Presale:

Bridgecrest Lending Auto Securitization Trust 2024-1

January 11, 2024

Preliminary ratings

Class	Preliminary rating	Type	Interest rate(i)	Base amount (mil. $)	Upsize amount (mil. $)	Legal final maturity date
A-1	A-1+ (sf)	Senior	Fixed	48.573	59.261	Jan. 15, 2025
A-2	AAA (sf)	Senior	Fixed	100.776	122.619	Sept. 15, 2026
A-3	AAA (sf)	Senior	Fixed	100.776	122.619	Jan. 18, 2028
B	AA (sf)	Subordinate	Fixed	53.475	65.100	Aug. 15, 2028
C	A (sf)	Subordinate	Fixed	73.600	89.600	April 16, 2029
D	BBB (sf)	Subordinate	Fixed	77.050	93.800	Nov. 15, 2029
E	BB (sf)	Subordinate	Fixed	31.625	38.500	Oct. 15, 2030

Note: This presale report is based on information as of Jan. 11, 2024. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. (i)The interest rate and size of each class will be determined on the pricing date.

Profile

Collateral	Subprime auto loan receivables.
Seller, sponsor, servicer, administrator, custodian, and originator	Bridgecrest Acceptance Corp.(i)
Issuing trust	Bridgecrest Lending Auto Securitization Trust 2024-1.
Grantor trust	Bridgecrest Lending Auto Securitization Grantor Trust 2024-1.
Depositor	Bridgecrest Auto Funding LLC.
Indenture trustee and standby servicer	Computershare Trust Co. N.A. (BBB/Stable/--).
Bank account provider	Wells Fargo Bank N.A. (A+/Stable/A-1).
Owner trustee and grantor trust trustee	Wilmington Trust N.A. (A-/Stable/A-2).

(i)Formerly known as DT Acceptance Corp.

PRIMARY CREDIT ANALYST

Matthew Monaco
New York
+ 1 (212) 438 6263
matthew.monaco
@spglobal.com

SECONDARY CONTACT

Sanjay Narine, CFA
Toronto
+ 1 (416) 507 2548
sanjay.narine
@spglobal.com

RESEARCH CONTRIBUTOR

Veerbhadrappa Umbargi
CRISIL Global Analytical Center, an S&P affiliate, Mumbai

Rationale

The preliminary ratings assigned to Bridgecrest Lending Auto Securitization Trust 2024-1's (BLAST 2024-1) automobile receivables-backed notes reflect:

- The availability of approximately 62.71%, 57.39%, 47.63%, 38.65%, and 34.74% credit support (hard credit enhancement and a haircut to excess spread) for the class A (collectively, A-1, A-2, and A-3), B, C, D, and E notes, respectively, based on stressed breakeven cash flow scenarios. These credit support levels provide at least 2.37x, 2.12x, 1.72x, 1.38x, and 1.25x coverage of our expected cumulative net loss (ECNL) of 25.50% for the class A, B, C, D, and E notes, respectively (see the Credit Enhancement And Collateral and the Cash Flow Modeling Assumptions And Results sections below).
- The expectation that under a moderate ('BBB') stress scenario (1.38x our expected loss level), all else being equal, our preliminary 'A-1+ (sf)', 'AAA (sf)', 'AA (sf)', 'A (sf)', 'BBB (sf)', and 'BB (sf)' ratings on the class A-1, A-2/A-3, B, C, D, and E notes, respectively, will be within our credit stability limits (see the Cash Flow Modeling Assumptions And Results section).
- The timely payment of interest and principal by the designated legal final maturity dates under our stressed cash flow modeling scenarios that we believe are appropriate for the assigned preliminary ratings.
- The collateral characteristics of the subprime auto loans, our view of the credit risk of the collateral, and our updated macroeconomic forecast and forward-looking view of the auto finance sector (see the Credit Enhancement And Collateral and Macroeconomic And Auto Finance Sector Outlook sections below).
- The series' bank accounts at Wells Fargo Bank N.A. (Wells Fargo; A+/Stable/A-1), which do not constrain the preliminary ratings.
- Our operational risk assessment of Bridgecrest Acceptance Corp. (BAC) as servicer, along with our view of the originator's underwriting and the backup servicing arrangement with Computershare Trust Co. N.A. (BBB/Stable/--).
- Our assessment of the transaction's potential exposure to environmental, social, and governance (ESG) credit factors that are in line with our sector benchmark.
- The transaction's payment and legal structure.

Bridgecrest Lending Auto Securitization Trust 2024-1 will be the second public, SEC-registered automobile asset-backed securities (ABS) transaction of Bridgecrest-serviced auto loans originated primarily by DriveTime Car Sales Co. LLC (Drivetime), a wholly-owned subsidiary of DriveTime Automotive Group Inc.

Our ECNL for BLAST 2024-1 is 25.50%, which is unchanged from BLAST 2023-1. It reflects:

- Our view that the BLAST 2024-1 collateral characteristics are comparable to those of the BLAST 2023-1.
- DriveTime's outstanding series, which are performing in line with or better than our expectations (except for series 2022-1, 2022-2, and 2022-3, which are currently performing worse than our expectations) and were a key consideration when determining the ECNL for BLAST 2024-1.
- Our forward-looking view of the auto finance sector, including our outlook for persistent inflation and slower economic growth.

Environmental, Social, And Governance Factors

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

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

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

Credit Enhancement And Collateral

Structural changes from BLAST 2023-1

- Total initial hard credit enhancement (consisting of subordination, overcollateralization, and the reserve account) increased for classes A, B, C, D, and E to 58.00%, 48.70%, 35.90%, 22.50%, and 17.00%, respectively, from 56.00%, 47.35%, 35.70%, 22.20%, and 16.00%.
- Subordination for the class A and B notes increased to 41.00% and 31.70%, respectively, from 40.00% and 31.35% and decreased for the class C and D notes to 18.90% and 5.50%, respectively, from 19.70% and 6.20%.
- Initial overcollateralization increased to 15.50% from 14.50% of the initial collateral pool balance and will grow to a target of 20.80% of the current collateral pool balance, up from 19.00%. The overcollateralization floor remains at 3.25% of the initial collateral pool balance.
- Pre-pricing excess spread is estimated to be higher, at 12.85%, compared to 11.31% post-pricing.

Our stressed cash flow stress results indicate that each class in the BLAST 2024-1 transaction is enhanced to a degree consistent with the assigned preliminary ratings (see the Cash Flow Modeling Assumptions And Results section).

Table 1

Credit enhancement summary (%)

	BLAST		DT Auto Owner Trust			
	2024-1	2023-1	2023-3	2023-2	2023-1	2022-3
Subordination(i)						
Class A	41.00	40.00	40.30	40.70	37.00	36.90
Class B	31.70	31.35	30.20	30.75	28.75	28.50
Class C	18.90	19.70	18.55	19.70	17.25	18.25
Class D	5.50	6.20	5.50	4.65	6.75	4.50
Class E	N/A	N/A	N/A	N/A	N/A	N/A
Overcollateralization						
Initial(i)	15.50	14.50	13.90	12.60	16.25	16.00
Target(ii)	20.80	19.00	18.00	18.80	23.50	22.00
Floor(i)	3.25	3.25	3.25	3.25	3.25	3.25
Reserve fund(i)						
Initial	1.50	1.50	1.50	1.50	1.50	1.50
Target	1.50	1.50	1.50	1.50	1.50	1.50
Floor	1.50	1.50	1.50	1.50	1.50	1.50
Total initial hard credit enhancement(i)						
Class A	58.00	56.00	55.70	54.80	54.75	54.40
Class B	48.70	47.35	45.60	44.85	46.50	46.00
Class C	35.90	35.70	33.95	33.80	35.00	35.75
Class D	22.50	22.20	20.90	18.75	24.50	22.00
Class E	17.00	16.00	15.40	14.10	17.75	17.50
Estimated excess spread per year(iii)	12.85	11.31	11.31	12.56	12.47	10.18

(i)Percentage of the initial collateral pool balance. (ii)Percentage of the current collateral pool balance. (iii)Includes 3.50% for servicing and standby servicing fees. For BLAST 2024-1, before pricing; post-pricing for all other series. BLAST--Bridgecrest Lending Auto Securitization Trust. N/A--Not applicable.

Collateral changes from BLAST 2023-1

The collateral composition changes in the BLAST 2024-1 final pool as of Dec. 31, 2023, relative to the BLAST 2023-1's final collateral pool, include:

- Approximately 97.73% of the of the collateral pool has been originated by DriveTime (previously, 97.20%), and the remaining 2.27% (previously, 2.80%) has been acquired by BAC through GoFi LLC, a third-party affiliated originator. These loans do not include a credit grade; however, DriveTime expects these loans to perform similar to or better than its 'A+'/'A' credit-grade loans.
- The percentages of loans in the 'A+', 'A', and 'B' credit grades (the highest three) were 13.96%, 37.88%, and 43.40%, respectively, compared to 15.17%, 36.50%, and 40.36%.
- The percentage of biweekly or semimonthly payments increased to 75.85% from 74.90%.

- The percentage of loans with original terms of 67-72 months increased to 99.29% from 98.92%.
- The weighted average loan-to-value increased to approximately 145% from 142%.
- The weighted average annual percentage rate (APR) increased to 23.36% from 22.48%.

Overall, we believe the BLAST 2024-1 base and upsize collateral pools are not materially different from that of the BLAST 2023-1 (see table 2). We have factored these collateral characteristics into our expected loss for BLAST 2024-1 (see the S&P Global Ratings' Expected Loss section below).

Table 2

Collateral comparison(i)

	BLAST			DT Auto Owner Trust	
	2024-1 (base)	2024-1 (upsize)	2023-1	2023-3	2023-2
Pool balance (mil. $)	575.00	700.00	700.00	558.31	629.31
No. of loans	24,783	30,070	29,697	23,735	27,659
Average loan balance ($)	23,201	23,279	23,572	23,523	22,753
Credit grades (%)					
Top three grades(ii)	95.24	95.63	92.04	93.85	94.66
Bottom five grades(iii)	2.50	2.51	5.17	6.15	5.34
No grade	2.27	1.86	2.80	-	-
Weighted average (%)					
APR	23.36	23.34	22.48	21.87	22.69
Original term (months)	70.67	70.66	70.63	70.52	70.49
Remaining term (months)	69.53	69.49	69.21	69.37	69.01
Seasoning (months)	1.14	1.17	1.42	1.15	1.49
LTV (including ancillary products)	145	146	142	139	138
PTI	14.42	14.47	14.07	14.13	14.70
Original term distribution (%)					
Less than or equal to 60 months	0.18	0.16	0.23	0.11	0.16
61-66 months	0.53	0.52	0.84	0.55	0.53
67-72 months	99.29	99.32	98.92	99.34	99.32
Original FICO score	554	552	556	557	552
No FICO score (%)	6.87	6.61	6.95	7.72	6.60
Up to 550 FICO score (excluding no FICO score) (%)	48.89	49.68	47.59	46.82	49.07
Average monthly payment	626.59	627.70	624.14	613.55	595.72
Paying biweekly or semimonthly (%)	75.85	77.18	74.90	75.55	74.38
Top five state concentrations (%)					
	TX=13.76	TX=13.79	TX=15.09	TX=15.00	FL=14.95
	FL=12.14	FL=12.24	FL=13.79	FL=13.83	TX=14.07
	GA=10.04	GA=9.99	GA=9.41	GA=9.10	GA=10.09
	CA=6.91	CA=6.65	CA=6.53	NC=6.53	NC=6.19

Table 2

Collateral comparison(i) (cont.)

	BLAST			DT Auto Owner Trust	
	2024-1 (base)	2024-1 (upsize)	2023-1	2023-3	2023-2
	NC=6.01	NC=6.19	NC=5.89	CA=5.85	CA=5.71
S&P Global Ratings' original expected CNL (%)	25.50	25.50	25.50	25.50	25.50

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

Macroeconomic And Auto Finance Sector Outlook

In our analysis, we considered the economic data and forecasts outlined in table 3 and their baseline effect on collateral credit quality in determining our base-case expected loss level. Historically, changes in the unemployment rate have been a key determinant of charge-offs in the auto finance industry.

The U.S. economy has continued to outperform expectations. Better-than-expected growth has led us to revise our 2024 U.S. GDP forecast upward by 0.2 percentage points to 1.5%. However, this is down from 2023's forecasted GDP growth of 2.4% because the market's resilience will be tested going forward, as real interest rates stay relatively high in the coming year and the lags of tightened monetary policy feed through the economy. Other reasons for caution include: real disposable income has declined four months in a row, with the savings rate falling to a very low 3.4% in September (well below the pre-COVID-19 pandemic average) from the 5.1% average in the second quarter of 2023; consumers are showing signs of strain due to increased debt loads, and, according to the Federal Reserve Bank of New York/Equifax credit data, the ratio for seriously delinquent auto loans is already at its highest level outside of recessionary periods (driven primarily by the subprime segment, which is about one-seventh of the total outstanding auto loan balances); and student-loan payments have resumed, which will put upward pressure on debt service ratios and could negatively affect consumer spending.

It is estimated that 24 million borrowers whose student loan payments were suspended at the onset of the pandemic resumed payments in October 2023, with an average payment of approximately $300 per month. According to TransUnion, approximately one-third of those consumers with student loan debt took on new auto loan debt during the pandemic. The added student debt payment will be burdensome for those consumers who are financially stressed, which could negatively affect auto loan ABS performance. We believe, based on past economic cycles, that consumers for whom the vehicle is essential for work will continue to prioritize their auto loan/lease payments before their other consumer and student loan payments.

Weaker economic growth will cause demand for labor to decrease further and the unemployment rate to rise in the next two years--to 4.6% in 2025 from 3.9% in October 2023 (see "Economic Outlook U.S. Q1 2024: Cooling Off But Not Breaking," published Nov. 27, 2023). We're already seeing unemployment benefit claims continue to rise above the 2019 average, suggesting it has become more difficult to find jobs for people when they're laid off, and employment in the temporary help services sector was down 6.1% from a year ago, a decline whose magnitude has in the past been a harbinger of a recession.

Table 3

U.S. economic factors (%)

	Actual	Forecast			
	2022	2023	2024	2025	2026
Real GDP (% year-over-year growth)	2.1	2.4	1.5	1.4	1.8
Unemployment rate (% annual average)	3.6	3.7	4.3	4.6	4.5
Consumer Price Index (% annual average)	8.0	4.1	2.4	2.1	2.1

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

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

S&P Global Ratings' Expected Loss: 25.50%

We determined our expected loss for BLAST 2024-1 by analyzing:

- The transaction's collateral characteristics relative to those of the outstanding BLAST 2023-1 and DriveTime series (see table 2);
- The managed portfolio performance and origination static pool data; and
- Securitization data from the transactions we have rated since 2000, with greater emphasis on recent transactions' performance (see table 5 and charts 1-3).

Given DriveTime's established performance as a quarterly issuer, we placed more emphasis on recent origination static pool analysis, particularly from 2021 through 2023, and outstanding series performance when determining the expected loss for this series. We complemented this analysis with our forward-looking view of the economy and the auto finance sector (see the Macroeconomic And Auto Finance Sector Outlook section above). Overall, we expect BLAST 2024-1 to experience a lifetime CNL of 25.50%, which is unchanged from BLAST 2023-1.

Managed portfolio

As of Sept. 30, 2023, DriveTime's serviced portfolio comprised contracts totaling approximately $4.88 billion, a year-over-year increase of approximately 14.90% (see table 4). Total 31-plus-day delinquencies were 19.26%, up from 17.23% a year earlier. For the nine months ended Sept. 30, 2023, net charge-offs as a percentage of the average principal were 8.84%, higher than the 6.45% corresponding to the same period in 2022.

We attribute this performance to ongoing normalization to pre-pandemic levels as well as recent economic headwinds, including inflationary pressures, affecting consumers.

Table 4

Managed portfolio

	For the nine months ended Sept. 30		As of Dec. 31			
	2023	2022	2022	2021	2020	2019
Principal outstanding at end of period (mil. $)	4,881.89	4,248.66	4,290.73	4,065.01	4,084.32	4,617.75

Table 4

Managed portfolio (cont.)

	For the nine months ended Sept. 30		As of Dec. 31			
	2023	2022	2022	2021	2020	2019
Average month-end principal amount (mil. $)	4,588.00	4,171.88	4,210.70	4,087.03	4,462.39	4,693.04
Net charge-offs (mil. $)	405.59	269.08	404.60	281.34	479.18	605.44
Net charge-offs as % of average month end principal	8.84	6.45	9.61	6.88	10.74	12.90
Delinquencies (%)						
31-60 days	9.49	8.47	10.35	7.20	8.81	10.23
61-90 days	5.40	5.25	5.46	4.52	5.62	5.91
91-plus days	4.37	3.51	4.44	3.67	4.28	3.33
Total delinquencies	19.26	17.23	20.25	15.40	18.71	19.47

Origination static pool analysis

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

DriveTime Auto Owner Trust transaction performance

We currently maintain ratings on 15 outstanding auto loan ABS transactions backed by DriveTime-originated loans issued between 2019 and 2023 (see table 5). On July 31, 2023, we raised our ratings on 20 classes and affirmed our ratings on six classes (see "Twenty Ratings Raised And Six Affirmed From Nine DT Auto Trust Transactions"), and on April 4, 2023, we raised our ratings on 10 classes and affirmed our ratings on five classes (see "Ratings Raised On 10 Classes And Five Ratings Affirmed From Three DT Auto Owner Trust Transactions"). These rating actions were consistent with collateral performance to date and our expectations regarding future collateral performance compared with each transaction's structure and the respective credit enhancement levels (see charts 2-3).

Table 5

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

Series	Month	Pool factor (%)	Current CNL (%)	Current CRR (%)	60-plus-day delinq. (%)	Initial lifetime CNL exp. (%)	Revised lifetime CNL expected (%)
2019-4	50	12.61	16.99	47.74	21.24	28.50-29.50	18.00(iii)
2020-1	46	16.78	15.82	46.75	18.96	28.50-29.50	18.00(iii)
2020-2	42	18.31	14.80	47.26	19.66	32.75-33.75	17.50(iii)
2020-3	39	23.20	15.22	48.20	20.52	32.75-33.75	18.75(iii)
2021-1	35	26.93	16.62	47.31	20.81	31.50-32.50	20.50(iii)

Table 5

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

Series	Month	Pool factor (%)	Current CNL (%)	Current CRR (%)	60-plus-day delinq. (%)	Initial lifetime CNL exp. (%)	Revised lifetime CNL expected (%)
2021-2	32	31.51	15.95	47.83	20.89	27.75-28.75	20.50(iii)
2021-3	28	39.20	14.52	44.56	16.53	26.50 (26.00-27.00)	23.00(ii)
2021-4	25	43.62	14.25	40.35	14.12	25.75 (25.25-26.25)	24.00(ii)
2022-1	21	48.19	16.49	37.61	16.01	24.75 (24.25-25.25)	25.25(ii)
2022-2	19	53.27	16.08	36.00	16.08	24.75-25.75	25.75(iii)
2022-3	13	27.51	10.46	32.80	10.27	24.75	N/A
2023-1	11	75.61	7.70	32.13	7.99	25.25	N/A
2023-2	8	81.84	5.96	29.40	8.56	25.50	N/A
2023-3	5	90.30	2.43	25.59	5.01	25.50	N/A
BLAST 2023-1	2	97.16	0.20	28.88	0.74	25.50	N/A

(i)As of the December 2023 distribution date. (ii)As of April 2023 (iii)As of July 2023. CNL--Cumulative net loss. CRR--Cumulative recovery rate. Delinq.--Delinquency. N/A--Not applicable. BLAST--Bridgecrest Lending Auto Securitization Trust.

Chart 1

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

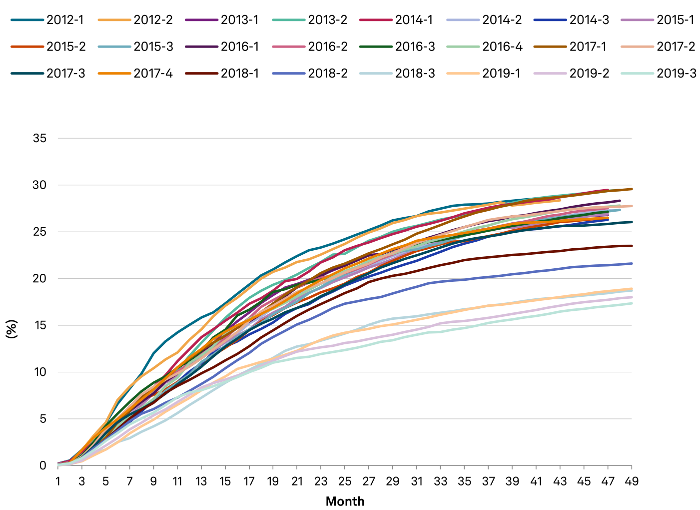
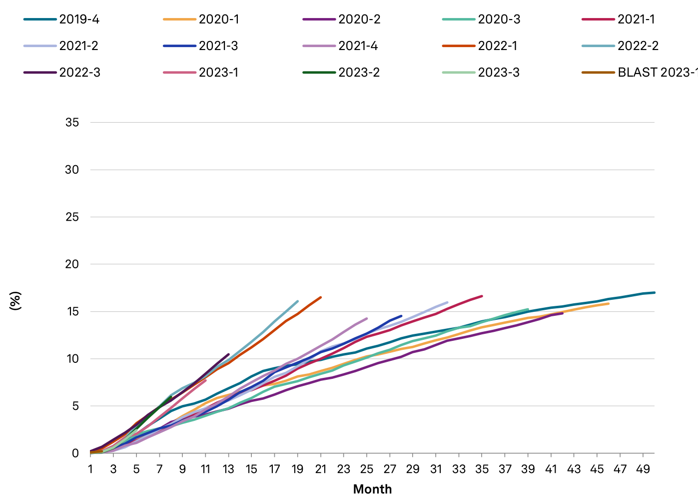


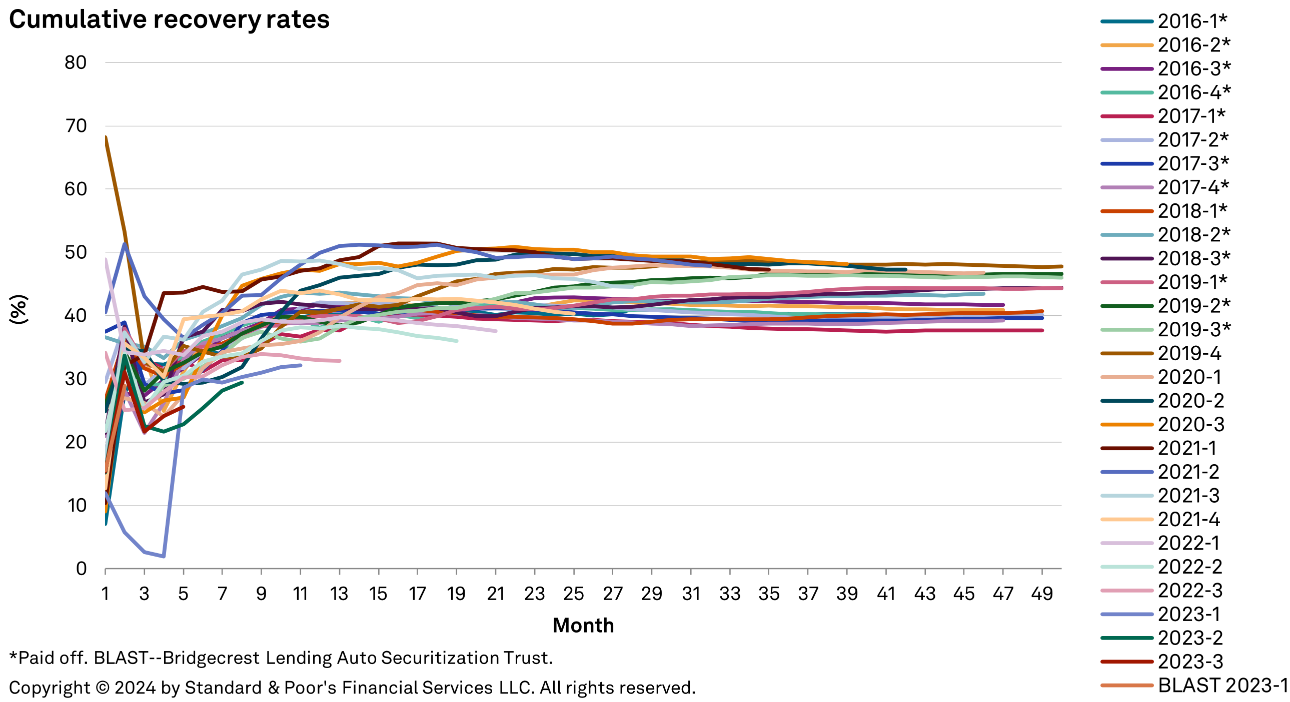
Chart 2

Securitization cumulative net losses for outstanding series



BLAST--Bridgecrest Lending Auto Securitization Trust.

Chart 3



*Paid off. BLAST--Bridgecrest Lending Auto Securitization Trust.

Legal Overview And Transaction Structure

Legal overview

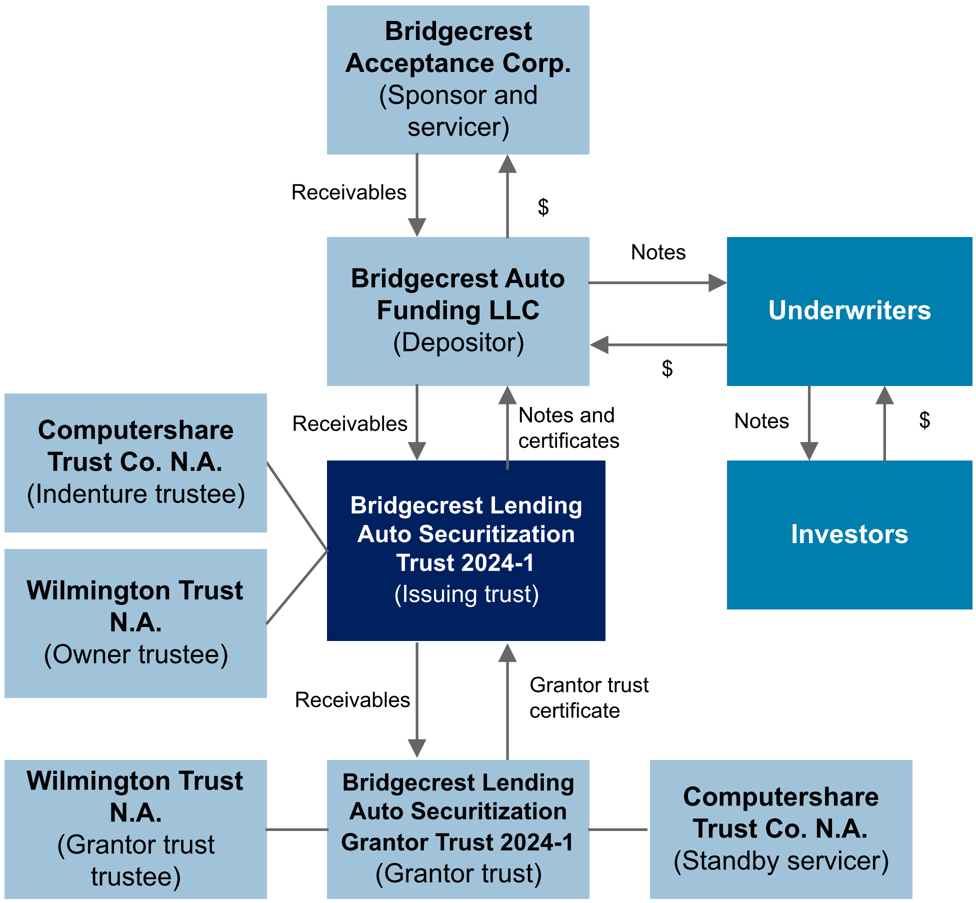
In rating this transaction, S&P Global Ratings will review the legal matters that it believes are relevant to its analysis, as outlined in its criteria.

The transaction will be structured as a true sale of the receivables from BAC to the depositor, Bridgecrest Auto Funding LLC, a multi-use, wholly owned special purpose subsidiary of BAC. The depositor, in turn, will transfer the receivables to the issuing trust, BLAST 2024-1, a newly formed special-purpose Delaware statutory trust. The issuing trust will then transfer the receivables to the grantor trust, Bridgecrest Lending Auto Securitization Grantor Trust 2024-1.

The primary assets of the issuing trust will be a certificate representing the entire beneficial ownership in the grantor trust. The primary assets of the grantor trust will be a pool of motor vehicle retail installment sale contracts (receivables) secured by new or used automobiles, light-duty trucks, SUVs, and vans. The issuing trust and the grantor trust will grant a security interest in the receivables to the indenture trustee on behalf of the noteholders (see chart 4).

Chart 4

Transaction diagram



Transaction structure

BLAST 2024-1 incorporates the following structural features:

- A senior-subordinated sequential-pay structure in which the senior-most notes outstanding are paid first.
- Initial overcollateralization of 15.50% of the initial pool balance that will build to a target of 20.80% of the current pool balance. The target overcollateralization amount is subject to a floor of 3.25% of the initial pool balance.
- A non-amortizing reserve account amount that will equal 1.50% of the cut-off date pool balance as of the closing date.
- Excess spread of approximately 12.85% per year (pre-pricing).

- An optional clean-up call of 10% of the initial pool balance.

Payment Priority

Payment distributions before an event of default

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

Table 6

Payment waterfall

Priority	Payment
1	To the servicer: the servicing fee (3.50%) plus any applicable accrued and unpaid fees; and to the standby servicer: any applicable accrued and unpaid fees, expenses, and indemnities due to the standby servicer, provided that such fees shall not exceed $125,000 in aggregate in any calendar year; and to the successor servicer: when applicable, reasonable transition expenses (up to a $200,000 in the aggregate) incurred by the standby servicer in becoming the successor servicer.
2	To the indenture trustee, the owner trustee, the grantor trust trustee, and asset representations reviewer: any accrued and unpaid fees, expenses, and indemnities then due to each entity (to the extent the servicer has not previously paid those fees, expenses, and indemnities), provided that those fees and expenses do not exceed $125,000 in aggregate in any calendar year to the indenture trustee, $120,000 in aggregate in any calendar year to the owner trustee and the grantor trust trustee, and $150,000 in aggregate in any calendar year to the asset representations reviewer.
3	To the class A noteholders, the accrued class A note interest due for the related interest period (paid pro rata).
4	The first principal allocation (the excess, if any, of the class A note balance over the pool balance).
5	To the class B noteholders, the accrued class B note interest due for the related interest period.
6	The second principal allocation (the excess, if any, of the combined class A and B note balances over the pool balance minus the first principal allocation).
7	To the class C noteholders, the accrued class C note interest due for the related interest period.
8	The third principal allocation (the excess, if any, of the combined class A, B, and C note balances over the pool balance minus the first and second principal allocations).
9	To the class D noteholders, the accrued class D note interest due for the related interest period.
10	The fourth principal allocation (the excess, if any, of the combined class A, B, C, and D note balances over the pool balance minus the first, second, and third principal allocations).
11	To the class E noteholders, the accrued class E note interest due for the related interest period.
12	The fifth principal allocation (the excess, if any, of the combined class A, B, C, D, and E note balances over the pool balance minus the first, second, third, and fourth principal allocations).
13	To the reserve account, any additional amounts required to make the cash on deposit in the reserve account equal to the specified reserve account balance.
14	The regular principal allocation, if any (in this step, the notes are paid down to build to the overcollateralization target).
15	To the indenture trustee, the owner trustee, the grantor trust trustee, the standby servicer, and the asset representations reviewer, for unpaid fees, indemnities, and expenses.
16	To the certificate distribution account for the residual interest holder, any funds remaining.

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

- To the class A-1 notes until they are paid in full; then to the class A-2 notes until they are paid in full; and then to the class A-3 notes until they are paid in full;
- Then to the class B notes until they are paid in full;
- Then to the class C notes until they are paid in full;
- Then to the class D notes until they are paid in full; and
- Then to the class E notes until they are paid in full.

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

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

Payment distributions after an event of default

If the event of default is related solely to a breach of a covenant, agreement, representation, or warranty, distributions will be made from the available funds according to the priority shown in table 6, except that the principal distributable amount will include all available funds until all the notes are paid in full (with class A-2 and A-3 notes receiving principal payment pro rata) and there will be no limitation of fees, expenses, and indemnities in items 1 and 2.

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

Table 7

Payment waterfall

Priority	Payment
1	To the servicer, and any successor servicer, any amount due to each entity, disregarding any caps or annual limitations.
2	On a pro rata basis, to the indenture trustee, the owner trustee, and the grantor trust trustee, any amount due to each entity, and to the asset representations reviewer, any amounts due, disregarding any caps or annual limitations.
3	To the class A noteholders, the class A note interest distributable amount on the distribution date, together with any class A note interest carryover shortfall on the distribution date.
4	Principal to the extent necessary to reduce the class A note balance to zero, first, to the class A-1 notes, and then pro rata to the class A-2 and class A-3 notes until each class is paid in full.
5	To the class B noteholders, an amount equal to the class B note interest distributable amount on the distribution date and the class B note interest carryover shortfall on the distribution date.
6	Principal to the extent necessary to reduce the class B note balance to zero.
7	To the class C noteholders, an amount equal to the class C note interest distributable amount on the distribution date and the class C note interest carryover shortfall on the distribution date.
8	Principal to the extent necessary to reduce the class C note balance to zero.
9	To the class D noteholders, an amount equal to the class D note interest distributable amount on the distribution date and the class D note interest carryover shortfall on the distribution date.

Table 7

Payment waterfall (cont.)

Priority	Payment
10	Principal to the extent necessary to reduce the class D note balance to zero.
11	To the class E noteholders, an amount equal to the class E note interest distributable amount on the distribution date and the class E note interest carryover shortfall on the distribution date.
12	Principal to the extent necessary to reduce the class E note balance to zero.
13	All remaining amounts to the certificateholders.

Cash Flow Modeling Assumptions And Results

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

Breakeven analysis

For the BLAST 2024-1 transaction structure, we applied the assumptions outlined in table 8 in our cash flow analysis to simulate stress scenarios that we believe are appropriate for the assigned preliminary ratings. To assign a rating to a class, we consider the class's lower breakeven (maximum net losses the class can withstand without defaulting) and generally expect it to be equal to or greater than the rating stressed scenario breakeven requirement.

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

Table 8

Breakeven cash flow assumptions

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

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

Table 9

Breakeven cash flow results

	Class				
	A	B	C	D	E
Preliminary rating	AAA (sf)	AA (sf)	A (sf)	BBB (sf)	BB (sf)
CNL timing (months 12/24/36/48) (%)					
Front-loaded loss curve	64/100	46/86/100	40/75/90/100	40/75/90/100	40/75/90/100
Back-loaded loss curve	63/100	43/86/100	35/70/93/100	30/60/80/100	30/60/80/100
Approx. breakeven CNL levels (%)(i)					
Required	60.44	54.06	43.86	35.19	31.88
Available--front-loaded loss curve	62.71	57.39	47.63	38.65	35.61
Available--back-loaded loss curve	62.72	57.53	48.57	39.78	34.74

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

Sensitivity analysis

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

Table 10

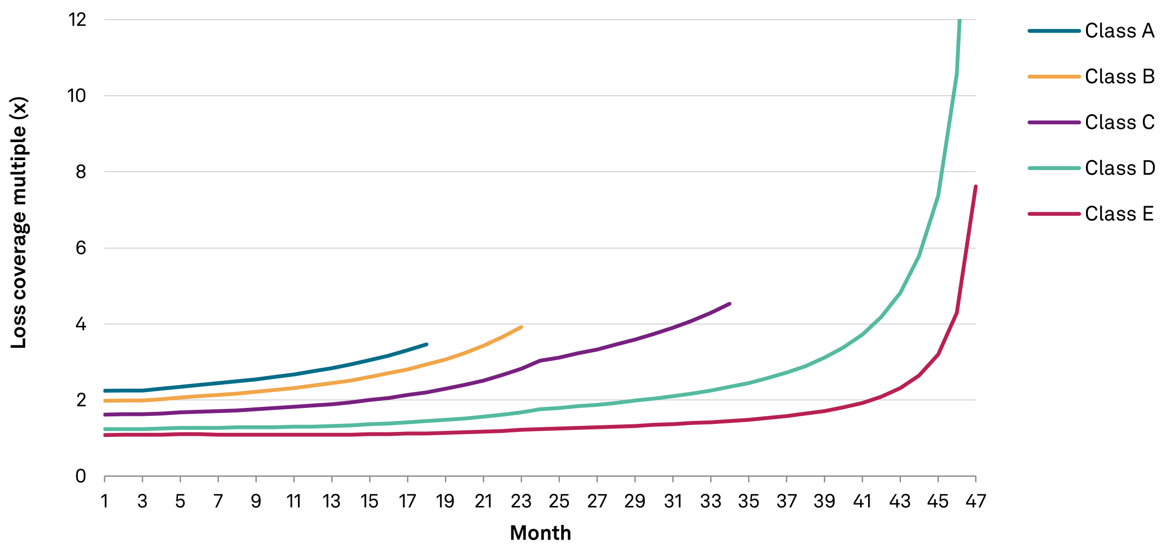
Credit stability as a limiting factor on ratings

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

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

Chart 5

Sensitivity analysis



Money market tranche sizing

The proposed money market tranche's (class A-1) legal final maturity date is Jan. 15, 2025. To test whether the money market tranche can be repaid by its maturity date, we ran cash flows using assumptions to delay the principal collections. We assumed zero defaults and a zero absolute prepayment speed for our cash flow run, and we confirmed that the tranche would be paid off one month prior to the legal final maturity date.

Legal final maturity

To test the legal final maturity dates for classes A-2, A-3, B, C, and D, we determined the date when the respective notes would be fully amortized in a zero-loss, zero-prepayment scenario and then added three months to that date. For class E, the longest-dated security, we added eight months to the tenor of the longest-dated receivable in the pool to accommodate extensions. Furthermore, in the breakeven scenario for each respective rating level, we confirmed that there was sufficient credit enhancement to cover losses and repay the related notes in full by the respective legal final maturity dates.

Counterparty And Operational Risks

Bank account provider

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

BAC as servicer

BAC, the servicer of the acquired loans, has offices in Mesa, Ariz., and Dallas, and uses offshore vendors for customer service operations and other servicing activities. BAC has over 30 years of experience in servicing auto loans and a current portfolio of approximately $18 billion. As servicer, BAC oversees all servicing and collections practices. Computershare Trust Co. N.A. is also engaged as the standby servicer for the outstanding series, which would enable servicing transition if necessary. BAC is not rated by S&P Global Ratings, and commingling risk is addressed by the requirement that collections are generally deposited to the series collections account within two business days of collection. Our operational risk assessment of BAC as servicer does not constrain the ratings (see "Global Framework For Assessing Operational Risk In Structured Finance Transactions," published Oct. 9, 2014).

Regulatory

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

DriveTime

DriveTime, an affiliate of BAC, was incorporated by Ernest C. Garcia II in Phoenix in 1992. Through DriveTime Sales and Finance Co. LLC, its integrated used car sales and finance company, DriveTime operates one of the largest chains of used car dealerships in the U.S., with a primary focus on the sale of used vehicles and related products to the subprime market. As of this issuance, DriveTime operated 148 dealerships and 16 reconditioning facilities in 84 designated marketing areas across 29 states.

Related Criteria

- Criteria | Structured Finance | ABS: Global Auto ABS Methodology And Assumptions, March 31, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria, May 15, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019

- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- U.S. Auto Loan ABS Tracker: October 2023 Performance, Dec. 11, 2023
- Credit Conditions North America Q1 2024: A Cluster Of Stresses, Nov. 28, 2023
- Economic Outlook U.S. Q1 2024: Cooling Off But Not Breaking, Nov. 27, 2023
- Twenty Ratings Raised And Six Affirmed From Nine DT Auto Trust Transactions, July 31, 2023
- Ratings Raised On 10 Classes And Five Ratings Affirmed From Three DT Auto Owner Trust Transactions, April 4, 2023