Investor or Controlling Person. Each prospective purchaser (including transferees) of ERISA Restricted Notes represented by global notes (other than a Benefit Plan Investor or Controlling Person purchasing a Class D Note or Class E Note in the form of a global note on the Series 2024-1 Closing Date that has identified itself in writing as a Benefit Plan Investor or Controlling Person in a signed investor representation letter delivered to the Issuer, the Indenture Trustee and the Initial Purchaser, as applicable) will be deemed (and may be required) to represent, warrant and covenant that, for so long as it holds a beneficial interest in such Class D Notes or Class E Notes, it (and each Person for the account of which it is acquiring such Class D Notes or Class E Notes) is not a Benefit Plan Investor or a Controlling Person. See “*Transfer Restrictions*.” On the Series 2024-1 Closing Date, no interest in an ERISA Restricted Note will be sold or transferred to purchasers that have represented that they are Benefit Plan Investors or Controlling Persons to the extent that such sale may result in Benefit Plan Investors owning 25% or more of the aggregate outstanding amount of the Class D Notes or Class E Notes being transferred, determined in accordance with the Plan Assets Regulation and the Indenture assuming, for this purpose, that all the representations made or deemed to be made by Holders of ERISA Restricted Notes are true. Each interest in an ERISA Restricted Note held as principal by any of the parties to the Transaction Documents, any of their respective affiliates and persons that have represented that they are Controlling Persons will be disregarded and will not be treated as outstanding for purposes of determining compliance with such 25% limitation. No transfer of an ERISA Restricted Note on the Series 2024-1 Closing Date will be effective, and the Issuer and the Indenture Trustee will not recognize such transfer, if such transfer may result in 25% or more of the value of the Class D Notes or Class E Notes being held by Benefit Plan Investors, as defined in Section 3(42) of ERISA, disregarding ERISA Restricted Notes held by Controlling Persons, and the Indenture Trustee receives written notice thereof.

Any Person for which the representations made or deemed to be made by such person for purposes of ERISA, Section 4975 of the Code or applicable Similar Laws in any investor representation letter or other transfer documentation, or by virtue of deemed representations, are or become untrue will be a non-permitted holder and the Issuer has the right under the Indenture to compel any non-permitted holder to sell its interest in the Class D Notes or Class E Notes, as applicable, or may sell such interest in the Class D Notes or Class E Notes, as applicable, on behalf of such non-permitted holder. In some cases, it is possible that the Issuer will not be able to enforce the requirement that transferees of ERISA Restricted Notes deliver an investor representation letter or other transfer documentation.

There can be no assurance that there will not be circumstances in which transfers of an interest in an ERISA Restricted Note will be restricted in order to comply with the aforementioned limitations. Moreover, there can be no assurance that, despite the restrictions relating to purchases by or transfers to Benefit Plan Investors and Controlling Persons and the procedures to be employed, participation by Benefit Plan Investors in the Issuer will not be “significant.”

### **Prohibited Transactions Issues**

Whether or not the Series 2024-1 Notes are treated as an equity interest under the Plan Assets Regulation, the acquisition or holding of the Series 2024-1 Notes by or with the assets of a Benefit Plan could be considered to give rise to a prohibited transaction if the Issuer, the Initial Purchaser, the Indenture Trustee, or any of their respective affiliates is or becomes a “party in interest” (within the meaning of ERISA) or a “disqualified person” (within the meaning of the Code) with respect to such Benefit Plan and an exemption does not apply. Certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of the Series



2024-1 Notes by a Benefit Plan depending on the type and circumstances of the Benefit Plan fiduciary making the decision to acquire such Notes. Included among these exemptions, each of which contains several conditions which must be satisfied before the exemption applies, are: Prohibited Transaction Class Exemption (“PTCE”) 90-1, regarding investments by life insurance company pooled separate accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 84-14, regarding transactions effected by “qualified professional asset managers”; PTCE 95-60, regarding investments by insurance company general accounts; PTCE 96-23, regarding transactions effected by certain “in house asset managers”; and statutory exemptions including Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code, regarding certain transactions with non-fiduciary service providers for “adequate consideration.” Each of the above-noted exemptions contains conditions and limitations on its application. Fiduciaries of Benefit Plans considering acquiring and/or holding the Series 2024-1 Notes in reliance on these or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain non-U.S. plans and certain church plans (as defined in Section 3(33) of ERISA) are not subject to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code, but may be subject to Similar Laws.

Because of the foregoing, the Series 2024-1 Notes should not be purchased or held by any person investing “plan assets” of any Plan unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or a violation of any applicable Similar Laws. Accordingly, each Series 2024-1 Noteholder by its acceptance of a Series 2024-1 Note, and each beneficial owner of a Series 2024-1 Note, by its acceptance of a beneficial interest in a Series 2024-1 Note, will be deemed to have made a representation and warranty that either (i) it is not acquiring or holding the Series 2024-1 Notes or any interest therein for or on behalf, or with the assets, of any Plan or (ii) its acquisition and holding of the Series 2024-1 Notes or any interest therein will not constitute a non-exempt prohibited transaction under Section 406(a) of ERISA or Section 4975(c)(1)(A)-(C) of the Code or a similar violation of any applicable Similar Laws.

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold Notes should determine whether, under the general fiduciary standards of investment prudence and diversification and under the documents and instruments governing the Plan, an investment in the Series 2024-1 Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan’s investment portfolio. Any Plan subject ERISA, the Code or any applicable Similar Law proposing to invest in Notes should consult with its counsel to confirm that such investment will not result in a non-exempt prohibited transaction.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that a Plan fiduciary or other persons considering the purchase of Series 2024-1 Notes with the assets of any Plan should consult its legal advisors regarding whether the Issuer’s assets would be considered plan assets, the possibility of exemptive relief from the prohibited transaction rules and the applicability of the Plan Assets Regulation.

## PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the purchase agreement relating to the Series 2024-1 Notes (the “**Note Purchase Agreement**”), among RFS, the Issuer and the Initial Purchaser, the Issuer has agreed to issue the Series 2024-1 Notes and sell to the Initial Purchaser, and the Initial Purchaser has agreed to purchase the Series 2024-1 Notes, *provided*, that the parties to the Note Purchase Agreement have agreed that the Issuer bears the financial risk of any failure by an initial investor of the Series 2024-1 Notes to settle the purchase of such Series 2024-1 Notes on the Series 2024-1 Closing Date and the Initial Purchaser will have no obligation to purchase any Series 2024-1 Notes allocated to a failed settlement which the Initial Purchaser determines in its respective sole discretion it will be unable to resell in a timely manner and any such Series 2024-1 Notes will be excluded from the sale of the Series 2024-1 Notes pursuant to the applicable Note Purchase Agreement on the Series 2024-1 Closing Date.

The Note Purchase Agreement provides that the Initial Purchaser’s obligation to purchase any Series 2024-1 Notes will be subject to certain conditions.

The Issuer and RFS have agreed to indemnify the Initial Purchaser, its affiliates and its officers, directors, employees, representatives, agents and controlling persons against certain liabilities in connection with the offer and sale of the Series 2024-1 Notes, including liabilities under the Securities Act, and to contribute to payments that the Initial Purchaser may be required to make in respect of those liabilities. The Issuer and RFS have also agreed to reimburse the Initial Purchaser for certain expenses incurred by the Initial Purchaser in connection with this offering.

The Series 2024-1 Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to QIBs in reliance on Rule 144A and to certain persons who are also QIBs in offshore transactions in reliance on Regulation S. In the Note Purchase Agreement, the Initial Purchaser has agreed that the Series 2024-1 Notes may not be offered or sold within the United States or to U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those requirements and it will offer or sell the Series 2024-1 Notes only to QIBs in compliance with Rule 144A and, solely with respect to the Class A Notes, Class B Notes, Class C Notes and Class D Notes, outside the United States in compliance with Regulation S to QIBs. Terms used in this paragraph have the meanings given to them by Regulation S and Rule 144A under the Securities Act, as applicable. Each purchaser of the Series 2024-1 Notes will, by its purchase of Series 2024-1 Notes, be deemed to have made certain acknowledgments, representations and agreements as set forth under “*Transfer Restrictions*.”

In addition, until 40 days after the issuance date of the Series 2024-1 Notes, an offer or sale of the Series 2024-1 Notes within the United States by a dealer (whether or not it is participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A or pursuant to another exemption from registration under the Securities Act.

The Issuer and RFS, together with their affiliates, have agreed for a period of 90 days after the date of this Offering Memorandum, not to offer for sale, sell, contract to sell or otherwise dispose of, directly or indirectly, or file a registration statement for, or announce any offer, sale, contract for sale of or other disposition of any debt securities issued by the Issuer or any asset-backed securities backed by Receivables (other than the Series 2024-1 Notes), without the prior written consent of the Initial Purchaser.

#### **European Economic Area and the UK**

The Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Series 2024-1 Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”) as amended; or
  - (ii) a customer within the meaning of the Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Series 2024-1 Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Series 2024-1 Notes.

The Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Series 2024-1 Notes to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 and secondary legislation made under it, in each case, as amended, including by the European Union (Withdrawal Agreement) Act 2020 (“**EUWA**”); or

- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Series 2024-1 Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Series 2024-1 Notes.

The Initial Purchaser has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Series 2024-1 Notes in, from or otherwise involving the United Kingdom.

No action is being taken or is contemplated by the Issuer that would permit a public offering of the Series 2024-1 Notes or possession or distribution of any preliminary offering memorandum, final offering memorandum or any amendment thereof, any supplement thereto or any other offering material relating to the Series 2024-1 Notes in any jurisdiction where, or in any other circumstances in which, action for those purposes is required. The Initial Purchaser has agreed that it is solely responsible for its own compliance with all laws applicable in each jurisdiction in which it offers and sells the Series 2024-1 Notes or distributes any preliminary offering memorandum, final offering memorandum or any amendments thereof or supplements thereto or any other material and it agrees to comply with all such laws.

If you purchase your Class A Notes, Class B Notes, Class C Notes or Class D Notes outside the United States, you may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the purchase price of such Series 2024-1 Notes.

The Series 2024-1 Notes are a new issue of securities for which there is no existing market. The Issuer does not intend to list the Series 2024-1 Notes on any national securities exchange. The Initial Purchaser has advised RFS and the Issuer that it presently intends to make a market in the Series 2024-1 Notes as permitted by applicable law. The Initial Purchaser is not obligated to make a market in the Series 2024-1 Notes and may discontinue any market making at any time at their sole discretion. Accordingly, there can be no assurance as to the development of liquidity or of any trading market for the Series 2024-1 Notes.

The Initial Purchaser may engage in over-allotment and stabilizing transactions and syndicate covering transactions. Over-allotment involves sales in excess of the offering size, which creates a short position for the Initial Purchaser. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Series 2024-1 Notes in the open market after the distribution has been completed in order to cover short positions. Such over-allotment and stabilizing transactions and syndicate covering transactions may cause the price of the Series 2024-1 Notes to be higher than they would otherwise be in the absence of such transactions. If the Initial Purchaser engages in stabilizing or syndicate covering transactions, they may discontinue them at any time.

The Initial Purchaser and its affiliates have from time to time provided investment banking, commercial banking or financial advisory services and products to the Issuer and its affiliates, including RFS, for which they have received customary fees and commissions, and expect in the future to provide those services and products to the Issuer and its affiliates for which they expect to receive customary fees and commissions.

The Issuer expects that delivery of the Series 2024-1 Notes will be made against payment on or about the Series 2024-1 Closing Date specified on the cover page of this Offering Memorandum. The Series 2024-1 Notes are subject to a settlement cycle that exceeds three (3) business days. You should note that the initial trading of the Series 2024-1 Notes may be affected by this long settlement period.

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Series 2024-1 Notes.

### Transfer Representations and Warranties

Each purchaser of Series 2024-1 Notes offered in the reliance on Rule 144A (and any fiduciary acting on behalf of a purchaser) will be deemed to have represented and agreed as follows:

1. Such purchaser (or if it is acting for the account of another person, such person has confirmed to it in writing that such other person) understands and acknowledges that the Series 2024-1 Notes have not been registered under the Securities Act or any other applicable securities law, and that the Series 2024-1 Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to any exemption therefrom or in a transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph 5 below.
2. Such purchaser (or if it is acting for the account of another person, such person has confirmed to it in writing that such other person) is a QIB and is aware (and any other person for whom such purchaser is purchasing is aware) that any sale of the Series 2024-1 Notes to it will be made in reliance on Rule 144A and such acquisition will be for its own account or for the account of another QIB who is also aware that the sale to it is being made in reliance on Rule 144A.
3. Such purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing the Series 2024-1 Notes, and each subsequent holder of the Series 2024-1 Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Series 2024-1 Notes only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the Securities Act, (iii) for so long as the Series 2024-1 Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) for Class A Notes, Class B Notes, Class C Notes and Class D Notes, to QIBs pursuant to offers and sales that occur outside the United States within the meaning of Regulation S or (v) pursuant to another available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control. Each purchaser acknowledges that the Issuer reserves the right prior to any offer, sale or other transfer pursuant to clause (v) above to require the delivery of an opinion of counsel, certification and/or other information satisfactory to the Issuer.

Each purchaser of a Class A Note, Class B Note, Class C Note, or Class D Note offered in reliance on Regulation S (and any fiduciary acting on behalf of a purchaser) will be deemed to have represented and agreed as follows: The Series 2024-1 Notes have not been registered under the Securities Act, and, if prior to the 40th day after the issuance date of the Series 2024-1 Notes (the “**Restricted Period**”) such purchaser decides to reoffer, resell, pledge or otherwise transfer such Series 2024-1 Notes, such Series 2024-1 Notes may be reoffered, resold, pledged or otherwise transferred only (i) to a QIB in an offshore transaction in accordance with Rule 904 of Regulation S, (ii) to a person whom such purchaser reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A or (iii) to the Issuer.

Each purchaser of Series 2024-1 Notes (and any fiduciary acting on behalf of a purchaser) will be deemed to have represented, acknowledged, covenanted and agreed as follows:

1. Such purchaser (or if it is acting for the account of another person, such person has confirmed to it in writing that such other person) has had access to such financial and other information concerning the Issuer, RFS, the Transaction Documents and the Series 2024-1 Notes as it has deemed necessary in connection with its decision to purchase the Series 2024-1 Notes, including an opportunity to ask questions of and request information from RFS, the Issuer and the Initial Purchaser.
2. Such purchaser (including pursuant to a transfer), is not acquiring or holding an interest in the Series 2024-1 Notes with the assets of a Plan or the Plan’s acquisition and holding of the Series 2024-1 Notes

will not constitute a non-exempt prohibited transaction under section 406(a) of ERISA or section 4975(c)(1)(A)-(C) of the Code or a similar violation of any applicable Similar Law.

3. Except for a Controlling Person purchasing a Class D Note or Class E Note on the Series 2024-1 Closing Date, each purchaser (including transferees) of ERISA Restricted Notes represented by such Notes will be deemed (and may be required) to represent, warrant and covenant that, for so long as it holds a beneficial interest in such Notes, it (and each account for which it is acquiring such Notes) is not a Benefit Plan Investor or a Controlling Person. The purchaser understands that interests in any ERISA Restricted Note represented by a Note may not at any time be held by or on behalf of a Benefit Plan Investor or a Controlling Person (other than a Controlling Person purchasing a Class D Note or Class E Note on the Series 2024-1 Closing Date).
4. The purchaser acknowledges that on the Series 2024-1 Closing Date, the registrar will not register any transfer of an interest in an ERISA Restricted Note to a proposed transferee that has represented that it is a Benefit Plan Investor or a Controlling Person if, after giving effect to such proposed transfer, persons that have represented that they are Benefit Plan Investors would own 25% or more of the aggregate outstanding amount of the Class D Notes or Class E Notes being transferred as determined in accordance with the Plan Assets Regulation and the Indenture, assuming, for this purpose, that all the representations made (or, in the case of the Regulation S global Series 2024-1 Class D Notes or the 144A global Series 2024-1 Class D Notes or Class E Notes, deemed to be made) by holders of ERISA Restricted Notes are true. Each interest in an ERISA Restricted Note held as principal by any of the parties to the Transaction Documents, any of their respective affiliates and persons that have represented that they are Controlling Persons will be disregarded and will not be treated as outstanding for purposes of determining compliance with such 25% limitation.
5. Each purchaser (including transferees) of ERISA Restricted Notes will be required to provide a written certification delivered to the Issuer, the Indenture Trustee and the Initial Purchaser, that either (A) the purchaser is not a governmental, church or non-U.S. Benefit Plan, or (B) the purchaser is not, and for so long as the purchaser holds the ERISA Restricted Notes, or any interest therein will not be, subject to any U.S. federal, state, local, non-U.S. or other law or regulation that could cause the underlying assets of the Issuers to be treated as assets of the purchaser by virtue of its interest and thereby subject the Issuer and the asset manager (or other persons responsible for the investment and operation of the Issuer's assets) to any such Similar Law.
6. The purchaser understands that the representations made in this "Transfer Restrictions" section shall be deemed to be made on each day from the date that the purchaser acquires an interest in the Notes until the date it has disposed of its interests in such Notes. In the event that any representation in this section becomes untrue (or, with respect to ERISA Restricted Notes, there is any change in status of the purchaser as a Benefit Plan Investor or Controlling Person), the purchaser shall immediately notify the Indenture Trustee and the Issuer.
7. Each purchaser will be deemed (and may be required) to make the representations and agreements set forth above. The Issuer will generally require that purchasers of interests in ERISA Restricted Notes on the Series 2024-1 Closing Date make certain written representations in an investor representation letter. Transferees that will hold interests in a Class D Note or Class E Note will be required to provide a transfer certificate or other similar certification. The parties to the Transaction Documents are presumed to have relied on such representations and agreements and the purchaser by acquiring such Class D Note or Class E Note agrees (and any fiduciary causing it to acquire such Note agrees) to indemnify and hold harmless the parties to the Transaction Documents and their respective affiliates from any cost, damage or loss incurred by them as a result of a breach of any representation or covenant made (or deemed to be made) by it.
8. Any fiduciary that purchases a Series 2024-1 Note on behalf of any Benefit Plan Investor will provide a representation (deemed or otherwise) that it (a) is either a bank, an insurance carrier, a registered investment advisor, a registered broker-dealer, or other person with financial expertise, in each case as described in 29 C.F.R. Section 2510.3-21(c)(1)(i); (b) is an independent plan fiduciary within the meaning of 29 C.F.R. Section 2510.3-21(c); (c) is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies; (d) is responsible for exercising independent judgment in evaluating the acquisition, holding and disposition of the Series 2024-1 Notes; and (e) is not paying and has not paid and the Benefit Plan Investor is not paying and has not paid any fee or other compensation to any of the Issuer, the Indenture Trustee, the Initial Purchaser, the Servicer or the Sponsor for investment advice (as opposed

to other services) in connection with its acquisition or holding of the Series 2024-1 Notes. In addition, each such purchaser or transferee will be required or deemed to acknowledge and agree that such purchaser or transferee has received and understands the disclosure of the existence and nature of the financial interests contained in this Offering Memorandum and related materials.

9. Each purchaser and Beneficial Owner of Series 2024-1 Notes will be deemed by its acquisition of such Series 2024-1 Notes to have further acknowledged, represented and agreed that by acquiring a Series 2024-1 Note or any interest therein each person acting on behalf of a Plan to make such acquisition acknowledges, that none of the Issuer, the Indenture Trustee, the Initial Purchaser, the Sponsor or other persons that provide marketing services, nor any of their affiliates, has provided or is providing investment advice of any kind whatsoever (whether impartial or otherwise) or is giving any advice in a fiduciary or other capacity, in connection with the Plan's acquisition of a Series 2024-1 Note or any interest therein.

The initial purchaser and each subsequent purchaser (and each beneficial owner for U.S. federal income tax purposes) of a Class D Note or Class E Note will be required to make the following representations, warranties and covenants in a transferee certificate delivered to the Indenture Trustee and the Transfer Agent and Registrar:

1. The purchaser (i) is not and will not become for U.S. federal income tax purposes a partnership, subchapter S corporation or grantor trust (or a disregarded entity the single owner of which is any of the foregoing) (each such entity, a **"flow-through entity"**) or (ii) if it is or becomes a flow-through entity, then (x) more than 50% of the value of its ownership interest in the Flow-Through Entity is not attributable, in the aggregate, to any combination of the Flow-Through Entity's interests in any of the Class C Notes, any other Notes, other interest (direct or indirect) in the Issuer, or any interest created under the Indenture and (y) it is not and will not be a principal purpose of the arrangement involving the flow-through entity's beneficial interest in any Class D Note or Class E Note to permit any partnership to satisfy the 100 partner limitation of Section 1.7704-1(h)(1)(ii) of the Treasury regulations necessary for such partnership not to be classified as a publicly traded partnership under the Internal Revenue Code of 1986, as amended.
2. The purchaser will not sell, assign, transfer, pledge or otherwise dispose of any Class D Note or Class E Note or any beneficial interest therein, or enter into any financial instrument or contract the value of which is determined by reference in whole or in part to any Class D Note or Class E Note or beneficial interest therein, in each case if the effect of doing so would be that the beneficial interest of any person in the Class D Note or Class E Note would be in an amount that is less than the minimum denomination for the Class D Notes or Class E Notes, as applicable, set forth in the Indenture.
3. The purchaser is not acquiring any Class D Note(s) or Class E Notes(s) or beneficial interest therein, will not sell, transfer, assign, participate, pledge or otherwise dispose of any Class D Note(s) nor Class E Note(s) or beneficial interest therein, and it will not cause any Note(s) or beneficial interest therein to be marketed, in each case on or through an "established securities market" within the meaning of Section 7704(b) of the Internal Revenue Code of 1986, as amended, including, without limitation, an interdealer quotation system that regularly disseminates firm buy or sell quotations.
4. The purchaser's beneficial interest in the Class D Note or Class E Note is not and will not be in an amount that is less than the minimum denomination for such Class D Notes or Class E Notes, as applicable, set forth in the Indenture, and if it is acting as a nominee or in a similar capacity, no beneficial owner on behalf of any person whose beneficial interest in a Class D Note or Class E Note is in an amount that is less than the minimum denomination for the Class D Notes or Class E Notes, as applicable, set forth in the Indenture.
5. As a result of such purchaser's own activities separate from those of the Issuer, such purchaser is not required to treat income from this Class D Note or Class E Note as effectively connected to the conduct of a United States trade or business of a Person that is not a "United States person" as defined in Section 7701(a)(30) of the Code.
6. The purchaser will strictly comply with the Indenture and affirms its intent to treat the Notes as indebtedness of the Issuer for purposes of U.S. federal, state and local income taxes.
7. The purchaser will not take any action that could cause, and will not omit to take any action, which omission could cause, the Issuer to become taxable as a corporation for U.S. federal income tax purposes.

8. The purchaser acknowledges that it is not part of the Issuer's "expanded group" within the meaning of the Treasury Regulations under Section 385 of the Code.
9. The purchaser is not providing an IRS Form W-8ECI (or an IRS W-8IMY with an IRS Form W-8ECI attached) and does not expect to provide such form in the future.
10. In the case of a purchaser acquiring a beneficial interest in a Class E Note, it will provide a written certification to the Issuer that it is a "United States person" within the meaning of Section 7701(a)(30) of the Code.
11. The purchaser of the Note will not transfer all or any portion of any Class D Note or Class E Note unless, (A) the Person to which it transfers such Class D Note or Class E Note agrees to be bound by the restrictions, conditions, representations, warrants, and covenants set forth in clauses (1) through (10) hereof and (2) such transfer does not violate such clauses.

The initial purchaser and each subsequent purchaser of a Class D Note or Class E Note understands, acknowledges and agrees that any purported transfer of any Class D Note or Class E Note to a person in violation of the transfer restrictions above, or that would otherwise cause the Issuer to be unable to rely on the "private placement" safe harbor of Treasury Regulation section 1.7704-1(h), will be null and void *ab initio* and shall not bind or be recognized by the Issuer or any other Person, and no Person to which such Notes are transferred shall become a holder or beneficial owner.

Such purchaser of a Class D Note or Class E Note further understands and acknowledges that notwithstanding anything to the contrary in the Indenture, no assignment or participation of all or any part of the Class D Notes or Class E Notes (collectively, the "Specially Restricted Notes") shall be effective, and any such transfer shall be void *ab initio*, regardless of whether such assignment or participation and transfer is consistent with the transfer restrictions above, unless after such transfer there would be no more than ninety-five (95) persons for U.S. federal income tax purposes, in the aggregate, that hold the Specially Restricted Notes and any other interest in or security issued by the Issuer that has not received an opinion of nationally recognized tax counsel that such interest or security "[will be]" characterized as debt for U.S. federal income tax purposes (the "95-person limit"). For this purpose, a person who indirectly owns (i) a Specially Restricted Note or (ii) any other interest in or security issued by the Issuer that has not received an opinion of nationally recognized tax counsel that such interest or security "will be" characterized as debt through a Flow-Through Entity (as defined above) will be counted toward the 95-person limit if (i) substantially all of the value of such person's ownership interest in the flow-through entity is attributable, in the aggregate, to any combination to the flow-through entity's interest in such Note, any other Notes, other interest (direct or indirect) in the Issuer, or any interest created under the Indenture and (ii) a principal purpose of the use of the Flow-Through entity is to allow compliance with the 95-person limit.

## Legends

Each purchaser acknowledges and understands that the Notes will bear a legend substantially to the following effect unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**"), TO A PERSON IT REASONABLY BELIEVES IS A "**QUALIFIED INSTITUTIONAL BUYER**" AS DEFINED IN RULE 144A (A "**QIB**") THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO QIBS PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE RIGHT OF THE ISSUER, PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E), TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO IT.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. UNTIL 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ORIGINAL ISSUE DATE OF THE NOTES (THE “**RESTRICTED PERIOD**”) IN CONNECTION WITH THE OFFERING OF THE NOTES IN THE UNITED STATES AND OUTSIDE OF THE UNITED STATES (THE “**OFFERING**”), THE SALE, PLEDGE OR TRANSFER OF THIS NOTE IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS NOTE, ACKNOWLEDGES THAT THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES, AND PRIOR TO THE EXPIRATION OF THE RESTRICTED PERIOD, ONLY (1) TO A QIB IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) PURSUANT TO AND IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT OR (3) TO THE ISSUER.

EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS SECURITY OR ANY INTEREST HEREIN (AND ANY FIDUCIARY ACTING ON BEHALF OF A PURCHASER OR SUBSEQUENT TRANSFEREE) WILL BE DEEMED BY ITS PURCHASE OR ACQUISITION OF ITS INTEREST IN THIS NOTE TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER OR TRANSFEREE ACQUIRES ITS INTEREST IN SUCH NOTE THROUGH AND INCLUDING THE DATE IT DISPOSES OF SUCH INTEREST, EITHER (A) IT IS NOT A BENEFIT PLAN INVESTOR OR A GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY NON-U.S. OR U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”) (“**SIMILAR LAW**”) OR (B) ITS PURCHASE, HOLDING AND DISPOSITION OF SUCH NOTE OR INTEREST WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN THAT IS SUBJECT TO SIMILAR LAW, A VIOLATION OF ANY SUCH SIMILAR LAW) UNLESS AN EXEMPTION IS AVAILABLE (ALL OF THE CONDITIONS OF WHICH HAVE BEEN SATISFIED) OR IN ANY OTHER VIOLATION OF ANY APPLICABLE, SIMILAR AND RELATED PROVISION OF ERISA, THE CODE OR OTHER SIMILAR LAW. “**BENEFIT PLAN INVESTOR**” MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE, “PLAN ASSETS” BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN THE ENTITY.

NO BENEFIT PLAN INVESTOR OR CONTROLLING PERSON (OTHER THAN A CONTROLLING PERSON PURCHASING ON THE SERIES 2024-1 CLOSING DATE) MAY HOLD THIS NOTE IN THE FORM OF AN INTEREST IN A REGULATION S GLOBAL NOTE OR RULE 144A GLOBAL NOTE. EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS NOTE (AND ANY FIDUCIARY ACTING ON BEHALF OF A PURCHASER OR SUBSEQUENT TRANSFEREE) WILL BE REQUIRED TO REPRESENT AND WARRANT AS TO WHETHER IT IS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON. EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS NOTE OR ANY INTEREST HEREIN (AND ANY FIDUCIARY ACTING ON BEHALF OF A PURCHASER OR SUBSEQUENT TRANSFEREE) WILL BE REQUIRED TO REPRESENT AND WARRANT THAT (1) IF THE PURCHASER OR TRANSFEREE IS A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE DOES NOT AND WILL NOT CONSTITUTE OR GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA, OR SECTION 4975 OF THE CODE, (2) FOR SO LONG AS THE PURCHASER OR TRANSFEREE HOLDS THIS NOTE OR INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE PURCHASER OR TRANSFEREE BY VIRTUE OF ITS INTEREST



AND THEREBY SUBJECT THE ISSUER OR THE ASSET MANAGER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER'S ASSETS) TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, AND (3) THE PURCHASER'S OR TRANSFEREE'S ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA AND/OR SECTION 4975 OF THE CODE. NO INTEREST IN THIS NOTE WILL BE SOLD OR TRANSFERRED TO PURCHASERS THAT HAVE REPRESENTED THAT THEY ARE BENEFIT PLAN INVESTORS OR CONTROLLING PERSONS TO THE EXTENT THAT SUCH SALE MAY RESULT IN BENEFIT PLAN INVESTORS OWNING 25% OR MORE OF THE AGGREGATE OUTSTANDING AMOUNT OF THE CLASS [D]/[E] NOTES, DETERMINED IN ACCORDANCE WITH THE PLAN ASSETS REGULATION AND THE INDENTURE ASSUMING, FOR THIS PURPOSE, THAT ALL THE REPRESENTATIONS MADE OR DEEMED TO BE MADE BY HOLDERS OF CLASS [D]/[E] NOTES ARE TRUE. EACH INTEREST IN A CLASS [D]/[E] NOTE HELD AS PRINCIPAL BY ANY OF THE PARTIES TO THE TRANSACTION DOCUMENTS, ANY OF THEIR RESPECTIVE AFFILIATES AND PERSONS THAT HAVE REPRESENTED THAT THEY ARE CONTROLLING PERSONS WILL BE DISREGARDED AND WILL NOT BE TREATED AS OUTSTANDING FOR PURPOSES OF DETERMINING COMPLIANCE WITH SUCH 25% LIMITATION. **"BENEFIT PLAN INVESTOR"** MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY. **"CONTROLLING PERSON"** MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN **"AFFILIATE"** OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. **"CONTROL"** WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON.

ANY BENEFIT PLAN INVESTOR AND ITS FIDUCIARY ARE DEEMED TO REPRESENT AND AGREE: (A) THE FIDUCIARY IS "INDEPENDENT" (WITHIN THE MEANING OF 29 CFR 2510.3-21) AND IS ONE OF THE FOLLOWING: (I) A BANK AS DEFINED IN SECTION 202 OF THE INVESTMENT ADVISERS ACT OF 1940, AS AMENDED, OR SIMILAR INSTITUTION THAT IS REGULATED AND SUPERVISED AND SUBJECT TO PERIODIC EXAMINATION BY A STATE OR FEDERAL AGENCY; (II) AN INSURANCE CARRIER THAT IS QUALIFIED UNDER THE LAWS OF MORE THAN ONE STATE TO PERFORM THE SERVICES OF MANAGING, ACQUIRING OR DISPOSING OF ASSETS OF A BENEFIT PLAN INVESTOR; (III) AN INVESTMENT ADVISER REGISTERED UNDER THE INVESTMENT ADVISERS ACT OF 1940, AS AMENDED, OR, IF NOT REGISTERED AS AN INVESTMENT ADVISER UNDER THE INVESTMENT ADVISERS ACT OF 1940, AS AMENDED, BY REASON OF PARAGRAPH (1) OF SECTION 203A OF THE INVESTMENT ADVISERS ACT OF 1940, AS AMENDED, IS REGISTERED AS AN INVESTMENT ADVISER UNDER THE LAWS OF THE STATE (REFERRED TO IN SUCH PARAGRAPH (1)) IN WHICH IT MAINTAINS ITS PRINCIPAL OFFICE AND PLACE OF BUSINESS; (IV) A BROKER-DEALER REGISTERED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED; OR (V) AN INDEPENDENT FIDUCIARY THAT HOLDS, OR HAS UNDER MANAGEMENT OR CONTROL, TOTAL ASSETS OF AT LEAST \$50 MILLION; (B) THE FIDUCIARY IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH REGARD TO PARTICULAR TRANSACTIONS AND INVESTMENT STRATEGIES; (C) THE PERSON OR ENTITY MAKING THE INVESTMENT DECISION ON BEHALF OF SUCH PURCHASER OR TRANSFEREE WITH RESPECT TO THE TRANSACTION IS A FIDUCIARY UNDER ERISA OR THE CODE, OR BOTH, WITH RESPECT TO THE TRANSACTION AND IS RESPONSIBLE FOR EXERCISING INDEPENDENT JUDGMENT IN EVALUATING THE TRANSACTION; AND (D) NO FEE OR OTHER COMPENSATION IS BEING PAID DIRECTLY TO

THE ISSUER, THE INITIAL PURCHASER, THE INDENTURE TRUSTEE, THE SPONSOR OR ANY AFFILIATE THEREOF FOR INVESTMENT ADVICE (AS OPPOSED TO OTHER SERVICES) IN CONNECTION WITH THE TRANSACTION.

ANY BENEFIT PLAN INVESTOR AND ITS FIDUCIARY ARE DEEMED TO REPRESENT, UNDERSTAND AND AGREE THAT EACH OF THE ISSUER, THE INITIAL PURCHASER, THE INDENTURE TRUSTEE, THE SPONSOR AND THEIR AFFILIATES HEREBY INFORMS EACH PURCHASER OR TRANSFEREE (INCLUDING SUCH PERSON'S FIDUCIARY) OF A SERIES 2024-1 NOTE THAT NONE OF THE ISSUER, THE INITIAL PURCHASER, THE INDENTURE TRUSTEE, THE SPONSOR OR ITS AFFILIATES HAS UNDERTAKEN NOR IS UNDERTAKING TO PROVIDE INVESTMENT ADVICE (IMPARTIAL OR OTHERWISE), OR TO GIVE ADVICE IN A FIDUCIARY OR ANY OTHER CAPACITY, IN CONNECTION WITH THE PURCHASE OF A SERIES 2024-1 NOTE, AND THAT THE ISSUER, THE INITIAL PURCHASER, THE INDENTURE TRUSTEE, THE SPONSOR AND THEIR AFFILIATES EACH HAS A FINANCIAL INTEREST IN THE TRANSACTION IN THAT THE ISSUER, THE INITIAL PURCHASER, THE INDENTURE TRUSTEE, THE SPONSOR, OR AN AFFILIATE THEREOF, MAY RECEIVE FEES OR OTHER PAYMENTS IN CONNECTION WITH THE TRANSACTION PURSUANT TO THE TRANSACTION DOCUMENTS OR OTHERWISE.

THE INITIAL PURCHASER AND EACH SUBSEQUENT PURCHASER OF A CLASS [D]/[E] NOTE WILL BE REQUIRED TO MAKE THE FOLLOWING REPRESENTATIONS, WARRANTIES AND COVENANTS: (A) EITHER (I) IT IS NOT AND WILL NOT BECOME FOR U.S. FEDERAL INCOME TAX PURPOSES A PARTNERSHIP, SUBCHAPTER S CORPORATION OR GRANTOR TRUST (OR A DISREGARDED ENTITY THE SINGLE OWNER OF WHICH IS ANY OF THE FOREGOING) (EACH SUCH ENTITY, A "**FLOW-THROUGH ENTITY**") OR (II) IF IT IS OR BECOMES A FLOW-THROUGH ENTITY, THEN (X) NONE OF THE DIRECT OR INDIRECT BENEFICIAL OWNERS OF ANY OF THE INTERESTS IN SUCH FLOW-THROUGH ENTITY HAS OR EVER WILL HAVE MORE THAN 50% OF THE VALUE OF ITS INTEREST IN SUCH FLOW-THROUGH ENTITY ATTRIBUTABLE TO THE BENEFICIAL INTEREST OF SUCH FLOW-THROUGH ENTITY IN CLASS [D]/[E] NOTES, OTHER INTEREST (DIRECT OR INDIRECT) IN THE ISSUER, OR ANY INTEREST CREATED UNDER THE INDENTURE AND (Y) IT IS NOT AND WILL NOT BE A PRINCIPAL PURPOSE OF THE ARRANGEMENT INVOLVING THE FLOW-THROUGH ENTITY'S BENEFICIAL INTEREST IN ANY CLASS [D]/[E] NOTE TO PERMIT ANY PARTNERSHIP TO SATISFY THE 100 PARTNER LIMITATION OF SECTION 1.7704-1(h)(1)(II) OF THE TREASURY REGULATIONS NECESSARY FOR SUCH PARTNERSHIP NOT TO BE CLASSIFIED AS A PUBLICLY TRADED PARTNERSHIP UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, (B) IT IS NOT ACQUIRING ANY CLASS [D]/[E] NOTE(S) OR BENEFICIAL INTEREST THEREIN, IT WILL NOT SELL, TRANSFER, ASSIGN, PARTICIPATE, PLEDGE OR OTHERWISE DISPOSE OF ANY CLASS [D]/[E] NOTE(S) OR BENEFICIAL INTEREST THEREIN, AND IT WILL NOT CAUSE ANY CLASS [D]/[E] NOTE(S) OR BENEFICIAL INTEREST THEREIN TO BE MARKETING, IN EACH CASE, ON OR THROUGH AN "ESTABLISHED SECURITIES MARKET" WITHIN THE MEANING OF SECTION 7704(B) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, INCLUDING, WITHOUT LIMITATION, AN INTERDEALER QUOTATION SYSTEM THAT REGULARLY DISSEMINATES FIRM BUY OR SELL QUOTATIONS, (C) ITS BENEFICIAL INTEREST IN THE CLASS [D]/[E] NOTE(S) IS NOT AND WILL NOT BE IN AN AMOUNT THAT IS LESS THAN THE MINIMUM DENOMINATION FOR SUCH CLASS [D]/[E] NOTE SET FORTH IN THE INDENTURE, AND IT DOES NOT AND WILL NOT HOLD ANY INTEREST ON BEHALF OF ANY PERSON WHOSE BENEFICIAL INTEREST IN A CLASS [D]/[E] NOTE IS IN AN AMOUNT THAT IS LESS THAN THE MINIMUM DENOMINATION FOR THE CLASS [D]/[E] NOTE(S) SET FORTH IN THE INDENTURE, (D) IT WILL NOT SELL, ASSIGN, TRANSFER, PLEDGE OR OTHERWISE DISPOSE OF ANY CLASS [D]/[E] NOTE OR ANY BENEFICIAL INTEREST THEREIN, OR ENTER INTO ANY FINANCIAL INSTRUMENT OR CONTRACT THE VALUE OF WHICH IS DETERMINED BY REFERENCE IN WHOLE OR IN PART TO ANY CLASS [D]/[E] NOTE OR BENEFICIAL INTEREST THEREIN, IN EACH CASE IF THE EFFECT OF DOING SO WOULD BE THAT THE BENEFICIAL INTEREST OF ANY PERSON IN ANY CLASS [D]/[E] NOTE WOULD BE IN AN AMOUNT THAT IS LESS THAN THE MINIMUM DENOMINATION FOR THE CLASS [D]/[E] NOTE SET FORTH IN THE INDENTURE, (E) IT WILL NOT USE ANY CLASS [D]/[E] NOTE AS COLLATERAL FOR THE ISSUANCE OF ANY SECURITIES THAT COULD CAUSE THE ISSUER TO BE TREATED AS AN ASSOCIATION OR PUBLICLY TRADED PARTNERSHIP TAXABLE AS A CORPORATION FOR U.S. FEDERAL INCOME TAX PURPOSES, AND (G), IT WILL NOT TRANSFER SUCH CLASS [D]/[E] NOTE OR ANY BENEFICIAL INTEREST

THEREIN (DIRECTLY, THROUGH A PARTICIPATION, OR OTHERWISE) UNLESS, PRIOR TO THE TRANSFER, THE TRANSFEREE SHALL HAVE EXECUTED AND DELIVERED TO THE INDENTURE TRUSTEE AND THE TRANSFER AGENT AND REGISTRAR A TRANSFEREE CERTIFICATION SUBSTANTIALLY IN THE FORM OF ATTACHED TO THE INDENTURE. NOTWITHSTANDING THE FOREGOING, A TRANSFEREE MAY PLEDGE A CLASS [D]/[E] NOTE OR ANY BENEFICIAL INTEREST THEREIN IF DOING SO WILL NOT RESULT IN ANY PERSON (OTHER THAN THE TRANSFEREE) BEING TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES AS THE OWNER OF ALL OR ANY PORTION OF SUCH CLASS [D]/[E] NOTE OR BENEFICIAL INTEREST THEREIN.

ANY PURPORTED TRANSFER OF ANY CLASS [D]/[E] NOTE TO A PERSON THAT DOES NOT SATISFY THE REQUIREMENTS SET FORTH ABOVE WILL BE NULL AND VOID AB INITIO.

IF RFS BECOMES AWARE THAT A CLASS [D]/[E] NOTE HAS BEEN TRANSFERRED IN VIOLATION OF THE TRANSFER RESTRICTIONS SET FORTH ABOVE, RFS SHALL HAVE THE AUTHORITY AND SHALL INSTRUCT, ON BEHALF OF THE ISSUER, THE INDENTURE TRUSTEE, SUBJECT TO THE RULES AND PROCEDURES OF DTC AND ANY REQUIREMENTS OF THE INDENTURE TRUSTEE, TO DIRECT DTC TO DELIVER TO THE INDENTURE TRUSTEE THE BOOK ENTRY NOTES REPRESENTING THE CLASS [D]/[E] NOTES IN EXCHANGE FOR DEFINITIVE NOTES.

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY (“DTC”), OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A NOTE REGISTERED, AND NO TRANSFER OF THIS NOTE IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE ISSUER OR THE TRANSFER AGENT AND REGISTRAR, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE THE REGISTERED OWNER, CEDE & CO., HAS AN INTEREST HEREIN.

## **LEGAL MATTERS**

The validity of the Series 2024-1 Notes and certain other matters governed by U.S. federal, New York and Delaware state law will be passed upon for the Issuer by Honigman LLP. Certain matters governed by U.S. federal and New York state law will be passed upon for the Initial Purchaser by Alston & Bird LLP.

## **RATINGS**

It is a condition of the issuance of the Series 2024-1 Notes that (i) the Class A Notes receive at least AA(sf) rating from KBRA, (ii) the Class B Notes receive at least an A(sf) rating from KBRA, (iii) the Class C Notes receive at least an BBB rating from KBRA, (iv) the Class D Notes receive at least a BB-(sf) rating from KBRA, and (v) the Class E Notes receive at least a B+(sf) rating from KBRA, in each case, on the date of issuance. The ratings reflect the assessment of KBRA based on various prepayment and loss assumptions, of the likelihood of the ultimate payment of principal and the timely payment of interest on the Series 2024-1 Notes. The ratings address structural, legal and issuer related aspects associated with the Series 2024-1 Notes, including the nature of the Pooled Receivables. While the ratings address the likelihood of receipt by holders of the ultimate payment of principal and the timely payment of interest due on the Series 2024-1 Notes, such ratings do not represent any assessment of any interest shortfalls resulting from prepayments, the timing of receipt by holders of the principal due on the Series 2024-1 Notes or the corresponding effect on yield to Series 2024-1 Noteholders.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Each security rating should be evaluated independently of any other security rating. In the event that any of the ratings initially assigned to the Series 2024-

1 Notes are subsequently lowered for any reason, no person or entity is obligated to provide any additional credit support or credit enhancement with respect to the Series 2024-1 Notes.

The Issuer has not requested that any rating agency rate the Series 2024-1 Notes other than KBRA. If another rating agency were to rate the Series 2024-1 Notes, such rating agency may assign ratings different from the ratings described above. See “*Risk Factors—Risks Relating to the Notes—Ratings of the Series 2024-1 Notes may be withdrawn, downgraded or placed on credit watch, or the Series 2024-1 Notes may receive an unsolicited rating, which may have an adverse effect on the liquidity or the market price of the Series 2024-1 Notes*” in this Offering Memorandum.

## GLOSSARY

**“13+ Receivable”** means a Receivable that has an Expected Collection Period of greater than 13 months and up to 19 months.

**“19+ Receivable”** means a Receivable that has an Expected Collection Period of greater than 19 months and up to 24 months.

**“ACH”** means Automated Clearing House.

**“ACH Factoring Agreement”** means, with respect to any Factored General Receivable, a Future Receivables Sale Agreement or similar agreement.

**“Administrator Services Agreement”** means the Administrator Services Agreement, dated as of the Series 2024-1 Closing Date, by and among the Issuer, the Administrator, Seller and the Servicer, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**“Adverse Effect”** means an action that will result in the occurrence of a Rapid Amortization Event with respect to any Series of Notes or an Event of Default or materially and adversely affect the amount of payments to be made to the Noteholders of any class of Notes outstanding pursuant to the Indenture.

**“Affiliate Issuer”** means any special purpose entity that is an affiliate of RFS that has entered into financing arrangements that are (i) provided by third parties that are not affiliates of RFS and (ii) secured by one or more Series of Notes.

**“Amount Sold”** means, with respect to a Factored Receivable, the amount of Merchant Proceeds to be received by the Originator and applied as a credit to the Daily Percentage due.

**“Authorized Officer”** means (a) as to the Servicer or the Seller, any of the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, any Executive Vice President, any Vice President, the Treasurer, any Assistant Treasurer or the Secretary of the Servicer or the Seller, as the case may be, and (b) as to the Issuer, any of the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Assistant Treasurer or the Secretary of the Issuer.

**“Bill of Sale and Assignment”** means a Bill of Sale and Assignment, substantially in the form of an exhibit to the Receivables Purchase Agreement.

**“Bi-Weekly Pay Receivable”** means any Receivable for which there is a required Scheduled Payment due no more frequently than one specified weekday every other week (which specified weekday may be changed in accordance with the applicable Merchant Agreement).

**“Calculated Receivable Yield”** means, with respect to any Receivable, an annualized internal rate of return computed using the Expected Collection Period, the Funded Amount, the RTR Amount and assuming (i) no prepayments or defaults, (ii) that Scheduled Payments are received at an 80.00% Performance Ratio and (iii) monthly payments.

**“Cash”** means money, currency or a credit balance in any demand, securities account or deposit account; *provided, however*, that notwithstanding anything to the contrary contained herein, “Cash” shall exclude any amounts that would not be considered “cash” under GAAP or “cash” as recorded on the books of RFS and its subsidiaries.

**“Cash Equivalents”** means, as of any day, (a) marketable securities (i) issued or directly and unconditionally guaranteed as to interest and principal by the United States Government or (ii) issued by any agency of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within one year after such day; (b) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof, in each case maturing within one year after such day and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody’s; (c) commercial paper maturing no more than one year from the date of creation thereof and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody’s; (d) certificates of deposit or bankers’ acceptances maturing within one year after such day and issued or accepted by any commercial bank organized under the laws of the United States or any state thereof or the District of Columbia that (i) is at least “adequately capitalized” (as defined in the regulations of its primary

Federal banking regulator) and (ii) has Tier 1 capital (as defined in such regulations) of not less than \$100,000,000; and (e) shares of any money market mutual fund that (i) has substantially all of its assets invested continuously in the types of investments referred to in clauses (a) and (b) above, (ii) has net assets of not less than \$500,000,000 and (iii) has the highest rating obtainable from either S&P or Moody's.

**“Charge-Off Event”** means, with respect to any Receivable as of any date of determination, the earliest to occur of: (a) such Receivable has a Missed Payment Factor (i) in the case of a Daily Pay Receivable, higher than 66, (ii) in the case of a Weekly Pay Receivable, higher than 12, or (iii) in the case of a Bi-Weekly Pay Receivable, higher than 6, (b) no payment has been received for a period of 90 or more consecutive days in respect of such Receivable, or (c) consistent with the Credit Policies, has or should have been written off by the Servicer.

**“Charged-Off Receivable”** means:

- Prior to the execution of the A&R Base Indenture: as of any date of determination, a Receivable that: (x) has a Missed Payment Factor (i) in the case of a Daily Pay Receivable, higher than 66, (ii) in the case of a Weekly Pay Receivable, higher than 12, or (iii) in the case of a Bi-Weekly Pay Receivable, higher than 6, or (y) consistent with the Credit Policies, has or should have been written off by the Servicer.
- Following the execution of the A&R Base Indenture: as of any date of determination, a Receivable that is subject to a Charge-Off Event as of such date.

**“Class A Interest Payment”** means (a) for the initial Payment Date after the Series 2024-1 Closing Date (or, in the case of an additional issuance of a Class A Note after the Series 2024-1 Closing Date, the date of such issuance), the product of (i) 1/360 of the Class A Note Rate, (ii) the number of days from and including the Series 2024-1 Closing Date to and excluding the 15th day of the calendar month in which the initial Payment Date occurs (calculated on the basis of a 360-day year consisting of twelve 30-day months) and (iii) the initial principal amount of the Class A Notes and (b) for any subsequent Payment Date, the sum of (i) the product of (x) one-twelfth of the Class A Note Rate and (y) the outstanding principal amount of the Class A Notes on the immediately preceding Payment Date (after giving effect to all payments of principal of the Class A Notes on such immediately preceding Payment Date) and (ii) the portion, if any, of the Class A Interest Payment for the immediately preceding Payment Date that was not paid on such Payment Date, together with interest thereon (to the extent permitted by law) at the Class A Note Rate.

**“Class A Note Rate”** means    % per annum.

**“Class B Interest Payment”** means (a) for the initial Payment Date after the Series 2024-1 Closing Date (or, in the case of an additional issuance of a Class B Note after the Series 2024-1 Closing Date, the date of such issuance), the product of (i) 1/360 of the Class B Note Rate, (ii) the number of days from and including the Series 2024-1 Closing Date to and excluding the 15th day of the calendar month in which the initial Payment Date occurs (calculated on the basis of a 360-day year consisting of twelve 30-day months) and (iii) the initial principal amount of the Class B Notes and (b) for any subsequent Payment Date, the sum of (i) the product of (x) one-twelfth of the Class B Note Rate and (y) the outstanding principal amount of the Class B Notes on the immediately preceding Payment Date (after giving effect to all payments of principal of the Class B Notes on such immediately preceding Payment Date) and (ii) the portion, if any, of the Class B Interest Payment for the immediately preceding Payment Date that was not paid on such Payment Date, together with interest thereon (to the extent permitted by law) at the Class B Note Rate.

**“Class B Note Rate”** means    % per annum.

**“Class C Interest Payment”** means (a) for the initial Payment Date after the Series 2024-1 Closing Date (or, in the case of an additional issuance of a Class C Note after the Series 2024-1 Closing Date, the date of such issuance), the product of (i) 1/360 of the Class C Note Rate, (ii) the number of days from and including the Series 2024-1 Closing Date to and excluding the 15th day of the calendar month in which the initial Payment Date occurs (calculated on the basis of a 360-day year consisting of twelve 30-day months) and (iii) the initial principal amount of the Class C Notes and (b) for any subsequent Payment Date, the sum of (i) the product of (x) one-twelfth of the Class C Note Rate and (y) the outstanding principal amount of the Class C Notes on the immediately preceding Payment Date (after giving effect to all payments of principal of the Class C Notes on such immediately preceding Payment Date) and (ii) the portion, if any, of the Class C Interest Payment for the immediately preceding Payment Date that was not paid on such Payment Date, together with interest thereon (to the extent permitted by law) at the Class C Note Rate.

**“Class C Note Rate”** means    % per annum.

**“Class D Interest Payment”** means (a) for the initial Payment Date after the Series 2024-1 Closing Date (or, in the case of an additional issuance of a Class D Note after the Series 2024-1 Closing Date, the date of such issuance), the product of (i) 1/360 of the Class D Note Rate, (ii) the number of days from and including the Series 2024-1 Closing Date to and excluding the 15th day of the calendar month in which the initial Payment Date occurs (calculated on the basis of a 360-day year consisting of twelve 30-day months) and (iii) the initial principal amount of the Class D Notes and (b) for any subsequent Payment Date, the sum of (i) the product of (x) one-twelfth of the Class D Note Rate and (y) the outstanding principal amount of the Class D Notes on the immediately preceding Payment Date (after giving effect to all payments of principal of the Class D Notes on such immediately preceding Payment Date) and (ii) the portion, if any, of the Class D Interest Payment for the immediately preceding Payment Date that was not paid on such Payment Date, together with interest thereon (to the extent permitted by law) at the Class D Note Rate.

**“Class D Note Rate”** means    % per annum.

**“Class E Interest Payment”** means (a) for the initial Payment Date after the Series 2024-1 Closing Date (or, in the case of an additional issuance of a Class E Note after the Series 2024-1 Closing Date, the date of such issuance), the product of (i) 1/360 of the Class E Note Rate, (ii) the number of days from and including the Series 2024-1 Closing Date to and excluding the 15th day of the calendar month in which the initial Payment Date occurs (calculated on the basis of a 360-day year consisting of twelve 30-day months) and (iii) the initial principal amount of the Class E Notes and (b) for any subsequent Payment Date, the sum of (i) the product of (x) one-twelfth of the Class E Note Rate and (y) the outstanding principal amount of the Class E Notes on the immediately preceding Payment Date (after giving effect to all payments of principal of the Class E Notes on such immediately preceding Payment Date) and (ii) the portion, if any, of the Class E Interest Payment for the immediately preceding Payment Date that was not paid on such Payment Date, together with interest thereon (to the extent permitted by law) at the Class E Note Rate.

**“Class E Note Rate”** means    % per annum.

**“Controlling Class”** means, with respect to the Series 2024-1 Notes, as of any date of determination, is (i) if the Class A Notes have an outstanding principal balance greater than zero dollars, the Class A Notes, (ii) if no Class A Notes have an outstanding principal balance greater than zero dollars, the Class B Notes, or (iii) if no Class A Notes or Class B Notes have an outstanding principal balance greater than zero dollars, the Class C Notes, (iv) if no Class A Notes or Class B Notes or Class C Notes have an outstanding principal balance greater than zero dollars, the Class D Notes, or (v) if no Class A Notes or Class B Notes or Class C Notes or Class D have an outstanding principal balance greater than zero dollars, the Class E Notes; *provided that*, if the date of determination is a Payment Date, the Controlling Class shall be determined prior to any payments on such Payment Date.

**“Collection Period”** means, with respect to any Payment Date, the period beginning on the first day of the calendar month immediately preceding such Payment Date (or, with respect to the first Payment Date, beginning on the initial Series 2024-1 Closing Date), and ending on the last day of such calendar month.

**“Collections”** means any and all cash collections and other cash proceeds of the Receivables (whether in the form of cash, checks, wire transfers, electronic transfers or any other form of cash payment), including, without limitation, all prepayments, all overdue payments, all prepayment penalties and early termination penalties, all finance charges, if any, all amounts collected as interest, if any, or fees (including, without limitation, any servicing fees, any origination fees, any loan guaranty fees and any platform fees), or charges for late payments with respect to the Receivables, all recoveries with respect to the Receivables and all proceeds of any sale, transfer or other disposition of the Receivables.

**“Credit Policies”** means the credit policies and procedures of the RFS Companies, including the underwriting guidelines and RFS risk rating methodology, and the collection policies and procedures of RFS, as such policies, procedures, guidelines and methodologies may be amended from time to time in accordance with the Transaction Documents.

**“Credit Score”** means a FICO score or a VantageScore.

**“Custodial Agreement”** means the Custodial Agreement, dated as of the Series 2024-1 Closing Date, by and among the Issuer, the Servicer, the Custodian and the Indenture Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**“Daily Pay Receivable”** means any Receivable for which payments are made every business day.

**“Daily Percentage”** means, with respect to a Factored Receivable, the percentage of Merchant Proceeds payable to the applicable Originator and designated as the “Daily Percentage” in the applicable Factoring Agreement.

**“Delinquency Ratio”** means, as of any Determination Date, the percentage equivalent of a fraction (a) the numerator of which is the aggregate Outstanding Receivables Balance of all Receivables that had a Missed Payment Factor of (i) with respect to Daily Pay Receivables, greater than 22 as of such Determination Date; (ii) with respect to Weekly Pay Receivables, greater than 4 as of such Determination Date; (iii) with respect to Bi-Weekly Pay Receivables, greater than 2 as of such Determination Date and (b) the denominator of which is the Pool Outstanding Receivables Balance as of such Determination Date.

**“Draws”** means additional borrowings by a Merchant under an LOC Receivable (in the discretion of the Originator) to the extent provided in the related LOC Agreement. Draws under an LOC Receivable are paid from general funds of the applicable RFS Company and are reimbursed from Principal Proceeds in the Servicer Accounts. Draws under an LOC Receivable are the responsibility and obligation of the applicable RFS Company solely to the extent such payment obligations arise under the LOC Agreement related to the LOC Receivable.

**“Eligible Account”** means (a) an identifiable account established in the trust department of a Qualified Trust Institution and segregated on its books and records or (b) a separately identifiable deposit account established in the deposit taking department of a Qualified Institution or a separately identifiable securities account established with a Qualified Institution.

**“Eligible Deposit Account”** means:

- Prior to the execution of the A&R Base Indenture: (a) a segregated identifiable trust account established in the trust department of a Qualified Trust Institution or (b) a separately identifiable deposit account established in the deposit taking department of a Qualified Institution.
- Following the execution of the A&R Base Indenture: (a) an identifiable account established in the trust department of a Qualified Trust Institution and segregated on its books and records or (b) a separately identifiable deposit account established with a Qualified Institution.

**“Eligible Merchant”** means a Merchant that satisfied each of the following criteria as of the Transfer Date for the related Receivable:

- (a) such Merchant is domiciled in the United States (or a territory thereof);
- (b) such Merchant is not a Governmental Authority;
- (c) such Merchant is not subject to any proceedings under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect;
- (d) such Merchant is not an employee or affiliate of the Issuer or the Seller or an employee of an affiliate of the Issuer or the Seller;
- (e) such Merchant is not a natural person (other than in the case of a sole proprietorship); and
- (f) (following the execution of the A&R Base Indenture) with respect to any Series of Notes outstanding, any “additional merchant eligibility criteria” specified in any indenture supplement.

**“Eligible Receivable”** means a Receivable that satisfied each of the following criteria as of Transfer Date for such Receivable:

- (a) such Receivable represents a legal, valid and binding obligation of the related Merchant, enforceable against such Merchant, in accordance with its terms, except as may be limited by



bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability;

- (b) such Receivable was originated in the ordinary course of the applicable Originator's business;
- (c) such Receivable was underwritten and originated in accordance with the Credit Policies;
- (d) such Receivable was originated in all material respects in accordance with, and complies in all material respects with, all applicable Requirements of Law, including any applicable usury laws and credit protection laws;
- (e) such Receivable is due from an Eligible Merchant;
- (f) except with respect to a renewed Receivable pursuant to a Factoring Agreement, the Merchant thereof submitted no fewer than two prior, consecutive bank account statements (or similar electronic bank information) in respect of its operating checking account to the applicable Originator in connection with its application for such Receivable;
- (g) such Receivable is a Daily Pay Receivable, a Weekly Pay Receivable or Bi-Weekly Receivable;
- (h) such Receivable is denominated and payable in U.S. dollars;
- (i) such Receivable has been fully disbursed (except for LOC Receivables), the Merchant thereof has no additional right to further fundings under the related Merchant Agreement (except for LOC Receivables) and the related Merchant Agreement requires that the Receivable proceeds be used for business purposes and not for personal, family or household purposes;
- (j) such Receivable (i) is not subject to any defense (including any defense arising out of violations of usury laws), counterclaim, right of set off or right of rescission (or any such right of rescission has expired in accordance with applicable law except for the contractual right of rescission provided in the Merchant Agreement) and (ii) is due from a Merchant that has not asserted any defense, counterclaim, right of set off or right of rescission with respect to such Receivable;
- (k) such Receivable was originated by the applicable Originator without fraud on the part of any person, including, without limitation, the Merchant (to the best of the Seller's knowledge) thereof or any other party involved in its origination;
- (l) such Receivable has a Calculated Receivable Yield greater than or equal to 10.00% per annum;
- (m) such Receivable is not a Charged-Off Receivable or a Sub-Performing Receivable;
- (n) such Receivable is not 31 calendar days or more delinquent (based on a Missed Payment Factor greater than (a) 22 for Daily Pay Receivables, (b) 4 for Weekly Pay Receivables or (c) 2 for Bi-Weekly Pay Receivables);
- (o) as of the Original Funding Date with respect to such Receivable, the Merchant (or applicable individual owner of Merchant) has a Credit Score (obtained from Experian, Equifax, TransUnion or Fair Isaac Corporation) equal to or greater than 450;
- (p) such Receivable has an Expected Collection Period not exceeding twenty-four (24) months;
- (q) such Receivable has been serviced by the applicable Originator or RFS since origination in all material respects in accordance with the Servicing Standard;
- (r) none of the terms, conditions or provisions of such Receivable or the related Merchant Agreement have been amended, modified, restructured or waived except in accordance with the Credit Policies;
- (s) such Receivable constitutes an "account" or a "payment intangible" (each as defined in the UCC), or proceeds thereof, and is not "chattel paper" or an "instrument" (each as defined in the UCC);
- (t) such Receivable was originated by the applicable Originator and the related Merchant Agreement is governed by the laws of Maryland (for Factored Receivables) or the state of the Merchant or Maryland (for Loan Receivables);

- (u) immediately prior to the sale or contribution of such Receivable to the Issuer pursuant to the Receivables Purchase Agreement, the Seller had good and marketable title to such Receivable, free and clear of all Liens (other than any Lien which has been or will be terminated concurrently with such sale or contribution to the Issuer);
- (v) under the related Merchant Agreement such Receivable is freely assignable and does not require the consent of the Merchant thereof or any other person as a condition to any transfer, sale or assignment of any rights thereunder to or by the Issuer;
- (w) when sold or contributed to the Issuer by the Seller pursuant to the Receivables Purchase Agreement, such Receivable will be owned by the Issuer, and the Issuer will have good and marketable title to such Receivable, free and clear of all Liens (other than Permitted Liens);
- (x) the Seller has caused its master computer records relating to such Receivable to be clearly and unambiguously marked to show that such Receivable has been sold and/or contributed by the Seller to the Issuer pursuant to the Receivables Purchase Agreement and pledged by the Issuer to the Indenture Trustee pursuant to this Base Indenture;
- (y) copies (or electronic copies) of each of the documents required by, and listed in, the document checklist attached to the Custodial Agreement are included in the Receivable File with respect to such Receivable and such Receivable File has been delivered to and accepted by the Custodian in accordance with the Custodial Agreement;
- (z) such Receivable was selected from all Receivables owned by the Seller or, in the case of the initial Transfer Date, all Receivables owned by the Seller or one of the Seller's subsidiaries, in each case satisfying each of the aforesaid criteria as of such Transfer Date using no selection procedures known to be or intended to be adverse to the Issuer or the Noteholders;
- (aa) (following the execution of the A&R Base Indenture) with respect to any Series of Notes outstanding, any "additional receivable eligibility criteria" specified in any indenture supplement; and
- (bb) (following the execution of the A&R Base Indenture) with respect to (i) LOC Receivables, such Receivable has a Risk Band of 1, 2 or 3 and (ii) Factored Receivables or Term Loan Receivables, such Receivable has a Risk Band of 1, 2, 3 or 4.

**"EU Securitization Regulation"** means the Regulation (EU) 2017/2402 as amended and supplemented from time to time.

**"EU Securitization Rules"** means the EU Securitization Regulation, all related regulatory and/or implementing technical standards adopted by the European Commission and official guidance published in relation thereto by the European Banking Authority, the European Securities and Markets Authority and/or the European Insurance and Occupational Pensions Authority or by the European Commission, all as amended, supplemented or replaced and in effect from time to time.

**"EUWA"** means the European Union (Withdrawal) Act 2018 as amended from time to time.

**"Expected Collection Period"** means, with respect to any Receivable, the period from the first payment date for such Receivable to the date (i) for Loan Receivables, such Merchant is required to pay in full to the Seller the RTR Amount for such Receivable, as specified by the applicable Originator on the Original Funding Date for such Receivable; (ii) for Factored Receivables, Seller estimates at the time of funding the Merchant that the RTR Amount for such Receivable will be delivered to Seller; or (iii) for LOC Receivables, the end of the term as specified in the applicable LOC Agreement, calculated as of the most recent Draw. For purposes of this definition, the first payment date means the date the first payment is received by Seller but not less than three (3) days after origination.

**"Expected Remaining Term"** means the number of days required to pay the Outstanding Receivables Balance in full, calculated by dividing the Outstanding Receivables Balance by the (A) contractually required periodic loan payment amount in respect of a Loan Receivable; or (B) expected daily receivable receipts in respect of a Factored Receivable; provided, however, that for Variable Payment Receivables, the amount will be based on the implied payment for the related payment frequency of such Receivable based on the RTR Amount and the estimated original term of such Receivable at the time of origination.

**“Factored Account Receivable”** means any future payment card receivable purchased by Seller from a Merchant pursuant to a FAR Agreement, including all rights related thereto, including the applicable Factoring Documents.

**“Factored General Receivable”** means any future receivable purchased by Seller from a Merchant pursuant to an ACH Factoring Agreement, including all rights related thereto, including the applicable Factoring Documents.

**“Factored Receivable”** means either a Factored Account Receivable or Factored General Receivable, or both of them, as the context shall require.

**“Factoring Agreement”** means either a FAR Agreement or ACH Factoring Agreement, or both of them, as the context shall require.

**“Factoring Documents”** means, collectively, with respect to any Factored Receivable, the Factoring Agreement executed by a Merchant and any guarantor, the applicable Processing Agreement executed by the Merchant and the other documents related thereto to which the applicable Merchant is a party.

**“FICO”** means Fair Isaac Corporation.

**“FAR Agreement”** means, with respect to any Factored Account Receivable, a Future Receivables Sale Agreement or similar agreement.

**“Funded Amount”** means the funds provided to a Merchant by Seller pursuant to a Merchant Agreement and identified as either the “Purchase Price” or “Amount of Loan” or for LOC Receivables, the principal balance of such LOC Receivables outstanding from time to time (excluding, for the avoidance of doubt, any unpaid upfront fees due from the related Merchant).

**“Future Receivables Sale Agreement”** means an agreement between Seller and a Merchant pursuant to which, in consideration of a cash payment by the Seller to such Merchant in an amount equal to the Funded Amount designated therein, the Seller agrees to purchase from such Merchant and such Merchant agrees to sell to the Seller, a Daily Percentage of the related Merchant Proceeds arising from future sales or services by such Merchant, until an aggregate amount equal to the RTR Amount designated therein has been delivered to the Seller.

**“GAAP”** means the generally accepted accounting principles in the United States of America as in effect from time to time.

**“Governmental Authority”** means the United States, any state, any political subdivision of a state and any agency or instrumentality of the United States or any state or political subdivision thereof and any entity validly exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

**“Interest Payment”** means, for any Payment Date, one of or collectively, as the context requires, the Class A Interest Payment, the Class B Interest Payment, the Class C Interest Payment, the Class D Interest Payment and the Class E Interest Payment for such Payment Date.

**“Issuer Assets”** means all assets of the Issuer, including, among other things, the Pooled Receivables and the other Related Security with respect to the Pooled Receivables, the Collection Account, the Transaction Documents and all proceeds of the foregoing.

**“Issuer LLC Agreement”** means the Limited Liability Company Agreement of the Issuer, dated as of July 12, 2021, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**“Junior Class”** means, with respect to any specified Class of the Series 2024-1 Notes, each Class of Series 2024-1 Notes that is subordinated to such Class, as indicated in “*Summary of Offering Memorandum—Principal Terms of the Series 2024-1 Notes.*”

**“LEM Score”** means a numerical score that represents the Seller’s evaluation of the creditworthiness of a business and its average default rate generated by a proprietary methodology developed and maintained by the Seller, as such methodology is applied in accordance with the other aspects of the Credit Policies, as such

methodology may be revised and updated from time to time in accordance with the Receivables Purchase Agreement. The LEM Score is generated for all accounts at origination, and may be periodically updated during the life of the account based on updated information for the business including but not limited to refreshed credit information and the client's payment history with the Seller.

**"Lien"** means, when used with respect to any Person, any interest in any real or personal property, asset or other right held, owned or being purchased or acquired by such Person which secures payment or performance of any obligation, and shall include any mortgage, lien, pledge, encumbrance, charge, retained security title of a conditional vendor or lessor, or other security interest of any kind, whether arising under a security agreement, mortgage, lease, deed of trust, chattel mortgage, assignment, pledge, retention or security title, financing or similar statement, or notice or arising as a matter of law, judicial process or otherwise (including, without limitation, arising under or established in connection with, Title IV of ERISA).

**"Loan Agreement"** means either a Term Loan Agreement or an LOC Agreement, or both of them, as the context shall require.

**"Loan Documents"** means, collectively, with respect to any Loan Receivable, the Loan Agreement executed by the Merchant and any guarantor and the other documents related thereto to which the applicable Merchant is a party.

**"Loan Receivable"** means either a Term Loan Receivable or a LOC Receivable, or both of them, as the context shall require.

**"LOC Agreement"** means, with respect to an LOC Receivable, an agreement between a Seller and Merchant pursuant to which, in consideration of a cash payment by the Seller to such Merchant in an amount equal to the initial Funded Amount designated therein, the Seller agrees to loan funds to Merchant and Merchant agrees to repay calculated interest payments to Seller, with Merchant maintaining the ability to prepay from time to time without penalty (i.e., Merchant will not owe the full RTR Amount, just the current month's interest payment) and to make additional Draws to the extent provided in the related LOC Agreement, and Merchant agrees to repay amounts to Seller through ACH debits.

**"LOC Receivable"** means a loan originated and funded by the Seller pursuant to an LOC Agreement, including all rights under any and all security documents or supporting obligations related thereto, including the applicable Loan Documents.

**"Master Syndication Agreement"** means a Master Syndication Agreement or Master Participation Agreement between the Seller and a Syndication Participant pursuant to which such Syndication Participant will have the option to request to obtain a participation interest of up to 50% in a Receivable with legal title to such Receivable remaining with the applicable RFS Company.

**"Material Adverse Effect"** means, with respect to any event or circumstance and any Person, a material adverse effect on (i) the business, assets, financial condition or results of operations of such Person and its consolidated subsidiaries, if any, taken as a whole; (ii) the ability of such Person to perform its obligations under the Transaction Documents; (iii) the validity or enforceability of any Transaction Document to which such Person is a party; or (iv) the existence, perfection, priority or enforceability of any security interest in a material amount of the Collateral granted to the Indenture Trustee pursuant to the Base Indenture.

**"Material Modifications"** means, with respect to any Loan Receivable, a reduction in the interest rate or Repayment Amount, an extension of the term, or a change in frequency or amount of any payment requirement (other than temporary modifications made in accordance with the Credit Policies) and, with respect to any Factored Receivable, a reduction in the discount rate or the Specified Amount, or a change in the percentage of receivables delivered in each payment period (other than temporary modifications made in accordance with the Credit Policies, in accordance with the Factoring Agreements, or fluctuations based on Non-Straight Line Payment Collections).

**"Merchant Agreement"** means a Loan Agreement or a Factoring Agreement, or both of them, as the context shall require.

**"Merchant Documents"** means, collectively, with respect to any Receivable, the Merchant Agreement, and the other documents related thereto to which the Merchant thereof is a party.

**“Merchant Proceeds”** means the proceeds of credit card, debit card or other receivables generated by a particular Merchant for goods or services provided by such Merchant.

**“Missed Payment Factor”** means, in respect of any Receivable, the amount equal to (i) the total past due amount of (A) scheduled loan payments in respect of a Loan Receivable or (B) expected receivable receipts in respect of a Factored Receivable, divided by (ii) the required daily or weekly or bi-weekly Scheduled Payment in respect of such Receivable as set forth in the related Merchant Agreement, determined without giving effect to any temporary modifications of such required Scheduled Payment then applicable to such Receivable or any other re-aging of such Receivable; provided, however, that for Variable Payment Receivables, the amount relating to (i) and (ii) above will be based on the implied payment for the related payment frequency of such Receivable based on the Amount Sold and the estimated original term of such Receivable at the time of origination.

**“Monthly Settlement Statement”** means, with respect to each Series of Notes outstanding, the settlement statement specified in, or substantially in the form attached to, the related Indenture Supplement.

**“Moody’s”** means Moody’s Investors Service, Inc. and its permitted successors and assigns.

**“Note Rate”** means the Class A Note Rate, the Class B Note Rate, the Class C Note Rate, the Class D Note Rate, and the Class E Note Rate, as the context may require.

**“Original Funding Date”** means, with respect to a Receivable, the date the Funded Amount is paid to the Merchant as provided in the corresponding Merchant Agreement.

**“Outstanding Receivables Balance”** means, as of any date, (i) with respect to any Term Loan Receivable, the original Funded Amount with respect to such Loan Receivable less payments received and allocated by the Servicer to such Funded Amount, (ii) with respect to any LOC Receivable, the principal balance of such LOC Receivable outstanding from time to time and (iii) with respect to any Factored Receivables, the original Funded Amount with respect to such Factored Receivables less collected receivables allocated by the Servicer to such Funded Amount, in each case, as set forth on the Servicer’s books and records as of the close of business on the immediately preceding business day; *provided, however*, that the Outstanding Receivables Balance of any Pooled Receivable that has become a Charged-Off Receivable or a Sub-Performing Receivable will be zero. For purposes hereof, the amount of the payments or collected receivables allocated to the Funded Amount of a Receivable shall be determined by dividing the aggregate amount of all payments or collections received on such Receivable as of the applicable determination date by the related RTR Ratio applicable to such Receivable, and subtracting the result from the original Funded Amount.

**“Overpayment Amounts”** means, as of any date with respect to any Pooled Receivable, any amounts collected as a result of overpayment or similar error by the related Merchant.

**“Performance Ratio”** means, as of any Determination Date, with respect to any Receivable, a fraction (a) the numerator of which is the aggregate amount of Collections received by the Servicer, as of such date, with respect to such Receivable and (b) the denominator of which is the total Collections expected to be paid by such date (taking into consideration the amount of time needed to process a payment) with respect to such Receivable based on the Expected Collection Period for such Receivable determined as of the Original Funding Date of such Receivable (and not adjusted thereafter), provided that no Receivable is included in this calculation during the first fifteen (15) days after origination.

**“Permitted Investments”** means, subject to the terms of the Base Indenture, negotiable instruments or securities, payable in U.S. Dollars, issued by a Person organized under the laws of the United States and represented by instruments in bearer or registered or in book-entry form which evidence (excluding any security with the “r” symbol attached to its rating):

- (i) obligations the full and timely payment of which are to be made by or is fully guaranteed by the United States other than financial contracts whose value depends on the values or indices of asset values;
- (ii) demand deposits of, time deposits in, or certificates of deposit issued by, any depository institution or trust company incorporated under the laws of the United States or any state thereof whose short-term debt (or, following the execution of the A&R Base Indenture, issuer rating, at the time of contractual commitment to invest therein,) is rated P-1 or higher by Moody’s and “A-1” or higher by Standard & Poor’s and subject to supervision and examination by Federal or state banking or depository institution authorities; provided, however, that prior to the execution of the A&R Base

Indenture, at the earlier of (x) the time of the investment and (y) the time of the contractual commitment to invest therein, the long-term unsecured debt obligations (other than such obligation whose rating is based on collateral or on the credit of an entity other than such institution or trust company) of such depositary institution or trust company shall have a credit rating from Standard & Poor's of not lower than "AA";

- (iii) commercial paper (following the execution of the A&R Base Indenture, maturing no more than 365 days from the date of creation thereof) and having, at the earlier of (x) the time of the investment and (y) the time of the contractual commitment to invest therein, a commercial paper rating (but following the execution of the A&R Base Indenture, a commercial paper rating category) from Moody's of "P-1" and Standard & Poor's of "A-1+" prior to the execution of the A&R Base Indenture, or "A-1" following the execution of the A&R Base Indenture;
- (iv) bankers' acceptances issued by any depositary institution or trust company described in clause (ii) above;
- (v) Eurodollar time deposits having a credit rating from Moody's of "P-1" and Standard & Poor's of "A-1+"; and
- (vi) any other instruments or securities (including, following the execution of the A&R Base Indenture, instruments or securities rated below the ratings set forth in clauses (i) through (v) above), if each Rating Agency confirms in writing that the investment in such instruments or securities will not adversely affect any ratings with respect to any Series of Notes; provided that, prior to the execution of the A&R Base Indenture, for long as any Series of Notes outstanding is rated by Standard & Poor's, any temporary investment (a) must have a fixed principal amount due at its maturity and may only include a call option, put option or convertible option if the full payment of principal is paid in cash upon the exercise of such option and (b) if such temporary investment is rated by Standard & Poor's, it must have an unqualified rating with the exception of (X) ratings with regulatory indicators, such as the (sf) subscript or (Y) unsolicited ratings.

**"Permitted Liens"** means (i) Liens for current taxes not delinquent or for taxes being contested in good faith and by appropriate proceedings, and with respect to which adequate reserves have been established, and are being maintained, in accordance with GAAP, (ii) mechanics', materialmen's, landlords', warehousemen's and carrier's Liens, and other Liens imposed by law, securing obligations arising in the ordinary course of business that are not more than thirty days past due or are being contested in good faith and by appropriate proceedings and with respect to which adequate reserves have been established, and are being maintained, in accordance with GAAP, (iii) Liens in favor of the Indenture Trustee for the benefit of the Noteholders, and (iv) (following the execution of the A&R Base Indenture) Liens that will be terminated substantially concurrently with entry into the Base Indenture.

**"Person"** means any natural person, corporation, business trust, joint venture, association, limited liability company, partnership, joint stock company, corporation, trust, unincorporated organization or Governmental Authority.

**"Pool Outstanding Receivables Balance"** means, as of any date of determination, the sum of the Outstanding Receivables Balances for all Pooled Receivables as of such date.

**"Pooled Receivable"** means each Receivable purchased by the Issuer from the Seller or contributed to the Issuer by the Seller on the initial Closing Date pursuant to the Receivables Purchase Agreement or purchased by the Issuer from the Seller or contributed to the Issuer by the Seller on any subsequent Transfer Date pursuant to the Receivables Purchase Agreement and which has not become a Warranty Repurchase Receivable. Each Pooled Receivable shall be listed on the Schedule of Pooled Receivables maintained by the Servicer.

**"Potential Amortization Event"** means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute a Rapid Amortization Event.

**"Potential Event of Default"** means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute an Event of Default.

**"Potential Servicer Default"** means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute a Servicer Default.

**“Principal Proceeds”** means, with respect to any Determination Date or Collection Period, all Collections received by the Issuer during the related Collection Period which are deemed to represent a return of the Funded Amounts of the related Receivables (which, for purposes hereof, the amount of Collections applied to the Funded Amounts shall be determined by dividing the Collections received on the related Receivable by the related RTR Ratio applicable to each such Receivable).

**“Priority Class”** means, as of any date of determination, the most senior Class of Notes having an outstanding principal balance greater than zero dollars; *provided that* if the date of determination is a Payment Date, the Priority Class shall be determined prior to any payments on such Payment Date, as indicated in *“Summary of Offering Memorandum—Principal Terms of the Series 2024-1 Notes.”*

**“Processing Agreement”** or **“Split-Batch Processing Agreement”** means an agreement among a Merchant, the Seller or the Servicer and a Processor, pursuant to which such Processor agrees to remit to a bank account designated by the Seller, upon receipt by such Processor, cash attributable to the Daily Percentage of such Merchant’s Merchant Proceeds until the aggregate amount of such Merchant Proceeds remitted in cash to such Merchant Account equals the RTR Amount plus any applicable fees (as set forth in the applicable Factoring Agreement) subject to reserves and holdbacks determined by Processor for unpaid claims on the relevant Merchant, expected chargebacks, and tax liens, liens, and fines assessed against such Merchant.

**“Processor”** means a Person that in the ordinary course of business provides credit and processing services in respect of credit card, debit card and other related means of payment.

**“Qualified Institution”** means a depository institution organized under the laws of the United States or any State thereof or incorporated under the laws of a foreign jurisdiction with a branch or agency located in the United States or any State thereof and subject to supervision and examination by federal or state banking authorities which at all times has a long term unsecured debt rating (or, following the execution of the A&R Base Indenture, issuer rating) of not less than “A-” by Standard & Poor’s and “A3” by Moody’s (or, following the execution of the A&R Base Indenture, such ratings otherwise acceptable to the rating agency) and, in the case of any such institution organized under the laws of the United States, whose deposits are insured by the FDIC.

**“Qualified Trust Institution”** means an institution organized under the laws of the United States or any State thereof or incorporated under the laws of a foreign jurisdiction with a branch or agency located in the United States or any State thereof and subject to supervision and examination by federal or state banking authorities which at all times (i) is authorized under such laws to act as a trustee or in any other fiduciary capacity and (ii) prior to the execution of the A&R Base Indenture, has not less than one billion dollars in assets under fiduciary management, and (iii) has a long term deposits rating (or, following the execution of the A&R Base Indenture, issuer rating) of not less than “BBB” by Standard & Poor’s and “Baa2” by Moody’s. (or, following the execution of the A&R Base Indenture, such ratings otherwise acceptable to the rating agency).

**“Rating Agency Condition”** means, with respect to the Series 2024-1 Notes and any event or circumstance subject to such condition, the delivery to the Rating Agency of written notice of such event or circumstance (i) at least ten (10) business days prior to the occurrence of such event or circumstance or (ii) in the case of a proposed change related to an additional issuance of Notes, at least thirty (30) days prior to the effectiveness thereof and the Rating Agency has issued a written notice that such action will not result in a downgrade or withdrawal of its rating assigned to any of the Series 2024-1 Notes.

**“Receivable File”** means (a) with respect to any Loan Receivable, (i) copies of each applicable document listed in the definition of “Loan Documents,” and (ii) the UCC financing statement, if any, filed against the Merchant thereof in connection with the origination of such Loan Receivable, each of which may be in electronic form and (b) with respect to any Factored Receivable, (i) copies of each applicable document listed in the definition of “Factoring Documents,” and (ii) the UCC financing statement, if any, filed against the Merchant thereof in connection with the origination of such Factored Receivable, each of which may be in electronic form.

**“Receivable”** means a Loan Receivable or Factored Receivable, as the context may require. Except as the context may otherwise require, references to, and descriptions of, the “term”, “due” dates or “maturity date” (or terms of like import) of a Receivable arising under a Factoring Agreement shall be deemed to refer to the estimated period of time or date by which the applicable purchased receivables thereunder will be transferred or received and references to, and descriptions of, the “payment” with respect to a Receivable arising under a Factoring Agreement shall be deemed to refer to the transfer of purchased receivables.

**“Related Security”** means, with respect to any Receivable, (i) the related Merchant Documents and each document contained in the Receivable File related to such Receivable, and all rights, remedies, powers and privileges thereunder, (ii) all security interests or Liens and property subject thereto from time to time purporting to secure payment of such Receivable and all contract rights, rights to payment of money and insurance claims related to such Receivable (provided, however, following the execution of the A&R Base Indenture, no direct or indirect tax beneficial ownership interest in “real property” or “interest in real property” within the meaning of the Code will be pledged or assigned as collateral for such Receivable), (iii) all other agreements or arrangements of whatever character (including, without limitation, guaranties, letters of credit, letter-of-credit rights, supporting obligations or other credit support) from time to time supporting or securing payment of such Receivable and all rights under warranties or indemnities thereunder, (iv) any UCC financing statements filed by the Originator against the related Merchant, (v) all products and proceeds (including “proceeds” as defined in the UCC) of such Receivable and (vi) all products and proceeds of any of the foregoing items (i) through (v).

**“Required Noteholders”** means, with respect to an amendment, waiver or other modification, Noteholders materially and adversely affected thereby (as determined by an Officer’s Certificate of the Issuer to such effect) holding not less than 66 2/3% of the sum of the aggregate outstanding principal amount of Notes held by all Noteholders materially and adversely affected thereby (excluding, for the purposes of making the foregoing calculation, any Notes held by any affiliate of the Seller (other than an Affiliate Issuer)).

**“Requirements of Law”** means, with respect to any Person or any of its property, the certificate of incorporation or articles of association and by-laws or other organizational or governing documents of such Person or any of its property, and any law, treaty, rule or regulation, or determination of any arbitrator or Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, whether federal, state or local (including, without limitation, usury laws, the Federal Truth in Lending Act and retail installment sales acts).

**“Requisite Noteholders”** means Noteholders holding in excess of 50% of the sum of the aggregate outstanding principal amount of all series of Notes outstanding (excluding, for the purposes of making the foregoing calculation, any Notes held by any affiliate of the Seller (other than an Affiliate Issuer)).

**“Retention Agreement”** means the Retention Agreement, dated as of the Series 2024-1 Closing Date, by and between the Issuer, RFS, and the Indenture Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**“RFS Companies”** means, collectively, RFS and each of its subsidiaries.

**“Risk Band”** means the bands based on the following LEM Score ranges:

For Factored Receivables and Term Loan Receivables,

- Risk Band 1: LEM Score greater than or equal to 0.00 less than 0.05.
- Risk Band 2: LEM Score greater than or equal to 0.05 and less than 0.12.
- Risk Band 3: LEM Score greater than or equal to 0.12 and less than 0.18.
- Risk Band 4: LEM Score greater than or equal to 0.18 and less than 0.25.
- Risk Band 5: LEM Score greater than or equal to 0.25 and less than or equal to 1.00.

For LOC Receivables,

- Risk Band 1: LEM Score greater than or equal to 0.00 less than 0.05.
- Risk Band 2: LEM Score greater than or equal to 0.05 and less than 0.12.
- Risk Band 3: LEM Score greater than or equal to 0.12 and less than 0.18.
- Risk Band 4: LEM Score greater than or equal to 0.18 and less than 0.25.
- Risk Band 5: LEM Score greater than or equal to 0.25 and less than or equal to 1.00.



**“RTR Amount”** means, with respect to a Receivable, (i) in the case of a Factored Receivable, the aggregate dollar amount of future Merchant Proceeds purchased by the Seller and designated as the “Amount Sold” in the Factoring Agreement, (ii) in the case of a Term Loan Receivable, the aggregate loan amount payable by the Merchant to the Seller and designated as the “Amount Owed” in the Loan Agreement and (iii) in the case of an LOC Receivable, the Funded Amount of the LOC Receivable from time to time and the interest on such principal balance; provided that for LOC Receivables, for purposes of calculating the RTR Ratio, the RTR Amount will be based on the total interest due over the life of the LOC Receivable assuming no prepayments and no defaults.

**“RTR Ratio”** means, with respect to a Receivable, as of any Determination Date, the RTR Amount of such Receivable divided by the Funded Amount of such Receivable.

**“Scheduled Payment”** means, with respect to any Receivable, any periodic payment payable or the amount of purchased receivables expected to be received under the terms of the related Merchant Agreement.

**“Securitization Regulations”** means UK Securitization Regulation and the EU Securitization Regulation together, with each, as applicable, being a **“Securitization Regulation.”**

**“Series 2024-1 Amortization Period”** means the period beginning on the earlier of (i) the close of business on the business day preceding the day on which a Rapid Amortization Event is deemed to have occurred with respect to the Series 2024-1 Notes and (ii) the close of business on June 30, 2027. The Series 2024-1 Amortization Period will end on the earliest to occur of (i) the Payment Date on which the Series 2024-1 Notes are paid in full, (ii) the Legal Final Payment Date or (iii) the termination of the Indenture.

**“Series 2024-1 Note Balance”** means the outstanding principal balance of the Notes from time to time, as such outstanding balance is adjusted for issuances of additional Notes, partial or full redemption of Notes and payments of the principal of the Notes.

**“Standard & Poor’s”** means Standard & Poor’s Ratings Service, a Standard & Poor’s Financial Services LLC business and its permitted successors and assigns.

**“Statistical Cut-off Date”** means May 31, 2024.

**“Sub-Performing Receivable”** means a Receivable (other than a Charged-Off Receivable) that has a Performance Ratio less than (x) 40% at any time during the first 50% of the Expected Collection Period; (y) 50% at any time after the first 50% of the Expected Collection Period, and immediately prior to the expiration of 175% of the Expected Collection Period or (z) 100% by the expiration of 175% of the Expected Collection Period; provided no Receivable is included in this calculation during the first fifteen (15) days after origination.

**“Syndication Participant”** means a Person that may elect to request to provide funds to RFS equal to a portion of the aggregate loan or receivables purchase made under the applicable Merchant Agreement, in each case, pursuant to the terms of a Master Syndication Agreement.

**“Term Loan Agreement”** means, with respect to any Term Loan Receivable, an agreement between Seller and Merchant pursuant to which, in consideration of a cash payment by the Seller to such Merchant in an amount equal to the Funded Amount designated therein, the Seller agrees to loan funds to Merchant and Merchant agrees to pay the RTR Amount to Seller through regular ACH debits of fixed amounts.

**“Term Loan Receivable”** means a loan originated and funded by the Seller pursuant to a Term Loan Agreement, including all rights under any and all security documents or supporting obligations related thereto, including the applicable Loan Documents.

**“Three-Month Average Delinquency Ratio”** means, on any Payment Date on and after the October 2024 Payment Date, the average of the Delinquency Ratios as of the three (3) Determination Dates immediately preceding such Payment Date.

**“Three-Month Weighted Average Calculated Receivables Yield”** means, on any Payment Date on and after the October 2024 Payment Date, the average of the Weighted Average Calculated Receivables Yield as of the three (3) Determination Dates immediately preceding such Payment Date.

**“Three-Month Weighted Average Excess Spread”** means, on any Payment Date on and after the November 2024 Payment Date, the average of the Weighted Average Excess Spread as of the three (3) Determination Dates immediately preceding such Payment Date.

**“Transaction Documents”** means the Base Indenture, any indenture supplement, any series of Notes issued pursuant to the Base Indenture, any agreements relating to the issuance or the purchase of any series of Notes, the Issuer LLC Agreement, the Receivables Purchase Agreement, the Servicing Agreement, the Backup and Successor Servicing Agreement, the Collection Account Control Agreement, the Retention Agreement, the Administrator Services Agreement and the Custodial Agreement.

**“Two-Month Weighted Average Excess Spread”** means, on the October 2024 Payment Date, the average of the Weighted Average Excess Spread as of the two (2) Determination Dates immediately preceding such Payment Date.

**“UCC”** means the Uniform Commercial Code as in effect from time to time in the applicable jurisdiction.

**“United States”** or **“U.S.”** means the United States of America, its fifty States and the District of Columbia.

**“UK Securitization Regulation”** means the Regulation (EU) 2017/2402 as it forms part of the United Kingdom domestic law by virtue of the EUWA, as amended by the Securitisation (Amendment) (EU Exit) Regulations 2019 (SI 2019/660) and as further amended, supplemented or replaced, including by the UK Securitisation Regulations 2024, from time to time.

**“UK Securitization Rules”** means the UK Securitization Regulation together with (a) all applicable binding technical standards made under the UK Securitization Regulation, (b) any EU regulatory technical standards and implementing technical standards relating to the EU Securitization Regulation and any regulatory technical standards and implementing technical standards which are applicable pursuant to any transitional provisions of the UK Securitization Regulation), in each case forming part of the domestic law of the United Kingdom by operation of the EUWA, (c) all relevant guidance, policy statements or directions relating to the application of the UK Securitization Regulation published by the Prudential Regulation Authority (the **“PRA”**) and/or the Financial Conduct Authority (the **“FCA”**) (or their successors), (d) any guidelines relating to the application of the EU Securitization Regulation which are applicable in the United Kingdom, (e) any other transitional, saving or other provision relevant to the UK Securitization Regulation by operation of the EUWA, and (f) any other applicable laws, acts, statutory instruments, rules, guidance or policy statements published or enacted relating to the UK Securitization Regulation, in each case, as may be further amended, supplemented or replaced, from time to time.

**“VantageScore”** means the credit score referred to as a “VantageScore” calculated and reported by TransUnion.

**“Variable Payment Receivable”** means a Receivable with respect to which the Seller expects to receive a varying amount of Collections during each month (including, without limitation, due to normal fluctuations of business revenue, adjustments made for seasonality, store openings, planned temporary store closings and other similar reasons), which varying amount is determined in accordance with the Seller’s Credit Policies.

**“Warranty Repurchase Receivable”** means a Pooled Receivable that the Seller has become obligated to repurchase pursuant to Section 3.01(d) of the Receivables Purchase Agreement.

**“Weekly Pay Receivable”** means any Receivable for which there is a required Scheduled Payment due no more frequently than one specified weekday per week (which specified weekday may be changed in accordance with the applicable Merchant Agreement).

**“Weighted Average Calculated Receivables Yield”** means, as of any Determination Date, a fraction, expressed as a percentage, the numerator of which is the sum, for all Receivables, of the product of (i) the Calculated Receivable Yield for each Receivable multiplied by (ii) the Outstanding Receivables Balance of such Receivable as of such Determination Date, and the denominator of which is the Series 2024-1 Adjusted Pool Balance as of such Determination Date.

## INDEX OF TERMS

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