

## IMPORTANT NOTICE

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

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the private placement memorandum (the “**private placement memorandum**”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the private placement memorandum. In accessing the private placement 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.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND THE 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. THE ACQUISITION AND TRANSFER OF THE NOTES ARE SUBJECT TO ANY ADDITIONAL RESTRICTIONS DESCRIBED IN THE PRIVATE PLACEMENT MEMORANDUM.

EXCEPT AS SET FORTH IN THE PRIVATE PLACEMENT MEMORANDUM, THE PRIVATE PLACEMENT MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OF 1933, AS AMENDED, OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

The Issuer will be relying on an exclusion from the definition of “investment company” under the Investment Company Act of 1940, as amended, contained in Rule 3a-7 under the Investment Company Act of 1940, as amended, although there may be additional exclusions or exemptions available to the Issuer. By virtue of its reliance on the exclusion provided under Rule 3a-7, the Issuer is not a “covered fund” for purposes of the Volcker Rule under the Dodd-Frank Act (both as defined in the private placement memorandum).

**Confirmation of your Representation:** In order to be eligible to view the private placement memorandum, investors must be qualified institutional buyers (within the meaning of Rule 144A under the Securities Act of 1933, as amended) (a “**QIB**”). The private placement memorandum is being sent at your request and by accepting this e-mail and accessing the private placement memorandum, you will be deemed to have represented to us that you are a QIB and that you consent to delivery of the private placement memorandum by electronic transmission.

You are reminded that the private placement memorandum has been delivered to you on the basis that you are a person into whose possession the private placement 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 private placement memorandum, electronically or otherwise, to any other person.

The private placement 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 none of Credit Suisse Securities (USA) LLC and Wells Fargo Securities, LLC (the “**Initial Purchasers**”) nor any person who controls any of the Initial Purchasers, or any director, officer, employee or agent of such persons or affiliate of such persons, accepts any liability or responsibility whatsoever in respect of any difference between the private placement memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

**\$150,000,000**  
**Regional Management Issuance Trust 2018-1**  
*Issuer*  
**Regional Management Receivables III, LLC**  
*Depositor*  
**Regional Management Corp.**  
*Servicer*

Initial Note Principal Balance	Class of Notes	Stated Final Maturity Date	Offering Price
\$129,770,000	Class A 3.83% Asset-Backed Notes	July 15, 2027	99.97934%
\$9,270,000	Class B 4.28% Asset-Backed Notes	July 15, 2027	99.99731%
\$10,960,000	Class C 4.87% Asset-Backed Notes	July 15, 2027	99.97077%

**The Issuer Will Issue—**

- One class of senior asset-backed notes and two classes of subordinate asset-backed notes.
- A single class of trust certificates.

The Class A Notes, the Class B Notes and the Class C Notes (the Class A Notes, Class B Notes and Class C Notes, collectively, the “Notes”) will be issued by the Issuer.

On the Closing Date, Regional Management Corp., as sponsor, intends to comply with the U.S. Risk Retention Rules by causing a majority-owned affiliate, Regional Management Receivables III, LLC, to retain an “eligible horizontal residual interest” of at least 5% of the aggregate fair value, as of the Closing Date, of the Notes and the Trust Certificate (as defined herein). See “Credit Risk Retention” in this private placement memorandum.

The size, ratings and basic payment characteristics of the Notes are described in the notes table on page 7 of this private placement memorandum (the “Notes Table”).

The Notes may be optionally called by the Issuer on or after the Payment Date occurring in July 2020 at a redemption price equal to the Aggregate Note Balance of the Notes at the time of the Optional Call (as defined herein) plus accrued interest and certain other amounts, as further described herein.

**The Assets to be Pledged by the Issuer Consist of—**

- A pool of non-revolving, hard secured and soft secured fixed-rate personal loans.

**Credit Enhancement Will Consist of—**

- Subordination of certain classes of Notes to other classes of Notes higher in order of payment priority for payments of interest and principal.
- Overcollateralization; as of the Initial Cut-Off Date, the aggregate Loan Principal Balance will exceed the Aggregate Note Balance, resulting in overcollateralization.
- Excess spread available to absorb losses on the personal loans and to make payments of principal on the Notes.
- A reserve account available to pay interest and principal on the Notes as well as servicing fees and certain other fees and amounts.

We expect that delivery of the Notes in book-entry form through The Depository Trust Company (“DTC”) for the account of its participants will be made on or about June 28, 2018 (the “Closing Date”).

The Issuer will be relying on an exclusion from the definition of “investment company” under the Investment Company Act of 1940, as amended (the “Investment Company Act”), contained in Rule 3a-7 under the Investment Company Act, although there may be additional exclusions or exemptions available to the Issuer. By virtue of its reliance on the exclusion provided under Rule 3a-7, the Issuer is not a “covered fund” for purposes of the “Volcker Rule” under the Dodd-Frank Act (both as defined in this private placement memorandum).

**Investing in the Notes involves a high degree of risk. You should carefully consider the risk factors beginning on page 28 of this private placement memorandum before investing in the Notes.**

The Notes are asset-backed-securities. The Notes will be the obligation solely of the Issuer and will not be obligations of or guaranteed by the Issuer’s Affiliates, including Regional Management (as defined herein), or any of the Initial Purchasers or any of their Affiliates, or any other entity.

None of the Notes or the personal loans are insured or guaranteed by any governmental agency or instrumentality.

**THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR ANY OTHER JURISDICTION, AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT. THE 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. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD ONLY TO “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) WITHIN THE UNITED STATES. FOR DETAILS ABOUT ELIGIBLE OFFERS, DEEMED REPRESENTATIONS AND AGREEMENTS BY INVESTORS AND TRANSFER RESTRICTIONS, SEE “RESTRICTIONS ON TRANSFER.”**

The information contained herein is confidential and may not be reproduced in whole or in part. Credit Suisse Securities (USA) LLC and Wells Fargo Securities, LLC (the “Initial Purchasers”) may purchase all, a portion of or none of the Notes (such Notes, the “Purchased Notes”) from the Depositor and have advised the Depositor that they propose to place the Purchased Notes privately from time to time in negotiated transactions at varying prices to be determined in each case at the time of sale. Transfer of the Notes will be subject to certain restrictions as described herein.

The date of this private placement memorandum is June 20, 2018.



*Joint Bookrunners*

Credit Suisse

Wells Fargo Securities

*Co-Managers*

BMO Capital Markets

FTN Financial Securities Corp.

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## IMPORTANT NOTICE

This private placement memorandum contains substantial information concerning the Issuer, the Depositor, the Servicer, the Notes, the personal loans and the obligations of the Seller, the Servicer, the Subservicers, the Administrator, the Back-up Servicer, the Owner Trustee and the Indenture Trustee (each as defined herein) and others with respect to them. Potential investors are urged to review this private placement memorandum in its entirety. The obligations of the parties with respect to the transactions contemplated in this private placement memorandum are set forth in and will be governed by certain documents described in this private placement memorandum, and all of the statements and information in this private placement memorandum are qualified in their entirety by reference to such documents.

PROSPECTIVE PURCHASERS ARE NOT TO CONSTRUE THE CONTENTS OF THIS PRIVATE PLACEMENT MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE SELLER, THE DEPOSITOR, THE ISSUER, THE SERVICER, THE SUBSERVICERS, THE ADMINISTRATOR, THE BACK-UP SERVICER, THE NOTE REGISTRAR, THE INITIAL PURCHASERS, THE INDENTURE TRUSTEE OR THE OWNER TRUSTEE (EACH AS DEFINED HEREIN) OR ANY OF THEIR RESPECTIVE OFFICERS, EMPLOYEES OR AGENTS AS INVESTMENT, LEGAL, ACCOUNTING OR TAX ADVICE, AND SUCH PERSONS ARE NOT MAKING ANY REPRESENTATION TO ANY PROSPECTIVE PURCHASER OF THE NOTES REGARDING THE LEGALITY OF AN INVESTMENT IN THE NOTES BY SUCH PURCHASER UNDER ANY LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS. PRIOR TO INVESTING IN THE NOTES A PROSPECTIVE PURCHASER SHOULD CONSULT WITH ITS ATTORNEY AND ITS INVESTMENT, ACCOUNTING, REGULATORY AND TAX ADVISORS TO DETERMINE THE CONSEQUENCES OF AN INVESTMENT IN THE NOTES AND ARRIVE AT AN INDEPENDENT EVALUATION OF SUCH INVESTMENT.

THE NOTES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR UNDER THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND THE ISSUER IS NOT AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE RESALE OR TRANSFER OF THE NOTES IS RESTRICTED BY THE TERMS THEREOF AND BY THE TERMS OF THE INDENTURE. SEE “NOTICE TO INVESTORS” IN THIS PRIVATE PLACEMENT MEMORANDUM. UNLESS THEIR SALE IS REGISTERED, THE NOTES MAY BE OFFERED ONLY IN TRANSACTIONS THAT ARE EXEMPT FROM THESE SECURITIES LAWS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE NOTES WILL BE OFFERED ONLY TO “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN THE UNITED STATES TO WHOM THIS PRIVATE PLACEMENT MEMORANDUM HAS BEEN FURNISHED. THE NOTES WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES OR “BLUE SKY” LAWS AND ARE BEING OFFERED AND SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. THE TRANSFER OF THE NOTES IS SUBJECT TO CERTAIN ADDITIONAL RESTRICTIONS AND CONDITIONS. SEE “NOTICE TO INVESTORS.” THERE IS NO MARKET FOR THE NOTES AND THERE IS NO ASSURANCE THAT ONE WILL DEVELOP. REALES OF THE NOTES MAY BE MADE ONLY (I) PURSUANT TO RULE 144A, (II) PURSUANT TO THE REQUIREMENTS OF, OR AN EXEMPTION UNDER, APPLICABLE STATE SECURITIES LAWS AND (III) IN ACCORDANCE WITH THE OTHER RESTRICTIONS ON TRANSFER SET FORTH IN THE INDENTURE AND DESCRIBED BELOW.

THE NOTES HAVE NOT BEEN REGISTERED WITH OR APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE OR FOREIGN SECURITIES COMMISSION, NOR HAS THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE OR FOREIGN SECURITIES COMMISSION REVIEWED OR PASSED UPON THE ACCURACY, ADEQUACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE NOTES REPRESENT NON-RECOURSE OBLIGATIONS OF THE ISSUER. NEITHER THE NOTES NOR THE LOANS WILL REPRESENT INTERESTS IN OR OBLIGATIONS OF THE SELLER, THE DEPOSITOR, THE SERVICER, THE SUBSERVICERS, THE ADMINISTRATOR, THE BACK-UP SERVICER, THE NOTE REGISTRAR, THE INITIAL PURCHASERS, THE INDENTURE TRUSTEE, THE OWNER TRUSTEE OR ANY OF THEIR RESPECTIVE AFFILIATES. NEITHER THE NOTES NOR THE LOANS WILL BE GUARANTEED OR INSURED BY ANY GOVERNMENTAL AGENCY OR INSTRUMENTALITY OR ANY OTHER ENTITY. THE LOANS AND ANY FUNDS ON DEPOSIT IN THE NOTE ACCOUNTS WILL BE THE SOLE SOURCE OF PAYMENT ON THE NOTES, AND THERE WILL BE NO RECOURSE TO THE SELLER, THE DEPOSITOR, THE SERVICER, THE SUBSERVICERS, THE ADMINISTRATOR, THE BACK-UP SERVICER, THE NOTE REGISTRAR, THE INITIAL PURCHASERS, THE INDENTURE TRUSTEE, THE OWNER TRUSTEE OR ANY OTHER ENTITY IN THE EVENT THAT PAYMENTS ON THE LOANS OR AMOUNTS IN THE NOTE ACCOUNTS ARE INSUFFICIENT OR OTHERWISE UNAVAILABLE TO MAKE ALL PAYMENTS PROVIDED FOR UNDER THE NOTES.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM AND ANY TERM SHEET PROVIDED TO YOU BY THE DEPOSITOR PRIOR TO THE DELIVERY OF THIS PRIVATE PLACEMENT MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE NOTES. THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR WILL THERE BE ANY SALE OF THE NOTES, IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF SUCH STATE OR OTHER JURISDICTION. THE DELIVERY OF THIS PRIVATE PLACEMENT MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE. THE DEPOSITOR AND THE INITIAL PURCHASERS EACH RESERVE THE RIGHT TO WITHDRAW THIS OFFERING AT ANY TIME BEFORE CLOSING, TO REJECT ANY OFFER TO PURCHASE THE NOTES IN WHOLE OR IN PART, FOR ANY REASON, OR TO SELL LESS THAN THE FULL PRINCIPAL BALANCE OF THE NOTES OFFERED HEREBY.

A PROSPECTIVE TRANSFEREE OF THE NOTES OR ANY INTEREST THEREIN MUST REPRESENT (AND SHALL BE DEEMED TO REPRESENT) THAT EITHER: (I) IT IS NOT AND IS NOT ACTING ON BEHALF OF, OR USING THE ASSETS OF (A) AN "EMPLOYEE BENEFIT PLAN," AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN," AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**INTERNAL REVENUE CODE**"), THAT IS SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE, (C) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (WITHIN THE MEANING OF DEPARTMENT OF LABOR REGULATION 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA) OR (D) ANY GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN THAT IS SUBJECT TO ANY NON-U.S., FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE ("**SIMILAR LAW**") OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE ASSETS OF ANY SUCH PLAN, OR (II) (A) THE TRANSFEREE IS ACQUIRING CLASS A NOTES, CLASS B NOTES OR CLASS C NOTES, (B) ITS ACQUISITION, CONTINUED HOLDING AND DISPOSITION OF SUCH NOTES (OR ANY INTEREST THEREIN) WILL NOT GIVE RISE TO A FIDUCIARY BREACH OR NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE OR RESULT IN A NONEXEMPT PROHIBITED TRANSACTION OR VIOLATION OF ANY SIMILAR LAW AND (C) CERTAIN OTHER REQUIREMENTS ARE SATISFIED IF APPLICABLE AS FORTH IN THE INDENTURE.

THE NOTES MAY NOT BE SOLD IN THIS INITIAL OFFERING WITHOUT DELIVERY OF A FINAL PRIVATE PLACEMENT MEMORANDUM.

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THIS PRIVATE PLACEMENT MEMORANDUM IS PERSONAL TO EACH OFFEREE AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON OR TO THE PUBLIC GENERALLY TO SUBSCRIBE FOR OR OTHERWISE ACQUIRE THE NOTES. THIS PRIVATE PLACEMENT MEMORANDUM IS HIGHLY CONFIDENTIAL AND HAS BEEN PREPARED SOLELY FOR USE IN CONNECTION WITH THE PROPOSED PRIVATE PLACEMENT OF THE NOTES DESCRIBED HEREIN. DISTRIBUTION OF THIS PRIVATE PLACEMENT MEMORANDUM OR ANY OF THE DOCUMENTS REFERRED TO HEREIN TO ANY PERSON OTHER THAN THE OFFEREE AND THOSE PERSONS, IF ANY, RETAINED TO ADVISE SUCH OFFEREE WITH RESPECT THERETO IS UNAUTHORIZED, AND ANY DISCLOSURE OF ANY OF THE CONTENTS THEREOF OR HEREOF WITHOUT THE PRIOR WRITTEN CONSENT OF THE DEPOSITOR IS PROHIBITED. EACH PROSPECTIVE PURCHASER, BY ACCEPTING DELIVERY OF THIS PRIVATE PLACEMENT MEMORANDUM, AGREES TO THE FOREGOING AND THAT IT WILL NOT MAKE ANY COPIES OF, NOR FORWARD, THIS PRIVATE PLACEMENT MEMORANDUM OR ANY DOCUMENTS REFERRED TO HEREIN AND, IF THE OFFEREE DOES NOT PURCHASE ANY NOTES OR THIS OFFERING IS TERMINATED, TO RETURN TO THE DEPOSITOR THIS PRIVATE PLACEMENT MEMORANDUM, AND ALL DOCUMENTS DELIVERED HERewith.

THIS PRIVATE PLACEMENT MEMORANDUM HAS BEEN PREPARED BY THE DEPOSITOR SOLELY FOR USE IN CONNECTION WITH THE SALE OF THE NOTES. THE DEPOSITOR HAS PREPARED THIS PRIVATE PLACEMENT MEMORANDUM BASED ON INFORMATION PROVIDED BY IT AND VARIOUS OTHER SOURCES THAT IT BELIEVES ARE RELIABLE, BUT IT CANNOT ASSURE YOU THAT ANY INFORMATION PROVIDED BY OTHER SOURCES IS ACCURATE OR COMPLETE. NONE OF THE ISSUER, THE SELLER, THE DEPOSITOR, THE SERVICER, THE SUBSERVICERS, THE ADMINISTRATOR, THE BACK-UP SERVICER, THE NOTE REGISTRAR, THE INDENTURE TRUSTEE, THE OWNER TRUSTEE, THE INITIAL PURCHASERS OR ANY OF THEIR RESPECTIVE AFFILIATES MAKES ANY REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN AND NOTHING HEREIN SHALL BE DEEMED TO CONSTITUTE SUCH A REPRESENTATION OR WARRANTY BY ANY SUCH PERSON OR ANY PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE ISSUER, THE SERVICER, THE SUBSERVICERS, THE ADMINISTRATOR, THE SELLER OR THE LOANS.

INVESTORS INTERESTED IN PARTICIPATING IN THIS OFFERING SHOULD CONDUCT AN INDEPENDENT INVESTIGATION OF THE RISKS POSED BY AN INVESTMENT IN THE NOTES. REPRESENTATIVES OF THE DEPOSITOR WILL BE AVAILABLE TO ANSWER QUESTIONS CONCERNING THE LOANS AND WILL, UPON REQUEST, MAKE AVAILABLE SUCH OTHER INFORMATION AS INVESTORS MAY REASONABLY REQUEST.

THE APPROPRIATE CHARACTERIZATION OF THE NOTES UNDER VARIOUS LEGAL INVESTMENT RESTRICTIONS, AND THUS THE ABILITY OF INVESTORS SUBJECT TO THESE RESTRICTIONS TO PURCHASE SUCH NOTES, IS SUBJECT TO SIGNIFICANT INTERPRETIVE UNCERTAINTIES. ACCORDINGLY, INVESTORS WHOSE INVESTMENT AUTHORITY IS SUBJECT TO LEGAL RESTRICTIONS SHOULD CONSULT THEIR OWN LEGAL ADVISORS TO DETERMINE WHETHER AND TO WHAT EXTENT THE NOTES CONSTITUTE LEGAL INVESTMENTS FOR THEM.

## **FORWARD-LOOKING STATEMENTS**

THIS PRIVATE PLACEMENT MEMORANDUM CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT. IN ADDITION, CERTAIN STATEMENTS MADE IN PRESS RELEASES AND IN ORAL AND WRITTEN STATEMENTS BY OR WITH THE DEPOSITOR'S APPROVAL MAY CONSTITUTE FORWARD-LOOKING STATEMENTS. SPECIFICALLY, FORWARD-LOOKING STATEMENTS, TOGETHER WITH RELATED QUALIFYING LANGUAGE AND ASSUMPTIONS, ARE FOUND IN THE MATERIAL (INCLUDING TABLES) UNDER THE HEADINGS "SUMMARY INFORMATION," "RISK FACTORS," "PREPAYMENT AND YIELD CONSIDERATIONS" AND "USE OF PROCEEDS." FORWARD-LOOKING STATEMENTS ARE ALSO FOUND IN OTHER PLACES THROUGHOUT THIS PRIVATE PLACEMENT MEMORANDUM, AND MAY IN SOME CASES BE IDENTIFIED BY, AMONG OTHER THINGS, ACCOMPANYING LANGUAGE SUCH AS "EXPECTS," "INTENDS," "ANTICIPATES," "ESTIMATES," "PROJECTS," "CONTINUES," "COULD," "SHOULD," 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. THESE RISKS, UNCERTAINTIES AND OTHER FACTORS INCLUDE, AMONG OTHERS, GENERAL ECONOMIC AND BUSINESS CONDITIONS, AN INCREASE IN DELINQUENCIES (INCLUDING INCREASES DUE TO WORSENING OF ECONOMIC CONDITIONS), CHANGES IN POLITICAL, SOCIAL AND ECONOMIC CONDITIONS, REGULATORY INITIATIVES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, CUSTOMER PREFERENCE AND VARIOUS OTHER MATTERS, MANY OF WHICH ARE BEYOND THE CONTROL OF THE ISSUER, THE DEPOSITOR, THE SELLER, THE SERVICER, THE SUBSERVICERS, THE ADMINISTRATOR AND THEIR RESPECTIVE AFFILIATES.

SUCH FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS PRIVATE PLACEMENT MEMORANDUM. NONE OF THE ISSUER, THE DEPOSITOR, THE SERVICER, THE INITIAL PURCHASERS 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.

ALTHOUGH WE HAVE ATTEMPTED TO IDENTIFY IMPORTANT FACTORS THAT COULD CAUSE ACTUAL ACTIONS, EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE DESCRIBED IN THE FORWARD-LOOKING STATEMENTS (INCLUDING THOSE IN THE "RISK FACTORS" SECTION CONTAINED HEREIN), THERE MAY BE OTHER FACTORS THAT CAUSE SUCH ACTIONS, EVENTS OR RESULTS TO DIFFER FROM THOSE ANTICIPATED, ESTIMATED OR INTENDED. ANY INACCURACY IN THE ASSUMPTIONS IDENTIFIED ABOVE MAY ALSO CAUSE ACTUAL ACTIONS, EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE DESCRIBED IN THE FORWARD-LOOKING STATEMENTS. THERE CAN BE NO ASSURANCE THAT SUCH FORWARD-LOOKING STATEMENTS WILL PROVE TO BE ACCURATE, AS ACTUAL RESULTS AND FUTURE EVENTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN SUCH STATEMENTS. ACCORDINGLY, POTENTIAL INVESTORS SHOULD NOT PLACE UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS.

## **IMPORTANT INFORMATION REGARDING OFFERS AND SALES OF THE NOTES**

The 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 Notes, a binding contract of sale will not exist prior to the time that the relevant Class of Notes has been priced and the Initial Purchasers have confirmed the allocation of such 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 Purchasers will not create binding contractual obligations for you or the Initial Purchasers and may be withdrawn at any time. You may commit to purchase one or more classes of Notes that have characteristics that may change, and you are advised that all or a portion of the Notes may not be issued with the characteristics described in this private placement memorandum. The obligation of the Initial Purchasers to sell such Notes to you is conditioned on the Notes having the characteristics described in this private placement memorandum.

If the Initial Purchasers or the Depositor determine that condition is not satisfied in any material respect, you will be notified, and neither the Depositor nor the Initial Purchasers will have any obligation to you to deliver any portion of the Notes that you have committed to purchase, and there will be no liability among the Depositor or the Initial Purchasers and you as a consequence of the non-delivery. Your payment for the Notes will confirm your agreement to the terms and conditions described in this private placement memorandum.

### AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with sales of the Notes, the Issuer will be required to furnish, upon the request of any holder of the Notes, to such holder and a prospective purchaser designated by such holder, the information required to be delivered under Rule 144A(d)(4) under the Securities Act provided such information has been furnished to it by the Depositor. Any such request should be directed to the Indenture Trustee at its Corporate Trust Office.

The Depositor has furnished a Form ABS-15G to the U.S. Securities and Exchange Commission pursuant to Rule 15Ga-2 of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). The Form ABS-15G is available on the SEC’s website at <http://www.sec.gov> under CIK number 0001742262. Notwithstanding the foregoing, this private placement memorandum does not incorporate by reference any documents, portions of documents, exhibits or other information that are deemed to have been filed with the SEC.

### NOTICE TO INVESTORS

*Because of the following restrictions, prospective investors in the Notes are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes.*

Each prospective purchaser of Notes, by accepting delivery of this private placement memorandum, will be deemed to have represented and agreed as follows:

(i) It acknowledges that this private placement memorandum is personal to it and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes other than pursuant to Rule 144A. Distribution of this private placement memorandum, or disclosure of any of its contents to any person other than those persons, if any, retained to advise it with respect thereto and other persons meeting the requirements of Rule 144A, and any disclosure of any of its contents, without the prior written consent of the Issuer or the Depositor, except as expressly permitted in this private placement memorandum with respect to the U.S. federal income tax treatment of the Notes, is prohibited.

(ii) It agrees to make no photocopies of, nor forward, this private placement memorandum or any documents referred to herein and, if it does not purchase any Notes or the offering is terminated, to return this private placement memorandum and all documents referred to herein to the Depositor.

(iii) The Notes are being offered only in the United States to persons that are QIBs, purchasing for their own account or one or more accounts with respect to which they exercise sole investment discretion, each of which is a QIB, in transactions exempt from the registration requirements of the Securities Act. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except (i) as permitted under the Securities Act in accordance with Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, (ii) pursuant to the requirements of, or an exemption under, applicable state securities laws and (iii) in accordance with the other restrictions on transfer set forth in the Indenture and described below, as specified under the heading “*Restrictions on Transfer*” in this private placement memorandum. The Indenture will provide that no transfer of any Note will be registered by the Note Registrar unless certain required certifications are provided to the Note Registrar, at the expense of the transferor and transferee, with respect to their compliance with the foregoing restrictions, among others. Investors transferring interests in the Notes will be deemed to have made such certifications. The Indenture provides that transfers that do not meet the foregoing requirements will be void *ab initio*.

(iv) It acknowledges that the Notes are new securities and there is currently no established market for the Notes, and there is no assurance that any market for the Notes will develop, and thus it may be required to bear the financial risks of its investment for an indefinite period of time.

(v) Pursuant to the Indenture, no sale, pledge or other transfer of any Note or any beneficial interest therein may be made by any person unless such sale, pledge or other transfer is exempt from the registration and/or qualification requirements of the Securities Act or is otherwise made in accordance with the Securities Act and state securities laws. Any holder of a Note desiring to effect a transfer of such Note or any beneficial interest therein will, by acceptance thereof, be deemed to have agreed to indemnify the Issuer, the Depositor, the Note Registrar and the Indenture Trustee against any liability that may result if the transfer is not exempt from the registration requirements of the Securities Act or is not made in accordance with such applicable federal and state laws and the Indenture. None of the Seller, the Depositor, the Issuer, the Servicer, the Subservicers, the Administrator, the Back-up Servicer, the Note Registrar, the Initial Purchasers, the Indenture Trustee, the Owner Trustee or any of their respective Affiliates will be required to register the Notes under the Securities Act, qualify the Notes under the securities laws of any state, or provide registration rights to any purchaser.

(vi) Pursuant to the Indenture, the transferee or owner of a beneficial interest in any Note will be deemed to have made certain representations regarding ERISA. See “*ERISA Considerations*” in this private placement memorandum. In addition, pursuant to the Indenture, each transferee or owner of a beneficial interest in the Notes will be required to provide the appropriate Internal Revenue Service Form W-9 or Internal Revenue Service Form W-8 (or applicable successor form), as applicable, as required by the Indenture.

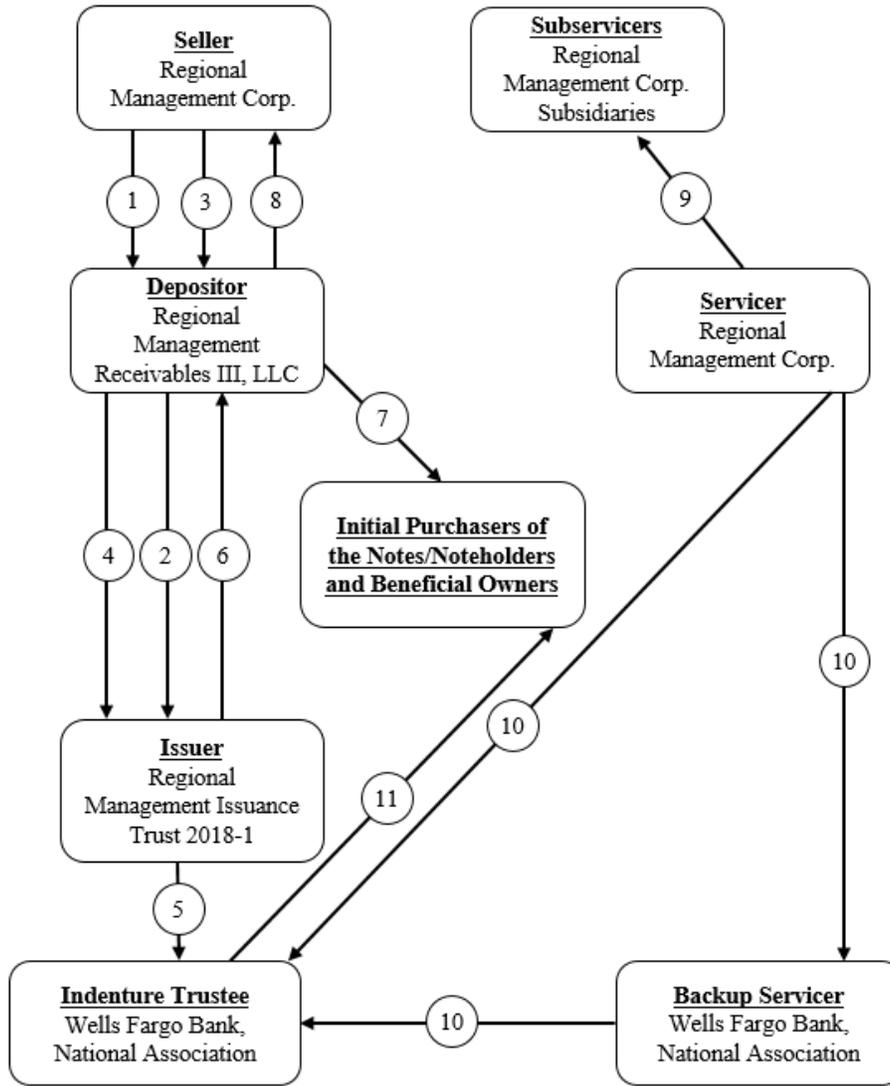
**NOTES TABLE**

**REGIONAL MANAGEMENT ISSUANCE TRUST 2018-1,  
ASSET-BACKED NOTES**

<b>Class of Notes</b>	<b>Initial Note Balance</b>	<b>Interest Rate</b>	<b>Minimum Denomination</b>	<b>Incremental Denominations</b>	<b>Stated Maturity Date</b>	<b>DBRS Rating<sup>(1)</sup></b>
Class A	\$ 129,770,000	3.83%	\$100,000	\$1,000	July 15, 2027	AA
Class B	\$ 9,270,000	4.28%	\$100,000	\$1,000	July 15, 2027	A
Class C	\$ 10,960,000	4.87%	\$100,000	\$1,000	July 15, 2027	BBB

- (1) The Notes will not be issued unless each Class of Notes receives at least the ratings set forth in this table from DBRS. See “Ratings” in this private placement memorandum.

**TRANSACTION DIAGRAM**



1. Regional Management Corp. forms the Depositor.
2. The Depositor forms the Issuer.
3. Regional Management Corp. sells all of its rights, title and interest in the Initial Loans and in the 2018-1A SUBI Certificate representing a beneficial interest in the 2018-1A SUBI Loans (as such terms are defined herein) directly to the Depositor on the Closing Date and, from time to time thereafter during the Revolving Period (as defined herein), may sell additional personal loans to the Depositor and/or cause the allocation of additional 2018-1A SUBI Loans (as defined herein) to the 2018-1A SUBI. For further detail, see “*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases*” in this private placement memorandum.
4. The Depositor conveys all of the Initial Loans (other than the 2018-1A SUBI Loans) and the 2018-1A SUBI Certificate to the Issuer on the Closing Date and, from time to time thereafter during the Revolving Period, may convey additional personal loans to the Issuer. For further detail, see “*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases*” in this private placement memorandum.
5. The Issuer pledges the Initial Loans (other than the 2018-1A SUBI Loans) and the 2018-1A SUBI Certificate representing a beneficial interest in the 2018-1A SUBI Loans, any Additional Loans acquired after the Closing

Date and certain other assets to the Indenture Trustee to secure the Notes. For further detail, see “*Description of the Notes*” in this private placement memorandum.

6. On the Closing Date, the Issuer transfers the Notes and an equity interest in the Issuer (in the form of the Trust Certificate) to the Depositor in consideration for the Initial Loans (other than the 2018-1A SUBI Loans) and the 2018-1A SUBI Certificate. The Trust Certificate will be retained by the Depositor; however, the Trust Certificate may be transferred in whole or in part after the Closing Date in accordance with the terms of the Trust Agreement; *provided* that no such transfer may cause non-compliance with Regulation RR (as defined herein). For further detail, see “*The Trust Agreement*” and “*Credit Risk Retention*” in this private placement memorandum. From time to time after the Closing Date, the Issuer may sell or otherwise convey Additional Loans to the Depositor. For further detail, see “*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases*” in this private placement memorandum.
7. The Depositor sells the Purchased Notes to the Initial Purchasers in return for cash. Notes that are not sold to the Initial Purchasers are retained by the Depositor or conveyed to an Affiliate.
8. The Depositor transfers to the Seller the cash from the sale of the Purchased Notes as partial consideration for the Initial Loans and the 2018-1A SUBI Certificate. The remainder of the consideration is deemed a capital contribution. In the event that the Depositor purchases Additional Loans from the Seller after the Closing Date, the Depositor will use a combination of cash proceeds received from the sale of such Additional Loans to the Issuer and cash on hand, if any, from any capital contributions from its parent. In the event that Additional Loans are allocated to the 2018-1A SUBI after the Closing Date, the Servicer will cause such allocations in accordance with the 2018-1A SUBI Supplement. For further detail, see “*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases*” in this private placement memorandum.
9. The Subservicers subservice the Loans and remit any principal and interest collections on the Loans to the Servicer for deposit into the Collection Account as described under “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Payments on Loans; Collection Account; Intercreditor Accounts*” in this private placement memorandum.
10. The Servicer services the Loans and receives principal and interest collections from the Subservicers and remits them to the Collection Account. In the event that the Servicer is terminated after a Servicer Default or resigns (other than in connection with an assignment permitted under the terms of the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement), the Back-up Servicer will service the Loans, including collecting payments on the Loans and remitting them to the Collection Account. For further detail, see “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing of Loans*” and “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Payments on Loans; Collection Account; Intercreditor Accounts*” in this private placement memorandum.
11. On each Payment Date, the Indenture Trustee uses the remittance from the Servicer (or the Back-up Servicer, if applicable) to make payments on the Notes pursuant to the payment priorities described under “*Description of the Notes—Priority of Payments*” in this private placement memorandum.

## SUMMARY INFORMATION

**This summary highlights selected information from this private placement memorandum, but it does not contain all of the information that you should consider in making your investment decision. Please read this entire private placement memorandum carefully for additional detailed information about the Notes.**

## THE NOTES

Regional Management Issuance Trust 2018-1, Asset-Backed Notes.

### Classes

Class A Notes, Class B Notes and Class C Notes (the Class A Notes, Class B Notes and Class C Notes, collectively, the “Notes”).

## RELEVANT PARTIES

### Issuer

Regional Management Issuance Trust 2018-1, a Delaware statutory trust (the “Issuer”).

### Regional Originators

As of the Closing Date, the Loans were originated by Regional Finance Corporation of Alabama, an Alabama corporation, Regional Finance Company of Georgia, LLC, a Delaware limited liability company, Regional Finance Company of New Mexico, LLC, a Delaware limited liability company, Regional Finance Corporation of North Carolina, a North Carolina corporation (“**Regional North Carolina**”), Regional Finance Company of Oklahoma, LLC, a Delaware limited liability company, Regional Finance Corporation of South Carolina, a South Carolina corporation, Regional Finance Corporation of Tennessee, a Tennessee corporation, Regional Finance Corporation of Texas, a Texas corporation, and Regional Finance Company of Virginia, LLC, a Delaware limited liability company (each, a “**Regional Originator**” and, collectively, the “**Regional Originators**”). From time to time after the Closing Date, prior to the end of the Revolving Period, additional Affiliates of Regional Management may become “Regional Originators” provided that the Rating Agency Notice Requirement is satisfied.

### Seller

Regional Management Corp. (“**Regional Management**” or the “**Seller**”), a Delaware corporation, acquired certain Loans directly from Regional Management Receivables II, LLC, a Delaware limited liability company, and a wholly-owned special purpose subsidiary of Regional Management (the “**Warehouse Borrower**”) pursuant to the Purchase Agreement, and the 2018-1A SUBI Certificate (which represents a beneficial interest in certain Loans) from Regional North Carolina pursuant

to the SUBI Certificate Purchase Agreement. The Loans were previously acquired by Regional Management from the Regional Originators and were sold directly by Regional Management to the Warehouse Borrower in connection with Regional Management’s Warehouse Facility (except for the Loans that were originated by Regional North Carolina (such Loans, the “**North Carolina Loans**”), which were contributed to the North Carolina Trust by Regional North Carolina and the beneficial ownership in which is represented by the 2018-1A SUBI Certificate that was sold by Regional North Carolina to Regional Management as described under “—*The Loans and the 2018-1A SUBI Certificate*”).

### North Carolina Trust

Regional Management North Carolina Receivables Trust, a Delaware statutory trust (formerly known as Regional Management North Carolina Receivables Trust 2017-1) (the “**North Carolina Trust**”), was formed June 16, 2017, for the purpose of holding the North Carolina Loans that are from time to time contributed by Regional North Carolina to the North Carolina Trust pursuant to the Transfer and Contribution Agreement.

### Administrator

Regional Management will be the administrator of the Issuer and the North Carolina Trust (solely with respect to the 2018-1A SUBI) and, in such capacity, will provide administrative and ministerial services for the Issuer and the North Carolina Trust as provided in the Administration Agreement. See “*The Administration Agreement*” in this private placement memorandum.

### Servicer and Custodian

Regional Management, in its capacity as servicer (in such capacity, the “**Servicer**”), will be responsible for servicing the Loans pursuant to the Sale and Servicing Agreement and, in the case of the 2018-1A SUBI Loans, pursuant to the 2018-1A SUBI Servicing Agreement. Regional Management, together with the Subservicers, is referred to herein as “**Regional**.” See “*The Servicer and the Custodian*,” “*The Sale and Servicing Agreement and the Back-up Servicing Agreement*” and “*The North Carolina Trust Documents*” in this private placement memorandum.

The Servicer will act as custodian (in such capacity, the “**Custodian**”) pursuant to the Sale and Servicing Agreement, and will hold directly or through the applicable Subservicer (acting as subcustodian) the

Contracts relating to each Loan. See “*Risk Factors—Risks Relating to the Notes—There are risks to Noteholders because the Contracts will be held by the Servicer or Subservicer and not by any Secured Party.*”

### **Subservicers**

The Regional Originators will act as subservicers with respect to the Loans (each, a “**Subservicer**” and collectively, the “**Subservicers**”). A Subservicer will act generally as Subservicer solely with respect to the Loans that it has originated. See “*The Regional Originators and Subservicers,*” “*The Servicer and the Custodian*” and “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing of Loans*” in this private placement memorandum.

### **Back-up Servicer**

Wells Fargo Bank, National Association, a national banking association, will act as back-up servicer (in such capacity, the “**Back-up Servicer**”) under the Back-up Servicing Agreement. The Back-up Servicer will become successor servicer if Regional Management is terminated by the Indenture Trustee as servicer for any reason or if Regional Management resigns as servicer (other than in connection with an assignment permitted under the terms of the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement), in either case, in accordance with the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement. See “*The Back-up Servicer and the Image File Custodian,*” “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicer Defaults,*” “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Rights Upon Servicer Default,*” “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Resignation of the Servicer*” and “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Assumption of Servicing by the Back-up Servicer*” in this private placement memorandum.

### **Depositor**

Regional Management Receivables III, LLC, a Delaware limited liability company, and a wholly-owned special purpose subsidiary of Regional Management, is the depositor (the “**Depositor**”). The Depositor will acquire the Loans (other than the 2018-1A SUBI Loans) and the 2018-1A SUBI Certificate from the Seller pursuant to the Loan Purchase Agreement and sell or otherwise convey the Loans and the 2018-1A SUBI Certificate to the Issuer pursuant to

the Sale and Servicing Agreement. The Depositor will be the initial holder of the Issuer’s trust certificate. The Depositor is expected to act as “depositor” in other personal loan securitizations sponsored by Regional Management. See “*The Depositor*” in this private placement memorandum.

### **Indenture Trustee and Note Registrar**

Wells Fargo Bank, National Association, a national banking association, will act as indenture trustee (in such capacity, the “**Indenture Trustee**”) and note registrar (in such capacity, the “**Note Registrar**”). See “*The Indenture Trustee*” and “*The Indenture—Compensation of the Indenture Trustee; the Account Bank and the Note Registrar; Indemnification*” and “*The Indenture—Resignation and Removal of the Indenture Trustee*” in this private placement memorandum.

### **Owner Trustee and North Carolina Trustees**

Wilmington Trust, National Association, a national banking association, will act as Owner Trustee for the Issuer and will act as the “**UTI Trustee,**” the Delaware Trustee,” the “**Administrative Trustee,**” and the “**2018-1A SUBI Trustee**” (collectively, in such capacities with respect to the North Carolina Trust, the “**North Carolina Trustees**”). See “*The Owner Trustee and the North Carolina Trustees*” in this private placement memorandum.

### **Image File Custodian**

Wells Fargo Bank, National Association will act as image file custodian (in such capacity, the “**Image File Custodian**”) under the Back-up Servicing Agreement. The Image File Custodian will review each document within each Imaged File delivered by the Servicer or the applicable Subservicer to determine whether such Imaged File is fully executed and appears to relate to the applicable Loan specified by such Servicer or Subservicer in connection with such delivery. Additionally, the Image File Custodian generally will retain an electronic copy of each Imaged File for each Loan on its information technology systems. See “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Imaging of Loan Files*” in this private placement memorandum.

## **THE LOANS AND THE 2018-1A SUBI CERTIFICATE**

The large personal loans (each, a “**Loan**” and, collectively, “**Loans**”) transferred to the Issuer by the Depositor or, in the case of the North Carolina Loans,

allocated to the 2018-1A SUBI the beneficial interest of which is represented by the 2018-1A SUBI Certificate that was transferred to, and issued in the name of, the Issuer, on the Closing Date, and any Loans subsequently transferred to the Issuer or, in the case of the North Carolina Loans, subsequently allocated to the 2018-1A SUBI, will be non-revolving, hard secured and soft secured fixed-rate large personal loans, extended to Loan Obligor directly by the Regional Originators.

The Seller will represent that the Loans transferred by the Seller to the Depositor (or, in the case of the North Carolina Loans, the Servicer will represent that the North Carolina Loans allocated to the 2018-1A SUBI by the Servicer in accordance with the 2018-1A SUBI Supplement) on the Closing Date, and the Loans transferred by the Seller to the Depositor (or in the case of the North Carolina Loans, the Servicer will represent that the North Carolina Loans allocated to the 2018-1A SUBI by the Servicer in accordance with the 2018-1A SUBI Supplement) after the Closing Date, were originated by the related Regional Originator in all material respects in accordance with the Credit and Collection Policy as in effect at the time such Loan was originated. See *“Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases”* in this private placement memorandum.

With respect to a Precompute Loan, during periods in which interest thereon is earned on an accrual basis but remains unpaid by the Loan Obligor, the Loan Principal Balance with respect to such Precompute Loan will increase (and such increase will not earn additional interest) due to the continuing accrual of earned interest. During such periods, the amount of credit enhancement being provided with respect to Precompute Loans for the Notes will be negatively affected. See *“Description of the Loans—General”* and *“Risk Factors—Risk Relating to the Notes—The credit enhancements may be inadequate, including as the result of the method of calculation of Loan Principal Balance with respect to Precompute Loans”* in this private placement memorandum. As of the Initial Cut-Off Date, the Loan Pool includes 26,596 Precompute Loans, which constitutes approximately 70.85% of the aggregate principal balance of all Loans in the Loan Pool.

On the Closing Date, a “special unit of beneficial interest,” which is also called a “SUBI,” will be created under the North Carolina Trust, and there will be allocated to such SUBI (the “**2018-1A SUBI**”) certain North Carolina Loans. Each North Carolina

Loan allocated to the 2018-1A SUBI will be selected based on the eligibility criteria specified in the transaction documents. The 2018-1A SUBI will be represented by a SUBI Certificate (the “**2018-1A SUBI Certificate**”) which evidences a beneficial interest in the North Carolina Loans and related assets allocated to the 2018-1A SUBI on or after the Closing Date (the North Carolina Loans allocated to the 2018-1A SUBI from time to time referred to herein as “**2018-1A SUBI Loans**”). Pursuant to the SUBI Certificate Purchase Agreement to be dated as of the Closing Date (the “**SUBI Certificate Purchase Agreement**”), by and between Regional North Carolina and Regional Management, Regional North Carolina will sell all of its rights, title and interest in the 2018-1A SUBI Certificate to Regional Management on the Closing Date. Pursuant to the Loan Purchase Agreement, Regional Management will sell all of its rights, title and interest in the 2018-1A SUBI Certificate to the Depositor on the Closing Date. Pursuant to the Sale and Servicing Agreement, the Depositor will sell all of its rights, title and interest in the 2018-1A SUBI Certificate to the Issuer, and the Issuer will grant a security interest in such 2018-1A SUBI Certificate to the Indenture Trustee pursuant to the Indenture. The 2018-1A SUBI Certificate will evidence an indirect beneficial interest, rather than a direct ownership interest, in the related 2018-1A SUBI Loans and related 2018-1A SUBI Assets and will entitle the Issuer to all payments made in respect of the 2018-1A SUBI Loans and other 2018-1A SUBI Assets.

#### **CUT-OFF DATE**

The Initial Cut-Off Date for the transaction will be the close of business on May 31, 2018. The cut-off date with respect to any other Additional Loans added as Loans during the Revolving Period will be the date specified in the related Additional Loan Assignment (as defined herein) (which is expected to be the close of business on the last day of the Collection Period immediately preceding the related Addition Date, unless otherwise specified). All payments received in respect of the Loans after the applicable cut-off date will be assets of the Issuer.

#### **INITIAL LOAN POOL**

As of the Initial Cut-Off Date, the aggregate loan principal balance of the Loans was \$168,540,824.89. Normal collection activity with respect to the Loans following the Initial Cut-Off Date (including, without limitation, payments received on the Loans and delinquency experience) will be for the account of the Issuer. The characteristics of the pool of Loans

(including the 2018-1A SUBI Loans, the “**Loan Pool**”) on the Initial Cut-Off Date may vary from the characteristics of the Loan Pool transferred to the Issuer on the Closing Date as a result of normal collection activity. All of the Loans were selected from a portfolio of large personal loans of the Regional Originators that were financed under the Warehouse Facility in order to create the Loan Pool that, as of the Initial Cut-Off Date, was consistent with the parameters that must be maintained in order to avoid the occurrence of a Reinvestment Criteria Event while at the same time meeting the applicable conditions for transfer under the Warehouse Facility, including that no borrowing base deficiency or other default or event of default or facility amortization event will occur thereunder as a result of the Loans being sold to the Depositor. See “*Description of the Loans—Loan Pool Data—Collateral—Loan Pool Characteristics*” in this private placement memorandum.

#### **CLOSING DATE**

On or about June 28, 2018.

#### **PAYMENT DATES**

The 15th day of each month, or the immediately following Business Day if the 15th day is not a Business Day, commencing on August 15, 2018 (the “**Initial Payment Date**”).

#### **COLLECTION PERIOD**

The collection period for the Initial Payment Date is the period from but excluding the Initial Cut-Off Date through and including the last day of the calendar month immediately preceding such Initial Payment Date. The collection period for any subsequent Payment Date is the calendar month immediately preceding such Payment Date.

#### **REVOLVING PERIOD TERMINATION DATE**

The Revolving Period is scheduled to end on the close of business on June 30, 2020 (the “**Revolving Period Termination Date**”).

#### **OPTIONAL CALL DATE**

The Notes may be redeemed by the Issuer on any Payment Date on or after the Payment Date occurring in July 2020.

#### **STATED MATURITY DATE**

For all Classes of Notes, July 15, 2027.

#### **RECORD DATE**

The record date for each Payment Date will be the last Business Day of the calendar month immediately preceding the calendar month during which such Payment Date occurs; provided, that the first Record Date shall be the Closing Date (the “**Record Date**”).

#### **AFFILIATIONS**

The Regional Originators, the Seller, the Servicer, the Subservicers, the Administrator, the Depositor and the Issuer are Affiliates. In addition, Affiliates of the Depositor may also enter into warehouse facilities or other securitization transactions to finance large personal loans of the same type as the Loans transferred to the Issuer in connection with this transaction. Notes may be held by the Depositor or Affiliates of the Depositor. Wilmington Trust, National Association is the UTI Trustee, 2018-1A SUBI Trustee, Delaware Trustee and Administrative Trustee of the North Carolina Trust and the Owner Trustee of the Issuer. Wells Fargo Bank, National Association will serve as the Indenture Trustee, the Back-up Servicer and the Image File Custodian. Regional Management and the Regional Originators are party to the ABL Facility as borrowers thereunder. Wells Fargo Securities, LLC is the administrative agent under the Term Loan and is one of the Initial Purchasers. Wells Fargo Bank, National Association is a lender under the Term Loan, the Warehouse Facility and the ABL Facility and is also an Affiliate of one of the Initial Purchasers. Wells Fargo Bank, National Association is the administrative agent, account bank, image file custodian and back-up servicer under the Warehouse Facility, the account bank, collateral custodian and back-up servicer under the Term Loan and is also an Affiliate of one of the Initial Purchasers. Credit Suisse AG, New York Branch is the structuring and syndication agent under the Warehouse Facility and Credit Suisse AG, Cayman Islands Branch is a lender under the Warehouse Facility and each is an Affiliate of one of the Initial Purchasers. See “*Risk Factors—Risks Relating to the Counterparties—Potential conflicts of interest exist relating to the Initial Purchasers, including with respect to the Warehouse Facility*” in this private placement memorandum.

## DESCRIPTION OF NOTES

A summary chart of the initial Note Balances, the interest rate, minimum denominations, incremental denominations, stated maturity date and rating of the Notes is set forth in the Notes Table on page 7 of this private placement memorandum. The Notes will be issued and offered in book-entry form through DTC for the account of its respective participants, against payment in immediately available funds.

The Issuer will also issue a non-interest bearing certificate which represents an equity interest in the Issuer and is not being offered by this private placement memorandum. Such certificate is referred to herein as the “**Trust Certificate**.” The holder of the Trust Certificate will be entitled on each Payment Date only to amounts remaining after payments on the Notes, payments of Issuer expenses and other required allocations or distributions on such Payment Date pursuant to the Priority of Payments. The Depositor will be the initial holder of the Trust Certificate as of the Closing Date; however, the Trust Certificate may be transferred in whole or in part after the Closing Date in accordance with the terms of the Trust Agreement. See “*The Trust Agreement*” and “*Credit Risk Retention*” in this private placement memorandum.

### Form of Notes; Denominations

Beneficial interests in the Notes will be represented by one or more permanent global Notes in fully registered form without coupons, each deposited with the Indenture Trustee as custodian for, and registered in the name of, a nominee of DTC. Beneficial interests in each such global Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants.

Except as described herein and in the Indenture, the Global Notes described above will not be exchanged for Definitive Notes in registered form. See “*Restrictions on Transfer*” in this private placement memorandum.

The secondary market for the Notes is limited to QIBs and there can be no assurance that a secondary market will develop or, if it does develop, that it will offer sufficient liquidity of investment or will continue.

The Notes will be issued in the minimum denominations and the incremental denominations set forth in the Notes Table. The Notes are not intended to be directly or indirectly held or beneficially owned by

anyone in amounts lower than such minimum denominations.

### Payments—General

As more fully described herein, (i) payments of interest on the Class A Notes, the Class B Notes and the Class C Notes, respectively, will be made on each Payment Date in accordance with the Priority of Payments from collections from, and other amounts obtained in respect of, the Loans received during the applicable Collection Period (other than amounts permitted to be retained by the Servicer in respect of Servicing Fees), together with any funds on deposit in the Reserve Account and, during the Revolving Period, the Principal Distribution Account (as defined herein), including any investment earnings in each of the Note Accounts, in each case as of the commencement of such Payment Date (collectively, the “**Available Funds**” for such Payment Date) and (ii) after the termination or expiration of the Revolving Period, payments of the principal of the Notes will be made on each Payment Date from amounts on deposit in the Principal Distribution Account (as on deposit as of the end of the Revolving Period or deposited therein on such Payment Date in accordance with the Priority of Payments from Available Funds). See “*Description of the Notes—Priority of Payments*” and “*Description of the Notes—Interest Payments and Principal Payments—Principal Payments*” in this private placement memorandum.

### Interest Payments

On each Payment Date, interest will be paid to the Noteholders from Available Funds as described below under “*—Priority of Payments*” and under “*Description of the Notes—Priority of Payments*” in this private placement memorandum.

Interest will accrue on each Class of Notes during the period beginning on and including the immediately preceding Payment Date and ending on but excluding the current Payment Date or, with respect to the first Payment Date, the period from and including the Closing Date, to but excluding such first Payment Date (each such period, an “**Interest Period**”). Interest will be calculated on the Class A Notes, the Class B Notes and the Class C Notes on the basis of a 360-day year comprised of twelve 30-day months (or in the case of the Initial Payment Date, the number of days from (and including) the Closing Date to (but excluding) such Payment Date). Accrued and unpaid interest on the Notes will be paid in accordance with the Priority of Payments.

See “*Description of the Notes—Priority of Payments*” and “*Description of the Notes—Interest Payments and Principal Payments—Interest Payments*” in this private placement memorandum.

### **Interest Rates**

The “**Interest Rate**” for each Class of Notes and each Payment Date will be a per annum rate equal to the related fixed-rate as set forth in the Notes Table.

See “*Description of the Notes—Interest Payments and Principal Payments—Interest Payments*” in this private placement memorandum.

### **Reserve Account**

The Notes will have the benefit of a reserve account (the “**Reserve Account**”) to be established by the Servicer, for the benefit of the Noteholders, with the Indenture Trustee on or before the Closing Date. On the Closing Date, the Depositor will remit an amount equal to \$1,685,408.25 (the “**Reserve Account Required Amount**”) to the Indenture Trustee for deposit to the Reserve Account. On each Payment Date, amounts on deposit in the Reserve Account as of the commencement of such Payment Date will be applied as Available Funds in accordance with the Priority of Payments. On each Payment Date, funds in an amount up to the Reserve Account Required Amount will be remitted to the Indenture Trustee for deposit to the Reserve Account to the extent available in accordance with the Priority of Payments. See “*Description of the Notes—Reserve Account*” in this private placement memorandum.

### **Principal Distribution Account**

The Servicer, for the benefit of the Noteholders, will establish the Principal Distribution Account with the Indenture Trustee on or before the Closing Date. On each Payment Date during the Revolving Period, amounts on deposit in the Principal Distribution Account as of the commencement of such Payment Date will be applied as Available Funds in accordance with the Priority of Payments. On each Payment Date, funds will be remitted to the Indenture Trustee for deposit to the Principal Distribution Account to the extent available in accordance with the Priority of Payments. See “*The Indenture—Collection Account; Principal Distribution Account*” in this private placement memorandum. On any Payment Date during the Revolving Period, any funds so remitted may be used to pay all or a portion of the purchase price for Additional Loans so long as no Reinvestment Criteria Event is continuing. See “*Description of the*

*Loans—Loan Actions*” in this private placement memorandum. Any amounts remaining on deposit in the Principal Distribution Account on any Payment Date during the Revolving Period after giving effect to the distributions to be made on such Payment Date pursuant to the Indenture and any Loan Actions made on such Payment Date shall remain on deposit therein until the next succeeding Payment Date.

On each Payment Date during the amortization period, amounts on deposit in the Principal Distribution Account will be distributed by the Indenture Trustee as follows:

- *first*, to the Class A Noteholders in reduction of the Class A Note Balance, until the Class A Note Balance has been reduced to zero;
- *second*, to the Class B Noteholders in reduction of the Class B Note Balance, until the Class B Note Balance has been reduced to zero; and
- *third*, to the Class C Noteholders in reduction of the Class C Note Balance, until the Class C Note Balance has been reduced to zero.

### **Principal Payments**

*Revolving Period.* No payments of principal of the Notes will be made during the Revolving Period. The Revolving Period will begin on the Closing Date and will end on the earlier of the Revolving Period Termination Date and the close of business on the Business Day immediately preceding the day on which an Early Amortization Event or an Event of Default is deemed to have occurred. If the Revolving Period ends as a result of the occurrence of certain Early Amortization Events, the Revolving Period may, in certain circumstances, be reinstated if the applicable Early Amortization Event is cured, as further described in the definition of “Revolving Period” set forth in the “*Glossary of Terms*” in this private placement memorandum.

*Amortization Period.* The period of time in which the Revolving Period is not continuing is referred to herein as the “amortization period.” On each Payment Date during the amortization period, (i) amounts will be allocated to the Principal Distribution Account as described below under “*—Priority of Payments*” and under “*Description of the Notes—Interest Payments and Principal Payments*” and under “*The Indenture—Collection Account; Principal Distribution Account*” and (ii) principal will be paid to the Notes from amounts on deposit in the Principal Distribution

Account as described above under “—*Principal Distribution Account.*”

### Priority of Payments

On each Payment Date, Available Funds will be applied as follows:

- *first*, to the following in the specified order: (A) first, *pro rata* (based on amounts owing), (1) to the Indenture Trustee, the Account Bank and the Note Registrar, all fees and out-of-pocket expenses due to the Indenture Trustee, the Account Bank or the Note Registrar pursuant to the Indenture, (2) to the Owner Trustee for amounts due to the Owner Trustee pursuant to the Trust Agreement, (3) to the Back-up Servicer, any out-of-pocket expenses of the Back-up Servicer (other than Servicing Transition Costs) reimbursable pursuant to the Back-up Servicing Agreement, if any, that have not been paid by the Servicer, (4) to the Image File Custodian, the Image File Custodian Fee and any out-of-pocket expenses due by the Issuer to the Image File Custodian, (5) to the 2018-1A SUBI Trustee, all fees and out-of-pocket expenses then due by the Issuer to the 2018-1A SUBI Trustee and (6) any costs and expenses then due by the Issuer under the Intercreditor Agreement, to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer’s *pro rata* allocation in accordance with the Intercreditor Agreement; and (B) second, to the Indenture Trustee, the Account Bank, the Note Registrar, the Owner Trustee, the Back-up Servicer, the Image File Custodian, the 2018-1A SUBI Trustee and any other Person entitled thereto (including Wells Fargo solely in its capacity as Third Party Allocation Agent under the Intercreditor Agreement to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer’s *pro rata* allocation in accordance with the Intercreditor Agreement), on a *pro rata* basis (based on amounts owing), any indemnified amounts due and owing to such parties from the Issuer pursuant to any Transaction Document (as defined herein), in an aggregate amount for this clause *first*, not to exceed \$350,000 during any calendar year; *provided*, that such dollar amount limitation shall not apply during the continuation of an Event of Default; *provided further*, for the avoidance of doubt, any amounts due but not paid due to the application of such dollar amount

limitation in a calendar year will be paid in the next succeeding calendar year (subject to such dollar amount limitation for such calendar year);

- *second*, to the Back-up Servicer, (A) an amount equal to the Back-up Servicing Fee for such Payment Date, plus the amount of any Back-up Servicing Fee previously due but not previously paid to the Back-up Servicer; and (B) in the event that a Servicing Transition Period has commenced, an amount equal to the Servicing Transition Costs, if any, not paid by the Servicer pursuant to the Back-up Servicing Agreement; provided, that the aggregate amount paid pursuant to this clause (B) on all Payment Dates shall not exceed \$250,000;
- *third*, to the Servicer, an amount equal to the Servicing Fee for such Payment Date (to the extent not retained by the Servicer as permitted under the Indenture), plus the amount of any Servicing Fee previously due but not previously paid to the Servicer;
- *fourth*, to the Class A Noteholders, an amount equal to the Class A Monthly Interest Amount for such Payment Date, plus the amount of any Class A Monthly Interest Amount previously due but not previously paid to the Class A Noteholders with interest thereon at the Class A Interest Rate;
- *fifth*, an amount equal to the lesser of (A) the First Priority Principal Payment for such Payment Date and (B) all funds remaining after giving effect to the distributions in clauses *first* through *fourth* above, to be deposited into the Principal Distribution Account;
- *sixth*, to the Class B Noteholders, an amount equal to the Class B Monthly Interest Amount for such Payment Date, plus the amount of any Class B Monthly Interest Amount previously due but not previously paid to the Class B Noteholders with interest thereon at the Class B Interest Rate;
- *seventh*, an amount equal to the lesser of (A) the Second Priority Principal Payment for such Payment Date and (B) all funds remaining after giving effect to the distributions in clauses *first* through *sixth* above, to be deposited into the Principal Distribution Account;
- *eighth*, to the Class C Noteholders, an amount equal to the Class C Monthly Interest Amount for such Payment Date, plus the amount of any Class C Monthly Interest Amount previously due but

not previously paid to the Class C Noteholders with interest thereon at the Class C Interest Rate;

- *ninth*, an amount equal to the lesser of (A) the Third Priority Principal Payment for such Payment Date and (B) all funds remaining after giving effect to the distributions in clauses *first* through *eighth* above, to be deposited into the Principal Distribution Account;
- *tenth*, to the Reserve Account, an amount equal to the lesser of (A) the Reserve Account Required Amount for such Payment Date and (B) all funds remaining after giving effect to the distributions in clauses *first* through *ninth* above;
- *eleventh*, an amount equal to the lesser of (A) the Regular Principal Payment Amount for such Payment Date and (B) all funds remaining after giving effect to the distributions in clauses *first* through *tenth* above, to be deposited into the Principal Distribution Account;
- *twelfth*, prior to the occurrence and continuation of an Event of Default, to the Indenture Trustee, the Account Bank, the Note Registrar, the Owner Trustee, the Back-up Servicer, the Image File Custodian, the 2018-1A SUBI Trustee and any other Person entitled thereto (including Wells Fargo solely in its capacity as Third Party Allocation Agent under the Intercreditor Agreement to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's *pro rata* allocation in accordance with the Intercreditor Agreement), *pro rata* (based on amounts owing), an amount equal to the lesser of (A) fees and out-of-pocket expenses due and owing by the Issuer to such parties to the extent not paid in full pursuant to clause (A) of clause *first* above or pursuant to clause *second* above, as applicable (and, in the case of the Back-up Servicer, which are reimbursable pursuant to the Back-up Servicing Agreement, if any, not paid by the Servicer), and (B) all funds remaining after giving effect to the distributions in clauses *first* through *eleventh* above;
- *thirteenth*, prior to the occurrence and continuation of an Event of Default, to the Indenture Trustee, the Account Bank, the Note Registrar, the Owner Trustee, the Back-up Servicer, the Image File Custodian, the 2018-1A SUBI Trustee and any other Person entitled thereto (including Wells Fargo solely in its

capacity as Third Party Allocation Agent under the Intercreditor Agreement to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's *pro rata* allocation in accordance with the Intercreditor Agreement), *pro rata* (based on amounts owing), an amount equal to the lesser of (x) any indemnified amounts due and owing to such parties from the Issuer pursuant to any Transaction Document to the extent not paid in full pursuant to clause (B) of clause *first* above and (y) all funds remaining after giving effect to the distributions in clauses *first* through *twelfth* above; and

- *fourteenth*, all funds remaining after giving effect to the distributions in clauses *first* through *thirteenth* above, at the sole option of the Issuer, (x) to be deposited into the Principal Distribution Account or (y) to be distributed to the holder of the Trust Certificate or as such holder may direct, subject to the satisfaction of any amounts owing to the Owner Trustee in accordance with the Trust Agreement.

As reflected in the definitions of First Priority Principal Payment, Second Priority Principal Payment and Third Priority Principal Payment, following the occurrence of an Event of Default, the priority of payments changes with the result that all principal and all accrued and unpaid interest on a Class of Notes is paid before any such amounts are paid in respect of any Class of Notes that is subordinate in payment priority to such Class of Notes.

In addition, on any Payment Date on which the sum of the amounts on deposit in the Reserve Account and the remaining funds available to the Issuer after payments under clauses *first* through *ninth* above would be sufficient to pay in full the Aggregate Note Balance, and any expenses, indemnification amounts or other amounts owed by the Issuer to the Indenture Trustee, the Account Bank, the Note Registrar, the Owner Trustee, the Back-up Servicer, the Image File Custodian, the 2018-1A SUBI Trustee and any other Person entitled thereto (including Wells Fargo solely in its capacity as Third Party Allocation Agent under the Intercreditor Agreement to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's *pro rata* allocation in accordance with the Intercreditor Agreement), such amounts will be allocated to pay the Notes in full and such expenses,

indemnification amounts or other amounts on such Payment Date.

### **Fees and Expenses**

As compensation for its servicing activities under the Sale and Servicing Agreement (and the 2018-1A SUBI Servicing Agreement), the Servicer will be entitled to receive a servicing fee (the “**Servicing Fee**”) with respect to each Collection Period (or portion thereof) occurring prior to the termination of the Trust pursuant to the terms of the Trust Agreement. The Servicing Fee for any Collection Period, other than the Collection Period relating to the Initial Payment Date, will be an amount equal to the product of (i) 4.75%, multiplied by (ii) the aggregate Loan Principal Balance as of the first day of such Collection Period, multiplied by (iii) one-twelfth. The Servicing Fee for the Collection Period relating to the Initial Payment Date will be an amount equal to the product of (i) 4.75%, multiplied by (ii) the aggregate Loan Principal Balance as of the Initial Cut-Off Date, multiplied by (iii) one-sixth. The Servicing Fee will be payable to the Servicer solely to the extent that amounts are available for payment in accordance with the terms of the Indenture (including by the Servicer retaining Collections from the Collection Account in an amount up to the aggregate accrued and unpaid Servicing Fee). See “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing and Other Compensation and Payment of Expenses*” in this private placement memorandum. The Servicing Fee is not subject to increase to the extent that the Back-up Servicer is appointed as Successor Servicer.

The Servicer will be solely responsible for any subservicing fees payable to the Subservicers in respect of their servicing activities with respect to the Loans, and the Issuer will not be required to pay any such fees to any Subservicer.

The Back-up Servicer is entitled to receive, on each Payment Date, from the Issuer (if not previously paid by the Servicer) in accordance with, and subject to, the Priority of Payments, as compensation for its activities under the Back-up Servicing Agreement, a fee (the “**Back-up Servicing Fee**”). The Back-up Servicing Fee for any Collection Period other than the Collection Period relating to the Initial Payment Date will be an amount equal to the greater of (a) \$10,000 and (b) the product of (i) 0.07%, multiplied by (ii) the aggregate Loan Principal Balance as of the first day of such Collection Period, multiplied by (iii) one-twelfth. The Back-up Servicing Fee for the Collection Period relating to the Initial Payment Date will be an amount equal to the product of (i) 0.07%, multiplied by (ii) the

aggregate Loan Principal Balance as of the Closing Date, multiplied by (iii) a fraction, the numerator of which is the number of days from the Closing Date through the end of the initial Collection Period, and the denominator of which is 360. The Back-up Servicing Fee will no longer accrue to the extent that the Back-up Servicer has become the Successor Servicer. See “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing and Other Compensation and Payment of Expenses*” in this private placement memorandum.

The Indenture Trustee is entitled to receive an annual fee for acting as Indenture Trustee and, if applicable, Account Bank and Note Registrar in an amount equal to \$18,000 payable on a monthly basis in twelve equal monthly installments on each Payment Date. See “*The Indenture—Compensation of the Indenture Trustee; the Account Bank and the Note Registrar; Indemnification*” in this private placement memorandum.

The Owner Trustee is entitled to receive on the Payment Date occurring in June of each calendar year, beginning in August 2019, a fee for acting as Owner Trustee in an amount equal to \$5,000, payable annually in advance. See “*The Trust Agreement—Compensation of the Owner Trustee; Indemnification of the Owner Trustee*” in this private placement memorandum.

The 2018-1A SUBI Trustee is entitled to receive on the Payment Date occurring in August of each calendar year, beginning in August 2019, a fee for acting as the 2018-1A SUBI Trustee in an amount equal to \$2,500, payable annually in advance. See “*The North Carolina Trust Documents—2018-1A SUBI Supplement.*”

The Image File Custodian is entitled to receive (i) a one-time fee of \$2.10 for each Imaged File delivered to the Image File Custodian pursuant to the Back-up Servicing Agreement, (ii) a monthly fee of \$0.10 for each Imaged File in the Image File Custodian’s custody pursuant to the Back-up Servicing Agreement, payable on each Payment Date beginning in August 2018, and (iii) a one-time fee of \$1.00 for each Imaged File released from the Image File Custodian’s custody pursuant to the Back-up Servicing Agreement. See “*The Sale and Servicing Agreement and the Back-up Servicing Agreement*” in this private placement memorandum.

See “*The Sale and Servicing Agreement and the Back-up Servicing Agreement,*” “*The Indenture,*” “*The North Carolina Trust Documents*” and “*The Trust*”

*Agreement*” in this private placement memorandum for a description of the fees, expense reimbursement rights and indemnification rights of the Servicer, the Back-up Servicer, the Image File Custodian, the Indenture Trustee, the Account Bank, the Note Registrar, the 2018-1A SUBI Trustee and the Owner Trustee.

## COLLATERAL

### General

The assets of the Issuer will consist primarily of the Loans (other than the 2018-1A SUBI Loans) and the 2018-1A SUBI Certificate representing the beneficial interest in the 2018-1A SUBI Loans. The Loans (including the 2018-1A SUBI Loans) will consist of Hard Secured Loans and Soft Secured Loans.

As of the Initial Cut-Off Date, the Loan Pool consisted of 38,793 Loans having an aggregate Loan Principal Balance of \$168,540,824.89. The Hard Secured Loans are generally secured by a perfected, first priority security interest in the applicable Titled Assets (as defined herein) and as of the Initial Cut-Off Date constituted approximately 2.45% of the Loan Pool (by Loan Principal Balance). The remainder of the Loan Pool consisted of Soft Secured Loans. The categorization of a Loan as a Hard Secured Loan or a Soft Secured Loan is established at the time the Loan is originated and is not subsequently changed, regardless of whether the applicable collateral is exhausted or, for any reason, ceases to secure such Loan or becomes unavailable.

The Seller represents that each Loan it sells to the Depositor (or in the case of each 2018-1A SUBI Loan, the Servicer represents that such 2018-1A SUBI Loan allocated to the 2018-1A SUBI by the Servicer in accordance with the 2018-1A SUBI Supplement) is an Eligible Loan (as defined herein) as of the related Cut-Off Date immediately preceding such sale or allocation, as applicable, and makes certain other representations and warranties with respect to such Loan. See “*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases*” in this private placement memorandum.

A Loan is an “**Eligible Loan**” if, as of the related Cut-Off Date, (i) it is not categorized as a Bankruptcy Loan, (ii) it is either an interest-bearing loan or a Precompute Loan, (iii) it has a fixed-rate of interest, (iv) it is denominated in U.S. dollars, (v) the maturity date therefor had not occurred, (vi) it is not a Delinquent Loan or a Charged-Off Loan, (vii) it is not

a Revolving Loan, (viii) it was originated at a branch location of a Regional Originator in all material respects in accordance with the Credit and Collection Policy in effect as of the date of origination of such Loan, (ix) it has an origination term of not more than 72 months, (x) in connection with the origination thereof, a Contract was created, (xi) it is a Soft Secured Loan or a Hard Secured Loan, (xii) it is not secured by real property, (xiii) it has an Amount Financed that is greater than \$2,500 and less than \$20,000, (xiv) the collateral that secures such Loan had not been, and was not in the process of being, repossessed, (xv) it is not an Extension Loan, (xvi) it is not a Modified Contract, (xvii) it has an original and current APR equal to or greater than 5.00% and equal to or less than 36.00%, (xviii) it is not subject to litigation or legal proceedings, (xix) prior to the satisfaction of the Electronic Chattel Paper Condition, it does not constitute “electronic chattel paper” within the meaning of the UCC, (xx) the Loan Obligor of which had a FICO® score at the time of origination of at least 525 (or, in the case of a Loan with two Loan Obligors, based on the higher of the two FICO® scores at origination) and (xxi) it is not a Delinquent Renewal.

### Loan Pool Characteristics

The characteristics of the Loan Pool as of the Initial Cut-Off Date were consistent with the parameters which, if breached, would constitute a Reinvestment Criteria Event. See “*Description of the Notes—Interest Payments and Principal Payments*” in this private placement memorandum.

Reinvestments of Collections (as defined herein) in new large personal loans and certain other permitted additions of large personal loans to, and removals of Loans from, the Loan Pool are permitted in connection with any Loan Action Date (as defined herein) during the Revolving Period only if, among other conditions, after giving effect to such reinvestments, additions and removals, none of the following reinvestment criteria events (each, a “**Reinvestment Criteria Event**”) exist as of the end of the Collection Period relating to such Loan Action Date:

1. the aggregate Loan Action Date Loan Principal Balance (as defined herein) of (i) all Single State Originated Loans (as defined herein) in the Loan Action Date Loan Pool (as defined herein) for the Top Three States (as defined herein) for such Loan Action Date shall exceed 80.0% of the Loan Action Date Aggregate Principal Balance or (ii) all Single State Originated Loans in the Loan Action Date Loan Pool for any single State shall exceed

35.0% of the Loan Action Date Aggregate Principal Balance;

2. the aggregate Loan Action Date Loan Principal Balance of all Single State Originated Loans in the Loan Action Date Loan Pool for any single State (other than any Top Three State for such Loan Action Date) shall exceed 17.5% of the Loan Action Date Aggregate Principal Balance;

3. the Weighted Average Coupon for such Loan Action Date shall be less than 24.0%;

4. the Weighted Average Loan Remaining Term for such Loan Action Date shall exceed 45 months;

5. the aggregate Loan Action Date Loan Principal Balance of all Loans in the Loan Action Date Loan Pool that had an original term of greater than 60 months shall exceed 5.0% of the Loan Action Date Aggregate Principal Balance;

6. the aggregate Loan Action Date Loan Principal Balance of all Loans in the Loan Action Date Loan Pool that have received a payment deferral during the Collection Period relating to such Loan Action Date shall exceed 10.0% of the Loan Action Date Aggregate Principal Balance;

7. the aggregate Loan Action Date Loan Principal Balance of all Loans in the Loan Action Date Loan Pool, the Loan Obligor of which have a FICO® score at the time of origination within any “FICO® Score Range” listed below, shall exceed the percentage of the Loan Action Date Aggregate Principal Balance set forth in the table below opposite such “FICO® Score Range;” and

<b>FICO® Score Range</b>	<b>Percentage</b>
Less than 541	8.0%
Less than 581	22.0%
Less than 621	55.0%
Less than 661	90.0%

8. an Overcollateralization Event (as defined herein) shall exist.

Such balances and other characteristics of each Loan are measured as of the close of business on the last day of the Collection Period immediately preceding such

Loan Action Date or, in the case of any Loans not included in the Trust Estate as of the last day of such Collection Period, as of the applicable Additional Cut-Off Date.

No Loan Actions (as defined herein) may occur in connection with any Loan Action Date unless no Reinvestment Criteria Event will exist after giving effect to all such Loan Actions in connection with such Loan Action Date. If a Reinvestment Criteria Event is outstanding as of three (3) consecutive Loan Action Dates and remains outstanding on such third Loan Action Date, then an Early Amortization Event shall be deemed to occur and such third Loan Action Date (and, for the avoidance of doubt, the Payment Date on which such Loan Action Date occurs) will be deemed to fall within the amortization period. See “—*Description of Notes—Principal Payments—Amortization Period*” above.

Such reinvestments, additions and removals are also subject to certain other conditions. See “*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases*” in this private placement memorandum.

“**Overcollateralization Event**” shall mean, for any Loan Action Date, after giving effect to all Loan Actions to be taken on such Loan Action Date and all payments and distributions to be made in accordance with the Priority of Payments and all principal payments to be made on the Notes, in each case, on the Payment Date that occurs on such Loan Action Date, (a) the Loan Action Date Aggregate Principal Balance minus the Required Overcollateralization Amount is less than (b) the Aggregate Note Balance minus the amounts on deposit in the Principal Distribution Account.

“**Single State Originated Loans**” means with respect to any State and for any Loan Action Date, all of the Loans in the Loan Action Date Loan Pool with respect to such Loan Action Date that were originated by any branch within such State.

“**Top Three States**” means, for any Loan Action Date, the three States that have the highest concentrations of Single State Originated Loans in the Loan Action Date Loan Pool with respect to such Loan Action Date.

#### **Optional Reassignments and Exclusions**

Pursuant to an Issuer Loan Release, at the start of business on any Loan Action Date occurring during the Revolving Period, the Servicer, at the direction of

the Depositor or the Initial Beneficiary, as applicable, may require reassignment from the Issuer of its interests in Loans (or in the case of the 2018-1A SUBI Loans, may require reallocation of 2018-1A SUBI Loans from the 2018-1A SUBI) that were not Charged-Off Loans or Delinquent Loans, in each case, as of the end of the immediately preceding Collection Period. This option is available so long as (i) such Loans are selected in a manner that the Issuer and the Servicer reasonably believes is not materially adverse to the interests of any Class of Noteholders and (ii) after giving effect to any such optional reassignment and all other Loan Actions on the applicable Loan Action Date, (A) no Reinvestment Criteria Event is outstanding and (B) the aggregate Loan Principal Balance (determined for each Loan as of the Loan Action Date on which such Loan was reassigned or, in the case of a 2018-1A SUBI Loan, reallocated from the 2018-1A SUBI) of all Loans removed from the Trust Estate (or in the case of the 2018-1A SUBI Loans, reallocated from the 2018-1A SUBI) pursuant to an optional reassignment on such Loan Action Date, and during the preceding eleven (11) consecutive Collection Periods (or if shorter the most recently ended period of consecutive Collections Periods since the Closing Date) will not exceed 10.0% of the aggregate Loan Principal Balance as of the Initial Cut-Off Date. In order to exercise this option, the Issuer must receive the Reassignment Price for such Reassigned Loans. Such Reassignment Price may be paid (a) with respect to reassignments made on behalf of the Depositor, (i) for so long as the Depositor is the holder of the trust certificate, and at the Depositor's option, by an adjustment to the value of the trust certificate, if such adjustment is available, or (ii) otherwise, in immediately available funds to be deposited in the Principal Distribution Account; provided that, no adjustment to the value of the Trust Certificate pursuant to clause (i) above may cause non-compliance with Regulation RR. See "*Description of the Loans—Loan Actions*" in this private placement memorandum.

On any Loan Action Date during the Revolving Period, the Issuer may designate one or more Loans (other than any Loan that was a Charged-Off Loan or a Delinquent Loan as of the end of the related Collection Period) as Excluded Loans so long as after giving effect to such exclusion and all other Loan Actions on such Loan Action Date, no Reinvestment Criteria Event is outstanding.

Excluded Loans will not be included in the Loan Action Date Loan Pool for purposes of determining whether a Reinvestment Criteria Event occurs on the applicable Loan Action Date. See "*Description of the*

*Loans—Loan Actions*" in this private placement memorandum.

## CREDIT ENHANCEMENT

The credit enhancement is designed to provide limited protection for the Noteholders against losses and delays in payment on the Loans or other shortfalls in cash flow. This transaction employs the following forms of credit enhancement:

- *Excess Spread.* The Loans are expected to generate more interest than is needed to pay interest on the Notes because the weighted average interest rates of the Loans is expected to be higher than the weighted average Interest Rate on the Notes. In addition, excess spread will be generated on the portion of the Loans representing overcollateralization, as further described below under "*Overcollateralization*". On each Payment Date, excess spread received during the related Collection Period will be included in Available Funds for application pursuant to the Priority of Payments.
- *Overcollateralization.* If the aggregate Loan Principal Balance of the Loans exceeds the Aggregate Note Balance of the Notes, there is overcollateralization to absorb losses on the Loans before such losses affect the Notes. The Required Overcollateralization Amount is approximately 11.0% of the aggregate Loan Principal Balance of the Loans as of the Initial Cut-Off Date. The aggregate Loan Principal Balance of the Loans as of the Initial Cut-Off Date was \$168,540,824.89, which will exceed the initial Aggregate Note Balance of the Notes by \$18,540,824.89. On each Payment Date during the Revolving Period, Available Funds will be allocated in accordance with the Priority of Payments to the Principal Distribution Account (to be retained therein as cash collateral or applied to acquire additional large personal loans), to the extent necessary to maintain the Required Overcollateralization Amount. See "*Description of the Notes—Priority of Payments*" in this private placement memorandum.
- *Subordination.* On each Payment Date prior to the occurrence of an Event of Default, Classes of Notes that are lower in order of payment priority (i) will not receive payments of interest until the Classes of Notes that are higher in

order of payment priority have been paid their interest payment amount and (ii) will not receive payments of principal until the principal balance of the Classes of Notes that are higher in order of payment priority have been reduced to zero. Additionally, on each Payment Date after the occurrence of an Event of Default, Classes of Notes that are lower in order of payment priority will not receive any payments of interest or principal until each Class of Notes that is higher in order of payment priority has received all payments of interest and the principal balance of such Class has been reduced to zero.

- *Reserve Account.* The Notes will have the benefit of amounts on deposit in the Reserve Account. On each Payment Date, amounts on deposit in the Reserve Account will be distributed as Available Funds, and the Reserve Account will be replenished, in accordance with the Priority of Payments. After the occurrence of an Event of Default, no amounts will be allocated pursuant to the Priority of Payments to replenish the Reserve Account until all Notes have been repaid in full. See “*Description of the Notes—Priority of Payments*” and “*Description of the Notes—Reserve Account*” in this private placement memorandum.

## EARLY AMORTIZATION EVENTS

An “**Early Amortization Event**” means any one of the following events:

(a) as of the Monthly Determination Date occurring during August 2018 or any Monthly Determination Date thereafter, the average of the Monthly Net Loss Percentages for such Monthly Determination Date and the two immediately preceding Monthly Determination Dates (or (i) in the case of the first Monthly Determination Date, the Monthly Net Loss Percentage for such Monthly Determination Date and (ii) in the case of the second Monthly Determination Date, the average of the Monthly Net Loss Percentages for such Monthly Determination Date and the immediately preceding Monthly Determination Date) exceeds 17.0%; or

(b) any Reinvestment Criteria Event exists with respect to two consecutive Payment Dates (in each case, after giving effect to all applicable Loan Actions on such Payment Date) and the Monthly Servicer Report for the immediately following third

Payment Date demonstrates that any Reinvestment Criteria Event will exist as of such Payment Date (in the event that no Loan Actions are to be taken on the respective Loan Action Dates relating to such third Payment Date that will cure each such Reinvestment Criteria Event), *provided*, that such Early Amortization Event shall be deemed to occur, and the Revolving Period shall terminate, on such third Payment Date; or

- (c) a Servicer Default occurs.

Certain of the Early Amortization Events are subject to cure, as contemplated in the definition of “Revolving Period” set forth in the “*Glossary of Terms*” in this private placement memorandum.

## SERVICER DEFAULTS

“**Servicer Defaults**” under the Sale and Servicing Agreement will consist of:

(a) any failure by the Servicer to make any required payment, transfer or deposit or 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, as the case may be, under the terms of the Sale and Servicing Agreement, the Indenture, the 2018-1A SUBI Supplement or the 2018-1A SUBI Servicing Agreement, in an aggregate amount exceeding \$50,000, and which failure continues unremedied for a period of five (5) Business Days after the earlier of (i) the date on which notice of such failure, requiring the same to be remedied, shall have been given by registered or certified mail to the Servicer by the Issuer or the Indenture Trustee, or to the Servicer, the Issuer and the Indenture Trustee by the Required Noteholders and (ii) the actual knowledge of the Servicer thereof; or

(b) any failure on the part of the Servicer duly to observe or perform any other covenants or agreements of the Servicer set forth in the Sale and Servicing Agreement, the Indenture, the 2018-1A SUBI Supplement or the 2018-1A SUBI Servicing Agreement or in any certificate delivered by the Servicer pursuant to the Sale and Servicing Agreement, the 2018-1A SUBI Supplement, the 2018-1A SUBI Servicing Agreement or the Indenture, which failure has a material adverse effect on the interests of the Noteholders (as determined by the Threshold Noteholders) and which continues unremedied for a period of forty-five (45) days after the earlier of (i) the date on which notice of such

failure, requiring the same to be remedied, shall have been given by registered or certified mail to the Servicer by the Issuer or the Indenture Trustee, or to the Servicer, the Issuer and the Indenture Trustee by the Threshold Noteholders and (ii) the actual knowledge of the Servicer thereof; or

(c) any representation, warranty or certification made by the Servicer in the Sale and Servicing Agreement, the Indenture, the 2018-1A SUBI Supplement or the 2018-1A SUBI Servicing Agreement or in any certificate delivered by the Servicer pursuant to the Sale and Servicing Agreement, the Indenture, the 2018-1A SUBI Supplement or the 2018-1A SUBI Servicing Agreement shall prove to have been incorrect when made or deemed made and such failure has a material adverse effect on the Noteholders (as determined by the Threshold Noteholders) and which continues unremedied for a period of forty-five (45) days after the earlier of (i) the date on which a notice specifying such incorrect representation or warranty and requiring the same to be remedied, shall have been given by registered or certified mail to the Servicer by the Issuer or the Indenture Trustee, or to the Servicer, the Issuer and the Indenture Trustee by the Threshold Noteholders and (ii) the actual knowledge of the Servicer thereof; or

(d) an Insolvency Event with respect to the Servicer shall have occurred.

## EVENTS OF DEFAULT

An “Event of Default” under the Indenture is the occurrence of any one of the following events:

(a) an Insolvency Event with respect to the Issuer or the Depositor shall have occurred; or

(b) the Indenture Trustee shall cease to have a first-priority perfected security interest in all or material portion of the Trust Estate; or

(c) (x) the Issuer, the North Carolina Trust or the Depositor shall have become subject to regulation by the SEC as an “investment company” under the Investment Company Act or (y) the Issuer shall have become a “covered fund” under the Volcker Rule; or

(d) the Issuer or the Depositor shall become taxable as an association or a publicly traded partnership taxable as a corporation under the Internal Revenue Code; or

(e) a default in the payment of any interest (i) on any Class A Note until the Class A Notes have been paid in full, (ii) after the Class A Notes have been paid in full, on any Class B Note until the Class B Notes have been paid in full, or (iii) after the Class A Notes and the Class B Notes have been paid in full, on any Class C Note until the Class C Notes have been paid in full, on any Payment Date and such default shall continue for a period of five (5) Business Days; or

(f) a failure to pay the principal balance of all Outstanding Notes of any Class, together with all accrued and unpaid interest thereon, in full on the Stated Maturity Date for such Class; or

(g) any failure on the part of (i) the Issuer duly to observe or perform any other covenants or agreements of the Issuer set forth in the Indenture or (ii) the Depositor duly to observe or perform any other covenants or agreements of the Depositor set forth in the Sale and Servicing Agreement, which failure, in any such case, has a material adverse effect on the interests of the Noteholders (as determined by the Threshold Noteholders) and which continues unremedied for a period of forty-five (45) days after the earlier of the date on which (x) notice of such failure, requiring the same to be remedied, shall have been given by registered or certified mail to the Issuer or the Depositor, as applicable, by the Indenture Trustee, or to the Issuer or the Depositor, as applicable, and the Indenture Trustee by the Threshold Noteholders and (y) the Issuer or the Depositor, as applicable, has actual knowledge thereof; or

(h) (i) any representation, warranty or certification made by the Issuer in the Indenture or in any certificate delivered pursuant to the Indenture shall prove to have been inaccurate when made or deemed made or (ii) any representation, warranty or certification made by the Servicer in the 2018-1A SUBI Supplement or the Depositor in the Sale and Servicing Agreement or in any certificate delivered pursuant to the 2018-1A SUBI Supplement or the Sale and Servicing Agreement, as applicable, shall prove to have been inaccurate when made or deemed made and, in any such case such inaccuracy has a material adverse effect on the Noteholders (as determined by the Threshold Noteholders) and which continues unremedied for a period of forty-five (45) days after the earlier of the date on which (x) notice of such incorrect representation or warranty, requiring the same to be remedied, shall have been given by registered or certified mail to the Issuer, the Servicer or the Depositor, as applicable, by the Indenture Trustee, or to the Issuer, the Servicer or the Depositor,

as applicable, and the Indenture Trustee by the Threshold Noteholders and (y) the Issuer, the Servicer or the Depositor, as applicable, has actual knowledge thereof; provided that in the case of certain representations or warranties or certifications of the Servicer pursuant to the 2018-1A SUBI Supplement or the Depositor pursuant to the Sale and Servicing Agreement, as applicable, no Event of Default shall occur pursuant to this clause (h) unless and until the Depositor or the Servicer, as applicable, also shall have failed to pay the applicable Repurchase Price as and when required in accordance with the Sale and Servicing Agreement or the 2018-1A SUBI Supplement, if applicable; or

(i) the Internal Revenue Service shall file notice of a lien pursuant to Section 430 or Section 6321 of the Internal Revenue Code with regard to the Issuer, the Depositor, the North Carolina Trust or the Trust Estate and such lien shall not have been released within thirty (30) days.

#### **PREPAYMENTS/YIELD**

The yield to investors in the Notes will be sensitive to the rate and timing of principal payments thereon and the ability of the Issuer to apply Collections in order to purchase Additional Loans. A significant number of the Loans may be prepaid, in whole or in part, at any time without penalty. The rate and timing of prepayment on the Loans may be influenced by a variety of economic, social and other factors. The rate of prepayment on the Loans may be influenced by the nature of the Loan Obligors and servicing decisions. In addition, in the event that a Loan becomes a Charged-Off Loan, such Charged-Off Loan and certain related rights (including rights to future payments in respect thereof) will be deemed to be automatically released from the lien of the Indenture; provided, that all proceeds, recoveries and other amounts collected by the Issuer, the Depositor, the Subservicers, the Servicer with respect to any Charged-Off Loans (including proceeds of any disposition by the Servicer or any Subservicer to any third party) shall be paid to the Issuer and subject to the lien of the Indenture. In addition, the Seller (or in the case of the 2018-1A SUBI Loans, the Servicer) is obligated to repurchase (or in the case of the 2018-1A SUBI Loans, reallocate) Loans as a result of certain breaches of representations and warranties as to the characteristics of the Loans as of the applicable Cut-Off Date, and under certain circumstances, the initial Servicer is obligated to purchase Loans pursuant to the Sale and Servicing Agreement and the 2018-1A SUBI Supplement, as applicable, as a result of breaches of certain of its representations and warranties and

covenants as Servicer. The Loans may also be, repurchased by the Depositor or reassigned to the Depositor or reallocated to the 2018-1A SUBI. See “*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases*” in this private placement memorandum. See “*Risk Factors—Risks Relating to the Notes—The yield to investors in the Notes will be sensitive to the rate and timing of principal payments thereon and the ability of the Issuer to apply Collections in order to acquire new Loans*” and “*Prepayment and Yield Considerations*” in this private placement memorandum for further information, including prepayment scenario projections based on various assumptions.

#### **SERVICER CLEAN-UP CALL**

Pursuant to the Sale and Servicing Agreement, on any Payment Date occurring on or after the date on which the Aggregate Note Balance of the Outstanding Notes is reduced to 10% or less of the Initial Note Balance (as defined herein), the Servicer will have the option to purchase all of the Sold Assets (as defined herein) at a purchase price equal to the Redemption Price (as defined below) in accordance with the Indenture (an “**Optional Purchase**”). If the Servicer elects to exercise such Optional Purchase, it will be required to comply with certain conditions specified in the Indenture. Upon proper exercise of such option and payment of the Redemption Price, all of the Sold Assets to be sold in such optional purchase will be sold to the Servicer. The proceeds of any such Optional Purchase will be applied to redeem the Notes in accordance with the Priority of Payments.

The Issuer will retire the Notes in the event that the Servicer exercises its Optional Purchase right. The aggregate redemption price for the remaining Sold Assets in connection with the exercise of such right (the “**Redemption Price**”) will be equal to the then aggregate fair market value of all the Sold Assets as of the date which is five (5) Business Days prior to the Payment Date on which such option is exercised; provided that such option may not be exercised unless the Redemption Price equals or exceeds the sum of (i) the amount necessary to redeem all of the Notes in full on the applicable final Payment Date (the “**Redemption Date**”) in accordance with the Priority of Payments (taking into account all amounts of Available Funds and any other amounts then on deposit in the Note Accounts and available to be distributed pursuant to the Priority of Payments on the Redemption Date) and (ii) any expenses, indemnification amounts or other amounts owed by

the Issuer to the Indenture Trustee, the Account Bank, the Note Registrar, the Servicer, the Owner Trustee, the Back-up Servicer, the 2018-1A SUBI Trustee, the Third Party Allocation Agent (to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's *pro rata* allocation in accordance with the Intercreditor Agreement) and the Image File Custodian. See "*Description of the Notes—Servicer Clean-Up Call and Optional Call*" in this private placement memorandum.

### OPTIONAL CALL AND REDEMPTION

The Issuer may redeem the Notes on any Payment Date on or after the Payment Date occurring in July 2020 (an "**Optional Call**"). The optional call amount in connection with the exercise of this option (the "**Optional Call Amount**") shall equal the result of (i) the Aggregate Note Balance on the Record Date preceding the Redemption Date, plus (ii) accrued and unpaid interest on each Class of Notes then Outstanding up to but excluding the Redemption Date, plus (iii) any expenses, indemnification amounts or other amounts owed by the Issuer to the Indenture Trustee, the Note Registrar, the Servicer, the Owner Trustee, the Account Bank, the Back-up Servicer, the Third Party Allocation Agent (to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's *pro rata* allocation in accordance with the Intercreditor Agreement), the 2018-1A SUBI Trustee and the Image File Custodian, minus (iv) all amounts then on deposit in the Note Accounts and available to be distributed pursuant to the Priority of Payments on the Redemption Date. See "*Description of the Notes—Servicer Clean-Up Call and Optional Call*" in this private placement memorandum.

### ERISA CONSIDERATIONS

The Notes are expected to be eligible for purchase by pension, profit-sharing and other employee benefit plans subject to Title I of ERISA as well as plans subject to Section 4975 of the Internal Revenue Code, such as individual retirement accounts and Keogh plans (each, a "**Plan**"), and any plan subject to Similar Law if certain conditions are met. However, any fiduciary that proposes to acquire or hold such Notes on behalf of or with assets of any Plan or plan subject to Similar Law is encouraged to consult with its counsel with respect to the potential applicability of the fiduciary responsibility provisions of ERISA, the prohibited transaction provisions of ERISA and

Section 4975 of the Internal Revenue Code, to the proposed investment.

For further information regarding the ERISA considerations involved in investing in the Notes, see "*ERISA Considerations*" in this private placement memorandum.

### U.S. FEDERAL INCOME TAX TREATMENT

Subject to important considerations described under "*Certain U.S. Federal Income Tax Consequences*" in this private placement memorandum, Alston & Bird LLP, as U.S. federal tax counsel to the Issuer, will issue an opinion as of the closing date that (i) 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, in each case, except for Notes retained by the Depositor or conveyed to an Affiliate of the Depositor, and (ii) 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.

By acquiring a Note, each Noteholder and beneficial owner will agree to treat the Notes as indebtedness for federal, state and local income and franchise tax and financial accounting purposes. Each Noteholder and beneficial owner should consult its own tax advisor regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes or interests therein and the tax consequences under the laws of any state or other taxing jurisdiction.

The U.S. federal income tax characterization of any Note retained by the Depositor or conveyed to an Affiliate of the Depositor will not be determined until the time, if any, that such Note is sold to an unrelated purchaser, 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 Note. However, prior to any subsequent sale of such a Note, the Issuer must receive an opinion from counsel that, among other things, such sale will not cause the Issuer to be classified as an association or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

For more information on certain of the tax consequences of the purchase, ownership and disposition of the Notes, see "*Certain U.S. Federal Income Tax Consequences*" in this private placement memorandum.

## CERTAIN INVESTMENT COMPANY ACT CONSIDERATIONS

Neither the Issuer nor the Depositor is registered with the SEC as an investment company pursuant to the Investment Company Act. The offering of the Notes hereby is being structured such that the Issuer may rely on an exclusion from the definition of “investment company” contained in Rule 3a-7 under the Investment Company Act, although there may be additional exclusions or exemptions available to it. By virtue of its reliance on the exclusion provided under Rule 3a-7, the Issuer is not a “covered fund” under the Dodd-Frank Act’s Volcker Rule. No opinion or no action position with respect to the registration of the Issuer under the Investment Company Act has been requested of, or received from, the SEC.

## U.S. CREDIT RISK RETENTION

Pursuant to the SEC’s credit risk retention rules, 17 C.F.R. Part 246 (“**Regulation RR**”), Regional Management, as the “sponsor,” is required to retain an economic interest in the credit risk of the securitized Loans, either directly or through a majority-owned Affiliate. Regional Management intends to satisfy this obligation through the retention by the Depositor (a majority-owned affiliate of Regional Management) of an “eligible horizontal residual interest” in an amount equal to at least 5% of the aggregate fair value, as of the Closing Date, of the Notes and the Trust Certificate.

The retained eligible horizontal residual interest will take the form of the Trust Certificate. The Depositor expects the Trust Certificate to have a fair value of between \$51.83 million and \$54.71 million, which is between 25.68% and 26.73% of the aggregate fair value, as of the Closing Date, of all of the Notes and the Trust Certificate. The Depositor will recalculate the fair value of the Notes and the Trust Certificate following the Closing Date to reflect the issuance of the Notes and any material changes in the methodology used to calculate the fair values of the Notes and the Trust Certificate. See “*Credit Risk Retention*” in this private placement memorandum. The material terms of the Notes are described herein under the heading “*Description of the Notes*” and the material terms of the Trust Certificate are described herein under “*Credit Risk Retention*.”

Except as permitted under Regulation RR, the Depositor will not dispose of or finance on a non-recourse basis any portion of the Trust Certificate, or

hedge the credit risk required to be retained by Regulation RR, in each case for at least the period of time and to the extent then required by Regulation RR. See “*The Trust Agreement*” and “*Credit Risk Retention*” in this private placement memorandum.

## LEGAL INVESTMENT

You should consult with counsel to see if you are permitted to buy the Notes, since legal investment rules will vary depending on the type of entity purchasing the Notes, whether that entity is subject to regulatory authority, and if so, by whom.

See “*Legal Investment*” in this private placement memorandum.

## RATINGS

It is a condition of the issuance of the Notes that they receive at least the ratings set forth in the Notes Table by DBRS, Inc. (“**DBRS**”). DBRS is referred to herein from time to time individually as a “**Rating Agency**.” The ratings of the Notes by the Rating Agency address the likelihood of the ultimate payment of principal of, and the timely payment of interest on, the Notes. The ratings of the Notes should be evaluated independently from similar ratings on other types of securities. A security rating is not a recommendation to buy, sell or hold securities, in as much as that rating does not comment on market price or suitability for an investor. A security rating may be subject to revision or withdrawal at any time by the assigning rating organization.

None of the Initial Purchasers, the Issuer, the Owner Trustee, the Indenture Trustee, the Servicer, the Back-up Servicer, the Seller, the Depositor, the Custodian, the 2018-1A SUBI Trustee, the Image File Custodian, the Administrator or any of their Affiliates have any obligation to monitor any changes on the ratings on the Notes. A rating agency other than DBRS may provide an unsolicited rating that differs from (or is lower than) the ratings provided by DBRS in connection with this transaction. A rating of the Notes is based on the rating agency’s independent evaluation of the Loans, the credit enhancement and other features of this transaction. A rating, or a change or withdrawal of a rating, by one rating agency will not necessarily correspond to a rating, or a change or a withdrawal of a rating, from any other rating agency.

See “*Ratings*” in this private placement memorandum.

## RISK FACTORS

Investing in the Notes involves a high degree of risk. Before making an investment decision, you should carefully consider the risk factors described below, together with all other information and data in this private placement memorandum. Additional risks and uncertainties not currently known to the Depositor or the Issuer or that the Depositor or the Issuer currently consider less significant or immaterial may also materially impact the Notes. Further, some statements in this private placement memorandum and the documents which are incorporated by reference herein, including statements in the following risk factors, constitute forward-looking statements. See “*Forward-Looking Statements*” in this private placement memorandum.

### Risks Relating to the Notes

#### ***The Notes may not be suitable for all investors.***

The Notes are not suitable investments for all investors. In particular, you should not purchase the Notes unless you understand the structure, including the priority of payments, and prepayment, credit, liquidity and market risks associated with the Notes. The Notes are complex securities.

There can be no assurance regarding the ability of particular investors to purchase the Notes under current or future applicable legal investment or other restrictions or as to the consequences of an investment in the Notes for such purposes or under such restrictions. Certain regulatory or legislative provisions applicable to certain investors may have the effect of limiting or restricting their ability to hold or acquire the Notes, which in turn may adversely affect the ability of investors in the Notes who are not subject to those provisions to resell their Notes in the secondary market and adversely affect the price realized for the Notes.

Accordingly, all investors whose investment activities are subject to 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 Notes will constitute legal investments for them or if they are subject to investment or other restrictions, unfavorable accounting treatment, capital charges or reserve requirements.

You should possess, either alone or together with financial, tax and legal advisors, the expertise to analyze the prepayment, reinvestment, default and market risk, the tax consequences of an investment and the interaction of these factors.

#### ***Restrictions relating to the transfer of the Notes reduce their liquidity and may make resale difficult or impossible.***

The Notes are being offered in a private placement to QIBs in reliance on Rule 144A under the Securities Act. The Notes will not be registered under the Securities Act or the securities laws of any jurisdiction. Consequently, the Notes are not transferable other than pursuant to an exemption under the Securities Act and in accordance with the laws of each applicable state or other jurisdiction and subject to the restrictions described herein. See “*Restrictions on Transfer*” and “*Notice to Investors*” in this private placement memorandum.

There is currently no secondary market for the Notes. The Initial Purchasers may, but are under no obligation to, make a secondary market in the Notes solely to facilitate transfers among QIBs and may discontinue such market-making activities at any time without notice. There can be no assurance that a secondary market for the Notes will develop or, if it does develop, that it will continue or be sufficiently liquid to permit the resale of the Notes. If an active trading market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected, and Noteholders may not be able to sell their Notes at a particular time or at a favorable price. Because of the restrictions on transfers of the Notes, purchasers must be able to bear the risks of their investment in the Notes for an indefinite period of time.

Moreover, the liquidity of any market for the Notes will depend upon the number of holders of the Notes, prevailing interest rates, the performance of the Loans, the ability of Regional Management to perform its obligations under the Transaction Documents, the interest of securities dealers in making a market for the Notes, and the market for similar securities. In addition, subsequent to their initial issuance, the Notes may trade at a discount from their initial offering price, depending upon the aforementioned factors and other factors.

Events in the global financial markets occurring in the past several years, including the failure, 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 consumer lending, problems related to subprime mortgages and other financial assets, 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 European Union sovereign debt crisis and the downgrade of U.S. Treasury bonds and European Union sovereign debt, caused a significant reduction in liquidity in the secondary market for asset-backed securities.

A deterioration in economic conditions in connection with weakening U.S., European and other world economies, high unemployment and job insecurity, rising government debt levels, the possibility of future U.S. government shutdowns, prospective Federal Reserve policy shifts, the further withdrawal of government intervention in the financial markets, changes in expectations of inflation and deflation, economic dislocation and other unanticipated consequences resulting from protectionist international trade policies enacted by the U.S., potential international political instability between NATO member nations and Russia and other factors may materially impact price volatility and liquidity in the debt markets, negatively affecting a broad range of fixed income securities including asset-backed securities.

The occurrence of similar events in the future could reduce, or reduce significantly, the liquidity in the secondary market for asset-backed securities, which could adversely affect the market value of the Notes and/or limit the ability of a Noteholder to resell its Notes.

There can be no assurance that the uncertainty relating to the sovereign debt of various countries will not lead to further disruption of the credit markets in the U.S. and/or deterioration in general economic conditions. If U.S. Treasury bonds and other debt instruments backed by the full faith and credit of the U.S. are further downgraded, the ratings of the Notes could be adversely affected, as could the market price and/or the marketability of the Notes.

Laws and regulations in effect or proposed in the United States, including the Dodd-Frank Act and regulations thereunder (see “—Risks Related to Regulation—Financial regulatory reform has created uncertainty and could negatively impact Regional’s business, results of operations and financial condition” in this private placement memorandum) may negatively affect the secondary market for sales to investors in the United States.

As a result, no assurance can be given as to the ability of the Noteholders to resell their Notes at any time or at acceptable prices. Therefore, an investment in the Notes should only be made by investors who are able to hold such Notes to maturity notwithstanding the possibility that the Notes may experience a severe reduction in value while held.

No registration rights will be granted to any purchaser of the Notes and no Noteholder may register the Notes under the Securities Act or any state securities laws. Any resale of the Notes made in reliance on Rule 144A must satisfy the applicable conditions of Rule 144A. Accordingly, no Note or any interest or participation therein can be reoffered, resold, pledged or otherwise transferred unless it is sold to a QIB in a transaction meeting the requirements of Rule 144A and in accordance with the terms of the Indenture. As a result of the transfer restrictions imposed to comply with the Securities Act, investors must be prepared to bear the risk of holding the Notes for as long as such Notes are outstanding. Pursuant to Rule 144A(d)(4), certain information about the Issuer must be provided to a prospective purchaser. The Indenture Trustee is required to furnish such information upon request of any holder of the Notes and a prospective purchaser designated by such holder, provided such information has been furnished to it by the Depositor. Any delay or failure by the Indenture Trustee to furnish such information to a Noteholder (or failure of the Depositor to furnish such information to the Indenture Trustee) could limit the ability of the Noteholder to transfer its Notes pursuant to Rule 144A.

Each beneficial owner of a book-entry Note, by acceptance of such Note, will be deemed to represent and warrant that: (A) it is a QIB, and (B) either (i) it is not and is not acting on behalf or using the assets of a Plan, a plan subject to Similar Law or any entity whose underlying assets include any assets of a Plan or plan subject to Similar Law, or (ii)(a) it is acquiring Class A Notes, Class B Notes or Class C Notes, (b) the purchase, continued holding and disposition of such Notes (or any interest therein) will not give rise to a fiduciary breach or non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or result in a non-exempt prohibited transaction or violation of any Similar Law and (c) certain other requirements are satisfied, if applicable, as set forth in the Indenture. See “ERISA Considerations” in this private placement memorandum. Each holder of a Definitive Note (if issued) will

be required to make certain representations in writing as specified under the heading “*Restrictions on Transfer*” in this private placement memorandum. The Class A Notes, the Class B Notes and the Class C Notes will be issued as Definitive Notes only under the limited circumstances specified in the Indenture. See “*Description of the Notes—Book-Entry Notes and Definitive Notes*” and “*ERISA Considerations*” in this private placement memorandum.

***Repayment of the Notes is limited to the Issuer’s assets.***

The Issuer does not have, nor is it expected in the future to have, any significant assets other than the Loans, the 2018-1A SUBI Certificate and certain related rights and amounts on deposit in the Note Accounts. Generally, no Noteholder will have recourse for payment of its Notes to any assets of the Seller, the Depositor, the Servicer, the Back-up Servicer, the Image File Custodian, the Custodian, the Administrator, the Owner Trustee, the Indenture Trustee, the 2018-1A SUBI Trustee or any of their respective Affiliates (other than the Issuer). The Notes represent obligations solely of the Issuer, and none of the Seller, the Depositor, the Servicer, the Back-up Servicer, the Image File Custodian, the Custodian, the Administrator, the Owner Trustee, the Indenture Trustee, the 2018-1A SUBI Trustee or any of their respective Affiliates (other than the Issuer) is obligated to make any payments on the Notes. Consequently, Noteholders must generally rely upon the Loans and Collections thereon for the payment of principal of and interest on the Notes. You may suffer a loss if these amounts are insufficient to pay amounts due on the Notes. Should the Notes not be paid in full on a timely basis, Noteholders may not look to, or draw upon, any assets of the Seller, the Depositor, the Servicer, the Back-up Servicer, the Image File Custodian, the Administrator, the Owner Trustee, the Indenture Trustee, the 2018-1A SUBI Trustee or any of their respective Affiliates (other than the Issuer) to satisfy their claims. See “*The Indenture—General*” in this private placement memorandum.

The Notes and the Loans will not be insured or guaranteed, in whole or in part, by the Issuer’s Affiliates, including Regional Management, the Initial Purchasers or any of their respective Affiliates, the United States or any governmental entity or any provider of credit enhancement or cash flow enhancement. If delinquencies and losses create shortfalls that exceed the available credit enhancement for your Notes, you may experience delays in payments due to you and you could suffer a loss.

***The credit enhancements may be inadequate, including as a result of the method of calculation of Loan Principal Balance with respect to Precompute Loans.***

Credit enhancement for the Class A Notes will be provided by the subordination of the Class B Notes and Class C Notes, excess spread, overcollateralization and funds on deposit in the Reserve Account. Credit enhancement for the Class B Notes will be provided by the subordination of the Class C Notes, excess spread, overcollateralization and funds on deposit in the Reserve Account. Credit enhancement for the Class C Notes will be provided by excess spread, overcollateralization and funds on deposit in the Reserve Account. Greater than expected losses on the Loans would have the effect of reducing, and could eliminate, the protection against loss afforded by this credit enhancement. Moreover, each time a Loan is prepaid by a Loan Obligor or a Loan is repurchased by or reassigned from the Issuer (or in the case of the 2018-1A SUBI Loans, reallocated from the 2018-1A SUBI), such Loan will cease to generate Interest Collections for the Trust Estate, thereby potentially reducing the protection against loss afforded by excess spread. See “*Summary Information—Credit Enhancement*” and “*—Additional Loans acquired by the Issuer or Loans removed from the Trust Estate may affect the credit quality of the assets securing repayment of the Notes*” in this private placement memorandum.

With respect to Precompute Loans, due to the manner in which the Loan Principal Balance for Precompute Loans is calculated, as further described in “*Description of the Loans—General*” in this private placement memorandum, during periods in which interest is earned on an accrual basis but remains unpaid by the Loan Obligor, the Loan Principal Balance of a Precompute Loan will increase (and such increase will not earn additional interest). This will have the effect of causing the credit enhancement for the Notes being provided with respect to Precompute Loans to be less than it would be for interest bearing Loans for which a Loan Obligor has not made a timely interest payment. As of the Initial Cut-Off Date, the Loan Pool includes 26,596 Precompute Loans which constitutes approximately 70.85% of the aggregate principal balance of all Initial Pool Loans in the Loan Pool. There is no restriction on the amount of Precompute Loans that may be added to the Loan Pool during the Revolving Period.

Based on the priorities described under “*Description of the Notes—Priority of Payments*,” a Class of Notes that receives payments, particularly principal payments, before another Class will be repaid more rapidly than the Class or Classes of Notes that are subordinated to such Class of Notes. In addition, because principal of each Class of Notes will be paid sequentially, Classes of Notes that have lower sequential class designations (e.g., B being lower than A) will be

outstanding longer and therefore will be exposed to the risk of losses on the Loans during periods after a more senior Class of Notes has received most or all amounts payable on such Class of Notes, and after which a disproportionate amount of credit enhancement may have been applied and not replenished. Similarly, if there are insufficient amounts available to pay all Classes of Notes the amounts that they are owed on any Payment Date or following an acceleration of the Notes, delays in payments or losses will be suffered first by the most junior outstanding Class or Classes of Notes even as payment may be made in full to more senior Classes of Notes. See “—*Payments on subordinate classes of Notes are more sensitive to losses on the Loans*” in this private placement memorandum.

***Payments on subordinate Classes of Notes are more sensitive to losses on the Loans.***

Certain Classes of Notes are subordinated to other Classes of Notes, and any Notes having lower sequential class designations are more likely to suffer the consequences of delinquent payments and defaults on the Loans than the Classes of Notes having a higher sequential class designation.

The Notes with a lower sequential class designation are subordinated with respect to interest and principal payments to the Notes with a higher sequential class designation (the Class C Notes are subordinated to the Class A Notes and the Class B Notes, and the Class B Notes are subordinated to the Class A Notes). Following the occurrence of an Event of Default, the priority of interest and principal distributions will change, with the effect that the most senior outstanding Class of Notes will receive all payments of principal and interest before any subordinate Class of Notes receives any payments of principal or interest. See “*Description of the Notes—Priority of Payments*” in this private placement memorandum. The subordination arrangements could result in delays or reductions in interest or principal payments on Classes of Notes with lower sequential class designations even as payment is made in full on Classes of Notes with higher sequential class designations.

***There may be a loss or a delay in receiving payments on the Notes if the assets of the Issuer are liquidated.***

If an Event of Default occurs and the Notes are accelerated, the Indenture Trustee may liquidate the assets of the Issuer, subject to the conditions described under “*The Indenture*” in this private placement memorandum. As a result:

- (a) there may be losses on the Notes if the assets of the Issuer are insufficient to pay the amounts owed on the Notes;
- (b) payments on certain Classes of Notes may be delayed until more senior Classes of Notes are repaid or until the liquidation of the assets is completed; and
- (c) subordinate Notes may be repaid earlier than scheduled, which will involve the prepayment risks described under “—*The yield to investors in the Notes will be sensitive to the rate and timing of principal payments thereon and the ability of the Issuer to apply Collections in order to acquire new Loans*” in this private placement memorandum.

The Issuer cannot predict the length of time that will be required for liquidation of the assets of the Issuer to be completed. In addition, liquidation proceeds may not be sufficient to repay the Notes in full. Even if liquidation proceeds are sufficient to repay the Notes in full, any liquidation that causes the outstanding principal balance of a Class of Notes to be paid before the related final scheduled payment date will involve the prepayment risks described above and under “—*The yield to investors in the Notes will be sensitive to the rate and timing of principal payments thereon and the ability of the Issuer to apply Collections in order to acquire new Loans*” in this private placement memorandum.

***The Noteholders have limited control over amendments, modifications and waivers to, and assignments of, the Indenture and other Transaction Documents.***

Certain amendments, modifications or waivers to, or assignments of, the Indenture and the other Transaction Documents may require the consent of holders representing only a certain percentage interest of the Notes or only adversely affected Noteholders. Additionally, other amendments, modifications or waivers to, or assignments of, the Indenture and other Transaction Documents do not require the consent of any Noteholder. As a result, certain amendments, modifications or waivers to the Indenture and such other Transaction Documents may be effected without the consent of any Noteholders or with the consent of only a specified percentage of Noteholders. See “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Amendment; Waiver,*” “*The Indenture—Supplemental*

*Indentures—Supplemental Indentures Without the Consent of the Noteholders,” “The Administration Agreement” and “The Trust Agreement—Amendments”* in this private placement memorandum. There can be no assurance as to whether or not amendments, modifications, waivers or assignments effected without a Noteholder vote will adversely affect the performance of the Notes.

***The ratings on the Notes may not accurately reflect their risks, and ratings could be reduced or withdrawn.***

The ratings of the Notes will be based on the Rating Agency’s assessment of the Loans, the structure of the Notes and the ability of the Servicer to service the Loans. While the rating addresses the likelihood of receipt by holders of the ultimate payment of principal and the timely payment of interest due on the 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 Notes or the corresponding effect on yield to investors. A rating of a Note is not a recommendation to purchase, sell or hold such Note inasmuch as such rating does not comment on the market price of the Notes, its tax impact on any investor or its suitability for a particular investor. In addition, there can be no assurance that a rating of a Note will remain for any given period of time or that a rating will not be downgraded or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. None of the Issuer, the Depositor or the Servicer or 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 Notes. A downgrade or withdrawal of a rating by the Rating Agency is likely to have an adverse effect on the market value of the affected Notes, which effect could be material.

The procedures used by rating agencies to determine ratings on securities have come under scrutiny as a result of the turbulence in the financial markets, and federal governmental authorities have enacted and continue to propose rules and regulations to reform the rating process. The Securities and Exchange Commission adopted Rule 17g-5 under the Exchange Act (“**Rule 17g-5**”), with the goal of enhancing transparency, objectivity and competition in the credit rating process. The Notes will be subject to Rule 17g-5. To comply with Rule 17g-5, Regional Management has created a password protected website which is accessible to all nationally recognized statistical rating organizations (“**NRSROs**”) (not just the Rating Agency), in order for them to obtain the information the parties to this transaction provided to the Rating Agencies in connection with the determination of an initial credit rating, including information about the characteristics of the underlying assets and the legal structure of the Notes, as well as ongoing information about the transaction. The availability of such information could encourage NRSROs other than the Rating Agency to rate one or more Classes of Notes upon initial issuance or at any time during the life of this transaction and such ratings could be less favorable than the ratings assigned by the Rating Agency to the Notes. None of the Servicer, the Depositor or any Initial Purchaser is obligated to inform investors (or potential investors) in the Notes if an unsolicited rating is issued after the date of this private placement memorandum. Consequently, if you intend to purchase Notes, you should monitor whether an unsolicited rating of the Notes has been issued by an NRSRO other than DBRS and should consult with your financial and legal advisors regarding the impact of an unsolicited rating on a Class of Notes. These unsolicited ratings could reduce the liquidity and market value of the Notes, and could adversely affect any investor relying on credit ratings for any purpose. In addition, other future changes to rating procedures, to the regulation of rating agencies or to the rating process could affect the issued ratings on the Notes.

***The yield to investors in the Notes will be sensitive to the rate and timing of principal payments thereon and the ability of the Issuer to apply Collections in order to acquire new Loans.***

The Loans may be prepaid, in whole or in part, at any time without penalty. The rate and timing of prepayment on the Loans may be influenced by a variety of economic, social and other factors. The rate of prepayment on the Loans may be influenced by the nature of the Loan Obligors and servicing decisions. In addition, the Seller is obligated to repurchase Loans (or, in the case of the 2018-1A SUBI Loans, the Servicer is obligated to reallocate 2018-1A SUBI Loans from the 2018-1A SUBI or purchase them, in each case, in accordance with the 2018-1A SUBI Supplement) as a result of certain breaches of representations and warranties as to the characteristics of the Loans as of the applicable Cut-Off Date, and under certain circumstances the initial Servicer is obligated to purchase Loans pursuant to the Sale and Servicing Agreement and the 2018-1A SUBI Supplement, as applicable, as a result of certain breaches of representations, warranties or covenants by the Servicer or any Subservicer. In addition, in the event that a Loan becomes a Charged-Off Loan, such Charged-Off Loan and certain related rights (including rights to future payments in respect thereof) will be deemed to be automatically released from the lien of the Indenture; provided, that all proceeds, recoveries and other amounts collected by the Issuer, the Depositor, any Subservicer or the Servicer with respect to any Charged-Off Loan (including proceeds of any disposition by the Servicer or any Subservicer to any third party) shall be paid to the Issuer and subject to the lien of the Indenture. See “*The Indenture—General*” in this private placement memorandum. The Loans

may also be repurchased or reassigned from the Issuer (or in the case of the 2018-1A SUBI Loans, reallocated from the 2018-1A SUBI by the Servicer in accordance with the 2018-1A SUBI Supplement) on any Loan Action Date during the Revolving Period so long as no Reinvestment Criteria Event will exist after giving effect to repurchase or reassignment. See “*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases*” in this private placement memorandum. Furthermore, pursuant to the Sale and Servicing Agreement and subject to the conditions specified in the Indenture, on any Payment Date occurring on or after the date on which the Aggregate Note Balance of the Outstanding Notes is reduced to 10% or less of the Initial Note Balance, the Servicer will have the option to purchase all of the Sold Assets at a purchase price equal to the Redemption Price in accordance with the Indenture. If the Servicer elects to exercise such Optional Purchase, it will be required to comply with certain conditions specified in the Indenture. The Issuer may also redeem the Notes on any Payment Date on or after the Payment Date occurring in July 2020. See “*Description of the Notes—Servicer Clean-Up Call and Optional Call*” in this private placement memorandum.

The Regional Originators will be permitted to solicit, and may actively solicit, Loan Obligors to refinance their Loans into new large personal loans. In the event of any such refinancing, the refinanced Loan will be repaid and cease to be included in the Trust Estate, and such repayment may adversely affect the yields on the Notes.

Investors are urged to consider that the yield to maturity of the Notes purchased at a discount or premium will be more sensitive to the rate and timing of payments of principal thereon. Noteholders should consider, in the case of any such Notes purchased at a discount, the risk that a slower than anticipated rate of principal payments could result in an actual yield that is lower than the anticipated yield, and in the case of any such Notes purchased at a premium, the risk that a faster than anticipated rate of principal payments could result in an actual yield that is lower than the anticipated yield. The Noteholders will bear all the reinvestment risks relating to prepayments on the Loans and resulting from distributions of principal on the Notes. These reinvestment risks include the possibility that the Noteholders may not be able to reinvest distributions of principal in alternative comparable investments having similar yields. No representation is made as to the anticipated rate of prepayments of, rate and timing of losses on or repurchases of the Loans (or in the case of the 2018-1A SUBI Loans, the reallocation thereof from the 2018-1A SUBI to the UTI or another SUBI or purchase thereof by the Servicer in accordance with the 2018-1A SUBI Supplement), the occurrence of an Event of Default or Early Amortization Event or the resulting yield to maturity of the Notes.

***Structuring tables are based upon assumptions and models.***

The decrement tables appearing under “*Prepayment and Yield Considerations—Percent of Initial Note Balance Outstanding at Various Prepayment Assumptions to Maturity*” have been prepared on the basis of the modeling assumptions set forth under “*Prepayment and Yield Considerations*” in this private placement memorandum. The model used in this private placement memorandum for prepayments does not purport to be an historical description of prepayment experience or a prediction of the anticipated rate of prepayment of any pool of loans, including the Loans in the pool. It is highly unlikely that the Loans will prepay at the rates specified. The prepayment assumption is for illustrative purposes only. For these reasons, the actual weighted average lives of the Notes may differ from the weighted average lives shown in the decrement tables.

***The treatment of the Transfer and Contribution Agreement as a pledge of security following a bankruptcy of Regional North Carolina could result in late payments on the Notes and/or reductions in the amounts of such payments.***

Each of Regional North Carolina and the North Carolina Trust intend that the transfers and contributions of the North Carolina Loans by Regional North Carolina to the North Carolina Trust under the Transfer and Contribution Agreement constitute “true contributions” thereof. If the transfers constitute “true contributions,” the North Carolina Loans and the proceeds thereof should not be a part of Regional North Carolina’s bankruptcy estate should it become a debtor in a bankruptcy case subsequent to such transfer and contribution. However, if Regional North Carolina were to become a debtor in a bankruptcy case, claimants might argue that the transfers and contributions of the North Carolina Loans were not true contributions but merely pledges of security. Under this theory, a court could order the North Carolina Trust to turn over the North Carolina Loans (including the 2018-1A SUBI Loans) contributed by Regional North Carolina to the North Carolina Trust and treat such North Carolina Loans as assets included in the bankruptcy estate of Regional North Carolina. If a court were to conclude that the transfer of such North Carolina Loans constituted grants of a security interest and not contributions then delays in payments on the Notes could occur and/or reductions in the amounts of such payments could result.

***The treatment of the Loan Purchase Agreement as a pledge of security following a bankruptcy of the Seller or the Depositor could result in late payments on the Notes and/or reductions in the amounts of such payments.***

Each of the Depositor and the Seller intend that the transfer of the Loans (other than the 2018-1A SUBI Loans) and the 2018-1A SUBI Certificate by the Seller to the Depositor pursuant to the Loan Purchase Agreement constitutes a “true sale” of such Loans and the 2018-1A SUBI Certificate to the Depositor. If the transfer constitutes a “true sale,” such Loans and the proceeds thereof should not be a part of the Seller’s bankruptcy estate should it become a debtor in a bankruptcy case subsequent to the transfer of such Loans and the 2018-1A SUBI Certificate. However, if the Seller were to become a debtor in a bankruptcy case, claimants might argue that the transfer of such Loans and the 2018-1A SUBI Certificate was not a true sale but merely a pledge of security. Under this theory, a court could order the Depositor to turn over such Loans and the 2018-1A SUBI Certificate sold by the Seller and treat such Loans and the 2018-1A SUBI Certificate as assets included in the bankruptcy estate of the Seller. If a court were to conclude that the sale of such Loans and the 2018-1A SUBI Certificate constituted a grant of a security interest and not a sale then delays in payments on the Notes could occur and/or reductions in the amounts of such payments could result. No representation is made as to whether or not conveyances of such Loans and the 2018-1A SUBI Certificate from the Depositor to the Issuer under the Sale and Servicing Agreement constitute “true sales.”

***There are risks to Noteholders because the Contracts will be held by the Servicer or Subservicer and not by any Secured Party.***

The Servicer (acting as Custodian) or the applicable Subservicer (acting as subcustodian) will maintain possession of any original Contracts in tangible form. The Servicer or the Subservicer, as applicable, will identify that the Loans for which it holds the original Contracts in tangible form have been conveyed to the Depositor and the Issuer (or, in the case of the 2018-1A SUBI Loans, to the North Carolina Trust and allocated to the 2018-1A SUBI), but these original Contracts will not be segregated or specifically marked as belonging to the Depositor or the Issuer (or, in the case of the 2018-1A SUBI Loans, to the North Carolina Trust and allocated to the 2018-1A SUBI). However, appropriate UCC-1 financing statements reflecting the transfer and assignment of the Loans (including any Contracts that may be in electronic form at a future date, as described below) and the 2018-1A SUBI Certificate (which will evidence an indirect beneficial interest, rather than a direct ownership interest, in the 2018-1A SUBI Loans allocated to the 2018-1A SUBI) by the Seller to the Depositor and by the Depositor to the Issuer, and the pledge thereof to the Indenture Trustee will be filed to perfect that interest and give notice of the Issuer’s ownership interest in, and the Indenture Trustee’s security interest in, the Loans and in the 2018-1A SUBI Certificate. Further, pursuant to the 2018-1A Security Agreement, the North Carolina Trust and the Issuer will each grant, pledge and assign to the Indenture Trustee, for the benefit of the Noteholders, a lien and security interest in of their respective right, title and interest in the 2018-1A SUBI Assets, which will include the 2018-1A SUBI Loans. If, through inadvertence or otherwise, any of the Loans were sold or pledged to another party who purchased (including a pledgee) the Loans in the ordinary course of its business and took possession of the original contracts in tangible form giving rise to such Loans (any such event, a “**tangible contract event**”), the purchaser would acquire an interest in the Loans superior to the interests of the Indenture Trustee if the purchaser acquired such Loans for value and without knowledge that the purchase violates the rights of the Issuer or the Indenture Trustee, which could cause investors to suffer losses on their Notes.

Regional may in the future implement an electronic signature process that permits Regional to originate large personal loans in electronic form. There will be no specific limitations on Regional’s ability to sell or allocate large personal loans originated in electronic form to the Issuer once the Electronic Chattel Paper Condition is satisfied. Consequently, there can be no assurance that at a future date a significant percentage of the Loans will not be in electronic form. Regional may in the future originate and maintain custody of some Contracts in electronic form through a third-party electronic vault provider (an “**electronic vault provider**”). The electronic vault provider’s technology system will be designed to enable it to identify a copy of each electronic contract as an “original” or “single authoritative copy” that is readily distinguishable from all other copies and that identifies the owner of the Contract. The system will also be designed to prevent revisions to the authoritative copy of the electronic contract without Regional’s participation and to identify revisions as either authorized or unauthorized revisions. Notwithstanding these capacities of the technology, Regional will perfect the transfer and assignment of Loans, including those evidenced by electronic contracts, solely by filing UCC-1 financing statements as described above. Moreover, there can be no assurance that the electronic vault provider’s technology system will perform as represented by it in maintaining the systems and controls required to provide assurance that Regional maintains control over an electronic contract as described above. In that event, through inadvertence, system failure or otherwise, another person could acquire an interest in an electronic contract that is superior to the interest of Regional Management (and accordingly the Issuer’s interest) (any such event, an “**electronic contract**”).

event”), which could result in losses on the Notes. Additionally, market practices regarding control of electronic chattel paper and other electronic contracts are still developing. For example, the Uniform Commercial Code concept of “control” by its terms applies only to electronic chattel paper and not to electronic contracts that might fall into other Uniform Commercial Code categories.

As a result of any tangible contract event or electronic contract event, (i) the Issuer may not have a perfected security interest in certain Loans (or such security interest may not be of first priority) and/or (ii) the Indenture Trustee may not have a perfected security interest in certain Loans (or such perfected security interest may not be of first priority). The possibility that the Issuer or the Indenture Trustee may not have a perfected security interest in the Loans (or that such perfected security interest may be junior to another party’s interest) may affect its ability to obtain Collections on the Loans, seek judgments against Loan Obligor for payments on the Loans and/or repossess collateral providing security for the related Loan. Therefore, Noteholders may be subject to delays in payment and may incur losses on their investment in the Notes.

Moreover, should a third party need to access the physical Contracts for any purpose (including to assume the duties of the Servicer and each Back-up Servicer), the lack of centralization of the location of the physical Contracts (due to the fact that a Contract generally will be held at the applicable branch where such Loan was originated) could result in delays or errors in servicing the Loans and consequently may result in losses on the Note.

Furthermore, if the Servicer or the Seller becomes the subject of an insolvency proceeding, competing claims to ownership or security interests in the Loans could arise. These claims, even if unsuccessful, could result in delays in payments on the Notes. If successful, the attempt could result in losses or delays in payments to you or an acceleration of the repayment of the Notes.

***The Notes may incur losses as a result of defects in the Loans, even if such Loans are repurchased.***

A risk for investors in the Notes is that losses may be incurred as a result of defects with respect to the Loans. However, the Seller, or in the case of the 2018-1A SUBI Loans, the Servicer, will make representations and warranties with respect to the Loans related to certain of these defects. Investors in the Notes are strongly encouraged to review “*Description of the Loans—Loan Actions*” in this private placement memorandum for the content of the representations and warranties and the mechanism whereby repurchase claims for breaches may be made.

Additionally, in the event of a breach of a representation or warranty with respect to a Loan that requires the repurchase or reallocation of such Loan, the Repurchase Price paid by the Seller or the Servicer, as applicable, may be an amount less than the principal balance of such Loan (plus any out-of-pocket costs incurred by the Depositor or the Issuer in connection with such repurchase). As a result, the amount received by the Issuer with respect to a Loan that is in breach may be less than what would ultimately have been received had the Loan been held to maturity. As a result, investors in the Notes may incur losses greater than would otherwise be the case.

***Additional Loans acquired by the Issuer or Loans removed from the Trust Estate may affect the credit quality of the assets securing repayment of the Notes.***

During the Revolving Period, it is expected that the Issuer will use Collections to purchase a significant number of Additional Loans. Moreover, the Depositor, or in the case of the 2018-1A SUBI Loans, the Servicer, may choose to (or cause the Issuer to) remove Loans from the Trust Estate (or in the case of the 2018-1A SUBI Loans, cause the reallocation of such 2018-1A SUBI Loans from the 2018-1A SUBI) that represent excess collateral, designate certain Loans to be excluded from the calculation of the Loan portfolio metrics, and/or contribute Additional Loans to the Trust Estate. See “*Description of the Loans— Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases*” in this private placement memorandum. Acquisitions of new Loans and the other actions described above in this paragraph are subject to the condition that, after giving effect to such action, no Reinvestment Criteria Event is outstanding. This condition is designed to assure that additions and removals of Loans during the Revolving Period do not result in degradation of the quality of the Loan Pool taken as a whole below the standard established by the reinvestment criteria specified in the definition of Reinvestment Criteria Event. However, there can be no assurance that such condition will prevent a degradation of the overall credit quality of the Loan Pool, for example because other characteristics of the Loans which are not contemplated in the reinvestment criteria impact the overall credit performance of the Loan Pool.

Additionally, the Issuer, at the direction of the Servicer, is permitted to cause Loans to be released from the Trust Estate and transferred to the Depositor (or in the case of the 2018-1A SUBI Loans, reallocated from the 2018-1A SUBI) pursuant to an Issuer Loan Release, subject to the condition that, after giving effect to such action, no Reinvestment Criteria Event is outstanding. While the Issuer and Servicer are required to select the Reassigned Loans in a manner that it believes is not materially adverse to the interests of the Noteholders, there can be no assurance that the Reassigned Loans will not be of a higher credit quality or have better metrics with respect to the overall composition of the Loan Pool than the remaining Loans or that the Reassigned Loans will not experience superior payment performance than the remaining Loans.

***There may be a conflict of interest among classes of Notes.***

As described elsewhere in this private placement memorandum, the Required Noteholders or another specified percentage of Noteholders are entitled to make certain decisions with regard to, among other things, treatment of defaults by the servicer, exercising rights and remedies following an Event of Default (including directing the liquidation of the Loans and other collateral), consenting to certain amendments to the Transaction Documents and certain other matters. In the case of votes by holders of all of the Notes, the outstanding dollar principal amount of the Class A Notes will generally be substantially greater than the outstanding dollar principal amount of the subordinated Classes of Notes. Consequently, the Noteholders of the Class A Notes will frequently have the ability to determine whether and what actions should be taken. The subordinated Noteholders will generally need the concurrence of the senior-most Noteholders to cause actions to be taken.

Because the holders of different Classes of Notes may have varying interests when it comes to these matters, you may find that courses of action determined by other Noteholders do not reflect your interests but that you are nonetheless bound by the decisions of these other Noteholders.

In addition, it is an Event of Default if the Issuer fails to pay any interest on the most senior Class of Notes then-outstanding on any Payment Date. So long as there is a more senior Class of Notes outstanding, there is no Event of Default as a result of the Issuer failing to pay interest on a more junior Class of Notes. See “*The Indenture—Events of Default*” in this private placement memorandum.

***Some or all of the Notes may be issued with original issue discount.***

Some or all of the Notes may be issued with original issue discount (“**OID**”) for U.S. federal income tax purposes. A U.S. person (as defined herein) generally will be required to accrue OID on a current basis as ordinary income and pay tax accordingly, even before such U.S. person receives cash attributable to that income and regardless of such U.S. person’s method of tax accounting. For further discussion of the computation and reporting of OID, see “*Certain U.S. Federal Income Tax Consequences—Tax Consequences to Holders of Notes in General—Original Issue Discount*” in this private placement memorandum. The recently enacted Tax Cuts and Jobs Act could accelerate the recognition of original issue discount. Consequently, if you own a Note issued with original issue discount, you could be required to pay taxes with respect to distributions on such Note prior to receiving any such distributions. Prospective investors in Notes issued with original issue discount (if any) are urged to consult with their tax advisors regarding the potential applicability of the Tax Cuts and Jobs Act to their particular situation.

***Changes to the U.S. federal income tax laws could have an adverse impact on the Notes.***

Numerous changes to the U.S. federal income tax laws were recently enacted pursuant to the Tax Cuts and Jobs Act, and certain of these changes could impact the federal income tax treatment of the Notes for certain holders. For example, under the Tax Cuts and Jobs Act, a holder of a Note that uses an accrual method of accounting for U.S. federal income tax purposes generally is required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. The application of this rule thus may require the accrual of income earlier than would be the case under the general tax rules, although the precise application of this rule is unclear at this time. This rule generally is effective for tax years beginning after December 31, 2017 or, for Notes issued with original issue discount (if any), for tax years beginning after December 31, 2018.

***Book-entry registration of the Notes may reduce their liquidity.***

The Notes of all Classes initially will be represented by one or more Global Notes registered in the name of Cede & Co. (“**Cede**”) as a nominee of DTC and will not be registered in the names of the Beneficial Owners (as defined herein) or their nominees. Issuance of the Notes as Global Notes may reduce the liquidity of such Notes in the secondary trading market since investors may be unwilling to purchase Notes for which they cannot obtain definitive physical securities representing such investors’ interests, except in certain circumstances described under “*Description of the Notes—Book-Entry Notes and Definitive Notes*” in this private placement memorandum.

Since transactions in Notes represented by Global Notes will be effected only through DTC, direct or indirect participants in DTC’s book-entry system or certain banks, the ability of a Beneficial Owner to pledge its interest in the Notes to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Notes, may be limited due to lack of a physical security representing such Beneficial Owner’s interest in such Notes.

Additionally, owners of the Notes may experience some delay in their receipt of distributions of interest on and principal of the Global Notes since distributions may be required to be forwarded by the Indenture Trustee to DTC and, in such case, DTC will be required to credit such distributions to the accounts of its participants which thereafter will be required to credit them to the accounts of the applicable Beneficial Owners either directly or indirectly through indirect participants. See “*Description of the Notes—Book-Entry Notes and Definitive Notes*” in this private placement memorandum.

**Risks Relating to the Loans and Other Credit Risk**

***Regional is exposed to credit risk in its lending activities.***

Regional’s ability to collect on loans, including the Loans in the Loan Pool, depends on the willingness and repayment ability of its obligors. Any material adverse change in the ability or willingness of a significant portion of Regional’s obligors to meet their obligations to Regional, whether due to changes in general economic, political, or social conditions, the cost of consumer goods, interest rates, natural disasters, acts of war or terrorism, or other causes over which Regional has no control, or to changes or events affecting Regional’s obligors such as unemployment, major medical expenses, bankruptcy, divorce, or death, would have a material adverse impact on Regional’s earnings and financial condition. Further, a substantial majority of Regional’s obligors are non-prime obligors, who are more likely to be affected, and more severely affected, by adverse macroeconomic conditions. Regional cannot be certain that its credit administration personnel, policies, and procedures will adequately adapt to changes in economic or any other conditions affecting customers and the quality of the loan portfolio.

***Historical loss experience may not accurately predict the likelihood of delinquencies, defaults and losses on the Loans.***

Although Regional Management has calculated and presented herein the delinquency and net loss experience with respect to the Initial Loan Pool as of the Initial Cut-Off Date, there can be no assurance that the information presented will reflect actual experience with respect to the Loans in the Initial Loan Pool or any Additional Loans that are acquired by the Issuer (or allocated to the 2018-1A SUBI) after the Closing Date. In addition, there can be no assurance that the future delinquency or loss experience of the Issuer with respect to the Loans will be better or worse than that set forth herein or that of similar large personal loans that are not conveyed to the Issuer.

Also, the Loan Pool may change significantly over time after the Closing Date, which could result in worse delinquency and net loss experience than is presented in this private placement memorandum. See “—*Risks Relating to the Notes—Additional Loans acquired by the Issuer or Loans removed from the Trust Estate may affect the credit quality of the assets securing repayment of the Notes*” in this private placement memorandum.

Historical loss and delinquency information set forth in this private placement memorandum under “*Description of the Loans—Loan Pool Data*” was affected by several variables, including general economic conditions and market interest rates, that are likely to differ in the future. Moreover, the composition of Loans in the Loan Pool likely will change materially after the Closing Date. See “—*Risks Relating to the Notes—Additional Loans acquired by the Issuer or Loans removed from the Trust Estate may affect the credit quality of the assets securing repayment of the Notes*” in this private placement memorandum. There can be no assurance that the delinquency and loss experience calculated and presented

in this private placement memorandum with respect to the Loans in the Loan Pool prior to the Initial Cut-Off Date will reflect actual experience with respect to (i) such Loans after the Closing Date or (ii) any other Loans added to the Loan Pool after the Closing Date.

***The Loans are generally obligations of non-prime obligors and will likely have higher default rates than a pool of loans constituting primarily obligations of prime obligors.***

The Loans are generally obligations of “non-prime” obligors who do not qualify for, or have difficulty qualifying for, credit from traditional sources of consumer credit as a result of, among other things, moderate income, limited assets, other adverse income characteristics and/or a limited credit history or an impaired credit record, which may include a history of irregular employment, previous bankruptcy filings, repossessions of property, charged-off loans and/or garnishment of wages.

The average interest rate charged to such “non-prime” obligors generally is higher than that charged by commercial banks and other institutions providing traditional sources of consumer credit. These traditional sources of consumer credit typically impose more stringent credit requirements than the personal loan products provided by Regional. As a result of the credit profile of the Loan Obligors and the interest rates on the Loans, the historical delinquency and default experience on the Loans will likely be higher (and may be significantly higher) than those experienced by financial products arising from traditional sources of consumer credit. Additionally, delinquency and default experience on the Loans is likely to be more sensitive to changes in the economic climate in the areas in which the Loan Obligors of such Loans reside. See “—*Geographic concentration may increase risk of loss*” in this private placement memorandum. Investors are urged to consider the credit quality of the Loans when analyzing an investment in the Notes.

***Regional may be limited in its ability to collect on the Loans, and the security interests securing a substantial majority of the Loans are not perfected, which may increase credit losses.***

Legal and practical limitations may limit Regional’s ability to collect on the Loan Pool, resulting in increased credit losses. State and federal laws and regulations restrict Regional’s collection efforts. All of the Loans are secured, but a substantial majority of such security interests have not been and will not be perfected, which means that Regional cannot be certain that such security interests will be given first priority over other creditors. The amounts that Regional is able to recover from the repossession and sale of collateral typically do not fully cover the outstanding Loan balance and costs of recovery. In cases where Regional repossesses a vehicle securing a Loan, Regional generally sells its repossessed automobile inventory through sales conducted by independent automobile auction organizations after the required post-repossession waiting period, consistent with applicable state law. In certain instances, Regional may sell repossessed collateral other than vehicles through Regional’s branches after the required post-repossession waiting period and appropriate receipt of valid bids, consistent with applicable state law. The proceeds Regional receives from such sales depend upon various factors, including the supply of, and demand for, used vehicles and other property at the time of sale. During periods of economic slowdown or recession, there may be less demand for used vehicles and other property that Regional desires to resell.

The Additional Loans to be sold by the Seller to the Depositor, and by the Depositor to the Issuer (or, in the case of North Carolina Loans, allocated to the 2018-1A SUBI by the Servicer in accordance with the 2018-1A SUBI Supplement) will be secured, but a substantial majority of such security interests will not be perfected. The lack of perfected security interests is one of several factors that may make it more difficult for Regional to collect on the Loan Pool. In addition, given the relatively small size of some of the Loans, the costs of collecting Loans may be high relative to the amount of the Loan. As a result, many collection practices that are legally available, such as litigation, may be financially impracticable, including due to an inherent risk that the related Loan Obligors may assert certain claims or defenses against the related Regional Originator and, by extension, the Servicer or Subservicer. As a consequence of any of the foregoing, increased losses on the Loans could occur and repayment of the Notes could be adversely affected.

***The collateral securing a Loan Obligor’s obligations under a Loan may be limited or insufficient.***

The Seller, in connection with selling the Loans to the Depositor, has assigned or will assign to the Depositor its rights under the applicable Contract and certain other Related Loan Assets, including any security interest in collateral supporting repayment of a secured Loan, which the Depositor, in turn, will assign to the Issuer. The Issuer, in turn, has granted or will grant a security interest in its interest in such Loans, Contracts and other Sold Assets to the Indenture

Trustee. Pursuant to the 2018-1A SUBI Security Agreement, each of the North Carolina Trust and the Issuer, as 2018-1A SUBI Holder, will pledge and assign all of its respective rights, title and interests in the 2018-1A SUBI Assets, which will include the 2018-1A SUBI Loans, to the Indenture Trustee for the benefit of the Noteholders to secure the Notes.

The Loans fall into two categories: Hard Secured Loans and Soft Secured Loans. The Hard Secured Loans are secured by a motor vehicle, boat, recreational vehicle, camper, trailer, motorcycle, all-terrain vehicle or other similar hard assets for which, under applicable state law, a certificate of title is issued and perfection of any security interest occurs by notation on such certificate of title. A Soft Secured Loan is secured by a non-essential household good (subject to limitations imposed by applicable law on the taking of non-purchase money security interests in such items). In almost all instances, the collateral securing the Hard Secured Loans and the Soft Secured Loans that are secured was not acquired with proceeds of those Loans in a manner that would give rise to a purchase money security interest. The security interest in the collateral securing Hard Secured Loans is typically a perfected first priority security interest effected by noting the lien on the corresponding certificate of title or by filing with the relevant state Governmental Authority. See “—*The Issuer’s security interest in the collateral for the Hard Secured Loans will not be noted on the certificates of title, which may increase credit losses on the Loans and cause losses on the Notes*” in this private placement memorandum. The related Regional Originator’s security interest in the collateral securing a Soft Secured Loan typically is not perfected and the Servicer generally does not foreclose on such collateral, as it is uneconomical to do so. As a consequence, the Issuer may not receive any proceeds in respect of such collateral to make payments in respect of the Notes. See “*Certain Legal Aspects of the Loans—Security Interests in Collateral Securing the Loans—Soft Secured Loans*” in this private placement memorandum.

As of the Closing Date, in the case of Hard Secured Loans, the applicable Loan Obligor is contractually required to maintain property insurance in respect of the related collateral in an amount equal to the lesser of the loan balance or the value of the collateral and to cause the Seller to be named as a loss payee. In most cases, the personal loan borrower obtains the required property insurance from its own insurer. However, if the borrower fails to do so, Regional does not purchase the insurance on a “lender-placed” basis. While Loan Obligors are contractually required to obtain such insurance, once a Loan closes, there is no process to monitor whether the Loan Obligor maintains the required insurance or to enforce continued insurance coverage. In the event that a Loan Obligor under any Hard Secured Loan fails to maintain the required insurance coverage, damage to the related collateral securing such Hard Secured Loan could reduce the value of such collateral, thereby compromising the Servicer’s ability to seek or obtain recoveries with respect to such Hard Secured Loan.

Despite the collateralization requirements described above, there can be no assurance that the value of the applicable collateral or the amount of any associated insurance will be sufficient to repay the principal balance of the applicable Loan. Frequently, even in the case of Hard Secured Loans, the principal balance of a Loan exceeds (and may substantially exceed) the value of the collateral securing such Loan. There may also be circumstances in which a Hard Secured Loan ceases to be collateralized as a consequence of loss or disposition of the applicable Titled Asset without either reduction of the principal balance of the Loan or replacement of the collateral. Moreover, if the security interest in collateral securing a Loan is unperfected for any reason, including a failure on the part of the related Regional Originator to perfect a security interest in a Titled Asset as described above, the security interest would be subordinate to, among others, a bankruptcy trustee of the Loan Obligor, a subsequent purchaser of the applicable collateral or a holder of a perfected security interest in the applicable collateral. As a consequence of any of the foregoing, increased losses on the Loans could occur and repayment of the Notes could be adversely affected. Investors should not rely on the proceeds from the disposition of any such collateral as a significant source of funds to make payments on the Notes.

***The Issuer’s security interest in the collateral for the Hard Secured Loans will not be noted on the certificates of title, which may increase credit losses on the Loans and cause losses on the Notes.***

In connection with each sale of any Hard Secured Loan to the Depositor, the Seller will assign its security interests in the related Titled Asset to the Depositor, who will further assign them to the Issuer. Finally, the Issuer will pledge its interest in the Titled Assets as collateral for the Notes. Pursuant to the 2018-1A SUBI Security Agreement, the North Carolina Trust and the Issuer will each pledge and assign all of their respective rights, title and interest in the 2018-1A SUBI Assets, which will include the 2018-1A SUBI Loans, to the Indenture Trustee for the benefit of the Noteholders to secure the Notes. The lien certificates or certificates of title relating to the Titled Assets will not be amended or reissued to identify the Seller, the North Carolina Trust, the Depositor, the Issuer or the Indenture Trustee as the new secured party. In the absence of such an amendment or reissuance, the Seller, the Issuer, the North Carolina Trust, the Depositor or the Indenture Trustee may not have a perfected security interest in the Titled Assets securing the Loans in some states.

As a consequence, if the Issuer (or the Servicer on its behalf) or the North Carolina Trust (or the Servicer on its behalf) elects to attempt to repossess the related Titled Asset, it might not be able to realize any liquidation proceeds on the Titled Asset. As a result, credit losses on the Loans may increase, and the Noteholders may suffer a loss on their investment in the Notes.

***Interests of other persons in the collateral for Hard Secured Loans could be senior to the Issuer's interest, which may increase credit losses on the Loans and result in reduced payments on the Notes.***

The lien certificates or certificates of title relating to the Titled Assets will not be amended or reissued to identify the Seller or the North Carolina Trust as the new secured party. In the absence of such an amendment or reissuance, the Seller or the North Carolina Trust may not have a first priority perfected security interest in the Titled Assets securing the Loans in some states. Additionally, even if the Seller or the North Carolina Trust, as applicable, has such a first priority perfected security interest, and such interest is conveyed to the Issuer or the Indenture Trustee, the Issuer or the Indenture Trustee, as applicable could lose the priority of its security interest in the Titled Asset security for a Hard Secured Loan due to, among other things, liens for repairs or storage of the Titled Asset or for unpaid taxes of a Loan Obligor. None of the Seller, the North Carolina Trust, the Servicer or any other person will have any obligation to purchase or repurchase a Loan (or in the case of the 2018-1A SUBI Loans, to cause the reallocation of such 2018-1A SUBI Loans from the 2018-1A SUBI) for any such failure to convey a first priority perfected security interest in the Titled Asset security for a Hard Secured Loan to the Depositor, the Issuer or the Indenture Trustee (or, in the case of the 2018-1A SUBI Loans, to the North Carolina Trust or the Indenture Trustee) or to the North Carolina Trust (in the case of the 2018-1A SUBI Loans) or any such loss of the priority of the security interest in any security for a Hard Secured Loan after the Loan is sold to the Depositor or the Issuer or allocated to the 2018-1A SUBI. Therefore, the rights of a third party with an interest in the proceeds could prevail against the rights of the Issuer or the Indenture Trustee, as applicable, prior to the time the proceeds are deposited by the Servicer into an account controlled by the Indenture Trustee for the Notes, which may increase credit losses on the Loans and result in reduced payments on the Notes.

***Interests of other persons in the insurance policies related to the Loans could be superior to the Issuer's or the Indenture Trustee's interest, which may increase credit losses on the Loans and result in reduced payments on the Notes.***

Under the terms of the Loan Purchase Agreement, the Sale and Servicing Agreement and the Indenture, the Seller has assigned its rights, if any, in credit and collateral protection insurance policies related to the Loans to the Depositor, which rights the Depositor, in turn, has conveyed to the Issuer, and the Issuer has pledged to the Indenture Trustee for the benefit of the Noteholders. Pursuant to the 2018-1A Security Agreement, the North Carolina Trust and the Issuer as 2018-1A SUBI Holder shall each pledge and assign to the Indenture Trustee, for the benefit of the Noteholders to secure the Notes, a continuing security interest in all of their respective rights to the 2018-1A SUBI Assets, which will include, if any, its rights in credit and collateral protection insurance policies related to the 2018-1A SUBI Loans. None of the Seller, the Servicer, the Depositor, the Issuer or the 2018-1A SUBI Trustee will take any action to perfect the Issuer's or the Indenture Trustee's rights in proceeds of any insurance policies covering particular items of collateral securing the Loans or any credit insurance policies, nor will the Issuer or the Indenture Trustee be identified as a named insured or loss payee in any applicable insurance policy or certificate. Therefore, the rights of a third party with an interest in these proceeds could prevail against the rights of the Issuer or the Indenture Trustee prior to the time the Servicer deposits the proceeds of such insurance into a Note Account, which may increase credit losses on the Loans and result in reduced payments on the Notes.

***The rate of depreciation of vehicles and other Titled Assets securing certain Hard Secured Loans could exceed the amortization of the outstanding principal balance of such Loans, which may lead to losses.***

There can be no assurance that the value of any Titled Asset with respect to a Hard Secured Loan will be greater than the outstanding Loan Principal Balance of such Loan. Even if the value of the applicable Titled Asset is greater than the Loan Principal Balance of the related Hard Secured Loan at the time such Loan is issued, the rate of depreciation of the Titled Asset may exceed the rate at which such Loan amortizes, resulting in a reduction in the Loan Obligor's equity in the Titled Asset. The lack of any significant equity in their vehicles or other Titled Assets may make it more likely that those Loan Obligors will default in their payment obligations if their personal financial conditions change. Defaults during earlier years are likely to result in losses because the proceeds of repossession of the vehicles and other Titled Assets securing Loans are less likely to pay the full amount of interest and principal owed on the related Loan. Loss severity tends to be greater with respect to Loans with higher loan-to-value ratios and with respect to Loans secured by

new vehicles or other Titled Assets because of the higher rate of depreciation described above and the decline in the prices of used vehicles and other Titled Assets. Furthermore, specific makes, models and types of vehicles and other Titled Assets may experience a higher rate of depreciation and a greater than anticipated decline in used equipment prices under certain market conditions including, but not limited to, the discontinuation of a brand by a manufacturer or the termination of dealer franchises by a manufacturer.

The pricing of used vehicles and other Titled Assets is affected by the supply and demand for that equipment, which, in turn, is affected by consumer tastes, economic factors (including the price of fuel in many cases), the introduction and pricing of new models and other factors, including the impact of recalls or the discontinuation of models or brands. Decisions by a manufacturer with respect to new production, pricing and incentives may affect used equipment prices, particularly those for the same or similar models. Further, the insolvency of a manufacturer may negatively affect used equipment prices for Titled Assets manufactured by that company. An increase in the supply or a decrease in the demand for used equipment may impact the resale value of the vehicles or other Titled Assets securing the Loans. Decreases in the value of those vehicles or other Titled Assets may, in turn, reduce the incentive of Loan Obligor to make payments on the Loans and decrease the proceeds realized by the Issuer from repossessions. In any of the foregoing cases, the delinquency and credit loss figures shown in the tables appearing under “*Regional Consumer Loan Business—Delinquency and Credit Loss Experience*” in this private placement memorandum might be a less reliable indicator of the rates of delinquencies and losses that could occur on the Loans than would otherwise be the case.

***There may be changes to the terms of the Loans owned by the Issuer in a way that reduces or slows Collections.***

From time to time, the Servicer or the applicable Subservicer may grant payment deferrals or modify the terms of the Loans in accordance with the Credit and Collection Policy. These changes could have the effect of, among other things, reducing or otherwise changing the Loan interest rate, forbearing or forgiving payments of interest on, principal or other charges on the Loans, extending the final maturity date, capitalizing delinquent interest and other amounts owed under the Loans or any combination of these or other modifications. See “*Regional Consumer Loan Business*” in this private placement memorandum.

If the Servicer or the related Subservicer, as applicable, reduces the interest rate of a Loan in connection with a modification, forgives or forbears all or a portion of the principal balance of a Loan or takes any of the other actions described in the preceding paragraph, the resulting interest shortfall, if any, will reduce the amount of Collections available to the Noteholders. A modification to the term of a Loan may slow the rate of principal payments thereon and, as a result, may extend the weighted average lives of the Notes. If the Servicer or the related Subservicer, as applicable, forgives or forbears all or a portion of the principal balance of a Loan or takes any of the other actions described in the preceding paragraph, it could result in a delay in the payment of principal of one or more Classes of Notes or, under certain loss scenarios, the failure to pay the remaining principal balance of one or more Classes of Notes upon maturity.

***FICO® credit scores may not accurately predict the likelihood of delinquencies, defaults and losses on the Loans.***

Regional has obtained and presented in “*Description of the Loans—Loan Pool Data*” in this private placement memorandum the weighted average FICO® score at origination for the Initial Loans and the concentration of Initial Loans in various FICO® score (at origination) ranges. A FICO® score is a measurement determined by Fair, Isaac & Company using information collected by the major credit bureaus to assess credit risk. FICO® scores are based on independent third party information, the accuracy of which cannot be verified. FICO® scores should not necessarily be relied upon as a meaningful predictor of the performance of the Loans. Additionally, a FICO® score purports only to be a measurement of the relative degree of risk a customer represents to the creditor, may be different than credit scoring models used by originators of similar personal loans and could result in a Loan Obligor receiving a relatively higher score than such Loan Obligor would receive under more common credit scoring models. None of the Seller, the Depositor or the Issuer makes any representations or warranties that a particular FICO® score should be relied upon as a basis for an expectation that a Loan will be paid in accordance with its terms.

***Geographic concentration may increase risk of loss.***

Any concentration of the Loans in a state or region may present unique risk concentrations. All of Regional’s operations are in five Southeastern, one mid-Atlantic, and three Southwestern states. As a result, Regional is highly

susceptible to adverse economic conditions in those areas. The unemployment and bankruptcy rates in some states in Regional’s footprint are among the highest in the country. High unemployment rates may reduce the number of qualified obligors to whom Regional will extend loans, which would result in reduced loan originations. Investors should note that some geographic regions of the United States from time to time will experience weaker regional economic conditions and consequently will experience higher rates of loss and delinquency. A regional economy may be affected by the loss of jobs in certain industries, or by state and local taxes, or by other factors. A region’s economic condition may be directly, or indirectly, adversely affected by international events such as wars, national events such as civil disturbances, or natural disasters. These events and disasters may occur in any area of the country, even places where these events are considered unlikely. In the event that a significant portion of the Loan Pool is comprised of Loans owed by Loan Obligors resident in certain jurisdictions, economic conditions, elevated bankruptcy filings, natural disasters or other factors affecting these jurisdictions in particular could adversely impact the delinquency and default experience of the Loans and could result in reduced or delayed payments on the Notes. Conversely, an improvement in economic conditions could result in prepayments by the Loan Obligors of their payment obligations under the Loans. As a result, you may receive principal payments of your Notes earlier than anticipated. No prediction can be made and no assurance can be given as to the effect of an economic downturn or economic growth on the rate of delinquencies, prepayments or losses on the Loans.

Further, the concentration of the Loans in one or more states would have a disproportionate effect on Noteholders if governmental authorities in any of those states take action (such as actions described in “—Risks Related to Regulation—Regional’s business products and activities are strictly and comprehensively regulated at the local, state and federal levels” and “—Risks Related to Regulation—Changes in laws and regulations or interpretations of laws and regulations could negatively impact Regional’s business, financial condition, and results of operations” in this private placement memorandum) against the Regional Originators or the Servicer or take action affecting the Subservicers’ or the Servicer’s ability to service the Loans.

The aggregate Loan Principal Balance of the Loans with Loan Obligors resident in the following States exceeded 5.00% of the aggregate Loan Principal Balance of the Loans in the Initial Loan Pool, with each Loan Obligor’s state of residence determined based on Regional Management’s system of record:

Texas	26.64%
North Carolina	21.42%
South Carolina	19.65%
Oklahoma	9.24%
Tennessee	7.24%
Alabama	6.19%

The geographic concentration of the Loan Pool may change after the Closing Date as a result of repayments of the Loans, charge-offs, Loan Actions, strategic business decisions (including the expansion of Regional’s business to new States) or otherwise, including in a manner that adversely affects Noteholders. See “—Risks Relating to the Notes—Additional Loans acquired by the Issuer or Loans removed from the Trust Estate may affect the credit quality of the assets securing repayment of the Notes” and “—Risks Relating to the Notes—The yield to investors in the Notes will be sensitive to the rate and timing of principal payments thereon and the ability of the Issuer to apply Collections in order to acquire new Loans” in this private placement memorandum.

Regional may expand its business into new States after the Closing Date and there will be no specified prohibition on, or conditions to, any conveyance of Loans originated by Regional in such States to the Depositor (or the subsequent conveyance of such Loans to the Issuer). See “—Risks Related to Regulation—Regional’s business products and activities are strictly and comprehensively regulated at the local, state and federal levels” in this private placement memorandum.

***Social and economic factors may affect repayment of the Loans.***

The ability of the Loan Obligors to make payments on the Loans, as well as the prepayment experience thereon, will be affected by a variety of social and economic factors. Economic factors include interest rates, unemployment levels, gasoline prices, the availability and cost of credit (including mortgages), upward adjustments in monthly mortgage payments, real estate values, the rate of inflation and consumer perceptions of economic conditions generally. Social factors include changes in consumer confidence levels and attitudes toward incurring debt and changing attitudes

regarding the stigma of personal bankruptcy. Economic conditions may also be impacted by localized weather events and environmental disasters. See “—*Geographic concentration may increase risk of loss*” in this private placement memorandum. The Issuer is unable to determine and has no basis to predict whether or to what extent social or economic factors will affect the Loans.

Regional is not insulated from the pressures and potentially negative consequences of financial crises and similar risks beyond Regional’s control that have in the past and may in the future affect the capital and credit markets, the broader economy, the financial services industry, or the segment of that industry in which Regional operates. Regional’s financial performance generally, and in particular the ability of its obligors to make payments on outstanding Loans, is highly dependent upon the business and economic environments in the markets where Regional operates and in the United States as a whole.

The United States has experienced severe economic downturns in the past. If another economic downturn occurs or if the current economic recovery is not sustained, it may adversely affect the performance and market value of the Notes. High unemployment, decreases in home values, increased mortgage and consumer loan delinquencies and a lack of available consumer credit can result in increased delinquencies, defaults and losses on consumer loans and receivables, including the Loans. In addition, the number of delinquencies and defaults on consumer receivables is significantly influenced by the employment status of obligors. If economic conditions worsen, or fail to improve at a sufficient pace, delinquencies and losses on the Loans could increase. Any increase in delinquencies or defaults with respect to the Loans, together with any resulting impairment of the ability of the Seller and the Servicer to meet their respective obligations under the Transaction Documents, increases the likelihood that Noteholders will experience losses with respect to the Notes.

Should economic conditions worsen, they may adversely affect the credit quality of the Loans. In the event of increased default by obligors under the Loans or a decrease in the volume of the loans Regional originates, Regional’s business, financial condition, and results of operations, as well as the performance and market value of the Notes, could be adversely affected. An improvement in economic conditions could result in prepayments by the obligors of their payment obligations under the Loans. As a result, investors may receive principal payments of the Notes earlier than anticipated. See “—*Risks Relating to the Notes— The yield to investors in the Notes will be sensitive to the rate and timing of principal payments thereon and the ability of the Issuer to apply Collections in order to acquire new Loans*” in this private placement memorandum.

***Federal or state bankruptcy or debtor relief laws may impede collection efforts or alter timing and amount of Collections.***

If a Loan Obligor sought protection under federal bankruptcy or state equivalent debtor relief laws, a court could reduce or discharge completely the Loan Obligor’s obligations to repay amounts due on its Loan. As a result, all or a portion of the Loan would be written off as uncollectible. Noteholders could suffer a loss if insufficient funds were available from credit enhancement or other sources to cover the applicable defaulted amount because Noteholders bear the risk of loss on the Loans.

### **Risks Relating to the Counterparties**

***The Indenture Trustee may not have a perfected security interest in Collections commingled by the Servicer or Subservicer with other funds.***

Except for amounts that the Servicer is permitted to retain as described in this private placement memorandum, the Servicer is obligated to deposit (or cause to be deposited) Collections into the Collection Account no later than the second business day following the date of processing of such Collections by the applicable Subservicer, or if such Collections were received directly by the Servicer, the Servicer (such Collections, the “**Processed Collections**” and such processing, the “**Initial Processing**”), in each case whether such Collections were received centrally or at a Regional branch. See “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Payments on Loans; Collection Account; Intercreditor Accounts*” in this private placement memorandum. Such “processing” with respect to any Collections will not commence until the Servicer or Subservicer, as applicable, has received such Collections. Additionally, Regional Management, in its capacity as Servicer, has agreed to deposit (or cause to be deposited) Collections into the Collection Account within seven (7) Business Days after receipt thereof by the Servicer or Subservicer, as applicable.

Many of Regional's personal loan borrowers, including in respect of the Loans, make payments in cash and in-person at Regional branches. While there has been an increasing trend on the part of personal loan borrowers to make payments via various electronic payment channels, branch payments remain a payment channel utilized by many personal loan borrowers. See "*—Risks Relating to Regional's Business and Operations—Ability to make in-branch payments and any future inability to make in-branch payments may result in additional risks to Noteholders*" in this private placement memorandum. As of March 31, 2018, approximately 61% (by dollar amount) of Regional's personal loan payments were made in-person at Regional branches by the personal loan customer (approximately 25% (by dollar amount) were in cash, 21% were by check or money order, 13% were by debit, and 2% were by automated clearinghouse ("ACH")). Additionally, a portion of personal loan payments were made by ACH or debit through the phone or via Regional's customer portal. There can be no assurance that branch payments will not increase in the future.

Any in-person or other payments in respect of Loans made at a branch office location of any Subservicer must be initially processed at the branch office before becoming Processed Collections. Regional Management expects that funds in respect of such branch location will become Processed Collections (and will be remitted to the Bank of America Master Depository Account to be deposited (or caused to be deposited) by the Servicer into the Collection Account as described above) by the second business day following the receipt of such payments at the applicable Subservicer branch. See "*—Potential conflicts of interest exist relating to the Initial Purchasers, including with respect to the Warehouse Facility*" and "*Servicing Standards—Servicing, Billing and Payments*" in this private placement memorandum. To the extent that branch payments require decentralized manual processing, the possibility of delay or misdirection of payments is greater than with payments through electronic channels, which in turn could delay or reduce payments in respect of the Notes. See "*—Risks Relating to Regional's Business and Operations—Ability to make in-branch payments and any future inability to make in-branch payments may result in additional risks to Noteholders*" in this private placement memorandum.

As of the Closing Date, Regional Management services (i) the Loans, (ii) those large personal loans constituting collateral for the Warehouse Facility and (iii) the auto loans constituting collateral for the Term Loan. Under the Intercreditor Agreement, Regional Management represents that it employs a recordkeeping process that permits it to clearly identify and distinguish collections that relate to the ABL Facility, the Term Loan Facility, the Warehouse Facility, and any other future financing arrangements, including the Collections relating to the securitization contemplated by this private placement memorandum, and if, for any reason, Regional Management breached this representation, Noteholders could be adversely affected. See "*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Payments on Loans; Collection Account; Intercreditor Accounts*" in this private placement memorandum.

Due to Regional's decentralized banking system, the accounts used by the Servicer or the Subservicers to collect payments of principal, interest and fees on the Loans will also include amounts relating to the ABL Facility, the Term Loan, the Warehouse Facility, the securitization contemplated by this private placement memorandum and any future financing arrangements (which may include one or more securitizations).

Regional maintains certain state depository accounts established at Wells Fargo Bank, National Association (collectively, the "**Wells Fargo Depository Accounts**"), certain state depository accounts established at Bank of America, N.A., and certain other bank accounts established at local banks, and in each case amounts deposited therein are either transferred pursuant to a wire or an ACH transfer on a daily basis into a "master depository account" established at Bank of America, N.A. (the "**Bank of America Master Depository Account**"). The Bank of America Master Depository Account and the Wells Fargo Depository Accounts are each subject to a deposit account control agreement pursuant to which the Intercreditor Collateral Agent is the designated secured party. Together, the Wells Fargo Depository Accounts and the Bank of America Master Depository Account are referred to herein as the "**Intercreditor Accounts.**" See "*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Payments on Loans; Collection Account; Intercreditor Accounts*" in this private placement memorandum.

The Indenture Trustee may not have a perfected interest in these commingled amounts until such time as they have been deposited into the Collection Account. In the event that the holder of any such commingled funds (including the Servicer, any Subservicer or any other Affiliate) were to become a debtor in a proceeding under the Bankruptcy Code (as defined herein) or any other Debtor Relief Law and there is a resulting delay in depositing any commingled Collections into the Collection Account due to the imposition of a bankruptcy stay or otherwise or the Servicer, the applicable Subservicer, any such Affiliate or the bankruptcy trustee thereof is unable to specifically identify those funds constituting Collections and there are competing claims on the commingled funds by creditors of any holder or owner of any such commingled funds, it could delay or reduce (or significantly delay or reduce) the amount of Collections available to make

payments on the Notes. See “—Bankruptcy or insolvency proceedings with respect to the Servicer or any Subservicer could result in losses on the Notes” and “—Potential conflicts of interest exist relating to the Initial Purchasers, including with respect to the Warehouse Facility” in this private placement memorandum.

***Replacement of the Servicer, inability to replace the Servicer or inability of the Subservicers to assist in servicing the Loans could result in reduced payments on the Notes.***

The Issuer’s receipt of Collections in respect of the Loans (the primary source from which the Issuer pays amounts in respect of the Notes) will depend on the skill and diligence of the Servicer and Subservicers in making collections. If the Servicer or any Subservicer fails to make collections adequately for any reason, then payments to the Issuer in respect of the Loans may be delayed or reduced. In that event, it is likely that delays or reductions in the amounts distributed on the Notes would result. Any such disruptions may cause you to experience delays in payments or losses in your Notes. As described under “*The Back-up Servicer and the Image File Custodian*,” “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing of Loans*” and “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Rights Upon Servicer Default*” in this private placement memorandum, following a Servicer Default, at the direction of the Required Noteholders, the Back-up Servicer will be obligated to serve as the Successor Servicer. If the initial Back-up Servicer were to become incapable of acting as Back-up Servicer and a successor Back-up Servicer had not yet accepted appointment, there could be a disruption in servicing that could result in a delay or decrease in collections on the Loans. There can be no assurance that the Back-up Servicer or a successor Back-up Servicer would be able to service the Loans with the same capability and degree of skill as the initial Servicer.

It is likely that the termination of the initial Servicer and the transfer of the rights, duties and obligations of the Servicer under the Sale and Servicing Agreement or the 2018-1A SUBI Servicing Agreement to the Back-up Servicer or other Successor Servicer would adversely affect the servicing of the Loans. For example, transfers of servicing involve the risk of disruption in collections due to data input errors, misapplied or misdirected payments, system incompatibilities and other reasons. Because the Loan Obligors generally are “non-prime,” the Loans likely are more sensitive to any such disruptions than personal loans owing from “prime” loan obligors. Moreover, the transfer of servicing from the initial Servicer to the Back-up Servicer could result in significant changes in the manner in which the Loans are serviced. For example, there is a strong possibility that the Back-up Servicer would apply its own credit and collection policies in servicing the Loans rather than servicing in accordance with Regional’s Credit and Collection Policy. Additionally, the Back-up Servicer may elect to centralize some or all of the servicing of the Loans. See “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Assumption of Servicing by the Back-up Servicer*” in this private placement memorandum.

The Servicer expects to effectuate its obligations as Servicer under the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement by delegating its servicing obligations to the Subservicers who will subservice the Loans through their respective branches unless the servicing of such Loan is transferred to Regional’s centralized servicing facility. Because servicing of the Loans will be conducted by the Subservicers through their various branches, the ability of the Back-up Servicer to service the Loans may be dependent, in significant part, on the participation of the Subservicers. See “—Risks Relating to Regional’s Business and Operations—Ability to make in-branch payments and any future inability to make in-branch payments may result in additional risks to Noteholders,” “*Servicing Standards*” and “*The Sale and Servicing Agreement and the Back-up Servicing Agreement*” in this private placement memorandum. Moreover, many of the Loan Obligors are “non-prime” and therefore require “high touch” servicing which is facilitated by Regional’s branch network. Regional believes that the credit performance of the Loans depends in part on the geographical proximity of these branches to the Loan Obligors and the personalized servicing provided to such Loan Obligors at these branches. To the extent servicing is centralized, the benefits of this geographical proximity may no longer be realized.

In the event that the initial Servicer is terminated, the Subservicers may or may not continue acting in such capacity for the Back-up Servicer or any other Successor Servicer. Moreover, (i) the financial wherewithal of Regional Management at the time of such termination may adversely affect the ability of such entities to continue to subservice the Loans in the same manner as they had prior to the servicing transition and (ii) the Back-up Servicer may elect to increase centralization of servicing with respect to some or all of the Loans. Any resulting servicing disruptions or changes could result in higher delinquencies and defaults on the Loans, which in turn could adversely affect the repayment of the Notes. Investors should note that the historical performance of the Loans during the time period in which the initial Servicer serviced such Loans may not be consistent with the performance of the Loans if they are serviced by a different servicer,

if one or more Subservicers cease to act in that capacity or if the Loans are serviced in the manner in which the Back-up Servicer is required to service the Loans.

Additionally, in the event of the Servicer's bankruptcy, even if the Required Noteholders direct that the Servicer be terminated, the Back-up Servicer and the Issuer may face delays in terminating, or may be unable to terminate, the Servicer as the termination right in the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement upon a Servicer Default relating to insolvency generally is subject to the bankruptcy court's automatic stay and the general prohibition against *ipso facto* clauses in 11 U.S.C. § 365(e). See "*—Bankruptcy or insolvency proceedings with respect to the Servicer or any Subservicer could result in losses on the Notes*" in this private placement memorandum.

Similarly, there can be no assurance whether, after a Servicer Default, a sufficient percentage of Noteholders will elect to terminate the Servicer or how quickly a sufficient percentage of Noteholders will act in order to terminate the Servicer. In the event that the Servicer fails to service, or is unable to service, the Loans in accordance with the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement after such a Servicer Default and the Noteholders are unable to terminate the Servicer, or there are delays in terminating the Servicer, these servicing disruptions could result in higher delinquencies and defaults on the Loans, which in turn may adversely affect the repayment of the Notes.

Any costs and expenses of the Back-up Servicer or other successor primary servicer incurred in connection with the transfer of servicing from the Servicer will be paid by the Servicer following its receipt of a written accounting thereof in reasonable detail. In the event that the Servicer fails to reimburse the Back-up Servicer or other successor primary servicer for such costs within a reasonable period of time, the Back-up Servicer or other successor primary servicer will be entitled to reimbursement from the assets of the Trust Estate, subject to a cap of \$250,000.

Similar risks could arise (or the foregoing risks may be exacerbated) in the event that (i) Regional Management is terminated as servicer with respect to the personal loans which secure the Warehouse Facility, or (ii) Regional Management is terminated as servicer with respect to the auto loans which secure the Term Loan or with respect to any other future financing arrangements subject to the Intercreditor Agreement, and, as a result of (i) or (ii), the Third Party Allocation Agent is appointed pursuant to the terms of the Intercreditor Agreement. See "*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Payments on Loans; Collection Account; Intercreditor Accounts*" in this private placement memorandum.

Moreover, Collections on deposit in the Intercreditor Accounts will be commingled with other amounts that do not constitute part of the Trust Estate, and the Issuer generally will be dependent on Regional Management pursuant to the Intercreditor Agreement to identify which amounts in the Bank of America Master Depository Account constitute Collections on the Loans, in order for an amount equal to such Collections to be deposited into the Collection Account. Under the Intercreditor Agreement this identification generally will be determinative for purposes of establishing which amounts subject thereto constitute Collections. See "*—The Indenture Trustee may not have a perfected security interest in Collections commingled by the Servicer or Subservicer with other funds,*" "*—Potential conflicts of interest exist relating to the Initial Purchasers, including with respect to the Warehouse Facility,*" and "*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Payments on Loans; Collection Account; Intercreditor Accounts*" in this private placement memorandum. If Regional Management were to make errors with respect to such identification, Collections could be misallocated, which could result in delays in the deposit of such Collections into the Collection Account or the Issuer losing its interest in such Collections. In either case, the Issuer's ability to make payments on the Notes could be adversely affected.

Upon the occurrence of a "**dominion period**" which pursuant to the Intercreditor Agreement is the period beginning on the earlier to occur of (i) the date that the ABL Agent instructs the Intercreditor Collateral Agent to give the notice required under the deposit account control agreements relating to the Intercreditor Accounts that such Intercreditor Collateral Agent exercises control over the Intercreditor Accounts and (ii) two (2) Business Days after the date any Lender Agent (except the ABL Agent) provides notice to the other Lender Agents and to the Intercreditor Collateral Agent of the occurrence of a termination event, event of default, servicer default, amortization event or similar event under the related financing arrangement, the commingled funds, including those constituting Collections, generally will be held in the Bank of America Master Depository Account, pending receipt by the Intercreditor Collateral Agent of an appropriate allocation instruction letter based on an allocation report identifying the amount equal to any Collections to be deposited into the Collection Account and amounts that do not constitute Collections. See "*—Potential conflicts of interest exist relating to the Initial Purchasers, including with respect to the Warehouse Facility*" in this private placement memorandum. If this were to occur, delays in payments on the Notes could result.

Pursuant to the Intercreditor Agreement, upon the occurrence of certain events, which include (i) Regional Management's removal as Servicer or as servicer under the Warehouse Facility, the Term Loan or any other future financing arrangements subject to the Intercreditor Agreement, (ii) Regional Management's failure to provide any allocation report or allocation instruction letter as required under the Intercreditor Agreement or (iii) pursuant to the written request of a Lender Agent to the other Lender Agents that a third party allocation agent be appointed, the requisite Lender Agents may appoint a pre-approved third party allocation agent (the "**Third Party Allocation Agent**") to prepare such allocation report, and such allocation report generally will be determinative for purposes of establishing which amounts subject thereto constitute Collections. In the event that Wells Fargo is then performing functions as servicer, back-up servicer or any similar capacity under the securitization contemplated by this private placement, the Term Loan, the Warehouse Facility and any future financing arrangements (which may include one or more securitizations), the parties to the Intercreditor Agreement have pre-approved the appointment of Wells Fargo to act as the Third Party Allocation Agent. There can be no assurance that Wells Fargo (or such other allocation agent) will prepare any such allocation report as accurately as if Regional Management itself were preparing such allocation report, and there could be delays in Wells Fargo's (or such other allocation agent's) delivery of any such allocation report. In the event that Wells Fargo (or such other allocation agent) were to fail to properly identify the amount equal to any Collections to be deposited into the Collection Account in any such allocation report or such delays were to occur, it could result in delays in the deposit of such Collections into the Collection Account or the Issuer losing its interest in such Collections. In either case, the Issuer's ability to make payments on the Notes could be adversely affected.

***Potential conflicts of interest exist relating to the Initial Purchasers, including with respect to the Warehouse Facility.***

The Initial Purchasers may from time to time perform investment banking services for, or solicit investment banking business from, any person named in this private placement memorandum. The Initial Purchasers and/or their employees or customers may from time to time have a long or short position in the Notes. These long or short positions may be as a result of any market making activities with respect to the Notes. The Initial Purchasers and/or their employees or customers may from time to time enter into hedging positions with respect to the Notes.

Credit Suisse AG, Cayman Islands Branch, an Affiliate of Credit Suisse Securities (USA) LLC, an Initial Purchaser, and Wells Fargo Bank, National Association, an Affiliate of Wells Fargo Securities, LLC, an Initial Purchaser, are two lenders under a secured financing of Regional Management pursuant to the terms of the Warehouse Facility. Wells Fargo Bank, National Association acts as the administrative agent for the Warehouse Facility on behalf of itself and the other Warehouse Facility lenders, and Credit Suisse AG, New York Branch acts as the structuring and syndication agent.

The Warehouse Facility is secured by all of the assets, including large personal loans, of Regional Management Receivables II, LLC, a Delaware limited liability company and a wholly-owned special purpose subsidiary of Regional Management (the "**Warehouse Borrower**"). In the future, additional loans securing the Warehouse Facility may be transferred to the Issuer or allocated to the 2018-1A SUBI. While the Seller (or, with respect to the 2018-1A SUBI Loans, the Servicer) will make certain Loan Level Representations to the effect that it has not used adverse selection procedures in selecting the Loans to be sold under the Loan Purchase Agreement (or with respect to the 2018-1A SUBI Loans, allocated to the 2018-1A SUBI), there can be no assurance that the Loans that are purchased out of any warehouse facility (or allocated from the 2017-1A SUBI or another SUBI or UTI to the 2018-1A SUBI) and ultimately conveyed (or a beneficial interest therein) to the Issuer will be of the same quality as (or perform as well as) the Loans that remain in such warehouse facility.

A portion of the net proceeds of the offering of the Notes contemplated by this private placement memorandum that are received by the Seller as consideration for the sale of the Initial Loans and the 2018-1A SUBI Certificate will be used to repay a portion of the outstanding borrowings under the Warehouse Facility. The Initial Purchasers (or their respective Affiliates) are lenders under the Warehouse Facility, and will receive a portion of the net proceeds from the offering of the Notes. Additionally, an Affiliate of Wells Fargo Securities, LLC acts as administrative agent under the Warehouse Facility, and an Affiliate of Credit Suisse Securities (USA) LLC acts as structuring and syndication agent under the Warehouse Facility. Each Initial Purchaser (or its respective Affiliates) that acts as a lender, administrative agent or structuring and syndication agent under the Warehouse Facility may have an interest as well as a contractual obligation to pursue outcomes with respect to such Warehouse Facility, and Regional Management more generally, that are contrary to the interests of the Indenture Trustee and Noteholders and that may adversely affect the repayment of the Notes.

Wells Fargo Bank, National Association is a lender under a secured amortizing term loan financing of Regional Management (the “**Term Loan**”), an Affiliate of one of the Initial Purchasers, and Wells Fargo Securities, LLC, an Initial Purchaser, acts as administrative agent on behalf of the Term Loan lenders. The Term Loan is secured by all of the assets, including auto loans, of Regional Management Receivables, LLC, a Delaware limited liability company and a wholly-owned special purpose subsidiary of Regional Management (the “**Term Loan Borrower**”).

These relationships could give rise to actual or potential conflicts of interests that may adversely affect the Noteholders.

***Conflicts of interest may exist among the Servicer, the Subservicers, the Depositor and the Issuer.***

It is expected that the Depositor will own the Trust Certificate and that the Depositor or an Affiliate of the Depositor may own some of all of the Notes at the Closing Date. However, the Trust Certificate may be transferred in whole or in part after the Closing Date in accordance with the terms of the Trust Agreement. See “*The Trust Agreement*” and “*Credit Risk Retention*” in this private placement memorandum. Additionally, Notes may be acquired by Affiliates of the Depositor after the Closing Date. The holder of such Notes and the Trust Certificate may therefore be an Affiliate of the Servicer and the Subservicers. The servicing of the Loans, while subject to the servicing standards described under “*Servicing Standards*” and “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing of Loans*,” will be under the control of the Servicer and the Subservicers; the determination of whether to sell Additional Loans, and the selection of which large personal loans to sell, to the Depositor (or allocate to the 2018-1A SUBI) will be under the control of the Seller or the Servicer, as applicable; and the decision whether to repurchase the Loans (or in the case of the 2018-1A SUBI Loans, to cause the reallocation of such 2018-1A SUBI Loans) in order to cause the redemption of the Notes will be under the control of the Servicer, any of which may affect the weighted average lives and yields on the Notes. See “*Risks Relating to the Notes—The yield to investors in the Notes will be sensitive to the rate and timing of principal payments thereon and the ability of the Issuer to apply Collections in order to acquire new Loans*” in this private placement memorandum. Investors in the Notes should consider that no formal policies or guidelines have been established to resolve or minimize such conflict of interest.

Moreover, it is possible that a Loan Obligor with respect to any Loan may also be an obligor in respect of one or more loans still owned by Regional (*i.e.*, not included in the Loan Pool). Because Regional Management will be servicing such Loan as well as any such other loan, it is possible that this could result in certain conflicts of interest arising. For example, any such Loan Obligor typically makes a single payment to cover amounts due in respect of the applicable Loan as well as any other loans with respect to which he or she is an obligor. In the event that (i) such payment is insufficient to cover the aggregate amount due in respect of such Loan and any such other loan and (ii) such obligor does not specify how such payment is to be allocated, Regional Management must allocate such payment between amounts due on the Loan and amounts due on each such other loan. As of the Closing Date, the Credit and Collection Policy includes a waterfall for the determination of how any such payment would be allocated, providing that the payment should first be allocated to the loan that would be brought current by the payment, then to the most delinquent account, then to the account with the highest rate, and then to the account with the smallest payment amount. However, such policy may change after the Closing Date or may be interpreted incorrectly by branch personnel, in each case possibly adversely affecting the interests of the Noteholders.

Additionally, there can be no assurance that Regional Management has an established policy that would address each conflict of interest that may arise. It is possible that, as a result of such conflicts of interest, actions are taken by Regional Management that adversely affect the interests of the Noteholders.

***Conflicts of interest may exist between Regional Management and the Rating Agency, and the Rating Agency is subject to increasing scrutiny by federal and state legislative and regulatory bodies.***

Regional Management will pay the fees charged by the Rating Agency in connection with the ratings of the Notes. It may be perceived that rating agencies have a conflict of interest that may affect the ratings assigned to securities where, as is the industry standard, the sponsor of a transaction pays the fees charged by the rating agencies for their rating services. Additionally, rating agencies, including the Rating Agency, have been and may continue to be under scrutiny by federal and state legislative and regulatory bodies for their perceived role in the financial crisis of 2008, and such scrutiny and any actions such legislative and regulatory bodies may take as a result thereof may also have an adverse effect on the price that a subsequent purchaser would be willing to pay for the Notes and a Noteholder’s ability to resell its Notes.

***Bankruptcy or insolvency proceedings with respect to the Servicer or any Subservicer could result in losses on the Notes.***

The Servicer and each Subservicer will be permitted to commingle Collections on the Loans with their own funds in one or more accounts which are not under the control of the Indenture Trustee before they are remitted to the Collection Account. See “—*The Indenture Trustee may not have a perfected security interest in Collections commingled by the Servicer or Subservicer with other funds*” in this private placement memorandum. In the event the Servicer or any Subservicer goes into bankruptcy or becomes the subject of a receivership or conservatorship, liquidation or similar proceeding, the Issuer, the Indenture Trustee and the Noteholders may not have a perfected or priority security interest in any Collections on Loans that are in that Servicer or Subservicer’s possession or have not been remitted to the Collection Account at the time of the commencement of the bankruptcy, receivership, conservatorship, liquidation or similar proceeding. Moreover, the Issuer, the Indenture Trustee, and the Noteholders may be unable to satisfy applicable tracing rules in a bankruptcy setting to specifically identify Collections on the Loans. The Servicer and such Subservicers may not be required to remit to the Indenture Trustee any Collections on Loans that are in its possession at the time that it goes into bankruptcy or becomes the subject of receivership, conservatorship, liquidation or similar proceeding. See “—*The Indenture Trustee may not have a perfected security interest in Collections commingled by the Servicer or Subservicer with other funds*” in this private placement memorandum.

To the extent that the Servicer or any Subservicer has commingled funds constituting Collections of Loans with its own funds and such funds constituting Collections cease to be identifiable proceeds of the Loans and any such funds are then used to make payments on the Notes, the holders of the Notes may be required to return to the Servicer or such Subservicer, as preferential transfer payments, amounts received on the Notes.

If the Servicer or a Subservicer were to go into bankruptcy or become the subject of receivership, conservatorship, liquidation or similar proceeding, it may stop performing its servicing functions, if any. In addition, except with respect to the Back-up Servicer’s replacement of the Servicer, it may be difficult to find a third party to act as Successor Servicer. Alternatively, the Servicer or a Subservicer may take the position that unless the amount of its compensation is increased or the terms of its obligations are otherwise altered, it will stop performing its servicing functions, if any. If it would be difficult to find a third party to act as successor servicing party, the parties, as a practical matter, may have no choice but to agree to the demands of the Servicer or such Subservicer. The Servicer and any Subservicer may also have the power, with the approval of the court or the receiver, conservator, liquidator or similar official, to assign its rights and obligations as Servicer or Subservicer, as applicable, to a third party without the consent and even over the objection of the parties, and without complying with the requirements of the applicable documents.

If the Servicer or Subservicer, as applicable, were in bankruptcy or the subject of a receivership, conservatorship, liquidation or similar proceeding, then the parties may be prohibited (unless authorization is obtained from the court or the receiver, conservator, liquidator or similar official) from (i) taking any action to enforce any obligations of the Servicer or Subservicer, as applicable, under the applicable documents or to collect any amount owing by the Servicer or Subservicer, as applicable, under the applicable documents and/or (ii) terminating the Servicer or Subservicer, as applicable, and appointing a Successor Servicer (including the Back-up Servicer) or Subservicer, as applicable.

The occurrence of any of these events could result in delays or reductions in distributions on, or other losses with respect to, the Notes.

***Bankruptcy or insolvency proceedings with respect to Regional Management or Regional North Carolina could delay or limit payments on the Notes.***

Following a bankruptcy or insolvency of Regional Management or Regional North Carolina, a court could conclude that the 2018-1A SUBI Certificate is owned by the Depositor, Regional Management or Regional North Carolina, instead of the Issuer. This conclusion could be either because the transfer of the 2018-1A SUBI Certificate from Regional North Carolina to Regional Management pursuant to the SUBI Certificate Purchase Agreement, the transfer of the 2018-1A SUBI Certificate from Regional Management to the Depositor pursuant to the Loan Purchase Agreement and/or the transfer of the 2018-1A SUBI Certificate from the Depositor to the Issuer pursuant to the Sale and Servicing Agreement was not a true sale or because the court concluded that the assets and liabilities of the Depositor or the Issuer should be substantively consolidated with those of Regional Management or Regional North Carolina for bankruptcy purposes. If this were to occur, any of the following could delay distributions on the 2018-1A SUBI Certificate (and possibly reduce the amount of such distributions) to the Issuer and or prevent payments on the Notes:

- the automatic stay, 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;
- certain tax or government liens on Regional Management’s or Regional North Carolina’s property (that arose prior to the transfer of the 2018-1A SUBI Certificate to the Issuer) having a prior claim on collections before the collections are used to make payments on the Notes, and
- the Issuer not having a perfected security interest in any cash collections of the North Carolina Loans allocated to the 2018-1A SUBI held by Regional Management at the time that Regional Management becomes the subject of a bankruptcy proceeding.

For a discussion of how a bankruptcy proceeding of Regional Management or Regional North Carolina may affect the Issuer and the Notes, you should refer to “*Certain Legal Aspects of the Loans—Certain Matters Relating to Bankruptcy*” in this private placement memorandum.

Although opinions of legal counsel in the form of a reliance letter will be rendered on the Closing Date to the effect that it would not be a proper exercise by a court of its equitable discretion to disregard the separate existence of the North Carolina Trust and order substantive consolidation under the Bankruptcy Code of the assets and liabilities of the North Carolina Trust with the assets and liabilities of Regional North Carolina or Regional Management, and treat such assets and liabilities as though the North Carolina Trust and Regional North Carolina or the North Carolina Trust and Regional Management, as applicable, were one entity, these opinions are subject to numerous qualifications and assumptions, including, among other things, that the North Carolina Trust will follow certain procedures in the conduct of its affairs, including maintaining separate books, records and accounts (if any), 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 others. There can be no assurance that a court in a bankruptcy proceeding in respect of Regional Management or Regional North Carolina would not treat the North Carolina Trust and Regional North Carolina or the North Carolina Trust and Regional Management as one entity for bankruptcy purposes.

***The consolidation of the assets and liabilities of the North Carolina Trust, the Depositor or the Issuer with those of Regional Management or Regional North Carolina could result in the delay, reduction or elimination of payments to the Noteholders.***

Regional Management has taken steps in structuring the transactions contemplated hereby that are intended to ensure that the voluntary or involuntary application for relief by Regional Management or Regional North Carolina under the Bankruptcy Code or other Debtor Relief Laws will not result in the consolidation of the assets and liabilities of the North Carolina Trust (solely with respect to the 2018-1A SUBI Assets), the Depositor or the Issuer with those of Regional Management or Regional North Carolina. With respect to the North Carolina Trust, these steps include creation as a separate, special purpose statutory trust of which Regional North Carolina is the sole UTI Beneficiary, pursuant to the North Carolina Trust Agreement containing certain limitations (including restrictions on the nature of its business and on its ability to commence a voluntary case or proceeding under any insolvency law). With respect to the Depositor, these steps include the organization of the Depositor as a separate special purpose limited liability company of which Regional Management is the sole equity member, pursuant to a limited liability agreement containing certain limitations, including the requirement that the Depositor must have at all times at least one independent manager, and restrictions on the nature of its businesses and operations and on its ability to commence a voluntary case or proceeding under any insolvency law without the prior affirmative vote of all of the managers of the Depositor, including the independent manager. With respect to the Issuer, these steps include its creation as a separate, special purpose Delaware statutory trust of which the Depositor is the sole beneficiary, pursuant to a Trust Agreement containing certain limitations (including restrictions on the nature of its business and on its ability to commence a voluntary case or proceeding under any insolvency law). However, there can be no assurance that the activities of the North Carolina Trust, Depositor or the Issuer would not result in a court concluding that the assets and liabilities of the North Carolina Trust (solely with respect to the 2018-1A SUBI), the Depositor or the Issuer should be consolidated with those of Regional Management or Regional North Carolina in a proceeding under any Debtor Relief Law. If a court were to reach such a conclusion, then delays in payments on the Notes could occur and/or reductions in the amounts of such payments could result. In addition, upon such consolidation, an Event of Default would occur with respect to the Notes, the Notes would be accelerated and the Indenture Trustee’s recovery on your behalf could be limited to the then-current value of the Loans. Consequently, you could lose the right to future payments and you may not receive your anticipated interest and principal on the Notes. See “*The Depositor*” in

this private placement memorandum. No representation is made as to whether or not the activities of the Issuer would result in a court concluding that the assets and liabilities of the Issuer should be consolidated with those of the Depositor in a proceeding involving the Depositor under any Debtor Relief Law, or the activities of the North Carolina Trust would result in a court concluding that the assets and liabilities of the North Carolina Trust should be consolidated with those of the Issuer under any Debtor Relief Law.

***The repurchase and indemnification obligations of the Seller and the Servicer are limited.***

The Seller and the Servicer have obligations arising from representations and warranties and certain other contractual obligations related to the sale (or allocation) or servicing of the Loans, including the obligation of the Seller to repurchase Loans (or in the case of the 2018-1A SUBI Loans, the obligation of the Servicer to purchase or cause the reallocation of such 2018-1A SUBI Loans from the 2018-1A SUBI) in certain limited circumstances, the obligation of the Servicer to service the Loans, the obligation of the initial Servicer to purchase Loans (or in the case of the 2018-1A SUBI Loans, cause the reallocation of such 2018-1A SUBI Loans from the 2018-1A SUBI) as a result of certain breaches by the initial Servicer of its covenants, representations and warranties, and the obligation of the Seller and the Servicer to provide indemnification under certain circumstances to the Issuer and the Depositor.

However, such obligations are not a guarantee of performance and do not protect the Issuer from all risks that could impact the performance of the Loans. Further, the representations and warranties with respect to the Loans are made as of the applicable Cut-Off Date and are not ongoing representations or warranties with respect to the eligibility of the Loans. While the Seller is obligated to repurchase any Loan (or in the case of the 2018-1A SUBI Loans, the Servicer is obligated to purchase or cause the reallocation of such 2018-1A SUBI Loans from the 2018-1A SUBI) if there is a breach of an applicable representation and warranty regarding its eligibility (but only if such breach is not cured and materially and adversely affects the interests of the Noteholders in such Loan), there can be no assurance given that each representation and warranty was true when made or that any entity will fulfill its obligation to repurchase (or in the case of the 2018-1A SUBI Loans, reallocate such 2018-1A SUBI Loans from the 2018-1A SUBI) or will be financially in a position to fund its repurchase obligation (or in the case of the 2018-1A SUBI Loans, reallocate such Loans).

In the event of any financial or other inability of the Seller or the Servicer to fulfill its obligations in respect of the Loans, payments on the Notes could be adversely affected. See “*The Sale and Servicing Agreement and the Back-up Servicing Agreement*,” “*The Servicer and the Custodian*” and “*The Regional Originators and Subservicers*” in this private placement memorandum.

## **Risks Relating to Regional’s Business and Operations**

***Risks relating to Regional’s business may adversely affect Regional’s ability to perform its obligations under the Transaction Documents and may lead to Noteholder losses.***

The risks relating to Regional set forth under “—*Risks Relating to Regional’s Business*” and “—*Risks Relating to Regulation*” describe certain risks that, individually or collectively, could adversely impact Regional’s results of operations, financial condition, strength, business or liquidity. If Regional’s results of operations, financial condition, strength, business or liquidity is adversely affected, it may adversely affect (and may severely adversely affect) Regional’s ability to perform some or all of its obligations under the Transaction Documents and/or the level of quality at which Regional is able perform such obligations, which may in turn lead to Noteholder losses. See “—*Regional’s financial strength may affect the ability of the Servicer and the Seller to perform their obligations, and the ability of the Regional Originators to originate new loans*” in this private placement memorandum.

***Regional’s financial strength may affect the ability of the Servicer and the Seller to perform their obligations, and the ability of the Regional Originators to originate new loans.***

The Loans transferred indirectly to the Issuer by Regional Management (or in the case of the North Carolina Loans, allocated to the 2018-1A SUBI) were originated by the Regional Originators and were initially sold (or in the case of the North Carolina Loans, contributed to the North Carolina Trust by Regional North Carolina) and assigned indirectly to the Warehouse Borrower. On the Closing Date, Regional Management will purchase the Initial Loans directly from the Warehouse Borrower pursuant to the Purchase Agreement and the 2018-1A SUBI Certificate directly from Regional North Carolina pursuant to the SUBI Certificate Purchase Agreement, and after the Closing Date, in the case of the

Additional Loans, Regional Management will purchase the Additional Loans from the Warehouse Borrower pursuant to the Purchase Agreement (or reallocate Additional Loans from the 2017-1A SUBI to the 2018-1A SUBI).

A deterioration in the financial condition of the Seller, Servicer, Regional Originators, Subservicers, and/or their respective Affiliates could adversely affect, among other things, (a) the Seller's ability to purchase or repurchase a Loan as required under the Loan Purchase Agreement (or in the case of the 2018-1A SUBI Loans, the Servicer's ability to purchase or to cause the allocation or reallocation of such Loans from the 2018-1A SUBI as required under the 2018-1A SUBI Supplement), (b) a Subservicer's ability to effectively subservice the Loans subserviced by it pursuant to the terms of the Sale and Servicing Agreement or the Servicer's ability to repurchase a Loan required to be repurchased by it under the Sale and Servicing Agreement or the 2018-1A SUBI Supplement, (c) the Servicer's ability to effectively service the Loans pursuant to the terms of the Sale and Servicing Agreement (and, in the case of the 2018-1A SUBI Loans, the 2018-1A SUBI Servicing Agreement), (d) the ability of the Regional Originators to originate new large personal loans, or (e) the ability of the Seller to acquire new large personal loans to be sold under the Loan Purchase Agreement. See "*Inability to sustain origination of Loans may result in risks to Noteholders*" in this private placement memorandum. In the event that the Servicer, Seller, Regional Originators and/or Subservicers were unable to perform their obligations under the Transaction Documents, the ability of the Issuer to make payments on the Notes could be severely adversely affected.

Regional's ABL Facility is committed through June 2020 and allows Regional to borrow up to \$638.0 million, assuming Regional is in compliance with a number of covenants and conditions. The credit facility also has an accordion provision that allows for the expansion of the facility up to \$700.0 million. The senior revolving credit facility is collateralized by certain of Regional's assets, including substantially all of Regional's finance receivables (other than those held by certain special purpose entities) and equity interests of the majority of Regional Management's subsidiaries. As of March 31, 2018, the amount outstanding under Regional's senior revolving credit facility was \$416.1 million and Regional had \$56.3 million of unused capacity on the credit facility (subject to certain covenants and conditions). During fiscal 2017, the maximum amount of borrowings outstanding under the facility at any one time was \$474.2 million. Regional uses its senior revolving credit facility as a source of liquidity, including for working capital and to fund the loans Regional makes to its customers. If Regional's existing sources of liquidity become insufficient to satisfy Regional's financial needs or Regional's access to these sources becomes unexpectedly restricted, Regional may need to try to raise additional capital in the future. If such an event were to occur, Regional can give no assurance that such alternate sources of liquidity would be available to Regional on favorable terms or at all. In addition, Regional cannot be certain that Regional will be able to replace the amended and restated senior revolving credit facility when it matures on favorable terms or at all. If any of these events occur, Regional's business, financial condition, and results of operations could be adversely affected.

***The credit agreements governing Regional's long-term debt contain restrictions and limitations that could affect Regional's ability to operate its business.***

The credit agreements governing Regional's ABL Facility, Warehouse Facility and Term Loan contain a number of covenants that could adversely affect Regional's business and Regional's flexibility to respond to changing business and economic conditions or opportunities. Among other things, these covenants limit Regional's ability to:

- incur or guarantee additional indebtedness;
- purchase loan portfolios in bulk;
- pay dividends or make distributions on Regional's capital stock or make certain other restricted payments;
- sell assets, including Regional's loan portfolio or the capital stock of Regional's subsidiaries;
- enter into transactions with Regional's Affiliates;
- offer certain loan products;
- create or incur liens; and
- consolidate, merge, sell, or otherwise dispose of all or substantially all of Regional's assets.

The credit agreements also impose certain obligations on Regional relating to Regional's underwriting standards, recordkeeping and servicing of Regional's loans, and Regional's loss reserves and charge-off policies, and they require Regional to maintain certain financial ratios, including an interest coverage ratio and a borrowing base ratio. If Regional were to breach any covenants or obligations under Regional's credit agreements and such breaches were to result in an

event of default, Regional's lenders could cause all amounts outstanding to become due and payable, subject to applicable grace periods. An event of default in any one credit agreement could also trigger cross-defaults under other existing and future credit agreements and other debt instruments, and materially and adversely affect Regional's financial condition and ability to continue operating Regional's business as a going concern.

***Modifications to the Credit and Collection Policy may result in changes to the performance of the Loan Pool and the servicing of the Loans.***

Regional Management may choose to modify the Credit and Collection Policy at any time, and there are no restrictions on Regional Management's ability to make such modifications except that Regional Management, as Servicer, has covenanted not to modify the Credit and Collection Policy in any manner that could reasonably be expected to result in an Adverse Effect, except as required by Requirements of Law or as ordered by a court of competent jurisdiction or other Governmental Authority. Moreover, modifications to the Credit and Collection Policy could alter the policies by which the Servicer services the Loans, including the policies by which the Servicer determines whether to change the terms of the Loans owned by the Issuer. If these types of modifications were to occur, it could result in worse performance of the Loans. Additionally, modifications to the Credit and Collection Policy could also change the standards and procedures by which Regional Originators originate new Loans. If these types of modifications were to occur and the Issuer were to acquire Loans that were originated based on standards and procedures which incorporated such modifications, they could adversely impact the performance of the Loans owned by the Issuer or result in the Issuer acquiring Loans that are of lower credit quality than the Loans previously acquired by the Issuer. In the event that the performance of the Loans deteriorates or the Issuer acquires Loans of a lower credit quality, it could adversely affect the performance of the Notes.

In response to changes in the regulatory environment, Regional Management continually engages in the evaluation of operational, legal and reputational risk associated with its Credit and Collection Policy. If the risks are deemed significant, Regional Management may implement changes to its existing Credit and Collection Policy that could result in diminished recoveries on the Loans and the repayment of the Notes could be adversely affected.

Historically, Regional Management has modified its Credit and Collection Policy from time to time, and Regional Management expects to modify its Credit and Collection Policy from time to time following the Closing Date.

***Losses on the Loans may be greater than expected as a consequence of risks associated with Regional's policies and procedures for underwriting, processing, and servicing Loans.***

A substantial portion of Regional's underwriting activities and Regional's credit extension decisions are made at Regional's local branches. Regional relies on certain inputs and verifications in the underwriting processes to be performed by individual personnel at the branch level. In addition, pursuant to the Credit and Collection Policy, exceptions to the general underwriting criteria can be approved by central underwriting employees and certain other senior employees. See "*Underwriting Standards—Loan Application Review and Closing*" in this private placement memorandum. Regional trains its employees individually onsite in the branch and through online training modules to make loans that conform to Regional's underwriting standards. Such training includes critical aspects of state and federal regulatory compliance, cash handling, account management, and customer relations. Although Regional has standardized employee manuals and online training modules, Regional primarily relies on its district supervisors, with oversight by Regional's state vice presidents, branch auditors, and headquarters personnel, to train and supervise Regional's branch employees, rather than centralized training programs. Therefore, the quality of training and supervision may vary from district to district and branch to branch depending upon the amount of time apportioned to training and supervision and individual interpretations of Regional's operations policies and procedures. There can also be no assurance that Regional will be able to attract, train and retain qualified personnel to perform the tasks that are part of the underwriting process. If the training or supervision of Regional's personnel fails to be effective or Regional is unable to attract and retain qualified employees, it is possible that Regional's underwriting criteria would be improperly applied to a greater percentage of such applications. If such improper applications were to increase, delinquency and losses on Regional's portfolio of large personal loans (including the Loans owned by the Issuer) could increase and could increase significantly.

In addition, Regional relies on certain third-party service providers in connection with loan underwriting and origination. Any error or failure by a third-party service provider in providing loan underwriting and origination services may cause Regional to originate loans to obligors that do not meet Regional's underwriting standards. Regional cannot

be certain that every loan is made in accordance with Regional's underwriting standards and rules. Regional has experienced instances of loans extended that varied from Regional's underwriting standards. Variances in underwriting standards and lack of supervision could expose Regional to greater delinquencies and credit losses than Regional has historically experienced. Due to the decentralized nature in which the application process occurs, employee misconduct or error in the application or closing process could result in the origination of large personal loans that do not satisfy Regional's underwriting standards. In the event that lower quality Loans or Loans that do not satisfy such underwriting standards are included in the Loan Pool, Noteholders could be adversely affected.

In addition, in deciding whether to extend credit or enter into other transactions with customers and counterparties, Regional relies heavily on information provided by customers, counterparties, and other third parties, including credit bureaus and data aggregators, the inaccuracy or incompleteness of which may adversely affect Regional's results of operations. Regional also relies on representations of customers and counterparties as to the accuracy and completeness of that information. If a significant percentage of Regional's customers were to intentionally or negligently misrepresent any of this information, and Regional's internal processes were to fail to detect such misrepresentations in a timely manner, or any or all of the other components of the underwriting process described above were to fail, it could result in Regional approving a loan that, based on its underwriting criteria, it would not have otherwise made. If such loans were included in the Loan Pool, Noteholders could be adversely affected. See "*—The "decentralized" nature of origination and servicing may pose additional risks to investors*" in this private placement memorandum.

***Inability to sustain origination of Loans may result in risks to Noteholders.***

There can be no assurance that the Regional Originators will continue to originate large personal loans that are eligible to be sold into the Warehouse Facility (or in the case of the North Carolina Loans, contributed to the North Carolina Trust), and subsequently sold by Regional Management to the Depositor (or in the case of the 2018-1A SUBI Loans, allocated to the 2018-1A SUBI), or that the Issuer will have sufficient assets to acquire Additional Loans, in each case after the Closing Date. Additionally, the Regional Originators are not under any obligation to sell any large personal loans that are originated into the Warehouse Facility. Further such large personal loans that are originated into the Warehouse Facility are subject to a lien. Under the terms of the Warehouse Facility, certain conditions (including, in most cases, the consent of one or more of the lenders thereunder) must be satisfied in order for the Warehouse Borrower to convey such large personal loans to the Seller, and for the Seller to convey such large personal loans to the Depositor (at which time such lien will be released). There can be no assurance that any of the foregoing conditions will remain satisfied at all times until the end of the Revolving Period, which could adversely impact the performance of the Notes. See "*—Risks Relating to the Counterparties—Potential conflicts of interest exist relating to the Initial Purchasers, including with respect to the Warehouse Facility*" in this private placement memorandum.

If the Issuer is unable to acquire Additional Loans, it may result in there being less excess spread available to the Notes, which could adversely affect the Issuer's ability to make timely payments to the Noteholders. Moreover, in the event that the Issuer is unable to acquire new Loans with Collections, it may increase the likelihood that an Event of Default (such as a failure to pay interest on the Class A Notes) or Early Amortization Event (for example, due to the continuance of a Reinvestment Criteria Event) will occur, in which case the Noteholders will receive principal distributions earlier than otherwise expected. See "*—Risks Relating to the Notes—The yield to investors in the Notes will be sensitive to the rate and timing of principal payments thereon and the ability of the Issuer to apply Collections in order to acquire new Loans*" in this private placement memorandum.

There are a number of factors that could adversely affect the rate at which the Regional Originators are able to originate large personal loans, including competition, changes in consumer tastes, an inability of the Regional Originators to effectively market their products to consumers in a cost effective manner, an inability to retain key management personnel and attract and retain qualified sales personnel, an increasing interest rate environment or inflationary environment and availability to consumers of alternative sources of credit, as well as other factors. See "*—Risks Related to Regulation—Regional's business products and activities are strictly and comprehensively regulated at the local, state and federal levels*" and see "*—Regional's financial strength may affect the ability of the Servicer and the Seller to perform their obligations, and the ability of the Regional Originators to originate new loans*" in this private placement memorandum.

***Competition in the consumer finance industry may adversely affect the ability of Regional to originate new large personal loans or fulfill its obligations in respect of the Loans.***

The consumer finance industry is highly competitive, and the barriers to entry for new competitors are relatively low in the markets in which Regional operates. Regional competes for customers, locations, employees, and other important aspects of Regional's business with many other local, regional, national, and international financial institutions, many of which have greater financial resources than Regional.

Regional's installment loan operations compete with other installment lenders, as well as with alternative financial services providers (such as payday and title lenders, check advance companies, and pawnshops), online or peer-to-peer lenders, issuers of non-prime credit cards, and other competitors. Regional believes that future regulatory developments in the consumer finance industry may cause lenders that currently focus on alternative financial services to begin to offer installment loans. In addition, if companies in the installment loan business attempt to provide more attractive loan terms than is standard across the industry, Regional may lose customers to those competitors. With respect to installment loans, Regional competes primarily on the basis of price, breadth of loan product offerings, flexibility of loan terms offered, and the quality of customer service provided.

If Regional fails to compete successfully, Regional could face lower sales and may decide or be compelled to materially alter Regional's lending terms to its customers, which could result in decreased profitability. These competitive pressures may adversely affect the ability of Regional to originate new large personal loans and to fulfill its obligations in respect of the Loans, in which case payments on the Notes could be adversely affected.

***Regional's technology platforms may not meet expectations, and Regional may not be able to make technological improvements as quickly as some of its competitors.***

The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. Regional's future success will depend, in part, upon its ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands for convenience, as well as to create additional efficiencies in its operations. Regional expects that new technologies and business processes applicable to the consumer finance industry will continue to emerge, and these new technologies and business processes may be better than those that it currently uses. Regional cannot assure that it will be able to sustain its investment in new technology, and it may not be able to effectively implement new technology-driven products and services as quickly as some of its competitors or be successful in marketing these products and services to its customers. Failure to successfully keep pace with technological change affecting the financial services industry could cause disruptions in its operations, harm Regional's ability to compete with its competitors and adversely affect its results of operations, financial condition and liquidity. See "*Regional's financial strength may affect the ability of the Servicer and the Seller to perform their obligations, and the ability of the Regional Originators to originate new loans*" in this private placement memorandum.

***A failure of information technology products and systems on which Regional relies could disrupt its business and its efforts to collect on the Loans.***

In the operation of Regional's business, Regional is highly dependent upon a variety of information technology products, including Regional's loan management system, which allows Regional to record, document, and manage the loan portfolio. In April 2016, Regional entered into an agreement with Nortridge Software, LLC ("**Nortridge**") pursuant to which Nortridge provides Regional with loan management software and related services. In February 2018, Regional completed its transition to the Nortridge loan management software in all nine of the states in which Regional operates.

Since Regional began transitioning to the Nortridge platform, Regional has tailored it to meet Regional's specific needs. To a certain extent, Regional depends on the willingness and ability of Nortridge to continue to provide customized solutions and to support Regional's evolving products and business model. In the future, Nortridge may not be willing or able to provide the services necessary to meet Regional's loan management system needs. If this occurs, Regional may be forced to migrate to an alternative software package, which could cause an interruption in Regional's operations and result in reduced collections on the Loans.

Further, the Nortridge platform may in the future fail to perform in a manner consistent with Regional's current expectations and may be inadequate for its needs. As Regional is dependent upon its ability to gather and promptly

transmit accurate information to key decision makers, Regional's business, financial condition, and results of operations may be adversely affected if its loan management system does not allow Regional to transmit accurate information, even for a short period of time. Failure to properly or adequately address these issues could materially impact Regional's ability to perform necessary business operations.

Regional also relies on Teledata Communications Inc. and other third-party software vendors to provide access to loan applications and/or screen applications. There can be no assurance that these third-party providers will continue to provide Regional information in accordance with Regional's lending guidelines or that they will continue to provide Regional lending leads at all, which can affect Regional's ability to originate additional Loans.

Further, the Nortridge platform and other third-party software vendor products and applications 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 or security breaches, misappropriation and similar events;
- computer viruses;
- cyberterrorism;
- intentional acts of vandalism and similar events; and
- hurricanes, fires, floods and other natural disasters.

Any failure of the Nortridge platform or any other third-party software vendor product systems due to any of these causes, if it is not supported by Regional's disaster recovery plan, could cause an interruption in operations and result in reduced collections of the Loans. Though Regional has implemented contingency and disaster recovery processes in the event of one or several technology failures, any unforeseen failure, interruption or compromise of these systems or security measures could affect its collection of the Loans. The risk of possible failures or interruptions may not be adequately addressed, and such failures or interruptions could occur.

***Security breaches, cyber-attacks, failures in Regional's information systems, or fraudulent activity could result in damage to Regional's operations or lead to reputational damage.***

Regional relies heavily on communications and information systems to conduct its business. Each branch is part of an information network that is designed to permit Regional to maintain adequate cash inventory, reconcile cash balances on a daily basis, and report revenues and expenses to Regional's headquarters. Regional's computer systems, software and networks may be vulnerable to breaches (including via computer hackings), unauthorized access, misuse, computer viruses or other failures or disruptions that could result in disruption to Regional's business or the loss or theft of confidential information, including customer information. Any failure, interruption, or breach in security of these systems, including any failure of Regional's back-up systems, hardware failures, or an inability to access data maintained offsite, could result in failures or disruptions in Regional's customer relationship management, general ledger, loan, and other systems and could result in a loss of data (including loan portfolio data), a loss of customer business, subject Regional to additional regulatory scrutiny, or expose Regional to civil litigation, possible financial liability, and other adverse consequences, any of which could have a material adverse effect on Regional's financial condition and results of operations. Furthermore, Regional may not be able to detect immediately any such breach, which may increase the losses that Regional would suffer. In addition, Regional's existing insurance policies would not reimburse Regional for all of the damages that it might incur as a result of a breach.

A security breach or cyber-attack on Regional's computer systems could interrupt or damage Regional's operations or harm its reputation. Despite the implementation of security measures, Regional's systems may still be vulnerable to data theft, computer viruses, programming errors, attacks by third parties, or similar disruptive problems. If Regional were to experience a security breach or cyber-attack, Regional could be required to incur substantial costs and liabilities, including, among other things, the following:

- expenses to rectify the consequences of the security breach or cyber-attack;
- liability for stolen assets or information;
- costs of repairing damage to Regional's systems;
- lost revenue and income resulting from any system downtime caused by such breach or attack;

- increased costs of cyber security protection;
- costs of incentives Regional may be required to offer to Regional’s customers or business partners to retain their business; and
- damage to Regional’s reputation causing customers and investors to lose confidence in its company.

Further, any compromise of security or cyber-attack could deter consumers from entering into transactions that require them to provide confidential information to Regional. In addition, if confidential customer information or information belonging to Regional’s business partners is misappropriated from Regional’s computer systems, Regional could be sued by those who assert that Regional did not take adequate precautions to safeguard Regional’s systems and confidential data belonging to its customers or business partners, which could subject Regional to liability and result in significant legal fees and expenses in defending these claims. As a result, any compromise of security of Regional’s computer systems or cyber-attack could have a material adverse effect on Regional’s business, financial condition, and results of operations.

As part of its business, Regional may share confidential customer information and proprietary information with clients, vendors, service providers and business partners. The information systems of these third parties may be vulnerable to security breaches and Regional may not be able to ensure that these third parties have appropriate security controls in place to protect the information that Regional shares with them. If Regional’s proprietary or confidential customer information is intercepted, stolen, misused or mishandled while in possession of a third party, it could result in reputational harm to Regional, loss of customer business and additional regulatory scrutiny, and it could expose Regional to civil litigation and possible financial liability, any of which could have a material adverse effect on Regional’s business, financial condition and liquidity. Although Regional maintains insurance that is intended to cover certain losses from such events, there can be no assurance that such insurance will be adequate or available.

***Security breaches in Regional’s branches or acts of theft, fraud, or violence could adversely affect Regional’s financial condition and results of operations.***

A substantial amount of Regional’s account payments occur at its branches, either in person or by mail, and frequently consist of cash payments, which Regional deposits at local banks each day. This business practice exposes Regional daily to the potential for employee theft of funds or, alternatively, to theft and burglary due to the cash Regional maintains in its branches. Despite controls and procedures to prevent such losses, Regional has sustained losses due to employee fraud (including collusion) and theft. Regional is also susceptible to break-ins at its branches, where money or customer records could be taken. A breach in the security of Regional’s branches or in the safety of Regional’s employees could result in employee injury, loss of funds or records, and adverse publicity, and could result in a loss of customer business or expose Regional to civil litigation and possible financial liability, any of which could have a material adverse effect on Regional’s financial condition and results of operations.

Regional’s branch offices have physical customer records necessary for day-to-day operations that contain extensive confidential information about Regional customers, including financial and personally identifiable information. The loss or theft of customer information and data from branch offices or other storage locations could subject Regional to additional regulatory scrutiny and penalties, and could expose Regional to civil litigation and possible financial liability, which could have a material adverse effect on Regional’s business, financial condition and liquidity. See “—*Regional’s financial strength may affect the ability of the Servicer and the Seller to perform their obligations, and the ability of the Regional Originators to originate new loans*” in this private placement memorandum.

***Regional’s insurance operations are subject to a number of risks and uncertainties, including claims.***

Regional markets and sells optional credit life, accident and health, personal property, involuntary unemployment, and vehicle single interest insurance in connection with Regional’s loans in selected markets as an agent for an unaffiliated third-party insurance company. In addition, Regional collects a fee from obligors under Soft Secured Loans and uses such fee to acquire non-file insurance from an unaffiliated insurance company that protects Regional from credit losses that may be incurred as a result of Regional’s decision not to perfect its security interest in certain personal property collateral in connection with such Soft Secured Loans. The unaffiliated insurance company cedes all of these insurance policies to Regional’s wholly-owned reinsurance subsidiary, RMC Reinsurance, Ltd., which then bears the full risk of the policies. Insurance claims and policyholder liabilities are difficult to predict and may exceed the related reserves set aside for claims and associated expenses for claims adjudication.

The optional credit insurance products offered to obligors insure the personal loan obligor's payment obligations on the related personal loan in the event of such personal loan obligor's inability to make monthly payments due to death, disability or involuntary unemployment, or in the event of a casualty event associated with collateral. Payment of the associated premiums can be made by the obligor separately, but except in very rare instances, the personal loan obligor finances payment of the premium and it is included in the principal balance of the applicable personal loan. The financing of credit insurance product premiums generally represents approximately 12% of the aggregate amount financed of Regional's large personal loan portfolio. The Loan Pool may have a different percentage of aggregate loan principal balance attributable to credit insurance product premiums and such percentage may increase or decrease after the Initial Cut-Off Date. A credit insurance product in respect of a personal loan may be cancelled if, for example, (i) the owner or servicer of the personal loan requests cancellation due to the personal loan obligor's default on obligations under the related personal loan, (ii) the personal loan obligor prepays the principal balance of the personal loan in whole or (iii) the personal loan obligor elects to terminate the credit insurance prior to the expiration of the term thereof (which the personal loan obligor may do at any time). Generally, upon any cancellation of credit insurance, the related personal loan obligor will be entitled to a refund of the unearned premium for such credit insurance, which is typically effected by making a corresponding reduction in the principal balance of the personal loan. The insurance companies providing such credit insurance have agreed to reimburse Regional for unearned premiums that are refunded to the personal loan obligor. Rights to any such reimbursements in respect of reductions in the principal balances of Loans will be conveyed to the Issuer and treated as Collections in respect of such Loans. Despite the foregoing, there can be no assurance that such insurance companies will have sufficient funds to make such payments, which could result in increased losses on the large personal loans, including the Loans.

A portion of recoveries reflected in the net loss and delinquency tables presented herein are attributable to claims payments and reimbursement payments that insurance companies were obligated to make in respect of claims on and cancellations of such credit insurance, but personal loan obligors, including the Loan Obligor, are not required to purchase credit insurance products, and there can be no assurance as to the number of Loan Obligor with respect to Loans conveyed to the Issuer after the Closing Date that will purchase credit insurance.

The non-file insurance product protects Regional from credit losses in the event that, after the occurrence of an event of default under a Soft Secured Loan, Regional is unable to take possession of personal property collateral because its security interest in such personal property collateral is not perfected (for example, in certain instances where an obligor files for bankruptcy and Regional's claim is deemed to be unsecured because it has not taken action to perfect its security interest in the related personal property collateral). In such circumstances, the non-file insurance generally will pay an amount equal to the lesser of the loan balance or the collateral value. In recent years, as large loans have become a larger percentage of Regional's portfolio, the severity of non-file claims has increased and non-file claims expenses have exceeded non-file insurance premiums. Regional is considering various ways to lower its non-file insurance claims, and it is uncertain whether the non-file insurance product will be available to Regional in the future on the same terms as it is today. If the unaffiliated insurance company were to enforce limitations on Regional's non-file loss ratios, losses on the Loans could increase and repayment of the Notes could be adversely affected.

Other risks relating to Regional's insurance operations include changes to laws and regulations applicable to Regional, as well as changes to the regulatory environment. Examples include changes to laws or regulations affecting Regional's ability to offer one or more of its insurance products or the way in which such products are offered; capital and reserve requirements; frequency and type of regulatory monitoring and reporting; consumer privacy, use of customer data, and data security; benefits or loss ratio requirements; insurance producer licensing or appointment requirements; required disclosures to consumers; and collateral protection insurance (*i.e.*, insurance purchased at the obligor's expense on the obligor's automobile collateral for the periods of time the obligor fails to adequately, as required by his or her loan, insure that collateral). Moreover, Regional's insurance operation is dependent on its lending operation for its sole source of business and product distribution. If Regional's lending operations discontinue offering insurance products, Regional's insurance operations would have no method of distribution. Further, if the insurers are for any reason unable or unwilling to meet their claim payment obligations or if fewer Loan Obligor purchase credit insurance protection in respect of the Loans, losses on the Loans could increase and repayment of the Notes could be adversely affected. See "*—Regional's financial strength may affect the ability of the Servicer and the Seller to perform their obligations, and the ability of the Regional Originators to originate new loans*" in this private placement memorandum.

***Recovery under collateral protection insurance for collateral securing Hard Secured Loans may not be available or may be inadequate.***

While the Credit and Collection Policy as of the Closing Date mandates that Regional contractually require Loan Obligors in respect of Hard Secured Loans to maintain collateral protection insurance in respect of the Titled Assets securing such Loan, through inadvertence or otherwise, such insurance may not be in full force and effect at the time a loss purported to be covered occurs. In addition, a Loan Obligor may fail to comply with the requirement to maintain insurance. Regional does not monitor whether a Loan Obligor maintains collateral protection insurance nor does Regional purchase such insurance on a “lender-placed” basis.

In light of the foregoing, there can be no assurance that each Titled Asset will continue to be covered by collateral protection insurance, whether obtained by the Loan Obligor or obtained by the Seller or the Servicer, during the entire term during which the related Hard Secured Loan is outstanding. Consequently, recoveries may be limited in the event of losses or casualties to Titled Assets, and Noteholders could suffer a loss on their investment.

***Centralized headquarters’ functions and branch operations are susceptible to disruption by catastrophic events, which could have a material adverse effect on Regional’s business, financial condition, and results of operations.***

Regional’s headquarters are in an office building located in Greer, South Carolina, a town located outside of Greenville, South Carolina. Regional’s information systems and administrative and management processes are primarily provided to its branches from this centralized location, and Regional’s separate data management facility is located in Greenville, South Carolina. These processes could be disrupted if a catastrophic event, such as a tornado, power outage, or act of terror, affected Greenville, Greer, or the nearby areas. Any such catastrophic event(s) or other unexpected disruption of Regional’s headquarters or data management facility could have a material adverse effect on Regional’s business, financial condition, and results of operations.

***The “decentralized” nature of origination and servicing may pose additional risks to investors.***

Regional conducts significant operations through its branch offices, including key parts of the underwriting process. There can be no assurance that it will be able to attract and retain qualified personnel to perform these tasks. Inadequate staffing may result in scenarios where fraud or noncompliance with applicable law is not as readily detected, and also may result in heightened exposure to the possibility of employee misconduct, each of which could adversely affect the quality of the Loans that are originated or otherwise acquired by Regional.

Regional’s branches also serve as an important component of its ongoing servicing and collections processes. As of the Closing Date, the primary responsibility for the servicing and collections process generally resides with the applicable local branch. See “*Servicing Standards—Servicing, Billing and Payments*” in this private placement memorandum. A certain minimum level of staffing is necessary in order to ensure an adequate level of servicing and collections. For example, Regional seeks to contact its customers soon after a loan becomes delinquent because, historically, when collection efforts begin at an earlier stage of delinquency, there is a greater likelihood that the applicable personal loan will not be charged-off (though there is no assurance that such historical trend will continue). Consequently, during periods of increased delinquencies, it becomes extremely important that Regional’s branches are properly staffed. If Regional is unable to attract and retain a sufficient number of qualified credit and collection personnel, it could result in increased delinquencies and charge-offs on the Loans, which could reduce the Collections available to the Issuer to make payments on the Notes and adversely affect the Noteholders. See “*—Losses on the Loans may be greater than expected as a consequence of risks associated with Regional’s policies and procedures for underwriting, processing, and servicing Loans*” in this private placement memorandum.

Additionally, the “decentralized” nature of this branch model may make it more difficult for Regional to ensure compliance with its origination, acquisition and servicing procedures and standards than if Regional’s operations were centralized in a single location. Similarly, given the “decentralized” and largely manual processing of a significant portion of payments on Regional’s loans, the possibility of delay or misdirection of payments is greater than with payments through lockboxes or electronic channels, which in turn could delay or reduce Collections on the Loans. See also “*—The Indenture Trustee may not have a perfected security interest in Collections commingled by the Servicer or Subservicer with other funds*” and “*—Ability to make in-branch payments and any future inability to make in-branch payments may result in additional risks to Noteholders*” in this private placement memorandum.

***Ability to make in-branch payments and any future inability to make in-branch payments may result in additional risks to Noteholders.***

As of March 31, 2018, Regional's integrated branch network consists of 341 locations across 9 states. As of March 31, 2018, approximately 61% (by dollar amount) of Regional's personal loan payments were made in-person at Regional branches by the personal loan customer (approximately 25% (by dollar amount) were in cash, 21% were by check or money order, 13% were by debit, and 2% were by ACH. Despite a recent trend in favor of payments via electronic channels, a significant number of Loan Obligor may continue to make payments in Subservicer branches, including in cash, ACH or by debit. While Regional cannot estimate the percentage of Loan Obligor without a checking account, should one or more of the Subservicer branches become unavailable for any reason (including as a result of one or more Subservicer becoming unable or unwilling to assist in servicing the Loans or as a result of branch closures) for the acceptance of payments, the ability to collect payments from these Loan Obligor who would otherwise make payments at such branch may be adversely affected, which could result in increased delinquencies and losses on the Loans. See "*Risks Relating to the Counterparties—Replacement of the Servicer, inability to replace the Servicer or inability of the Subservicers to assist in servicing the Loans could result in reduced payments on the Notes*" in this private placement memorandum. Additionally, there can be no assurance that the number of Loan Obligor that make cash payments or payments in person at Regional's branches in the future will not increase over current levels. See "*Regional Consumer Loan Business*" in this private placement memorandum. Additionally, after the delivery of a Servicing Centralization Period Notice, the Back-up Servicing Agreement requires the Servicer and the Subservicer to discontinue accepting cash payments by Loan Obligor at branch locations within six (6) months thereafter. In the event that such cash payments are no longer accepted, there can be no assurance that the performance of the Loans with respect to which the Loan Obligor make such cash payments would not be adversely affected, resulting in increased delinquencies and losses on the Loans. See "*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing Centralization Period*" in this private placement memorandum.

***Failure of third-party service providers engaged by Regional could adversely affect Regional's operations.***

Regional relies on certain third-party service providers in connection with loan underwriting, origination, and servicing. Regional's reliance on these third parties can expose Regional to certain risks. If any of Regional's third-party service providers, including those third parties providing services in connection with loan underwriting, origination, and servicing, are unable to provide their services timely, accurately, and effectively, or at all, it could have a material adverse effect on Regional's business, financial condition, and results of operations and cash flows.

***Regional may become involved in investigations, examinations, and proceedings by government and self-regulatory agencies, which may result in material adverse consequences to Regional's business, financial condition, and results of operations.***

From time to time, Regional may become involved in formal and informal reviews, investigations, examinations, proceedings, and information-gathering requests by federal and state government and self-regulatory agencies. Should Regional become subject to such an investigation, examination, or proceeding, the matter could result in material adverse consequences to Regional, including, but not limited to, increased compliance costs, adverse judgments, significant settlements, fines, penalties, injunction, or other actions.

***Damage to Regional's reputation could negatively impact its business.***

Recently, financial services companies have been experiencing increased reputational risk as consumers take issue with certain of their practices or judgments. Maintaining a positive reputation is critical to Regional's attracting and retaining customers, investors and employees. Harm to Regional's reputation can arise from many sources, including employee misconduct, misconduct by outsourced service providers or other counterparties, litigation or regulatory actions, failure by it to meet minimum standards of service and quality, inadequate protection of customer information, and compliance failures. Negative publicity regarding Regional (or others engaged in a similar business or activities), whether or not accurate, may damage Regional's reputation, which could have a material adverse effect on its business, results of operations and financial condition. See "*Regional's financial strength may affect the ability of the Servicer and the Seller to perform their obligations, and the ability of the Regional Originators to originate new loans*" in this private placement memorandum.

## **Risks Related to Regulation**

***Changes in laws and regulations or interpretations of laws and regulations could negatively impact Regional's business, financial condition, and results of operations.***

The laws and regulations directly affecting Regional's lending activities are constantly under review and are subject to change. In addition, consumer advocacy groups and various other media sources continue to advocate for governmental and regulatory action to prohibit or severely restrict various financial products, including the loan products Regional offers. Any changes in such laws and regulations, or the implementation, interpretation, or enforcement of such laws and regulations, could force Regional to modify, suspend, or cease part or, in the worst case, all of Regional's existing operations. It is also possible that the scope of federal regulations could change or expand in such a way as to preempt what has traditionally been state law regulation of Regional's business activities. The enactment of one or more of such regulatory changes could materially and adversely affect Regional's business, results of operations, and prospects.

State and federal legislatures and regulators may also seek to impose new requirements or interpret or enforce existing requirements in new ways. Changes in current laws or regulations or the implementation of new laws or regulations in the future may restrict Regional's ability to continue its current methods of operation or expand Regional's operations. Additionally, these laws and regulations could subject Regional to liability for prior operating activities or lower or eliminate the profitability of operations going forward by, among other things, reducing the amount of interest and fees Regional charges in connection with its loans or limiting the types of insurance and other ancillary products that Regional may offer to its customers. If these or other factors result in closing Regional's branches in a state, in addition to the loss of net revenues attributable to that closing, Regional would incur closing costs such as lease cancellation payments and Regional would have to write off assets that Regional could no longer use. If Regional were to suspend rather than permanently cease its operations in a state, Regional would also have continuing costs associated with maintaining its branches and its employees in that state, with little or no revenues to offset those costs.

In addition to state and federal laws and regulations, Regional's business is subject to various local rules and regulations, such as local zoning regulations. Local zoning boards and other local governing bodies have been increasingly restricting the permitted locations of consumer finance companies. Any future actions taken to require special use permits for or impose other restrictions on Regional's ability to provide products could adversely affect Regional's ability to expand its operations or force Regional to attempt to relocate existing branches. If Regional were forced to relocate any of Regional's branches, in addition to the costs associated with the relocation, Regional may be required to hire new employees in the new areas, which may adversely impact the operations of those branches. Relocation of an existing branch may also hinder Regional's collection abilities, as its business model relies in part on the location of Regional's branches being close to where its customers live in order to successfully collect on outstanding loans.

Changes in laws or regulations may have a material adverse effect on all aspects of Regional's business in a particular state and on Regional's overall business, financial condition, and results of operations, including Regional's ability to originate new loans and the manner in which existing loans, including the Loans, are serviced and collected.

***No assurances can be made that a state regulator will not require the Issuer, the North Carolina Trust or the Depositor to obtain a license in a particular state.***

Regional Management and the Regional Originators are licensed in each state where a license is required for the applicable entities to originate and/or service Loans. In addition, each of the Depositor and the Issuer is licensed in each state where Regional Management believes that a license is necessary for such entity to hold legal title to the Loans and to transact business as described in this private placement memorandum. State regulators may, however, take a different view and require licensing of additional transaction parties, including the North Carolina Trust, or require the Issuer and the Depositor to obtain a license in a state where Regional Management previously deemed that a license would not be necessary.

If a regulator were to adopt the view that licensing of additional transaction parties was or will be required, this would result in additional administrative burden, cost and, potentially, penalties. While Regional Management believes that the transaction structure does not necessitate the licensing of additional transaction parties, no assurance can be given in that regard. The penalties for failure to obtain requisite state licenses vary from jurisdiction to jurisdiction, but if a regulator was to assess monetary penalties and/or require licensing for the Issuer, the North Carolina Trust or the

Depositor, then delays in payments on the Notes and/or the ability of the Issuer to make payments on the Notes could be adversely affected.

***Financial regulatory reform has created uncertainty and could negatively impact Regional's business, results of operations and financial condition.***

In response to the financial crisis, 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 requires the creation of new federal regulatory agencies, and grants additional authorities and responsibilities to existing regulatory agencies to identify and address emerging systemic risks posed by the activities of financial services firms. The Dodd-Frank Act also provides for enhanced regulation of derivatives and mortgage-backed securities offerings, restrictions on executive compensation and enhanced oversight of credit rating agencies. The Dodd-Frank Act also limits the ability of federal laws to preempt state and local consumer laws.

Additionally, the Dodd-Frank Act established the Consumer Financial Protection Bureau (the “**CFPB**”) within the Federal Reserve System, a new consumer protection regulator tasked with regulating consumer financial services and products. An October 2016 decision by the United States Court of Appeals for the District of Columbia Circuit (the “**DC Circuit**”) in *PHH Corporation, et al. v. Consumer Financial Protection Bureau* held that the organizational structure of the CFPB violated the separation of powers provisions found in the United States Constitution and that the President has the power to remove the CFPB Director at will, and to supervise and direct the CFPB Director. The CFPB appealed this decision and the DC Circuit *en banc* vacated the October 2016 decision in February 2017 and granted the CFPB's request for an *en banc* rehearing of the case. The *en banc* hearing was held on May 24, 2017. On January 31, 2018, the DC Circuit ruled that the organizational structure of the CFPB is constitutional and that the President has the power to remove the CFPB Director only for cause. There also are legislative proposals in Congress which, among other proposed amendments to the Dodd-Frank Act, would significantly reform the CFPB's structure, authority, and/or mandate. As a result of these judicial and legislative actions, there is, and will continue to be, uncertainty regarding the future of the CFPB and the impact on the lending and ABS markets.

The Dodd-Frank Act impacts the offering, marketing and regulation of consumer financial products and services offered by financial institutions, which could include the Seller, the Servicer, the Depositor and their Affiliates, including the Issuer. The CFPB will have supervision, examination and enforcement authority over the consumer financial products and services offered by certain non-depository institutions and large insured depository institutions. The CFPB also has broad rulemaking and enforcement authority over providers of credit, savings and payment services and products and authority to prevent “unfair, deceptive or abusive” practices. The CFPB has the authority to write regulations under federal consumer financial protection laws, and to enforce those laws against and examine large financial institutions for compliance.

For example, the Dodd-Frank Act gives the CFPB supervisory authority over entities that are designated by rule as “larger participants” in certain financial services markets. The CFPB contemplates regulating the traditional installment lending industry in which Regional participates as part of the “consumer credit and related activities” market, though the CFPB has not yet issued a “larger participant” rule applicable to Regional. If Regional is designated as a “larger participant” for segments of the consumer finance market, its business could become more broadly subject to CFPB supervision and examination. The CFPB is also authorized to collect fines and provide consumer restitution in the event of violations, engage in consumer financial education, track consumer complaints, request data and promote the availability of financial services to underserved consumers and communities. Depending on how the CFPB functions and its areas of focus, it could increase the compliance costs for Regional, potentially delay Regional's ability to respond to marketplace changes, result in requirements to alter products and services that would make them less attractive to consumers and impair the ability of Regional to offer products and services profitably. The CFPB is authorized to pursue administrative proceedings or litigation for violations of federal consumer financial laws. In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties ranging from \$5,639 per day for minor violations of federal consumer financial laws (including the CFPB's own rules) to \$28,195 per day for reckless violations and \$1,127,799 per day for knowing violations. Also, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations under Title X, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions for the kind of cease and desist orders available to the CFPB.

In addition to pre-existing enforcement rights for state attorneys general, the Dodd-Frank Act gives attorneys general authority to enforce the Dodd-Frank Act and regulations promulgated under the Dodd-Frank Act's authority. In conducting an investigation, the CFPB or state attorneys general may issue a civil investigative demand requiring a target company to prepare and submit, among other items, documents, written reports, answers to interrogatories, and deposition testimony. If Regional is subject to investigation, the required response could result in substantial costs and a diversion of its management's attention and resources. In addition, the market price of Regional's common stock could decline as a result of the initiation of a CFPB investigation of Regional or even the perception that such an investigation could occur, even in the absence of any finding by the CFPB that Regional has violated any state or federal law.

The Dodd-Frank Act also has increased the regulation of the securitization markets. For example, in October 2014, the SEC and other applicable federal regulators adopted Regulation RR, which requires the sponsor of a securitization transaction or a majority-owned affiliate of the sponsor to retain not less than 5% of the credit risk of the assets collateralizing the asset-backed securities. Regulation RR went into effect on December 24, 2016 with respect to asset-backed securities collateralized by assets other than residential mortgages (and went into effect on December 24, 2015 for asset-backed securities collateralized by residential mortgages), and the Depositor will be required to comply with Regulation RR in connection with the offering of the Notes. See "*Credit Risk Retention*" in this private placement memorandum.

Regional Management will comply with Regulation RR by holding the Trust Certificate (or such portion thereof as is required to satisfy Regulation RR) through the Depositor or another majority-owned affiliate. Regional Management's compliance with Regulation RR is based in part on its subjective determination of appropriate inputs and assumptions required to calculate the fair value of the ABS Interests issued by the Issuer, including the Trust Certificate. No assurance can be given that Regional Management will not be subject to enforcement actions or other litigation notwithstanding its good faith intent to comply with Regulation RR, nor can there be any assurance that Regional will not be subject to penalties arising out of a regulator's or court's retrospective determination that Regional's retention of the Trust Certificate through the Depositor or another majority-owned affiliate does not in fact comply with Regulation RR. See "*Credit Risk Retention*." Any such enforcement action or other penalties arising out of Regional Management's obligations under Regulation RR could have adverse effects on the servicing and securitization program of Regional Management and its Affiliates.

Compliance with the implementing regulations under the Dodd-Frank Act or the oversight of the SEC, CFPB, or state attorneys general, may impose costs on, create operational constraints for, or place limits on pricing with respect to finance companies such as Regional. Some of the regulations required by the Dodd-Frank Act have not been finalized. Until all of the implementing regulations are issued, no assurance can be given that these new requirements imposed by the Dodd-Frank Act will not have a significant impact on the marketability of asset-backed securities such as the Notes, the secondary market for such securities, the servicing of the Loans, and the operating results, regulation and supervision of Regional.

The Dodd-Frank Act, among other things, gives the Federal Deposit Insurance Corporation ("**FDIC**") authority to implement an orderly liquidation framework for the resolution of financial companies, the failure of which has been determined to present systemic risk and that satisfy other criteria. OLA differs from the Bankruptcy Code in several respects. In addition, because the legislation remains subject to clarification through FDIC regulations and has yet to be applied by the FDIC in any receivership, it is unclear what impact these provisions will have on any particular company, including Regional, the Depositor and the Issuer, or the creditors of any such entity. Although the expectation is that the framework will be invoked on rare occasions and only involving the largest financial companies, no assurances can be given that the liquidation framework for the resolution of "covered financial companies" or their "covered subsidiaries" that is contained in the Dodd-Frank Act would not apply to Regional, the Depositor, the Issuer or their Affiliates or, if it were to apply, would not result in a repudiation of any of the Transaction Documents where further performance is required or an automatic stay or similar power preventing the Indenture Trustee or other transaction parties from exercising their rights under the Transaction Documents. This repudiation power could also affect the transfer of the Loans. Application of this framework could materially and adversely affect the timing and amount of payments of principal of and interest on the Notes.

***Regional's business products and activities are strictly and comprehensively regulated at the local, state and federal levels.***

The consumer finance industry is extensively regulated by federal, state and local consumer protection laws and regulations relating to the creation, collection and enforcement of consumer contracts, such as the Loans. Large personal loans that do not comply with consumer protection laws may not be enforceable against the obligors of those loans. These laws and regulations impose significant costs and limitations on the way Regional conducts and expands its business, and these costs and limitations may increase in the future if such laws and regulations are changed. These laws and regulations govern or affect, among other things:

- the interest rates and manner of calculating such rates that Regional may charge customers;
- terms of loans, including fees, maximum amounts, and minimum durations;
- origination practices, including the number of simultaneous or consecutive loans and required waiting periods between loans;
- disclosure requirements, including posting of fees;
- solicitation and advertising practices;
- currency and suspicious activity reporting;
- recording and reporting of certain financial transactions;
- privacy of personal customer information;
- the types of products and services that Regional may offer;
- servicing and collection practices;
- approval of licenses; and
- locations of Regional's branches.

Due to the highly regulated nature of the consumer finance industry, Regional is required to comply with a wide array of federal, state, and local laws and regulations that affect, among other things, the manner in which Regional conducts its origination and servicing operations. These regulations directly impact Regional's business and require constant compliance, monitoring, and internal and external audits. Although Regional has an enterprise-wide compliance framework structured to continuously evaluate Regional's activities, compliance with applicable law is costly and may create operational constraints.

At a federal level, these laws and their implementing regulations include, among others, the Truth in Lending Act and Regulation Z, the Consumer Financial Protection Act, the Equal Credit Opportunity Act and Regulation B, the Fair Credit Reporting Act, the Gramm-Leach-Bliley Act, the Electronic Funds Transfer Act, the Federal Trade Commission Act, the Servicemember Civil Relief Act, the Military Lending Act, the Fair Debt Collection Practices Act, the Magnuson-Moss Warranty Act, and the Telephone Consumer Protection Act. Many states and local jurisdictions have consumer protection laws analogous to, or in addition to, those listed above, such as usury laws and state debt collection practices laws that apply to first-party lenders.

These laws affect how loans are made, enforced and collected. The U.S. government and states may pass new laws, or may amend existing laws, to regulate further the consumer finance industry, installment loans or to reduce the finance charges or other fees applicable to personal loans. This could make collection of personal loans more difficult for the Servicer (and any Subservicer) and could decrease the amount of Collections received by the Issuer and thus available for payments on the Notes.

Federal and state consumer protection laws impose requirements, including licensing requirements, and place restrictions on creditors in connection with extensions of credit and collections on personal loans and protection of sensitive customer data obtained in the origination and servicing thereof, and personal loans that do not comply with consumer protection laws may not be valid or enforceable under their terms against the obligors of those personal loans. Moreover, certain of these laws make an assignee of such personal loans (such as the Issuer) liable to the obligor thereon for any violation by the originating lender. Any violation of such laws or any litigation alleging such a violation with respect to a Loan could give rise to claims and/or defenses by a Loan Obligor, or a group of similarly situated Loan Obligors, against the Issuer, the Seller, the Indenture Trustee, the Depositor, the Servicer and certain other parties, or subject them to claims for damages and/or enforcement actions. The federal and state consumer protection laws, rules and regulations applicable to the solicitation and advertising for, underwriting of, granting, servicing and collection of personal loans, and the protection of sensitive customer data, frequently provide for administrative penalties, as well as

civil (and in some cases, criminal) liability resulting from their violation. An administrative proceeding or litigation relating to one or more allegations or findings of the violation of such laws by the Seller, the Depositor, the Servicer or the Issuer (whether by an administrative agency, a Loan Obligor or a group or class of Loan Obligors) could result in modifications in Regional's methods of doing business, which could impair Regional's ability to originate or otherwise acquire new Loans or collect the Loans or result in the requirement that the Seller, the Servicer, the Depositor and/or the Issuer pay damages and/or cancel the balance or other amounts owing under a Loan associated with such violations. The Loans are subject to generally standard documentation. Thus, many Loan Obligors may be similarly situated in so far as the provisions of their respective contractual obligations are concerned. Accordingly, allegations of violations of the provisions of applicable federal or state consumer protection laws could potentially result in a large class of claimants asserting claims against the Seller, the Servicer, the Depositor and/or the Issuer. There is no assurance that such claims will not be asserted against the Seller, the Servicer, the Depositor and/or the Issuer in the future. To the extent it is determined that the Loans were not originated in accordance with all applicable laws, the Seller may be obligated to repurchase from the Issuer (or in the case of the 2018-1A SUBI Loans, the Servicer may be obligated to purchase or cause the reallocation of such 2018-1A SUBI Loans from the 2018-1A SUBI) any Loan that fails to comply with such legal requirements. There can be no assurance, however, that the Seller (or in the case of the 2018-1A SUBI Loans, the Servicer) will have adequate resources to make such repurchases or reallocations, as applicable. See "*Risks Relating to Regional's Business and Operations—Regional's financial strength may affect the ability of the Servicer and the Seller to perform their obligations, and the ability of the Regional Originators to originate new loans*" and "*Certain Legal Aspects of the Loans—Consumer Protection Laws*" in this private placement memorandum.

Changes to statutes, regulations, or regulatory policies, including the interpretation, implementation, and enforcement of statutes, regulations, or policies, could affect Regional in substantial and unpredictable ways, including limiting the types of financial services and products that Regional may offer and increasing the ability of competitors to offer competing financial services and products. Compliance with laws and regulations require Regional to invest increasingly significant portions of Regional's resources in compliance planning and training, monitoring tools, and personnel, and requires the time and attention of management. These costs divert capital and focus away from efforts intended to grow Regional's business. Because these laws and regulations are complex and often subject to interpretation, or because of a result of unintended errors, Regional may, from time to time, inadvertently violate these laws, regulations, and policies, as each is interpreted by Regional's regulators. If Regional does not successfully comply with laws, regulations, or policies, Regional could be subject to fines, penalties, lawsuits, or judgments, Regional's compliance costs could increase, Regional's operations could be limited, and Regional may suffer damage to Regional's reputation. If more restrictive laws, rules, and regulations are enacted or more restrictive judicial and administrative interpretations of current laws are issued, compliance with the laws could become more expensive or difficult. Furthermore, changes in these laws and regulations could require changes in the way Regional conducts its business, and Regional cannot predict the impact such changes would have on Regional's profitability.

Regional's primary regulators are the state regulators for the states in which Regional operates: Alabama, Georgia, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia. Regional operates each of Regional's branches under licenses granted to Regional by these state regulators. State regulators may enter Regional's branches and conduct audits of Regional's records and practices at any time, with or without notice. If Regional fails to observe, or is not able to comply with, applicable legal requirements, Regional may be forced to discontinue certain product offerings, which could adversely affect Regional's business, financial condition, and results of operations. In addition, violation of these laws and regulations could result in fines and other civil and/or criminal penalties, including the suspension or revocation of Regional's branch licenses, rendering Regional unable to operate in one or more locations. All of the states in which Regional operates have laws governing the interest rates and fees that Regional can charge and required disclosure statements, among other restrictions. Violation of these laws could involve penalties requiring the forfeiture of principal and/or interest and fees that Regional has charged. Depending on the nature and scope of a violation, fines and other penalties for noncompliance of applicable requirements could be significant and could have a material adverse effect on Regional's business, financial condition, and results of operation.

Regional believes that it maintains all material licenses and permits required for its current operations. However, Regional may not be able to maintain all requisite licenses and permits, and the failure to satisfy those and other regulatory requirements could have a material adverse effect on Regional's operations. In addition, changes in laws or regulations applicable to Regional could subject it to additional licensing, registration, and other regulatory requirements in the future or could adversely affect Regional's ability to operate or the manner in which Regional conducts business. Licenses to open new branches are granted in the discretion of state regulators. Accordingly, licenses may be denied unexpectedly or

for reasons outside of Regional's control. This could hinder Regional's ability to implement its business plans in a timely manner or at all.

As Regional enters new markets and develop new products, Regional may become subject to additional state and federal regulations. For example, although Regional intends to expand into new states, Regional may encounter unexpected regulatory or other difficulties in these new states or markets, which may prevent Regional from growing in new states or markets. As a result, Regional may not be able to successfully execute Regional's strategies to grow its revenue and earnings.

Regional is also subject to potential enforcement, supervision or other actions that may be brought by state attorneys general or other state enforcement authorities and other governmental agencies. For example, the CFPB, state and federal banking regulators, state attorneys general, the Federal Trade Commission, the U.S. Department of Justice and federal government agencies have imposed sanctions on originators for practices including, but not limited to, charging borrowers excessive fees, steering borrowers to loans with higher costs or more onerous terms, imposing higher interest rates than the borrower's credit risk warrants, failing to disclose material terms of loans to borrower and otherwise engaging in discriminatory or unfair lending practices or unfair, deceptive, or abusive acts or practices. Regional believes it is in substantial compliance with all applicable federal, state and local regulation. However, if a regulator found otherwise, any such action could subject Regional to civil money penalties, customer remediation and increased compliance costs, as well as damage to reputation and brand and could limit or prohibit Regional's ability to offer certain products and services or engage in certain business practices.

Additionally, Congress, the states and regulatory agencies could further regulate the consumer credit industry in ways that make it more difficult for the Servicer to collect payments on the Loans. Further, changes in the regulatory application or judicial interpretation of the laws and regulations applicable to financial institutions also could impact the manner in which Regional conducts its business. The regulatory environment in which financial institutions operate has become increasingly complex and robust, and following the financial crisis of 2008, supervisory efforts to apply relevant laws, regulations and policies have become more intense.

In the event that, as a result of any of the events described above, it were to become more difficult for the Regional Originators to originate or otherwise acquire large personal loans or for the Subservicers to service and collect on the Loans, it could subject Noteholders to risks and losses. See "*Risks Relating to the Notes—The yield to investors in the Notes will be sensitive to the rate and timing of principal payments thereon and the ability of the Issuer to apply Collections in order to acquire new Loans*" in this private placement memorandum.

***The application of the Servicemembers Civil Relief Act or the Military Lending Act may lead to delays in payment or losses on the Notes.***

Under the terms of the Servicemembers Civil Relief Act (the "**Relief Act**"), various rights and protections apply to a borrower who is a servicemember that enters military service. For purposes of the application of the Relief Act to a servicemember, military service includes (i) active duty by a member of the Army, Navy, Air Force, Marine Corps or Coast Guard (including a member of the reserves called to active duty and a member of the National Guard activated under a Federal call to active duty), (ii) service by a member of the National Guard under a call to active service authorized by the President of the United States or the Secretary of Defense for a period of more than thirty (30) consecutive days for purposes of responding to a national emergency declared by the President and supported by Federal funds, and (iii) active service by a commissioned officer of either the Public Health Service or the National Oceanic and Atmospheric Administration. In addition, certain provisions of the Relief Act also apply to (i) a member of a reserve component upon receipt of an order to report for military service and (ii) a person ordered to report for induction under the Military Selection Service Act upon receipt of an order for induction. Upon application to a court, a dependent of a servicemember is also entitled to certain limited protections under the Relief Act if the dependent's ability to comply with an obligation is materially affected by reason of the servicemember's military service. Because the Relief Act extends rights and protections to borrowers who enter military service after origination of the loan, no information can be provided to the number of loans that may be affected by the Relief Act.

Among these rights and protections under the Relief Act, a lender may not charge an obligor who enters military service after the origination of the related receivable, including fees and charges, above an annual rate of 6% during the period of the obligor's active duty status, and in certain circumstances, after the Loan Obligor's period of active duty, unless a court orders otherwise upon application of the lender. With respect to a Loan with a Loan Obligor who enters

active military duty after the origination of such Loan, this legislation could adversely affect the ability of the Servicer to collect full amounts of interest on such Loan. In addition, this legislation imposes limitations that could impair the Servicer's ability to repossess a vehicle related to a Loan during any Loan Obligor's period of active duty status and for one (1) year after the Loan Obligor's period of active duty or obtain a judgment against a Loan Obligor in a collection action filed against the Loan Obligor commenced during the Loan Obligor's period of active duty status and for ninety (90) days thereafter. Thus, in the event that a Loan Obligor who enters military service after origination of such Loan defaults on his or her obligations, there may be delays and losses in payments to holders of the Notes.

Certain jurisdictions have enacted or may enact their own versions of the Relief Act, which may provide for greater rights and protections than those set forth in the Relief Act, including rights and protections for National Guard members called to active state service by a governor. See "*Certain Legal Aspects of the Loans—Servicemembers Civil Relief Act*" in this private placement memorandum.

Regulations from the Department of Defense expanded the applicability of the Military Lending Act. In July 2015, the Department of Defense issued a final rule amending the implementing regulations of the Military Lending Act (the "MLA"). The final rule expands specific protections provided to active-duty (including active Guard and Reserve duty) members of the military and certain family members (collectively, "**Covered Borrowers**") under the MLA and addresses a wider range of credit products than the previous MLA regulation. Subject to certain exceptions, the MLA Regulation applies to persons who are "creditors" under the Truth in Lending Act's Regulation Z and are engaged in the business of extending such credit, as well as their assignees. Under the final rule, Regional is subject to the limitations of the MLA, which prohibits certain loan terms, such as mandatory arbitration, and places a 36% "all-in" annual percentage rate limitation on certain fees, charges, interest and credit and non-credit insurance premiums for non-purchase money loans made to Covered Borrowers. The final rule was effective October 1, 2015, and compliance was required starting on October 3, 2016.

As of the Initial Cut-off Date, the Loan Pool does not consist of any Loans originated to active duty members of the military, however, Regional anticipates that Nortridge will be updated in the future to implement the proper systems and controls to allow it to originate such loans. Although Regional currently checks to determine if a Loan Obligor is a Covered Borrower, there is still a risk that Regional may make a Loan to a Covered Borrower without providing the required disclosures. Even after Nortridge is updated to implement the proper systems and controls to allow it to originate such loans, Regional may fail to detect a Loan Obligor's Covered Borrower status. Credit agreements that violate the MLA are void from the inception. Implementing the expanded requirements may result in decreases in Collections on the Loans and increases in losses on the Notes.

***Regional sells certain of Regional's Loans, including, in some instances, Charged-Off Loans and Loans where the Loan Obligor is in default, which could subject Regional to heightened regulatory scrutiny, expose Regional to legal action, cause Regional to incur losses, and/or limit or impede Regional's collection activity.***

In December 2015, Regional began selling a portion of its charged-off loan portfolio in accordance with its Credit and Collection Policy. Regional expects to continue to sell its forward flow of charged-off accounts to one or more buyers indefinitely into the future, which may include Loans in the Loan Pool. As part of Regional's business model, Regional may purchase and sell other finance receivables in the future, including loans that have been charged-off and loans where the obligor is in default. The CFPB and other regulators recently have significantly increased their scrutiny of debt buyers and sales, especially of delinquent and charged-off debt. The CFPB has criticized sellers of debt for insufficient documentation to support and verify the validity or amount of the debt. It has also criticized debt collectors for, among other things, collection tactics, attempting to collect debts that are no longer valid, misrepresenting the amount of the debt, not having sufficient documentation to verify the validity or amount of the debt, and failing to obtain or maintain proper licenses. Accordingly, Regional's sales of loans could expose it to lawsuits or fines by regulators if Regional does not have sufficient documentation to support and verify the validity and amount of the loans underlying the transactions, if Regional or purchasers of Regional's loans use collection methods that are viewed as unfair, deceptive, or abusive, or if they fail to obtain or maintain proper licenses.

***Regional's use of third-party vendors is subject to increasing regulatory attention.***

The CFPB and other regulators have issued regulatory guidance that has focused on the need for financial institutions to oversee their business relationships with service providers in a manner that ensures such service providers comply with applicable law. This results in increased due diligence and ongoing monitoring of third-party vendor

relationships, thus increasing the scope of management involvement and decreasing the benefit that Regional receives from using third-party vendors. Moreover, if regulators conclude that Regional has not met the heightened standards for oversight of Regional's third-party vendors, Regional could be subject to enforcement actions, civil monetary penalties, supervisory orders to cease and desist, or other remedial actions, which could have an adverse effect on Regional's business, financial condition, and results of operations.

***Current and proposed regulation related to consumer privacy, data protection, and information security could increase Regional's costs.***

Regional is subject to a number of federal and state consumer privacy, data protection, and information security laws and regulations. Moreover, various federal and state regulatory agencies require Regional to notify customers in the event of a security breach. Federal and state legislators and regulators are increasingly pursuing new guidance, laws, and regulations. Compliance with current or future customer privacy, data protection, and information security laws and regulations could result in higher compliance, technology, or other operating costs. Any violations of these laws and regulations may require Regional to change its business practices or operational structure, and could subject Regional to legal claims, monetary penalties, sanctions, and the obligation to indemnify and/or notify customers or take other remedial actions.

***Losses to Noteholders may occur if the Issuer is found to be in violation of the Investment Company Act.***

Neither the Issuer nor the Depositor has registered with the SEC as an investment company pursuant to the Investment Company Act. The offering of the Notes hereby is being structured such that the Issuer may rely on an exclusion from the definition of "investment company" pursuant to Rule 3a-7 under the Investment Company Act, although there may be additional exclusions or exemptions available to it. By virtue of its reliance on the exclusion provided under Rule 3a-7, the Issuer is not a "covered fund" under the Dodd-Frank Act's Volcker Rule. No opinion or no-action position with respect to the registration of the Issuer and the Depositor under the Investment Company Act has been requested of, or received from, 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 for 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 Issuer 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 the 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, the Issuer would be materially and adversely affected, and losses to Noteholders of Notes could occur.

***You may experience losses in payments on your Notes as a result of the Issuer's indirect interest in the 2018-1A SUBI Loans and related assets allocated to the 2018-1A SUBI.***

The North Carolina Trust is a series trust. Currently, the series of the North Carolina Trust include the Undivided Trust Interest ("UTI"), the 2018-1A SUBI and the 2017-1A SUBI. The Warehouse Borrower granted a security interest in the 2017-1A SUBI to the administration agent under the Warehouse Facility. In connection with other financing arrangements or asset sales, Regional North Carolina, as beneficiary of the UTI, may in the future create and sell or pledge additional SUBIs, as described more fully under the caption "*The North Carolina Trust Documents—SUBIs*" in this private placement memorandum. Under the agreement creating the North Carolina Trust and the Delaware state statute under which the North Carolina Trust was created, the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to each SUBI or the related SUBI Assets shall be enforceable against such SUBI Assets only, and not against the assets of the North Carolina Trust generally or against any other SUBI Assets or the UTI Assets. As a result of this allocation, any uninsured and unindemnified liability to third parties arising from or in respect of the 2018-1A SUBI Assets will be satisfied out of those 2018-1A SUBI Assets and investors in the Notes could suffer a loss. If the provisions of the North Carolina Trust Agreement and Delaware state statute regarding separation of assets and liabilities among each series of a series trust are not enforced by a court or there is a change in Delaware law, any uninsured and unindemnified liability arising from North Carolina Trust Assets not allocated to the 2018-1A SUBI also may be satisfied out of the 2018-1A SUBI Assets, which could also give rise to a loss for investors in the Notes.

*No assurances can be made that certain aspects of the transaction structure will not be subject to North Carolina privilege tax.*

The North Carolina Loans are originated by Regional North Carolina in the state of North Carolina and from time to time pursuant to the Transfer and Contribution Agreement are contributed by Regional North Carolina to the North Carolina Trust, rather than sold by Regional North Carolina and purchased by Regional Management. This is because North Carolina imposes a privilege tax on “installment paper dealers” that applies to every person engaged in the business of dealing in, buying, or discounting installment paper, notes, bonds, contracts, or evidences of debt for which, at the time of or in connection with the execution of instruments, a lien is reserved or taken upon personal property located in North Carolina to secure the payment of the obligations. The tax is imposed quarterly at the rate of 0.277% of the face value of the obligations dealt in, bought, or discounted within the three preceding calendar months. The transaction structure described in this private placement memorandum presumes that the North Carolina Department of Revenue will accept the conclusion that neither the North Carolina Trust nor Regional North Carolina are engaged in the business of dealing in, buying, or discounting installment paper.

If the North Carolina Department of Revenue were to adopt the view that either the North Carolina Trust or Regional North Carolina were engaged in the business of dealing in, buying, or discounting installment paper and thus were required to file returns and pay the installment paper dealer privilege tax, this would result in additional administrative burden, cost and, potentially, interest and penalties. Based on the lack of available judicial authorities as well as the historical enforcement practices of the North Carolina Department of Revenue, there can be no assurance that the transaction structure will not result in application of the installment paper dealer privilege tax to the North Carolina Trust or Regional North Carolina, although based on such judicial authorities available, the North Carolina Trust would be the party most likely subject to the installment paper dealer privilege tax, and as a result the party responsible for satisfying the tax obligation (*i.e.*, the taxpayer). In addition to the amount of the tax, the taxpayer could be subject to penalties for failure to file returns and pay the tax. Under the UTI Administration Agreement, Regional Management as the UTI Administrator has agreed to indemnify, defend and hold harmless the North Carolina Trust, the North Carolina Trustees and the UTI Holder for any claims by third parties against the North Carolina Trust. To the extent that the installment paper dealer privilege tax is applied to the North Carolina Trust, and Regional Management as the UTI Administrator fails to satisfy such indemnification obligation, such failure could delay distributions on the 2018-1A SUBI Certificate (and possibly reduce the amount of such distributions) to the Issuer, thus adversely affecting the ability of the Issuer to make payments on the Notes, which could result in delays or reductions in payments on the Notes.

*Combination or “layering” of multiple risk factors may significantly increase the risk of loss on the Notes.*

Although the various risks discussed in this private placement memorandum are generally described separately, prospective investors in the 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. In considering the potential effects of layered risks, you should carefully review the descriptions of the Loans and the Notes.

## **THE REGIONAL ORIGINATORS AND SUBSERVICERS**

The following entities will be the Regional Originators of the Loans as of the Closing Date: Regional Finance Corporation of Alabama, an Alabama corporation, Regional Finance Company of Georgia, LLC, a Delaware limited liability company, Regional Finance Company of New Mexico, LLC, a Delaware limited liability company, Regional Finance Corporation of North Carolina, a North Carolina corporation, Regional Finance Company of Oklahoma, LLC, a Delaware limited liability company, Regional Finance Corporation of South Carolina, a South Carolina corporation, Regional Finance Corporation of Tennessee, a Tennessee corporation, Regional Finance Corporation of Texas, a Texas corporation and Regional Finance Company of Virginia, LLC, a Delaware limited liability company (collectively, the “**Regional Originators**”). From time to time after the Closing Date, prior to the end of the Revolving Period, additional Affiliates of Regional Management may become “Regional Originators” provided that the Rating Agency Notice Requirement is satisfied.

Each of Regional Finance Corporation of Alabama, Regional North Carolina, Regional Finance Corporation of South Carolina, Regional Finance Corporation of Tennessee and Regional Finance Corporation of Texas is a wholly-owned subsidiary of Regional Management. Each of the other Regional Originators is a direct wholly-owned subsidiary of Regional North Carolina, except for Regional Finance Company of New Mexico, LLC, which is a direct wholly-owned

subsidiary of Regional Finance Corporation of South Carolina. For a description of Regional Management, see “*The Servicer and the Custodian*” below in this private placement memorandum.

As of the Closing Date, each Regional Originator will act as Subservicer for the respective Loans originated by it, and, in its capacity as a Subservicer, will be a party to the Sale and Servicing Agreement, and will agree to service such Loans consistent with the terms of the Sale and Servicing Agreement.

## THE DEPOSITOR

Regional Management Receivables III, LLC (the “**Depositor**”), a Delaware limited liability company, is a wholly-owned subsidiary of Regional Management. The Depositor was formed on March 26, 2018 as a special purpose entity for the purpose of purchasing non-revolving large personal loans similar to the Loans, selling the loans to trusts or special purpose entities for securitization transactions and engaging in certain related transactions. The Depositor’s limited liability company agreement limits its activities to such purposes and any activities incidental thereto and necessary for those purposes. The Depositor currently does not act as “depositor” for any other securitizations sponsored by Regional Management, however, it is anticipated that the Depositor may act as “depositor” for other affiliated issuers in connection with other securitizations of large personal loans sponsored by Regional Management.

The Depositor’s limited liability company agreement may be modified, altered, supplemented or amended pursuant to a written agreement executed and delivered by a majority of the Depositor’s board of managers; provided, however, so long as any obligations of the Depositor are outstanding under the Transaction Documents, the Depositor’s limited liability company agreement may only be modified, altered, supplemented or amended to the extent permitted by, and only if approved or consented to, in accordance with the Transaction Documents and any other transaction documents by which the Depositor may be bound, except (i) to cure any ambiguity or (ii) to convert or supplement any provision in a manner consistent with the intent of such limited liability company agreement. Additionally, so long as any securities (as defined in the limited liability company agreement, which includes the Notes) are outstanding, certain provisions of the Depositor’s limited liability company agreement may only be amended with the unanimous written consent of the Depositor’s board of managers, including the independent manager, or such further consents as may be specified in the limited liability company agreement. In addition, the Depositor has agreed under the Sale and Servicing Agreement (i) not to amend its certificate of formation, its limited liability company agreement or other organizational documents after the Closing Date in any respect unless (x) the Rating Agency Notice Requirement is satisfied, (y) the Depositor shall have provided to the Indenture Trustee and the Issuer a certificate of an officer of the Depositor, dated as of the date of such amendment, stating that such amendment is not reasonably expected to result in an Adverse Effect and (z) such amendment is effected in accordance with the terms of the applicable organizational document, and (ii) not to act as depositor for another issuer under a different securitization unless the Depositor delivers an Officer’s Certificate to the Indenture Trustee to the effect that, based upon due inquiry, it has reasonably concluded that acting as depositor for such other issuer under such securitization will not adversely affect the holders of the Notes in any material respect.

Under the Sale and Servicing Agreement, the Depositor is not permitted to dissolve, liquidate, consolidate with or merge into any other entity or sell or otherwise transfer (other than conveyances to the Issuer contemplated under the Sale and Servicing Agreement) its properties and assets substantially as an entirety to any Person unless:

- (i) the resulting entity (if not the Depositor) from such consolidation or merger or the transferee of the properties and assets of the Depositor is a U.S. entity that is a special purpose entity whose powers and activities are limited and such entity expressly assumes, by written agreement, the performance of every covenant and obligation of the Depositor under the Sale and Servicing Agreement;
- (ii) the Depositor or the surviving or transferee entity, as the case may be, has delivered to the Issuer and the Indenture Trustee (with a copy to the Rating Agency) (A) a certificate of an officer of the Depositor or such entity as to compliance with the foregoing condition and with all other conditions precedent in the Sale and Servicing Agreement relating to such transaction have been complied with and (B) a certificate of an officer of the Depositor or such entity and an Opinion of Counsel as to the enforceability of the assumption agreement;
- (iii) the Depositor or the surviving or transferee entity, as the case may be, has delivered to the Servicer and the Indenture Trustee a certificate of an officer of the Depositor or such entity to the effect that in the

reasonable belief of the Depositor or such entity, such consolidation, merger, conveyance, transfer, sale or other specified action will not have an Adverse Effect; and

- (iv) the Rating Agency Notice Requirement with respect to such consolidation, merger, conveyance, transfer, sale or other specified action has been satisfied.

Except in connection with a transaction permitted under the provisions described in the foregoing paragraph, the obligations, rights or any part thereof of the Depositor under the Sale and Servicing Agreement shall not be assignable.

## THE ISSUER

Regional Management Issuance Trust 2018-1 (the “**Issuer**”) was formed on April 2, 2018, as a Delaware statutory trust, the beneficial ownership of which will be evidenced by the Trust Certificate. The Issuer was formed as a statutory trust and is a special purpose entity that will be operated in accordance with an amended and restated trust agreement, dated the Closing Date, between the Depositor and the Owner Trustee (the “**Trust Agreement**”). The Issuer was formed for the purpose of acquiring on the Closing Date, the Loans and the 2018-1A SUBI Certificate from the Depositor, and after the Closing Date, any Additional Loans acquired by the Issuer from the Depositor, and pledging such Loans and the 2018-1A SUBI Certificate and certain other rights and assets to the Indenture Trustee and issuing the Notes and the Trust Certificate. Regional Management has been engaged as Administrator to act on behalf of the Issuer in connection with the performance of certain of the Issuer’s obligations under the Transaction Documents as described in “*The Administration Agreement*” in this private placement memorandum. On the Closing Date, the Issuer will transfer the Notes and the Trust Certificate to the Depositor in consideration for the Initial Loans. The Trust Certificate represents a 100% economic and voting interest in the Issuer and will be retained by the Depositor; however, the Trust Certificate may be transferred in whole or in part after the Closing Date in accordance with the terms of the Trust Agreement; *provided* that no such transfer may cause non-compliance with Regulation RR. See “*The Trust Agreement*” and “*Credit Risk Retention*” in this private placement memorandum. On each Payment Date, the holder of the Trust Certificate will be entitled to receive certain funds remaining on such Payment Date after the application of Available Funds to all items of higher priority in accordance with the Priority of Payments, as described in “*Description of the Notes—Priority of Payments*” in this private placement memorandum.

The Issuer will not engage in any activity other than (i) acquiring, holding, pledging and managing the Loans, the 2018-1A SUBI Certificate and the other assets pledged to secure the Notes, (ii) issuing the Notes and the Trust Certificate, (iii) making payments on the Notes and distributions on the Trust Certificate, (iv) selling, transferring and exchanging the Notes and the Trust Certificate, (v) entering into and performing its obligations under the Transaction Documents to which it is a party, (vi) making deposits to and withdrawals from the Note Accounts and (vii) engaging in other activities that are necessary, suitable or convenient to accomplish the foregoing or are incidental thereto or connected therewith as further described in the Trust Agreement.

The Issuer’s principal offices are in Wilmington, Delaware, in care of the Owner Trustee, at the address listed in “*The Owner Trustee and the North Carolina Trustees*” below.

The Issuer’s Trust Agreement, including its permissible activities, may be amended in accordance with the procedures described in “*The Trust Agreement—Amendments*” in this private placement memorandum.

### ***Capitalization of the Issuer***

The following table illustrates the expected capitalization of the Issuer as of the Closing Date:

Class A Notes .....	\$129,770,000
Class B Notes .....	\$9,270,000
Class C Notes .....	\$10,960,000
Reserve Account.....	\$1,685,408.25
Initial overcollateralization.....	<u>\$18,540,824.89</u>
Total.....	<u>\$170,226,233.14</u>

## The Issuer Property

The Notes will be collateralized by the Issuer's Trust Estate, the primary assets of which will be the Loans (or, in the case of the 2018-1A SUBI Loans, beneficial interests therein). See "*Description of the Loans*" and "*Description of the Notes*" in this private placement memorandum.

The Issuer's assets will not include any Loans that have been repurchased by the Seller or the Servicer or repurchased by or reassigned to the Depositor as described under "*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases*" in this private placement memorandum.

## THE NORTH CAROLINA TRUST

Regional Management North Carolina Receivables Trust (formerly known as Regional Management North Carolina Receivables Trust 2017-1) (the "**North Carolina Trust**") was formed on June 16, 2017, as a Delaware statutory trust and is governed by the second amended and restated trust agreement, to be dated as of the Closing Date (the "**North Carolina Trust Agreement**"), by and between Regional North Carolina, as settlor and initial beneficiary (in such capacity, the "**Initial Beneficiary**") and Wilmington Trust, National Association, as UTI Trustee (in such capacity, the "**UTI Trustee**"), Delaware Trustee and Administrative Trustee. The North Carolina Trust was formed for the purpose of holding the North Carolina Loans that have been originated by Regional North Carolina and from time to time are contributed by Regional North Carolina into the North Carolina Trust as described below under the heading "*Contributions of the North Carolina Loans into the North Carolina Trust.*"

The North Carolina Trust will not engage in any activity other than (i) purchasing or otherwise acquiring, owning, holding, retaining an interest in, selling, transferring, assigning, pledging financing, refinancing and otherwise dealing with the North Carolina Loans and the related trust assets, (ii) entering into and performing its obligations under the permitted documents and (iii) engaging in any other activities that are contemplated by the North Carolina Trust Agreement or that are necessary, suitable or convenient to accomplish the foregoing or are incidental thereto or connected therewith as further described in the North Carolina Trust Agreement.

### Property of the North Carolina Trust

The assets of the North Carolina Trust (the "**North Carolina Trust Assets**") generally consist of: (i) the North Carolina Loans and the related Contracts, and all rights to payments and amounts due or to become due with respect to the foregoing on or after the date such North Carolina Loan is contributed by Regional North Carolina into the North Carolina Trust and the other related assets relating to such North Carolina Loans; (ii) all liquidation proceeds therefrom; (iii) all loan files, servicer files, and the documents, agreements and instruments included in the loan files and servicer files; (iv) all records, documents and writings evidencing or related to the Loans or the Contracts; (v) all guaranties, indemnities, warranties, insurance (and proceeds and premium refunds thereof), payments and other agreements or arrangements of whatever character from time to time supporting or securing payment of the North Carolina Loans, whether pursuant to the related contracts or otherwise; (vi) all security interests, liens, guaranties and other encumbrances in favor of or assigned or transferred to Regional North Carolina in and to the North Carolina Loans; (vii) all deposit accounts, monies, deposits, funds, accounts and instruments relating to the foregoing; and (viii) all income, products, accessions and proceeds of the foregoing.

### Contributions of the North Carolina Loans into the North Carolina Trust

From time to time Regional North Carolina may contribute certain North Carolina Loans originated by Regional North Carolina into the North Carolina Trust pursuant to the Transfer and Contribution Agreement, dated as of June 20, 2017, by and between Regional North Carolina, as transferor, and the North Carolina Trust, as transferee (the "**Transfer and Contribution Agreement**"). For and in consideration of the initial contribution and transfer of the North Carolina Loans and the other assets relating to such North Carolina Loans, including, among other things, all security interests, liens, guaranties and other encumbrances in favor of Regional North Carolina related to the North Carolina Loans (collectively, the "**Contributed Assets**"), the North Carolina Trust issued Regional North Carolina an undivided trust interest certificate (the "**UTI Certificate**") which represents an undivided beneficial interest in all of the assets of the North Carolina Trust, other than those divided, identified trust assets that are allocated to one or more SUBIs. Subsequent contributions and transfers by Regional North Carolina of North Carolina Loans and related Contributed Assets into the

North Carolina Trust are made in consideration of an increase in the value of the UTI Certificate. It is intended by Regional North Carolina and the North Carolina Trust that the transfer and contributions of the North Carolina Loans by Regional North Carolina to the North Carolina Trust constitutes an absolute assignment (and not merely a grant of a security interest) to the North Carolina Trust, and an absolute conveyance to the North Carolina Trust of good title in the Contributed Assets.

### **The Initial Beneficiary and UTI Beneficiary**

Regional North Carolina is the Initial Beneficiary and the UTI Beneficiary under the North Carolina Trust Agreement.

### **THE INDENTURE TRUSTEE**

Wells Fargo Bank, National Association, a national banking association (“**Wells Fargo**”) will act as indenture trustee (the “**Indenture Trustee**”) under the Indenture. The Indenture Trustee’s duties are limited to those duties specifically set forth in the Indenture. The Depositor and its Affiliates may maintain normal commercial banking relations with the Indenture Trustee and its Affiliates. The Issuer will be responsible for paying the fees payable to the Indenture Trustee and for indemnifying the Indenture Trustee against specified losses, liabilities or expenses incurred by the Indenture Trustee in connection with the transaction documents pursuant to the Priority of Payments as described in “*The Indenture—Compensation of the Indenture Trustee; the Account Bank and the Note Registrar; Indemnification*” and “*Description of the Notes—Priority of Payments*” in this private placement memorandum. In addition, pursuant to the Sale and Servicing Agreement, the Servicer indemnifies the Indenture Trustee against specified losses, liabilities or expenses incurred by the Indenture Trustee in connection with the Transaction Documents.

Wells Fargo Bank, National Association acts as account bank, collateral custodian, back-up servicer and lender under the Term Loan, as account bank, image file custodian, back-up servicer, administrative agent and lender under the Warehouse Facility, and as lender under the ABL Facility. Wells Fargo is an Affiliate of one of the Initial Purchasers, Wells Fargo Securities, LLC, which is also the administrative agent under the Term Loan.

On June 18, 2014, a group of institutional investors filed a civil complaint in the Supreme Court of the State of New York, New York County, against Wells Fargo in its capacity as trustee under 276 residential mortgage backed securities (“**RMBS**”) trusts, which was later amended on July 18, 2014, to increase the number of trusts to 284 RMBS trusts. On November 24, 2014, the plaintiffs filed a motion to voluntarily dismiss the state court action without prejudice. That same day, a group of institutional investors filed a putative class action complaint in the United States District Court for the Southern District of New York (the “**District Court**”) against Wells Fargo, alleging claims against the bank in its capacity as trustee for 274 RMBS trusts (the “**Federal Court Complaint**”). In December 2014, the plaintiffs’ motion to voluntarily dismiss their original state court action was granted. As with the prior state court action, the Federal Court Complaint is one of six similar complaints filed contemporaneously against RMBS trustees (Deutsche Bank, Citibank, HSBC, Bank of New York Mellon and US Bank) by a group of institutional investor plaintiffs. The Federal Court Complaint against Wells Fargo alleges that the trustee caused losses to investors and asserts causes of action based upon, among other things, the trustee’s alleged failure to: (i) notify and enforce repurchase obligations of mortgage loan sellers for purported breaches of representations and warranties, (ii) notify investors of alleged events of default, and (iii) abide by appropriate standards of care following alleged events of default. Relief sought includes money damages in an unspecified amount, reimbursement of expenses, and equitable relief. Other cases alleging similar causes of action have been filed against Wells Fargo and other trustees in the District Court by RMBS investors in these and other transactions, and these cases against Wells Fargo are proceeding before the same District Court judge. A similar complaint was also filed May 27, 2016 in New York state court by a different plaintiff investor. On January 19, 2016, an order was entered in connection with the Federal Court Complaint in which the District Court declined to exercise jurisdiction over 261 trusts at issue in the Federal Court Complaint; the District Court also allowed plaintiffs to file amended complaints as to the remaining, non-dismissed trusts, if they so choose, and three amended complaints have been filed. On December 17, 2016, the investor plaintiffs in the 261 trusts dismissed from the Federal Court Complaint filed a new complaint in New York state court (the “**State Court Complaint**”). In September 2017, Royal Park Investments SA/NV (“**Royal Park**”), one of the plaintiffs in the District Court cases against Wells Fargo, filed a putative class action complaint relating to two trusts seeking declaratory and injunctive relief and money damages based on Wells Fargo’s indemnification from trust funds for legal fees and expenses Wells Fargo incurs or has incurred in defending the District Court case filed by Royal Park. With respect to the foregoing litigations, Wells Fargo believes plaintiffs’ claims are without merit and intends to

contest the claims vigorously, but there can be no assurances as to the outcome of the litigations or the possible impact of the litigations on Wells Fargo or the RMBS trusts.

Wells Fargo is providing the foregoing information at the Depositor's request in order to assist the Depositor with the preparation of this private placement memorandum. Other than with respect to the information contained under the headings "*The Indenture Trustee*" and "*The Back-up Servicer and the Image File Custodian*" which this private placement memorandum specifies Wells Fargo has provided, Wells Fargo has not participated in the preparation of this private placement memorandum or any other disclosure document and assumes no responsibility for its contents.

#### **THE OWNER TRUSTEE AND THE NORTH CAROLINA TRUSTEES**

Wilmington Trust, National Association ("**WTNA**") (formerly called M & T Bank, National Association) also referred to herein with respect to the Issuer as "Issuer owner trustee" or the "owner trustee" and with respect to the North Carolina Trust as "the "UTI Trustee," the "Delaware Trustee," the "Administrative Trustee," and the "2018-1A SUBI Trustee" (collectively, in such capacities with respect to the North Carolina Trust, the "**North Carolina Trustees**") is a national banking association with trust powers incorporated in 1995. WTNA's principal place of business is located at 1100 North Market Street, Wilmington, Delaware 19890. WTNA is an Affiliate of Wilmington Trust Company and both WTNA and Wilmington Trust Company are subsidiaries of Wilmington Trust Corporation.

On May 16, 2011, after receiving all required shareholder and regulatory approvals, Wilmington Trust Corporation, the parent of WTNA, through a merger, became a wholly owned subsidiary of M&T Bank Corporation, a New York corporation.

As compensation for its duties under the Trust Agreement, the Owner Trustee will be entitled to such compensation and indemnity as is described in "*The Trust Agreement—Compensation of the Owner Trustee; Indemnification of the Owner Trustee*" in this private placement memorandum.

As compensation for its duties under the 2018-1A SUBI Supplement, the 2018-1A SUBI Trustee will be entitled to the compensation as is described in "*The North Carolina Trust Documents—2018-1A SUBI Supplement*."

For a description of the roles and responsibilities of the Owner Trustee, see "*The Trust Agreement*" in this private placement memorandum. For information regarding the Owner Trustee's resignation, removal and replacement see "*The Trust Agreement—Resignation or Removal of the Owner Trustee*" below, in this private placement memorandum.

#### **THE BACK-UP SERVICER AND THE IMAGE FILE CUSTODIAN**

Wells Fargo will act as the Back-up Servicer (in such capacity, the "**Back-up Servicer**") and the Image File Custodian (in such capacity, the "**Image File Custodian**") under the Back-up Servicing Agreement.

Wells Fargo is a national banking association and its principal offices are located at 600 S. 4<sup>th</sup> Street, MAC N9300-061, Minneapolis, Minnesota 55479. The Corporate Trust Services department of Wells Fargo will perform the duties and obligations of the Back-up Servicer and the Image File Custodian under the Back-up Servicing Agreement.

Wells Fargo is subject to various legal proceedings that arise from time to time in the ordinary course of business as is described in "*The Indenture Trustee*" in this private placement memorandum.

Wells Fargo is providing the foregoing information at the Depositor's request in order to assist the Depositor with the preparation of this private placement memorandum. Other than with respect to the information contained under the headings "*The Indenture Trustee*" and "*The Back-up Servicer and the Image File Custodian*" which this private placement memorandum specifies Wells Fargo has provided, Wells Fargo has not participated in the preparation of this private placement memorandum or any other disclosure document and assumes no responsibility for its contents.

Under the Back-up Servicing Agreement, the Back-up Servicer will perform back-up servicing duties including receiving the monthly pool data, conducting periodic on-site visits, confirming the accuracy of certain calculations on the Monthly Servicer Reports and will become the Successor Servicer if Regional Management is terminated as Servicer for any reason or resigns (other than in connection with an assignment permitted under the terms of the Sale and Servicing

Agreement and the 2018-1A SUBI Servicing Agreement), in either case, in accordance with the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement.

Under the Back-up Servicing Agreement, the Image File Custodian will conduct an Imaged File Review with respect to each Imaged File delivered by the Servicer or the applicable Subservicer, and will deliver a corresponding Custodian Certification in connection therewith. See “*The Back-up Servicer and the Image Filed Custodian—Imaging of Loan Files*” in this private placement memorandum.

Pursuant to the Back-up Servicing Agreement, if the Back-up Servicer or the Image File Custodian consolidates with, merges or converts into, or transfers or sells all or substantially all of its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association without any further act will be the successor Back-up Servicer or successor Image File Custodian. Notwithstanding the foregoing, in the event that such merger, conversion, transfer or sale would result in a reduction or withdrawal of the Rating Agency’s existing rating of any Class of Notes, the Servicer may terminate the rights and obligations (other than those which by their terms survive) of the Back-up Servicer or the Image File Custodian, as applicable; *provided*, that a successor Back-up Servicer or the Image File Custodian, as applicable (i) acceptable to the Indenture Trustee (acting at the written direction of the Required Noteholders) or (ii) in the absence of such written direction of the Required Noteholders, satisfies the Rating Agency Notice Requirement and is acceptable to the Servicer has been appointed and has assumed the responsibilities of the Back-up Servicer or the Image File Custodian, as applicable.

If the Back-up Servicer, as Successor Servicer, consolidates with, merges or converts into, or transfers or sells all or substantially all of its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association without any further act will be the successor to and substituted for the Servicer for all purposes under the Sale and Servicing Agreement. The initial Servicer will be responsible for indemnifying the Back-up Servicer against specified losses, liabilities or expenses incurred by the Back-up Servicer in connection with the Transaction Documents, including any such losses, liabilities or expenses incurred in connection with the transfer of servicing to the Back-up Servicer. The initial Servicer will also be responsible for indemnifying the Image File Custodian against specified losses, liabilities or expenses incurred by the Image File Custodian in connection with the Back-up Servicing Agreement. To the extent these indemnification amounts are not paid by the Servicer, they will be payable out of Available Funds as described in “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing and Other Compensation and Payment of Expenses*” and “*Description of the Notes—Priority of Payments*” in this private placement memorandum. For more information regarding the Back-up Servicing Agreement see “*The Sale and Servicing Agreement and the Back-up Servicing Agreement*” in this private placement memorandum.

For information regarding the transfer of servicing duties to the Back-up Servicer see “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Rights Upon Servicer Default*,” “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Resignation of the Servicer*” and “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Assumption of Servicing by the Back-up Servicer*” below in this private placement memorandum. For information regarding the Back-up Servicer’s resignation, removal and replacement see “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Back-up Servicer Termination Events*,” “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Rights Upon Back-up Servicer Termination Events*” and “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Resignation of the Back-up Servicer and the Image File Custodian*” in this private placement memorandum.

## **THE SERVICER AND THE CUSTODIAN**

Regional Management will act as Servicer under the Sale and Servicing Agreement. Regional Management is a Delaware corporation. See “*Regional Consumer Loan Business*” for more information about Regional Management and its subsidiaries.

Regional Management, in its capacity as the Servicer, will be responsible for ensuring that the Loans are serviced in accordance with the terms of the Sale and Servicing Agreement and, in the case of the 2018-1A SUBI Loans, in accordance with the 2018-1A SUBI Servicing Agreement. The Servicer expects to effectuate a substantial portion of its obligations as Servicer under the Sale and Servicing Agreement by delegating its servicing obligations to the Subservicers, who will subservice the Loans through their respective branches or centralized servicing locations, but doing so does not in any way relieve the Servicer from any of its obligations to service the Loans in accordance with the

terms and conditions of the Sale and Servicing Agreement, and the Servicer shall be primarily liable for such obligations. Generally, each Subservicer will primarily subservice the Loans it originated.

The Servicer will also act as Custodian pursuant to the Sale and Servicing Agreement, and will hold directly or indirectly or through the applicable Subservicer (acting as subcustodian) the Contracts relating to each Loan.

So long as Regional Management remains the Servicer, no Subservicer is permitted to resign from the obligations and duties under the Sale and Servicing Agreement, except with the consent of the Servicer.

Under the Sale and Servicing Agreement, neither the initial Servicer nor a Subservicer shall consolidate with or merge into any other corporation, limited partnership, limited liability company or other entity or convey, transfer or sell its properties and assets substantially as an entirety to any Person (other than any conveyance, transfer or sale by a Subservicer of its properties and assets to the initial Servicer or another Subservicer, provided that the transferor Subservicer continues to exist after such conveyance, transfer or sale) (it being understood that the sale by the Seller of Loans to the Depositor under the Loan Purchase Agreement and the contribution of North Carolina Loans to the North Carolina Trust under the Transfer and Contribution Agreement shall not be a conveyance, transfer or sale of its properties or assets substantially as an entirety to any Person), unless:

- (i) (A) in the case of any such event by the initial Servicer, the entity formed by such consolidation or merger into which the Servicer is merged (in each case, if other than the initial Servicer) or the Person which acquires by conveyance, transfer or sale the properties and assets of the initial Servicer substantially as an entirety shall be an Eligible Servicer (after giving effect to such consolidation, merger or transfer) and (B) in the case of any such event by the initial Servicer or any Subservicer, if the initial Servicer or such Subservicer is not the surviving Person, such surviving Person shall expressly assume, by a written agreement supplemental hereto, executed and delivered to the Issuer, the Indenture Trustee and the Depositor in form reasonably satisfactory to the Issuer, the Indenture Trustee and the Depositor, the performance of every covenant and obligation of the initial Servicer or such Subservicer hereunder and under each other Transaction Document to which it is a party;
- (ii) the initial Servicer or the Subservicer, as applicable, or the surviving Person of such consolidation or merger or Person which acquires the properties and assets of the initial Servicer or Subservicer, as the case may be, has delivered to the Issuer, the Indenture Trustee and the Depositor (A) an Officer's Certificate of the initial Servicer, such Subservicer or such entity, as applicable, stating that such consolidation, merger, conveyance, transfer or sale complies with the Sale and Servicing Agreement and that, in the reasonable determination of the officer signing such Officer's Certificate, such consolidation, merger, conveyance, transfer or sale will not have an Adverse Effect, and (B) an Opinion of Counsel stating that such supplemental agreement described in clause (i) is a valid and binding obligation of such surviving or transferee Person enforceable against such Person in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in effect or general principles of equity; and
- (iii) the Rating Agency Notice Requirement with respect to such consolidation, merger, conveyance, transfer or sale has been satisfied.

#### **THE ADMINISTRATOR**

Regional Management will serve as the Administrator of the Issuer and the North Carolina Trust under the Administration Agreement. Pursuant to the Administration Agreement, the Issuer and the North Carolina Trust will engage Regional Management, as Administrator, and the Depositor (solely with respect to the covenants, duties and obligations of the Issuer) to perform, on behalf of the Issuer and the North Carolina Trust, certain of the covenants, duties and obligations of the Issuer and the North Carolina Trust under the Indenture and the other Transaction Documents. See "*The Administration Agreement*" in this private placement memorandum.

## REGIONAL CONSUMER LOAN BUSINESS

Regional Management was incorporated in South Carolina in 1987, converted into a Delaware corporation in 2011, and closed its initial public offering in 2012. Its common stock is listed on the New York Stock Exchange under the symbol RM. Regional Management operates its consumer loan business through the Regional Originators and Subservicers. The following is a brief description of Regional's consumer loan business as of the Closing Date, including a general description of the underwriting and servicing policies and procedures customarily and currently employed for large loans, as set forth in the Credit and Collection Policy in effect as of the Closing Date. There can be no assurance that Regional's consumer loan business will not change over time. Additionally, the Credit and Collection Policy is permitted to be modified from time to time without Noteholder consent, subject only to a covenant not to modify the Credit and Collection Policy in any manner that could reasonably be expected to result in the occurrence of an Early Amortization Event or Event of Default, except as required by Requirements of Law or as ordered by a court of competent jurisdiction or other Governmental Authority. See "*Risk Factors—Risks Relating to Regional's Business and Operations—Modifications to the Credit and Collection Policy may result in changes to the performance of the Loan Pool and the servicing of the Loans*" in this private placement memorandum.

### Business Overview

Regional is a diversified consumer finance company providing an array of loan products primarily to customers with limited access to consumer credit from banks, thrifts, credit card companies, and other traditional lenders. Regional began operations in 1987 with four branches in South Carolina and has expanded its branch network to 341 locations (or "branches") with approximately 363,300 active accounts primarily across Alabama, Georgia, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia as of March 31, 2018. Regional also intends to expand its operations to the states of Missouri and Wisconsin in late 2018. Most of Regional's loan products are secured, and each is structured on a fixed rate, fixed term basis with fully amortizing equal monthly installment payments, repayable at any time without penalty. Regional's loans are sourced through its multiple channel platform, which includes its branches, direct mail campaigns, retailers, digital partners, and consumer website. Regional operates an integrated branch model in which nearly all loans, regardless of origination channel, are serviced through its branch network, providing Regional with frequent in-person contact with its customers.

In the consumer finance industry in which Regional operates, customers may be described as prime or near-prime (more creditworthy) at one extreme and non-prime or sub-prime (less creditworthy) at the other. Regional's customers are typically considered non-prime and require significantly higher levels of servicing than prime customers. As a result, customers are charged higher interest rates to compensate Regional for the related credit risks and servicing costs. However, providers of installment loans, such as Regional, generally offer loans with longer terms and lower interest rates than other alternatives available to underbanked consumers, such as title, payday, and pawn lenders.

Regional's product offerings include:

- *Small Loans* – Regional offers small installment loans with cash proceeds to the customer ranging from \$500 to \$2,500, with terms of up to 48 months. As of March 31, 2018, Regional had approximately 250,400 small loans outstanding representing \$360.5 million in finance receivables, or an average of approximately \$1,400 per loan.
- *Large Loans* – Regional offers large installment loans with cash proceeds to the customer ranging from \$2,501 to \$20,000, with terms of between 18 and 60 months. As of March 31, 2018, Regional had approximately 84,800 large loans outstanding representing \$363.9 million in finance receivables, or an average of approximately \$4,300 per loan. Eligible Loans constituting the Loan Pool described in this private placement memorandum will consist exclusively of such loans.
- *Automobile Loans* – Through November 2017, Regional offered automobile loans of up to \$27,500, generally with terms of between 36 and 72 months, that are secured by the purchased vehicle. As of March 31, 2018, Regional had approximately 6,000 automobile loans outstanding representing \$48.7 million in finance receivables, or an average of approximately \$8,050 per loan. Regional does not intend to originate new automobile loans in the future.

- *Retail Loans* – Regional offers indirect retail loans of up to \$7,500, with terms of between 6 and 48 months, which are secured by the purchased items. As of March 31, 2018, Regional had approximately 22,000 retail loans outstanding representing \$31.9 million in finance receivables, or an average of approximately \$1,450 per loan.

## **Large Loan Product**

Regional's large loan product is reserved for higher credit quality customers who meet more stringent underwriting requirements than those applied to small loan applicants. As a result, Regional generally charges a lower annual percentage rate on its large loans than on its small loans, with the substantial majority of large loans having an annual percentage rate at or below 36%. Regional originates its large loans in its branch network, via its direct mail programs, and to a lesser extent, through its digital partners. Large loans typically are secured by non-essential household goods and/or a lien on a vehicle, which may be an automobile, motorcycle, boat, or all-terrain vehicle.

A majority of Regional's large loan borrowers are sourced from existing or former borrowers. In these cases, the performance of the previous or existing relationship provides Regional with additional information about the borrower's likelihood of repayment and enables Regional to incorporate that experience into the underwriting process. Renewing small loans and large loans for current borrowers who have demonstrated their ability and willingness to repay into new and larger loans is an important part of Regional's branch lending model. Renewal loans to existing customers primarily result from branch-based solicitation efforts and direct mail campaigns to qualified customers. Regional may also renew a past due loan, including where the borrower meets Delinquent Renewal underwriting criteria.

Demographically, as of March 31, 2018, Regional's average large loan customer was approximately 53 years old and had an average FICO® score of 626, and for loans originated in the first quarter of 2018, Regional's average large loan customer had an average household income of approximately \$52,000. There can be no assurance that the Loan Pool will reflect these demographics at the Closing Date or at any time after the Closing Date or that the demographics of the Loan Pool will not change materially over time.

## **Optional Ancillary Product Offerings**

Regional also offers its customers various optional payment and collateral protection insurance products. Regional's primary insurance products include optional credit life insurance, accident and health insurance, involuntary unemployment insurance, and personal property insurance. The insurance products are optional and not a condition of the loan, and Regional does not sell insurance to non-borrowers. Regional's insurance products, including the types of products offered and their terms and conditions, vary from state to state in compliance with applicable laws and regulations. Premiums and other charges for insurance products are set at or below authorized statutory rates and are stated separately in Regional's disclosures to its customers, as required by the federal Truth in Lending Act and by various applicable state laws.

Credit life insurance provides for the payment in full of the borrower's credit obligation to the lender in the event of the borrower's death and, in some states, may provide a payment to a secondary beneficiary listed by the borrower. Credit accident and health insurance provides for the repayment of certain loan installments to the lender that come due during an insured's period of income interruption resulting from disability from illness or injury. Involuntary unemployment insurance provides for repayment of certain loan installments in the event the borrower is no longer employed as the result of a qualifying event, such as a layoff or reduction in workforce. Regional requires that customers maintain property insurance on any personal property securing loans and offers customers the option of providing proof of such insurance purchased from a third party (such as homeowners or renters insurance) in lieu of purchasing property insurance from Regional. Regional also requires proof of insurance on any vehicles securing loans, and in select markets, Regional offers vehicle single interest insurance on vehicles used as collateral on small and large loans.

All customers purchasing these types of insurance from Regional are required to sign multiple statements affirming that they understand that their purchase of insurance is optional and not a condition of the loan. In addition, a borrower may cancel purchased insurance at any time during the life of the loan, including in connection with an early payoff or loan refinancing. Borrowers who cancel within thirty (30) days of the date of purchase receive a full refund of the insurance premium, and borrowers who cancel thereafter receive a refund of the unearned portion of the insurance premium.

Apart from the various optional payment and collateral protection insurance products that Regional offers to its customers, on certain loans, Regional also collects a fee from its customers and in turn purchases non-file insurance from an unaffiliated insurance company for Regional's benefit in lieu of recording and perfecting its security interest in personal property collateral. Non-file insurance protects Regional from credit losses where, following an event of default, Regional is unable to take possession of personal property collateral because Regional's security interest is not perfected (for example, in certain instances where a customer files for bankruptcy). In such circumstances, non-file insurance generally will pay an amount equal to the lesser of the loan balance or the collateral value.

Regional markets and sells insurance policies as an agent of an unaffiliated insurance company and then remits to the unaffiliated insurance company the premiums Regional collects, net of refunds on prepaid loans and net of commission on new business. The unaffiliated insurance company then cedes to Regional's wholly-owned insurance subsidiary, RMC Reinsurance, Ltd., the net insurance premium revenue and the associated insurance claims liability for all insurance products, including non-file insurance. In accepting the premium revenue and associated claims liability, RMC Reinsurance acts as reinsurer for all insurance products that Regional sells to its customers and for the non-file insurance that Regional purchases. RMC Reinsurance pays the unaffiliated insurance company a ceding fee for the continued administration of all insurance products.

In addition, Regional offers an "Auto Plus Plan" auto club product that is administered and serviced through a third-party provider. The product generally provides certain automobile, home, travel, and other services and benefits to customers, including emergency towing and roadside assistance, emergency locksmith service, automobile repair reimbursement, stolen car expense benefit, automobile insurance deductible reimbursement, limited legal services, and various travel and other discounts. As with the optional insurance products offered by Regional, any customer purchasing an Auto Plus Plan acknowledges that the purchase is optional and not a condition of the loan and that the plan may be cancelled within 30 days for a full refund.

## **Marketing Channels**

Regional generates loans from new, current, and former customers through a variety of channels, including its branch network, centrally-managed direct mail program, retailers, and digital partners. Regional's direct mail campaigns include pre-screened convenience check and pre-qualified mailings, as well as non-pre-screened invitations to apply. Direct mail campaigns are launched throughout the year, but are weighted to coincide with seasonal consumer demand and new branch openings. Collectively, these direct mail campaigns enable Regional to market its products to millions of potential customers in a targeted, cost-effective manner.

Direct mail campaigns include convenience checks sent to pre-screened individuals who are able to enter into a loan by cashing or depositing these checks, thereby agreeing to the terms of the loan as prominently set forth on the check and accompanying disclosures. Each individual that Regional solicits for a convenience check loan has been pre-screened through a major credit bureau against Regional's underwriting criteria. In addition to screening each potential convenience check recipient's credit score and bankruptcy history, Regional also uses a proprietary model that considers multiple credit bureau attributes to optimize the credit quality and response likelihood of potential recipients. When a borrower enters into a loan by cashing or depositing a convenience check, Regional's branch personnel make a welcome call in an effort to gather additional information on the borrower to assist in servicing the loan and to offer additional products to meet the borrower's financing needs.

Regional has also developed a consumer website and has partnered with digital lead generators to promote its products and to source loan applications via the Internet. Prospective customers are able to pre-qualify for one of Regional's loan products through its website and are then routed to the nearest branch for further processing and loan closing.

Regional's multiple channel platform provides it with a competitive advantage by giving Regional various mechanisms to attract new customers, re-capture former customers, and deepen relationships with existing customers.

## **Branch Network and Employees**

Regional's branch network, with 341 locations across nine (9) states as of March 31, 2018, serves as the foundation of its multiple channel platform and the primary point of contact with its approximately 363,000 active accounts. The substantial majority of Regional's loans are originated by its branch employees, and nearly all loans,

regardless of origination channel, are serviced through Regional's branch network. By integrating loan origination and loan servicing at the branch level, Regional's employees are able to establish and maintain relationships with their customers throughout the life of a loan. Regional believes that this frequent-contact, relationship-driven lending model provides greater insight into potential payment difficulties, improves credit performance, and leads to additional lending opportunities.

Regional Management expects to effectuate its obligations as Servicer under the Sale and Servicing Agreement primarily by delegating its servicing obligations to the Subservicers, who will subservice the Loans through their respective branches. Regional has six (6) state vice presidents (each, a "**State Vice President**") to oversee branch operations in its nine-state footprint. Several levels of management monitor and supervise the operations of each of its branches. Each branch is under the supervision of the branch manager (the "**Branch Manager**"), who in turn reports to a district supervisor (each, a "**District Supervisor**"). The Branch Manager oversees operations of the branch and is responsible for approving loan applications within the defined guidelines set forth in Regional's Credit and Collection Policy. The Branch Manager is also directly responsible for the performance of his or her branch.

As of March 31, 2018, Branch Managers, on average, have been with Regional for more than five (5) years. Each branch is generally staffed with two (2) to six (6) employees, including one (1) or two (2) assistant managers and, in many branches, one (1) or more customer service representatives. Assistant managers and customer service representatives take and process loan applications, process payments, assist with marketing activities, prepare operational reports, contact past due customers, and conduct other collection activities. Larger volume branches may employ additional assistant managers and customer service representatives.

Regional's District Supervisors are generally responsible for the performance of between six (6) and eleven (11) branches in their districts. Each State Vice President is responsible for the performance of all of the branches in his or her state or region. As of March 31, 2018, Regional's State Vice Presidents averaged more than twenty-eight (28) years of industry experience and more than seven (7) years of service at Regional, while its District Supervisors averaged more than twenty-one (21) years of industry experience and six (6) years of service with Regional.

New employees must complete a comprehensive training curriculum that focuses on the company- and position-specific competencies necessary to be successful and compliant in their role. The training includes a blended approach, utilizing eLearning modules, hands-on exercises, webinars, and assessments. Training content is focused on Regional's operating policies and procedures, as well as several key compliance areas. Incentive compensation for new employees is contingent upon the successful and timely completion of the required new hire training curriculum. All current employees also are required to complete annual compliance training and re-certification. Additional management and developmental training is provided for those employees identified as having high potential for advancement.

## **Loan Origination and Servicing System**

In 2016, Regional entered into an agreement with Nortridge to transition to the Nortridge loan origination and servicing platform. From January 2016 to February 2018, Regional conducted a state-by-state phased implementation of the Nortridge platform in each of its states of operation. As of February 2018, all of Regional's branches operate using the Nortridge platform. Prior to its use of Nortridge, Regional serviced its loan portfolio using a software package developed and owned by ParaData Financial Systems ("**ParaData**").

Regional utilizes the Nortridge platform both to originate loans and to service its loan portfolio, and has invested in customizing the Nortridge platform to meet its needs based upon its specific products, processes, and reporting requirements. The Nortridge custom decision engine utilizes application information and a credit report detailing the applicant's credit history to generate an initial credit decision and to guide Regional's branch employees through the loan origination process to the final credit decision. Throughout the life of the loan, Regional employees utilize Nortridge to, among other things, enter payments, generate collection queues, and log collection activity. Nortridge also facilitates electronic and recurring payments, automated text messaging, and customer account access through a customer portal. Nortridge logs and maintains, within Regional's centralized information systems, a permanent record of the loan origination and servicing approvals and processes, and permits all levels of branch and centralized management to review the individual and collective performance of all branches for which they are responsible on a daily basis.

## Delinquency and Credit Loss Experience

The following table sets forth certain unaudited information, including delinquency and credit loss experience, of Regional with respect to its large loan portfolio for the periods ending as specified below, excluding those types of large loans identified in footnote 1 to the table. The loan portfolio includes a variety of payment and other characteristics that may not correspond to the Loan Pool ultimately purchased by the Issuer, and it may reflect origination and servicing practices that may differ from Regional's current and future origination and servicing practices. See "Risk Factors—Risks Relating to the Loans and Other Credit Risk—Historical loss experience may not accurately predict the likelihood of delinquencies, defaults and losses on the Loans" in this private placement memorandum.

	Portfolio Overview (1) (2)						
	(Unaudited)						
	Year Ended December 31,						Quarter Ended March 31,
\$ in thousands	2012	2013	2014	2015	2016	2017	2018 (3)
Number of loans outstanding.....	10,618	10,273	11,341	35,991	49,207	70,233	74,220
Unpaid net balance of loans (4).....	\$ 39,078	\$ 39,415	\$ 43,378	\$ 142,638	\$ 204,229	\$ 309,655	\$ 327,351
Average unpaid net balance of loans.....	\$ 36,357	\$ 38,231	\$ 39,565	\$ 95,349	\$ 178,075	\$ 247,065	\$ 322,520
<b>Delinquency</b>							
30 to 59 days.....	\$ 1,173	\$ 1,044	\$ 998	\$ 1,977	\$ 3,201	\$ 5,144	\$ 4,670
60 to 89 days.....	\$ 512	\$ 438	\$ 437	\$ 1,098	\$ 2,331	\$ 3,977	\$ 3,339
90 days and over.....	\$ 1,036	\$ 977	\$ 519	\$ 1,566	\$ 4,296	\$ 6,506	\$ 6,845
<b>Delinquency as a % of unpaid net balance</b>							
30 to 59 days.....	3.0%	2.6%	2.3%	1.4%	1.6%	1.7%	1.4%
60 to 89 days.....	1.3%	1.1%	1.0%	0.8%	1.1%	1.3%	1.0%
90 days and over.....	2.7%	2.5%	1.2%	1.1%	2.1%	2.1%	2.1%
Credit losses (including non-file claim receipts).....	\$ 2,106	\$ 1,684	\$ 2,159	\$ 2,647	\$ 8,073	\$ 15,743	\$ 4,991
Non-file claim receipts (5).....	\$ 199	\$ 340	\$ 457	\$ 1,651	\$ 4,792	\$ 3,237	\$ 1,192
<b>Credit losses (excluding non-file claim receipts)...</b>	<b>\$ 2,306</b>	<b>\$ 2,024</b>	<b>\$ 2,616</b>	<b>\$ 4,298</b>	<b>\$ 12,865</b>	<b>\$ 18,980</b>	<b>\$ 6,184</b>
Credit losses as a % of avg unpaid net balance							
(including non-file claim receipts) (6).....	5.8%	4.4%	5.5%	2.8%	4.5%	6.4%	6.2%
<b>Credit losses as a % of avg unpaid net balance</b>							
<b>(excluding non-file claim receipts) (6).....</b>	<b>6.3%</b>	<b>5.3%</b>	<b>6.6%</b>	<b>4.5%</b>	<b>7.2%</b>	<b>7.7%</b>	<b>7.7%</b>
Weighted-average APR.....	25.9%	27.2%	27.9%	28.6%	29.5%	29.2%	29.1%

- (1) The data in the table includes only large loans having an APR less than or equal to 36.00%, and excludes any large loan originated through a convenience check campaign or resulting from the renewal of a delinquent auto purchase loan.
- (2) Regional began actively marketing its large loan product around November 2014 with new underwriting guidelines and standards. Prior to that time, large loans were made generally to small loan customers with a need for a larger loan.
- (3) Credit losses as a percentage of unpaid net balances for the quarter ended March 31, 2018 are annualized.
- (4) The unpaid net balance generally reflects the outstanding balance of the loan, less unearned interest, fees, and charges.
- (5) See "Regional Consumer Loan Business—Optional Ancillary Product Offerings" and "Risk Factors—Risks Relating to Regional's Business and Operations—Regional's insurance operations are subject to a number of risks and uncertainties, including claims" in this private placement memorandum
- (6) The data does not reflect recoveries following charge-off.

## UNDERWRITING STANDARDS

### General

The following is a brief description of the underwriting policies and procedures used by Regional as of the Closing Date to underwrite large loans. Historically, Regional has modified these underwriting policies and procedures from time to time in order to comply with state and federal legal requirements and in other manners designed to enhance

its large loan business. There can be no assurance that these underwriting policies and procedures will not change materially over time after the Closing Date. As Regional identifies new processes and tools that may increase the accuracy and effectiveness of the underwriting, servicing, and collections process, Regional may implement such processes and tools. In addition, the underwriting policies and procedures described below are intended to be general descriptions of the policies and procedures that are generally applied in most cases, but there may be cases in which large loans are approved notwithstanding deviations or variances (whether intentional or unintentional) from the policies and procedures described below. Moreover, Regional may modify the Credit and Collection Policy without Noteholder consent, subject only to a covenant not to modify the Credit and Collection Policy in any manner that could reasonably be expected to result in the occurrence of an Early Amortization Event or Event of Default, except as required by Requirements of Law or as ordered by a court of competent jurisdiction or other Governmental Authority. See “*Risk Factors—Risks Relating to Regional’s Business and Operations—Modifications to the Credit and Collection Policy may result in changes to the performance of the Loan Pool and the servicing of the Loans*” in this private placement memorandum.

Underwriting standards are generally applied by Regional to evaluate the applicant’s credit standing, repayment ability, and the value and adequacy of collateral for a large loan. The underwriting standards serve as guidelines pursuant to which an applicant and collateral may be evaluated, and as such, there may be deviations from the underwriting standards described below in the approval of large loans. Regional considers numerous factors in evaluating a potential customer’s creditworthiness, such as debt-to-income ratios, length of current employment, duration at residence, and a credit report detailing the applicant’s credit history. Regional’s underwriting standards focus on the borrowers’ ability to affordably make loan payments out of their discretionary income, with the value of pledged collateral serving as a credit enhancement rather than the primary underwriting criterion. In the event of any renewal of an existing loan, other than pursuant to Delinquent Renewal underwriting criteria, the renewal loan would generally be subject to the same underwriting policies and procedures as any origination of a new large loan to a new borrower. See “*Regional Consumer Loan Business*” in this private placement memorandum.

### **Loan Application**

An applicant applying for a large loan is required to complete a loan application. The application is designed to provide Regional with pertinent information regarding the applicant’s assets, liabilities, income, credit history, employment history, and personal information, which Regional uses to assess the applicant’s creditworthiness and ability to repay a loan. With respect to present and former borrowers, this review would include an evaluation of Regional’s prior experience with the applicant.

Applicants may complete the loan application through a local branch or over the phone, with Regional employees entering application information directly into Nortridge. Regional has also developed a consumer website and has partnered with digital lead generators to promote its products and source loan applications via the Internet. Prospective customers are able to pre-qualify for one of Regional’s loan products through its website and are then routed to the nearest branch for further processing. In certain circumstances, Regional will permit a co-applicant and, in these instances, Regional generally takes the same actions for the co-applicant as it does for a single applicant.

### **Credit Report**

Regional requires a credit report on each applicant for a large loan from a nationally-recognized credit reporting bureau. During the application process, Regional provides certain disclosures to the applicant, secures the applicant’s authorization to obtain the applicant’s full credit report, and then obtains the credit report from the credit bureau through the Nortridge system. The credit report typically contains information relating to the applicant’s credit history with local and national merchants and lenders, any installment debt obligations of the applicant, and foreclosure, bankruptcy, repossession, suit, or judgment against the applicant.

### **Borrower Identification and Anti-Fraud Policies**

As part of the loan application process for large loans, the applicant is required to provide (i) one (1) form of primary identification consisting of a valid, government-issued photo identification card, which may include the borrower’s driver’s license, state-issued identification card, military identification, or passport (ii) proof of residency for the current or previous month, which may include the borrower’s lease agreement, valid auto insurance card or home owner’s insurance, or a recent bill or credit card statement dated within thirty (30) days, (iii) proof of income, which may include a recent bank statement, pay stub dated within thirty (30) days, leave and earning statement, tax return, or W-2,

and (iv) a least three (3) references. Regional branch employees can verify each applicant's current residence by checking with landlords or leasing agents, and can verify each applicant's employment through telephone checks with employers and other employment references.

In the event a Regional branch employee receives an initial active duty, credit freeze, or fraud alert from the credit bureau during the application process, the employee is not permitted to extend credit to the applicant unless the applicant's identity, address, employment, and credit information can be verified.

### **Income and Employment Verification**

Loans are generally originated based on the full income documentation required by the Credit and Collection Policy in effect at the time of origination of the Loans. As of the Closing Date, the documentation that the Credit and Collection Policy requires to verify income generally includes the following: (i) self-employed earners must provide evidence of self-employment for the last four (4) years and either the applicant's tax returns for the prior two (2) years or bank statements for the prior three (3) months, (ii) fixed wage earners must provide either a copy of their most recent paycheck stub, a completed employment verification form, or bank statements for the prior three (3) months, (iii) non-wage earners generally must provide a copy of their most recent signed bank statements verifying regular direct deposits and, in some cases, additional supporting information, and (iv) rental income earners must provide a copy of an unexpired rental agreement and the applicant's tax returns for the prior two (2) years. Sources of income not supported by the aforementioned documentation are generally not given credit in the underwriting process absent an exception approved by a District Supervisor, State Vice President, or centralized underwriting team member.

Regional may verify employment through a review of the applicant's recent tax returns, other tax forms (*e.g.*, W-2 forms), current pay stubs, or bank statements. If Regional cannot verify employment in this manner, Regional may contact the applicant's employer to verify employment status (*e.g.*, full-time or part-time), job title, the length of employment of the applicant with such employer, and the applicant's current salary paid by such employer. If an applicant is self-employed, Regional may use recent tax returns, bank statements, and other relevant information to verify the applicant's self-employed status before a large loan is approved.

### **Debt-to-Income Ratio**

Regional evaluates whether an applicant has sufficient income to support the debt service for a large loan by calculating the applicant's "Debt-To-Income" ("**DTI**") ratio based upon the information made available to Regional in connection with its underwriting process and, in certain cases described below, as estimated by Regional. An applicant's DTI ratio represents the applicant's monthly payment obligations (*e.g.*, debt payments, housing expenses, etc., after giving effect to the new monthly debt payment associated with the Regional large loan applied for) expressed as a percentage of the applicant's gross monthly income; *provided*, that if an applicant does not have a monthly housing expense at the time of his or her application, or such monthly housing expense is not verified by Regional, an estimated future monthly housing expense is typically included by Regional in the DTI calculation. The DTI ratio is a useful tool in assessing the monthly income necessary to service the applicant's monthly payment obligations. Once calculated, the applicant's DTI ratio is reviewed against Regional's underwriting standards, as described herein.

### **Collateral**

As part of the application process, Regional will obtain the borrower's pledge of collateral as security for the large loan. Acceptable collateral on large loans includes vehicles or other titled assets and non-titled personal property. Regional branch employees will perform an in-person appraisal of any vehicle collateral pledged for a large loan using Regional's multipoint checklist and will use one or more third-party valuation sources, such as the National Automobile Dealers Association Appraisal Guides, to determine an estimate of the collateral's value. Regional's District Supervisors and internal audit teams regularly review collateral documentation to confirm compliance with its guidelines. Regional perfects all security interests in each pledged vehicle by recording its lien on the title. Regardless of the value of the vehicle or other collateral, Regional's policies are designed not to lend in excess of its assessment of the borrower's ability to repay the large loan. Regional generally only initiates repossession efforts when an account is seriously delinquent, Regional has exhausted other means of collection, and in the opinion of management, the customer is unlikely to make further payments. Regional sells substantially all repossessed vehicles through sales conducted by independent automobile auction organizations, or to a lesser extent, private sales after the required post-repossession waiting period. See "*Risk Factors—Risks Relating to the Loans and Other Credit Risk—The collateral securing a Loan Obligor's*

*obligations under a Loan may be limited or insufficient” and “Risk Factors—Risk Relating to Regional’s Business and Operations—Recovery under collateral protection insurance for collateral securing Hard Secured Loans may not be available or may be inadequate” in this private placement memorandum.*

### **Lending Approval Limits**

Lending approval limits for Regional employees are established on an individual basis, subject to limitations based on the employee’s position. The criteria for determining any single employee’s lending approval limit is based upon such employee’s level of experience and demonstrated lending judgment as evidenced by past performance. Approval limits for each Regional employee are recommended by the employee’s District Supervisor and State Vice President to Regional’s centralized underwriting team, which then provides final approval of the employee’s lending approval limit and programs the limit into Nortridge. In addition, the Director of Home Office Credit conducts an annual audit of the lending approval limits set in Nortridge at least once per year. Nortridge will not proceed with a loan closing if the loan amount is greater than the Nortridge user’s established loan approval authority.

### **Loan Application Review and Closing**

When an application is complete and a credit report has been obtained, Regional uses standardized underwriting criteria, including an analysis called “SACC,” which stands for “Stability, Ability, Credit, and Collateral,” to assess the applicant’s eligibility for a loan product and, if qualified, to determine the loan product best-suited for the applicant’s needs. The SACC analysis provides for a complete assessment of the applicant’s overall credit history and ability-to-repay, including (i) length of current employment, duration in the area market, duration at residence, and prior payment history with Regional, if any, (ii) debt-to-income ratio, (iii) credit score, credit and payment history with other lenders, credit use and inquiries, and fraud alerts, and (iv) type of collateral pledged.

Nortridge contains a custom decision engine that utilizes application information and a credit report detailing the applicant’s credit history to produce an initial credit decision based on Regional’s underwriting guidelines. Nortridge then guides Regional’s branch employees through the loan origination process, including the entry of financial and collateral information, and ultimately generates a final credit decision. Where an applicant is declined for credit and a Branch Manager believes that an underwriting exception may be warranted, Regional’s policies allow for further review of the applicant’s credit application by a centralized underwriting team member, who reviews the credit application, assesses the applicant’s ability-to-repay, and determines whether to grant an exception.

If an applicant is approved for a loan by an employee having the requisite lending approval authority, the loan is closed in the branch by a branch employee. All required documentation for large loans generally is reviewed prior to and after the related large loan closing to ensure accuracy, proper completion, and satisfaction of any conditions to closing set forth in the loan approval. Loan proceeds are delivered to the borrower by delivery of a printed check to the borrower at the loan closing.

Loans originated on the ParaData software platform (prior to conversion to Nortridge) followed a similar underwriting process, including the use of the SACC assessment, except that ParaData did not have a decision engine that assisted Regional’s branch employees in evaluating the credit application.

### **Renewals**

Renewals are an important part of Regional’s business. Renewals are primarily used to expand Regional’s lending relationship with performing customers. However, renewals may also be used as a servicing tool for past due customers, as further described below under “*Servicing Standards—Collection of Past Due Accounts*” in this private placement memorandum. Renewals generally are extended to existing borrowers who have demonstrated an ability and willingness to repay amounts owed to Regional. Renewals typically refinance one or more of the applicable borrower’s loans into a single new loan, which in some cases will be for a larger principal balance than the customer’s original loan, though Regional permits renewals of existing loans at or below the original loan amount. In connection with any renewal of a loan other than pursuant to Delinquent Renewal underwriting criteria, the proposed new large loan is generally re-underwritten using the full credit review process and underwriting criteria in effect for new borrowers as of the time of such renewal. Regional also requires that the potential renewal loan provide a net tangible benefit to the borrower. As of the Closing Date, the net tangible benefit criteria set forth in the Credit and Collection Policy requires that the proceeds generated by the renewal loan must not be less than the lesser of either: (i) 10% of the net payoff balance of the renewed

loan, or (ii) \$100 dollars. If the potential renewal loan does not meet the net tangible benefit criteria set forth in the preceding sentence, then the renewal loan application will be denied. Regional also takes into consideration the customer's performance with Regional during the renewal loan underwriting process.

### **Compliance with Local, State and Federal Lending Laws**

Regional maintains robust systems and operational controls in an effort to ensure compliance with applicable federal and state lending laws. These systems and controls are supported by Regional's legal, regulatory compliance, and internal audit functions.

## **SERVICING STANDARDS**

### **General**

Regional Management's primary servicing activities with respect to the Loans are described above under "*The Servicer*" in this private placement memorandum.

The following is a brief description of the servicing policies and procedures used by Regional as of the Closing Date to service large loans, including the Loans. Historically, Regional has modified these servicing policies and procedures from time to time in order to comply with state and federal legal requirements and in other manners designed to improve its servicing and collections outcomes. In addition, as Regional identifies new processes and tools that may increase the accuracy and effectiveness of the servicing and collections process, Regional may implement some of such processes and tools. There can be no assurance that these policies and procedures will not change materially over time after the Closing Date. In addition, the servicing policies and procedures described below are intended to be general descriptions of the policies and procedures that are applied in substantially all cases, but there may be cases in which there are exceptions with respect to the servicing of particular loans. Moreover, Regional may modify the Credit and Collection Policy without Noteholder consent, subject only to a covenant not to modify the Credit and Collection Policy in any manner that could reasonably be expected to result in the occurrence of an Early Amortization Event or Event of Default, except as required by Requirements of Law or as ordered by a court of competent jurisdiction or other Governmental Authority. See "*Risk Factors—Risks Relating to Regional's Business and Operations—Modifications to the Credit and Collection Policy may result in changes to the performance of the Loan Pool and the servicing of the Loans*" in this private placement memorandum. Additionally, in the event that the Back-up Servicer becomes Successor Servicer, it will not be required to follow these servicing policies and procedures. See "*Risk Factors—Risks Relating to Regional's Business and Operations—Modifications to the Credit and Collection Policy may result in changes to the performance of the Loan Pool and the servicing of the Loans*" and "*Risk Factors—Risks Relating to the Counterparties—Replacement of the Servicer, inability to replace the Servicer or inability of the Subservicers to assist in servicing the Loans could result in reduced payments on the Notes*" in this private placement memorandum.

### **Servicing, Billing and Payments**

The responsibility for the initial servicing and collections of each large loan rests with the originating branch. As of the Closing Date, branches generally service all current loans, as well as loans that are in the early stages of delinquency (*i.e.*, 1 to 59 days past due at the close of business of any particular month). If a loan becomes 60 or more days past due, a branch may receive co-collection assistance from Regional's centralized servicing facility, described in greater detail below. Control of credit quality is part of Regional's incentive compensation program for Branch Managers, District Supervisors, State Vice Presidents, and senior management, and as such, delinquency and net credit losses have an impact on the incentive compensation that can be earned by such employees.

Borrowers who have signed up for online account access have on-demand access to their account information through Regional's website. In addition, borrowers may elect to receive automated, one-way text messages with information regarding their account, including payment reminders. If a regular payment has not already been made, a customer who has elected to receive text messaging services will be reminded via text of his or her regular payment amount, due date, and the branch's telephone number ten (10) days prior to the due date, on the due date, and three (3) days prior to any late fee being charged. The text messaging service is integrated with the Nortridge platform, and customers have the option of opting out of text messaging services at any time. In addition to online account access and text messaging services, Regional's customers may call or visit their local branch during normal office hours to retrieve their account information.

Borrowers have the option of making payments (i) in person at a Regional branch where they may pay by cash, check, money order, debit, or immediate, one-time future, or recurring ACH, (ii) through Regional's customer portal via debit or immediate, one-time future, or optional recurring ACH, or (iii) by immediate or one-time future debit or ACH over the phone. As of March 31, 2018, in-branch payments accounted for approximately 61% of all large loan payments during the first quarter of 2018. Other payment methods, such as by phone or through Regional's customer portal, account for the remainder of payments. Approximately 44% of all large loan payments were made electronically during the first quarter of 2018. As of the Closing Date, Regional's borrowers are not permitted to pay using a credit card, and Regional does not expect to offer credit card payment as an option in the future.

While in-person branch payments remain an important element of Regional's operating model, as they permit close contact with customers for purposes of servicing and generating additional opportunities for loan originations, there has been an increasing trend among customers to make payments by electronic payment channels. There can be no assurances that the trend toward increased usage of electronic payment methods will remain at current levels, increase, or decrease over time.

All cash payments received at the branches are required to be deposited by branch employees on the day they are received in either one of the Wells Fargo Depository Accounts, one of the state depository accounts established at Bank of America, N.A, or one of the bank accounts established at a local state bank, and in each case, amounts deposited therein are either transferred pursuant to a wire or an ACH transfer on a daily basis into the Bank of America Master Depository Account. See "*Risk Factors—Risks Relating to the Counterparties—The Indenture Trustee may not have a perfected security interest in Collections commingled by the Servicer or Subservicer with other funds*" and "*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Payments on Loans; Collection Account; Intercreditor Accounts*" in this private placement memorandum.

### **Collection of Past Due Accounts**

As a general matter, branch and centralized servicing personnel, along with all levels of management, review daily delinquency information for large loans. Subject to applicable law and the terms of the applicable contract, collection activities (and the use of the strategic tools and servicing solutions described below) generally begin on the day any payment on a large loan becomes past due. Routine collection activities for a past due large loan include letters, telephone calls, and automated, one-way text messaging to the borrower. If Regional is unable to contact a borrower and has reason to believe that the borrower's contact information is no longer accurate, then as part of its routine collection efforts, Regional may attempt to contact the borrower's references by telephone solely for the purpose of locating the borrower.

Regional personnel also review the borrower's loan file and individual circumstances to determine whether the borrower purchased any optional insurance products (*e.g.*, involuntary unemployment insurance or accident and health insurance) and whether the borrower's delinquency was caused by an insured event (*e.g.*, covered job loss or disability). In the event that coverage is triggered, Regional personnel assist the borrower through the claims filing process.

If a customer has enrolled in Regional's text messaging program and is late on his or her regular payment, the customer will receive a payment reminder three (3) days prior to a late fee being charged, on the day the late fee is charged, and seven (7) days after the late fee is charged. In addition, the customer will receive a text message alert if a payment is returned due to non-sufficient funds. The text messaging service is integrated with the Norridge platform, and customers have the option of opting out of text messaging services at any time.

In March 2017, Regional launched a test pilot program in which certain branches receive "co-collection assistance" from Regional's centralized servicing facility located in Greer, South Carolina. When a large loan becomes sixty (60) or more days delinquent, Regional's centralized servicing facility may begin supporting the branch's collection efforts through a co-collection model, though ultimate collection and servicing responsibilities remain with the branch. As of the Closing Date, there are approximately 44 designated centralized servicing employees that assist approximately 50% of Regional's branches with the co-collections process.

If a customer is unable to make the required payments to bring his or her loan current, acceptable solutions to remedy a past due large loan include: (i) deferment of payment, (ii) Delinquent Renewal, and (iii) settlement. All solutions are intended to enable the large loan customer to meet his or her current and future obligations in a manner that Regional believes will mitigate Regional's risk with respect to the large loan, while also complying with state and federal law and regulations and the Credit and Collection Policy.

From time to time in accordance with the Credit and Collection Policy, Regional may offer borrowers the opportunity to defer one or more payments on their large loan by extending the date on which payment is due. Prior to granting a deferral and depending on the state of origination, Regional typically requires the borrower to pay a deferral fee or make a partial payment on the large loan. All deferrals must be approved by the Branch Manager or an employee with more senior authority, and to be approved, deferments must bring the account contractually current. Under the Credit and Collection Policy as of the Closing Date, borrowers are limited to two deferments in a rolling twelve-month period unless it is determined, in accordance with the Credit and Collection Policy, that an exception is warranted.

Regional may offer a renewal loan to borrowers who are one (1) or more days contractually past due utilizing underwriting criteria that is less stringent than that applied to regular renewal loans and to loans to new borrowers (a “delinquent renewal”). Delinquent renewals generally are designed to better position the borrower to meet his or her monthly payment obligations. In order to qualify for a delinquent renewal, the borrower must have made the first three (3) contractual payments and at least one (1) payment within the past two (2) calendar months, and the borrower must have a verifiable source of income. Delinquent renewals may only be approved by Regional’s centralized underwriting team, may not include any cash advance to the borrower, may not include any type of origination fee or other charge, and may not result in an increase in the monthly payment or the effective interest rate. In addition, in certain instances, Regional’s centralized underwriting team may approve a reduction in the effective interest rate and/or an extension of the original term, in each case with the goal of lowering the borrower’s monthly payment obligation. Delinquent renewals generally are permitted only once in a rolling six-month period.

In certain limited circumstances where a borrower is severely delinquent, has shown a consistent pattern of delinquency, or has demonstrated severe financial distress, Regional may offer a type of delinquent renewal referred to as a “sunset renewal” in Regional’s Credit and Collection Policy. The effective interest rate of a sunset renewal must be reduced to 18%, the monthly payment must be reduced, and the borrower is thereafter ineligible for any type of renewal loan or monthly payment deferment. Sunset renewals are offered in each of Regional’s origination states except for North Carolina and New Mexico. For purposes of this private placement memorandum, a “delinquent renewal” described in the preceding paragraph and a “sunset renewal” described in this paragraph shall collectively be referred to as a “**Delinquent Renewal.**”

Any large loan in the Loan Pool that is renewed as part of a Delinquent Renewal (including sunset renewals) after the Closing Date will be paid down by Regional, the renewed loan will be released from the lien of the Indenture, and Regional will not sell, transfer, or assign such Delinquent Renewal into the Loan Pool.

Regional may also agree to settle a past due large loan (a “**Settlement**”) by accepting less than the full principal balance owned. Once a Settlement is accepted and the customer pays the agreed upon payment, the remainder of the balance is written-off. A Settlement is only used by Regional in certain limited cases and is only offered once Regional has determined that it is unlikely to collect the entire outstanding balance of the loan. All Settlements must be approved by a State Vice President, provided that the State Vice President must first obtain approval from Regional’s Chief Operating Officer or Chief Risk Officer for Settlements of less than 75% of the net payoff balance of the loan.

Certain non-routine collection activities on a past due large loan may also be undertaken and may include employing third-party software and the Internet to ascertain the whereabouts of a borrower, repossession of collateral securing a large loan, and litigation. Repossession and litigation are generally used only as a last resort after all other collection efforts to resolve the delinquency and to protect Regional’s interest in the loan are exhausted.

Repossessions are initiated by Regional as a final remedy only when an account is seriously delinquent, Regional has exhausted other means of collection, and in the opinion of management, the customer is unlikely to make further payments. When a past due account is secured with a lien on vehicle, the Branch Manager must make a recommendation whether the collateral should be repossessed. Regional’s centralized underwriting team must approve all repossession orders, and the repossession coordinator handles all repossession processes, including sending all post-repossession notices in compliance with applicable law. In the case of a past due account that is secured with a lien on non-essential household goods, a District Supervisor must approve all repossession orders and coordinates all repossession processes, including sending all post-repossession notices in compliance with state regulations. If the debtor does not redeem the collateral, it is liquidated. Regional sells substantially all repossessed vehicles through sales conducted by independent automobile auction organizations, or to a lesser extent, private sales after the required post-repossession waiting period. The liquidation proceeds are applied to the account, and Regional sends the disposition of proceeds letter to the customer

by certified mail. If there is a deficiency balance, the branch and/or centralized servicing facility attempts to collect the deficiency using all available resources and collection tools, including legal action.

Another final remedy for a past due loan prior to charge-off is the pursuit of legal action against the borrower. Prior to initiating and approving any such legal action, a District Supervisor will determine whether legal action is warranted based upon an assessment of the collectability of the loan and the anticipated cost of pursuing legal action against the borrower. Legal actions are handled by Branch Managers in those jurisdictions with small claims courts that do not require an attorney, or are otherwise referred to an external approved attorney or submitted to the internal legal department, as applicable.

Consistent with the Credit and Collection Policy, from time to time it may be determined that an alternative solution (other than as described above) is necessary to avoid default and/or to facilitate repayment from a customer. In such cases, the applicable Branch Manager may elevate the matter to senior management, which has authority to approve certain exceptions and, in some cases, provide customized solutions, in each case outside of the processes outlined above.

### **Charge-Off and Sale**

Pursuant to the Credit and Collection Policy in effect as of the Closing Date, large loans are generally charged-off in full when they reach the status of 180 days contractually delinquent, though they may be charged-off in whole or in part at less than 180 days contractually delinquent following a Settlement, the death of the borrower, or a borrower bankruptcy event. District Supervisors are responsible for identifying large loans that have reached 180 days contractually delinquent and are therefore eligible for charge-off. Following approval of each charge-off by a centralized team member, District Supervisors coordinate the charge-off process in Nortridge and with the branch.

Regional typically charges off bankruptcy loans in advance of the loans becoming 180 days contractually delinquent. In the event that a borrower of a large loan is the subject of a Chapter 7 proceeding under the Bankruptcy Code, the following standards for charging-off the large loan typically would apply: (i) Soft Secured Loans are charged-off upon becoming sixty (60) days contractually delinquent, and (ii) Hard Secured Loans are charged-off when the underlying collateral is sold, but in any event prior to such loan becoming more than 180 days contractually delinquent. In the event that a borrower of a large loan is the subject of a Chapter 13 proceeding under the Bankruptcy Code, the following standards for charging-off the large loan typically would apply: (i) Soft Secured Loans are charged-off upon becoming sixty (60) days contractually delinquent, and (ii) Hard Secured Loans are only charged-off in the event that the bankruptcy plan is not confirmed, or if such bankruptcy plan is confirmed and Regional decides not to pursue a motion for relief, only after the borrower debtor becomes sixty (60) days past due on the bankruptcy plan payments.

In rare circumstances, a loan may be held from charge-off for a maximum of thirty (30) days with the approval of the State Vice President, Chief Risk Officer, and Chief Financial Officer. A charge-off hold may be approved where, for example, payment proceeds are anticipated from an insurance claim or collateral liquidation, a bankruptcy plan is expected to be confirmed wherein Regional will be a secured creditor, or Regional's Legal or Compliance departments have requested a charge-off hold due to extenuating circumstances.

From time to time, Regional has sold pools of charged-off loans to third-party buyers. Regional may continue to sell charged-off loans in the future as part of its comprehensive recovery strategy. Proceeds, net of third-party broker's commissions, from the sale of the charged-off loans that constitute part of the Trust Estate will be placed in the Collection Account for the benefit of the Noteholders. See "*Risk Factors—Regional sells certain of Regional's Loans, including, in some instances, Charged-Off Loans and Loans where the Loan Obligor is in default, which could subject Regional to heightened regulatory scrutiny, expose Regional to legal action, cause Regional to incur losses, and/or limit or impede Regional's collection activity*" in this private placement memorandum.

### **Records Management, Storage, and Disaster Recovery**

The physical customer loan file for each large loan is maintained at the applicable branch location where such large loan was originated. If servicing of a large loan is transferred from one branch to another, the loan files relating to such large loan are transferred to the new servicing branch. Regional uploads to, and maintains in, the Nortridge system scanned electronic copies of each large loan installment contract and any related certificates of title. Loan files are stored and retained in compliance with state and federal law, with retention generally lasting for seven (7) years

from the date that the loan is paid off or charged off. See *“Risk Factors—Risks Relating to the Notes—There are risks to Noteholders because the Contracts will be held by the Servicer or Subservicer and not by any Secured Party”* in this private placement memorandum.

Regional’s data centers are located in Greenville, South Carolina (primary) and Asheville, North Carolina (secondary). The hosting provider is a regional vendor operating at several sites in the Carolinas. All of the internal private infrastructure is virtualized and replicated between data centers in real time. In December 2017, the full failover and rollback capability of this infrastructure was successfully tested for several servers. Full failover and rollback capability is tested on an annual basis, and partial testing occurs on a monthly basis. Regional’s wide-area network is redundantly triangulated between each of the data center locations and the home office facility in Greer, South Carolina. Full system backups are executed daily, and incremental backups are also conducted throughout the day.

Branch servicing and collection practices may change over time as necessary to comply with state or federal legal requirements and in other manners designed to enhance Regional’s large loan business. In addition, as Regional identifies new practices and tools that Regional believes will increase the accuracy and effectiveness of underwriting, servicing, and collections in the branches, Regional may implement the practices and tools to better manage risk.

## DESCRIPTION OF THE LOANS

### General

The statistical information presented in this private placement memorandum concerning the Loans is based on the Loan Principal Balances of the Loans as of the Initial Cut-Off Date, which is the close of business on May 31, 2018. Normal collection activity with respect to the Loans following the Initial Cut-Off Date (including, without limitation, payments received on the Loans and delinquency experience) will be for the account of the Issuer. The statistical characteristics of the Loan Pool on the Initial Cut-Off Date may vary from the characteristics of the Loan Pool transferred to the Issuer on the Closing Date as a result of normal collection activity. In addition, after the Closing Date, a significant number of Additional Loans may be added to the Loan Pool from time to time during the Revolving Period. Those Additional Loans must meet eligibility criteria and are subject to concentration parameters at the time of acquisition by the Issuer designed to maintain a consistent credit profile for the Loan Pool notwithstanding the addition of Additional Loans. See *“—Loan Actions”* in this private placement memorandum. Nevertheless, the statistical distribution of the characteristics of the Loan Pool likely will vary over time and may vary significantly. See *“Risk Factors—Risks Relating to the Notes—Additional Loans acquired by the Issuer or Loans removed from the Trust Estate may affect the credit quality of the assets securing repayment of the Notes”* in this private placement memorandum.

The information on the Loans presented in this private placement memorandum is based on the Loan Pool as of the Initial Cut-Off Date, consisting of 38,793 Loans having an aggregate Loan Principal Balance of \$168,540,824.89 as of the Initial Cut-Off Date. The Loans included in the Loan Pool will consist of fixed rate secured large personal loans. The Loans constituting Hard Secured Loans are secured by a generally perfected security interest in Titled Assets and as of the Initial Cut-Off Date constitute approximately 2.45% of the Loan Pool (by Loan Principal Balance). The remainder of the Loan Pool consists of Soft Secured Loans. The categorization of a Loan as a Hard Secured Loan or a Soft Secured Loan is established at the time the Loan is originated and is not subsequently changed, regardless of whether the applicable collateral is exhausted or, for any reason, ceases to secure such Loan or becomes unavailable.

With respect to Precompute Loans, the principal is a calculated amount as Precompute Loans are originated based on the sum of the total payments that are required to be made on such Precompute Loans. The definition of “Loan Principal Balance” provides in clause (b) thereof that the calculated principal balance of a Precompute Loan is (x) the remaining unpaid amount due in respect of such Precompute Loan minus (y) the unearned interest on such Precompute Loan calculated on an accrual basis. As a result, during periods in which interest earned on an accrual basis with respect to a Precompute Loan remains unpaid by the applicable Obligor, the Loan Principal Balance of such Precompute Loan will increase (and such increase will not earn additional interest) due to the fact that such earned and unpaid interest does not reduce the unpaid amount due in respect of such Precompute Loan reflected in clause (x) of the definition of “Loan Principal Balance” but does reduce the amount of unearned interest reflected in clause (y) thereof. During such periods, the method of calculation of “Loan Principal Balance” with respect to Precompute Loans will negatively affect the amount of credit enhancement with respect to Precompute Loans provided for the Notes. See *“Risk Factors—Risk Relating to the Notes—The credit enhancements may be inadequate, including as a result of the method of calculation of Loan Principal Balance with respect to Precompute Loans”* in this private placement memorandum. With respect to certain historical

information with respect to Regional Management's loan portfolio set forth in this private placement memorandum, including, without limitation, the information set forth in "*—Loan Pool Data*" below, the stated aggregate principal loan balance may include such earned but unpaid interest with respect to Precompute Loans. As of the Initial Cut-Off Date, the Loan Pool includes 26,596 Precompute Loans, which constitutes approximately 70.85% of the aggregate principal balance of all Initial Pool Loans in the Loan Pool.

The Initial Loans were selected from Regional Management's portfolio of large personal loans in order to create the Loan Pool, which, as of the Initial Cut-Off Date was consistent with the parameters that must be maintained in order to avoid the occurrence of a Reinvestment Criteria Event. Reinvestments of Collections in new Loans and certain other permitted additions and removals of Loans on Payment Dates during the Revolving Period are permitted only if after giving effect thereto no Reinvestment Criteria Event exists. For further information, see "*—Loan Actions*" in this private placement memorandum.

## Loan Pool Data

The following tables set forth certain characteristics of the Loans as of the Initial Cut-Off Date (values are based on the aggregate Loan Principal Balance of the Loans). The balances and percentages may not be exact due to rounding.

### Loan Pool Characteristics

#### Summary

Aggregate Current Loan Principal Balance <sup>(1)</sup> .....	\$168,540,824.89
Number of Loans <sup>(2)</sup> .....	38,793
Average Current Loan Principal Balance.....	\$4,344.62
Non-Zero Weighted Average APR .....	29.924%
Weighted Average Original Term.....	43 months
Weighted Average Remaining Term.....	36 months
Non-Zero Weighted Average FICO.....	636
% Soft Secured by Principal Balance.....	97.55%
% Hard Secured by Principal Balance .....	2.45%
Top 5 States: <sup>(3)</sup>	
<i>Texas</i> .....	26.64%
<i>North Carolina</i> .....	21.42%
<i>South Carolina</i> .....	19.65%
<i>Oklahoma</i> .....	9.24%
<i>Tennessee</i> .....	7.24%

(1) The reported balance for Precompute Loans may include earned but unpaid finance charges due to the manner in which unearned interest is calculated on an accrual basis.

(2) Includes 26,596 Precompute Loans which constitutes approximately 70.85% of the aggregate principal balance of all Initial Pool Loans in the Loan Pool.

(3) The Loan Obligor's state of residence was determined based on Regional Management's system of record.

As of the Initial Cut-Off Date, the Loans in the Loan Pool described in this private placement memorandum had an aggregate Loan Principal Balance of \$168,540,824.89.

**Distribution of Loans by Collateral Type**

<b>Distribution of Loans in the Loan Pool by Collateral Type</b>	<b>Number of Loans</b>	<b>% of Number of Loans</b>	<b>Aggregate Current Loan Principal Balance</b>	<b>% of Aggregate Current Loan Principal Balance</b>
Soft Secured	38,038	98.05%	\$164,408,970.41	97.55%
Hard Secured	755	1.95%	\$4,131,854.48	2.45%
<b>Total:</b>	<b>38,793</b>	<b>100%</b>	<b>\$168,540,824.89</b>	<b>100.00%</b>

**Distribution of Loans by Loan Principal Balance**

<b>Distribution of Loans in the Loan Pool by Current Principal Balance</b>	<b>Number of Loans</b>	<b>% of Number of Loans</b>	<b>Aggregate Current Loan Principal Balance</b>	<b>% of Aggregate Current Loan Principal Balance</b>
\$0.01 - \$2,500.00	1,944	5.01%	\$4,252,466.20	2.52%
\$2,500.01 - \$5,000.00	25,535	65.82%	\$94,270,095.17	55.93%
\$5,000.01 - \$7,500.00	10,149	26.16%	\$60,039,724.12	35.62%
\$7,500.01 - \$10,000.00	1,050	2.71%	\$8,651,359.75	5.13%
\$10,000.01 - \$12,500.00	97	0.25%	\$1,066,974.19	0.63%
\$12,500.01 - \$15,000.00	12	0.03%	\$165,023.78	0.10%
\$15,000.01 - \$17,500.00	6	0.02%	\$95,181.68	0.06%
<b>Total:</b>	<b>38,793</b>	<b>100%</b>	<b>\$168,540,824.89</b>	<b>100.00%</b>

**Distribution of Loans by Original Amount Financed**

<b>Distribution of Loans in the Loan Pool by Original Amount Financed</b>	<b>Number of Loans</b>	<b>% of Number of Loans</b>	<b>Aggregate Current Loan Principal Balance</b>	<b>% of Aggregate Current Loan Principal Balance</b>
\$2,500.01 - \$5,000.00	22,120	57.02%	\$74,655,436.62	44.30%
\$5,000.01 - \$7,500.00	14,767	38.07%	\$78,906,538.57	46.82%
\$7,500.01 - \$10,000.00	1,737	4.48%	\$13,163,514.50	7.81%
\$10,000.01 - \$12,500.00	137	0.35%	\$1,398,012.58	0.83%
\$12,500.01 - \$15,000.00	25	0.06%	\$309,252.20	0.18%
\$15,000.01 - \$17,500.00	6	0.02%	\$93,662.06	0.06%
\$17,500.01 - \$20,000.00	1	0.00%	\$14,408.36	0.01%
<b>Total:</b>	<b>38,793</b>	<b>100%</b>	<b>\$168,540,824.89</b>	<b>100.00%</b>

**Distribution of Loans by Remaining Term to Stated Maturity**

<b>Distribution of Loans in the Loan Pool by Remaining Term</b>	<b>Number of Loans</b>	<b>% of Number of Loans</b>	<b>Aggregate Current Loan Principal Balance</b>	<b>% of Aggregate Current Loan Principal Balance</b>
0.01 - 12.00	79	0.20%	\$154,475.41	0.09%
12.01 - 24.00	3,613	9.31%	\$10,563,476.11	6.27%
24.01 - 36.00	20,572	53.03%	\$78,176,931.41	46.38%
36.01 - 48.00	13,715	35.35%	\$73,342,122.51	43.52%
48.01 - 60.00	814	2.10%	\$6,303,819.45	3.74%
<b>Total:</b>	<b>38,793</b>	<b>100%</b>	<b>\$168,540,824.89</b>	<b>100.00%</b>

**Distribution of Loans by Original Term to Stated Maturity**

<b>Distribution of Loans in the Loan Pool by Original Term</b>	<b>Number of Loans</b>	<b>% of Number of Loans</b>	<b>Aggregate Current Loan Principal Balance</b>	<b>% of Aggregate Current Loan Principal Balance</b>
0.01 - 12.00	5	0.01%	\$15,515.93	0.01%
12.01 - 24.00	623	1.61%	\$1,753,271.17	1.04%
24.01 - 36.00	15,940	41.09%	\$51,354,972.80	30.47%
36.01 - 48.00	20,626	53.17%	\$103,226,734.30	61.25%
48.01 - 60.00	1,599	4.12%	\$12,190,330.69	7.23%
<b>Total:</b>	<b>38,793</b>	<b>100%</b>	<b>\$168,540,824.89</b>	<b>100.00%</b>

**Distribution of Loans by APR**

<b>Distribution of Loans in the Loan Pool by APR</b>	<b>Number of Loans</b>	<b>% of Number of Loans</b>	<b>Aggregate Current Loan Principal Balance</b>	<b>% of Aggregate Current Loan Principal Balance</b>
<= 20.000%	105	0.27%	\$665,232.70	0.39%
20.001% - 25.000%	2,165	5.58%	\$11,149,574.03	6.62%
25.001% - 27.500%	5,764	14.86%	\$28,232,849.64	16.75%
27.501% - 30.000%	13,842	35.68%	\$59,764,614.87	35.46%
30.001% - 33.000%	9,336	24.07%	\$34,899,991.89	20.71%
33.001% - 36.000%	7,581	19.54%	\$33,828,561.76	20.07%
<b>Total:</b>	<b>38,793</b>	<b>100%</b>	<b>\$168,540,824.89</b>	<b>100.00%</b>

**Distribution of Loans by Obligor State of Residence <sup>(1)</sup>**

<b>Distribution of Loans in the Loan Pool by State (or Other Jurisdiction) <sup>(1)</sup></b>	<b>Number of Loans</b>	<b>% of Number of Loans</b>	<b>Aggregate Current Loan Principal Balance</b>	<b>% of Aggregate Current Loan Principal Balance</b>
Texas	10,972	28.28%	\$44,892,592.17	26.64%
North Carolina	9,196	23.71%	\$36,104,433.51	21.42%
South Carolina	7,388	19.04%	\$33,122,859.98	19.65%
Oklahoma	3,361	8.66%	\$15,577,168.80	9.24%
Tennessee	2,187	5.64%	\$12,210,147.79	7.24%
Alabama	1,963	5.06%	\$10,440,046.30	6.19%
Virginia	1,749	4.51%	\$7,297,864.13	4.33%
Georgia	963	2.48%	\$4,232,912.06	2.51%
New Mexico	878	2.26%	\$4,089,418.01	2.43%
Other	136	0.35%	\$573,382.14	0.34%
<b>Total:</b>	<b>38,793</b>	<b>100%</b>	<b>\$168,540,824.89</b>	<b>100.00%</b>

<sup>(1)</sup> The Loan Obligor's state of residence was determined based on Regional Management's system of record.

**Distribution of Loans by FICO<sup>®</sup> Score at Origination**

<b>Distribution of Loans in the Loan Pool by FICO<sup>®</sup> Score at Origination</b>	<b>Number of Loans</b>	<b>% of Number of Loans</b>	<b>Aggregate Current Loan Principal Balance</b>	<b>% of Aggregate Current Loan Principal Balance</b>
<= 540	486	1.25%	\$1,977,394.90	1.17%
541 - 580	2,838	7.32%	\$11,548,994.09	6.85%
581 - 620	11,230	28.95%	\$46,990,642.86	27.88%
621 - 660	15,389	39.67%	\$67,592,060.99	40.10%
661 =>	8,850	22.81%	\$40,431,732.05	23.99%
<b>Total:</b>	<b>38,793</b>	<b>100%</b>	<b>\$168,540,824.89</b>	<b>100.00%</b>

**Distribution of Loans by Deferments in Last 12 Months**

<b>Distribution of Loans in the Loan Pool by Deferments in Last 12 Months</b>	<b>Number of Loans</b>	<b>% of Number of Loans</b>	<b>Aggregate Current Loan Principal Balance</b>	<b>% of Aggregate Current Loan Principal Balance</b>
0	35,403	91.26%	\$152,822,696.35	90.67%
1	1,975	5.09%	\$8,981,639.72	5.33%
2	1,415	3.65%	\$6,736,488.82	4.00%
<b>Total:</b>	<b>38,793</b>	<b>100%</b>	<b>\$168,540,824.89</b>	<b>100.00%</b>

**Distribution of Loans by Delinquency Status**

<b>Delinquency Status</b>	<b>Number of Loans</b>	<b>% of Number of Loans</b>	<b>Aggregate Current Loan Principal Balance</b>	<b>% of Aggregate Current Loan Principal Balance</b>
Current	38,278	98.67%	\$166,134,179.35	98.57%
30-59	515	1.33%	\$2,406,645.54	1.43%
<b>Total:</b>	<b>38,793</b>	<b>100%</b>	<b>\$168,540,824.89</b>	<b>100.00%</b>

## **Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases**

### *Conveyance of Initial Loans on the Closing Date*

On the Closing Date, the Seller will sell to the Depositor pursuant to the Loan Purchase Agreement its right, title and interest in, to and under (i) the Initial Loans (other than the 2018-1A SUBI Loans) and the Related Loan Assets and (ii) the 2018-1A SUBI Transferred Assets, which includes the 2018-1A SUBI Certificate (representing a beneficial interest in the 2018-1A SUBI Loans), including the right to receive all Collections with respect to the Loans after the Initial Cut-Off Date (collectively, together with certain related assets in accordance with the Loan Purchase Agreement, the “**Purchased Assets**”). The Depositor will purchase the Purchased Assets from the Seller for a purchase price agreed to by the Depositor and the Seller (such price, the “**Purchase Price**”), provided, that such price shall not (in the opinion of the Depositor) be materially less favorable to the Depositor than prices for transactions of a generally similar character at the time of the acquisition, taking into account the quality of the applicable Loans and related Purchased Assets conveyed from the Seller to the Depositor and other pertinent factors. In consideration for the Depositor’s purchase of such Purchased Assets on the Closing Date, the Depositor may use a combination of cash proceeds on hand from the sale of the Notes and capital contributions from the Seller, as sole equity member of the Depositor.

The Depositor, on the Closing Date, will then convey to the Issuer pursuant to the Sale and Servicing Agreement, all of its right, title and interest in, to and under (i) the Purchased Assets acquired by the Depositor from the Seller under the Loan Purchase Agreement on such date (including the right to receive all Collections with respect to the Purchased Assets after the Initial Cut-Off Date), (ii) all rights of the Depositor under the Loan Purchase Agreement, and (iii) all proceeds thereof (collectively, together with certain related assets in accordance with the Sale and Servicing Agreement, the “**Sold Assets**”), for a purchase price equal to the aggregate Purchase Price paid by the Depositor to the Seller in connection with the acquisition of such Purchased Assets under the Loan Purchase Agreement. In consideration for the Issuer’s purchase of the Sold Assets on the Closing Date, the Issuer, pursuant to the Sale and Servicing Agreement, will convey to the Depositor the Trust Certificate and the Notes. Pursuant to the Indenture, the Issuer will pledge all of its right, title and interest in the Sold Assets to the Indenture Trustee for the benefit of the Noteholders to secure the Notes.

With respect to the portion of the Loan Pool constituting 2018-1A SUBI Loans, Regional North Carolina has previously contributed and/or will contribute on the Closing Date and from time to time thereafter such Loans to the North Carolina Trust pursuant to the Transfer and Contribution Agreement. Such contributions by Regional North Carolina of North Carolina Loans to the North Carolina Trust are made in consideration of an increase in the value of the UTI Certificate, which amount shall not be less than the reasonably equivalent value of such Loans. Pursuant to the 2018-1A SUBI Supplement, North Carolina Loans to be included in the Loan Pool are subsequently allocated from the UTI or another SUBI to the 2018-1A SUBI pursuant to the 2018-1A SUBI Supplement. Consideration for such allocation will be an amount equal to the amount contributed by Regional North Carolina therefor less any amounts received by the North Carolina Trust constituting collections thereon since the date of the related contribution by Regional North Carolina to the North Carolina Trust. On the Closing Date, pursuant to the 2018-1A Security Agreement, each of the North Carolina Trust and the Issuer, as 2018-1A SUBI Holder, will pledge and assign all of their respective rights, title and interests in the 2018-1A SUBI Loans and Related Loan Assets to the Indenture Trustee for the benefit of the Noteholders to secure the Notes.

The Servicer will deliver or cause to be delivered to the Issuer a schedule (which schedule may take the form of a computer file, a list or another tangible medium that is commercially reasonable) identifying the Loans purchased by the Issuer (or in the case of the 2018-1A SUBI Loans, allocated to the 2018-1A SUBI) on the Closing Date.

### *Conveyances of Additional Loans during the Revolving Period*

From time to time following the Closing Date until the end of the Revolving Period, (i) the Seller may, in its discretion, sell Additional Loans (other than North Carolina Loans) and the Related Loan Assets to the Depositor pursuant to the Loan Purchase Agreement, which the Depositor may in turn convey to the Issuer pursuant to the Sale and Servicing Agreement and (ii) the Issuer may purchase such Additional Loans from the Depositor or cause the allocation of Additional Loans (in the case of North Carolina Loans) from the UTI or another SUBI to the 2018-1A SUBI pursuant to the 2018-1A SUBI Supplement. In consideration for such purchase and/or allocation of Additional Loans, the Issuer may use (i) cash on hand available for such purpose under the Indenture, including funds on deposit in the Collection Account

or the Principal Distribution Account, and (ii) with respect to Additional Loans purchased from the Depositor only (which, for the avoidance of doubt, will not include the North Carolina Loans), for so long as the Depositor is the holder of the Trust Certificate, increases to the value thereof. Any conveyance of Additional Loans will occur on a Loan Action Date and the Cut-Off Date with respect to any such Additional Loans will be the date specified in the related Additional Loan Assignment, which in each case will be the close of business on the last day of the Collection Period immediately preceding such Loan Action Date, unless otherwise specified. As further described below, it shall be a condition to any such subsequent conveyance of the Loans to the Issuer (or with respect to the North Carolina Loans, allocation to the 2018-1A SUBI) on any Loan Action Date that after giving effect thereto, no Reinvestment Criteria Event is outstanding. Sales of Additional Loans (or the allocation of additional 2018-1A SUBI Loans to the 2018-1A SUBI) will be subject to certain other conditions set forth in the Transaction Documents and in connection therewith, the transferor (or with respect to the North Carolina Loans to be allocated to the 2018-1A SUBI, the Servicer) will represent that: (i) as of the related Addition Date, no Insolvency Event shall have occurred with respect to such transferor (or in the case of the North Carolina Loans, with respect to Regional North Carolina or the North Carolina Trust); (ii) as of the related Addition Date, the Revolving Period was then in effect; (iii) as of the related Addition Date, such transferor reasonably believed that the transfer of such Loan (or in the case of 2018-1A SUBI Loans, allocation to the 2018-1A SUBI) would not result in an Adverse Effect; (iv) such transferor shall not have used selection procedures reasonably believed by it to be materially adverse to the interests of the transferee, the Issuer or any Class of Noteholders in selecting such Additional Loans; (v) such transfer of such Additional Loan was not made in contemplation of the occurrence of an Insolvency Event with respect to such transferee (or in the case of the North Carolina Loans, with respect to Regional North Carolina or the North Carolina Trust) and (vi) on or before the applicable Addition Date, such transferor shall have given written notice (unless such notice requirement is otherwise waived) specifying, with respect to the applicable Addition Date, the expected number of Additional Loans to be sold by such transferor on such Addition Date (or in the case of the 2018-1A SUBI Loans, allocated by the Servicer to the 2018-1A SUBI) and the expected aggregate Loan Principal Balances outstanding of such Additional Loans.

The Servicer will deliver or cause to be delivered to the Issuer no later than the Monthly Determination Date following the end of each Collection Period, an updated Loan Schedule reflecting (A) the then current list of Loans purchased by the Issuer or allocated to the 2018-1A SUBI as of the close of business on the last day of such Collection Period and (B) all Additional Loans acquired by the Issuer or allocated to the 2018-1A SUBI in connection with the conveyance or allocation of an Additional Loan on any Addition Date occurring before such Monthly Determination Date but after the end of the immediately preceding Collection Period; *provided that* any such updated Loan Schedule will exclude any Loans reassigned or reallocated from the Trust Estate in connection with any Issuer Loan Release.

#### *Loan Level Representations and Warranties*

In connection with the transfer of any Loans by the Seller to the Depositor (or in the case of the 2018-1A SUBI Loans, the allocation of the 2018-1A SUBI Loans to the 2018-1A SUBI), the Seller (or in the case of the 2018-1A SUBI Loans, the Seller in its capacity as Servicer thereof pursuant to the 2018-1A SUBI Servicing Agreement) will make, with respect to each Loan sold by it (or, in the case of the 2018-1A SUBI Loans, allocated to the 2018-1A SUBI by the Servicer in accordance with the 2018-1A SUBI Supplement, the Servicer will make), the following representations and warranties as of the Closing Date with respect to each Initial Loan and the Related Loan Assets, and as of the applicable Addition Date with respect to each Additional Loan and the Related Loan Assets (the “**Loan Level Representations**”):

1. (A) With respect to a Loan other than a North Carolina Loan, immediately prior to the sale and assignment to the Depositor, (i) the Seller has sole and exclusive ownership of such Loan and any Related Loan Assets free and clear of any Lien (other than any Permitted Lien), (ii) the Loan Purchase Agreement effects a valid sale to the Depositor of such Loan and the Related Loan Assets free and clear of any Liens (other than any Permitted Lien), (iii) upon the Closing Date or Addition Date, as applicable, with respect to such Loan, (a) there will be vested in the Depositor sole and exclusive ownership of such Loan and all Related Loan Assets free and clear of any Lien (other than any Permitted Lien) of any Person claiming through or under the Seller and in compliance with all Requirements of Law applicable to the Seller and (b) there will have been effected a valid assignment of the Seller’s interest in such Loan and all Related Loan Assets, enforceable against the Seller and, upon the filing of all appropriate UCC financing statements, against all other persons, including creditors of and all other entities that have purchased or will purchase assets from the Seller, (iv) no filings, notices or other compliance with any bulk sales provisions of the UCC or other applicable Requirements of Law in respect of bulk sales are required to be made by the Seller, the Depositor or

any Affiliate thereof and (v) such Loan is not subject to any right of set off or similar right, and (B) with respect to a North Carolina Loan only, (i) immediately prior to the contribution and assignment to the North Carolina Trust, Regional North Carolina has sole and exclusive ownership of such North Carolina Loan and any related Contributed Assets free and clear of any Lien (other than any Permitted Lien), (ii) the Transfer and Contribution Agreement effects a valid contribution to the North Carolina Trust of such North Carolina Loan and the related Contributed Assets free and clear of any Liens (other than any Permitted Lien), (iii) upon the Closing Date or Addition Date, as applicable, with respect to each North Carolina Loan to be allocated to the 2018-1A SUBI, (a) there will be vested in the North Carolina Trust sole and exclusive ownership of such Loan and all related 2018-1A SUBI Assets free and clear of any Lien (other than any Permitted Lien) of any Person claiming through or under Regional North Carolina and in compliance with all Requirements of Law applicable to Regional North Carolina and (b) there will have been effected a valid assignment of Regional North Carolina's interest in such Loan and all related 2018-1A SUBI Assets, enforceable against Regional North Carolina and, upon the filing of all appropriate UCC financing statements, against all other persons, including creditors of and all other entities that have purchased or will purchase assets from Regional North Carolina, (iv) no filings, notices or other compliance with any bulk sales provisions of the UCC or other applicable Requirements of Law in respect of bulk sales are required to be made by the Regional North Carolina, the North Carolina Trust or any Affiliate thereof and (v) such Loan is not subject to any right of set off or similar right.

2. All consents, licenses, approvals or authorizations of, or registrations or declarations with, any Governmental Authority that are required in connection with the sale of such Loan and the Related Loan Assets (or in the case of the 2018-1A SUBI Loans, the allocation of such Loan and related 2018-1A SUBI Assets) or in order for the Depositor (or in the case of the 2018-1A SUBI Loans, the Issuer) or any transferee thereof to realize all rights and benefits with respect to such Loan and the Related Loan Assets, in each case have been obtained or made by it or an Affiliate thereof and are fully effective.
3. It has not used any selection procedure adverse to the interests of the Depositor (or in the case of the 2018-1A SUBI Loans, the North Carolina Trust), its transferees or the Noteholders in selecting the related Loans to be sold under the Loan Purchase Agreement (or in the case of the 2018-1A SUBI Loans, allocated to the 2018-1A SUBI) on the Closing Date or such Addition Date, as applicable.
4. The Loan Schedule (as supplemented by any applicable additional Loan Schedule) identifies each Loan conveyed by the Seller to the Depositor or allocated to the 2018-1A SUBI, as applicable, on the Closing Date or such Addition Date, as applicable.
5. As of the applicable Cut-Off Date, such Loan was an Eligible Loan.
6. Such Loan complies in all material respects with the terms of the applicable Contract.
7. The Contract for such Loan is a legal, valid and binding obligation of the applicable Regional Originator thereunder and the related Loan Obligor and any guarantor or co-signer named therein, in each case enforceable in accordance with its terms (except as enforceability may be limited by Debtor Relief Laws or general principles of equity), and, to its knowledge, is not subject to offset, recoupment, adjustment or any other claim.
8. It or an Affiliate thereof has in its possession all original copies of the instruments and tangible chattel paper (if any) that constitute or evidence such Loan on the Closing Date or such Addition Date, as applicable.
9. None of the tangible chattel paper that constitute or evidence such Loan on the Closing Date or such Addition Date, as applicable, has any stamps, marks or notations indicating that such Loan has been pledged, assigned or otherwise conveyed to any Person other than the Seller, the North Carolina Trust, the Depositor, the Issuer or the Indenture Trustee, other than any such stamps, marks or notations that relate to a pledge, assignment, conveyance or other interest that has been cancelled, terminated or voided (or if such stamp, mark or notation is in the name of Bank of America, N.A. as agent under the

ABL Facility, the Issuer has the right to cancel or void such stamp or mark without the consent of Bank of America, N.A. and Bank of America, N.A. has released in writing its lien on such contract).

10. The Contract for such Loan is freely assignable and such Contract does not require the approval or consent of any related Loan Obligor or any other person to effectuate the valid assignment of the same by the Regional Originator, the Seller, the North Carolina Trust or any Affiliate thereof.
11. Such Loan has been serviced and at all times maintained in accordance with the Credit and Collection Policy by it or an Affiliate thereof.
12. Such Loan arises from or in connection with a *bona fide* sale or loan transaction (including any amounts in respect of interest amounts and other charges and fees assessed on such Loan).
13. Each Loan Obligor of such Loan is an individual, and such Loan has not been entered into with any corporation, partnership, association or other similar entity.
14. Such Loan, the related Contract and all other related documents comply in all material respects with all Requirements of Law. It and each Affiliate thereof has complied in all material respects with all applicable Requirements of Law with respect to the origination, marketing, maintenance and servicing of such Loan and the disclosures in respect thereof including any change in the terms of such Loan. The interest rates, fees and charges in connection with such Loan comply, in all material respects, with all Requirements of Law.
15. (A) It or an Affiliate thereof has performed all obligations required to be performed by it or any Affiliate to date under the related Contract, and all actions of it or an Affiliate thereof taken with respect to such Contract prior to the Closing Date or the related Addition Date, as applicable, have been in compliance, in all material respects, with such Contract; (B) neither the Seller nor any Affiliate is in default under such Contract; and (C) no event has occurred under such Contract that, with the lapse of time or action by the applicable Loan Obligor or any third party, is reasonably likely to result in a material default by it or any Affiliate under, any such Contract.
16. It and each Affiliate thereof (A) has complied in all material respects with the Credit and Collection Policy relating to such Loan at all times; (B) has not entered into any transaction or made any commitment or agreement in connection with such Loan, other than in the ordinary course of such person's business consistent in all material respects with the Credit and Collection Policy as in effect on the date of such transaction, commitment or agreement; and (C) has not amended the terms of any related Contract except in accordance in all material respects with the Credit and Collection Policy relating to such Loan as in effect on the date of such amendment.
17. Neither it nor any Affiliate thereof has any known material obligations, commitments or other liabilities, absolute or contingent, relating to such Loan or the Related Loan Assets.
18. It or an Affiliate thereof has properly and timely filed all foreign, federal, state, county, local and other tax returns, including information returns required by law to be filed prior to the Closing Date or the applicable Addition Date with respect to such Loan and the Related Loan Assets and has withheld, paid or accrued all amounts shown thereon to be due that are due prior to the applicable Cut-Off Date or accrue prior to such time.
19. The related Contract, together with its other records relating to such Loan are complete in all material respects and, upon conveyance thereof to the Depositor under the Loan Purchase Agreement (or in the case of a 2018-1A SUBI Loan, allocation to the 2018-1A SUBI), the Custodian will be in possession of all documents necessary to enforce the rights and remedies of the Regional Originator (as assigned in accordance with the Transaction Documents) in respect of such Loan against the Loan Obligor in accordance with the related Contract.

20. No transfer of such Loan and Related Loan Assets to the Depositor (or in the case of a 2018-1A SUBI Loan, no allocation of such 2018-1A SUBI Loan and related 2018-1A SUBI Assets) is being made with intent to hinder, delay or defraud any of its creditors.
21. To the extent that any Contract relating to such Loan constitutes an instrument or tangible chattel paper (each within the meaning of Section 9-102 of the UCC), there is only one original of such executed Contract.
22. (I) (A) With respect to any Initial Loan, either (x) the Imaged File for such Initial Loan shall have been delivered to the Image File Custodian on or prior to the Closing Date or (y) to the extent that such Loan is a Hard Secured Loan for which the related certificate of title has not yet been issued, (i) the documents specified in clause (a) of the definition of Imaged File have been delivered to the Image File Custodian and (ii) a valid application for the certificate of title and the applicable fee have been delivered to the appropriate authority in accordance with 9-303(b) of the UCC, in each case, on or prior to the Closing Date (*provided, however*, that this clause (A)(y)(ii) shall be deemed breached if such documents are not delivered to the Image File Custodian within fifteen (15) days after the issuance by the applicable authority thereof); and (B) with respect to any Additional Loan, it shall have delivered (or caused to be delivered) either (x) the Imaged File for such Additional Loan to the Image File Custodian on or prior to the applicable Addition Date or (y) to the extent that such Loan is a Hard Secured Loan for which the related certificate of title has not yet been issued by the appropriate authority, (i) the documents specified in clause (a) of the definition of Imaged File have been delivered to the Image File Custodian and (ii) a valid application for the certificate of title and the applicable fee have been delivered to the appropriate authority in accordance with 9-303(b) of the UCC, in each case, on or prior to the applicable Addition Date (*provided, however*, that this clause (B)(y)(ii) shall be deemed breached if such documents are not delivered to the Image File Custodian within fifteen (15) days after the issuance by the applicable authority thereof); and (II) in connection with any such delivery of one or more Imaged Files to the Image File Custodian, it shall specify (or cause to be specified) the Loans to which such delivered Imaged Files relate.
23. (A) With respect to a Loan other than a 2018-1A SUBI Loan, the Loan Purchase Agreement, all documents or instruments delivered pursuant to the Loan Purchase Agreement by or with reference to the Seller or any transaction under the Loan Purchase Agreement, including any Additional Loan Assignment and the assignment agreement (the "Conveyance Papers") and any statement, report or other document furnished pursuant to the Loan Purchase Agreement or during the Depositor's due diligence with respect to the Loan Purchase Agreement and the Conveyance Papers, including documents and information in magnetic or electronic form, are true and correct in all material respects and do not contain any untrue statement of fact by the Seller or omit to state a fact necessary to make the statements of the Seller contained in the Loan Purchase Agreement or therein, in light of the circumstances under which such statements were made, not misleading, and (B) with respect to a 2018-1A SUBI Loan only, the 2018-1A SUBI Supplement and the 2018-1A SUBI Servicing Agreement, all documents or instruments delivered pursuant to the 2018-1A SUBI Supplement and the 2018-1A SUBI Servicing Agreement by or with reference to the Servicer or any transaction under such agreements, including any allocation notice or reallocation notice and any statement, report or other document furnished pursuant to such 2018-1A SUBI Supplement and the 2018-1A SUBI Servicing Agreement or during the Servicer's due diligence with respect to such agreement, including documents and information in magnetic or electronic form, are true and correct in all material respects and do not contain any untrue statement of fact by the Servicer or omit to state a fact necessary to make the statements of the Servicer contained in either the 2018-1A SUBI Supplement and the 2018-1A SUBI Servicing Agreement or therein, in light of the circumstances under which such statements were made, not misleading.
24. (i) (x) The Loan Purchase Agreement creates a valid and continuing ownership or security interest (as defined in the applicable UCC) in the 2018-1A SUBI Certificate and such Loan (other than a 2018-1A SUBI Loan) sold by the Seller in favor of the Depositor, which security interest or ownership interest is prior to all other Liens, and is enforceable as such as against creditors of and purchasers from the Seller, and (y) with respect to a 2018-1A SUBI Loan only, the Transfer and Contribution Agreement creates a valid and continuing ownership or security interest (as defined in the applicable UCC) in such

2018-1A SUBI Loan transferred by Regional North Carolina to the North Carolina Trust, which security interest or ownership interest is prior to all other Liens, and is enforceable as such as against creditors of and purchasers from Regional North Carolina;

(ii) such Loan constitutes “tangible chattel paper,” “electronic chattel paper,” “payment intangibles,” “accounts,” “instruments” or “general intangibles” within the meaning of the UCC;

(iii) (x) with respect to a Loan other than a 2018-1A SUBI Loan, the Seller owns and has good and marketable title to such Loan and the related Purchased Assets sold by the Seller free and clear of any Lien, claim or encumbrance of any Person and (y) with respect to a 2018-1A SUBI Loan, the North Carolina Trust owns and has good and marketable title to such 2018-1A SUBI Loan, free and clear of any Lien, claim or encumbrance of any Person (in each case, other than any Permitted Liens);

(iv) it has received all consents and approvals to the sale of each Loan required by the terms of the applicable Contract to the extent that it constitutes an instrument;

(v) it has caused or will cause, within ten (10) days after the Closing Date, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the sale of and the security interest in the Purchased Assets sold by the Seller to the Depositor (or with respect to the 2018-1A SUBI Loans, the 2018-1A SUBI Assets contributed by Regional North Carolina to the North Carolina Trust), and if any additional such filing is necessary in connection with any transfer of Additional Loans, it will cause such filings to be made within ten (10) days of the applicable Addition Date; all such financing statements referred to in this paragraph contain a statement that: “A purchase of or security interest in any collateral described in this financing statement will violate the rights of the Secured Party/Purchaser”;

(vi) (a) Other than the security interest granted and the conveyance to the Depositor pursuant to the Loan Purchase Agreement, it has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any Purchased Assets sold by the Seller (other than any such pledge, assignment, sale, grant or conveyance that is no longer effective); and

(b) it has not authorized the filing of, and is not aware of, any financing statements against the Seller that include a description of collateral covering any Loans other than any financing statement (1) relating to the conveyance of the Loans by the Warehouse Borrower to the Seller under the Purchase Agreement, (2) relating to the conveyance of the 2018-1A SUBI Certificate by Regional North Carolina to the Seller under the SUBI Certificate Purchase Agreement, (3) relating to the pledge of the 2018-1A SUBI Assets by each of the North Carolina Trust and the Issuer to the Indenture Trustee, (4) relating to the conveyance of the 2018-1A SUBI Certificate and the Loans (other than the 2018-1A SUBI Loans) by the Seller to the Depositor pursuant to the Loan Purchase Agreement, (5) relating to the conveyance of Loans by the Depositor to the Issuer pursuant to the Sale and Servicing Agreement, (6) relating to the security interest granted to the Indenture Trustee under the Indenture or (7) that has been terminated;

(vii) it is not aware of any material judgment, ERISA or tax lien filings against it;

(viii) the Seller (or any Affiliate thereof) has in its possession all original copies of the instruments and tangible chattel paper that constitute or evidence each Loan sold by it (or in the case of a 2018-1A SUBI Loan, allocated to the 2018-1A SUBI); and none of the tangible chattel paper that constitute or evidence such Loan has any stamps, marks or notations indicating that such Loan has been pledged, assigned or otherwise conveyed to any Person other than the Seller, the North Carolina Trust, the Depositor, the Issuer or the Indenture Trustee, other than any such stamps, marks or notations that relate to a pledge, assignment, conveyance or other interest that has been cancelled, terminated or voided (or if such stamp, mark or notation is in the name of Bank of America, N.A. as agent under the ABL Facility, the Issuer has the right to cancel or void such stamp or mark without the consent of Bank of America, N.A. and Bank of America, N.A. has released in writing its lien on such contract); and

(ix) To the extent that any Contract relating to a Loan constitutes “electronic chattel paper” within the meaning of Section 9-102 of the UCC, there is only one single “authoritative copy” (as such term is

used in Section 9-105 of the UCC) of each electronic “record” constituting or forming a part of such Contract that is “electronic chattel paper,” the record or records composing the “electronic chattel paper” are created, stored and assigned in such a manner that (A) a single authoritative copy of the record or records exists which is unique, identifiable and unalterable (other than a revision that is readily identifiable as an authorized or unauthorized revision), (B) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy, (C) the authoritative copy has been communicated to and is maintained by the electronic vault provider, (D) it does not have any marks or notations indicating that such Contract has been pledged, assigned or otherwise conveyed to any Person other than the Seller, the Depositor, the Issuer, the North Carolina Trust or the Indenture Trustee and (E) none of the Seller, the Servicer, the electronic vault provider or any other Person has communicated an “authoritative copy” (as such term is used in Section 9-105 of the UCC) of any such Contract to any Person other than the Servicer or any entity to which the Servicer has delegated servicing duties.

Notwithstanding any other provision of the Loan Purchase Agreement or any other Transaction Document, the perfection representations, warranties and covenants contained in the foregoing clauses 24(i) through (ix) (the “**Perfection Representations**”) shall be continuing, and remain in full force and effect until such time as all obligations under the Indenture have been finally and fully paid and performed. In connection with each conveyance of Loans and other related Sold Assets by the Depositor to the Issuer under the Sale and Servicing Agreement, the Depositor will make representations and warranties with respect to the conveyed Loans that are parallel to the Loan Level Representations set forth above. In addition, the Depositor (with respect to the Loans other than the 2018-1A SUBI Loans), and the Servicer (with respect to the assets allocated to the 2018-1A SUBI) will also make representations and warranties to the following effect:

- (1) (A) with respect to the Initial Loans (other than the 2018-1A SUBI Loans) and the 2018-1A SUBI Certificate, on the Closing Date, and with respect to any Additional Loans (other than the 2018-1A SUBI Loans), upon the applicable Addition Date, the Sale and Servicing Agreement constitutes a valid sale, transfer, assignment and conveyance to the Issuer of all right, title and interest of the Depositor in the Loans conveyed to the Issuer by the Depositor and the proceeds thereof or, if the Sale and Servicing Agreement does not constitute a sale of such property, it constitutes a grant of a security interest in such property to the Issuer, which is enforceable upon execution and delivery of the Sale and Servicing Agreement in the case of the Initial Loans, and upon such Addition Date in the case of any Additional Loans, and (ii) upon the filing of the applicable financing statements, the Issuer will have a first priority perfected security or ownership interest in such property and proceeds, and (B) (i) with respect to the assets allocated to the 2018-1A SUBI, the 2018-1A Security Agreement constitutes a valid grant of a security interest in all right, title and interest of each of the Issuer and the North Carolina Trust in the 2018-1A SUBI Assets and the proceeds thereon, which is enforceable upon execution and delivery of the 2018-1A Security Agreement, and (ii) upon the filing of the applicable financing statements, the Indenture Trustee will have a first priority perfected security or ownership interest in such property and proceeds;
- (2) (A) other than the security interest granted and the conveyance to the Issuer pursuant to the Sale and Servicing Agreement, the Depositor has not pledged, assigned, sold, granted a security interest in or otherwise conveyed any of the Sold Assets, and (B) other than the security interest granted to the Indenture Trustee pursuant to the 2018-1A Security Agreement, the North Carolina Trust has not pledged, assigned, sold, granted a security interest in or otherwise conveyed any interest in any 2018-1A SUBI Assets; and
- (3) representations and warranties consistent with the Perfection Representations, except speaking, in each case, (A) with respect to Loans other than the 2018-1A SUBI Loans, as to the transfer from the Depositor to the Issuer and to the Sale and Servicing Agreement, as applicable, and (B) with respect to the assets allocated to the 2018-1A SUBI, as to the grant of a security interest to the Indenture Trustee by the North Carolina Trust and the Issuer and to the 2018-1A Security Agreement, as applicable.

Pursuant to the Transaction Documents, the Rating Agency is required to be provided prompt written notice of any material breach of the Perfection Representations and neither the Issuer nor the Depositor will be permitted, without satisfying the Rating Agency Notice Requirement, to waive any of the Perfection Representations or any breach thereof.

The Loan Level Representations will survive the sale of the Loans and related Purchased Assets to the Depositor (or with respect to the 2018-1A SUBI Loans and the related 2018-1A SUBI Assets, the contribution thereof to the North Carolina Trust and the allocation thereof to the 2018-1A SUBI) and will be continuing, and remain in full force and effect until such time as all obligations under the Indenture have been finally and fully paid and performed.

### *Repurchase Obligations*

With respect to a Loan sold to the Depositor by the Seller (which, for the avoidance of doubt, will not include the 2018-1A SUBI Loans), upon the obtaining of actual knowledge of, or the receipt of written notice by, the Seller, the Indenture Trustee or the Depositor that any of the representations or warranties described above under the heading “—*Loan Level Representations and Warranties*” was not true at the time such representation or warranty was made, which materially adversely affects the interests of the Noteholders in such Loan, such party will give written notice of such breach to the Seller and to the Depositor and the Indenture Trustee (it being understood that the discovering party shall not be required to notify itself). The Seller will have forty-five (45) days after receipt of such notice or the obtaining of actual knowledge of such breach or failure to cure such breach or failure in all material respects or purchase or cause to be purchased the Loan for an amount equal to the Repurchase Price on the initial Payment Date following the Collection Period in which such forty-five-day period expires by paying such Repurchase Price to the Depositor on such Payment Date. Further, upon obtaining of actual knowledge of, or the receipt of written notice by, the Indenture Trustee or the Issuer of a breach of any such representation or warranty of the Depositor regarding a Loan (as remade by the Depositor under the Sale and Servicing Agreement) that materially adversely affects the interests of the Noteholders in such Loan, such party will give written notice of such breach to the Seller, the Depositor, the Issuer and the Indenture Trustee (it being understood that the discovering party shall not be required to notify itself); provided, that the Indenture Trustee shall not be deemed to have discovered, or deemed to have notice or knowledge of, any event, including, without limitation, with respect to a breach of any of the representations and warranties set forth in the Sale and Servicing Agreement or any other Transaction Document, unless a Responsible Officer of the Indenture Trustee has actual knowledge or shall have received written notice thereof. Upon receipt of such notice, the Depositor must exercise its rights under the Loan Purchase Agreement to require the Seller to either cure such breach or failure in all material respects within forty-five (45) days after receipt of such notice or the obtaining of actual knowledge of such breach, or, if the Seller does not so cure such breach or failure within the forty-five-day period, require the Seller to repurchase the related Loan at the Repurchase Price therefor on the initial Payment Date following the Collection Period in which such forty-five-day period expires by paying such Repurchase Price to the Issuer on such Payment Date.

With respect to a 2018-1A SUBI Loan, upon the obtaining of actual knowledge of, or the receipt of written notice by, the Servicer, the North Carolina Trust, the Issuer or the Indenture Trustee that any of the representations or warranties described above under the heading “—*Loan Level Representations and Warranties*” was not true at the time such representation or warranty was made, which materially adversely affects the interests of the Noteholders in such Loan, such party will give written notice to the other parties (it being understood that the discovering party shall not be required to notify itself); provided, that the Indenture Trustee shall not be deemed to have discovered, or deemed to have notice or knowledge of, any event, including, without limitation, with respect to a breach of any of the representations and warranties set forth in the Sale and Servicing Agreement or any other Transaction Document, unless a Responsible Officer of the Indenture Trustee has actual knowledge or shall have received written notice thereof. The Servicer will have forty-five (45) days after receipt of such notice or the obtaining of actual knowledge of such breach or failure to cure such breach or failure in all material respects or purchase or cause to be purchased (or reallocate or cause to be reallocated from the 2018-1A SUBI to the UTI another SUBI) the Loan for an amount equal to the Repurchase Price on the initial Payment Date following the Collection Period in which such forty-five-day period expires by paying (or, in the event of a reallocation from the 2018-1A SUBI to the UTI or another SUBI, causing the Initial Beneficiary to pay) such Repurchase Price to the Issuer on such Payment Date.

The cure or repurchase and/or reallocation obligations described above will constitute the sole remedy available to the Noteholders or the Indenture Trustee with respect to a breach of the Loan Level Representations and related representation and warranties set forth in the preceding section.

### **Loan Actions**

Except as noted below, on any Loan Action Date during the Revolving Period, after giving effect to any payments, distributions and allocations pursuant to the Priority of Payments, the Issuer may do one or more of the following (each, a “**Loan Action**”):

1. acquire Additional Loans in accordance with the Sale and Servicing Agreement and the 2018-1A SUBI Supplement, as applicable;
2. other than by using amounts on deposit in the Principal Distribution Account or any other portion of the Trust Estate, acquire one or more Additional Loans, in each case in accordance with the Sale and Servicing Agreement;
3. designate any Loan that was not a Charged-Off Loan or a Delinquent Loan, in each case as of the last day of the most recently ended Collection Period, as an “Excluded Loan” with respect to such Loan Action Date for all purposes of the Indenture (any such loan, an “**Excluded Loan**”);
4. designate any Excluded Loan that was not a Charged-Off Loan or a Delinquent Loan, in each case as of the last day of the most recently ended Collection Period as not an “Excluded Loan” for all purposes of the Indenture; or
5. cause any Loan that was not a Charged-Off Loan or a Delinquent Loan, in each case as of the last day of the most recently ended Collection Period to be released from the lien of the Indenture and reassigned to the Depositor (or in the case of the 2018-1A SUBI Loans, reallocated from the 2018-1A SUBI to the UTI or another SUBI) with such reassignment or reallocation to be effective on such Loan Action Date (any such Loan, a “**Reassigned Loan**” and any such release, an “**Issuer Loan Release**”).

No Loan Actions will be permitted in connection with any Loan Action Date unless no Reinvestment Criteria Event will exist after giving effect to all such Loan Actions on such Loan Action Date. In addition, each acquisition of Additional Loans and each Issuer Loan Release must meet the conditions related thereto in the Sale and Servicing Agreement. See “*Description of the Loans—Direction of Loan Actions*” in this private placement memorandum. If a Reinvestment Criteria Event is outstanding as of three (3) consecutive Loan Action Dates and remains outstanding on such third Loan Action Date, then an Early Amortization Event shall be deemed to occur and such third Loan Action Date (and, for the avoidance of doubt, the Payment Date on which such Loan Action Date occurs) will be deemed to fall within the amortization period.

For the avoidance of doubt, any Loan designated as an “Excluded Loan” and Collections thereon will remain part of the Trust Estate and continue to be subject to the lien of the Indenture Trustee for the benefit of the Noteholders. No Loan Action may occur on any date other than a Loan Action Date.

There can be no assurance that any Additional Loans acquired by the Issuer will be of the same credit quality as the Loans conveyed to the Issuer on the Closing Date or any date thereafter. See “*Risk Factors—Risks Relating to Regional’s Business and Operations—Modifications to the Credit and Collection Policy may result in changes to the performance of the Loan Pool and the servicing of the Loans*” in this private placement memorandum.

A “**Reinvestment Criteria Event**” means, for any Loan Action Date, the existence of any of the following, as determined based on the Loan Principal Balance and other characteristics of each Loan in the applicable Loan Action Date Loan Pool as of the end of the Collection Period relating to such Loan Action Date:

1. the aggregate Loan Action Date Loan Principal Balance (as defined herein) of (i) all Single State Originated Loans (as defined herein) in the Loan Action Date Loan Pool (as defined herein) for the Top Three States (as defined herein) for such Loan Action Date shall exceed 80.0% of the Loan Action Date Aggregate Principal Balance or (ii) all Single State Originated Loans in the Loan Action Date Loan Pool for any single State shall exceed 35.0% of the Loan Action Date Aggregate Principal Balance;
2. the aggregate Loan Action Date Loan Principal Balance of all Single State Originated Loans in the Loan Action Date Loan Pool for any single State (other than any Top Three State for such Loan Action Date) shall exceed 17.5% of the Loan Action Date Aggregate Principal Balance;
3. the Weighted Average Coupon for such Loan Action Date shall be less than 24.0%;
4. the Weighted Average Loan Remaining Term for such Loan Action Date shall exceed 45 months;

5. the aggregate Loan Action Date Loan Principal Balance of all Loans in the Loan Action Date Loan Pool that had an original term of greater than 60 months shall exceed 5.0% of the Loan Action Date Aggregate Principal Balance;
6. the aggregate Loan Action Date Loan Principal Balance of all Loans in the Loan Action Date Loan Pool that have received a payment deferral during the Collection Period relating to such Loan Action Date shall exceed 10.0% of the Loan Action Date Aggregate Principal Balance;
7. the aggregate Loan Action Date Loan Principal Balance of all Loans in the Loan Action Date Loan Pool, the Loan Obligors of which have a FICO® score at the time of origination within any “FICO® Score Range” listed below, shall exceed the percentage of the Loan Action Date Aggregate Principal Balance set forth in the table below opposite such “FICO® Score Range;” and

<u>FICO® Score Range</u>	<u>Percentage</u>
Less than 541	8.0%
Less than 581	22.0%
Less than 621	55.0%
Less than 661	90.0%

8. an Overcollateralization Event (as defined herein) exists.

An “**Overcollateralization Event**” shall mean, for any Loan Action Date, after giving effect to all Loan Actions to be taken on such Loan Action Date and all payments and distributions to be made in accordance with the Priority of Payments and all principal payments to be made on the Notes, in each case, on the Payment Date that occurs on such Loan Action Date, (a) the Loan Action Date Aggregate Principal Balance minus the Required Overcollateralization Amount is less than (b) the Aggregate Note Balance minus the amounts on deposit in the Principal Distribution Account.

#### **Direction of Loan Actions**

Generally, under the terms of the Sale and Servicing Agreement, the Servicer, at the direction of the Depositor or the Initial Beneficiary, as applicable, may, during the Revolving Period, require that the Issuer take one or more Loan Actions on any Loan Action Date, subject to the satisfaction of the applicable conditions set forth above in “—*Loan Actions*” in this private placement memorandum. Additionally, the reassignment of Reassigned Loans is conditioned upon (i) the Issuer and the Servicer (at the direction of the Depositor or the Initial Beneficiary, as applicable) selecting the related Reassigned Loans only in a manner that the Issuer and the Servicer reasonably believes is not materially adverse to the interests of any Class of Noteholders, (ii) the Issuer receiving the Reassignment Price for such Reassigned Loans (such Reassignment Price can be paid either by a deposit of immediately available funds into the Principal Distribution Account or, with respect to Reassigned Loans other than 2018-1A SUBI Loans, if the Depositor is holding the Trust Certificate, through an adjustment to the value of the trust certificate, if such adjustment is available, in which case the Issuer will not receive a cash payment; *provided that*, no adjustment to the value of the Trust Certificate may cause non-compliance with Regulation RR), (iii) no Reinvestment Criteria Event existing, in each case, after giving effect to all Loan Actions that occur on such Loan Action Date and (iv) after giving effect to all Loan Actions taken on the respective Loan Action Dates on which such optional reassignment (or in the case of the 2018-1A SUBI Loans, reallocation of such 2018-1A SUBI Loans from the 2018-1A SUBI) occurs, the aggregate of the Loan Principal Balances of all Reassigned Loans measured as of the Loan Action Date on which such Loans became Reassigned Loans for such Loan Action Date and the preceding eleven (11) consecutive Collection Periods (or if shorter the most recently ended period of consecutive Collections Periods since the Closing Date) (in each case, measured as of the end of the most recently ended Collection Period prior to such Loan being reassigned (or in the case of the 2018-1A SUBI Loans, reallocated from the 2018-1A SUBI)) will not exceed 10.0% of the aggregate Loan Principal Balance as of the Initial Cut-Off Date.

### *Restriction on Acquisitions and Dispositions*

Pursuant to the Sale and Servicing Agreement, and in accordance with Rule 3a-7 under the Investment Company Act, the Issuer may not acquire additional Loans or related assets or dispose of Loans or related assets for the primary purpose of recognizing gains or decreasing losses resulting from market value changes.

### **DESCRIPTION OF THE NOTES**

Regional Management Issuance Trust 2018-1 Notes will consist of the Notes described in the Notes Table.

The Notes will be issued on the Closing Date pursuant to the Indenture. Set forth below are summaries of the material terms and provisions pursuant to which the Notes will be issued. The following summaries are subject to, and are qualified in their entirety by reference to, the provisions of the Indenture. When particular provisions or terms used in the Indenture are referred to, the actual provisions (including definitions of terms) are incorporated by reference.

Upon initial issuance, the Notes will have the initial Note Balances specified in the Notes Table. The Notes will be issued in minimum denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof.

The Notes will be secured by the assets pledged by the Issuer (and, together with the Related Collateral pledged pursuant to the 2018-1A Security Agreement, the “**Trust Estate**”) to the Indenture Trustee for the benefit of the Indenture Trustee and the Noteholders under the Indenture, which will consist of all of the Issuer’s right, title and interest, whether now owned or hereafter acquired, in, to and under the following:

- (i) the 2018-1A SUBI Certificate and the Loans conveyed to the Issuer from the Depositor, whether existing as of the Closing Date or subsequently acquired, and all rights to payment and amounts due or to become due with respect to all of the foregoing and the other Sold Assets;
- (ii) all money, instruments, investment property and other property (together with all earnings, dividends, distributions, income, issues, and profits relating thereto) distributed or distributable in respect of the Loans;
- (iii) the Note Accounts and all Eligible Investments and all money, investment property, instruments and other property from time to time on deposit in or credited to the Note Accounts, together with all earnings, dividends, distributions, income, issues and profits relating thereto;
- (iv) all rights, remedies, powers, privileges and claims of the Issuer under or with respect to the Sale and Servicing Agreement, the Loan Purchase Agreement and each other Transaction Document (whether arising pursuant to the terms of the Sale and Servicing Agreement, the Loan Purchase Agreement or any other Transaction Document or otherwise available to the Issuer at law or in equity) in respect of the Loans, including, without limitation, the rights of the Issuer to enforce the Sale and Servicing Agreement, the Loan Purchase Agreement or any other Transaction Document, and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to the Sale and Servicing Agreement, the Loan Purchase Agreement or any other Transaction Document to the same extent as the Issuer could but for the assignment and security interest granted under the Indenture;
- (v) all liquidation proceeds thereof;
- (vi) all loan files, servicer files, and the documents, agreements and instruments included in the loan files and servicer files;
- (vii) all records, documents and writings evidencing or related to the Loans or the Contracts;
- (viii) all guaranties, indemnities, warranties, insurance (and proceeds and premium refunds thereof), payments and other agreements or arrangements of whatever character from time to time supporting

or securing payment of the Loans, whether pursuant to the related Contract or otherwise, to the extent of the Seller's interest therein, if any;

- (ix) all security interests, Liens, guaranties and other encumbrances in favor of or assigned or transferred to the Issuer relating to the Loans;
- (x) all deposit accounts, monies, deposits, funds, accounts, instruments, investment property, letter-of-credit rights, letters of credit, and supporting obligations, consisting of, arising from, purporting to secure, or relating to, any of the foregoing; and
- (xi) all present and future claims, income, products, accessions, demands, causes and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds, products, rents, receipts or profits of the conversion, voluntary or involuntary, into cash or other property, all cash and non-cash proceeds, and other property consisting of, arising from or relating to all or any part of any of the foregoing or any proceeds thereof.

The Trust Estate will not include any Loans that are reassigned to the Depositor (or in the case of the 2018-1A SUBI Loans, reallocated from the 2018-1A SUBI to the UTI or another SUBI) pursuant to a Loan Action or any other assets that are released from the lien of the Indenture or released to or at the direction of the Issuer pursuant to the terms thereof.

In addition to the Notes, the Trust Certificate will be issued pursuant to the Trust Agreement. The Trust Certificate will evidence the ownership interest in the Issuer and will not be entitled to any payments of interest or principal on any Payment Date. The Trust Certificate is not being offered by this private placement memorandum.

Payments on the Notes will be made by the Indenture Trustee on the 15<sup>th</sup> day of each month, or the immediately following Business Day if the 15<sup>th</sup> day is not a Business Day, commencing on August 15, 2018 (each, a "**Payment Date**"), to the persons in whose names such Notes are registered at the close of business on the applicable Record Date. The "**Record Date**" with respect to each Payment Date will be the last Business Day of the calendar month immediately preceding the calendar month during which such Payment Date occurs; provided, that the first Record Date shall be the Closing Date. All payments with respect to each Class of Notes on each Payment Date will be allocated *pro rata* among the outstanding Noteholders of such Class.

### **Book-Entry Notes and Definitive Notes**

The Notes upon original issuance, will be issuable in book-entry form only (the "**Book-Entry Notes**"). Persons acquiring beneficial ownership interests in the Book-Entry Notes (the "**Beneficial Owners**") will hold such Notes through The Depository Trust Company ("**DTC**") (in the United States). Ownership of beneficial interests in a Book-Entry Note will be limited to the accounts of persons who have accounts in such systems (the "**Participants**") and persons who hold interests through Participants. Each Class of Book-Entry Notes will be issued in one or more notes which equal the aggregate initial Note Balance of such Notes and will initially be registered in the name of Cede & Co., the nominee of DTC. Investors may hold such beneficial interests in the Notes in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof. Except as described below, no Beneficial Owner will be entitled to receive a Definitive Note evidencing its beneficial interest. Unless and until Definitive Notes are issued, Beneficial Owners are only permitted to exercise their rights indirectly through Participants and DTC and shall be limited to those established by law and agreements between such Beneficial Owners, DTC and/or the Participants.

Beneficial Owners will receive all payments of principal of and interest on the Book-Entry Notes from the Indenture Trustee through DTC and DTC Participants. While the Book-Entry Notes are outstanding (except under the circumstances described below), under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC is required to make book-entry transfers among Participants on whose behalf it acts with respect to the Book-Entry Notes and is required to receive and transmit payments of principal of, and interest on, the Book-Entry Notes to such Participants in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Book-Entry Note as shown on the records of DTC or its nominee. Participants with whom Beneficial Owners have accounts with respect to Book-Entry Notes are similarly required to make book-entry transfers and receive and transmit such payments on behalf of their respective Beneficial Owners. Accordingly, although Beneficial Owners will

not possess notes representing their respective interests in the Book-Entry Notes, the Rules provide a mechanism by which Beneficial Owners will receive payments and will be able to transfer their interest.

Beneficial Owners will not receive or be entitled to receive notes representing their respective interests in the Book-Entry Notes, except under the limited circumstances described below. Unless and until Definitive Notes are issued, Beneficial Owners who are not Participants may transfer ownership of Book-Entry Notes only through Participants by instructing such Participants to transfer Book-Entry Notes, by book-entry transfer, through DTC for the account of the purchasers of such Book-Entry Notes, which account is maintained with their respective Participants. Under the Rules and in accordance with DTC's normal procedures, transfers of ownership of Book-Entry Notes will be executed through DTC and the accounts of the respective Participants at DTC will be debited and credited. Similarly, the Participants will make debits or credits, as the case may be, on their records on behalf of the selling and purchasing Beneficial Owners.

DTC is a New York-chartered limited purpose trust company organized under the New York Banking Law and is a "banking organization" within the meaning of the New York Banking Law. DTC is also a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the UCC, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities deposited by its Participants and to facilitate the clearance and settlement of securities transactions among its Participants through electronic book-entry changes in accounts of the Participants, thus eliminating the need for the physical movement of securities. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation, or "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. In accordance with its normal procedures, DTC is expected to record the positions held by each DTC Participant in the Book-Entry Notes, whether held for its own account or as a nominee for another person. In general, beneficial ownership of Book-Entry Notes will be subject to the Rules, as in effect from time to time.

Under a book-entry format, Beneficial Owners of the Book-Entry Notes may experience some delay in their receipt of payments, since such payments will be forwarded by the Indenture Trustee to Cede. See "*Certain U.S. Federal Income Tax Consequences—Tax Consequences to Holders of Notes in General—Back-up Withholding and Information Reporting*" in this private placement memorandum. Because DTC can only act on behalf of DTC Participants, the ability of a Beneficial Owner to pledge Book-Entry Notes to persons or entities that do not participate in the book-entry system, or otherwise take actions in respect of such Book-Entry Notes, may be limited due to the lack of physical securities for such Book-Entry Notes. In addition, issuance of the Book-Entry Notes in book-entry form may reduce the liquidity of such Notes in the secondary market since certain potential investors may be unwilling to purchase Notes for which they cannot obtain physical securities.

Monthly and annual reports on the Notes will be provided to Cede, as nominee of DTC, and may be made available by Cede to Beneficial Owners upon request, in accordance with the rules, regulations and procedures creating and affecting the DTC Participants to whose DTC accounts the Book-Entry Notes of such Beneficial Owners are credited.

DTC has advised the Indenture Trustee that, unless and until Definitive Notes are issued as described below, DTC will take any action the holders of the Book-Entry Notes are permitted to take under the Indenture only at the direction of one or more DTC Participants to whose DTC accounts the Book-Entry Notes are credited, to the extent that such actions are taken on behalf of financial intermediaries whose holdings include such Book-Entry Notes. DTC may take actions, at the direction of the related Participants, with respect to some Book-Entry Notes which conflict with actions taken with respect to other Book-Entry Notes.

Definitive Notes will be issued to Beneficial Owners of a Class of Book-Entry Notes, or their nominees, rather than to DTC, only if DTC advises the Indenture Trustee in writing that DTC is no longer willing, qualified or able to discharge properly its responsibilities as nominee and depository with respect to such Class of Book-Entry Notes, the Issuer, at its option, advises the Indenture Trustee in writing that it elects to terminate the book-entry system through DTC with respect to such Class of Book-Entry Notes or after a Servicer Default or an Event of Default, Beneficial Owners with respect to a Class of Book-Entry Notes representing not less than 50% of the principal amount of the Book-Entry Notes of such Class advise the Indenture Trustee and DTC in writing that the continuation of a book-entry system with respect to the Notes of such Class is no longer in the best interest of the Beneficial Owners with respect to such Class.

Upon the occurrence of the event described in the immediately preceding paragraph, the Indenture Trustee will be required to notify all Beneficial Owners of such Class of Notes of the occurrence of such event and the availability of

Definitive Notes to Beneficial Owners with respect to such Class of Notes. Upon surrender by DTC to the Indenture Trustee of such Book-Entry Notes, and instructions for re-registration, the Issuer will issue Definitive Notes, and thereafter the Issuer and the Indenture Trustee will recognize the holders of such Definitive Notes as Noteholders under the Indenture.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of Book-Entry Notes among participants of DTC, it is under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

None of the Issuer, the Indenture Trustee or the Note Registrar will have any responsibility for any aspect of the records relating to or payments made on account of beneficial ownership interests of the Book-Entry Notes held by Cede, as nominee for DTC, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The information above regarding DTC has been compiled from public sources for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

## **Interest Payments and Principal Payments**

### *Interest Payments*

Distributions in respect of interest payments will be made on each Payment Date from Available Funds for such Payment Date in accordance with the Priority of Payments to the Noteholders of record as of the related Record Date. Interest on the Notes will accrue during each Interest Period on the Note Balance thereof (as of the close of business on the immediately preceding Payment Date) at the applicable Interest Rate.

The Interest Rates are as follows:

- for the Class A Notes, the Interest Rate is 3.83% per annum;
- for the Class B Notes, the Interest Rate is 4.28% per annum; and
- for the Class C Notes, the Interest Rate is 4.87% per annum.

Interest on the Class A Notes, the Class B Notes and the Class C Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months (or in the case of the Initial Payment Date, the number of days from (and including) the Closing Date to (but excluding) the Initial Payment Date).

Amounts on deposit in the Reserve Account will be available on each Payment Date to pay amounts due on such Payment Date in accordance with the Priority of Payments, which may include interest on the Notes. For any Payment Date, interest due but not paid on that Payment Date will be due on the next Payment Date, together with, to the extent permitted by law, interest at the related Interest Rate on such unpaid amount. An Event of Default will occur in the event of a default in the payment of any interest (i) on any Class A Notes until the Class A Notes have been paid in full, (ii) after the Class A Notes have been paid in full, on any Class B Note until the Class B Notes have been paid in full, and (iii) after the Class A Notes and the Class B Notes have been paid in full, on any Class C Note until the Class C Notes have been paid in full, on any Payment Date and such default shall continue for a period of five (5) Business Days. See “*The Indenture—Events of Default*” in this private placement memorandum.

### *Principal Payments*

*Revolving Period.* During the Revolving Period, no payments of principal will be made with respect to any Class of Notes. Instead, in accordance with the Priority of Payments, certain amounts will be allocated to the Principal Distribution Account to the extent necessary to (a) maintain parity between the aggregate Note Balance of one or more Classes of Notes, on the one hand, and the Adjusted Loan Principal Balance, on the other, and (b) maintain certain levels of overcollateralization (such allocation, the “**Collateral Maintenance Allocation**”). Any amounts so allocated to the Principal Distribution Account will be retained in the Principal Distribution Account as cash collateral for the Notes or

used to acquire Additional Loans, on a Loan Action Date, subject to the satisfaction of certain conditions. See “—*Priority of Payments*” and “*Description of the Loans—Loan Actions*” in this private placement memorandum. On each Payment Date during the Revolving Period, amounts on deposit in the Principal Distribution Account as of the commencement of such Payment Date will be used as Available Funds for such Payment Date.

The “**Adjusted Loan Principal Balance**” shall mean, with respect to any Collection Period, an amount equal to the Loan Principal Balance of all Loans in the Trust Estate, other than Charged-Off Loans and Excluded Loans, in each case, as of the close of business on the last day of such Collection Period.

*Amortization Period.* After the expiration or termination of the Revolving Period, unless an Event of Default has occurred, on each Payment Date the Collateral Maintenance Allocation will be deposited into the Principal Distribution Account in accordance with the Priority of Payments. Any amounts so deposited to the Principal Distribution Account (or any amounts on deposit in the Principal Distribution Account upon such expiration or termination of the Revolving Period) will be used to pay principal of the Notes as described below. If an Event of Default has occurred as of any Payment Date, on such Payment Date, pursuant to the Priority of Payments and the distribution of amounts allocated to the Principal Distribution Account, payments in respect of interest on and principal of the most senior Class of Notes will be made in full prior to the payment of interest on and principal of the more subordinated Classes of Notes.

In the event that the Revolving Period terminates as a result of certain Early Amortization Events and such Early Amortization Event is “cured” as contemplated in the definition of “**Revolving Period**” set forth in the “*Glossary of Terms*” in this private placement memorandum, the Revolving Period will be reinstated and distributions in respect of the Notes will be made as described in “—*Revolving Period*” above.

The Classes of Notes are “sequential pay” classes. On each Payment Date after the expiration or termination of the Revolving Period, all amounts on deposit in the Principal Distribution Account will be paid out in the following order:

- *first*, the Class A Notes will amortize until the Class A Note Balance has been reduced to zero;
- *second*, once the Class A Note Balance has been reduced to zero, the Class B Notes will begin to amortize, until the Class B Note Balance has been reduced to zero; and
- *third*, once the Class B Note Balance has been reduced to zero, the Class C Notes will begin to amortize, until the Class C Note Balance has been reduced to zero.

In addition, any outstanding Note Balance of any Class of Notes that has not been previously paid will be due and payable on the Stated Maturity Date for that Class of Notes. The actual date on which the aggregate outstanding Note Balance of any Class of Notes is paid may be earlier than the Stated Maturity Date for that Class of Notes, depending on a variety of factors, certain of which are discussed in “*Prepayment and Yield Considerations*” in this private placement memorandum.

The Stated Maturity Date for all Classes of Notes is July 15, 2027.

An “**Early Amortization Event**” shall mean any one of the following events:

(a) as of the Monthly Determination Date, occurring during August 2018 or any Monthly Determination Date thereafter, the average of the Monthly Net Loss Percentages reported on such Monthly Determination Date and the two immediately preceding Monthly Determination Dates (or (i) in the case of the first Monthly Determination Date, the Monthly Net Loss Percentage for such Monthly Determination Date and (ii) in the case of the second Monthly Determination Date, the average of the Monthly Net Loss Percentages for such Monthly Determination Date and the immediately preceding Monthly Determination Date) exceeds 17.0%; or

(b) any Reinvestment Criteria Event exists with respect to two consecutive Payment Dates (in each case, after giving effect to all applicable Loan Actions on such Payment Date) and the Monthly Servicer Report for the immediately following third Payment Date demonstrates that any Reinvestment Criteria Event will exist as of such Payment Date (in the event that no Loan Actions are to be taken on the respective Loan

Action Dates relating to such third Payment Date that will cure each such Reinvestment Criteria Event), *provided*, that such Early Amortization Event shall be deemed to occur, and the Revolving Period shall terminate, on such third Payment Date; or

- (c) a Servicer Default occurs.

### Priority of Payments

On each Payment Date, based solely upon written instruction from the Servicer (which instruction may be included in the Monthly Servicer Report), the Indenture Trustee shall distribute the Available Funds with respect to such Payment Date in the following order of priority (the “**Priority of Payments**”):

- (i) to the following in the specified order: (A) *first, pro rata* (based on amounts owing), (1) to the Indenture Trustee, the Account Bank and the Note Registrar, all fees and out-of-pocket expenses due to the Indenture Trustee, the Account Bank or the Note Registrar pursuant to the Indenture, (2) to the Owner Trustee for amounts due to the Owner Trustee pursuant to the Trust Agreement, (3) to the Back-up Servicer, any out-of-pocket expenses of the Back-up Servicer (other than Servicing Transition Costs) reimbursable pursuant to the Back-up Servicing Agreement, if any, that have not been paid by the Servicer, (4) to the Image File Custodian, the Image File Custodian Fee and any out-of-pocket expenses due by the Issuer to the Image File Custodian, (5) to the 2018-1A SUBI Trustee, all fees and out-of-pocket expenses then due by the Issuer to the 2018-1A SUBI Trustee and (6) any costs and expenses then due by the Issuer under the Intercreditor Agreement, to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer’s *pro rata* allocation in accordance with the Intercreditor Agreement, and (B) *second*, to the Indenture Trustee, the Account Bank, the Note Registrar, the Owner Trustee, the Back-up Servicer, the Image File Custodian, the 2018-1A SUBI Trustee and any other Person entitled thereto (including Wells Fargo solely in its capacity as Third Party Allocation Agent under the Intercreditor Agreement, to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer’s *pro rata* allocation in accordance with the Intercreditor Agreement), on a *pro rata* basis (based on amounts owing), any indemnified amounts due and owing to such parties from the Issuer pursuant to any Transaction Document, in an aggregate amount for this clause (i), not to exceed \$350,000 during any calendar year; *provided*, that such dollar amount limitation shall not apply during the continuation of an Event of Default; *provided further*, for the avoidance of doubt, any amounts due but not paid due to the application of such dollar amount limitation in a calendar year will be paid in the next succeeding calendar year (subject to such dollar amount limitation for such calendar year);
- (ii) to the Back-up Servicer, (A) an amount equal to the Back-up Servicing Fee for such Payment Date, plus the amount of any Back-up Servicing Fee previously due but not previously paid to the Back-up Servicer; and (B) in the event that a Servicing Transition Period has commenced, an amount equal to the Servicing Transition Costs, if any, not paid by the Servicer pursuant to the Back-up Servicing Agreement; provided, that the aggregate amount paid pursuant to this clause (ii)(B) on all Payment Dates shall not exceed \$250,000;
- (iii) to the Servicer, an amount equal to the Servicing Fee for such Payment Date (to the extent not retained by the Servicer as permitted under the Indenture), plus the amount of any Servicing Fee previously due but not previously paid to the Servicer;
- (iv) to the Class A Noteholders, an amount equal to the Class A Monthly Interest Amount for such Payment Date, plus the amount of any Class A Monthly Interest Amount previously due but not previously paid to the Class A Noteholders with interest thereon at the Class A Interest Rate;
- (v) an amount equal to the lesser of (A) the First Priority Principal Payment for such Payment Date and (B) all funds remaining after giving effect to the distributions in clauses (i) through (iv) above, to be deposited into the Principal Distribution Account;

- (vi) to the Class B Noteholders, an amount equal to the Class B Monthly Interest Amount for such Payment Date, plus the amount of any Class B Monthly Interest Amount previously due but not previously paid to the Class B Noteholders with interest thereon at the Class B Interest Rate;
- (vii) an amount equal to the lesser of (A) the Second Priority Principal Payment for such Payment Date and (B) all funds remaining after giving effect to the distributions in clauses (i) through (vi) above, to be deposited into the Principal Distribution Account;
- (viii) to the Class C Noteholders, an amount equal to the Class C Monthly Interest Amount for such Payment Date, plus the amount of any Class C Monthly Interest Amount previously due but not previously paid to the Class C Noteholders with interest thereon at the Class C Interest Rate;
- (ix) an amount equal to the lesser of (A) the Third Priority Principal Payment for such Payment Date and (B) all funds remaining after giving effect to the distributions in clauses (i) through (viii) above, to be deposited into the Principal Distribution Account;
- (x) to the Reserve Account, an amount equal to the lesser of (A) the Reserve Account Required Amount for such Payment Date and (B) all funds remaining after giving effect to the distributions in clauses (i) through (ix) above;
- (xi) an amount equal to the lesser of (A) the Regular Principal Payment Amount for such Payment Date and (B) all funds remaining after giving effect to the distributions in clauses (i) through (x) above, to be deposited into the Principal Distribution Account;
- (xii) prior to the occurrence and continuation of an Event of Default, to the Indenture Trustee, the Account Bank, the Note Registrar, the Owner Trustee, the Back-up Servicer, the Image File Custodian, the 2018-1A SUBI Trustee and any other Person entitled thereto (including Wells Fargo solely in its capacity as Third Party Allocation Agent under the Intercreditor Agreement to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's pro rata allocation in accordance with the Intercreditor Agreement), *pro rata* (based on amounts owing), an amount equal to the lesser of (A) fees and out-of-pocket expenses due and owing by the Issuer to such parties to the extent not paid in full pursuant to clause (i)(A) above or pursuant to clause (ii) above, as applicable (and, in the case of the Back-up Servicer, which are reimbursable pursuant to the Back-up Servicing Agreement, if any, not paid by the Servicer), and (B) all funds remaining after giving effect to the distributions in clauses (i) through (xi) above;
- (xiii) prior to the occurrence and continuation of an Event of Default, to the Indenture Trustee, the Account Bank, the Note Registrar, the Owner Trustee, the Back-up Servicer, the Image File Custodian, the 2018-1A SUBI Trustee and any other Person entitled thereto (including Wells Fargo solely in its capacity as Third Party Allocation Agent under the Intercreditor Agreement to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's pro rata allocation in accordance with the Intercreditor Agreement), *pro rata* (based on amounts owing), an amount equal to the lesser of (x) any indemnified amounts due and owing to such parties from the Issuer pursuant to any Transaction Document to the extent not paid in full pursuant to clause (i)(B) above and (y) all funds remaining after giving effect to the distributions in clauses (i) through (xii) above; and
- (xiv) all funds remaining after giving effect to the distributions in clauses (i) through (xiii) above, at the sole option of the Issuer, (x) to be deposited into the Principal Distribution Account or (y) to be distributed to the holder of the Trust Certificate or as such holder may direct, subject to the satisfaction of any amounts owing to the Owner Trustee in accordance with the Trust Agreement.

As reflected in the definitions of First Priority Principal Payment, Second Priority Principal Payment and Third Priority Principal Payment, following the occurrence of an Event of Default, the priority of payments changes with the result that all principal and all accrued and unpaid interest on a Class of Notes is paid before any such amounts are paid in respect of any Class of Notes that is subordinate in payment priority to such Class of Notes.

The “**Available Funds**” for any Payment Date shall mean (a) the Collections received during the Collection Period, including any investment earnings in each of the Note Accounts, relating to such Payment Date (other than amounts permitted to be retained by the Servicer in respect of Servicing Fees), (b) all amounts on deposit in the Reserve Account as of the related Monthly Determination Date, and (c) during the Revolving Period, all amounts on deposit in the Principal Distribution Account as of the related Monthly Determination Date.

The “**Class A Monthly Interest Amount**” for any Payment Date will be the amount of interest accrued during the related Interest Period at the Class A Interest Rate on the Class A Note Balance as of the close of business on the immediately preceding Payment Date, calculated on the basis of a 360-day year consisting of twelve 30-day months (or in the case of the Initial Payment Date, the period from (and including) the Closing Date to (but excluding) the Initial Payment Date).

The “**Class B Monthly Interest Amount**” for any Payment Date will be the amount of interest accrued during the related Interest Period at the Class B Interest Rate on the Class B Note Balance as of the close of business on the immediately preceding Payment Date, calculated on the basis of a 360-day year consisting of twelve 30-day months (or in the case of the Initial Payment Date, the period from (and including) the Closing Date to (but excluding) the Initial Payment Date).

The “**Class C Monthly Interest Amount**” for any Payment Date will be the amount of interest accrued during the related Interest Period at the Class C Interest Rate on the Class C Note Balance as of the close of business on the immediately preceding Payment Date, calculated on the basis of a 360-day year consisting of twelve 30-day months (or in the case of the Initial Payment Date, the period from (and including) the Closing Date to (but excluding) the Initial Payment Date).

The “**First Priority Principal Payment**” for any Payment Date will be, (a) at any time prior to the occurrence of an Event of Default, an amount equal to the excess (if any) of (i) the Class A Note Balance as of the end of the related Collection Period minus any amounts on deposit in the Principal Distribution Account over (ii) the Adjusted Loan Principal Balance as of the end of the related Collection Period and (b) at any time from and after the occurrence of an Event of Default or on or after the Stated Maturity Date in respect of the Class A Notes, the Class A Note Balance.

The “**Second Priority Principal Payment**” for any Payment Date will be, (a) at any time prior to the occurrence of an Event of Default, an amount equal to the excess (if any) of (i) the sum of (A) the Class A Note Balance as of the end of the related Collection Period plus (B) the Class B Note Balance as of the end of the related Collection Period minus the amount on deposit in the Principal Distribution Account (after giving effect to any allocations to the Principal Distribution Account pursuant to clause (v) in the Priority of Payments set forth above) over (ii) the Adjusted Loan Principal Balance as of the end of the related Collection Period and (b) at any time from and after the occurrence of an Event of Default or on or after the Stated Maturity Date in respect of the Class B Notes, the sum of the Class A Note Balance and the Class B Note Balance minus the amount on deposit in the Principal Distribution Account (after giving effect to any allocations to the Principal Distribution Account pursuant to clause (v) in the Priority of Payments set forth above).

The “**Third Priority Principal Payment**” for any Payment Date will be, (a) at any time prior to the occurrence of an Event of Default, an amount equal to the excess (if any) of (i) the sum of (A) the Class A Note Balance as of the end of the related Collection Period plus (B) the Class B Note Balance as of the end of the related Collection Period plus (C) the Class C Note Balance as of the end of the related Collection Period minus the amount on deposit in the Principal Distribution Account (after giving effect to any allocations to the Principal Distribution Account pursuant to clauses (v) and (vii) in the Priority of Payments set forth above) over (ii) the Adjusted Loan Principal Balance as of the end of the related Collection Period and (b) at any time from and after the occurrence of an Event of Default or on or after the Stated Maturity Date in respect of the Class C Notes, the sum of the Class A Note Balance, the Class B Note Balance and the Class C Note Balance minus the amount on deposit in the Principal Distribution Account (after giving effect to any allocations to the Principal Distribution Account pursuant to clauses (v) and (vii) in the Priority of Payments set forth above).

The “**Regular Principal Payment Amount**” shall mean, with respect to any Payment Date, an amount equal to the excess (if any) of (a) the Aggregate Note Balance as of the end of the related Collection Period minus the amount on deposit in the Principal Distribution Account (after giving effect to any allocations on such Payment Date to the Principal Distribution Account pursuant to clauses (v), (vii) and (ix) of the Priority of Payments set forth above) over (b) (i) the

Adjusted Loan Principal Balance as of the end of the related Collection Period minus (ii) the Required Overcollateralization Amount.

The “**Interest Period**” for each Class of Notes and with respect to any Payment Date will be the period from and including the Payment Date immediately preceding such Payment Date to but excluding such Payment Date (or, in the case of the Initial Payment Date, the period from and including the Closing Date to but excluding such Payment Date).

### **Reserve Account**

The Servicer, for the benefit of the Noteholders will establish and maintain with the Indenture Trustee and in the name of the Indenture Trustee, on behalf of the Issuer, a non-interest bearing Eligible Deposit Account that shall bear a designation clearly indicating that the funds deposited therein are held for the benefit of the Noteholders (the “**Reserve Account**”). On each Payment Date, all amounts on deposit in the Reserve Account will be withdrawn by the Indenture Trustee and, together with any other Available Funds, be applied in accordance with the Priority of Payments. Any amounts remaining after making payments pursuant to clauses (i) through (ix) of the Priority of Payments set forth above on any Payment Date, up to the Reserve Account Required Amount, will be deposited to the Reserve Account on such Payment Date.

In addition, on any Payment Date on which the sum of the amounts on deposit in the Reserve Account and the remaining funds available to the Issuer after payments under clauses (i) through (ix) of the Priority of Payments would be sufficient to pay in full the Aggregate Note Balance and any expenses, indemnification amounts or other amounts owed by the Issuer to the Indenture Trustee, the Account Bank, the Note Registrar, the Owner Trustee, the Back-up Servicer, the Image File Custodian, the 2018-1A SUBI Trustee and any other Person entitled thereto (including Wells Fargo solely in its capacity as Third Party Allocation Agent under the Intercreditor Agreement to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer’s *pro rata* allocation in accordance with the Intercreditor Agreement), such amounts will be allocated to pay the Notes in full and such expenses, indemnification amounts or other amounts on such Payment Date.

### **No Principal or Interest Advance Obligation**

None of the Servicer, the Back-up Servicer, any Subservicer, the Note Registrar or the Indenture Trustee is under any obligation to remit interest or principal in respect of a Loan except to the extent such party actually received principal of, or interest on, or other Collections in respect of such Loan during the related Collection Period and subject to the Servicer’s ability to retain certain Collections as described in this private placement memorandum.

### **Servicer Clean-Up Call and Optional Call**

Pursuant to the Sale and Servicing Agreement, on any Payment Date occurring on or after the date on which the Aggregate Note Balance of the Outstanding Notes is reduced to 10% or less of the Initial Note Balance, the Servicer will have the option to purchase all of the Sold Assets at a purchase price equal to the Redemption Price (as defined below) in accordance with the Indenture (an “**Optional Purchase**”). If the Servicer elects to exercise such Optional Purchase, it will be required to comply with certain conditions specified in the Indenture. Upon proper exercise of such option and payment of the Redemption Price, all of the Sold Assets will be sold to the Servicer. The proceeds of any such Optional Purchase will be applied to the Notes in accordance with the provisions for the redemption of such Notes on such date pursuant to the Indenture.

The Issuer will retire the Notes in the event that the Servicer exercises its Optional Purchase right on any Payment Date. The aggregate redemption price for the remaining Sold Assets in connection with the exercise of such Optional Purchase (the “**Redemption Price**”) will be equal to the then aggregate fair market value of all of the Sold Assets as of the date which is five (5) Business Days prior to the Payment Date such option is exercised; *provided*, that such option may not be exercised unless the Redemption Price equals or exceeds the sum of (i) the amount necessary to redeem all of the Notes in full (including, the Aggregate Note Balance on the Record Date preceding the Redemption Date (as defined below) plus accrued and unpaid interest on each Class of Notes then Outstanding up to, but excluding, the Redemption Date) on the Redemption Date in accordance with the Priority of Payments (taking into account all amounts of Available Funds and any other amounts then on deposit in the Note Accounts and available to be distributed pursuant to the Priority of Payments on the Redemption Date) and (ii) any expenses, indemnification amounts or other amounts

owed by the Issuer to the Indenture Trustee, the Account Bank, the Image File Custodian, the Note Registrar, the Servicer, the Owner Trustee, the Third Party Allocation Agent (to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's *pro rata* allocation in accordance with the Intercreditor Agreement), the 2018-1A SUBI Trustee and the Back-up Servicer.

The Issuer may redeem the Notes on any Payment Date on or after the Payment Date occurring in July 2020 (an “**Optional Call**”). The optional call amount in connection with the exercise of this option (the “**Optional Call Amount**”) shall equal the result of (i) the Aggregate Note Balance on the Record Date preceding the Redemption Date, plus (ii) accrued and unpaid interest on each Class of Notes then Outstanding up to but excluding the Redemption Date, plus (iii) any expenses, indemnification amounts or other amounts owed by the Issuer to the Indenture Trustee, the Note Registrar, the Servicer, the Owner Trustee, the Account Bank, the Third Party Allocation Agent (to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's *pro rata* allocation in accordance with the Intercreditor Agreement), the Back-up Servicer, the 2018-1A SUBI Trustee and the Image File Custodian, minus (iv) all amounts then on deposit in the Note Accounts and available to be distributed pursuant to the Priority of Payments on the Redemption Date.

In order to exercise its respective option described above, the Servicer or the Issuer, as applicable (in such capacity, the “**Redeeming Party**”), will be required to provide written notice of its exercise of such option to the Indenture Trustee and the Owner Trustee at least fifteen (15) days prior to the Payment Date on which it will exercise its option. Following receipt of such notice, the Indenture Trustee, will provide written notice to the Noteholders of the final payment on the Notes. Such notice to Noteholders will, to the extent practicable, be provided no later than five (5) Business Days prior to such final Payment Date (the “**Redemption Date**”) and will specify that payment of the aggregate outstanding note balance and any interest due with respect to such Note on the Redemption Date will be payable only upon presentation and surrender of such Note and will specify the place where such Note may be presented and surrendered for such final payment. No interest will accrue on the Notes on or after the Stated Maturity Date or any such other Redemption Date (provided the Issuer does not default in the payment of the principal amount and interest due with respect to the Notes on such Redemption Date). In addition, the Redeeming Party shall, on or before the proposed Payment Date on which such purchase or redemption is to be made, deposit (or cause to be deposited) the Redemption Price or the Optional Call Amount, as applicable, with the Indenture Trustee, who shall, on the Payment Date after receipt of the funds, apply such funds to make payments of all amounts owing to the transaction parties, pursuant to any Transaction Document and make final payments of principal of and interest on the Notes in accordance with the Priority of Payments and the satisfaction and discharge of the Indenture.

A Redeeming Party may withdraw its notice and cancel its Optional Purchase right or Optional Call, as applicable, by written notice to the Indenture Trustee prior to the date on which the related redemption notice is sent to the Noteholders. For the avoidance of doubt, any such withdrawal in accordance with the foregoing shall not constitute an Event of Default, Servicer Default or a breach of any provision of any Transaction Document.

## PREPAYMENT AND YIELD CONSIDERATIONS

No payments of principal will be made on the Notes during the Revolving Period. However, after the expiration or termination of the Revolving Period, amounts then on deposit in the Principal Distribution Account, as well as amounts that are allocated to the Principal Distribution Account pursuant to the Priority of Payments, will be used to pay principal on the Notes.

The weighted average life of the Notes will generally be influenced by the timing of the occurrence (if any) of an Event of Default or Early Amortization Event, the rate of payment, and the rate of prepayments, of principal on the Loans and other factors. A significant number of the Loans are prepayable in full by the related Loan Obligor at any time without penalty. Full and partial prepayments on Loans will be paid or distributed as Available Funds pursuant to the Priority of Payments on the next Payment Date following the Collection Period in which they are received. If prepayments are received on the Loans, their actual weighted average lives may be shorter than their weighted average lives would be if all payments were made as scheduled and no prepayments were made. Weighted average life means the average amount of time during which any principal is outstanding on a personal loan. For this purpose “prepayments” include all full prepayments, partial prepayments and recoveries, as well as amounts received on Loans that are repurchased. The rate and timing of prepayment on the Loans may be influenced by a variety of economic, social and other factors. See “*Risk Factors—Risks Relating to the Notes—The yield to investors in the Notes will be sensitive to the*

rate and timing of principal payments thereon and the ability of the Issuer to apply Collections in order to acquire new Loans” in this private placement memorandum.

Moreover, under certain circumstances, the Issuer or the Servicer may cause the Notes to be redeemed. See “Description of the Notes—Servicer Clean-Up Call and Optional Call” in this private placement memorandum. If any such redemption were to occur, Noteholders will receive payments of principal on their Notes earlier than they otherwise would.

It is possible that the final payment on any Class of Notes could occur significantly earlier than the date on which the final payment for that Class of Notes is scheduled to be paid. The Noteholders will bear all the reinvestment risks resulting from distributions of principal on the Notes after the end of the Revolving Period. These reinvestment risks include the possibility that the Noteholders may not be able to reinvest distributions of principal in alternative comparable investments having similar yields See “Risk Factors—Risks Relating to the Notes— The yield to investors in the Notes will be sensitive to the rate and timing of principal payments thereon and the ability of the Issuer to apply Collections in order to acquire new Loans” in this private placement memorandum.

Prepayments on consumer loan contracts can be measured against prepayment standards or models. The model used in this private placement memorandum is based on a constant prepayment rate (“CPR”). CPR is determined by the percentage of principal outstanding at the beginning of a period that prepays during that period, stated as an annualized rate. 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 tables below which are captioned “Percent of Initial Note Balance Outstanding at Various Prepayment Assumptions to Maturity” have been prepared on the basis of indicated CPR percentages. The indicated CPR percentages have been applied to the initial hypothetical pool of Loans and to each subsequent hypothetical pool of Loans acquired during the Revolving Period.

The initial hypothetical pool of Loans is a pool of loans equal to the Initial Loans as of the Initial Cut-Off Date. The table below represents a pool of loans that have been further disaggregated into 5 smaller hypothetical pools having the characteristics set forth in the table below. The level scheduled monthly payment for each of the hypothetical pools is based on aggregate Loan Principal Balance, Weighted Average Coupon and Weighted Average Loan Remaining Term as of the Initial Cut-Off Date such that each hypothetical pool set forth below will be fully amortized by the end of its remaining term to maturity.

Number	Loan Principal Balance	Weighted Average Coupon	Weighted Average Loan Remaining Term (months)
1	\$1,977,394.90	29.970%	34
2	\$11,548,994.09	30.952%	34
3	\$46,990,642.86	30.753%	35
4	\$67,592,060.99	30.083%	36
5	\$40,431,732.05	28.398%	37

Each “Subsequent Hypothetical Pool of Loans” consists of a hypothetical pool of Loans with the following characteristics, that will be acquired on a Payment Date during the Revolving Period:

- i) a Weighted Average Coupon of 29.000%, and
- ii) a Weighted Average Loan Remaining Term of 41 months.

The purchase price of each Subsequent Hypothetical Pool of Loans will be equal to such pool’s aggregate Loan Principal Balance. The level scheduled monthly payments for the Subsequent Hypothetical Pools of Loans is based on the aggregate Loan Principal Balance, Weighted Average Coupon and Weighted Average Loan Remaining Term as of each subsequent cut-off date such that each Subsequent Hypothetical Pool of Loans will be fully amortized by the end of its remaining term to maturity.

In addition, the following assumptions have been used in preparing the tables below:

- all prepayments on the Loans each month are made in full at the specified monthly CPR and there are no defaults, losses or repurchases;
- during the Revolving Period, all amounts in the Principal Distribution Account are used to purchase Loans (that have the characteristics of the Subsequent Hypothetical Pool of Loans listed above) until the Required Overcollateralization Amount is reached;
- each scheduled monthly payment on the Loans is made on the last day of each Collection Period, whether or not such day is a business day, and each Collection Period has 30 days (provided the initial Collection Period will have 60 days and two monthly payments made on the last day of each month);
- the initial Class A Note Balance is \$129,770,000, the initial Class B Note Balance is \$9,270,000, and the initial Class C Note Balance is \$10,960,000;
- interest accrues on the Class A Notes at 3.91% per annum, the Class B Notes at 4.36% per annum, and the Class C Notes at 5.60% per annum;
- interest will be calculated on the Class A Notes, the Class B Notes and the Class C Notes on the basis of a 360-day year comprised of twelve 30-day months, or in the case of the Initial Payment Date, 47 days;
- the Initial Cut-Off Date for the Loans is May 31, 2018 and the Loans have the characteristics as set forth herein as of such date;
- payments on the Notes are made on the 15th day of each month, whether or not such day is a Business Day, commencing August 15, 2018;
- the Notes are purchased on June 28, 2018;
- the scheduled monthly payment for each Loan was calculated on the basis of the characteristics described in the above table and in such a way that such Loan would amortize in a manner that will be sufficient to repay the Loan Principal Balance of such Loan by its indicated remaining term to maturity;
- no Overcollateralization Event or Reinvestment Criteria Event occurs;
- the Revolving Period continues uninterrupted until the Revolving Period Termination Date and no Early Amortization Event or Event of Default occurs and the first principal payment on the Notes is made on the Payment Date occurring in July 2020;
- neither the holder of the trust certificate nor the Servicer elects to cause the Notes to be redeemed (except as otherwise noted in the tables below);
- the Servicer receives a monthly servicing fee equal to the product of (i) 4.75% per annum, multiplied by (ii) the aggregate Loan Principal Balance of all Loans as of the first day of the related Collection Period (or, in the case of the Initial Payment Date, the Initial Cut-Off Date), multiplied by one-twelfth (or two-twelfths in the case of the Initial Payment Date);
- the Back-up Servicer receives a monthly fee equal to the greater of (x) \$10,000 and (y) the product of (i) 0.07% per annum, multiplied by (ii) the aggregate Loan Principal Balance of all Loans as of the first day of the related Collection Period, calculated on the basis of a 360-day year consisting of twelve 30-day months (the Back-up Servicing Fee for the Collection Period relating to the Initial Payment Date will be an amount equal to the product of (i) 0.07%, multiplied by (ii) the aggregate Loan Principal Balance as of the Closing

Date, multiplied by (iii) a fraction, the numerator of which is the number of days from the Closing Date through the end of the initial Collection Period, and the denominator of which is 360);

- the Indenture Trustee receives a monthly fee in an amount equal to \$1,500;
- the Owner Trustee receives a monthly fee in the amount of \$625; and
- all other fees and expenses are zero (\$0).

The following tables were created relying on the assumptions listed above. The tables below indicate the percentages of the initial Note Balance of each Class of Notes that would be outstanding after each of the listed Payment Dates if a certain CPR is assumed. The tables below also indicate the corresponding weighted average lives of each Class of Notes if the same percentages of CPR are assumed.

The assumptions used to construct the tables are hypothetical and have been provided only to give a general sense of how the principal cash flows might behave under various prepayment scenarios. The actual characteristics and performance of the Loans will differ from the assumptions used to construct the tables. For example, it is very unlikely that the Loans will prepay at a constant CPR until maturity or that all of the Loans will prepay at the same CPR. Moreover, the diverse terms of the Loans could produce slower or faster principal distributions than indicated in the tables at the various CPRs specified. Any difference between the assumptions used to construct the tables and the actual characteristics and performance of the Loans, including actual prepayment experience or losses, will affect the percentages of initial Note Balances of each Class of Notes outstanding on any given date and the weighted average lives of each Class of Notes. Additionally, it is very unlikely that Loans with the characteristics of a Subsequent Hypothetical Pool of Loans will be acquired by the Issuer on any Payment Date.

As used in the tables which follow, the “**weighted average life**” of a Class of Notes is determined by:

- multiplying the amount of each principal payment on a Class of Notes by the number of years from the date of the issuance of such Notes to the related Payment Date;
- adding the results; and
- dividing the sum by the related initial Note Balance of such Class of Notes.

Payment Date	Percent of Initial Class A Note Balance Outstanding							
	0.0% CPR	20.0% CPR	30.0% CPR	35.0% CPR	40.0% CPR	50.0% CPR	60.0% CPR	CPR
Closing Date	100	100	100	100	100	100	100	100
August 2018	100	100	100	100	100	100	100	100
September 2018	100	100	100	100	100	100	100	100
October 2018	100	100	100	100	100	100	100	100
November 2018	100	100	100	100	100	100	100	100
December 2018	100	100	100	100	100	100	100	100
January 2019	100	100	100	100	100	100	100	100
February 2019	100	100	100	100	100	100	100	100
March 2019	100	100	100	100	100	100	100	100
April 2019	100	100	100	100	100	100	100	100
May 2019	100	100	100	100	100	100	100	100
June 2019	100	100	100	100	100	100	100	100
July 2019	100	100	100	100	100	100	100	100
August 2019	100	100	100	100	100	100	100	100
September 2019	100	100	100	100	100	100	100	100
October 2019	100	100	100	100	100	100	100	100
November 2019	100	100	100	100	100	100	100	100
December 2019	100	100	100	100	100	100	100	100
January 2020	100	100	100	100	100	100	100	100
February 2020	100	100	100	100	100	100	100	100
March 2020	100	100	100	100	100	100	100	100
April 2020	100	100	100	100	100	100	100	100
May 2020	100	100	100	100	100	100	100	100
June 2020	100	100	100	100	100	100	100	100
July 2020	94	93	92	91	91	89	88	88
August 2020	88	86	84	83	82	80	76	76
September 2020	82	79	77	75	74	70	66	66
October 2020	76	72	70	68	66	62	56	56
November 2020	70	66	63	61	59	54	48	48
December 2020	63	59	56	54	52	46	40	40
January 2021	56	53	49	47	45	39	32	32
February 2021	50	46	43	41	38	33	26	26
March 2021	42	40	37	35	32	27	20	20
April 2021	35	34	31	29	27	21	14	14
May 2021	28	28	25	24	21	16	9	9
June 2021	23	23	21	19	17	11	5	5
July 2021	19	19	17	15	13	7	1	1
August 2021	17	16	13	11	9	4	0	0
September 2021	15	13	10	8	6	*	0	0
October 2021	12	10	7	5	2	0	0	0
November 2021	10	7	4	2	0	0	0	0
December 2021	8	4	1	0	0	0	0	0
January 2022	5	1	0	0	0	0	0	0
February 2022	3	0	0	0	0	0	0	0
March 2022	*	0	0	0	0	0	0	0
April 2022	0	0	0	0	0	0	0	0
May 2022	0	0	0	0	0	0	0	0
June 2022	0	0	0	0	0	0	0	0
July 2022	0	0	0	0	0	0	0	0
August 2022	0	0	0	0	0	0	0	0
September 2022	0	0	0	0	0	0	0	0
October 2022	0	0	0	0	0	0	0	0
Weighted Average								
Life (Years) to								
Maturity	2.71	2.67	2.63	2.60	2.58	2.51	2.45	
Weighted Average								
Life (Years) to								
Optional Call	2.05	2.05	2.05	2.05	2.05	2.05	2.05	

\* Denotes a value greater than 0.00% and less than 0.50%

Payment Date	Percent of Initial Class B Note Balance Outstanding						
	0.0% CPR	20.0% CPR	30.0% CPR	35.0% CPR	40.0% CPR	50.0% CPR	60.0% CPR
Closing Date	100	100	100	100	100	100	100
August 2018	100	100	100	100	100	100	100
September 2018	100	100	100	100	100	100	100
October 2018	100	100	100	100	100	100	100
November 2018	100	100	100	100	100	100	100
December 2018	100	100	100	100	100	100	100
January 2019	100	100	100	100	100	100	100
February 2019	100	100	100	100	100	100	100
March 2019	100	100	100	100	100	100	100
April 2019	100	100	100	100	100	100	100
May 2019	100	100	100	100	100	100	100
June 2019	100	100	100	100	100	100	100
July 2019	100	100	100	100	100	100	100
August 2019	100	100	100	100	100	100	100
September 2019	100	100	100	100	100	100	100
October 2019	100	100	100	100	100	100	100
November 2019	100	100	100	100	100	100	100
December 2019	100	100	100	100	100	100	100
January 2020	100	100	100	100	100	100	100
February 2020	100	100	100	100	100	100	100
March 2020	100	100	100	100	100	100	100
April 2020	100	100	100	100	100	100	100
May 2020	100	100	100	100	100	100	100
June 2020	100	100	100	100	100	100	100
July 2020	100	100	100	100	100	100	100
August 2020	100	100	100	100	100	100	100
September 2020	100	100	100	100	100	100	100
October 2020	100	100	100	100	100	100	100
November 2020	100	100	100	100	100	100	100
December 2020	100	100	100	100	100	100	100
January 2021	100	100	100	100	100	100	100
February 2021	100	100	100	100	100	100	100
March 2021	100	100	100	100	100	100	100
April 2021	100	100	100	100	100	100	100
May 2021	100	100	100	100	100	100	100
June 2021	100	100	100	100	100	100	100
July 2021	100	100	100	100	100	100	100
August 2021	100	100	100	100	100	100	67
September 2021	100	100	100	100	100	100	23
October 2021	100	100	100	100	100	63	0
November 2021	100	100	100	100	92	23	0
December 2021	100	100	100	82	52	0	0
January 2022	100	100	69	42	13	0	0
February 2022	100	78	32	6	0	0	0
March 2022	100	42	0	0	0	0	0
April 2022	71	8	0	0	0	0	0
May 2022	39	0	0	0	0	0	0
June 2022	8	0	0	0	0	0	0
July 2022	0	0	0	0	0	0	0
August 2022	0	0	0	0	0	0	0
September 2022	0	0	0	0	0	0	0
October 2022	0	0	0	0	0	0	0
Weighted Average Life (Years) to Maturity	3.90	3.74	3.63	3.57	3.51	3.37	3.21
Weighted Average Life (Years) to Optional Call	2.05	2.05	2.05	2.05	2.05	2.05	2.05

Payment Date	Percent of Initial Class C Note Balance Outstanding						
	0.0% CPR	20.0% CPR	30.0% CPR	35.0% CPR	40.0% CPR	50.0% CPR	60.0% CPR
Closing Date	100	100	100	100	100	100	100
August 2018	100	100	100	100	100	100	100
September 2018	100	100	100	100	100	100	100
October 2018	100	100	100	100	100	100	100
November 2018	100	100	100	100	100	100	100
December 2018	100	100	100	100	100	100	100
January 2019	100	100	100	100	100	100	100
February 2019	100	100	100	100	100	100	100
March 2019	100	100	100	100	100	100	100
April 2019	100	100	100	100	100	100	100
May 2019	100	100	100	100	100	100	100
June 2019	100	100	100	100	100	100	100
July 2019	100	100	100	100	100	100	100
August 2019	100	100	100	100	100	100	100
September 2019	100	100	100	100	100	100	100
October 2019	100	100	100	100	100	100	100
November 2019	100	100	100	100	100	100	100
December 2019	100	100	100	100	100	100	100
January 2020	100	100	100	100	100	100	100
February 2020	100	100	100	100	100	100	100
March 2020	100	100	100	100	100	100	100
April 2020	100	100	100	100	100	100	100
May 2020	100	100	100	100	100	100	100
June 2020	100	100	100	100	100	100	100
July 2020	100	100	100	100	100	100	100
August 2020	100	100	100	100	100	100	100
September 2020	100	100	100	100	100	100	100
October 2020	100	100	100	100	100	100	100
November 2020	100	100	100	100	100	100	100
December 2020	100	100	100	100	100	100	100
January 2021	100	100	100	100	100	100	100
February 2021	100	100	100	100	100	100	100
March 2021	100	100	100	100	100	100	100
April 2021	100	100	100	100	100	100	100
May 2021	100	100	100	100	100	100	100
June 2021	100	100	100	100	100	100	100
July 2021	100	100	100	100	100	100	100
August 2021	100	100	100	100	100	100	100
September 2021	100	100	100	100	100	100	100
October 2021	100	100	100	100	100	100	86
November 2021	100	100	100	100	100	100	56
December 2021	100	100	100	100	100	88	28
January 2022	100	100	100	100	100	58	0
February 2022	100	100	100	100	82	32	0
March 2022	100	100	98	77	54	0	0
April 2022	100	100	70	50	29	0	0
May 2022	100	79	44	25	0	0	0
June 2022	100	53	20	0	0	0	0
July 2022	81	29	0	0	0	0	0
August 2022	56	0	0	0	0	0	0
September 2022	32	0	0	0	0	0	0
October 2022	0	0	0	0	0	0	0
Weighted Average Life (Years) to Maturity	4.19	4.01	3.91	3.84	3.77	3.61	3.44
Weighted Average Life (Years) to Optional Call	2.05	2.05	2.05	2.05	2.05	2.05	2.05

## THE PURCHASE AGREEMENT

The Warehouse Borrower will sell the Initial Loans and the Related Loan Assets on the Closing Date, and Additional Loans and the Related Loan Assets from time to time thereafter during the Revolving Period, to the Seller pursuant to the purchase agreement, to be dated as of the Closing Date, between the Warehouse Borrower and the Seller (the “**Purchase Agreement**”).

## THE SUBI CERTIFICATE PURCHASE AGREEMENT

On the Closing Date, Regional North Carolina will sell, transfer and assign to Regional Management: (i) the 2018-1A SUBI Certificate, all of its rights and obligations individually, as “2018-1A SUBI Holder” under any of the Transaction Documents, but excluding any of its rights and obligations as “Initial Beneficiary,” “Settlor,” or “UTI Holder” under any of the foregoing; (ii) all deposit accounts, monies, deposits, funds, accounts and instruments relating to the foregoing; and (iii) all income, products, accessions and proceeds of the foregoing (the “**2018-1A SUBI Transferred Assets**”). On the Closing Date, in exchange for the 2018-1A SUBI Transferred Assets, Regional Management shall pay Regional North Carolina in an amount equal to the estimated fair market value of such 2018-1A SUBI Transferred Assets.

## THE LOAN PURCHASE AGREEMENT

The Seller will sell the Purchased Assets on the Closing Date, and Additional Loans (other than the 2018-1A SUBI Loans and the Related Loan Assets) from time to time thereafter during the Revolving Period, to the Depositor pursuant to the loan purchase agreement, to be dated as of the Closing Date, between the Seller and the Depositor (the “**Loan Purchase Agreement**”). For further details on (i) conveyances of Loans (other than 2018-1A SUBI Loans) from the Seller to the Depositor and from the Depositor to the Issuer on the Closing Date and from time to time thereafter during the Revolving Period, (ii) Loan repurchase obligations as a consequence of breaches of certain representations and warranties and (iii) other circumstances in which Loans may be added or removed from the Loan Pool, see “*Description of the Loans— Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases*” in this private placement memorandum. Pursuant to the Loan Purchase Agreement, and in accordance with Rule 3a-7 of the Investment Company Act, the Depositor may not acquire Additional Loans or related assets or dispose of Loans or related assets for the primary purpose of recognizing gains or decreasing losses resulting from market value changes.

The Seller will permit the Depositor and its authorized representatives reasonable access, during normal business hours, to the books and records of the Seller in the possession of the Seller as they relate to the Loans and the Related Loan Assets; *provided, however*, that such access shall be conducted in a manner that does not unreasonably interfere with the Seller’s normal operations; and, *provided, further*, that the Seller will not be required to divulge any records or information to the extent prohibited by any Requirements of Law.

The Loan Purchase Agreement may be amended or modified (i) by a written agreement executed by the Depositor and each Seller, (ii) upon satisfaction of the Rating Agency Notice Requirement and (iii) with the consent of the Issuer. The Depositor is required to deliver a form of any such amendment to the Rating Agency. See “*Risk Factors—Risks Relating to the Notes—The Noteholders have limited control over amendments, modifications and waivers to, and assignments of, the Indenture and other Transaction Documents*” in this private placement memorandum.

## THE SALE AND SERVICING AGREEMENT AND THE BACK-UP SERVICING AGREEMENT

The Loans (other than the 2018-1A SUBI Loans) and the 2018-1A SUBI Certificate will be conveyed by the Depositor to the Issuer pursuant to the terms of the sale and servicing agreement, to be dated as of the Closing Date (the “**Sale and Servicing Agreement**”), among the Depositor, the Servicer, the Subservicers, the Issuer, and the North Carolina Trust. In addition, the Loans will be serviced pursuant to the terms of the Sale and Servicing Agreement. Under the Sale and Servicing Agreement, the Servicer will be responsible for ensuring that the Loans are serviced in accordance with the terms of the Sale and Servicing Agreement (and in the case of the 2018-1A SUBI Loans, the 2018-1A SUBI Servicing Agreement). The Servicer (including any successor Servicer) may delegate servicing responsibilities to other Persons (including but not limited to the Regional Originators) and will enlist the Subservicers to assist with a substantial portion servicing functions, but such delegation does not, in any way, relieve the Servicer

from any of its obligations to ensure that the Loans are serviced in accordance with the terms and conditions of the Sale and Servicing Agreement.

For detail on (i) conveyances of Loans from the Seller to the Depositor and from the Depositor to the Issuer and allocation of 2018-1A SUBI Loans to the 2018-1A SUBI on the Closing Date and from time to time during the Revolving Period, (ii) Loan repurchase obligations as a consequence of breaches of certain representations and warranties and (iii) other circumstances in which Loans may be added or removed from the Loan Pool, see “*Description of the Loans— Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases*” in this private placement memorandum.

Set forth below are summaries of the specific terms and provisions pursuant to which the Loans will be serviced. The summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions of the Sale and Servicing Agreement.

Additionally, the conveyances of Loans and other Related Loan Assets by the Depositor to the Issuer under the Sale and Servicing Agreement are subject to the satisfaction of conditions similar to those described above under “*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases*” with respect to the conveyance of Loans and other Related Loan Assets.

### **Custody of Contracts**

The Issuer and the Indenture Trustee, upon the execution and delivery of the Sale and Servicing Agreement, will revocably appoint the Servicer as Custodian to act as the agent of the Issuer and the Indenture Trustee as custodian of the Contracts. The Custodian or any Subservicer appointed by it as subcustodian, will hold such Contracts for the benefit of the Issuer and the Indenture Trustee, as pledgee of the Issuer. In performing its duties as Custodian, the Servicer will act in accordance with its customary servicing practices. The Custodian will promptly report to the Issuer and the Indenture Trustee any failure on its part (or, if applicable, a subcustodian’s part) to hold a material portion of the Contracts and maintain its account, records and computer systems as provided in the Sale and Servicing Agreement and promptly take appropriate action to remedy any such failure. No initial review or any periodic review by the Issuer or the Indenture Trustee of the Contracts will be required.

The Servicer’s appointment as Custodian will become effective as of the Initial Cut-Off Date and will continue in full force and effect until terminated pursuant to the Sale and Servicing Agreement. If Regional Management resigns as Servicer in accordance with the provisions of the Sale and Servicing Agreement or if all of the rights and obligations of the Servicer have been terminated pursuant to the Sale and Servicing Agreement, the Indenture Trustee may (and upon the written direction of the Required Noteholders will) terminate the appointment of the Servicer as Custodian in the same manner as the Indenture Trustee may terminate the rights and obligations of the Servicer under the Sale and Servicing Agreement. In the event that the Custodian is terminated in such capacity, each Subservicer will be terminated as subcustodian for each Loan with respect to which it is then acting in such capacity. In the event that the Back-up Servicer assumes servicing responsibilities or a successor Servicer, as applicable, is appointed, the outgoing Servicer shall promptly transfer to the Back-up Servicer or a successor Servicer, as applicable, in such manner and to such location as the Back-up Servicer or a successor Servicer, as applicable, shall reasonably designate, all of the Contracts and other Related Loan Assets in its possession or control; provided, however, if the Back-up Servicer is the Successor Servicer, the Back-up Servicer may elect to have the Indenture Trustee hold the Contracts in trust for the Issuer.

### **Imaging of Loan Files**

The Servicer has established its own imaging system through which the Imaged Files with respect to the Loans may be imaged and captured through a standalone PDF, or another electronic medium, and validated through an internal, controlled process with images captured, stored and identifiable at a central location as a back-up to physical documentation.

The Seller (or, with respect to the 2018-1A SUBI Loans, the Servicer) will represent (as a Loan Level Representation) on the Closing Date that it has delivered or caused to be delivered Imaged Files of the Initial Loans to the Image File Custodian on or prior to the Closing Date. Thereafter, the Seller will represent (as a Loan Level Representation) that it has delivered or caused to be delivered the Imaged File relating to each Additional Loan to the

Image File Custodian on or prior to the applicable Addition Date. See “*Servicing Standards—Records Management, Storage, and Disaster Recovery*” in this private placement memorandum. The “**Imaged File**” with respect to any Loan will include an imaged copy of (a) the applicable Contract and (b) in the event such Loan is a Hard Secured Loan, an imaged copy of the certificate of title of the Titled Asset securing such Hard Secured Loan, in each case as such document exists as of the date such imaging is performed with respect to such Loan.

Under the Back-up Servicing Agreement, the Image File Custodian will review each document within any Imaged File delivered by the Servicer or the applicable Subservicer to determine whether (i) it is fully executed and appears to relate to the applicable Loan specified in connection with such delivery and (ii) each Imaged File contains each of the following with respect to the applicable Loan specified by such Servicer or Subservicer, as applicable: (a) last name of the Loan Obligor, (b) the Loan Obligor’s account number, (c) whether such Loan is a Hard Secured Loan (with a certificate of title or not), (d) loan amount, (e) APR, (f) contract term (*i.e.*, the number of payments), (g) branch state and (h) Loan Obligor’s state of residence at time of origination (to the extent such information appears in the Imaged File) (the “**Imaged File Review**”). In connection with the Imaged File Review of the Initial Loans, the Image File Custodian will deliver a certification as to whether such Imaged Files satisfied the matters that are the subject of the Imaged File Review (the “**Custodian Certification**”) no later than fifteen (15) Business Days after the Closing Date. Thereafter, depending on the number of Imaged Files that are delivered to the Image File Custodian on a Business Day, the Image File Custodian will be required to deliver the applicable Custodian Certification between three (3) to fifteen (15) Business Days following such date of delivery; *provided that* in the event that the documents specified in clause (b) of the definition of Imaged File are to be delivered separately, the Image File Custodian will be required to deliver the applicable Custodian Certification five (5) Business Days following such date of delivery. Additionally, the Image File Custodian will retain an electronic copy of each Imaged File on its information technology systems.

### **Servicing of Loans**

The Servicer will service and administer the Loans (or cause the Loans to be serviced and administered) in accordance with the Credit and Collection Policy and all applicable Requirements of Law and in accordance with the Sale and Servicing Agreement. The Servicer will have full power and authority, acting alone or through any party properly designated by it under the Sale and Servicing Agreement, to do any and all things in connection with such servicing and administration which the Servicer may deem necessary or desirable. Generally speaking, the Servicer will not be liable for any action taken or for refraining from taking action in good faith without willful misfeasance, bad faith or gross negligence or reckless disregard of its duties.

“**Credit and Collection Policy**” shall mean the credit and collection policies and practices and procedures maintained by the Servicer relating to the Loans, as the same may be amended, supplemented or otherwise modified from time to time. The Servicer has covenanted not to amend, modify, waive or supplement the Credit and Collection Policy after the Closing Date in any manner that could reasonably be expected to result in an Adverse Effect, except as required by Requirements of Law or as ordered by a court of competent jurisdiction or other Governmental Authority. See “*Risk Factors—Risks Relating to Regional’s Business and Operations—Modifications to the Credit and Collection Policy may result in changes to the performance of the Loan Pool and the servicing of the Loans*” in this private placement memorandum. If there is a Successor Servicer, “**Credit and Collection Policy**” shall mean the customary and usual servicing, administration and collection practices and procedures used by servicing companies of comparable experience to the Successor Servicer for servicing personal loans comparable to the Loans which the Successor Servicer services for its own account, as the same may be amended, supplemented or otherwise modified from time to time. See “*Risk Factors—Risks Relating to the Counterparties—Replacement of the Servicer, inability to replace the Servicer or inability of the Subservicers to assist in servicing the Loans could result in reduced payments on the Notes*” in this private placement memorandum.

Each Subservicer will be responsible for the servicing and administration of the Loans for which such Subservicer is designated as the Subservicer on the Loan Schedule (which will generally be the Loans originated by such Subservicer, in its capacity as a Regional Originator); *provided, however*, that the Servicer may redesignate the Subservicers for particular Loans from time to time; *provided, further*, that any such redesignation will comply with licensing regulations applicable to such Subservicers.

Each Subservicer will be required to service and administer the related Loans in accordance with the same standard to which the Servicer is subject. As part of its servicing activities under the Sale and Servicing Agreement, the Servicer shall enforce the obligations of each Subservicer thereunder. The Servicer will be entitled to terminate

the subservicing of the Loans by any Subservicer under the Sale and Servicing Agreement at any time in its sole discretion. In the event of termination of any Subservicer, the Servicer shall either (a) directly service the related Loans but only to the extent the Servicer has the regulatory authorization to do so, or (b) appoint another duly licensed Subservicer to service and administer such Loans and, in either case, such entity shall assume all such servicing obligations immediately upon such termination.

Notwithstanding the appointment of the Subservicers for any such servicing and administration of the related Loans or any other delegation or subservicing arrangements, the Servicer shall remain obligated and solely liable to the Issuer, the North Carolina Trustees, the Indenture Trustee and the Noteholders for the servicing and administering of the Loans in accordance with the provisions of the Sale and Servicing Agreement to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Loans.

### **Servicing and Other Compensation and Payment of Expenses**

As full compensation for its servicing activities under the Sale and Servicing Agreement, the Servicer will be entitled to receive the Servicing Fee with respect to each Collection Period (or portion thereof) occurring prior to the termination of the Trust pursuant to the terms of the Trust Agreement. The Servicing Fee for any Collection Period, other than the Collection Period relating to the Initial Payment Date, will be an amount equal to the product of (i) 4.75%, multiplied by (ii) the aggregate Loan Principal Balance as of the first day of such Collection Period, multiplied by (iii) one-twelfth. The Servicing Fee for the Collection Period relating to the Initial Payment Date will be an amount equal to the product of (i) 4.75%, multiplied by (ii) the aggregate Loan Principal Balance as of the Initial Cut-Off Date, multiplied by (iii) one-sixth. The Servicing Fee will be payable to the Servicer solely to the extent that amounts are available for payment in accordance with the terms of the Indenture (including by the Servicer retaining Collections from the Collection Account in an amount up to the aggregate accrued and unpaid Servicing Fee).

The Servicer shall be required to pay the fees, costs and expenses incurred by the Servicer in connection with its servicing responsibilities under the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement, including expenses related to enforcement of the Loans, out of its own account and will not be entitled to any payment or reimbursement therefore other than the Servicing Fee.

The Back-up Servicer is entitled to receive, on each Payment Date, as compensation for its activities under the Back-up Servicing Agreement, the Back-up Servicing Fee. The Back-up Servicing Fee for any Collection Period, other than the Collection Period relating to the Initial Payment Date, will be an amount equal to the greater of (a) \$10,000 and (b) the product of (i) 0.07%, multiplied by (ii) the aggregate Loan Principal Balance as of the first day of such Collection Period, multiplied by (iii) one-twelfth. The Back-up Servicing Fee for the Collection Period relating to the Initial Payment Date will be an amount equal to the product of (i) 0.07%, multiplied by (ii) the aggregate Loan Principal Balance as of the Closing Date, multiplied by (iii) a fraction, the numerator of which is the number of days from the Closing Date through the end of the initial Collection Period, and the denominator of which is 360. The Back-up Servicing Fee will no longer accrue to the extent that the Back-up Servicer has become the Successor Servicer.

The Back-up Servicer will be entitled to receive from the Servicer (i) indemnification payments in respect of losses arising from or otherwise relating to the Back-up Servicer's participation in the transactions described in the Back-up Servicing Agreement, except to the extent that any such losses are caused by the Back-up Servicer's gross negligence, willful misconduct or bad faith (excluding errors in judgment) of the Back-up Servicer in the performance of its duties under the Back-up Servicing Agreement or by reason of reckless disregard of its obligations and duties under the Back-up Servicing Agreement (in each case, as determined by a court of competent jurisdiction), (ii) reimbursement of documented out-of-pocket expenses (including reasonable legal fees and expenses of external counsel) of the Back-up Servicer incurred in connection with the performance of its duties under the Back-up Servicing Agreement, including with respect to the execution of any amendments to any Transaction Documents to which it is a party, and (iii) reimbursement of its reasonable costs and expenses in connection with the assumption of its servicing obligations after the delivery of a Termination Notice to the Servicer (such costs and expenses, the "**Servicing Transition Costs**"). If the Servicer does not pay any such amounts described in the immediately preceding sentence within forty-five (45) days following demand therefor, the Back-up Servicer shall be entitled to receive payment of such unpaid amounts in accordance with the Priority of Payments. Subject to the foregoing, the Back-up Servicer shall be required to pay all expenses (other than Servicing Transition Costs) incurred by it in connection with its activities under the Back-up Servicing Agreement (including taxes imposed on the Back-up Servicer and all expenses incurred in connection with reports delivered thereunder).

The payment of fees and reimbursement of expenses of the Indenture Trustee, the Account Bank and the Note Registrar pursuant to the Indenture, the payment of fees and reimbursement of expenses of the Owner Trustee pursuant to the Trust Agreement, the reimbursement of expenses of the Back-up Servicer and the Image File Custodian pursuant to the Back-up Servicing Agreement (other than Servicing Transition Costs), the payment of any costs and expenses then due by the Issuer under the Intercreditor Agreement, to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's *pro rata* allocation in accordance with the Intercreditor Agreement, and the payment to the Owner Trustee, the Indenture Trustee, the Account Bank, the Note Registrar, the Back-up Servicer, the Image File Custodian, the 2018-1A SUBI Trustee and any other Person entitled thereto (including Wells Fargo solely in its capacity as Third Party Allocation Agent under the Intercreditor Agreement to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's *pro rata* allocation in accordance with the Intercreditor Agreement) of any indemnified amounts due and owing to such parties from the Issuer pursuant to any Transaction Document from the assets of the Trust Estate payable on a senior basis in accordance with the Priority of Payments are subject to an aggregate annual cap of \$350,000 for all such amounts during any calendar year; *provided*, that such dollar amount limitation shall not apply following the occurrence and continuation of an Event of Default; *provided further*, for the avoidance of doubt, any amounts due but not paid due to the application of such dollar amount limitation in a calendar year will be paid in the next succeeding calendar year (subject to such dollar amount limitation for such calendar year). Prior to the occurrence and continuation of an Event of Default, all such amounts that exceed such cap are payable from the assets of the Trust Estate on a subordinate basis in accordance with the Priority of Payments.

Each of the Servicing Fees and the Back-up Servicing Fees will be paid from collections in respect of the Loans in accordance with the Priority of Payments or, in the case of the Servicing Fee, as retained.

#### **Payments on Loans; Collection Account; Intercreditor Accounts**

Except as otherwise provided below, the Servicer shall deposit (or cause to be deposited) Collections into the Collection Account as promptly as possible after the date of processing of such Collections but in no event later than the second (2<sup>nd</sup>) business day following the date of processing of such Collections by the applicable Subservicer, or if such Collection was received directly by the Servicer, the Servicer; *provided*, that such "processing" of any Collections will not begin until the Servicer or Subservicer, as applicable, has received such Collections. Additionally, Regional Management (as Servicer) has agreed to deposit (or cause to be deposited) Collections into the Collection Account within seven (7) Business Days after receipt thereof by the Servicer or the related Subservicer, as applicable. The Servicer may retain funds constituting Collections in an amount equal to its accrued and unpaid Servicing Fee and will not be required to deposit such funds in the Collection Account.

Additionally, so long as no Overcollateralization Event or other Reinvestment Criteria Event is then outstanding, amounts on deposit in the Collection Account shall, at the written direction of the Servicer, be invested by the Indenture Trustee in Eligible Investments selected by the Servicer. In the absence of any such written direction, amounts in the Collection Account will not be invested and the Indenture Trustee will have no obligation or liability to pay any interest or earnings thereon. Pursuant to the Sale and Servicing Agreement, the Servicer shall instruct the Indenture Trustee to make withdrawals and payments from the Collection Account for the purposes of carrying out the Servicer's or the Indenture Trustee's duties under the Indenture and under the Sale and Servicing Agreement.

The Collections on the Loans generally will initially be deposited into either the Wells Fargo Depository Accounts, state depository accounts established at Bank of America, N.A, or bank accounts established at local state banks, and in each case amounts deposited therein are either transferred pursuant to a wire or an ACH transfer on a daily basis into the Bank of America Master Depository Account. Amounts in the Bank of America Master Depository Account, will include payments made by (i) Loan Obligors on the Loans, (ii) obligors on the large personal loans that secure the Warehouse Facility, (iii) obligors on the auto loans that secure the Term Loan and other future financing arrangements subject to the Intercreditor Agreement and (iv) obligors on the consumer loans (which include the large personal loans) that secure the ABL Facility.

To address the issue of commingling and to reduce the risk to its respective lenders, the agent under the ABL Facility, the agent under the Term Loan and the agent under the Warehouse Facility (the "**Lender Agents**") together with Regional Management, certain Affiliates, including the Subservicers, the Term Loan Borrower, the Warehouse Borrower and Wells Fargo, not in its individual capacity, but in its capacity as pre-approved Third Party Allocation

Agent, are each a party to the Intercreditor Agreement, which establishes the procedures, allocations and disposition of the commingled proceeds held in such Intercreditor Accounts. Simultaneously with entering into the Intercreditor Agreement, Regional Management, the Subservicers, other Regional Affiliates, the Term Loan Borrower and the Warehouse Borrower entered into the Intercreditor Security Agreement, pursuant to which each party granted for the benefit of Bank of America, N.A. in its capacity as the collateral agent for the Lender Agents (the “**Intercreditor Collateral Agent**”) a continuing security interest in, lien on, and assignment of the Intercreditor Accounts and all proceeds held in such accounts. The Intercreditor Security Agreement contemplates that from time to time, additional Regional grantors may become a signatory thereto, by execution of a joinder to the Intercreditor Security Agreement. The Intercreditor Agreement also contemplates that from time to time, any future Lender Agent that is authorized on behalf of the lenders, holders of securities or other interest holders party to or under any other securitization or warehouse facility (each, a “**Related Secured Party**”) may become a signatory thereto, by execution of a joinder to the Intercreditor Agreement and an acknowledgement by the related special purchase subsidiary

On the Closing Date, the Issuer will join the Intercreditor Security Agreement and the Indenture Trustee will join the Intercreditor Agreement, and the Issuer will acknowledge the joinder to the Intercreditor Agreement. The parties to the Intercreditor Agreement acknowledge that the collections relating to the ABL Facility, the Term Loan, the Warehouse Facility, the securitization contemplated by this private placement memorandum and any future financing arrangements (which may include one or more securitizations) will be commingled by deposit or be transferred into one or more accounts including the Intercreditor Accounts.

Pursuant to the Intercreditor Agreement, the Lender Agents each agree that no claim may be made against another Lender Agent (the “**Recipient Lender Agent**”) that any payment or amount received by such Recipient Lender Agent and remitted by Regional Management or any of its Affiliates and subsidiaries, including the Subservicers party thereto (other than any special purpose subsidiaries) to such Recipient Lender Agent, constitutes funds relating to such Lender Agent’s financing nor shall any such payment or amount be subject to disgorgement to, or deemed held in trust or otherwise for the benefit of such Lender Agent. See “*Risk Factors—Risks Relating to the Counterparties—The Indenture Trustee may not have a perfected security interest in Collections commingled by the Servicer or Subservicer with other funds*” in this private placement memorandum.

Notwithstanding the sentence above, if any Lender Agents to the Intercreditor Agreement, including the Indenture Trustee shall receive any distribution pursuant to the Intercreditor Agreement that is property of another Person (“**Diverted Funds**”; the holder of the Diverted Funds being the “**Diverted Funds Holder**”), the following rules shall apply: (a) if the date on which the Diverted Funds were distributed to the Diverted Funds Holder is not during the continuance of an event of default under the ABL Facility and such Diverted Funds are identified as such within ninety (90) days following the date of such distribution, the Diverted Funds Holder shall promptly repay the amount of such Diverted Funds to the person entitled to such Diverted Funds, but (b) if the date on which the Diverted Funds were distributed to the Diverted Funds Holder is after the occurrence and during the continuance of an event of default under the ABL Facility and such Diverted Funds are identified as such at any time thereafter, then the Diverted Funds Holder shall promptly repay the amount of such Diverted Funds to the Person entitled to such Diverted Funds (without regard to the ninety (90) day time limitation). See “*Risk Factors—Risks Relating to the Counterparties—Replacement of the Servicer, inability to replace the Servicer or inability of the Subservicers to assist in servicing the Loans could result in reduced payments on the Notes*” and “*Risk Factors—Risks Relating to the Counterparties—Potential conflicts of interest exist relating to the Initial Purchasers, including with respect to the Warehouse Facility*” in this private placement memorandum.

### **Duties of the Back-up Servicer**

Under the Back-up Servicing Agreement, the Back-up Servicer has agreed to perform certain duties on behalf of the Issuer, the North Carolina Trust and the Indenture Trustee for the benefit of the Noteholders, including: (i) in cooperation and consultation with the Servicer, reviewing the servicing procedures and systems of the Servicer and adopting such changes or other modifications to the systems of the Back-up Servicer or, at the expense of the Servicer, assisting the Servicer to make changes or other modifications as are reasonably necessary to ensure that the Back-up Servicer is able to perform its duties and obligations during the Servicing Centralization Period, during the Servicing Transition Period and following the Servicing Assumption Date, (ii) upon receipt of a Monthly Data Tape from the Servicer (which will be delivered by the Servicer no later than two (2) Business Days prior to each Monthly Determination Date), (a) reviewing such Monthly Data Tape to confirm that the information contained therein appears to be readable on its face and that it is in a format reasonably acceptable to the Back-up Servicer, and (b) using the

data contained therein, confirming the following calculations and comparing the same against the calculations reflected in the related Monthly Servicer Report: Adjusted Loan Principal Balance, Adjusted Loan Principal Balance of Delinquent Loans and Monthly Net Loss Percentage. The Back-up Servicer using the information contained on the Monthly Servicer Report shall confirm the mathematical accuracy of: Aggregate Note Balance, Back-up Servicing Fee, Class A Monthly Interest Amount, Class A Note Balance, Class B Monthly Interest Amount, Class B Note Balance, Class C Monthly Interest Amount, Class C Note Balance, First Priority Principal Payment, Second Priority Principal Payment, Third Priority Principal Payment, Regular Principal Payment Amount, aggregate Loan Action Date Loan Principal Balance and Servicing Fee. The Back-up Servicer shall provide notice of discrepancies to the Servicer no later than three (3) Business Days after receipt of the Monthly Data Tape and Monthly Servicer Report; and (iii) not less than once per twelve-month period, with the reasonable cooperation of the Servicer (which the Servicer agrees to provide), meeting with the Servicer's management at a telephonic meeting coordinated by the Servicer or at the Servicer's corporate headquarters, as agreed upon by the Back-up Servicer and the Servicer, to discuss any material changes to the Servicer's servicing processes and procedures adopted by the Servicer during such twelve-month period since the last telephonic or in-person meeting (or, in the case of the first such meeting, since the Closing Date). The Servicer will reimburse the Back-up Servicer for its expenses in connection with any on-site meeting; provided that such reimbursement will not exceed \$5,000 for any such on-site meeting.

The Back-up Servicer will not be liable to the Issuer, the North Carolina Trust, the Depositor or the Indenture Trustee under the Back-up Servicing Agreement except for its own willful misconduct, bad faith or gross negligence in the performance of its duties, or by reason of reckless disregard of obligations and duties under the Back-up Servicing Agreement.

The Back-up Servicer will not be deemed to have knowledge of a Servicer Default unless a Responsible Officer of the Back-up Servicer has actual knowledge of such Servicer Default or has received written notice thereof. Prior to such Responsible Officer's receipt of such written notice or its obtaining actual knowledge of a Servicer Default, the Back-up Servicer may assume that a Servicer Default has not occurred and will not have any obligation or duty to determine whether any Servicer Default has occurred.

Except as expressly otherwise provided in the Back-up Servicing Agreement and prior to the Servicing Assumption Date, the Back-up Servicer is entitled to conclusively rely, without investigation or other action on its part, on directions, opinions, certificates, reports, notices, advice, calculations and other documents and information provided to it by any party to any of the Transaction Documents, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, and such reliance will not constitute negligence or misconduct, and the Back-up Servicer will not be personally liable or accountable to any Person, under such circumstances, by reason of such good faith reliance. Except as expressly otherwise provided in the Back-up Servicing Agreement and prior to the Servicing Assumption Date, the Back-up Servicer will have no duty to investigate, recompile, recalculate or otherwise verify the accuracy of any such information and will have no liability for any error or inaccuracy in such reports resulting from the use of such information.

Pursuant to the Back-up Servicing Agreement, the Back-up Servicer may act through its agents, attorneys, accountants, experts and such other professionals as the Back-up Servicer deems necessary, advisable or appropriate, and shall not be held responsible or liable for any action, inaction, misconduct or negligence of such persons selected by the Back-up Servicer with due care. Notwithstanding the appointment of any such agent, attorney, accountant or other professional, the Back-up Servicer will remain obligated and solely liable to the Issuer, the North Carolina Trust, the Servicer, the Depositor, the Indenture Trustee and the Noteholders for its duties, obligations and liabilities under the Back-up Servicing Agreement to the same extent and under the same terms and conditions as if the Back-up Servicer were acting alone. The Back-up Servicer, when acting as Successor Servicer may, without the need to obtain any prior consent of any Person, delegate any or all of its duties and obligations under the Back-up Servicing Agreement, the 2018-1A SUBI Servicing Agreement and the Sale and Servicing Agreement to one or more subcontractors or subservicers; *provided*, that the Back-up Servicer, as Successor Servicer, will remain obligated and solely liable to the Issuer, the North Carolina Trust, the Servicer, the Depositor, the Indenture Trustee and the Noteholders for its duties, obligations and liabilities under the Back-up Servicing Agreement, the 2018-1A SUBI Servicing Agreement and the Sale and Servicing Agreement to the same extent and under the same terms and conditions as if the Back-up Servicer, as Successor Servicer, were acting alone.

## **Servicing Centralization Period**

Unless a Servicing Transfer has already occurred, if at any time Regional Management and its Affiliates cease all or substantially all origination and servicing activity with respect to personal loans (a “**Servicing Centralization Trigger Event**”) and the Indenture Trustee delivers a Servicing Centralization Period Notice to the Rating Agency and the Back-up Servicer (the period from the Back-up Servicer’s receipt of a Servicing Centralization Period Notice and ending upon the receipt by the Back-up Servicer of a Servicing Transfer Notice, the “**Servicing Centralization Period**”), the Back-up Servicer may perform, in addition to the duties described above under “—*Duties of the Back-up Servicer*,” the duties listed below and any other actions, in each case to the extent the Back-up Servicer deems necessary in order to ensure its preparedness to act as the Servicer:

1. Hire sufficient personnel and allocate appropriate space and resources as may be necessary in connection with the performance during the Servicing Transition Period and the assumption of the duties of the Servicer under the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement.
2. Participate in status meetings with the Servicer and its personnel.
3. Resolve any information technology issues regarding remote access to Regional Management’s computer system (including to all scanned or otherwise electronically stored Contracts).
4. Confirm that access and control over the Central Lockbox is fully vested with the Back-up Servicer.
5. Negotiate any necessary subservicing or other agreements with third-party servicers, collection agents or other service providers.
6. Enter into a custodial agreement acceptable to the Back-up Servicer with a third-party custodian (which may be Wells Fargo or an Affiliate thereof) selected by Regional Management and consented to by the Back-up Servicer in its reasonable discretion to confirm whether all Contracts constituting instruments or chattel paper are held with such custodian (other than an immaterial number of such documents).
7. Confirm that the Servicer maintains, or the applicable Subservicer maintains, custody and control of all and Contracts that were transferred to the Issuer for the benefit of the Issuer pursuant to the Sale and Servicing Agreement.

The Servicer has agreed in the Back-up Servicing Agreement that, upon its receipt of a Servicing Centralization Period Notice, (x) to cooperate with the Back-up Servicer in its performance of the duties described above and (y) to do each of the following:

1. Promptly establish and maintain the Central Lockbox.
2. Promptly commence, and within ninety (90) days thereafter complete, the distribution of written notices to all Loan Obligor instructing them to direct payments to the Central Lockbox or to a Permitted Payment Location.
3. Promptly commence, and within six (6) months thereafter complete, the implementation of new procedures regarding acceptance of payments constituting Collections at branch locations of the Servicer and the Subservicers as follows: (a) deliver to Loan Obligor that “walk-in” to remit Collections written materials encouraging remittance of Collections to the Central Lockbox or to a Permitted Payment Location and (b) discontinue accepting cash payments at branch locations with respect to the Loans.
4. To the extent any cash payments constituting Collections are received by the Servicer, promptly (and in any event not more than two (2) Business Days following receipt thereof) remit all such Collections to the Central Lockbox.

5. Unless otherwise prohibited by any applicable Requirements of Law, contact all Loan Obligors of Loans with respect to which one or more required payments is past due not later than seven (7) days after the due date thereof regarding all delinquent payments.
6. Make available to the Back-up Servicer any imaged loan files of the Contracts held in custody of the Servicer (or its designees).
7. Not later than six (6) months after receipt of the Servicing Centralization Period Notice, deliver all Contracts constituting instruments or chattel paper previously held by or on behalf of the Servicer or any Subservicer to the Back-up Servicer or a custodian (which such custodian may be an Affiliate of the Indenture Trustee) selected by the Servicer and consented to by the Back-up Servicer (such consent not to be unreasonably withheld or delayed); *provided*, that, with respect to the Contracts delivered to the Back-up Servicer or a mutually agreed custodian, the Back-up Servicer and such custodian, as applicable, shall provide the Servicer reasonable access to such Contracts.

A “**Servicing Centralization Period Notice**” is a written notice substantially in the applicable form attached to the Back-up Servicing Agreement from the Indenture Trustee (acting at the written direction of the Required Noteholders) to the Rating Agency and the Back-up Servicer (with a copy to the Servicer) advising the Rating Agency, the Servicer and the Back-up Servicer of the occurrence of a Servicing Centralization Trigger Event.

The “**Central Lockbox**” is a post office box and linked deposit account established and maintained on behalf of the Back-up Servicer in the name of the Indenture Trustee for the purpose of receiving Collections after the commencement of the Servicing Centralization Period.

A “**Permitted Payment Location**” is any payment location operated in conjunction with an established electronic payment service that is approved in writing by the Servicer.

#### **Certain Matters Regarding the Servicer**

The primary servicing duties to be performed by the Servicer (or the related Subservicer on behalf of the Servicer) include processing and maintaining the Loans and Contracts, tracking and monitoring the status of the Loans, responding to Loan Obligor inquiries, collection and remittance of principal of and interest payments on the Loans, collection of insurance claims, loss mitigation procedures, charging-off Loans as uncollectible and liquidations of Loans and collateral securing such Loans and collecting on deficiency balances. The Servicer also will provide certain required data and information to the Back-up Servicer and the Indenture Trustee with respect to the Loans.

The Servicer may delegate any of its servicing and administration duties with respect to the Loans under the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement or enter subservicing arrangements with any Person, but no such Person will be entitled to any additional compensation from assets of the Trust Estate. Notwithstanding the delegation of its servicing obligations, the Servicer will (until its resignation or removal as Servicer) remain liable under the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement for the servicing of the Loans.

The Sale and Servicing Agreement will provide that neither the Servicer, nor any directors, officers, partners, members, managers, employees or agents of the Servicer in its capacity as Servicer, will be under any liability to the Issuer, the Owner Trustee, the North Carolina Trust, the Indenture Trustee, the Noteholders or any other Person for the taking of any action or for refraining from the taking of any action in good faith pursuant to the Sale and Servicing Agreement; *provided, however*, that none of the Servicer or any such directors, officers, partners, members, managers, employees or agents of the Servicer, will be protected against any liability that would otherwise be imposed by reason of willful misfeasance, bad faith or negligence (or, if the Servicer is not Regional Management, gross negligence) in the performance of his or its duties or by reason of reckless disregard of his or its obligations and duties thereunder.

The rights and obligations of the Subservicers under the Sale and Servicing Agreement will terminate upon the occurrence of a Servicing Transfer Date (including the Servicing Assumption Date) and the related Successor Servicer will not be required to enforce the obligations of any prior Subservicer that has been terminated in connection with such Servicing Transfer Date. However, any Subservicer may be engaged (and each Subservicer has agreed to reasonably cooperate with the Back-up Servicer or any other successor servicer in arranging any such engagement) by

any Successor Servicer, including the Back-up Servicer, to provide servicing and administration of the Loans subject to the direction of such Successor Servicer (including the Back-up Servicer). However, there can be no assurance that any Subservicer will agree to provide such servicing and administration, or be capable of providing such servicing and administration, at the time requested. See “*Risk Factors—Risks Relating to the Counterparties—Replacement of the Servicer, inability to replace the Servicer or inability of the Subservicers to assist in servicing the Loans could result in reduced payments on the Notes*” in this private placement memorandum.

### **Servicer Obligation to Purchase for Servicer Breach**

Under the Sale and Servicing Agreement, the Servicer, each Subservicer and any Successor Servicer by its appointment thereunder will make, with respect to itself only, on the Closing Date (or on the date of the appointment of such Successor Servicer) and shall make on each Addition Date, the following representations and warranties and shall covenant to certain matters, including the following:

- It shall (i) duly satisfy all obligations on its part to be fulfilled under the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement or in connection with each Loan and will maintain in effect all qualifications required under Requirements of Law in order to service properly each Loan; (ii) comply in all material respects with its Credit and Collection Policy; and (iii) comply with all other Requirements of Law in connection with servicing each Loan the failure to comply with which would have an Adverse Effect;
- It shall not permit any amendment, waiver, modification, rescission or cancellation of any Loan, except in accordance with its Credit and Collection Policy, as required by Requirements of Law or as ordered by a court of competent jurisdiction or other Governmental Authority; and
- It shall take no action which, nor omit to take any action the omission of which, would impair, in any material respect, the rights of the Issuer or the Indenture Trustee in any Loan, nor shall it reschedule, revise or defer payments due on any Loan except in accordance with its Credit and Collection Policy or as required by Requirements of Law.

In the event any of the representations, warranties or covenants of the Servicer or any Subservicer set forth above with respect to any Loan is breached (the “**Applicable Representations**”), which breach materially adversely affects the interests of the Noteholders in such Loan, and is not cured within forty-five (45) days from the first date on which the Servicer or the breaching Subservicer either (A) is notified by the Issuer, the Indenture Trustee or the Depositor of such breach or (B) discovered such breach, then any Loan or Loans to which such event relates shall be transferred and assigned to the Servicer (or in the case of the 2018-1A SUBI Loans, reallocated at the direction of the Servicer) on or prior to the Payment Date immediately following the Collection Period in which such forty-five-day period expired (with payment for such assigned Loans to be made not later than such Payment Date). The cure or purchase obligations referred to above will constitute the sole remedy available to the Issuer, the Depositor, the North Carolina Trust, the Noteholders or the Indenture Trustee with respect to the Servicer’s breach of such Applicable Representations.

The Servicer shall effect any such purchase by making a deposit into the Collection Account or other applicable Note Account in immediately available funds in an amount equal to the Repurchase Price of the Loans to be transferred and assigned to it as of such date.

### **Servicer Defaults**

“**Servicer Defaults**” under the Sale and Servicing Agreement will consist of:

- (a) any failure by the Servicer to make any required payment, transfer or deposit or 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, as the case may be, under the terms of the Sale and Servicing Agreement, the Indenture, the 2018-1A SUBI Supplement or the 2018-1A SUBI Servicing Agreement, in an amount exceeding \$50,000, and which failure continues unremedied for a period of five (5) Business Days after the earlier of (i) the date on which notice of such failure, requiring the same to be remedied, shall have been

given by registered or certified mail to the Servicer by the Issuer or the Indenture Trustee, or to the Servicer, the Issuer and the Indenture Trustee by the Required Noteholders and (ii) the actual knowledge of the Servicer thereof; or

(b) any failure on the part of the Servicer duly to observe or perform any other covenants or agreements of the Servicer set forth in the Sale and Servicing Agreement, the Indenture, the 2018-1A SUBI Supplement or the 2018-1A SUBI Servicing Agreement or in any certificate delivered by the Servicer pursuant to the Sale and Servicing Agreement, the 2018-1A SUBI Supplement, the 2018-1A SUBI Servicing Agreement or the Indenture, which failure has a material adverse effect on the interests of the Noteholders (as determined by the Threshold Noteholders) and which continues unremedied for a period of forty-five (45) days after the earlier of (i) the date on which notice of such failure, requiring the same to be remedied, shall have been given by registered or certified mail to the Servicer by the Issuer or the Indenture Trustee, or to the Servicer, the Issuer and the Indenture Trustee by the Threshold Noteholders and (ii) the actual knowledge of the Servicer thereof; or

(c) any representation, warranty or certification made by the Servicer in the Sale and Servicing Agreement, the Indenture, the 2018-1A SUBI Supplement or the 2018-1A SUBI Servicing Agreement or in any certificate delivered by the Servicer pursuant to the Sale and Servicing Agreement, the Indenture, the 2018-1A SUBI Supplement or the 2018-1A SUBI Servicing Agreement shall prove to have been incorrect when made or deemed made and such failure has a material adverse effect on the Noteholders (as determined by the Threshold Noteholders) and which continues unremedied for a period of forty-five (45) days after the earlier of (i) the date on which a notice specifying such incorrect representation or warranty and requiring the same to be remedied, shall have been given by registered or certified mail to the Servicer by the Issuer or the Indenture Trustee, or to the Servicer, the Issuer and the Indenture Trustee by the Threshold Noteholders and (ii) the actual knowledge of the Servicer thereof; or

(d) an Insolvency Event with respect to the Servicer shall have occurred.

See “*Risk Factors—Risks Relating to the Counterparties—Replacement of the Servicer, inability to replace the Servicer or inability of the Subservicers to assist in servicing the Loans could result in reduced payments on the Notes*” and “*Risk Factors—Risks Relating to Regional’s Business and Operations—The “decentralized” nature of origination and servicing may pose additional risks to investors*” for a description of the risks associated with replacing the Servicer upon the occurrence of a Servicer Default.

### **Rights Upon Servicer Default**

So long as a Servicer Default is continuing, the Indenture Trustee may (and upon the written direction of the Required Noteholders shall), by notice then given to the Servicer, the Issuer, the North Carolina Trust and the Back-up Servicer (a “**Termination Notice**”), (i) terminate all of the rights and obligations of the Servicer as Servicer under the Sale and Servicing Agreement, the 2018-1A SUBI Supplement, the 2018-1A SUBI Servicing Agreement and the Indenture and (ii) direct the applicable party to terminate any power of attorney granted to the Servicer or any Subservicer and direct such party to execute a new power of attorney to the Indenture Trustee or its designee. The existence of a Servicer Default may be waived with the consent of the Required Noteholders.

On and after the receipt by the Servicer of a Termination Notice, the Servicer shall continue to perform all servicing functions under the Sale and Servicing Agreement, the 2018-1A SUBI Supplement and the 2018-1A SUBI Servicing Agreement, until the earlier of (i) the date specified in the Termination Notice or otherwise specified by the Indenture Trustee and (ii) the Servicing Transfer Date. The Indenture Trustee shall (in accordance with the written direction of the Required Noteholders) as promptly as possible after the giving of a Termination Notice appoint an Eligible Servicer (which shall be the Back-up Servicer unless the Back-up Servicer is then acting as the Servicer) as a successor Servicer (the “**Successor Servicer**”), and such Successor Servicer shall accept its appointment in writing. In the event that a Successor Servicer has not been appointed or has not accepted its appointment at the time when the Servicer ceases to act as Servicer, the Indenture Trustee without further action shall automatically be appointed the Successor Servicer. The Indenture Trustee may delegate any of its servicing obligations to an Affiliate or agent in accordance with the Sale and Servicing Agreement. Notwithstanding the foregoing, the Indenture Trustee shall, if it is legally unable or unwilling so to act, petition a court of competent jurisdiction to appoint any established institution qualifying as an Eligible Servicer as the Successor Servicer under the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement.

An “**Eligible Servicer**” is the Indenture Trustee, Regional Management, the Back-up Servicer or an entity which, at the time of its appointment as Servicer, (a)(i) is the surviving Person of a merger or consolidation with, or the transferee of all or substantially all of the assets of, Regional Management in a transaction otherwise complying with the relevant terms of the Sale and Servicing Agreement, (ii) is servicing a portfolio of personal loans, (iii) is legally qualified and has the capacity (in each case, either directly or through one or more Subservicers) to service and administer the Loans in accordance with the Sale and Servicing Agreement and (iv) is qualified to use the software that is then being used to service the Loans or obtains the right to use or has its own software which is adequate to perform its duties under the Sale and Servicing Agreement the 2018-1A SUBI Servicing Agreement or (b)(i) is servicing a portfolio of personal loans, (ii) is legally qualified and has the capacity (in each case, either directly or through one or more subservicers) to service and administer Loans in accordance with the Sale and Servicing Agreement, (iii) has demonstrated the ability to service professionally and competently a portfolio of loans which are similar to the Loans in accordance with high standards of skill and care and (iv) is qualified to use the software that is then being used to service the Loans or obtains the right to use or has its own software which is adequate to perform its duties under the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement.

No assurance can be given that the termination of the rights and obligations of the Servicer would not adversely affect the servicing of the Loans, including the loss and delinquency experience of the Loans. See “*Risk Factors—Risks Relating to the Counterparties—Replacement of the Servicer, inability to replace the Servicer or inability of the Subservicers to assist in servicing the Loans could result in reduced payments on the Notes*” in this private placement memorandum. Further, there is no established protocol in the Transaction Documents to appoint a successor Back-up Servicer in the event that the Back-up Servicer becomes Successor Servicer under the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement. Consequently, in the event that after the Back-up Servicer has become the Successor Servicer, it is terminated as Successor Servicer, the servicing of the Loans, including the delinquency and loss experience of the Loans, could be adversely affected.

### **Resignation of the Servicer**

The Servicer shall not resign from the obligations and duties imposed on it under the Sale and Servicing Agreement, the 2018-1A SUBI Servicing Agreement or the Indenture except upon a determination (as supported by an Opinion of Counsel) that (i) the performance of its duties under the Sale and Servicing Agreement, the 2018-1A SUBI Servicing Agreement and the Indenture is no longer permissible under applicable law and (ii) there is no reasonable action which the Servicer could take to make the performance of its duties under the Sale and Servicing Agreement, the 2018-1A SUBI Servicing Agreement and the Indenture permissible under applicable law. No resignation shall become effective until a Successor Servicer (which shall be the Back-up Servicer unless the Back-up Servicer is the resigning Servicer) or the Indenture Trustee shall have assumed the responsibilities and obligations of the Servicer in accordance with the Sale and Servicing Agreement, the 2018-1A SUBI Servicing Agreement and the Indenture (other than in the case of the Back-up Servicer, any such duty or obligation that it is not required to assume under the terms of the Back-up Servicing Agreement, the 2018-1A SUBI Servicing Agreement, the Sale and Servicing Agreement or the Indenture). If, within one hundred twenty (120) days of the date of the determination that the Servicer may no longer act as Servicer as described above, the Indenture Trustee is unable to appoint a Successor Servicer, the Indenture Trustee shall serve as Successor Servicer. Notwithstanding the foregoing, the Indenture Trustee shall, if it is legally unable or unwilling so to act, petition a court of competent jurisdiction to appoint any established institution qualifying as an Eligible Servicer as the Successor Servicer.

The Servicer may assign (which assignment shall not constitute a “resignation” for purposes of the foregoing paragraph) part or all of its obligations and duties as Servicer under the Sale and Servicing Agreement, the 2018-1A SUBI Servicing Agreement or the Indenture to an Affiliate of the Servicer so long as (a) such entity is an Eligible Servicer as of such assignment and (b) the Servicer reasonably determines that such assignment will not materially adversely affect the interests of any Class of Noteholders. A Successor Servicer may, without the requirement of obtaining the prior consent of any Person, delegate (which delegation shall not constitute a “resignation” for purposes of the Sale and Servicing Agreement, the 2018-1A SUBI Servicing Agreement or the Indenture) any or all of its duties and obligations under the Sale and Servicing Agreement, the 2018-1A SUBI Servicing Agreement and the Indenture to one or more subservicers; provided, that such Successor Servicer shall remain obligated and solely liable to the Depositor, the Indenture Trustee, the North Carolina Trust, and the Issuer for its duties, obligations and liabilities under the Sale and Servicing Agreement, the 2018-1A SUBI Servicing Agreement and the Indenture to the same extent and under the same terms and conditions as if such Successor Servicer were acting alone.

## Assumption of Servicing by the Back-up Servicer

In the event that Regional Management is terminated or resigns as Servicer pursuant to the terms of the Sale and Servicing Agreement, the 2018-1A SUBI Servicing Agreement and the Indenture, the Back-up Servicer, within a commercially reasonable period of time (not to exceed sixty (60) days) after its receipt of a Servicing Transfer Notice (such period, the “**Servicing Transition Period**”), will be (i) the successor in all respects, except as noted below, to Regional Management in its capacity as servicer under the Sale and Servicing Agreement, the 2018-1A SUBI Servicing Agreement and the Indenture, and (ii) except as noted below, shall be entitled to all the rights, protections, indemnities, and immunities of the Servicer and subject to the responsibilities, obligations, restrictions, duties, liabilities and termination provisions relating thereto placed on the Servicer by the terms and provisions of the Sale and Servicing Agreement, the 2018-1A SUBI Servicing Agreement and the Indenture; provided, however, the Back-up Servicer will not be personally liable or accountable for the performance of any such duties or obligations except to the extent that the Back-up Servicer’s performance constitutes negligence or willful misconduct. The date on which such rights, responsibilities and obligations have been so assumed by the Back-up Servicer is referred to herein as the “**Servicing Assumption Date**”. The Servicer is required under the Sale and Servicing Agreement, the 2018-1A SUBI Servicing Agreement and the Indenture to reasonably cooperate in the transfer of such rights, responsibilities, obligations, restrictions, duties and liabilities to the Back-up Servicer.

The Back-up Servicer, as the Successor Servicer, and its successors or assigns, shall have (i) no liability with respect to any obligation which was required to be performed by the predecessor Servicer or any Subservicer which was required to be performed by the predecessor Servicer or any Subservicer prior to the date that the Successor Servicer becomes the Servicer or any claim of a third party based on any alleged action or inaction of the predecessor Servicer, (ii) no obligation to perform any purchase, repurchase, allocation or reallocation (with respect to assets of the North Carolina Trust, the UTI, the 2018-1A SUBI or any other SUBI), reimbursement or advancing obligations, if any, of the Servicer or any Subservicer, (iii) no obligation to pay any taxes required to be paid by the Servicer or any Subservicer, (iv) no obligation to pay any of the fees and expenses of any other party involved in this transaction and (v) no liability or obligation with respect to any Servicer or Subservicer indemnification, defense or hold harmless obligations of any prior Servicer or Subservicer including the initial Servicer. Furthermore, without limiting the generality of the foregoing, the Back-up Servicer as Successor Servicer will not be required to service the Loans in accordance with the Credit and Collection Policy of the initial Servicer, but rather in accordance with the customary and usual servicing, administration and collection practices and procedures used by servicing companies of comparable experience to the Back-up Servicer for servicing personal loans comparable to the Loans which the Back-up Servicer services for its own account and shall do so in accordance with industry standards applicable to the performance of such services, and with the same degree of care as it applies to the performance of such services for any similar assets which the Back-up Servicer services for its own account and similar accounts that it holds for others, as the same may be amended, supplemented or otherwise modified from time to time, and the Back-up Servicer will not be required to carry out the same activities as described above under “—*Servicing of Loans*” and “*Servicing Standards*” in this private placement memorandum. Additionally, if the Back-up Servicer becomes the successor Servicer, the duties and obligations of the Servicer contained in the Back-up Servicing Agreement, the 2018-1A SUBI Servicing Agreement, the Sale and Servicing Agreement and the Indenture (if any) will be deemed modified as follows: (i) any provision in any such agreement providing that the Servicer will take or omit to take any action, or will have any obligation to do or not do any other thing, upon its “knowledge” (or any derivation thereof), “discovery” (or any derivation thereof), “awareness” (or any derivation thereof) or “learning” (or any derivation thereof) will be interpreted as the actual knowledge of a Responsible Officer of such Successor Servicer or such Responsible Officer’s receipt of a written notice thereof, (ii) such Successor Servicer will not be liable for any claims, liabilities or expenses relating to the engagement of any accountants or any report issued in connection with such engagement and dissemination of any such report of any accountants appointed by it (except to the extent that any such claims, liabilities or expenses are caused by such Successor Servicer’s gross negligence or willful misconduct) pursuant to the provisions of any Transaction Document, and the dissemination of such report will, if applicable, be subject to the consent of such accountants, (iii) such Successor Servicer will have no obligation to provide investment direction pursuant to the Indenture, the Trust Agreement, any SUBI Supplement (including the 2018-1A SUBI Supplement) or any other Transaction Document requiring investment direction from the Servicer, (iv) such Successor Servicer will not be required to obtain a determination or resolutions by its board of directors with respect to its resignation, and (v) such Successor Servicer shall in no event be obligated to assume, or be deemed to have assumed, the duties, obligations or liabilities of any Person other than the Servicer, solely in its capacity as Servicer under the Sale and Servicing Agreement, and “2018-1A SUBI Servicer” under the 2018-1A SUBI Servicing Agreement; it being understood and agreed that, without limiting the generality of the foregoing, such Successor Servicer shall have no (a) duty, obligation

or liability under the Trust Agreement or any SUBI Supplement thereunder, including the 2018-1A SUBI Supplement (including any duty, obligation or liability thereunder to any settlor or any holder of any beneficial interest), (b) duty or obligation to supervise, monitor, control, administer or manage the North Carolina Trust or any series thereof or to direct, advise, account to or instruct any trustee under the North Carolina Trust or any such series for any purpose or reason (except that the foregoing shall not excuse the Successor Servicer from performing any duties or obligations relating to servicing of 2018-1A SUBI Assets that it is expressly obligated to perform under the 2018-1A SUBI Servicing Agreement or the Sale and Servicing Agreement), (c) duty or obligation to hold records with respect to or on behalf of the North Carolina Trust or any such series (including the 2018-1A SUBI), except for records relating to the servicing of the 2018-1A SUBI Assets, (d) duty or obligation to do or perform any act of or on behalf of the North Carolina Trust or any SUBI (including the 2018-1A SUBI) (or any trustee of any of the foregoing), including the preparation or delivery for execution or filing thereby of any documents, instruments, reports or information, except any duties or obligations relating to servicing of the 2018-1A SUBI Assets that it is expressly obligated to perform under the 2018-1A SUBI Servicing Agreement or the Sale and Servicing Agreement, (e) duty or obligation to commence, defend against or otherwise participate in any legal proceeding relating to or involving the protection or enforcement of the interests of the North Carolina Trust, any SUBI (including the 2018-1A SUBI), or any holder of any beneficial interest in or any trustee of any of the foregoing except any duties or obligations relating to servicing of the 2018-1A SUBI Assets that it is expressly obligated to perform under the 2018-1A SUBI Servicing Agreement or the Sale and Servicing Agreement.

In the event that the Back-up Servicer becomes Successor Servicer, the Back-up Servicer will determine at such time how it wishes to carry out the servicing and administration of the Loans, and the Back-up Servicer may elect to centralize some or all of the servicing and administration of the Loans. There can be no assurance that the servicing and administration of the Loans by the Back-up Servicer will not adversely affect the performance of the Loans. See *“Risk Factors—Risks Relating to the Counterparties—Replacement of the Servicer, inability to replace the Servicer or inability of the Subservicers to assist in servicing the Loans could result in reduced payments on the Notes”* in this private placement memorandum.

### **Back-up Servicer Termination Events**

**“Back-up Servicer Termination Events”** under the Back-up Servicing Agreement will consist of:

(a) failure on the part of the Back-up Servicer to duly observe or perform in any material respect any covenant or agreement of the Back-up Servicer set forth in the Back-up Servicing Agreement, which failure continues unremedied for a period of ten (10) Business Days after the date on which a Responsible Officer of the Back-up Servicer had actual knowledge of such failure or on which written notice of such failure, requiring the same to be remedied, shall have been given to the Back-up Servicer by the Servicer, the Issuer or the Indenture Trustee (acting at the written direction of the Required Noteholders); or

(b) (i) the commencement of an involuntary case under the federal bankruptcy laws, as in effect as of the Closing Date or from time to time thereafter, or another present or future, federal or state bankruptcy, insolvency, receivership, conservatorship or similar law, or the Back-up Servicer becomes subject to a receivership under the orderly liquidation authority pursuant to the Dodd-Frank Act and regulations adopted in accordance therewith, and such case is not dismissed within forty-five (45) calendar days; or (ii) the entry of a decree or order for relief by a court or regulatory authority having jurisdiction in respect of the Back-up Servicer in a case under the federal bankruptcy laws, as in effect as of the Closing Date or from time to time thereafter, or another present or future, federal or state bankruptcy, insolvency, receivership, conservatorship or similar law, or appointing a conservator, receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Back-up Servicer or of any substantial part of its properties or ordering the winding up or liquidation of the affairs of the Back-up Servicer; or

(c) the commencement by the Back-up Servicer of a voluntary case under the federal bankruptcy laws, as in effect as of the Closing Date or from time to time thereafter, or any other present or future, federal or state bankruptcy, insolvency, receivership, conservatorship or similar law, or the consent by the Back-up Servicer to the appointment of or taking possession by a conservator, receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Back-up Servicer or of any substantial part of its property or the making by the Back-up Servicer of an assignment for the benefit of creditors or the failure by the Back-up Servicer generally to pay its debts as such debts become due or the taking of corporate

action by the Back-up Servicer in furtherance of any of the foregoing, or the consent by the Back-up Servicer to become subject to a receivership under the orderly liquidation authority pursuant to the Dodd-Frank Act and regulations adopted in accordance therewith; or

(d) any representation, warranty or statement of the Back-up Servicer made in the Back-up Servicing Agreement or any certificate, report or other writing delivered by the Back-up Servicer pursuant to the Back-up Servicing Agreement shall prove to be incorrect in any material respect as of the time when the same shall have been made and, within ten (10) Business Days after the Back-up Servicer had actual knowledge thereof or written notice thereof shall have been given to a Responsible Officer of the Back-up Servicer by the Issuer or the Indenture Trustee (acting at the written direction of the Required Noteholders), the circumstances or condition in respect of which such representation, warranty or statement was incorrect shall not have been waived, eliminated or otherwise cured.

### **Rights Upon Back-up Servicer Termination Events**

If a Back-up Servicer Termination Event shall occur and be continuing, the Indenture Trustee (acting at the written direction of the Required Noteholders) shall, by notice given in writing to the Rating Agency and the Back-up Servicer, terminate all of the rights and obligations of the Back-up Servicer under the Back-up Servicing Agreement (except certain rights and indemnification obligations which expressly survive such termination). The terminated Back-up Servicer will cooperate with the Servicer, the Subservicers and the Indenture Trustee in effecting the termination of the responsibilities and rights of the terminated Back-up Servicer under the Back-up Servicing Agreement.

### **Resignation of the Back-up Servicer and the Image File Custodian**

Prior to the time the Back-up Servicer and the Servicer receive a Servicing Transfer Notice, the Back-up Servicer may resign as Back-up Servicer only upon determination that the performance of its duties shall no longer be permissible under applicable law or that compliance with any applicable law would result in a material adverse impact on the Back-up Servicer's financial condition; *provided, however*, that no such resignation by the Back-up Servicer shall be effective until a successor Back-up Servicer acceptable to the Indenture Trustee (acting at the written direction of the Required Noteholders) and the Servicer (which consent shall not be unreasonably withheld) has been appointed and has assumed the responsibilities of the Back-up Servicer under the Back-up Servicing Agreement, and *further provided*, that notice is provided to the Rating Agency. In the event that the Back-up Servicer delivers notice pursuant to the foregoing sentence, the Servicer will cooperate with the Indenture Trustee, and take such actions as the Indenture Trustee may reasonably request, in order to appoint a replacement Back-up Servicer as promptly as possible. If no successor Back-up Servicer has been appointed within ninety (90) days after the giving of such notice of resignation, the resigning Back-up Servicer may petition any court of competent jurisdiction for the appointment of a successor Back-up Servicer and all reasonable and documented out-of-pocket fees, costs and expenses (including, without limitation, reasonable fees of outside counsel) incurred in connection with such petition shall be paid pursuant to and in accordance with the indemnification and cost reimbursement provisions of the Back-up Servicing Agreement described above under "*—Servicing and Other Compensation and Payment of Expenses*" in this private placement memorandum.

The Back-up Servicer will be permitted to assign its rights and obligations under the Back-up Servicing Agreement with the consent of each other party to the Back-up Servicing Agreement.

Except as otherwise set forth below, the Image File Custodian may resign as Image File Custodian only upon determination that the performance of its duties will no longer be permissible under applicable law or that compliance with any applicable law would result in a material adverse impact on the Image File Custodian's financial condition; *provided*, that no such resignation will be effective until a successor Image File Custodian acceptable to the Indenture Trustee (acting at the written direction of the Required Noteholders) and the Servicer (which consent will not be unreasonably withheld or delayed) has been appointed and has assumed the responsibilities of the Image File Custodian hereunder. In the event that the Image File Custodian delivers notice pursuant to the foregoing sentence, the Servicer agrees to cooperate with the Indenture Trustee, and to take such actions as the Indenture Trustee may reasonably request, in order to appoint a replacement Image File Custodian as promptly as possible. Notwithstanding the foregoing, if Wells Fargo has resigned or been removed in its capacity as Indenture Trustee in accordance with the terms of the Indenture, Wells Fargo, as the initial Image File Custodian will have the right to resign, and its resignation

will be effective as of the same date as the Indenture Trustee's resignation or removal, as the case may be; *provided*, that no such resignation will be effective until a successor Image File Custodian that is (i) acceptable to the Servicer (which consent will not be unreasonably withheld or delayed), (ii) not an Affiliate of the Issuer, the Depositor or the initial Servicer, (iii) not offering or providing credit or credit enhancement to the Issuer and (iv) engaged in the business of providing custodial services has been appointed and has assumed the responsibilities of the Image File Custodian under the Back-up Servicing Agreement. If no successor Image File Custodian has been appointed within ninety (90) days after notice of resignation, the resigning Image File Custodian may request a court of competent jurisdiction to appoint a successor Image File Custodian.

## **Amendment; Waiver**

### *The Sale and Servicing Agreement*

The Sale and Servicing Agreement may be amended by written agreement signed by the Servicer, the Depositor and the Issuer, but without consent of any of the Noteholders, (i) to correct or supplement any provisions of the Sale and Servicing Agreement which may be inconsistent with any other provisions therein, (ii) to conform the terms of the Sale and Servicing Agreement to the description thereof in this private placement memorandum or (iii) to add any other provisions with respect to matters or questions arising under or related to the Sale and Servicing Agreement which is not inconsistent with the provisions of the Sale and Servicing Agreement; *provided, however*, that such action shall not adversely affect in any material respect the interest of any of the Noteholders as evidenced by an officer's certificate of the Depositor to such effect delivered to the Indenture Trustee and the Issuer, and the Rating Agency Notice Requirement shall have been satisfied with respect to such amendment. The Sale and Servicing Agreement may also be amended by written agreement signed by the Servicer, the Depositor and the Issuer, but without consent of any of the Noteholders, for any other purpose; *provided*, that (i) the Depositor shall have delivered to the Indenture Trustee and the Issuer an Officer's Certificate, dated the date of any such amendment, stating that the Depositor reasonably believes that such amendment will not have an Adverse Effect and (ii) the Rating Agency Notice Requirement shall have been satisfied with respect to any such amendment. The Sale and Servicing Agreement may be amended by the Servicer, the Depositor and the Issuer, by a written instrument signed by each of them, but without the consent of the Noteholders, upon satisfaction of the Rating Agency Notice Requirement with respect to such amendment (without anything further) as may be necessary or advisable in order to avoid the imposition of any withholding taxes or state or local income or franchise taxes imposed on the Issuer's property or its income.

In connection with any amendment (other than as described in the foregoing paragraph) to the Sale and Servicing Agreement, the consent of the Required Noteholders shall be required; *provided, however*, that no such amendment shall directly or indirectly (i) reduce in any manner the amount of or delay the timing of any distributions (changes in Early Amortization Events that decrease the likelihood of the occurrence thereof shall not be considered delays in the timing of distributions for purposes of this clause) to be made to Noteholders or deposits of amounts to be so distributed without the consent of each affected Noteholder, (ii) change the definition of or the manner of calculating the interest of any Noteholder without the consent of each affected Noteholder or (iii) reduce the aforesaid percentage required to consent to any such amendment, in each case, without the consent of each Noteholder.

The Required Noteholders may, on behalf of all Noteholders, waive any default by the Depositor, the Issuer or the Servicer in the performance of their obligations under the Sale and Servicing Agreement and its consequences, except the failure to make any distributions required to be made to Noteholders or to make any required deposits of any amounts to be so distributed (which such default may only be waived by 100% of the affected Noteholders).

Any amendment to the Sale and Servicing Agreement which affects the rights, duties, liabilities or immunities of the Owner Trustee or the Indenture Trustee will require the Owner Trustee's or the or the Indenture Trustee's written consent, as applicable. Each of the Owner Trustee and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment which affects the Owner Trustee's or the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under the Sale and Servicing Agreement or otherwise. In connection with the execution of any amendment under the Sale and Servicing Agreement on behalf of the Issuer, each of the Owner Trustee and the Indenture Trustee shall be entitled to receive an Opinion of Counsel and an Officer's Certificate to the effect that all conditions precedent thereto have been satisfied and that such amendment is permitted under the terms of the Sale and Servicing Agreement. All reasonable fees, costs and expenses (including reasonable attorneys' fees, costs and expenses) incurred in connection with any amendment to the Sale and Servicing Agreement will be payable by the Issuer in accordance with and subject to the Priority of Payments.

## *The Back-up Servicing Agreement*

The Back-up Servicing Agreement may be amended from time to time by the Back-up Servicer, the Servicer, the Image File Custodian, the Issuer and the Indenture Trustee, by a written instrument signed by each of them, but without consent of any of the Noteholders, (i) to correct or supplement any provisions therein which may be inconsistent with any other provisions therein, (ii) to conform the terms of the Back-up Servicing Agreement to the description thereof in this private placement memorandum or (iii) to add any other provisions with respect to matters or questions arising under the Back-up Servicing Agreement which shall not be inconsistent with the provisions of the Back-up Servicing Agreement; *provided, however*, that such action shall not adversely affect in any material respect the interest of any of the Noteholders as evidenced by an Officer's Certificate of the Issuer to such effect, on which the Back-up Servicer, the Image File Custodian and the Indenture Trustee may conclusively rely in executing any such amendment. Additionally, the Back-up Servicing Agreement may be amended from time to time by the Back-up Servicer, the Servicer, the Issuer and the Indenture Trustee, but without the consent of any of the Noteholders; *provided*, that (i) the Issuer shall have delivered to the Back-up Servicer, the Image File Custodian and the Indenture Trustee an Officer's Certificate, dated the date of any such amendment (on which the Back-up Servicer, the Image File Custodian and the Indenture Trustee may conclusively rely in executing and delivering any such amendment), stating that the Issuer reasonably believes that such amendment will not have an Adverse Effect and (ii) the Rating Agency Notice Requirement shall have been satisfied with respect to any such amendment.

The Back-up Servicing Agreement may also be amended from time to time by the Back-up Servicer, the Servicer, the Image File Custodian, the Issuer and the Indenture Trustee, with the consent of the Required Noteholders, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Back-up Servicing Agreement or of modifying in any manner the rights of the Noteholders.

Any amendment to the Back-up Servicing Agreement which affects the rights, duties, liabilities or immunities of the Indenture Trustee will require the Indenture Trustee's written consent. The Back-up Servicer, the Image File Custodian and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment which affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under the Back-up Servicing Agreement or otherwise. In connection with the execution of any amendment under the Back-up Servicing Agreement, the Back-up Servicer, the Image File Custodian, the Indenture Trustee and the Owner Trustee shall be entitled to receive an Officer's Certificate and an Opinion of Counsel to the effect that such amendment is permitted under the terms of the Back-up Servicing Agreement and that all conditions precedent thereto have been satisfied or waived. All reasonable fees, costs and expenses (including reasonable attorneys' fees, costs and expenses) incurred in connection with any amendment to the Back-up Servicing Agreement will be payable by the Issuer in accordance with and subject to the Priority of Payments.

The Issuer is required to furnish notification of the substance of each such amendment to the Servicer, the Image File Custodian, the Indenture Trustee and each Noteholder, and the Servicer is required to furnish notification of the substance of such amendment to the Rating Agency.

The Issuer has agreed in the Indenture that it will not terminate, amend, waive, supplement or otherwise modify any of, and will not consent to any of the foregoing with respect to, or consent to the assignment by any party of, the Transaction Documents to which it is a party except as described in "*The Indenture—Modifications of Transaction Documents*" and "*Risk Factors—Risks Relating to the Notes—The Noteholders have limited control over amendments, modifications and waivers to, and assignments of, the Indenture and other Transaction Documents*" in this private placement memorandum.

All reasonable fees, costs and expenses (including, without limitation, reasonable attorneys' fees, costs and expenses) incurred in connection with any amendment, modification, waiver or supplement to the Back-up Servicing Agreement will be payable by the Issuer in accordance with and subject to the Priority of Payments.

## **THE INDENTURE**

### **General**

The Notes will be issued pursuant to the Indenture, to be dated the Closing Date (the "**Indenture**"), among the Issuer, the Indenture Trustee, the Account Bank and the Servicer. Set forth below are summaries of the specific

terms and provisions pursuant to which the Notes will be issued. The summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions of the Indenture.

The Issuer will grant to the Indenture Trustee for the benefit of the Noteholders all of the Issuer's right, title and interest in and to the Trust Estate, whether now existing or hereafter created.

Any Loan that is to be conveyed to the Depositor (or reallocated from the 2018-1A SUBI in accordance with the 2018-1A SUBI Supplement) pursuant to a Loan Action and certain rights relating to such Loan (including rights to future payments in respect thereof) or otherwise will be deemed to be automatically released from the lien of the Indenture without any action being taken by the Indenture Trustee upon payment of the applicable consideration to the Issuer. In addition, in the event that a Loan becomes a Charged-Off Loan, such Charged-Off Loan and certain related rights (including rights to future payments in respect thereof) will be deemed to be automatically released from the lien of the Indenture; *provided*, that all recoveries and other amounts collected by the Issuer, the North Carolina Trust, the Depositor or the Servicer with respect to any Charged-Off Loan shall be paid to the Issuer and subject to the lien of the Indenture.

### **Collection Account; Principal Distribution Account**

The Servicer, for the benefit of the Noteholders, will establish and maintain with the Indenture Trustee and in the name of the Indenture Trustee, on behalf of the Issuer, a non-interest bearing Eligible Deposit Account bearing a designation clearly indicating that such account is the "Collection Account" and that the funds and other property credited thereto are held for the benefit of the Noteholders (the "**Collection Account**"). Pursuant to the Sale and Servicing Agreement, the Servicer shall instruct the Indenture Trustee to make withdrawals and payments from the Collection Account for the purposes of carrying out the Servicer's or the Indenture Trustee's duties under the Indenture and under the Sale and Servicing Agreement.

In addition, the Servicer, for the benefit of the Noteholders, will establish and maintain with the Indenture Trustee and in the name of the Indenture Trustee, on behalf of the Issuer, a non-interest bearing Eligible Deposit Account bearing a designation clearly indicating that such account is the "Principal Distribution Account" and that the funds and other property credited thereto are held for the benefit of the Noteholders (the "**Principal Distribution Account**"). The Issuer may from time to time deposit, or cause the deposit, into the Principal Distribution Account of funds available to the Issuer that are not required to be deposited into another Note Account or otherwise allocated or to be held in trust on behalf of any Person in accordance with the Indenture or any other Transaction Document.

An "**Eligible Deposit Account**" is either (a) a segregated account with an Eligible Institution or (b) a segregated trust account with the corporate trust department of a depository institution organized under the laws of the United States or any one of the states thereof, including the District of Columbia (or any domestic branch of a foreign bank), and acting as a trustee for funds deposited in such account, so long as (x) such depository institution has a long-term issuer credit rating of "A-" or higher from S&P and a long-term issuer credit rating of "Baa1" or higher from Moody's and (y) any of the unsecured, unguaranteed senior debt securities of such depository institution shall have a credit rating from Moody's in one of its generic credit rating categories that signifies "Baa2" or higher.

An "**Eligible Institution**" is a depository institution organized under the laws of the United States of America or any one of the states thereof, including the District of Columbia (or any domestic branch of a foreign bank), which at all times has (a)(i) a long-term unsecured debt rating of "Baa1" or better by Moody's and (ii) a certificate of deposit rating of "P-2" or better by Moody's and (b)(i) a long-term issuer credit rating of "A-" or better by S&P and a long-term issuer credit rating of "Baa1" or better by Moody's or (ii) a short-term issuer credit rating of "A-1" or better by S&P and a short-term issuer credit rating of "P-1" or better by Moody's. If so qualified, any of the Indenture Trustee or the Administrator may be considered an Eligible Institution for the purposes of this definition.

On each Payment Date, the Indenture Trustee will make distributions from the Collection Account and the Principal Distribution Account in accordance with the provisions set forth under "*Description of the Notes—Priority of Payments*" in this private placement memorandum.

## Reserve Account

The Notes will have the benefit of the Reserve Account which will be established by the Servicer for the benefit of the Noteholders, with the Indenture Trustee and in the name of the Indenture Trustee, on behalf of the Issuer, on or prior to the Closing Date. Funds on deposit in the Reserve Account will be available on each Payment Date to pay amounts due and owing on such Payment Date in accordance with the Priority of Payments. On the Closing Date, the Depositor will remit the Reserve Account Required Amount for such Payment Date to the Indenture Trustee for deposit to the Reserve Account. On each Payment Date, all amounts on deposit in the Reserve Account will be withdrawn by the Indenture Trustee and, together with any other Available Funds, be applied in accordance with the Priority of Payments. Any amounts remaining after making payments pursuant to clauses (i) through (ix) of the Priority of Payments as described under “*Description of the Notes—Priority of Payments*” in this private placement memorandum on any Payment Date, up to the amount of the amount necessary to cause the amount on deposit in the Reserve Account to be equal to the Reserve Account Required Amount for such Payment Date, will be deposited to the Reserve Account on such Payment Date.

Subject to the last sentence of the immediately preceding paragraph, all amounts deposited to the Reserve Account will be held in the name of the Indenture Trustee, on behalf of the Issuer, but shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Noteholders, in accordance with the terms and provisions of the Indenture. Amounts on deposit in the Reserve Account may, at the written direction of the Servicer, be invested by the Indenture Trustee in Eligible Investments selected by the Servicer. In the absence of any such written direction, amounts on deposit in the Reserve Account will not be invested and the Indenture Trustee will have no obligation or liability to pay any interest or earnings thereon.

The Reserve Account must be an Eligible Deposit Account.

## Events of Default

An “**Event of Default**” under the Indenture is the occurrence of any one of the following events:

- (a) an Insolvency Event with respect to the Issuer or the Depositor shall have occurred; or
- (b) the Indenture Trustee shall cease to have a first-priority perfected security interest in all or material portion of the Trust Estate; or
- (c) (x) the Issuer, the North Carolina Trust or the Depositor shall have become subject to regulation by the SEC as an “investment company” under the Investment Company Act or (y) the Issuer shall have become a “covered fund” under the Volcker Rule; or
- (d) the Issuer or the Depositor shall become taxable as an association or a publicly traded partnership taxable as a corporation under the Internal Revenue Code; or
- (e) a default in the payment of any interest (i) on any Class A Note until the Class A Notes have been paid in full, (ii) after the Class A Notes have been paid in full, on any Class B Note until the Class B Notes have been paid in full, or (iii) after the Class A Notes and the Class B Notes have been paid in full, on any Class C Note until the Class C Notes have been paid in full, on any Payment Date and such default shall continue for a period of five (5) Business Days; or
- (f) a failure to pay the principal balance of all Outstanding Notes of any Class, together with all accrued and unpaid interest thereon, in full on the Stated Maturity Date for such Class; or
- (g) any failure on the part of (i) the Issuer duly to observe or perform any other covenants or agreements of the Issuer set forth in the Indenture or (ii) the Depositor duly to observe or perform any other covenants or agreements of the Depositor as set forth in the Sale and Servicing Agreement, which failure, in any such case, has a material adverse effect on the interests of the Noteholders (as determined by the Threshold Noteholders) and which continues unremedied for a period of forty-five (45) days after the earlier of the date on which (x) notice of such failure, requiring the same to be remedied, shall have been given by registered or certified mail to the Issuer or the

Depositor, as applicable, by the Indenture Trustee, or to the Issuer or the Depositor, as applicable, and the Indenture Trustee by the Threshold Noteholders and (y) the Issuer or the Depositor, as applicable, has actual knowledge thereof; or

(h) (i) any representation, warranty or certification made by the Issuer in the Indenture or in any certificate delivered pursuant to the Indenture shall prove to have been inaccurate when made or deemed made or (ii) any representation, warranty or certification made by the Servicer in the 2018-1A SUBI Supplement or the Depositor in the Sale and Servicing Agreement or in any certificate delivered pursuant to the 2018-1A SUBI Supplement or the Sale and Servicing Agreement, as applicable, shall prove to have been inaccurate when made or deemed made and, in any such case such inaccuracy has a material adverse effect on the Noteholders (as determined by the Threshold Noteholders) and which continues unremedied for a period of forty-five (45) days after the earlier of the date on which (x) notice of such incorrect representation or warranty, requiring the same to be remedied, shall have been given by registered or certified mail to the Issuer, the Servicer or the Depositor, as applicable, by the Indenture Trustee, or to the Issuer, the Servicer or the Depositor, as applicable, and the Indenture Trustee by the Threshold Noteholders and (y) the Issuer, the Servicer or the Depositor, as applicable, has actual knowledge thereof, provided that in the case of certain representations or warranties or certifications of the Servicer pursuant to the 2018-1A SUBI Supplement or the Depositor pursuant to the Sale and Servicing Agreement, as applicable, no Event of Default shall occur pursuant to this clause (h) unless and until the Depositor or the Servicer, as applicable, also shall have failed to pay the applicable Repurchase Price as and when required in accordance with the Sale and Servicing Agreement or the 2018-1A SUBI Supplement, if applicable; or

(i) the Internal Revenue Service shall file notice of a lien pursuant to Section 430 or Section 6321 of the Internal Revenue Code with regard to the Issuer, the Depositor, the North Carolina Trust or the Trust Estate and such lien shall not have been released within thirty (30) days.

### **Rights Upon Event of Default**

If an Event of Default described in clauses (b) through (i) in “—*Events of Default*” above occurs and is continuing, then the Indenture Trustee will, acting at the written direction of the holders holding Notes evidencing more than 50% of the Outstanding Notes (the “**Required Noteholders**”), declare all the Notes, together with accrued or accreted and unpaid interest thereon through the date of acceleration, to be immediately due and payable.

If an Event of Default described in clause (a) in “—*Events of Default*” above occurs and is continuing, then the unpaid principal of all Notes, together with the accrued or accreted and unpaid interest thereon through the date of acceleration, shall automatically become due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as provided in the Indenture, the Required Noteholders, by written notice to the Issuer and the Indenture Trustee, may rescind and annul such declaration and its consequences if:

- (i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay:
  - (A) all payments of principal of and interest on the Notes and all other amounts that would then be due under the Indenture or upon the Notes if the Event of Default giving rise to such acceleration had not occurred; and
  - (B) all sums paid or advanced by the Indenture Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and outside counsel and, if applicable, any such amounts due to the Owner Trustee and the Back-up Servicer; and
- (ii) all Events of Default, other than the nonpayment of the principal of the Notes that has become due solely by such acceleration, have been cured or waived as provided in the Indenture.

If an Event of Default shall have occurred and be continuing and the Notes have been accelerated, the Indenture Trustee shall, upon the written direction of the Required Noteholders (unless the Indenture Trustee

preserves the Trust Estate in accordance with the Indenture), do one or more of the following: (i) institute proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Notes or under the Indenture, enforce any judgment obtained, and collect from the Issuer and from any other obligor upon such Notes in accordance with any such judgment; (ii) sell, on a servicing released basis, Loans, as shall constitute a part of the Trust Estate (or rights or interest therein), at one or more public or private sales called and conducted in any manner permitted by law; (iii) direct the Issuer to exercise rights, remedies, powers, privileges or claims under the Sale and Servicing Agreement, the 2018-1A SUBI Servicing Agreement, the 2018-1A SUBI Supplement and the Loan Purchase Agreement and (iv) take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee or the Noteholders hereunder; *provided, however*, that the Indenture Trustee may not exercise the remedy described in clause (ii) above or otherwise sell or liquidate the Trust Estate substantially as a whole (in one or more sales), or institute proceedings in furtherance thereof, unless (A) the Holders of 100% of the aggregate unpaid principal amount of the outstanding Notes direct such remedy, (B) the Indenture Trustee determines that the anticipated proceeds of such sale distributable to the Noteholders are sufficient to discharge in full all amounts then due and unpaid upon the Notes for principal and interest (after giving effect to the payment of any amounts that are senior in priority to such principal and interest under the Priority of Payments) or (C) the Indenture Trustee determines (based on the information provided to it by the Servicer) that the Trust Estate may not continue to provide sufficient funds for the payment of principal of and interest on the Notes as they would have become due if the Notes had not been declared due and payable, and the Indenture Trustee is directed to take such remedy by the Holders of not less than 66 2/3% of the aggregate unpaid principal amount of the Outstanding Notes. In determining such sufficiency or insufficiency with respect to clauses (B) and (C), the Indenture Trustee may, but need not, obtain and rely upon an opinion of an independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Trust Estate for such purpose. The cost of such opinion shall be reimbursed to the Indenture Trustee from amounts held in the Collection Account.

The remedies provided in the Indenture are the exclusive remedies provided to the Noteholders with respect to the Trust Estate and each of the Noteholders (by their acceptance of their respective interests in the Notes) will be deemed to have waived and the Indenture Trustee will have waived pursuant to the Indenture any other remedy that might have been available under the applicable UCC.

If the Indenture Trustee collects any money or property pursuant its exercise of remedies with respect to the Issuer or the Trust Estate following the acceleration of the maturities of the Notes, it will pay out the money or property in accordance with the Priority of Payments or, in the case of an acceleration as a result of an Event of Default due to an insolvency or similar event with respect to the Issuer or the Depositor, as may otherwise be directed by a court of competent jurisdiction.

Following the sale of the Trust Estate and the application of the proceeds of such sale and other amounts, if any, then held in the Collection Account in accordance with the Priority of Payments, any and all amounts remaining due on the Notes and all other Obligations shall be extinguished and shall not revive, the Notes shall be cancelled and the Notes shall no longer be Outstanding.

The Indenture Trustee may fix a record date and Payment Date for any payment to Noteholders pursuant to this section “—*Rights Upon Event of Default*.” At least fifteen (15) days before such record date, the Indenture Trustee shall transmit to each Noteholder and the Issuer a notice that states the record date, the Payment Date and the amount to be paid.

#### **Waiver of Defaults**

The Required Noteholders may, on behalf of all Noteholders, waive in writing any past default with respect to the Notes and its consequences (including an Event of Default), except that:

- (a) a default in the payment of the principal or interest in respect of any Note cannot be waived without the consent of each Noteholder of each Outstanding Note affected thereby;
- (b) a default as a result of an Insolvency Event with respect to the Issuer or the Depositor cannot be waived without the consent of each Noteholder;

(c) a default in respect of a covenant or provision of the Indenture that under the terms of the Indenture cannot be modified or amended without the consent of the Noteholder of each Outstanding Note or each Noteholder of each Outstanding Note affected thereby without the consent of each such Noteholder; and

(d) an Early Amortization Event cannot be waived without the consent of each Noteholder.

Upon any such written waiver, such default, and any Event of Default arising therefrom, shall cease to exist and shall be deemed to have been cured for every purpose of the Indenture; *provided*, that no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

### **Limitation on Suits**

Subject to the limitations set forth in the Indenture, no Noteholder shall have any right to institute any proceedings, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) the Holders of not less than 10% of the aggregate unpaid principal amount of all Outstanding Notes have made written request to the Indenture Trustee to institute such proceeding in its own name as Indenture Trustee under the Indenture;

(b) such Noteholder has or Noteholders have previously given written notice to the Indenture Trustee of a continuing Event of Default;

(c) such Noteholder has or Noteholders have offered to the Indenture Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Indenture Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Indenture Trustee during such sixty-day period by Holders of a majority of the aggregate unpaid principal amount of all Outstanding Notes,

it being understood and intended that no one or more Noteholders have any right in any manner whatsoever by virtue of, or by availing of, any provision set out in the Indenture to affect, disturb or prejudice the rights of any other Noteholders or to obtain or to seek to obtain priority or preference over any other Noteholders or to enforce any right under the Indenture, except in the manner provided in the Indenture.

In the event the Indenture Trustee receives conflicting or inconsistent requests and indemnity from two (2) or more groups of Noteholders, each representing less than a majority of the aggregate unpaid principal amount of all Outstanding Notes, the Indenture Trustee shall act at the direction of the group representing a greater percentage of the aggregate unpaid principal amount of all Outstanding Notes, or if both groups are equal, the Indenture Trustee in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provisions of the Indenture.

### **Annual Compliance Statements**

The Issuer will deliver to the Indenture Trustee, no later than March 31 of each year so long as any Note is Outstanding (commencing March 31, 2019), an Officer's Certificate stating, as to the Authorized Officer signing such Officer's Certificate, that:

(a) a review of the activities of the Issuer during the most recently ended calendar year (or in the case of the Officer's Certificate to be delivered on March 31, 2019, the period from the Closing Date to

December 31, 2018) and of performance under the Indenture and the Sale and Servicing Agreement has been made under such Authorized Officer's supervision; and

(b) to the best of such Authorized Officer's knowledge, based on such review, the Issuer has materially complied with all conditions and covenants under the Indenture and the Sale and Servicing Agreement throughout such calendar year, 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.

### **Governing Law**

The Indenture and the Notes provide that they will be governed by, and will be construed and interpreted in accordance with, the internal laws of the State of New York, without reference to its conflicts of laws provisions (other than Section 5-1401 of the General Obligations Laws) and the obligations, rights and remedies of the parties under the Indenture and the Notes will be determined in accordance with such laws.

### **Satisfaction and Discharge of the Indenture**

The Indenture will be discharged (except with respect to certain continuing rights specified in the Indenture) when:

(i) either:

(A) all Notes (other than (1) any Notes which have been destroyed, lost or stolen and which have been replaced or paid and (2) any Notes for whose full payment money is held in trust by the Indenture Trustee and thereafter released to the Issuer or discharged from such trust as provided in the Indenture) have been delivered to the Indenture Trustee for cancellation; or

(B) all Notes not theretofore delivered to the Indenture Trustee for cancellation:

(I) have become due and payable; or

(II) are to be called for redemption within one year under arrangements satisfactory to the Indenture Trustee for the giving of notice of redemption by the Indenture Trustee in the name, and at the expense, of the Issuer;

and the Issuer, in the case of (I) or (II) above, has irrevocably deposited or caused to be irrevocably deposited with the Indenture Trustee cash or direct obligations of or obligations guaranteed by the United States of America (which will mature prior to the date such amounts are payable), in trust for such purpose, in an amount sufficient to pay and discharge the entire indebtedness on such Notes in accordance with the Priority of Payments when due and payable or on the applicable Redemption Date (if Notes shall have been called for redemption pursuant to the Indenture), as the case may be;

(ii) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer with respect to the Notes and with respect to the Indenture Trustee and Owner Trustee pursuant to the Transaction Documents; and

(iii) the Issuer has delivered to the Indenture Trustee an Opinion of Counsel and an Officer's Certificate of the Issuer meeting the applicable requirements of the Indenture and stating that all conditions precedent therein relating to the satisfaction and discharge of the Indenture have been complied with.

All monies deposited with the Indenture Trustee in connection with the satisfaction and discharge of the Indenture shall be held in trust and applied by it, in accordance with the provisions of the Notes and the Indenture, to make payments to the Noteholders for the payment in respect of which such monies have been deposited with the Indenture Trustee, of all sums due and to become due thereon for principal and interest; but such monies need not be

segregated from other funds except to the extent required in the Indenture or in the Sale and Servicing Agreement or required by law.

### **Release of Charged-Off Loans**

In the event that a Loan becomes a Charged-Off Loan, such Charged-Off Loan and certain related rights (including rights to future payments in respect thereof) will be deemed to be automatically released from the lien of the Indenture; provided, that all proceeds, recoveries and other amounts collected by the Issuer, the Depositor, any Subservicer or the Servicer with respect to any Charged-Off Loan (including proceeds of any disposition by the Servicer or any Subservicer to any third party) shall be paid to the Issuer and subject to the lien of the Indenture.

### **Reports to Noteholders**

No later than the Monthly Determination Date relating to each Payment Date, but in no event later than the second Business Day preceding each Payment Date, the Servicer shall deliver to the Issuer, the Rating Agency, the Back-up Servicer and the Indenture Trustee a report (the “**Monthly Servicer Report**”) setting forth, among other things, the following information for such Payment Date:

- (a) the Adjusted Loan Principal Balance for the related Collection Period;
- (b) the calculation of each of the components of the Reinvestment Criteria Events as of the end of the related Collection Period and after giving effect to any Loan Actions to be taken on the related Payment Date, including, without limitation, the Weighted Average Coupon and the Weighted Average Loan Remaining Term;
- (c) the amount of interest to be paid to each Class of Notes on such Payment Date;
- (d) the amount of Collections for such Collection Period;
- (e) the amount on deposit in the Reserve Account as of such Payment Date;
- (f) the amount of principal to be paid to each Class of Notes and the principal balance for each Class of Notes immediately prior to such Payment Date and after giving effect to payments on the Notes on such Payment Date;
- (g) the amount of optional reassignments for such Collection Period; and
- (h) the Monthly Net Loss Percentage as of such Monthly Determination Date.

The Servicer will deliver to the Issuer, the Rating Agency and the Indenture Trustee on or before March 31 of each calendar year, beginning with March 31, 2019, an Officer’s Certificate stating that, based on the review of an Authorized Officer of the Servicer, the Servicer has performed in all material respects all of its obligations under the Sale and Servicing Agreement, the 2018-1A SUBI Servicing Agreement and other Transaction Documents throughout the preceding calendar year (except that the first such Officer’s Certificate will cover the period beginning on the Closing Date and ending on March 31, 2019) and that no Servicer Default has occurred and is continuing, except as may be noted in such Officer’s Certificate together with an agreed upon procedures letter delivered by a firm of nationally recognized independent public accountants (who may render other services to the Servicer or the Seller) with respect to the Servicer’s activities under the Transaction Documents.

The Subservicers will make available to the Servicer sufficient information relating to the subservicing of Loans under the Sale and Servicing Agreement so as to enable the Servicer to prepare and deliver (or cause to be prepared and delivered) the Monthly Servicer Report and the officer’s certificate described above. The Subservicers will provide or cause to be provided to the firm of nationally recognized independent public accountants selected by the Servicer to furnish such report sufficient information relating to the subservicing of Loans under the Sale and Servicing Agreement, or reasonable access to the premises of such Subservicer, as reasonably required by such independent service provider to furnish such report.

A copy of each Monthly Servicer Report and the Officer's Certificate described above to the Indenture Trustee will be made available by the Indenture Trustee to the Noteholders via its website at www.ctslink.com (which may be a secured area of the website accessible only to holders of the Notes and qualified prospective investors in the Notes). Information on, or accessible through, the Indenture Trustee's website is not a part of, and is not incorporated into, this private placement memorandum. The Indenture Trustee may require registration and the acceptance of a disclaimer in connection with providing access to the Indenture Trustee's website. The Indenture Trustee shall not be liable for the dissemination of information made in accordance with the Indenture.

On or before March 31 of each calendar year, beginning with calendar year 2019, the Indenture Trustee, shall, upon written request, furnish or cause to be furnished to each Person who at any time during the preceding calendar year was a Noteholder, a report prepared by the Servicer containing the information which is required to be contained in the Monthly Servicer Report delivered pursuant to the foregoing paragraphs aggregated for such calendar year or the applicable portion thereof during which such Person was a Noteholder, together with other information as is required to be provided by an issuer of indebtedness under the Internal Revenue Code. Such obligation of the Servicer shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Indenture Trustee pursuant to any requirements of the Internal Revenue Code as from time to time in effect.

### **Supplemental Indentures**

*Supplemental Indentures Without the Consent of the Noteholders.* Without the consent of any Noteholders, the Issuer, the Servicer and the Indenture Trustee, so long as the Rating Agency Notice Requirement has been satisfied with respect to the applicable supplemental indenture and the Indenture Trustee has been authorized by an Issuer Order, may enter into one or more indentures supplemental to the Indenture only in order to (i) correct or amplify any description of property at any time subject to the lien of the Indenture, or to better assure, convey or confirm the lien of the Indenture Trustee in any such property, or to add any additional property to the lien of the Indenture Trustee; (ii) to add to the covenants of the Issuer, for the benefit of the Holders of the Notes, or to surrender any right or power conferred upon the Issuer in the Indenture; (iii) to convey, transfer, assign, mortgage or pledge any property to the Indenture Trustee; (iv) to cure any ambiguity, to correct or supplement any provision in the Indenture or in any supplemental indenture that may be inconsistent with any other provision in the Indenture or in any supplemental indenture, or to make any other provisions with respect to matters or questions arising under the Indenture or in any supplemental indenture, *provided*, that such action shall not have an Adverse Effect as evidenced by an Officer's Certificate of the Servicer; (v) to conform the terms of the Indenture to the description thereof in this private placement memorandum; or (vi) to evidence and provide for the acceptance of the appointment by a successor indenture trustee and additional indenture trustee.

The Indenture Trustee is authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

The Issuer, the Servicer and the Indenture Trustee, when authorized by an Issuer Order, may, also without the consent of any Noteholders but upon satisfaction of the Rating Agency Notice Requirement, enter into an indenture supplemental to the Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture or of modifying in any manner the rights of the Noteholders, so long as (i) the Issuer has delivered to the Indenture Trustee an Officer's Certificate stating that the Issuer reasonably believes that such action will not have an Adverse Effect and (ii) the Issuer has delivered to the Indenture Trustee and the Rating Agency a Tax Opinion addressing such action.

Additionally, the Issuer and the Indenture Trustee, when authorized by an Issuer Order, may, without the consent of any Noteholders, enter into an indenture supplemental to the Indenture in order to add, modify or eliminate such provisions as may be necessary or advisable in order to enable the Issuer to avoid the imposition of state or local income or franchise taxes imposed on all or any portion of the Issuer's property or its income, so long as (i) the Rating Agency Notice Requirement will have been satisfied, (ii) such amendment does not affect the rights, duties or obligations of the Indenture Trustee under the Indenture without its consent and (iii) the Issuer has delivered to the Indenture Trustee a Tax Opinion addressing such action.

No supplemental indenture that is effectuated as described above in this "*Supplemental Indentures Without the Consent of the Noteholders*" may result in any change described in (a) through (h) in "*Supplemental Indentures With the Consent of the Noteholders*" below.

*Supplemental Indentures With the Consent of the Noteholders.* The Issuer, the Servicer and the Indenture Trustee, when authorized by an Issuer Order, also may, with the consent of the holders of not less than a majority of the aggregate unpaid principal amount of the Outstanding Notes adversely affected and with prior notice to the Rating Agency, enter into an indenture supplemental to the Indenture for the purpose of adding any provisions to, changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the Noteholders under the Indenture, so long as the Issuer shall have delivered to the Indenture Trustee (i) an Officer's Certificate indicating which Outstanding Notes, if any, would be adversely affected and (ii) a Tax Opinion addressing such action; *provided*, that no supplemental indenture shall, without the consent of each Noteholder affected thereby:

(a) change the date of payment of any installment of principal of or interest on any Note, or reduce the principal amount thereof, the Interest Rate specified thereon or the redemption price with respect thereto, change the provisions of the Indenture relating to the application of collections on, or the proceeds of the sale of, all or any portion of the Trust Estate to payment of principal of or interest on the Notes, or change any place of payment where, or the coin or currency in which, any Note or any interest thereon is payable or impair the right to institute suit for the enforcement of the provisions of the Indenture requiring the application of funds available therefor to the payment of any such amount due on the Notes on or after the respective due dates thereof;

(b) reduce the percentage of the aggregate unpaid principal amount of all Outstanding Notes, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with the provisions of the Indenture or defaults thereunder and their consequences as provided for in the Indenture;

(c) reduce the percentage of the aggregate unpaid principal amount of any Outstanding Notes, the consent of the Holders of which is required to direct the Indenture Trustee to sell or liquidate the Trust Estate if the proceeds of such sale would be insufficient to pay the principal amount and accrued but unpaid interest on the Outstanding Notes;

(d) modify any of the provisions of the Indenture in such a manner as to affect the calculation of the amount of any payment of interest or principal due on any Note on any Payment Date (including the calculation of any of the individual components of such calculation) or to affect the rights of the Holders of Notes to the benefit of any provisions for the mandatory redemption of the Notes contained in the Indenture;

(e) modify or alter the provisions of the Indenture prohibiting the voting of Notes held by the Issuer, any other obligor on the Notes or the Depositor;

(f) permit the creation of any Lien ranking prior to or on a parity with the Lien of the Indenture or, except as otherwise permitted or contemplated in the Indenture, terminate the Lien of the Indenture on any part of the Trust Estate or deprive the Holder of any Note of the security provided by the Lien of the Indenture;

(g) modify or alter any provisions (including any relevant definitions) relating to the *pro rata* treatment of payments to any Class of Notes; or

(h) (w) reduce the Required Overcollateralization Amount or change the manner in which the Adjusted Loan Principal Balance or Loan Action Date Aggregate Principal Balance is calculated or structured, (x) modify any Reinvestment Criteria Event, Early Amortization Event or Event of Default (or any defined term used therein), (y) modify the provisions relating to the requirements for supplemental indentures or (z) amend or supplement the provisions of permitting monthly deposits of Collections by the Servicer or the provisions permitting the release of Loans from the lien of the Indenture.

Promptly after the execution by the Issuer, the Servicer and the Indenture Trustee of any supplemental indenture, the Indenture Trustee shall transmit to the Noteholders written notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Indenture Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Any supplemental indenture which affects the rights, duties, liabilities or immunities of (i) the Owner Trustee will require the Owner Trustee's written consent, or (ii) the Indenture Trustee will require the Indenture Trustee's written consent. In connection with the execution of any supplemental indenture or amendment of the Indenture, the Owner Trustee and Wells Fargo, in its capacities as Indenture Trustee and Account Bank, shall be entitled to receive an Opinion of Counsel and an Officer's Certificate to the effect that all conditions precedent thereto have been satisfied and that such supplemental indenture or amendment is permitted under the terms of the Indenture.

### **Modifications of Transaction Documents**

The Issuer has agreed in the Indenture that it will not (a) terminate, amend, waive, supplement or otherwise modify any of, or consent to the assignment by any party of, the Transaction Documents to which it is a party and (b) to the extent that the Issuer has the right to consent to any termination, waiver, amendment, supplement or other modification of, or any assignment by any party of, any Transaction Document to which it is not a party, give such consent, unless, in each case (i) either (1) such termination, amendment, waiver, supplement or other modification or such assignment, as applicable, would not have an Adverse Effect, conclusive evidence of which may be established by delivery of an Officer's Certificate of the Servicer as to such determination and the Rating Agency Notice Requirement is satisfied (as certified by the Servicer in writing, on which certification the Indenture Trustee may conclusively rely) with respect to such termination, amendment, waiver, supplement or other modification or such assignment, as applicable, or (2) the Required Noteholders shall have consented in writing thereto and (ii) the other requirements with respect to such termination, amendment, waiver, supplement or other modification, or such assignment, as applicable, contained in the Transaction Documents have been satisfied (which the Servicer shall certify in the required Officer's Certificate). Notwithstanding the foregoing, the Issuer may enter into supplemental indentures to the Indenture as described under "*—Supplemental Indentures*" above.

All reasonable fees, costs and expenses (including, without limitation, reasonable attorneys' fees, costs and expenses) incurred in connection with any amendment, modification or waiver of any Transaction Document or any supplemental indenture will be payable by the Issuer in accordance with and subject to the Priority of Payments.

See "*—Supplemental Indentures*" and "*Risk Factors—Risks Relating to the Notes—The Noteholders have limited control over amendments, modifications and waivers to, and assignments of, the Indenture and other Transaction Documents*" in this private placement memorandum.

### **Compensation of the Indenture Trustee; the Account Bank and the Note Registrar; Indemnification**

The Indenture Trustee will be entitled to receive an annual fee in an amount equal to \$18,000, as compensation for its activities under the Indenture which will be payable in twelve equal monthly installments in accordance with the Priority of Payments on each Payment Date.

The Issuer will also reimburse, in each case in accordance with the Priority of Payments the Indenture Trustee, the Account Bank and the Note Registrar for all out-of-pocket expenses (including reasonable fees and out-of-pocket expenses, disbursement and advances of any agents, co-trustees, counsel, accountants and experts) incurred or made by it (including without limitation expenses incurred in connection with notices or other communications to the Noteholders or expenses incurred in connection with enforcement of its rights), disbursements and advances incurred or made by the Indenture Trustee, the Account Bank and the Note Registrar in accordance with any of the provisions of the Indenture or any of the Transaction Documents, except any such expense, disbursement or advance as may have been caused by its willful misconduct, negligence, fraud or bad faith (as determined by a court of competent jurisdiction).

The payment of fees and reimbursement of expenses of the Indenture Trustee, the Account Bank and the Note Registrar pursuant to the Indenture, the payment of fees and reimbursement of expenses of the Owner Trustee pursuant to the Trust Agreement, the reimbursement of expenses of the Back-up Servicer and the Image File Custodian pursuant to the Back-up Servicing Agreement (other than Servicing Transition Costs), the payment of any costs and expenses then due by the Issuer under the Intercreditor Agreement, to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's *pro rata* allocation in accordance with the Intercreditor Agreement, and the payment to the Owner Trustee, the Indenture Trustee, the Account Bank, the Note Registrar, the Back-up Servicer, the Image File Custodian, the 2018-1A SUBI Trustee and any other Person entitled thereto (including Wells Fargo solely in its capacity as third

party allocation agent under the Intercreditor Agreement, to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's *pro rata* allocation in accordance with the Intercreditor Agreement) of any indemnified amounts due and owing to such parties from the Issuer pursuant to any Transaction Document from the assets of the Trust Estate payable on a senior basis in accordance with the Priority of Payments are subject to an aggregate annual cap of \$350,000 for all such amounts during any calendar year; *provided*, that such dollar amount limitation shall not apply following the occurrence and continuation of an Event of Default; *provided further*, for the avoidance of doubt, any amounts due but not paid due to the application of such dollar amount limitation in a calendar year will be paid in the next succeeding calendar year (subject to such dollar amount limitation for such calendar year). Prior to the occurrence and continuation of an Event of Default, all such amounts that exceed such cap are payable from the assets of the Trust Estate on a subordinate basis in accordance with the Priority of Payments.

The Indenture Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the Indenture or any other Transaction Document and/or the direction of the Required Noteholders as to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee or for exercising any trust or power conferred upon the Indenture Trustee under the Indenture or any other Transaction Document. Generally, the Indenture Trustee shall not be under any obligation to exercise any of the rights or powers vested in it by the Indenture, or to honor the request or direction of any of the Noteholders pursuant to the Indenture to institute, conduct or defend any litigation hereunder in relation hereto, unless such Noteholders shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction; *provided, however*, that nothing contained herein shall relieve the Indenture Trustee of the obligations, upon the occurrence of an Event of Default (which has not been cured or waived) to exercise such of the rights and powers vested in it by the Indenture and to use the same degree of care or skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

Each of the Account Bank and Note Registrar will be entitled to all the rights, benefits, indemnities and other protections afforded to it in its capacity as Indenture Trustee.

With respect to any indemnity claim (i) the Indenture Trustee, the Account Bank or the Note Registrar, as applicable, shall promptly notify the Issuer and the Servicer thereof (however, failure by the Indenture Trustee, the Account Bank or the Note Registrar, as applicable, to so notify the Issuer and the Servicer shall not relieve the Issuer of its indemnity obligations unless such loss, liability or expense could have been avoided with such prompt notification and then only to the extent of such loss, expense or liability which could have been so avoided) and (ii) the Issuer shall not be required to reimburse any expense or indemnify against any loss, liability or expense incurred by the Indenture Trustee, the Account Bank or the Note Registrar, as applicable, caused by their willful misconduct, negligence or bad faith (as determined by a court of competent jurisdiction).

### **Resignation and Removal of the Indenture Trustee**

The Indenture Trustee may resign for any reason at any time by giving sixty (60) days prior written notice to the Issuer, in which event the Issuer will be obligated to appoint a successor Indenture Trustee as set forth in the Indenture, which successor shall be reasonably satisfactory to the Servicer.

The Issuer shall remove the Indenture Trustee by giving sixty (60) days prior written notice if (i) the Indenture Trustee ceases to have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, (ii) the rating of its long-term unsecured debt is less than "Baa3" by Moody's less than "BBB-" by S&P or less than BBB by DBRS, if rated by DBRS, (iii) the Indenture Trustee fails to meet the requirements of Section 26(a)(1) of the Investment Company Act, (iv) the Indenture Trustee is an Affiliate of the Issuer, the Depositor or the initial Servicer, (v) the Indenture Trustee offers or provides credit or credit enhancement to the Issuer, (vi) the Indenture Trustee becomes insolvent or (vii) the Indenture Trustee becomes incapable of acting. If the Issuer removes the Indenture Trustee, the Issuer will be obligated to appoint a successor indenture trustee, which successor shall be reasonably satisfactory to the Servicer.

In addition, the Indenture Trustee may be removed by the Required Noteholders at any time for cause, and for any reason other than for cause upon thirty (30) days' prior written notice to the Issuer and the 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 appointment by the successor Indenture Trustee pursuant to the Indenture. If a successor Indenture Trustee does not take office within sixty (60) days after the retiring Indenture Trustee resigns or is removed, the retiring Indenture Trustee, the Issuer or the Holders of a majority of the aggregate unpaid principal amount of the Notes may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee and all reasonable and documented out-of-pocket fees, costs and expenses (including, without limitation, reasonable fees of counsel) incurred in connection with such petition shall be paid by the Issuer in accordance with and subject to the Priority of Payments.

### **Direction by Noteholders**

Whenever the Indenture or any other Transaction Document requires or permits actions to be taken based on instructions from the Holders of Outstanding Notes evidencing a specified percentage of the Aggregate Note Balance, the Aggregate Note Balance will be calculated as follows (but excluding, in each instance, any Notes which are not considered “Outstanding” for purposes of determining whether the requisite principal amount of the Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture as noted in the definition of “Outstanding” set forth below):

“**Aggregate Note Balance**” shall mean, as of any date of determination, the sum of the aggregate Class A Note Balance, the aggregate Class B Note Balance and the aggregate Class C Note Balance, in each case as of such date of determination.

“**Class A Note Balance**” shall initially mean \$129,770,000, and thereafter shall equal the initial Class A Note Balance reduced by all previous payments to the Class A Noteholders in respect of the principal of the Class A Notes that have not been rescinded.

“**Class B Note Balance**” shall initially mean \$9,270,000, and thereafter shall equal the initial Class B Note Balance reduced by all previous payments to the Class B Noteholders in respect of the principal of the Class B Notes that have not been rescinded.

“**Class C Note Balance**” shall initially mean \$10,960,000, and thereafter shall equal the initial Class C Note Balance reduced by all previous payments to the Class C Noteholders in respect of the principal of the Class C Notes that have not been rescinded.

“**Outstanding**” shall mean, as of any date of determination, all Notes previously authenticated and delivered under the Indenture except,

- (1) Notes previously cancelled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation;
- (2) Notes for whose payment or redemption money in the necessary amount has been previously deposited with the Indenture Trustee for the holders of such Notes; *provided*, that if such Notes are to be redeemed, any required notice of such redemption pursuant to the Indenture or provision for such notice satisfactory to the Indenture Trustee has been made; and
- (3) Notes that have been paid (rather than exchanged) in connection with a request for replacement of a lost or mutilated Note or in exchange for or in lieu of which other Notes have been authenticated and delivered under the Indenture, other than any such Notes for which there shall have been presented to the Indenture Trustee proof satisfactory to it that such Notes are held by a protected purchaser;

*provided, however*, that in determining whether the Holders of the requisite principal amount of the Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Notes owned by the Issuer, any other obligor upon the Notes, the Depositor, the Servicer or the Seller or any Affiliate thereof shall be disregarded and considered not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes that a Responsible Officer of the Indenture Trustee, as the case may be, has actual knowledge of being so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee

establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act for such Notes and that the pledgee is not the Issuer, any other obligor upon the Notes, the Depositor, the Servicer, or the Seller or any Affiliate thereof. In making any such determination, the Indenture Trustee may rely on the representations of the pledgee and shall not be required to undertake any independent investigation.

### **Nature of Noteholders' Claims**

The Indenture will provide that each Holder, by its ownership of the Notes, will agree that such Holder only has rights against the assets held by the Issuer pursuant to the Transaction Documents, and such Holder will not have rights to the assets of any other issuing entity under a different securitization with respect to which the Depositor is acting as depositor.

### **THE ADMINISTRATION AGREEMENT**

Pursuant to the Administration Agreement, (i) the Issuer will engage Regional Management as administrator and the Depositor to perform, on behalf of the Issuer, certain of the covenants, duties and obligations of the Issuer under the Indenture and the other Transaction Documents; notwithstanding such engagement, the Issuer shall remain liable for all such covenants, duties and obligations, and (ii) the Issuer and the North Carolina Trust will engage Regional Management as administrator to perform various administrative duties on behalf of the North Carolina Trust solely in respect of the 2018-1A SUBI. The Administrator will be compensated by the Depositor for the performance of the duties and provision of the services called for in the Administration Agreement as separately agreed between the Depositor and the Administrator.

The Administration Agreement shall continue in force until the termination of the Trust Agreement and the 2018-1A SUBI Supplement in accordance with its respective terms.

The Administrator shall not resign from the obligations and duties imposed on it under the Administration Agreement and the 2018-1A SUBI Servicing Agreement except upon a determination (as supported by an Opinion of Counsel) that (i) the performance of its duties under the Administration Agreement and the 2018-1A SUBI Servicing Agreement is no longer permissible under applicable law and (ii) there is no reasonable action which the Administrator could take to make the performance of its duties under the Administration Agreement and the 2018-1A SUBI Servicing Agreement permissible under applicable law.

If the Administrator defaults in the performance of any of its duties under the Administration Agreement (if not cured within ten (10) days after notice (or, if such default cannot be cured within ten (10) days, the Administrator shall not have given within such time such assurance of cure as shall be reasonably satisfactory to the Issuer) or if an Insolvency Event shall occur with respect to the Administrator, then the Issuer may (and shall at the written direction of the Indenture Trustee (acting at the written direction of the Required Noteholders)) remove Regional Management as Administrator upon notice to the Administrator.

No resignation or removal of the Administrator described above shall be effective until (i) a successor Administrator shall have been appointed by the Issuer and the North Carolina Trust, (ii) such successor Administrator shall have agreed in writing to be bound by the terms of and assumed its obligations under the Administration Agreement and the 2018-1A SUBI Servicing Agreement and (iii) such successor Administrator is (a) acceptable to the Indenture Trustee (acting at the written direction of the Required Noteholders) or (b) in the absence of such written direction of the Required Noteholders, satisfies the Rating Agency Notice Requirement. If a successor Administrator does not take office within sixty (60) days after the retiring Administrator resigns or is removed, the resigning or removed Administrator or the Issuer may petition any court of competent jurisdiction for the appointment of a successor Administrator.

The Administration Agreement may be amended from time to time by the Issuer, the North Carolina Trust, the Administrator and the Depositor, by a written instrument signed by each of them, but without notice to or the consent of any of the Noteholders, (i) to correct or supplement any provisions therein which may be inconsistent with any other provisions therein or in this private placement memorandum, or (ii) to add any other provisions with respect to matters or questions arising under or related to the Administration Agreement which are not inconsistent with the provisions of the Administration Agreement; *provided, however*, that such action may not adversely affect in any material respect the interest of any of the Noteholders or the holders of the trust certificates as evidenced by an Officer's

Certificate of the Depositor to such effect delivered to the Indenture Trustee, the 2018-1A SUBI Trustee and the Issuer, and the Rating Agency Notice Requirement shall have been satisfied with respect to such amendment. Additionally, the Administration Agreement may be amended from time to time by the Issuer, the North Carolina Trust, the Administrator and the Depositor, by a written instrument signed by each of them, but without the consent of any of the Noteholders or the holders of the trust certificates; *provided*, that (i) the Depositor shall have delivered to the Indenture Trustee, the 2018-1A SUBI Trustee and the Issuer an Officer's Certificate, dated the date of any such amendment, stating that the Depositor reasonably believes that such amendment will not have an Adverse Effect and (ii) the Rating Agency Notice Requirement shall have been satisfied with respect to any such amendment. Notwithstanding anything else to the contrary therein, the Administration Agreement may be amended by the Issuer, the North Carolina Trust, the Administrator and the Depositor, by a written instrument signed by each of them, but without the consent of the Noteholders or the holders of the trust certificates, upon satisfaction of the Rating Agency Notice Requirement with respect to such amendment (without anything further) as may be necessary or advisable in order to avoid the imposition of any withholding taxes or state or local income or franchise taxes imposed on the Issuer's or the North Carolina Trust's property or its income. In connection with the execution of any amendment under the Administration Agreement, the Owner Trustee and the 2018-1A SUBI Trustee shall be entitled to receive an Opinion of Counsel and an Officer's Certificate to the effect that all conditions precedent thereto have been satisfied and that such amendment is permitted under the terms of the Administration Agreement. The Administration Agreement may also be amended from time to time by the Issuer, the North Carolina Trust, the Administrator and the Depositor, with the consent of the Required Noteholders and the holders of the trust certificates, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Administration Agreement or of modifying in any manner the rights of the Noteholders or the holders of the trust certificates; *provided, however*, that no such amendment may directly or indirectly reduce the aforesaid percentage required to consent to any such amendment without the consent of each Noteholder and each holder of a trust certificate.

## **THE TRUST AGREEMENT**

The following summaries describe certain provisions of the Trust Agreement. The summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions of the Trust Agreement.

### **Formation of the Trust; Activities**

The Issuer is a statutory trust formed under the laws of the State of Delaware pursuant to the Trust Agreement for transactions described herein.

The purpose for which the Issuer is formed is to engage, from time to time, solely in a program of acquiring Loans and the 2018-1A SUBI Certificate pursuant to the Sale and Servicing Agreement and issuing Notes under the Indenture and related activities. Without limiting the generality of the foregoing, the Issuer has the power and authority to: (i) from time to time authorize and approve the issuance of Notes pursuant to the Indenture without limitation to aggregate amounts and, in connection therewith, determine the terms and provisions of such Notes and of the issuance and sale thereof, including, among other things, (1) preparing and filing all documents necessary or appropriate in connection with the registration of the Notes under the Securities Act, the qualification of indentures under the Trust Indenture Act of 1939, if applicable, and the qualification under any other applicable federal, foreign, state, local or other governmental requirements, (2) preparing any private placement memorandum or other descriptive material relating to the issuance of the Notes, (3) appointing a paying agent or agents for purposes of payments on the Notes, and (4) arranging for the underwriting, subscription, purchase or placement of the Notes and selecting underwriters, managers and purchasers or agents for that purpose; (ii) from time to time, receive payments and proceeds with respect to the assets in the Trust Estate and either invest or distribute those payments and proceeds; (iii) from time to time, make deposits to and withdrawals from accounts established under the Indenture; (iv) from time to time, execute, deliver and issue the trust certificate pursuant to the Trust Agreement; (v) from time to time, acquire from the Depositor pursuant to the Sale and Servicing Agreement, and hold and sell the Loans, the 2018-1A SUBI Certificate and related assets; (vi) from time to time assign, grant a security interest in, grant, transfer, pledge and mortgage the Trust Estate pursuant to the Indenture and hold, manage and distribute to the holders of the trust certificates or the Noteholders pursuant to the terms of the Trust Agreement and the Transaction Documents any portion of the Trust Estate released from the lien of and remitted to the Trust pursuant to, the Indenture; (vii) from time to time make payments on the Notes; (viii) execute, deliver and perform its obligations under the Transaction Documents to which the Issuer is to be a party; (ix) subject to compliance with the Transaction Documents, to engage, from time to time, in such other

activities as may be required in connection with conservation of the assets in the Trust Estate and the making of payments to the Noteholders and distributions to the holder of the trust certificate; and (x) from time to time perform such obligations and exercise and enforce such rights and pursue such remedies as may be appropriate by virtue of the Issuer being party to any of the Transaction Documents and agreements contemplated in clauses (i) through (ix) above. The Trust Agreement specifies certain other authorized activities relating to the actions contemplated in this paragraph.

The Issuer will not engage in any business or activities other than in connection with, or relating to, the purposes specified in the previous paragraph. Pursuant to the Trust Agreement, the operations of the Issuer will be conducted in accordance with the following standards:

- (a) The Issuer shall not:
  - (i) enter into transactions with Affiliates unless such transactions are on an arm's-length basis, on commercially reasonable terms and on terms no less favorable than would be obtained in a comparable arm's-length transaction with an unrelated third party and shall otherwise maintain an arm's-length relationship with its Affiliates;
  - (ii) except in connection with the final disposition of all assets comprising the Trust Estate, dissolve or liquidate, in whole or in part;
  - (iii) consolidate or merge with or into any other entity or, except as permitted under the Indenture, sell, lease, assign, convey or otherwise transfer all or substantially all of its properties and assets to any Person;
  - (iv) take any action that it knows shall cause the Issuer to become insolvent;
  - (v) guarantee or become obligated for the debts of any other Person or hold out its credit as being available to satisfy the obligations of any other Person, except as expressly provided or contemplated in the Transaction Documents;
  - (vi) hold out its credit as being available to satisfy the obligations of any other Person;
  - (vii) incur or assume any indebtedness except as contemplated by the Transaction Documents;
  - (viii) pledge its assets for the benefit of any other Person or make any loans or advances to any entity except as contemplated by the Transaction Documents;
  - (ix) take any action that shall cause the Issuer to be treated as an association (or publicly traded partnership) taxable as a corporation for U.S. federal income tax purposes;
  - (x) acquire the obligations or securities of its Affiliates or the Depositor or own any material assets other than the Loans and related assets and any incidental property as may be necessary for the operation of the Trust, except as contemplated by the Transaction Documents; or
  - (xi) identify itself as a division of any other person or entity.
- (b) The Issuer shall:
  - (i) maintain complete books, records and agreements (including books of account and minutes of meetings and other proceedings) as official records and separate from each other Person;

- (ii) strictly observe all organizational formalities;
- (iii) maintain its bank accounts separate from each other Person;
- (iv) except as expressly contemplated in the Transaction Documents, not commingle its assets with those of any other Person and hold all of its assets in its own name;
- (v) conduct its own business in its own name;
- (vi) not have its assets listed on the financial statements of another Person, except as required by United States generally accepted accounting principles consistently applied;
- (vii) other than as contemplated by the Transaction Documents, pay its own liabilities and expenses only out of its own funds;
- (viii) observe formalities required under the Delaware Statutory Trust Statute;
- (ix) use separate stationery, invoices, and checks bearing its own name (or under any name licensed pursuant to any trademark license or similar agreement);
- (x) hold itself out as a separate entity from any other Person, including the Depositor, and not conduct any business in the name of any other Person, including the Depositor;
- (xi) correct any known misunderstanding regarding its separate identity;
- (xii) not form, acquire or hold any subsidiary (whether corporate, partnership, limited liability company or other) except as permitted under the Transaction Documents;
- (xiii) maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;
- (xiv) maintain adequate capital in light of its contemplated business operations, transactions and liabilities; and
- (xv) cause its agents and other representatives to act at all times with respect to it consistently and in furtherance of the foregoing.

Prior to the termination of the Indenture in accordance with its terms, the Issuer shall not amend the provisions of the Trust Agreement described in (a) and (b) above without the satisfaction of the Rating Agency Notice Requirement.

The Trust will be managed under the direction of the Administrator and the Depositor, as the beneficiary. The Depositor (or any successor beneficiary) and the Administrator will have the authority to direct the Owner Trustee to take action on behalf of the Trust as is set forth in the Trust Agreement.

#### **Compensation of the Owner Trustee; Indemnification of the Owner Trustee**

Subject to the Priority of Payments, the Issuer will (i) pay to the Owner Trustee on the Payment Date occurring in June of each calendar year, beginning in August 2019, a fee for acting as Owner Trustee in an amount equal to \$5,000, payable annually in advance, and (ii) reimburse the Owner Trustee for all other reasonable out-of-pocket costs and expenses (including reasonable fees and expenses of outside counsel) incurred by it in connection with its acting as Owner Trustee of the Issuer. Amounts payable to the Owner Trustee described in the foregoing sentence shall be payable from amounts designated for payment to the Owner Trustee pursuant to the Priority of Payments or from other amounts available to the Issuer that are not subject to the lien of the Indenture.

The payment of fees and reimbursement of expenses of the Indenture Trustee, the Account Bank and the Note Registrar pursuant to the Indenture, the payment of fees and reimbursement of expenses of the Owner Trustee pursuant to the Trust Agreement, the reimbursement of expenses of the Back-up Servicer and the Image File Custodian pursuant to the Back-up Servicing Agreement (other than Servicing Transition Costs), the payment of any costs and expenses then due by the Issuer under the Intercreditor Agreement, to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's *pro rata* allocation in accordance with the Intercreditor Agreement, and the payment to the Owner Trustee, the Indenture Trustee, the Account Bank, the Note Registrar, the Back-up Servicer, the Image File Custodian, the 2018-1A SUBI Trustee and any other Person entitled thereto (including Wells Fargo solely in its capacity as third party allocation agent under the Intercreditor Agreement, to the extent that such amounts are not paid when due by the Issuer in accordance with the Intercreditor Agreement, and further provided that such amounts represent the Issuer's *pro rata* allocation in accordance with the Intercreditor Agreement) of any indemnified amounts due and owing to such parties from the Issuer pursuant to any Transaction Document from the assets of the Trust Estate payable on a senior basis in accordance with the Priority of Payments are subject to aggregate annual cap of \$350,000 for all such amounts during any calendar year; *provided*, that such dollar amount limitation shall not apply following the occurrence and continuation of an Event of Default; *provided further*, for the avoidance of doubt, any amounts due but not paid due to the application of such dollar amount limitation in a calendar year will be paid in the next succeeding calendar year (subject to such dollar amount limitation for such calendar year). Prior to the occurrence and continuation of an Event of Default, all such amounts that exceed such cap are payable from the assets of the Trust Estate on a subordinate basis in accordance with the Priority of Payments.

The Issuer will assume liability for, and indemnify, protect, save and keep harmless the Owner Trustee (in its individual capacity and as the Owner Trustee) and its officers, directors, successors, assigns, legal representatives, agents and servants (the "**Owner Trustee Indemnified Parties**"), from and against any and all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, suits, investigations, proceedings, costs, expenses or disbursements (including reasonable legal fees and expenses) of any kind and nature whatsoever which may be imposed on, incurred by or asserted at any time against an Owner Trustee Indemnified Party (whether or not also indemnified against by any other person) in any way relating to or arising out of (i) the Trust Agreement or any other related documents or the enforcement of any of the terms of any thereof, the administration of the Issuer and the assets of the Issuer or the action or inaction of the Owner Trustee under the Trust Agreement, (ii) any action or inaction taken by the Owner Trustee on behalf of the Issuer in accordance with the Trust Agreement, and (iii) the manufacture, purchase, acceptance, nonacceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any property (including any strict liability, any liability without fault and any latent and other defects, whether or not discoverable), except, in any such case, to the extent that any such liabilities, obligations, losses, damages, penalties, taxes, claims, actions, suits investigations, proceedings, costs, expenses and disbursements are the result of the willful misconduct, bad faith or gross negligence of either of the Owner Trustee or such Owner Trustee Indemnified Party.

In case any such action, investigation or proceeding will be brought involving an Owner Trustee Indemnified Party, the Trust will assume the defense thereof, including the employment of counsel and the payment of all expenses. The Owner Trustee will have the right to employ separate counsel in any such action, investigation or proceeding and to participate in the defense thereof and reasonable counsel fees and expenses of such counsel will be paid by the Trust.

### **Resignation or Removal of the Owner Trustee**

The Owner Trustee may resign at any time without cause by giving at least 30 days' prior written notice to the Depositor, the holders of the trust certificates, the Administrator and the Indenture Trustee. In addition, the Directing Holder may at any time remove the Owner Trustee without cause by an instrument in writing delivered to the Owner Trustee. Upon receipt of notice of the Owner Trustee's resignation the Administrator shall promptly remit such notice to the Depositor. No such removal or resignation will become effective until a successor Owner Trustee, however appointed, becomes vested as Owner Trustee. If no successor has been appointed within thirty (30) days of such resignation or removal, the Owner Trustee, at the expense of the Trust, may petition any court of competent jurisdiction for the appointment of a successor. The Depositor will notify the Rating Agency promptly after the resignation or removal of the Owner Trustee and promptly after the appointment of a successor Owner Trustee.

Upon the occurrence of a Disqualification Event with respect to the Owner Trustee, the Depositor may appoint a successor Owner Trustee by written instrument. If a successor Owner Trustee has not been appointed within thirty (30) days after the giving of written notice of such resignation or the delivery of the written instrument with respect to such removal, the Owner Trustee, at the expense of the Trust may apply to any court of competent jurisdiction to appoint a successor Owner Trustee to act until such time, if any, as a successor Owner Trustee has been appointed. Any successor Owner Trustee so appointed by such court will immediately and without further act be superseded by any successor Owner Trustee appointed as above provided.

“**Disqualification Event**” shall mean (a) the bankruptcy, insolvency or dissolution of the Owner Trustee, (b) the occurrence of the date of resignation of the Owner Trustee, as set forth in a notice of resignation given pursuant to the Trust Agreement, (c) the delivery to the Owner Trustee of the instrument or instruments of removal referred to in the Trust Agreement (or, if such instruments specify a later effective date of removal, the occurrence of such later date), or (d) the failure of the Owner Trustee to satisfy the following requirements: (i) be a trust company or a banking corporation under the laws of its state of incorporation or a national banking association authorized to exercise trust powers and subject to regulation by state or federal authorities, (ii) satisfy the requirements of Section 3807(a) of the Delaware Statutory Trust Statute that the Issuer have at least one trustee with a principal place of business in the State of Delaware, (iii) have a combined capital and surplus of not less than \$50,000,000 (or have its obligations and liabilities irrevocably and unconditionally guaranteed by an affiliated Person having a combined capital and surplus of at least \$50,000,000), and (iv) be rated (or have a parent which is rated) investment grade by DBRS.

### **Assignment of Trust Certificate**

The Trust Certificate represents a 100% beneficial interest in the Issuer. The Depositor will be the initial holder of the trust certificate as of the Closing Date; however, the Trust Certificate may be transferred in whole or in part after the Closing Date in accordance with the terms of the Trust Agreement and subject to the limitations described under “*Credit Risk Retention*” in this private placement memorandum. Transfers of any or all of the Trust Certificate may be made to any Person who is an Affiliate of Regional Management (a “**Permitted Transferee**”) that is a United States person within the meaning of Section 7701(a)(30) of the Internal Revenue Code. A holder of the Trust Certificate may not transfer, assign, exchange or otherwise pledge or convey all or any part of its right, title and interest in and to the Trust Certificate to any other Person, except to any Permitted Transferee and to the extent permitted under Regulation RR as described below. It shall be a condition to any such transfer, assignment, exchange or pledge (i) that the holder of the applicable Trust Certificate and the proposed Permitted Transferee certify to the Owner Trustee that such proposed transfer, assignment, exchange or pledge complies with the Trust Agreement and the restrictive legends on the applicable Trust Certificate and (ii) if made without the prior written consent of the Directing Holder (to be obtained by the Depositor), that the Owner Trustee shall have received a certificate of an Authorized Officer of the Depositor confirming that such transfer, assignment, exchange or pledge will not adversely affect the interests of the Noteholders under and in connection with the Notes and the Transaction Documents. Any purported transfer by a holder of the Trust Certificate of all or any part of its right, title and interest in and to a Trust Certificate or the ownership interest in the Issuer represented thereby (1) to any Person will be effective only upon issuance of an Opinion of Counsel with respect to non-consolidation matters and a Tax Opinion, which will not be an expense of the Owner Trustee, and (2) not in compliance with the requirements described herein will be null and void.

Regulation RR imposes limitations on the ability of the Depositor, as the holder of Trust Certificate, to dispose of or hedge the Trust Certificate. In general, the Depositor may not transfer the Trust Certificate to any person other than a majority-owned affiliate of Regional Management, as the sponsor, until after the specified time periods set forth in Regulation RR. In addition, prior to such date, the Depositor and any such majority-owned affiliate of Regional Management may not engage in any hedging transactions if payments on the hedge instrument are materially related to the Trust Certificate and the hedge position would limit the financial exposure of the Depositor or such majority-owned affiliate to the Trust Certificate. Finally, neither the Depositor nor such majority-owned affiliate may pledge its interest in the Trust Certificate as collateral for any financing unless such financing is in accordance with Regulation RR. See “*Credit Risk Retention*” in this private placement memorandum.

### **Amendments**

The Trust Agreement may be amended only by a written instrument executed by the Depositor and the Owner Trustee, at the written direction of the Administrator (except as to any amendment which affects the rights, duties, liabilities or immunities of the Owner Trustee, in which case the Owner Trustee shall be entitled to enter into such

amendment in its sole discretion) or the holder of the Trust Certificate, and upon the satisfaction of the Rating Agency Notice Requirement; *provided, however*, that any such action shall be conditioned upon receipt by the Owner Trustee of a Tax Opinion which shall not be at the expense of the Owner Trustee. The Issuer is required to provide a copy of any such amendment to the holders of the trust certificates and to the Administrator.

The Owner Trustee shall be entitled to require and may conclusively rely on an opinion of counsel that any proposed amendment complies with the terms of the Trust Agreement and an Officer's Certificate of the Depositor that all other conditions precedent to the execution and delivery of such amendment under the Trust Agreement have been met.

## THE NORTH CAROLINA TRUST DOCUMENTS

### SUBIs

Pursuant to the North Carolina Trust Agreement, the UTI Trustee shall from time to time, as directed in writing by the Initial Beneficiary (or the North Carolina Trust Servicer on its behalf), identify and allocate, or cause to be identified and allocated, on the books and records of the North Carolina Trust one or more separate portfolios of trust assets allocated to or earned by such portfolio and any proceeds thereof (the "**SUBI Assets**") to be accounted for independently within the North Carolina Trust (each such portfolio, a "**SUBI Portfolio**"). All other trust assets, other than SUBI Assets constitute "**UTI Assets**." Upon their allocation as a SUBI Asset, such trust asset shall no longer be assets or, or allocated to, the Undivided Trust Interest unless and until they are specifically reallocated from the SUBI Portfolio to the Undivided Trust Interest or to another SUBI Portfolio. The beneficial interest in each such SUBI Portfolio shall constitute a separate "special unit of beneficial interest" ("**SUBI**") in the Trust. Separate and distinct records shall be maintained by the related SUBI trustee and a servicer for each SUBI Portfolio and the SUBI assets associate with each SUBI shall be held and accounted for separately from the other assets of the North Carolina Trust or any other SUBI Assets. Each SUBI will be represented by a certificate (a "**SUBI Certificate**") to be issued by the North Carolina Trust and shall be created by the execution of a supplement to the North Carolina Trust.

Each SUBI shall be a separate series of the Trust as provided in Sections 3806(b)(2) and 3804(a) of the Statutory Trust Statute. The debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to each SUBI or the related SUBI Assets shall be enforceable against such SUBI Assets only, and not against the assets of the Trust generally or against any other SUBI Assets or the UTI Assets. Except to the extent required by law or specified in the North Carolina Trust or in the related supplement to the North Carolina Trust, SUBI Assets with respect to a particular SUBI shall not be subject to claims, debts, liabilities, expenses or obligations arising from or with respect to the North Carolina Trust, any Trustee, the UTI or any other SUBI. Further, except to the extent required by law or specified in the North Carolina Trust Agreement, no creditor or holder of a claim relating to North Carolina Trust Assets allocated to any SUBI shall be entitled to maintain any action against or recover any assets allocated to the UTI or any other SUBI.

In connection with the Warehouse Facility, pursuant to the 2017-1A Financed SUBI Supplement to the Trust Agreement, dated as of June 20, 2017 (the "**2017-1A SUBI Supplement**"), by and among Regional North Carolina, as settlor and initial beneficiary, the North Carolina Trust, as 2017-1A Financed SUBI beneficiary and 2017-1A Financed SUBI holder, and the UTI Trustee, as 2017-1A SUBI trustee and administrative trustee, the UTI Trustee created the "**2017-1A SUBI**" and the "**2017-1A SUBI Portfolio**," and issued a SUBI Certificate (the "**2017-1A SUBI Certificate**") to Regional North Carolina, which was subsequently sold and conveyed by Regional North Carolina to Regional Management, and sold and conveyed by Regional Management to the Warehouse Borrower, and pledged by the Warehouse Borrower as collateral to the administrative agent, as agent for the secured parties under the Warehouse Facility. Other than the 2017-1A SUBI Certificate and the 2018-1A SUBI Certificate that will be issued by the North Carolina Trust on the Closing Date, there are no other outstanding SUBI Certificates of the North Carolina Trust as of the Closing Date. See "*—2018-1A SUBI Supplement*" in this private placement memorandum.

### The UTI Administration Agreement

To provide for the servicing and administration of the North Carolina Trust Assets allocated to the UTI, the North Carolina Trust and Regional Management, as administrator of the UTI (the "**UTI Administrator**") will enter into the UTI Administration Agreement, to be dated as of the Closing Date (the "**UTI Administration Agreement**"). As agent for and subject to the supervision, direction and control of the North Carolina Trust as set forth in the North

Carolina Trust Agreement, the UTI Administrator will service, administer and collect under the North Carolina Receivables and the related Contracts and the other North Carolina Trust Assets allocated to the UTI in accordance with the terms of the UTI Administration Agreement. Pursuant to the UTI Administration Agreement, the UTI Administrator will indemnify the North Carolina Trust, the North Carolina Trustees and the UTI Holder for any losses that may be incurred as a result of any negligent act or omission by the UTI Administrator in connection with any Trust Asset or this UTI Agreement or the failure by the UTI Administrator to obtain or cause the North Carolina Trust to obtain any licenses, approvals and permits necessary for its respective business, and any claims by third parties against the North Carolina Trust. The UTI Administrator's indemnification obligations will survive the termination or assignment of the UTI Administration Agreement and the North Carolina Trust Agreement or the resignation or removal of the UTI Administrator or any North Carolina Trustee.

### **2018-1A SUBI Supplement**

On the Closing Date, pursuant to the 2018-1A SUBI Supplement, the UTI Trustee will create the "**2018-1A SUBI**" and the "**2018-1A SUBI Portfolio**" and issue a SUBI Certificate (the "**2018-1A SUBI Certificate**") to Regional North Carolina. In connection therewith, pursuant to the North Carolina Trust Agreement, the Initial Beneficiary will direct the UTI Trustee to create the 2018-1A SUBI. The 2018-1A SUBI will be represented by the 2018-1A SUBI Certificate and will be issued by the North Carolina Trust pursuant to the 2018-1A SUBI Supplement, entered into by and among Regional North Carolina, as settlor and initial beneficiary, the Issuer, as the 2018-1A SUBI beneficiary and 2018-1A SUBI Holder (the "**2018-1A SUBI Holder**") and Wilmington Trust, National Association, as UTI Trustee, 2018-1A SUBI Trustee and Administrative Trustee.

The 2018-1A SUBI will represent an exclusive and specific 100% beneficial ownership interest solely in 2018-1A SUBI Loans and the related 2018-1A SUBI Assets. Pursuant to the 2018-1A SUBI Supplement, Regional North Carolina will appoint Wilmington Trust, National Association as the 2018-1A SUBI Trustee for the 2018-1A SUBI (the "**2018-1A SUBI Trustee**"). The 2018-1A SUBI Trustee will have the power and authority to execute, deliver and perform any obligations of the North Carolina Trust in connection with the 2018-1A SUBI. The Issuer, as the 2018-1A SUBI Beneficiary, will pay to the 2018-1A SUBI Trustee on the Payment Date occurring in June of each calendar year, beginning in August 2019, a fee for acting as 2018-1A SUBI Trustee in an amount equal to \$2,500, payable annually in advance.

#### *Issuance of 2018-1A SUBI Certificate*

As of the Closing Date, the 2018-1A SUBI Certificate will be issued to the Initial Beneficiary and certain North Carolina Loans and related North Carolina Trust Assets will be allocated to the 2018-1A SUBI. Pursuant to the SUBI Certificate Purchase Agreement, the Initial Beneficiary will sell all of its rights, title and interest in the 2018-1A SUBI Transferred Assets to Regional Management on the Closing Date. Pursuant to the Loan Purchase Agreement, Regional Management will sell all of its rights, title and interest in the 2018-1A SUBI Transferred Assets to the Depositor on the Closing Date. Pursuant to the Sale and Servicing Agreement, on the Closing Date, the Depositor will sell all of its rights, title and interest in the 2018-1A SUBI Transferred Assets to the Issuer, and the Issuer will grant a security interest in such 2018-1A SUBI Transferred Assets to the Indenture Trustee pursuant to the Indenture.

#### *Additions to and Removals from the 2018-1A SUBI*

After the Closing Date, the Servicer may direct or cause to be allocated additional 2018-1A SUBI Loans to the 2018-1A SUBI or direct or cause to be reallocated 2018-1A SUBI Loans and the related 2018-1A SUBI Assets from the 2018-1A SUBI to the UTI or another SUBI. Such actions will correspond with the repurchase obligations and other Loan Actions contemplated in the Sale and Servicing Agreement and the related Transaction Documents. See "*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases*" in this private placement memorandum. As consideration for the allocation of any Additional Loans to the 2018-1A SUBI, pursuant to the 2018-1A SUBI Supplement, the Issuer shall pay or cause to be paid to the Initial Beneficiary an amount equal to the estimated fair market value of such 2018-1A SUBI Loans on such date by making a cash payment to the Initial Beneficiary to the extent that the Issuer has funds available therefor (which may include capital contributions made to the Issuer by the Depositor as holder of the Trust Certificate).

### *Termination of the 2018-1A SUBI*

If at any time all of the interest in the 2018-1A SUBI shall be held by the 2018-1A SUBI Holder, free and clear of any security interest or pledge thereof to the Indenture Trustee or any other Person, then upon the direction of the 2018-1A SUBI Holder, the 2018-1A SUBI shall be dissolved and terminated in accordance with the terms of the North Carolina Trust Agreement. In connection with any sale of the 2018-1A SUBI pursuant to the Indenture, if requested by the Indenture Trustee, the Servicer acting at the direction of the Indenture Trustee shall distribute the 2018-1A SUBI Assets to the purchaser or purchasers of the 2018-1A SUBI. Upon the sale of the 2018-1A SUBI pursuant to the Indenture, after the distribution of the 2018-1A SUBI Assets to the purchaser or purchasers thereof, the 2018-1A SUBI Supplement shall terminate and the 2018-1A SUBI shall be dissolved and terminated in accordance with the North Carolina Trust Agreement.

### *Amendments*

Any provision of the 2018-1A SUBI Supplement may be amended by written agreement between Regional North Carolina and the 2018-1A SUBI Trustee, with the consent of the Issuer, as the 2018-1A SUBI Beneficiary, and the Indenture Trustee. No later than five (5) business days after the execution of any amendment to the 2018-1A SUBI Supplement, the Initial Beneficiary shall furnish a copy of such amendment to the North Carolina Trustees and to the Indenture Trustee. Prior to the execution of any amendment to the 2018-1A SUBI Supplement, the North Carolina Trustees and the Indenture Trustee shall be entitled to receive and conclusively rely upon an officer's certificate and an opinion of counsel stating that the execution of such amendment is authorized or permitted by the North Carolina Trust Agreement or the 2018-1A SUBI Supplement and that all conditions precedent to the execution and delivery of such amendment have been satisfied.

### **The 2018-1A SUBI Servicing Agreement**

To provide for the servicing of the 2018-1A SUBI Loans, the North Carolina Trust, the Issuer, as 2018-1A SUBI Holder, and Regional Management, as Servicer and Administrator with respect to the 2018-1A SUBI, will enter into the 2018-1A SUBI Servicing Agreement, pursuant to which the Servicer and the Administrator will agree to service and administer the 2018-1A SUBI Assets on behalf of the North Carolina Trust and the Issuer, as 2018-1A SUBI Holder, in accordance with applicable law, the applicable terms set forth in the Sale and Servicing Agreement, the Administration Agreement and the Credit and Collection Policy. Under the terms of the 2018-1A SUBI Servicing Agreement, the Servicer also agrees to arrange for the allocation or reallocation of certain 2018-1A SUBI Loans in accordance with the repurchase obligations and other Loan Actions contemplated by the Sale and Servicing Agreement and the Servicer also agrees to ensure that any allocation or reallocation of Loans from the 2018-1A SUBI Loans be in accordance with the relevant Transaction Documents.

The Servicing Fee payable to the Servicer under the Sale and Servicing Agreement will constitute compensation for the performance of its obligations under the 2018-1A SUBI Servicing Agreement and the Sale and Servicing Agreement. The Servicer will not be entitled to any additional compensation pursuant to the 2018-1A SUBI Servicing Agreement.

Any resignation, termination or replacement of the Servicer under the Sale and Servicing Agreement shall also constitute the same under the 2018-1A SUBI Servicing Agreement. Pursuant to, and subject to the terms of, the Back-up Servicing Agreement, Wells Fargo Bank, National Association will act as Back-up Servicer with respect to the 2018-1A SUBI Assets.

Any provision of the 2018-1A SUBI Servicing Agreement may be amended by written agreement by the North Carolina Trust, the Issuer and Regional Management and subject to any additional conditions set forth in the Sale and Servicing Agreement or the Indenture. The consent of the Back-up Servicer and the Indenture Trustee will be required to amend the 2018-1A SUBI Servicing Agreement to the extent the rights or interests of the Back-up Servicer or the Indenture Trustee would be adversely affected.

## THE 2018-1A SECURITY AGREEMENT

### The 2018-1A Security Agreement

As of the Closing Date, the North Carolina Trust, the Issuer, Regional North Carolina and the Indenture Trustee will enter into a Security Agreement (the “**2018-1A Security Agreement**”) pursuant to which the North Carolina Trust and the Issuer will each grant, pledge and assign to the Indenture Trustee, for the benefit of the Noteholders, a continuing first priority lien and security interest in all of its right, title and interest in, to and under the 2018-1A SUBI Assets (the “**Related Collateral**”). Under the 2018-1A Security Agreement, the Indenture Trustee will acknowledge and accept the grant of security interest and agree to hold and administer the security interest granted in trust for the use and benefit of the Issuer. Upon discharge of the Indenture in accordance with its terms, the 2018-1A Security Agreement shall automatically terminate and the 2018-1A SUBI Assets will be released from the Lien of the Indenture.

Any provision of the 2018-1A Security Agreement may be amended by written agreement among the parties thereto and subject to the conditions set forth in the amendment provisions of the Indenture and the Sale and Servicing Agreement; provided, that the consent of the Indenture Trustee is required for any amendment to the extent that the rights of the Indenture Trustee would be adversely affected.

## CERTAIN LEGAL ASPECTS OF THE LOANS

### General

The transfer of Loans (other than the 2018-1A SUBI Loans) by the Seller to the Depositor and by the Depositor to the Issuer (or, with respect to the 2018-1A SUBI Loans, the contribution by Regional North Carolina to the North Carolina Trust and allocation to the 2018-1A SUBI), the pledge thereof to the Indenture Trustee, the perfection of the security interests in the Loans, and the enforcement of rights to realize on the collateral, if any, securing the Loans are subject to a number of federal and state laws, including the UCC as codified in various states. Under the UCC as in effect in all states in which Loans are originated, the Loans constitute accounts, instruments, chattel paper or payment intangibles depending upon how they are documented. The Issuer, the Servicer and the Depositor will take necessary actions to perfect the Indenture Trustee’s rights in the Loans. If, through inadvertence or otherwise, a third party were to purchase, including the taking of a security interest in, a Loan for new value in the ordinary course of its business and then were to take possession of the instrument or tangible chattel paper, or take control of the electronic chattel paper, if any, representing the Loan, such third party would acquire an interest in the Loans superior to the interests of the Issuer and the Indenture Trustee if the third party acquired the Loans for value and without knowledge that the purchase violates the rights of the Issuer or the Indenture Trustee, which could cause investors to suffer losses on their Notes. No entity will take any action to perfect the Issuer’s or the Indenture Trustee’s right in the insurance policies or any proceeds of any insurance policies covering particular items of collateral securing the Loans or any credit life or other credit insurance policies. Therefore, the rights of a third party with an interest in these proceeds could prevail against the rights of the Issuer or the Indenture Trustee prior to the time the Servicer deposits the proceeds into a Note Account and the rights of a third party with an interest in the other rights with respect to the insurance policies could prevail against the rights of the Issuer or the Indenture Trustee.

Generally, the rights held by assignees of the Loans, including without limitation, the Issuer and the Indenture Trustee, will be subject to:

- all the terms of the contracts related to or evidencing the Loans and any defense or claim in recoupment arising from the transaction that gave rise to the contracts; and
- any other defense or claim of the Loan Obligor against the assignor of such Loan which accrues before the Loan Obligor receives notification of the assignment. Because none of the Seller, the Servicer, the Depositor, the North Carolina Trust or the Issuer is obligated to give the obligors notice of the assignment of any of the Loans, the Issuer and the Indenture Trustee, if any, may be subject to defenses or claims of the Loan Obligor against the assignor even if such claims are unrelated to the Loans. See “—*Consumer Protection Laws*” in this private placement memorandum.

## Security Interests in Collateral Securing the Loans

### *Hard Secured Loans*

The Hard Secured Loans are secured by a security interest in a motor vehicle, boat, recreational vehicle, camper, trailer, motorcycle, all-terrain vehicle or other asset for which, under applicable state law, a certificate of title issued (a “**Titled Asset**”). Perfection of security interests in Titled Assets is generally governed by the registration or titling laws of the state in which the applicable Titled Asset is registered or titled. In most states, a security interest in a Titled Asset is perfected by noting the secured party’s lien on the Titled Asset’s certificate of title. In certain states, a security interest in a Titled Asset may only be perfected by electronic recordation, by either a third-party service provider or the relevant state registrar of title, which indicates that the lien of the secured party on the Titled Asset is recorded on the original certificate of title on the electronic lien and title system of the applicable state. As a result, any reference to a certificate of title in this private placement memorandum includes certificates of title maintained in physical form and electronic form. In some states, certificates of title maintained in physical form are held by the obligor and not the lien holder or a third-party servicer. If the Seller, because of clerical errors or otherwise, fails to effect or maintain the notation of the security interest on the certificate of title relating to a Titled Asset, the Issuer may not have a perfected first priority security interest in that Titled Asset.

To the extent the Loans (other than the 2018-1A SUBI Loans) include Hard Secured Loans, the Seller will sell and assign such Hard Secured Loans and its security interests in the related Titled Assets to the Depositor, which shall convey such Hard Secured Loans and such related security interests to the Issuer, who will grant an interest in such Hard Secured Loans and the security interests in the related Titled Assets and related property to the Indenture Trustee on behalf of the Noteholders pursuant to the Indenture. To the extent the 2018-1A SUBI Loans include Hard Secured Loans, Regional North Carolina has transferred and assigned such Hard Secured Loans and its security interest in the related Titled Assets to the North Carolina Trust, and each of the North Carolina Trust and the Issuer have granted a security interest in such Hard Secured Loans and related Titled Assets and related property to the Indenture Trustee on behalf of the Noteholders pursuant to the 2018-1A Security Agreement. Because of the administrative burden and expense, none of the Seller, the Depositor, the Servicer, Regional North Carolina, the North Carolina Trust, the Issuer or the Indenture Trustee will amend any physical or electronic certificate of title to identify the Issuer or Indenture Trustee as the new secured party on the certificates of title. Regardless of whether the certificates of title are amended, UCC financing statements will be filed in the appropriate jurisdictions in order to perfect each transfer or pledge of the Loans, including any Hard Secured Loans, among the Seller, the Depositor, Regional North Carolina, the North Carolina Trust, the Issuer and the Indenture Trustee. In most states, a secured creditor can perfect its security interest in a Titled Asset against creditors and subsequent purchasers without notice only by one or more of the following methods:

- depositing with the applicable state office a properly endorsed certificate of title for the Titled Asset showing the secured party as legal owner or lienholder on the Titled Asset;
- in those states that permit electronic recordation of liens, submitting for an electronic recordation, by either a third-party service provider or the relevant state registrar of titles, which indicates that the lien of the secured party on the Titled Asset is recorded on the original certificate of title on the electronic lien and title system of the applicable state;
- filing a sworn notice of lien with the applicable state office and noting the lien on the certificate of title; or
- if the Titled Asset has not been previously registered, filing an application in usual form for an original registration together with an application for registration of the secured party as legal owner or lienholder, as the case may be.

However, under the laws of most states, a transferee of a security interest in a Titled Asset is not required to reapply to the applicable state office for a transfer of registration when the security interest is sold or transferred by the lienholder to secure payment or performance of an obligation. Accordingly, under the laws of these states, (i) the assignment by the Seller to the Depositor, by the Depositor to the Issuer and by the Issuer to the Indenture Trustee of their respective interests in the Hard Secured Loans (other than the 2018-1A SUBI Loans), and (ii) the assignment by

Regional North Carolina to the North Carolina Trust, and by the North Carolina Trust and the Issuer to the Indenture Trustee of their respective interests in the 2018-1A SUBI Loans that constitute Hard Secured Loans effectively conveys the security interests of the Seller, the Depositor, Regional North Carolina, the North Carolina Trust and the Issuer, as applicable, in the Hard Secured Loans and, specifically, the related Titled Assets, without re-registration and without amendment of any lien noted on the certificate of title, and the Indenture Trustee will succeed to the rights of the Seller, the Depositor, Regional North Carolina, the North Carolina Trust the Issuer, respectively, as secured party. However, a risk exists in not identifying the Indenture Trustee as the new secured party on the certificates of title because the security interest of the Indenture Trustee could be released without such party's consent, another person could obtain a security interest in the applicable Titled Asset that is higher in priority than the interest of such party or such party's status as a secured creditor could be challenged in the event of a bankruptcy proceeding involving any of the Loan Obligor, the Depositor, the Seller, Regional North Carolina or the North Carolina Trust.

Although it is not necessary to re-register the Titled Assets to convey the perfected security interest in the Titled Assets to the Indenture Trustee, the Indenture Trustee's security interest could be defeated through fraud, negligence, forgery or administrative error (including by state recording officials) because it may not be listed as legal owner or lienholder on the certificates of title. However, in the absence of these events, the notation of the Seller's lien on the certificates of title generally will be sufficient to protect the Issuer against the rights of subsequent purchasers or subsequent creditors who take a security interest in a Titled Asset.

As of the Closing Date, Regional Management generally takes all action necessary to obtain a perfected security interest in each Titled Asset, however, Regional Management may not take such action in certain cases and, after the Closing Date, may change its business practices with respect to taking such action. If there are any Titled Assets for which the Seller failed to obtain a first priority perfected security interest, the Seller's security interest would be subordinate to, among others, subsequent purchasers and the holders of first priority perfected security interests in these Titled Assets. See "*Risk Factors—Risks Relating to the Loans and Other Credit Risk—The Issuer's security interest in the collateral for the Hard Secured Loans will not be noted on the certificates of title, which may increase credit losses on the Loans and cause losses on the Notes,*" "*Risk Factors—Risks Relating to the Loans and Other Credit Risk—The collateral securing a Loan Obligor's obligations under a Loan may be limited or insufficient,*" and "*Risk Factors—Risks Relating to the Notes—Interests of other persons in the collateral for Hard Secured Loans and insurance proceeds could be senior to the Issuer's interest, which may result in reduced payments on the Notes*" in this private placement memorandum.

Under the UCC, a perfected security interest in a Titled Asset continues until the earlier of the expiration of four months after the Titled Asset is moved to a new state from the state in which it is initially registered and the date on which the owner reregisters the Titled Asset in the new state. To re-register a Titled Asset, a majority of states require the registering party to surrender the certificate of title. In those states that require a secured party to take possession of the certificate of title to maintain perfection, the secured party would learn of the reregistration through the borrower's request for the certificate of title so it could re-register the Titled Asset. In the case of Titled Assets registered in states that provide for notation of a lien on the certificate of title but which do not require possession, the secured party would receive notice of surrender from the state of reregistration if the security interest is noted on the certificate of title. Thus, the secured party would have the opportunity to re-perfect its security interest in the Titled Asset in the new state. However, these procedural safeguards will not protect the secured party if, through fraud, forgery or administrative error, the borrower somehow procures a new certificate of title that does not list the secured party's lien. Additionally, in states that do not require the reregistering party to surrender the certificate of title, reregistration could defeat perfection.

Investors in the Notes should not rely on the Titled Assets as a significant source of funds to make payments on the Notes.

### *Soft Secured Loans*

Some Soft Secured Loans are secured by a security interest in furniture, electronic equipment, jewelry, antiques, artwork and other personal property (subject to limitations imposed by applicable law on the taking of non-purchase money security interests in such items). In most states a security interest in such personal property would be perfected under the UCC in that state by means of the filing of a financing statement or by taking position of the applicable collateral. In most instances, however, neither the North Carolina Trust (in the case of 2018-1A SUBI Loans which constitute Soft Secured Loans) nor the Seller (in the case of all other Loans which constitute Soft Secured

Loans) takes any action to perfect its security interest in collateral securing Soft Secured Loans. While an unperfected security interest does take precedence over a subsequently granted unperfected security interest, it is subordinate to any perfected security interest and, typically, to a trustee in bankruptcy for the Loan Obligor. As a consequence, the ability of the Seller or the North Carolina Trust (or the Servicer on their behalf) to realize upon the collateral may be limited and its right to any proceeds of the disposition of such collateral may be subordinate to that of other creditors of the applicable Loan Obligor. Additionally, Regional Management generally does not foreclose upon collateral securing Soft Secured Loans. Thus, investors in the Notes should not rely on the collateral securing any Soft Secured Loan.

### *Competing Liens*

Under the laws of most states, statutory liens take priority over even a first priority perfected security interest in collateral. These statutory liens include:

- mechanic's, repairmen's, garagemen's and other similar liens;
- motor vehicle accident liens;
- towing and storage liens;
- liens arising under various state and federal criminal statutes; and
- liens for unpaid taxes.

The UCC also grants certain federal tax liens priority over a secured party's lien. Additionally, the laws of most states and federal law permit governmental authorities to confiscate personal property under certain circumstances if used in or acquired with the proceeds of unlawful activities. Confiscation may result in the loss of the perfected security interest in the applicable collateral. As described above, although the Issuer and the North Carolina Trust will have granted a security interest in the Titled Assets relating to the Hard Secured Loans to the Indenture Trustee for the benefit of the Noteholders. However, liens for repairs or taxes superior to the Indenture Trustee's security interest in any Titled Asset, or the confiscation of a Titled Asset, could arise at any time during the term of the applicable Hard Secured Loan. No notice will be given to the Indenture Trustee or any Noteholder in the event these types of liens or confiscations arise. Moreover, any liens of these types or any confiscation arising after the Closing Date or Addition Date, as applicable, would not give rise to a repurchase obligation of the Seller or the Depositor. See "*—Repurchase Obligation*" below and "*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases—Repurchase Obligations*" in this private placement memorandum.

### *Notice of Sale; Redemption Rights*

In the event of a default by a Loan Obligor with respect to a Hard Secured Loan or a Soft Secured Loan, some jurisdictions require that the Loan Obligor be notified of the default and be given a time period within which the Loan Obligor may cure the default prior to repossession of the collateral securing the applicable Loan. Generally, this right of reinstatement may be exercised on a limited number of occasions in any one year period. Additionally, in cases where a Loan Obligor objects or raises a defense to repossession of a Titled Asset, or if otherwise required by applicable state law, a court order must be obtained from the appropriate state court, and the financed vehicle must then be recovered in accordance with that order.

The UCC and other state laws require the secured party to provide the Loan Obligor with reasonable notice concerning the disposition of the collateral securing the Loan including, among other things, the date, time and place of any public sale and/or the date after which any private sale of the collateral may be held and certain additional information if the collateral constitutes consumer goods. In addition, some states also impose substantive timing requirements on the sale of repossessed vehicles or other Titled Assets and/or various substantive timing and content requirements relating to those notices. In some states, after a Titled Asset has been repossessed, the Loan Obligor may reinstate the account by paying the delinquent installments and other amounts due, in which case the Titled Asset is returned to the obligor. The Loan Obligor has the right to redeem the collateral prior to actual sale or entry by the

secured party into a contract for sale of the collateral by paying the secured party the Loan Principal Balance of the obligation, accrued interest thereon, reasonable expenses for repossessing, holding and preparing the collateral for disposition and arranging for its sale, plus, in some jurisdictions, reasonable attorneys' fees and legal expenses.

#### *Deficiency Judgments and Excess Proceeds*

The proceeds of resale of the repossessed Titled Assets generally will be applied first to the expenses of resale and repossession and then to the satisfaction of the indebtedness. While some states impose prohibitions or limitations on deficiency judgments if the net proceeds from resale do not cover the full amount of the indebtedness, a deficiency judgment can be sought in those states that do not prohibit or limit those judgments. However, the deficiency judgment would be a personal judgment against the obligor for the shortfall, and a defaulting Loan Obligor can be expected to have very little capital or sources of income available following repossession. Therefore, in many cases, it may not be useful to seek a deficiency judgment or, if one is obtained, it may be settled at a significant discount. In addition to the notice requirement, the UCC requires that every aspect of the sale or other disposition, including the method, manner, time, place and terms, be "commercially reasonable." Generally, in the case of consumer goods, courts have held that when a sale is not "commercially reasonable," the secured party loses its right to a deficiency judgment. Generally, in the case of collateral that does not constitute consumer goods, the UCC provides that when a sale is not "commercially reasonable," the secured party may retain its right to at least a portion of the deficiency judgment.

The UCC also permits the debtor or other interested party to recover for any loss caused by noncompliance with the provisions of the UCC. In particular, if the collateral is consumer goods, the UCC grants the debtor the right to recover in any event an amount not less than the credit service charge plus 10% of the principal amount of the debt. In addition, prior to a sale, the UCC permits the debtor or other interested person to prohibit or restrain on appropriate terms the secured party from disposing of the collateral if it is established that the secured party is not proceeding in accordance with the "default" provisions under the UCC.

Occasionally, after resale of a repossessed Titled Asset and payment of all expenses and indebtedness, there is a surplus of funds. In that case, the UCC requires the creditor to remit the surplus to any holder of a subordinate lien with respect to the Titled Asset or if no subordinate lien holder exists, the UCC requires the creditor to remit the surplus to the Loan Obligor.

Courts have applied general equitable principles to secured parties pursuing repossession and litigation involving deficiency balances. These equitable principles may have the effect of relieving an obligor from some or all of the legal consequences of a default.

#### **Forfeiture for Drug, RICO and Money Laundering Violations**

Federal law provides that property purchased or improved with assets derived from criminal activity or otherwise tainted, or used in the commission of certain offenses, can be seized and ordered forfeited to the United States of America. The offenses which can trigger such a seizure and forfeiture include, among others, violations of the Racketeer Influenced and Corrupt Organizations Act, the Bank Secrecy Act, the anti-money laundering laws and regulations, including the USA Patriot Act of 2001 and the regulations issued thereunder, as well as the narcotic drug laws. In many instances, the United States may seize the property even before a conviction occurs.

In the event of a forfeiture proceeding, a secured party may be able to establish its interest in the property by asserting a defense. However, there can be no assurance that such a defense will be successful.

#### **Servicemembers Civil Relief Act**

Generally, under the terms of the Relief Act, various rights and protections apply to a borrower who is a servicemember that enters military service. For purposes of the application of the Relief Act to a servicemember, military service includes (i) active duty by a member of the Army, Navy, Air Force, Marine Corps or Coast Guard (including a member of the reserves called to active duty and a member of the National Guard activated under a Federal call to active duty), (ii) service by a member of the National Guard under a call to active service authorized by the President of the United States or the Secretary of Defense for a period of more than 30 consecutive days for purposes of responding to a national emergency declared by the President and supported by Federal funds, and (iii) active service by a commissioned officer of either the Public Health Service or the National Oceanic and Atmospheric

Administration. In addition, certain provisions of the Relief Act also apply to (i) a member of a reserve component upon receipt of an order to report for military service and (ii) a person ordered to report for induction under the Military Selection Service Act upon receipt of an order for induction. Upon application to a court, a dependent of a servicemember is also entitled to certain limited protections under the Relief Act if the dependent's ability to comply with an obligation is materially affected by reason of the servicemember's military service.

Among these rights and protections a Loan Obligor who enters military service after the origination of such Loan Obligor's Loan (may not be charged interest, including fees and charges, above an annual rate of 6% during the period of such Loan Obligor's active duty status for unsecured loans and for one year thereafter for secured loans. In addition to adjusting the interest, the lender must forgive any such interest in excess of 6% per annum, unless a court or administrative agency orders otherwise upon application of the lender. It is possible that such action could have an effect, for an indeterminate period of time, on the ability of the Servicer to collect full amounts of interest on certain of the Loans. Any shortfall in Interest Collections resulting from the application of the Relief Act or any amendment to it will make it more likely that, under certain scenarios, amounts received in respect of the Loans and, with respect to the Notes, amounts in the Reserve Account, may be insufficient to pay the Notes all principal and interest to which they are entitled. Further, the Relief Act imposes limitations which may impair the ability of the Servicer to use self-help repossession on collateral securing an affected Loan during the Loan Obligor's period of active duty status and for one year thereafter. The Relief Act may also limit the ability of the Servicer to obtain a judgment against a Loan Obligor in a collection action filed against the Loan Obligor, commenced during the Loan Obligor's period of active duty status and for 90 days thereafter. Thus, in the event that such a Loan goes into default, there may be delays and losses occasioned by both the inability to realize upon any collateral in a timely fashion as well as the inability to obtain a judgment against a Loan Obligor in a collection action. In addition, the Relief Act provides broad discretion for a court to modify a Loan upon application of the Loan Obligor. Certain states have enacted comparable legislation which may lead to the modification of a Loan or interfere with or affect the ability of the Servicer to timely collect payments of principal and interest on, or to repossess collateral on, Loans of Loan Obligors in such states who are active or reserve members of the armed services or the National Guard. For example, California has enacted legislation providing protection substantially similar to that provided by the Relief Act to California national guard members called up for active service by the Governor or President and to reservists called to active duty.

### **Military Lending Act**

In July 2015, the Department of Defense issued a final rule amending the implementing regulations of the Military Lending Act. The final rule expands specific protections provided to Covered Borrowers and addresses a wider range of credit products than the previous MLA regulation. Subject to certain exceptions, the MLA regulation applies to persons who are creditors under the Truth in Lending Act's Regulation Z and are engaged in the business of extending such credit, as well as their assignees. Regional Management is subject to the limitations of the MLA, which places a 36% "all-in" annual percentage rate limitation on certain fees, charges, interest and credit and non-credit insurance premiums for non-purchase money loans made to Covered Borrowers. The final rule was effective October 1, 2015, and compliance was required starting on October 3, 2016. Credit agreements that violate the MLA are void from inception.

As of the Initial Cut-off Date, the Loan Pool does not consist of any Loans originated to active duty members of the military; however, Regional anticipates that Nortridge will be updated in the future to implement the proper systems and controls to allow it to originate such loans.

### **Consumer Protection Laws**

Numerous federal and state consumer protection laws and related regulations impose substantial requirements on lenders and servicers involved in consumer finance, including requirements regarding the adequate disclosure of contract terms and limitations on contract terms, collection practices and creditor remedies.

#### *Consumer Financial Protection Bureau*

The Dodd-Frank Act impacts the offering, marketing and regulation of consumer financial products and services offered by financial institutions, which could include the Seller, the Servicer, the Depositor and their Affiliates, including the Issuer. The CFPB will have supervision, examination and enforcement authority over the consumer financial products and services offered by certain non-depository institutions and large insured depository

institutions. The CFPB also has broad rulemaking and enforcement authority over providers of credit, savings and payment services and products and authority to prevent “unfair, deceptive or abusive” acts or practices. The CFPB has the authority to write regulations under federal consumer financial protection laws, and to enforce those laws against and examine large financial institutions for compliance.

For example, the Dodd-Frank Act gives the CFPB supervisory authority over entities that are designated as “larger participants” in certain financial services markets, including consumer installment loans and related products.

The CFPB is also authorized to collect fines and provide consumer restitution in the event of violations, engage in consumer financial education, track consumer complaints, request data and promote the availability of financial services to underserved consumers and communities. Depending on how the CFPB functions and its areas of focus, it could increase the compliance costs for Regional Management, potentially delay Regional Management’s ability to respond to marketplace changes, result in requirements to alter products and services that would make them less attractive to consumers and impair the ability of Regional Management to offer products and services profitably. The CFPB is authorized to pursue administrative proceedings or litigation for violations of federal consumer financial laws. In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties ranging from \$5,639 per day for minor violations of federal consumer financial laws (including the CFPB’s own rules) to \$28,197 per day for reckless violations and \$1,127,799 per day for knowing violations.

In addition to pre-existing enforcement rights for state attorneys general, the Dodd-Frank Act gives state attorneys general authority to enforce the Dodd-Frank Act and regulations promulgated under the Act’s authority. Thus, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations under Title X, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions for the kind of cease and desist orders available to the CFPB.

See “*Risk Factors—Risks Related to Regulation— Financial regulatory reform has created uncertainty and could negatively impact Regional’s business, results of operations and financial condition*” in this private placement memorandum.

#### *Other Laws*

Other laws include the following (and their implementing regulations):

- Truth in Lending Act;
- Equal Credit Opportunity Act;
- Fair Credit Reporting Act;
- Federal Trade Commission Act;
- Magnuson-Moss Warranty Act;
- Fair Debt Collection Practices Act;
- Servicemembers Civil Relief Act;
- Gramm-Leach-Bliley Act;
- Military Lending Act; and
- Telephone Consumer Protection Act.

In addition state consumer protection laws also impose substantial requirements on creditors and servicers involved in consumer finance. The applicable state laws generally regulate:

- allowable interest rates, fees and charges;
- the disclosures required to be made to Loan Obligors;
- licensing of originators of personal loans;
- advertising and solicitation practices;
- origination practices; and
- servicing and debt collection practices.

These federal and state laws can impose specific statutory liabilities on creditors who fail to comply with their provisions and may affect the enforceability of a personal loan. In particular, a violation of these consumer protection laws may:

- limit the ability of the Servicer to collect all or part of the principal of or interest on the Loan;
- subject the Issuer, as an assignee of the Loans, to liability for expenses, damages and monetary
- impose penalties resulting from the violation;
- subject the Issuer to an administrative enforcement action; and
- provide the Loan Obligor with set-off rights against the Issuer.

Courts have imposed general equitable principles upon repossession and litigation involving deficiency balances. These equitable principles are generally designed to relieve a consumer from the legal consequences of a default.

In several cases, consumers have asserted that the self-help remedies of secured parties under the UCC and related laws violate the due process protections provided under the 14<sup>th</sup> Amendment to the Constitution of the United States. Courts have generally upheld the notice provisions of the UCC and related laws as reasonable or have found that the repossession and resale by the creditor do not involve sufficient state action to afford constitutional protection to obligors.

The Consumers' Claims and Defenses Rule, the so-called "Holder-in-Due-Course" rule of the Federal Trade Commission, has the effect of subjecting a seller, and certain related creditors and their assignees in a consumer credit transaction and any assignee of the creditor to all claims and defenses which the debtor in the transaction could assert against the seller of the goods. If a Loan is subject to the requirements of the Holder in Due-Course rule, the Issuer or the Indenture Trustee on the Issuer's behalf will be subject to any claims or defenses that the debtor may assert against the Seller or the related Regional Originator.

### **Repurchase Obligation**

The Seller (or with respect to the 2018-1A SUBI Loans, the Servicer) will make representations and warranties in the Loan Purchase Agreement or the 2018-1A SUBI Supplement, as applicable, that each loan satisfies the Loan Level Representations. If any Loan Level Representation proves to be incorrect with respect to any Loan, has certain material adverse effects and is not timely cured, the Seller or the Servicer, as applicable, will be required under the applicable Transaction Documents to repurchase the affected Loan as described under "*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases—Repurchase Obligations*" in this private placement memorandum. The Regional Originators are subject from time to time to litigation alleging that the large personal loans or its lending practices do not comply with applicable law. The commencement of any such litigation generally would not result in a breach of the Seller's and/or Servicer's representations or warranties.

## Certain Matters Relating to Bankruptcy

Each of the Depositor and the Issuer has been structured as a limited purpose entity and will engage only in activities permitted by its organizational documents. The organizational documents of the Depositor and the Issuer contain provisions that are intended to reduce the likelihood that the Depositor or the Issuer will file a voluntary petition under the Bankruptcy Code or any similar applicable state law. There can be no assurance, however, that the Depositor, the Issuer Regional Management, Regional North Carolina or any of their respective Affiliates will not become insolvent and file a voluntary petition under the Bankruptcy Code or any similar applicable state law or become subject to a conservatorship or receivership, as may be applicable in the future.

The voluntary or involuntary petition for relief under the Bankruptcy Code or any similar applicable state law or the establishment of a conservatorship or receivership, as may be applicable, with respect to Regional Management or Regional North Carolina should not necessarily result in a similar voluntary application with respect to the Depositor or the Issuer so long as each of the Depositor and the Issuer is solvent and does not reasonably foresee becoming insolvent either by reason of Regional Management's insolvency or otherwise. Regional Management has taken certain steps in structuring the transactions contemplated hereby that are intended to make it unlikely that any voluntary or involuntary petition for relief by Regional Management or Regional North Carolina under applicable insolvency laws will result in the consolidation pursuant to such insolvency laws, or the establishment of a conservatorship or receivership, of the assets and liabilities of the North Carolina Trust (solely to the extent related to the 2018-1A SUBI), the Depositor or the Issuer with those of Regional Management and/or Regional North Carolina. With respect to the North Carolina Trust, these steps include its creation as a separate, special purpose Delaware statutory trust of which Regional North Carolina is the sole UTI Beneficiary, pursuant to a North Carolina Trust Agreement containing certain limitations (including restrictions on the nature of its business and on its ability to commence a voluntary case or proceeding under any insolvency law). With respect to the Depositor, these steps include the organization of the Depositor as a separate special purpose limited liability company of which Regional Management is the sole equity member, pursuant to a limited liability agreement containing certain limitations, including the requirement that the depositor must have at all times at least one independent director, and restrictions on the nature of its businesses and operations and on its ability to commence a voluntary case or proceeding under any insolvency law without the unanimous affirmative vote of the member and the independent director. With respect to the Issuer, these steps include its creation as a separate, special purpose Delaware statutory trust of which the Depositor is the sole beneficiary, pursuant to a Trust Agreement containing certain limitations (including restrictions on the nature of its business and on its ability to commence a voluntary case or proceeding under any insolvency law).

However, delays in payments on the Notes and possible reductions in the amount of such payments could occur if:

- a court were to conclude that the assets and liabilities of the North Carolina Trust, the Depositor or the Issuer should be consolidated with those of Regional Management or Regional North Carolina in the event of the application of applicable insolvency laws to Regional Management or Regional North Carolina,
- a filing were to be made under any insolvency law by or against the North Carolina Trust, the Depositor or the Issuer, or
- any person were to litigate any of the foregoing issues.

If a court were to conclude that the transfer of the 2018-1A SUBI Certificate from Regional North Carolina to Regional Management pursuant to the SUBI Certificate Purchase Agreement, or the transfer of the Loans (other than the 2018-1A SUBI Loans) and the 2018-1A SUBI Certificate from Regional Management to the Depositor pursuant to the Loan Purchase Agreement was not a true sale, or that the Depositor and the Issuer should be treated as the same entity as Regional Management or Regional North Carolina for bankruptcy purposes, any of the following could delay or prevent payments on the notes:

- the automatic stay, which prevents secured creditors from exercising remedies against a debtor in bankruptcy without permission from the court and provisions of the Bankruptcy Code that permit substitution of collateral in certain circumstances,

- certain tax or government liens on Regional Management’s or Regional North Carolina’s property (that arose prior to the allocation of a Loan to the 2018-1A SUBI) having a prior claim on collections before the collections are used to make payments on the Notes, or
- the Issuer not having a perfected security interest in any cash collections held by Regional Management at the time that Regional Management becomes the subject of a bankruptcy proceeding.

If Regional Management were to become subject to a case under the Bankruptcy Code, certain payments made by Regional Management, as Servicer, within one year of the commencement of such case may be recoverable by Regional Management as debtor-in-possession or by a creditor or a trustee-in-bankruptcy as a preferential transfer from Regional Management. In addition, the insolvency of Regional Management could result in the replacement of Regional Management as Servicer, which could in turn result in a temporary interruption of payments on the Notes.

On the Closing Date, counsel to the Depositor and the Issuer will render its opinions that, based on a reasoned analysis of analogous case law (although there is no case law directly on point):

- subject to certain facts, assumptions, qualifications and limitations, the assets and liabilities of none of the Depositor or the Issuer would be substantively consolidated with the assets and liabilities of Regional Management or Regional North Carolina in the event of a petition for relief under the Bankruptcy Code with respect to Regional Management or Regional North Carolina;
- subject to certain facts, assumptions, qualifications and limitations, the transfer of the 2018-1A SUBI Certificate by Regional North Carolina to Regional Management pursuant to the SUBI Certificate Purchase Agreement constitutes an absolute transfer and true sale and would not be included in Regional North Carolina’s bankruptcy estate or subject to the automatic stay provisions of the Bankruptcy Code; and
- subject to certain facts, assumptions, qualifications and limitations, the transfer of the Loans (other than the 2018-1A SUBI Loans) and the 2018-1A SUBI Certificate by Regional Management to the Depositor constitutes an absolute transfer and true sale and would not be included in Regional Management’s bankruptcy estate or subject to the automatic stay provisions of the Bankruptcy Code.

If, however, a bankruptcy court or a creditor were to take the position or adopt the view that the assets and liabilities of Regional Management or Regional North Carolina, on the one hand, and the Depositor or the Issuer, on the other hand, should be substantively consolidated or that the transfer of the 2018-1A SUBI Certificate from Regional North Carolina to Regional Management, or the transfer of the Loans (other than the 2018-1A SUBI Loans) and the 2018-1A SUBI Certificate from Regional Management to the Depositor should be recharacterized as a pledge of such assets as opposed to a true sale, then you may experience delays and/or shortfalls in payments on the Notes.

### **FDIC’s Avoidance Power under OLA**

The Dodd-Frank Wall Street Reform and Consumer Protection Act established the orderly liquidation authority (“**OLA**”) under which the FDIC is authorized to act as receiver of a financial company and its subsidiaries defined therein as “covered financial companies.” OLA differs from the Bankruptcy Code in several respects. In addition, because the legislation remains subject to clarification through FDIC regulations and has yet to be applied by the FDIC in any receivership, it is unclear what impact these provisions will have on any particular company, including the sponsor, the depositor or the issuer, or such company’s creditors. For a company to become subject to OLA, the Secretary of the Treasury (in consultation with the President of the United States) must determine that: (a) the company is in default or in danger of default; (b) the failure of the company and its resolution under the Bankruptcy Code would have serious adverse effects on financial stability in the United States; (c) no viable private sector alternative is available to prevent the default of the company; and (d) an OLA proceeding would mitigate these effects. If the FDIC were to determine that the failure of Regional Management, the Seller, the Depositor, the Issuer and/or any of their Affiliates, alone or in combination with the failure of other entities would have serious adverse effects on financial stability in the United States and that the other criteria above is satisfied, then Regional Management, the Seller, the Depositor and/or the Issuer could be subject to OLA.

If that occurred, the FDIC could repudiate contracts deemed burdensome to the estate. Regional Management has structured the transfers of the Loans and the 2018-1A SUBI Certificate to the Depositor and the Issuer in a manner intended to mitigate the risk of the recharacterization of the transfers as a security interest to secure debt of the Seller. Any attempt by the FDIC to repudiate the transfer of the Loans or the 2018-1A SUBI Certificate or to recharacterize the securitization transaction as a secured loan (which the FDIC could then repudiate) could cause delays in payments or losses on the Notes. In addition, if the Issuer were to become subject to OLA, the FDIC might try to repudiate the debt of the Issuer with the result that Noteholders would have a secured claim in the receivership of the Issuer. Also, if the Issuer were subject to OLA, Noteholders would not be permitted to accelerate the Notes, exercise remedies against the collateral or replace the servicer without the FDIC's consent for 90 days after the receiver is appointed. As a result of any of these events, delays in payments on the Notes and reductions in the amount of those payments could occur.

In addition, and also assuming that the FDIC were appointed receiver of the sponsor or any of their affiliates under OLA, the FDIC could avoid transfers of Loans or the 2018-1A SUBI Certificate that are deemed "preferential." Under one potential interpretation of OLA, the FDIC could avoid the Seller's transfer of certain Loans to the Depositor perfected merely upon their transfer (in the case of a sale) or by the filing of a UCC financing statement (in the case of a pledge by the Issuer). If the transfer were avoided as a preference under OLA, Noteholders would have only an unsecured claim in the receivership for the purchase price of the Loans. On July 15, 2011, the FDIC Board of Directors published a final rule which, among other things, states that the FDIC is interpreting the OLA's provisions regarding the treatment of preferential transfers in a manner comparable to the relevant provisions of the Bankruptcy Code so that transferees will have the same treatment under the OLA as they would have in a bankruptcy proceeding. This final rule was effective on August 15, 2011. If a court were to conclude, however, that this FDIC rule is not consistent with the statute, then if a transfer were avoided as a preference under the OLA, Noteholders would have only an unsecured claim in the receivership for the purchase price of the Loans.

### **Other Limitations**

In addition to the laws limiting or prohibiting deficiency judgments, numerous other statutory provisions, including the Bankruptcy Code and similar state laws, may interfere with or affect the ability of a secured party to realize upon collateral or to enforce a deficiency judgment. For example, if an obligor commences bankruptcy proceedings, a bankruptcy court may prevent a creditor from repossessing a Titled Asset, and, as part of the rehabilitation plan, reduce the amount of the secured indebtedness to the market value of the Titled Asset at the time of filing of the bankruptcy petition, as determined by the bankruptcy court, leaving the creditor as a general unsecured creditor for the remainder of the indebtedness. A bankruptcy court may also reduce the monthly payments due under a personal loan or change the rate of interest and time of repayment of the personal loan.

Any shortfalls or losses arising in connection with the matters described above, to the extent not covered by amounts payable to the Noteholders from amounts available under a credit enhancement mechanism, could result in losses to the Noteholders.

## **ADDITIONAL LEGAL ASPECTS OF THE NORTH CAROLINA TRUST AND THE 2018-1A SUBI**

### **The North Carolina Trust**

The North Carolina Trust is a Delaware statutory trust that was formed by Regional North Carolina for the purpose of holding title to the North Carolina Loans. Because the North Carolina Trust has been registered as a statutory trust for Delaware and other state law purposes, in similar form as a corporation, it may be eligible to be a debtor in its own right under the Bankruptcy Code. See "*Risk Factors—Risks Relating to the Counterparties—Bankruptcy or insolvency proceedings with respect to Regional Management or Regional North Carolina could delay or limit payment on the Notes*" in this private placement memorandum. As such, the North Carolina Trust may be subject to insolvency laws under the Bankruptcy Code or similar state laws ("**insolvency laws**"), and claims against the North Carolina Trust Assets could have priority over the beneficial interest in those assets represented by the 2018-1A SUBI.

## Structural Considerations

Unlike many structured financings in which the holders of the notes have a direct ownership interest or a perfected security interest in the underlying assets being securitized, the Issuer will not directly own the North Carolina Trust Assets allocated to the 2018-1A SUBI. Instead, the North Carolina Trust will own the North Carolina Trust Assets, including all SUBI Assets, and the UTI Trustee will take actions with respect thereto in the name of the North Carolina Trust on behalf of and as directed by the beneficiaries of the North Carolina Trust (*i.e.*, the holders of the UTI Certificate and the 2018-1A SUBI Certificate). The Servicer and/or the 2018-1A SUBI Trustee will segregate the North Carolina Trust Assets allocated to the 2018-1A SUBI from the other North Carolina Trust Assets on the books and records each maintains for these assets. Neither the Servicer nor any holders of other beneficial interests in the North Carolina Trust will have rights in the North Carolina Trust Assets allocated to the 2018-1A SUBI, and payments made on any North Carolina Trust Assets other than the North Carolina Trust Assets allocated to the 2018-1A SUBI generally will not be available to make payments on the Notes or to cover expenses of the North Carolina Trust allocable to the North Carolina Trust Assets allocated to the 2018-1A SUBI.

## Allocation of North Carolina Trust Liabilities

The North Carolina Trust Assets do and may in the future comprise several portfolios of assets of one or more SUBIs, together with the UTI Assets. The UTI Beneficiary may in the future create and sell or pledge other SUBIs in connection with other financing arrangements. The North Carolina Trust Agreement will permit the North Carolina Trust, in the course of its activities, to incur certain liabilities relating to its assets other than the assets of a SUBI, or relating to the assets of that SUBI generally. Pursuant to the North Carolina Trust Agreement, as among the beneficiaries of the North Carolina Trust, a North Carolina Trust liability relating to a particular portfolio of North Carolina Trust Assets will be allocated to and charged against the portfolio of North Carolina Trust Assets to which it belongs. North Carolina Trust liabilities incurred with respect to the North Carolina Trust Assets generally will be borne *pro rata* among all portfolios of North Carolina Trust Assets. The North Carolina Trustees and the beneficiaries of the North Carolina Trust, including the Issuer, will be bound by that allocation.

The Issuer and the Indenture Trustee will have a perfected security interest in the North Carolina Trust Assets allocated to the 2018-1A SUBI. However, claims of certain third-party creditors of the North Carolina Trust will generally take priority over the interests of the Issuer or the Indenture Trustee in the North Carolina Trust Assets allocated to the 2018-1A SUBI. Potentially material examples of such claims could include:

- (1) tax liens arising against the Depositor, Regional Management, Regional North Carolina, the North Carolina Trust the UTI Beneficiary or the Issuer;
- (2) liens arising under various federal and state criminal statutes; and
- (3) certain liens in favor of the Pension Benefit Guaranty Corporation.

See “*Risk Factors—Risks Relating to the Counterparties—Bankruptcy or insolvency proceedings with respect to Regional Management or Regional North Carolina could delay or limit payment on the Notes,*” in this private placement memorandum for a further discussion of these risks.

The assets of the North Carolina Trust were originated in the State of North Carolina. If the State of North Carolina were to impose a tax on the North Carolina Trust at the entity level, to the extent such taxes are not paid by the Servicer or the 2018-1A SUBI Administrator pursuant to the Servicing Agreement, or by the Initial Beneficiary, each Trustee of the North Carolina Trust and their officers, directors, employees and agents would be entitled to indemnification by the North Carolina Trust (out of and to the extent of the 2018-1A SUBI Assets) for the full amount of such taxes. Should the Servicer, the 2018-1A Administrator or the Initial Beneficiary fail to pay such taxes it is possible that Noteholders could incur a loss on their investment if the 2018-1A SUBI Assets are required to be used to satisfy such indemnification obligations.

## The 2018-1A SUBI

The 2018-1A SUBI will be issued pursuant to the 2018-1A SUBI Supplement and will constitute a beneficial interest in the 2018-1A SUBI Loans and the related North Carolina Trust Assets allocated to the 2018-1A SUBI. The

2018-1A SUBI will not constitute a direct legal interest in the 2018-1A SUBI Loans and the related North Carolina Trust Assets allocated to the 2018-1A SUBI, nor will it constitute an interest in any North Carolina Trust Assets other than the North Carolina Trust Assets allocated to the 2018-1A SUBI. Under the allocation of North Carolina Trust liabilities described under “*Additional Legal Aspects of the North Carolina Trust and the 2018-1A SUBI—Allocation of North Carolina Trust Liabilities*” in this private placement memorandum, payments made on or in respect of such other North Carolina Trust Assets will not be available to make payments on the Notes or to cover expenses of the North Carolina Trust allocable to the Trust Assets allocated to the 2018-1A SUBI.

The UTI Beneficiary may create and sell or pledge other SUBIs in connection with other financing arrangements. Each holder or pledgee of the UTI or any other SUBI will be required to expressly disclaim any interest in the assets allocated to the 2018-1A SUBI, and to fully subordinate any claims to the North Carolina Trust Assets allocated to the 2018-1A SUBI in the event that this disclaimer is not given effect.

The Issuer will own the 2018-1A SUBI Certificate and, through such ownership, will have an indirect beneficial ownership interest in the North Carolina Loans allocated to the 2018-1A SUBI. However, if a court of competent jurisdiction were to re-characterize the sale to the Issuer of the 2018-1A SUBI Certificate as a financing, the Issuer (or, during the term of the Indenture, the Indenture Trustee) could instead be deemed to have a perfected security interest in the 2018-1A SUBI Certificate.

### **CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following is a general discussion of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes. This discussion, which has been prepared by Alston & Bird LLP as U.S. federal tax counsel to the Issuer, is general in nature and does not address issues that may be relevant to a particular Noteholder subject to special treatment under U.S. federal income tax laws (such as tax exempt organizations, partnerships or pass through entities, consolidated, affiliated or similar group of which the Issuer is also a member, persons holding Notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, financial institutions, brokers, dealers in notes or currencies and traders that elect to mark to market their Notes). In addition, this discussion does not consider the effect of any alternative minimum taxes, the Medicare tax on net investment income or foreign, state, local or other tax laws, or any U.S. tax considerations (*e.g.*, estate or gift tax), other than U.S. federal income tax considerations, that may be applicable to particular Noteholders. Furthermore, this discussion assumes that Noteholders hold Notes as “capital assets” (generally, property held for investment) within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the “**Internal Revenue Code**”). This discussion also assumes that, with respect to Notes reflected on the books of a qualified business unit of a Noteholder, such qualified business unit is a U.S. resident for U.S. federal income tax purposes.

This discussion is based on the Internal Revenue Code and applicable Treasury regulations, rulings, administrative pronouncements and judicial decisions thereunder as of the date hereof, all of which are subject to change or differing interpretations at any time with possible retroactive effect. There are no rulings or cases on similar transactions to that of the Issuer or the Notes. Moreover, the Issuer does not intend to request rulings with respect to the U.S. federal income tax treatment of the Notes. Thus, there can be no assurance that the U.S. federal income tax consequences of the Notes described below will be sustained if the relevant transactions are examined by the IRS or by a court if the IRS proposes to disallow such treatment. The Issuer will be provided with an opinion of U.S. federal tax counsel regarding certain U.S. federal income tax matters discussed below, which opinion will be based upon information provided regarding the expected performance of the Loans and the likely repayment of the Notes. An opinion of U.S. federal tax counsel, however, is not binding on the IRS or the courts.

Under the Tax Cuts and Jobs Act, a Noteholder that uses an accrual method of accounting for U.S. federal income tax purposes generally would be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. This rule generally would be effective for tax years beginning after December 31, 2017 or, for Notes issued with original issue discount (if any), for tax years beginning after December 31, 2018. The application of this rule thus may require the accrual of income earlier than would be the case prior to December 31, 2017, although the precise application of this rule is unclear at this time. The following discussion does not address accounting rules pursuant to the Tax Cuts and Jobs Act that could accelerate income. In addition, the Tax Cuts and Jobs Act imposes new limits on a taxpayer’s ability to deduct business interest in excess of such taxpayer’s business interest income. The following discussion does not address whether a taxpayer can treat income from Notes as business interest income under the new legislation. Prospective investors in the Notes that use

an accrual method of accounting for tax purposes or that may be subject to new limitations on the deductibility of business interest are urged to consult with their tax advisors regarding the potential applicability of the Tax Cuts and Jobs Act to their particular situation.

Unless otherwise indicated herein, it is assumed that any Noteholder is a U.S. person, and, except as set forth below, this discussion does not address the tax consequences of holding a Note to any Noteholder who is not a U.S. person. As used herein, “U.S. person” means a person that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, including an entity treated as such for U.S. federal income tax purposes, organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes, regardless of its source; or
- a trust whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust.

To the extent provided in Treasury regulations, some trusts in existence on August 20, 1996, and treated as U.S. persons prior to that date, that elect to continue to be treated as U.S. persons, will be U.S. persons and not foreign persons.

The U.S. federal income tax treatment of a partner in a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) that holds a Note will depend, among other things, upon whether or not the partner is a U.S. person. Partners and partnerships should consult their tax advisors as to the particular U.S. federal income tax consequences applicable to them.

For purposes of this discussion, references to a holder of a Note generally are deemed to refer to the beneficial owner of the Note.

### **Tax Characterization of the Issuer**

U.S. federal tax counsel will deliver its opinion to the Issuer that 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. This opinion will be based on the assumption that the terms of the trust agreement and related documents will be complied with.

The precise tax characterization of the Issuer for U.S. federal income tax purposes is not completely certain. It might be viewed as merely holding assets on behalf of the Depositor as collateral for Notes issued by the Depositor. On the other hand, it could be viewed as a separate entity issuing the Notes for U.S. federal income tax purposes. This distinction, however, should not have a significant tax effect on Noteholders except as stated below under “—*Possible Alternative Characterizations.*”

### **Tax Consequences to Holders of Notes in General**

*Treatment of the Notes as Indebtedness.* U.S. federal tax counsel will deliver an opinion 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, in each case, except for Notes retained by the Depositor or conveyed to an Affiliate of the Depositor. The Issuer and the Depositor will agree, and the Noteholders will agree by their purchase of the Notes, to treat the Notes as debt for U.S. federal income tax purposes. The consequences of the Notes being treated as debt for U.S. federal income tax purposes are described below. Alternative characterizations of the Notes, such as treatment as equity interests, could have adverse tax consequences to certain holders as described below under “—*Possible Alternative Characterizations.*” Noteholders are strongly encouraged to consult with their own tax advisors regarding the possibility that the Notes could be treated as equity interests.

*Retained Notes.* The U.S. federal income tax characterization of any Note retained by the Depositor or conveyed to an Affiliate of the Depositor will not be determined until the time, if any, that the Note is sold to an unrelated purchaser, based on the law and circumstances at that time. Upon such sale to an unrelated purchaser, such Notes may be deemed issued as new Notes for U.S. federal income tax purposes. Such sale of retained Notes will not occur unless (A) the Issuer receives a Tax Opinion with respect to such sale and (B) either (i) such Notes or beneficial interest therein have a different CUSIP number than the Notes outstanding immediately prior to such sale or (ii) the Issuer has received an Opinion of Counsel that such Notes being sold will be fungible with the class of Notes with the same CUSIP number for U.S. federal income tax purposes. In addition, with respect to any subsequent sale of such a Note, the Issuer must receive an Opinion of Counsel that such Note will be characterized as indebtedness for U.S. federal income tax purposes.

*Possible Alternative Characterizations.* If, contrary to the opinion of U.S. federal tax counsel, the IRS successfully asserted that any Notes did not represent debt for U.S. federal income tax purposes, those Notes might be treated as equity interests in the Issuer for such purposes. If so treated, the Issuer could be treated as a partnership for such purposes and holders could be treated as partners in a partnership or, alternatively, the Issuer could be treated as a publicly traded partnership taxable as a corporation, and holders could be treated as shareholders in that corporation.

If a Noteholder was treated as a partner in a partnership, it would be taxed individually on its respective share of the partnership's income, gain, loss, deductions and credits attributable to the partnership's ownership of the assets and liabilities of the partnership without regard to whether there were actual distributions of that income. As a result, the amount, timing, character and source of items of income and deductions of a holder could differ if its Notes were held to constitute partnership interests rather than debt. Treatment of a Noteholder as a partner could have adverse tax consequences to certain holders; for example, absent an applicable exemption, income to foreign persons would be subject to U.S. federal income tax and U.S. federal income tax return filing and withholding requirements, income accrued by tax-exempt entities, including pension funds, would be "unrelated business taxable income," and individual holders might be subject to certain limitations on their ability to deduct their share of partnership expenses, including losses. If the Issuer was required but failed to withhold on payments to foreign persons, the Issuer could be liable for the failure to so withhold, thereby reducing cash available to make payments on the Notes.

Alternatively, the IRS could contend that some or all of the Notes constitute equity in a partnership that should be classified as a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. Any such partnership could be so classified if its equity interests were traded on an "established securities market," or are "readily tradable" on a "secondary market" or its "substantial equivalent," and certain qualifying income requirements are not met. Although there can be no assurances in this regard, the Issuer intends to take the position that its income (which generally will consist of interest income on a pool of loans) will be considered qualifying income for such purposes. If the Issuer was treated as a publicly traded partnership taxable as a corporation, corporate tax imposed with respect to that corporation could materially reduce cash available to make payments on the Notes, and foreign holders could be subject to withholding taxes. Additionally, no distributions from the corporation would be deductible in computing the taxable income of the corporation, except to the extent that any Notes were treated as debt of the corporation and distributions to the related Noteholders were treated as payments of interest thereon. Further, distributions to Noteholders not treated as holding debt would be dividend income to the extent of the current and accumulated earnings and profits of the corporation (likely without the benefit of any dividends received deduction in the case of a corporate holder).

Prospective investors should consult their own tax advisors with regard to the consequences of possible alternative characterizations to them in their particular circumstances; the following discussion assumes that the characterization of the Notes as debt and the Issuer as an entity not subject to U.S. federal income tax is correct.

*Stated Interest.* Stated interest on the Notes will be taxable as ordinary income for U.S. federal income tax purposes when received or accrued in accordance with the method of tax accounting of the holder of the Notes.

*Original Issue Discount.* Stated interest other than qualified stated interest must be accrued under the rules applicable to OID (discussed below). To constitute qualified stated interest, the interest must be unconditionally payable at least annually. Interest on a Class B Note or Class C Note may not qualify under this standard because it is subject to deferral in certain circumstances. If the likelihood of deferral of payment of stated interest with respect to a Class B Note or Class C Note is a remote or incidental contingency, the ability to defer payment of stated interest will not cause such stated interest to fail to qualify as qualified stated interest. The Issuer intends to treat the likelihood of

deferral of payment of stated interest with respect to the Notes as a remote contingency and thus does not intend to report interest on the Class B Notes or Class C Notes as other than qualified stated interest. Unless otherwise stated herein, the discussion below assumes that all payments on the Notes meet the requirements for “qualified stated interest” under Treasury regulations relating to OID.

In addition, a Note will be treated as issued with OID if the excess of the Note’s “stated redemption price at maturity” over its issue price equals or exceeds a *de minimis* amount equal to one fourth of 1 percent of the Note’s stated redemption price at maturity multiplied by the number of years to its maturity, based on the anticipated weighted average life of the Notes, calculated using the “prepayment assumption,” if any, used in pricing the Notes and weighing each payment by reference to the number of full years elapsed from the closing date prior to the anticipated date of such payment. Generally, the issue price of a Note should be the first price at which a substantial amount of the Notes is sold to persons other than placement agents, initial purchasers, brokers or wholesalers. The stated redemption price at maturity of a Note is generally equal to all payments on a Note other than payments of “qualified stated interest.” Assuming that interest is qualified stated interest, the stated redemption price is generally expected to equal the principal amount of the Note. Any *de minimis* OID must be included in income as principal payments are received on the Notes in the proportion that each such payment bears to the original principal balance of the Note. The treatment of the resulting gain is subject to the general rules discussed under “—*Redemption, Sale or Other Taxable Disposition*” below.

If the Notes are treated as issued with OID, a holder will be required to include OID in income before the receipt of cash attributable to such income using a constant yield method. The amount of OID generally includible in income is the sum of the daily portions of OID with respect to a Note for each day during the taxable year or portion of the taxable year in which the holder holds the Note. Special provisions apply to debt instruments (such as the Notes) on which payments may be accelerated due to prepayments of other obligations securing those debt instruments. Under these provisions, the computation of OID on such debt instruments must be determined by taking into account both the prepayment assumptions, if any, used in pricing the debt instrument and the actual prepayment experience. As a result of these special provisions, the amount of OID on any Notes issued with OID that will accrue in any given accrual period may either increase or decrease depending upon the actual prepayment rate.

Holders of the Notes are strongly encouraged to consult with their own tax advisors regarding the impact of the OID rules in the event that Notes are issued with OID. In the event a holder purchases a Note issued with OID at an acquisition premium—that is, at a price in excess of its “adjusted issue price” but less than its stated redemption price—the amount includible in income in each taxable year as OID is reduced by that portion of the excess properly allocable to such year. The adjusted issue price of a Note is the sum of its issue price plus prior accruals of OID, reduced by the total payments made with respect to the Note in all prior periods, other than “qualified stated interest” payments. Acquisition premium is allocated on a *pro rata* basis to each accrual of OID, so that the holder is allowed to reduce each accrual of OID by a constant fraction.

An initial holder who owns an interest in more than one Class of Notes of the Issuer should be aware that the OID regulations may treat such interests as a single debt instrument for purposes of the OID provisions of the Internal Revenue Code.

*Market Discount.* The Notes, whether or not issued with OID, may be subject to the “market discount rules” of Section 1276 of the Internal Revenue Code. In general, these rules apply if the holder purchases the Note on the secondary market at a market discount—that is, a discount from its stated redemption price at maturity or, if the Notes were issued with OID, adjusted issue price—that exceeds a *de minimis* amount specified in the Internal Revenue Code. If the holder acquires the Note at a market discount and (a) recognizes gain upon a disposition, or (b) receives payments that do not constitute qualified stated interest, the lesser of (1) such gain or payment or (2) the accrued market discount that has not previously been included in income, will be taxed as ordinary interest income.

Generally, market discount accrues in the ratio of stated interest allocable to the relevant period to the sum of the interest for such period plus the remaining interest as of the end of such period, computed taking into account the prepayment assumption, if any, or in the case of a Note issued with OID, in the ratio of OID accrued for the relevant period to the sum of the OID accrued for that period plus the remaining OID as of the end of such period. A holder may elect, however, to determine accrued market discount under the constant yield method, computed taking into account the prepayment assumption, if any. The treatment of the resulting gain is subject to the general rules discussed under “—*Redemption, Sale or Other Taxable Disposition*” below.

Limitations imposed by the Internal Revenue Code may defer deductions for interest on indebtedness incurred or continued, or short sale expenses incurred, to purchase or carry a Note with accrued market discount. A holder may elect to include market discount in gross income as it accrues. If it makes this election, the holder will not be required to defer deductions. Any such election will apply to all debt instruments acquired by the holder on or after the first day of the first taxable year to which such election applies. The adjusted basis of a Note subject to such election will be increased to reflect market discount included in gross income, thereby reducing any gain or increasing any loss on a sale or taxable disposition.

*Amortizable Bond Premium.* In general, if a holder purchases a Note at a premium—that is, an amount in excess of the amount payable at maturity—the holder will be considered to have purchased the Note with “amortizable bond premium” equal to the amount of such excess. A holder may elect to amortize such bond premium as an offset to interest income and not as a separate deduction item as it accrues under a constant yield method, or one of the other methods described above under “—*Market Discount*” over the remaining term of the Note, using the prepayment assumptions, if any. A holder’s tax basis in the Note will be reduced by the amount of the amortized bond premium. Any such election shall apply to all debt instruments, other than instruments the interest on which is excludible from gross income, held by the holder at the beginning of the first taxable year for which the election applies or thereafter acquired and is irrevocable without the consent of the IRS. Bond premium on a Note held by a holder who does not elect to amortize the premium will decrease the gain or increase the loss otherwise recognized on the disposition of the Note.

*Election to Treat All Interest as OID.* A holder may elect to include in gross income all interest with respect to the Notes, including stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium, using the constant yield method described under “—*Original Issue Discount*.” This election will generally apply only to the specific Note for which it was made. It may not be revoked without the consent of the IRS. Holders are strongly encouraged to consult with their own tax advisors before making this election.

*Redemption, Sale or Other Taxable Disposition.* If a holder of a Note sells the Note or the Note is redeemed, the holder will recognize gain or loss in an amount equal to the difference between the amount realized on the sale or redemption (other than amounts represented by accrued but unpaid interest, which will be treated as a payment of interest) and the holder’s adjusted tax basis in the Note. The adjusted tax basis will equal the holder’s cost for the Note, increased by any market discount, OID and gain previously included by the holder in income with respect to the Note, and decreased by the amount of any bond premium previously amortized and by the amount of principal payments previously received by the Noteholder with respect to the Note. Any such gain or loss will be capital gain or loss if the Note was held as a capital asset, except for gain representing accrued interest and accrued market discount not previously included in income. Capital gains or losses will be long term capital gains or losses if the Note was held for more than one year. Capital losses generally may be used only to offset capital gains.

*Medicare Tax.* Certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their “net investment income,” which will include all or a portion of their interest income from, and gain from the disposition of, a Note. Any U.S. Holder that is an individual, estate or trust, should consult such holder’s tax advisor regarding the applicability of such tax to such holder’s income.

*Tax Consequences to Foreign Holders.* The following information describes certain U.S. federal income tax consequences of holding a Note to Noteholders that are foreign persons. The term “foreign person” means any person other than a U.S. person (or a partnership that holds a Note), as defined above. The IRS has issued regulations which set forth procedures to be followed by a foreign person in establishing foreign status for certain purposes. Prospective investors are strongly encouraged to consult with their tax advisors concerning the requirements imposed by the regulations and their effect on the holding of the Notes.

Interest paid or accrued (including OID) to a foreign person that is not effectively connected with the conduct of a trade or business within the United States by the foreign person will generally be considered “portfolio interest” and generally will not be subject to U.S. federal income tax and withholding tax, as long as the foreign person:

- is not actually or constructively a “10 percent shareholder” of Regional Management, the Depositor or the Issuer, or a “controlled foreign corporation” with respect to which Regional Management, the Depositor or the Issuer is a “related person” within the meaning of the Internal Revenue Code, and

- provides an appropriate statement, signed under penalties of perjury, certifying that the holder is a foreign person and providing that foreign person's name and address. For beneficial owners that are individuals or entities treated as corporations, this certification may be made on Form W-8BEN or Form W-8BEN-E. If the information provided in this statement changes, the foreign person must report that change within 30 days of such change. The statement generally must be provided in the year a payment occurs or in any of the three preceding years.

If the interest were not portfolio interest, then it would be subject to U.S. federal income and withholding tax at a current rate of 30% unless reduced or eliminated pursuant to an applicable income tax treaty.

Any capital gain realized on the sale or other taxable disposition of a Note (including a redemption) by a foreign person will be exempt from U.S. federal income and withholding tax, *provided* that:

- the gain is not effectively connected with the conduct of a trade or business in the United States by the foreign person (and, under certain income tax treaties, is attributable to a U.S. permanent establishment maintained by such foreign person), and
- in the case of an individual foreign person, the foreign person is not present in the United States for 183 days or more in the taxable year and certain other requirements are met.

If the interest (including OID), gain or income on a Note held by a foreign person is effectively connected with the conduct of a trade or business in the United States by the foreign person (and, if an income tax treaty applies, is attributable to a U.S. permanent establishment maintained by such foreign person), the holder—although exempt from the withholding tax previously discussed if a duly executed Form W-8ECI is furnished—generally will be subject to U.S. federal income tax on the interest, gain or income at regular U.S. federal income tax rates. In addition, if the foreign person is a foreign corporation, it may be subject to a branch profits tax equal to 30% of its “effectively connected earnings and profits” within the meaning of the Internal Revenue Code for the taxable year, as adjusted for certain items, unless it qualifies for an exemption or a lower rate under an applicable tax treaty.

Foreign persons holding interests in Notes should consult their tax advisors regarding the procedures whereby they may establish an exemption from or reduction in withholding.

*Foreign Account Tax Compliance Act.* Foreign persons that are Noteholders should be aware that certain U.S. tax rules known as the Foreign Account Tax Compliance Act (“**FATCA**”) impose a 30% withholding tax on certain payments (including interest in respect of Notes and gross proceeds from the sale, exchange or other disposition of such Notes) made to a foreign entity if such entity fails to satisfy certain disclosure and reporting rules. FATCA generally requires that (i) in the case of a foreign financial institution (defined broadly to include a hedge fund, a private equity fund, a mutual fund, a securitization vehicle or other investment vehicle), the entity identify and provide information in respect of financial accounts with such entity held (directly or indirectly) by U.S. persons and U.S. owned foreign entities and (ii) in the case of a non-financial foreign entity, the entity identify and provide information in respect of substantial U.S. owners of such entity.

FATCA withholding tax may apply to payments of interest on the Notes. The IRS has released final regulations and additional guidance providing that FATCA withholding tax on gross proceeds will not be imposed with respect to payments made prior to January 1, 2019. Foreign entities located in jurisdictions that have entered into intergovernmental agreements with the United States in connection with FATCA may be subject to special rules or requirements. Holders of the Notes that are foreign persons are strongly encouraged to consult with their own tax advisors regarding the application and impact of FATCA.

*Back-up Withholding and Information Reporting.* The Indenture Trustee will be required to report annually to the IRS, and to each Noteholder, the amount of interest (including OID, which will be provided by the Servicer) paid on, or the proceeds from the sale or other taxable disposition of, the Notes and the amount withheld for U.S. federal income taxes, if any, for each calendar year, except as to exempt recipients—generally, corporations, tax exempt organizations, qualified pension and profit sharing trusts, individual retirement accounts, or nonresident aliens who provide certification as to their status. Each Noteholder other than one who is not subject to the reporting requirements will be required to provide, under penalties of perjury, a certificate containing its name, address, correct

U.S. federal taxpayer identification number, which includes a U.S. social security number, and a statement that the holder is not subject to back-up withholding. Should a non-exempt Noteholder fail to provide the required certification or should the IRS notify the Indenture Trustee or the Issuer that the holder has provided an incorrect U.S. federal taxpayer identification number or is otherwise subject to back-up withholding, the Indenture Trustee or the Issuer will be required to withhold at a prescribed rate from the interest otherwise payable to the Noteholder, or the proceeds from the sale or other taxable disposition of the Notes, and remit the withheld amounts to the IRS as a credit against the holder's U.S. federal income tax liability. In addition, Noteholders, after the Closing Date, will be required to provide to the Issuer, the Indenture Trustee or their agents all information, documentation or certifications acceptable to it to permit the Issuer or the Indenture Trustee to comply with its tax reporting obligations under applicable law, including any applicable cost basis reporting obligations.

## STATE AND OTHER TAX CONSEQUENCES

In addition to the U.S. federal income tax consequences described in "*Certain U.S. Federal Income Tax Consequences*" in this private placement memorandum, potential investors should consider the state and local tax consequences of the acquisition, ownership, and disposition of the Notes offered hereunder. State tax law may differ substantially from the corresponding federal tax law, and this discussion does not purport to describe any aspect of the tax laws of any state or other jurisdiction. Therefore, prospective investors should consult their own tax advisors with respect to the various tax consequences of investments in the Notes.

## ERISA CONSIDERATIONS

Sections 404 and 406 of ERISA and Section 4975 of the Internal Revenue Code impose fiduciary and prohibited transaction restrictions on the activities of employee benefit plans (as defined in and subject to ERISA) and certain other retirement plans and arrangements described in and subject to Section 4975 of the Internal Revenue Code and on various other entities and arrangements, including bank collective investment funds and insurance company general and separate accounts in which such plans are invested (collectively, "**Plans**").

Some plans, including governmental plans (as defined in Section 3(32) of ERISA), plans maintained outside the United States primarily for the benefit of persons substantially all of whom are non-resident aliens as described in Section 4(b)(4) of ERISA and, if no election has been made under Section 410(d) of the Internal Revenue Code, church plans (as defined in Section 3(33) of ERISA) are not subject to Section 406 of ERISA or Section 4975 of the Internal Revenue Code, but may be subject to state, local or foreign laws that are similar to the fiduciary and prohibited transaction requirements of ERISA and/or § 4975 of the Internal Revenue Code ("**Similar Law**").

ERISA generally imposes on Plan fiduciaries general fiduciary requirements, including the duties of investment prudence and diversification and the requirement that a Plan's investments be made in accordance with the documents governing the Plan. Any person who has discretionary authority or control with respect to the management or disposition of the assets of a Plan ("**Plan Assets**") and any person who provides investment advice with respect to Plan Assets for a fee is a fiduciary of the investing Plan. If the Loans and other assets included in the Issuer were to constitute Plan Assets, then any party exercising management or discretionary control with respect to those Plan Assets may be deemed to be a Plan "fiduciary," and subject to the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code with respect to any investing Plan. In addition, the acquisition or holding of Notes by or on behalf of a Plan or with Plan Assets may constitute or involve a prohibited transaction under ERISA and Section 4975 of the Internal Revenue Code unless a statutory or administrative exemption is available. Further, ERISA prohibits Plans to which it applies from engaging in "prohibited transactions" under Section 406 of ERISA and Section 4975 of the Internal Revenue Code imposes excise taxes with respect to transactions described in Section 4975 of the Internal Revenue Code. These transactions described in ERISA and Section 4975 of the Internal Revenue Code prohibit a broad range of transactions involving Plan Assets and persons who are "parties in interest" as defined in ERISA or "disqualified persons" as defined in Section 4975 of the Internal Revenue Code (collectively, "**Parties in Interest**"), unless a statutory or administrative exemption is available.

Some transactions involving the Issuer might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Internal Revenue Code with respect to a Plan that purchases Notes if the Loans and other assets included in the Issuer are deemed to be assets of the Plan. The U.S. Department of Labor ("**DOL**") has promulgated the DOL regulations (29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA) concerning

whether or not a Plan's assets would be deemed to include an interest in the underlying assets of an entity, including a trust, for purposes of applying the general fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code. Under the DOL regulations, generally, when a Plan acquires an "equity interest" in another entity (such as the Issuer), the underlying assets of that entity may be considered to be Plan Assets unless an exception applies. Exceptions contained in the DOL regulations and Section 3(42) of ERISA provide that Plan Assets will not include an undivided interest in each asset of an entity in which the Plan makes an equity investment if: (1) the entity is an operating company; (2) the equity investment made by the Plan is either a "publicly-offered security," as defined in the DOL regulations, or a security issued by an investment company registered under the Investment Company Act; or (3) "benefit plan investors" (as defined in § 3(42) of ERISA) own less than 25% of the value of each class of equity interests issued by the entity. Under the DOL regulations, Plan Assets will be deemed to include an interest in the instrument evidencing the equity interest of a Plan as well as an interest in the underlying assets of the entity in which a Plan acquires an interest (such as the Loans and other assets included in the Issuer).

Although there is no authority directly on point, the Issuer believes that, at the date of this private placement memorandum, the Notes should be treated as indebtedness without substantial equity features for purposes of the DOL regulations. The Issuer also believes that, so long as such Notes retain a rating of at least investment grade, such Notes should continue to be treated as indebtedness without substantial equity features for the purposes of the DOL regulations. There is, however, increased uncertainty regarding the characterization of debt instruments that do not carry an investment grade rating. A prospective transferee of the Notes or any interest therein who is a Plan or is acting on behalf of a Plan, or using Plan Assets to effect such transfer or a plan subject to Similar Law or using assets of such a Plan or a plan subject to Similar Law, is required to provide written confirmation (or in the case of any Book-Entry Notes, will be deemed to have confirmed) that the acquisition, continued holding and disposition of such Notes (or beneficial interest therein) will not give rise to a fiduciary breach or non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or result in a non-exempt prohibited transaction or violation of any Similar Law.

In addition, the purchase, sale and holding of the Notes by or on behalf of a Plan could be considered to give rise to a prohibited transaction if the Depositor, the Seller, the Indenture Trustee or any of their respective Affiliates is or becomes a Party in Interest with respect to the Plan. Because the Issuer, the Depositor, the Seller, the Initial Purchasers, the Servicer, the Administrator, the Back-up Servicer, the Note Registrar, the Indenture Trustee and the Owner Trustee may receive certain benefits in connection with the sale of the Notes, the purchase of the Notes using Plan Assets over which any of such parties, if any, has investment authority might be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Internal Revenue Code for which no exemption may be available. Whether or not the Loans and other assets of the Issuer were deemed to include Plan Assets, prior to making an investment in the Notes, prospective Plan investors should determine whether any of the Issuer, the Depositor, the Seller, the Initial Purchasers, the Servicer, the Administrator, the Back-up Servicer, the Note Registrar, the Indenture Trustee and the Owner Trustee is a Party in Interest with respect to such Plan and, if so, whether such transaction is subject to one or more statutory or administrative exemptions. The DOL has granted certain class exemptions which provide relief from certain of the prohibited transaction provisions of ERISA and the related excise tax provisions of the Internal Revenue Code, including, but not limited to: Prohibited Transaction Class Exemption ("PTCE") 84-14, which exempts certain transactions effected on behalf of a Plan by a "qualified professional asset manager"; PTCE 90-1, which exempts certain transactions between insurance company separate accounts and Parties in Interest; PTCE 91-38, which exempts certain transactions between bank collective investment funds and Parties in Interest; PTCE 95-60, which exempts certain transactions between insurance company general accounts and Parties in Interest; and PTCE 96-23, which exempts certain transactions effected on behalf of a Plan by an "in-house asset manager." In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Internal Revenue Code provide a statutory exemption for certain transactions between a Plan and a non-fiduciary service provider (or affiliate) for "adequate consideration." There can be no assurance that any DOL exemption or any statutory exemption will apply with respect to any particular Plan investment in the Notes or, even if all of the conditions specified therein were satisfied, that any exemption would apply to all prohibited transactions that may occur in connection with such investment.

As described in this private placement memorandum, the Issuer, the Depositor, the Seller, the Initial Purchasers, the Indenture Trustee, the Back-up Servicer, the Owner Trustee and their respective Affiliates (the "**Transaction Parties**") may receive fees or other compensation as a result of a Plan's or other plan's acquisition of the Notes. None of the Transaction Parties are undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition or holding of any of the Notes by any Plan or other plan.

In addition to the representations that appear on the legend of the Notes, each purchaser and transferee of the Notes that is a Plan, including any fiduciary purchasing such Notes on behalf of a Plan (“**Plan Fiduciary**”) is deemed to represent and warrant at any time when regulation 29 C.F.R. Section 2510.3-21, as modified in 2016, is applicable by its acquisition of such Notes that:

- The Plan Fiduciary is independent of the Transaction Parties, and the Plan Fiduciary either:
  - is a bank as defined in Section 202 of the Investment Advisers Act of 1940 (the “**Advisers Act**”), or similar institution that is regulated and supervised and subject to periodic examination by a state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other possession of the United States (each, a “**State**”) or U.S. federal agency;
  - is an insurance carrier which is qualified under the laws of more than one U.S. state to perform the services of managing, acquiring or disposing of assets of a Plan;
  - is an investment adviser registered under the Advisers Act, or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business;
  - is a broker-dealer registered under the Exchange Act; or
  - is an independent fiduciary that holds, or has under its management or control, total assets of at least U.S. \$50 million;
  - *provided* that these independence requirements do not apply if the Plan Fiduciary is an individual directing his or her own individual retirement account or plan account or relative of such individual;
- The Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including the acquisition by the Plan of such Notes;
- The Plan Fiduciary is a “fiduciary” with respect to the Plan within the meaning of Section 3(21) of ERISA, Section 4975 of the Internal Revenue Code, or both, and is responsible for exercising independent judgment in evaluating the Plan’s acquisition of the Notes;
- None of the Transaction Parties has exercised any authority to cause the Plan to invest in such Notes or to negotiate the terms of the Plan’s investment in such Notes; and
- The Plan Fiduciary has been informed by the Transaction Parties:
  - that none of the Transaction Parties are undertaking to provide any impartial advice or to give advice in a fiduciary capacity, and that no such entity has given investment advice or otherwise made a recommendation, in connection with the Plan’s acquisition or holding of such Notes; and
  - of the existence and nature of the Transaction Parties’ financial interests in the Plan’s acquisition of such Notes as disclosed in this private placement memorandum.

Any fiduciary or other investor of Plan Assets (or assets of a governmental plan, a non-U.S. plan or a church plan) that proposes to acquire or hold the Notes on behalf of or with Plan Assets (or assets of a governmental plan, a non-U.S. or a church plan) is encouraged to consult with its counsel with respect to the application of the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code (and in the case of a governmental plan, a non-U.S. plan or a church plan, any Similar Law) before making the proposed investment.

The sale of the Notes to a Plan or a plan governed by Similar Law or a sale of Notes to a governmental plan, non-U.S. plan or church plan not subject to Similar Law is in no respect a representation by the Depositor or the Indenture Trustee that such an investment meets all relevant legal requirements with respect to investments by Plans or to a governmental plan, non-U.S. plan or church plan generally or any particular plan, or that such an investment is appropriate for plans generally or any particular plan.

### LEGAL INVESTMENT

The appropriate characterization of the Notes under various legal investment restrictions, and thus the ability of investors subject to legal restrictions to purchase any Notes, are subject to significant interpretive uncertainties. If you are subject to legal investment laws and regulations or to review by regulatory authorities, you may be subject to restrictions on investing in the Notes and should consult with your own legal advisers to determine whether and to what extent that is the case. No representations are made as to the proper characterization of any Note for legal investment or other purposes or as to the ability of particular investors to purchase any Notes under applicable legal investment restrictions.

### CREDIT RISK RETENTION

The risk retention regulations in the SEC's credit risk retention rules, 17 C.F.R. Part 246 ("**Regulation RR**"), require the "sponsor" of a securitization transaction (or a majority-owned affiliate of the sponsor) to retain five percent of the credit risk of the assets collateralizing the asset-backed securities. Under Regulation RR, a "sponsor" means a person who organizes and initiates a securitization transaction by selling or transferring assets, either directly or indirectly, including through an Affiliate, to the Issuer. For purposes of the Notes, Regional Management is a "sponsor" under Regulation RR. The Depositor is a wholly-owned subsidiary of Regional Management and will retain the required economic interest in the credit risk of the Loans to satisfy the sponsor's requirements under Regulation RR.

#### Description of the Retention Interest

Regional Management, as sponsor, intends to comply with Regulation RR by the Depositor, a majority-owned affiliate of Regional Management, retaining an "eligible horizontal residual interest" (an "**EHRI**"). An EHRI is defined under Regulation RR as, with respect to any securitization transaction, an ABS Interest in the Issuer: (1) that is an interest in a single class or multiple classes in the Issuer, provided that each interest meets, individually or in the aggregate, all of the requirements of this definition; (2) with respect to which, on any payment date on which the Issuer has insufficient funds to satisfy its obligation to pay all contractual interest or principal due, any resulting shortfall will reduce amounts payable to the eligible horizontal residual interest prior to any reduction in the amounts payable to any other ABS Interest, whether through loss allocation, operation of the priority of payments, or any other governing contractual provision (until the amount of such ABS Interest is reduced to zero); and (3) that, with the exception of any non-economic REMIC residual interest, has the most subordinated claim to payments of both principal and interest by the Issuer.

An "**ABS Interest**" is defined under Regulation RR as: (1) any type of interest or obligation issued by an Issuer, whether or not in certificated form, including a security, obligation, beneficial interest or residual interest (other than an uncertificated regular interest in a REMIC that is held by another REMIC, where both REMICs are part of the same structure and a single REMIC in that structure issues ABS Interests to investors, or a non-economic residual interest issued by a REMIC), payments on which are primarily dependent on the cash flows of the collateral owned or held by the Issuer; and (2) 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 Issuer; and (ii) the payments, if any, on which are not primarily dependent on the cash flows of the collateral held by the Issuer; and (3) does not include the right to receive payments for services provided by the holder of such right, including servicing, trustee services and custodial services. The Issuer's ABS Interests issued as part of the Issuer's securitization transaction described in this private placement memorandum are the Notes and the Trust Certificate.

The Depositor's retention of the Trust Certificate (the "**Residual Interest**") satisfies the requirements for an EHRI under Regulation RR. The fair value of the Residual Interest will represent at least 5% of the aggregate fair value of the Notes and the Residual Interest on the Closing Date. The Depositor, Regional Management, or another

majority-owned affiliate of Regional Management is required to retain the Residual Interest until the latest of two years from the Closing Date, the date the pool balance is one-third or less of the initial pool balance, or the date the principal amount of the Notes is one-third or less of the original principal amount. None of Regional Management, the Depositor or any of their Affiliates may sell, transfer or hedge the Residual Interest during this period other than as permitted by Regulation RR. The Depositor intends to retain the Residual Interest for the life of this securitization transaction.

In general, the holder of the Trust Certificate, the Depositor, will have the right to the overcollateralization, amounts in the Reserve Account, and excess spread, in each case not needed to make payments on the Notes, to cover losses on the Loans or to pay expenses and fees of the Trust. Because the Trust Certificate is subordinated to each class of Notes and is only entitled to amounts not needed on a Payment Date to make payments on the Notes or to make other required payments or deposits according to the priority of payments described in “*Description of the Notes—Priority of Payments*,” the Residual Interest absorbs all losses on the Loans by reduction of, first, the excess spread, second, the overcollateralization and, third, the amounts in the Reserve Account, before any losses are incurred by the Notes. For a description of the credit enhancement available for the Notes, including the excess spread and overcollateralization, see “*Summary Information—Credit Enhancement*” in this private placement memorandum.

### Fair Value of ABS Interests, Key Inputs and Assumptions and Valuation Methodology

The fair value of the Notes and the Residual Interest is summarized below. The totals in the table may not be exact due to rounding:

	<u>Fair Value (in millions)</u>	<u>Fair Value (as a percentage)</u>
Class A notes .....	\$129.77	64.30% - 63.39%
Class B notes .....	\$9.27	4.59% - 4.53%
Class C notes .....	\$10.96	5.43% - 5.35%
Trust Certificate .....	<u>\$51.83 - \$54.71</u>	<u>25.68% - 26.73%</u>
Total <sup>(1)</sup>	\$201.83 - \$204.71	100%

<sup>(1)</sup> Totals may not add due to rounding.

The sponsor determined the fair value of the Notes and the Residual Interest using a fair value measurement framework under generally accepted accounting principles. 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 pre-closing determination of the fair value of the Notes as of the closing date was categorized within Level 2 of the hierarchy. The post-closing determination of the fair value of the Notes as of the closing date will be categorized within Level 1 of the hierarchy. The fair value of the Trust Certificate is categorized within Level 3 of the hierarchy, as many of the inputs to the fair value calculation for the Trust Certificate are generally not observable.

The fair value of each class of Notes is assumed to be equal to the initial principal amount, or par. This reflects the expectation that the final interest rates of the Notes will be consistent with the interest rate assumptions below:

<u>Class</u>	<u>Interest Rate</u>
Class A	3.91%
Class B	4.36%
Class C	5.60%

These interest rates are estimated based on recent pricing of notes issued in similar securitization transactions and market-based expectations for interest rates and credit risk.

#### *Key Inputs and Assumptions*

In determining the fair value of the ABS Interests of the Issuer described in this placement memorandum as of the closing date, Regional Management and the Depositor used the inputs and assumptions set forth below, which are intended solely for the purpose of determining these fair values in accordance with the requirements of Regulation RR, and should not be relied upon by investors for any other purpose:

To calculate the range of fair values of the Trust Certificate, comprising the Retained Interest, the sponsor used an internal valuation model based on a discounted cash flow. The model projects future interest and principal payments on the Loans and Additional Loans, transaction fees, and payments of interest and principal on each class of Notes. The resulting cash flows to the Trust Certificate are discounted to present value based on the discount rate specified below. The key inputs and assumptions used by Regional Management and the Depositor in determining the fair value of the Trust Certificate on the basis of a discounted cash flow valuation are as follows:

- Note interest accrues at the rates described above on a “30/360” basis;
- The Loans prepay at a 50% CPR;
- Recoveries on the defaulted Loans are forecast at a rate of 5.5% of the defaulted Loan balance with a 1 month recovery time to recovery;
- The Loans experience a lifetime default rate of 9.5% on the cumulative default timing curve below:

<b>Months After Cut-Off Date</b>	<b>Default Timing</b>
0	0.0000%
1	0.1065%
2	0.4260%
3	0.9584%
4	1.7039%
5	2.6623%
6	3.9402%
7	6.0700%
8	12.4595%
9	20.9789%
10	28.8593%
11	35.9942%
12	42.7032%
13	48.8797%
14	54.5238%
15	59.6354%
16	64.4275%
17	68.9002%
18	73.0533%
19	76.7805%
20	80.0818%
21	83.0636%
22	85.6194%
23	87.7492%
24	89.5596%
25	91.0504%
26	92.3283%
27	93.4997%
28	94.4582%
29	95.3101%
30	96.0555%
31	96.6413%
32	97.1737%
33	97.5997%
34	97.9724%
35	98.2919%
36	98.5581%
37	98.7711%
38	98.9628%
39	99.1545%
40	99.3035%
41	99.4526%
42	99.5591%
43	99.6656%
44	99.7508%
45	99.8360%
46	99.8786%
47	99.9212%
48	99.9425%
49	99.9638%
50	99.9744%
51	99.9851%
52	99.9904%
53	99.9957%
54	99.9979%
55	100.0000%

- Cash flows received on the Trust Certificate are discounted at a range of 17.0% to 21.0%, which reflects an expected market yield derived from qualitative factors that take into account the first loss exposure of the Trust Certificate cash flows and credit risk of the Loans, and the rate of return that third-party investors would require to purchase residual interests similar to the Certificates;
- Each subsequent pool of Loans experiences a lifetime default rate of 9.5% on the cumulative default timing curve as applied from the time such Loans are acquired by the Issuer or allocated to the 2018-1A SUBI;
- Neither the Issuer nor the Servicer exercises the Optional Call or the Optional Purchase feature; and
- Other assumptions, except as otherwise detailed above, consistent with assumptions detailed under the heading “*Prepayment and Yield Considerations*” in this private placement memorandum.

The fair value of the Notes and the Trust Certificate was calculated based on the assumptions described above. You should be sure you understand these assumptions when considering the fair value calculation. To the maximum extent permitted by law, none of the Initial Purchasers, the Indenture Trustee, the Back-up Servicer or the Owner Trustee has assumed liability for such calculations of fair value and each of them expressly disclaims any liability to any investor therefor.

#### **Post-Closing Date Disclosures**

The initial Monthly Servicer Report will also include the following information:

- (1) the fair value on the Closing Date (expressed as a percentage of the fair value of all of the ABS Interests of the Issuer issued on the Closing Date as part of the Issuer’s securitization transaction and as a dollar amount) of the Trust Certificate based on actual sale prices and finalized Note sizes;
- (2) the fair value on the Closing Date (expressed as a percentage of the fair value of all of the ABS Interests of the Issuer issued on the Closing Date as part of the Issuer’s securitization transaction and as a dollar amount) of the Trust Certificate that the sponsor (or majority-owned affiliate of the sponsor) is required to retain; and
- (3) to the extent the valuation methodology or any of the key inputs and assumptions that were used in calculating the fair value or range of fair values disclosed herein materially differs from the methodology or key inputs and assumptions used to calculate the fair value as of the Closing Date as set forth in such monthly settlement statement, descriptions of those material differences.

In no event will the Indenture Trustee, the Back-up Servicer, the Initial Purchasers or the Owner Trustee have any responsibility to monitor or enforce compliance with Regulation RR or other credit risk retention requirements for asset-backed securities or other rules or regulations relating to credit risk retention. None of the Indenture Trustee, the Back-up Servicer, the Initial Purchasers or the Owner Trustee will be charged with knowledge of such rules, nor will any of them be liable to any Noteholder, any certificateholder, the Depositor, the Servicer, or any other person for violation of such rules now or hereinafter in effect.

## ACCOUNTING CONSIDERATIONS

Various factors may influence the accounting treatment applicable to an investor's acquisition and holding of asset backed securities. Accounting standards, and the application and interpretation of such standards, are subject to change from time to time. Investors are encouraged to consult their own accountants for advice as to the appropriate accounting treatment for the Notes.

## USE OF PROCEEDS

The Depositor will apply the net proceeds of the sale of the Notes to the purchase price of the initial Loans and the 2018-1A SUBI Certificate transferred to the Issuer on the Closing Date and to fund the Reserve Account with the Reserve Account Required Amount and the Seller will apply the net proceeds of the sale of the Initial Loans and the 2018-1A SUBI Certificate transferred to the Depositor on the Closing Date to repay the existing indebtedness under the Warehouse Facility. See "*Method of Distribution*" in this private placement memorandum.

## LEGAL MATTERS

The legality of the Notes and certain tax matters will be passed upon for Regional Management, the Depositor and the Issuer by Alston & Bird LLP. Certain legal matters relating to the issuance of the Notes will be passed upon for the Initial Purchasers by Weil, Gotshal & Manges LLP.

## METHOD OF DISTRIBUTION

The Notes may only be offered in the United States to Qualified Institutional Buyers. The Notes have not, and will not be, registered under the Securities Act or any state securities laws, and neither the Issuer nor any other person is required to so register or qualify the Notes or to provide registration rights to any investor therein.

Subject to the terms and conditions set forth in a certain note purchase agreement (the "**Note Purchase Agreement**"), dated on or before the Closing Date, among the Issuer, the Depositor, Regional Management and the Initial Purchasers, the Initial Purchasers may purchase all, a portion of or none of the Notes from the Depositor on the Closing Date. The Depositor will retain or may convey to an Affiliate of the Depositor any of the Notes that are not purchased by the Initial Purchasers subject to the limitations described under "*Credit Risk Retention*" in this private placement memorandum. The Initial Purchasers intend to offer the Notes to prospective investors from time to time.

The Notes are being purchased when, as and if delivered to and accepted by the Initial Purchasers, and subject to prior sale and to the right of the Initial Purchasers to reject any orders in whole or in part. The Initial Purchasers may withdraw, cancel or modify the offering of the Notes without notice. Sales of the Notes may be effected from time to time in one or more negotiated transactions or otherwise at varying prices to be determined at the time of sale. The Initial Purchasers may effect such transactions by selling the Notes to or through sub-agents, and such sub-agents may receive compensation in the form of discounts, concessions or commissions from the Initial Purchasers.

In connection with the sale of the Notes, the Initial Purchasers may be deemed to have received compensation in the form of discounts, concessions or commissions from the Depositor. Proceeds from the sale of the Notes will be equal to the aggregate purchase price paid by the Initial Purchasers. The Note Purchase Agreement provides that the Depositor and Regional Management will indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or contribute to payments required to be made in respect thereof.

There currently is no secondary market for the Notes, and there can be no assurance that such a market will develop or, if it does develop, that it will continue or will provide investors with a sufficient level of liquidity of investment. While the Initial Purchasers may make a secondary market in the Notes, they may discontinue or limit such activities at any time. In addition, the liquidity of the Notes may be affected by present uncertainties and future unfavorable developments concerning legal investment. Consequently, investors should be aware that they may be required to bear the financial risks of an investment in the Notes for an indefinite period of time.

The Initial Purchasers may engage in over-allotment transactions, stabilizing transactions, syndicate covering transactions and penalty bids with respect to the Notes in accordance with Regulation M under the Exchange Act. Over-allotment transactions involve syndicate sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions permit bids to purchase the Notes so long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a syndicate member when the Notes originally sold by such syndicate member are purchased in a syndicate covering transaction. Such over-allotment transactions, stabilizing transactions, syndicate covering transactions and penalty bids may cause the prices of the Notes to be higher than they would otherwise be in the absence of such transactions. None of the Depositor, the Issuer or the Initial Purchasers represent that the Initial Purchasers will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice at any time.

The Initial Purchasers and their Affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and their Affiliates from time to time have provided, or in the future may provide, various investment and commercial banking and financial advisory services to Regional Management and its Affiliates and subsidiaries (including the Issuer), for which they have received, or in the future will receive, customary fees and commissions and they expect to provide these services to Regional Management and its Affiliates and subsidiaries (including the Issuer) in the future, for which they expect to receive customary fees and commissions. In addition, the Initial Purchasers and their Affiliates from time to time have acted, may now act or in the future may act, as agents and lenders to Regional Management and its Affiliates and subsidiaries (including the Issuer) under their respective credit facilities and other asset based and asset backed financing arrangements, including the Warehouse Facility, or as trustee under the indentures governing their respective senior notes, for which services they have received, or in the future will receive, customary compensation. Further, a portion of the net proceeds of the offering of Notes contemplated by this private placement memorandum that is received by the Seller as consideration for the sale of the Initial Loans and the 2018-1A SUBI Certificate to the Depositor will be used to repay a portion of the outstanding borrowings under the Warehouse Facility. The Initial Purchasers (or their respective Affiliates) are lenders under the Warehouse Facility, and will receive a portion of the net proceeds from the offering of the Notes. Additionally, Wells Fargo Bank, National Association, an Affiliate of one of the Initial Purchasers, acts as administrative agent under the Warehouse Facility, and an Affiliate of Credit Suisse Securities (USA) LLC, acts as structuring and syndication agent under the Warehouse Facility. See *“Risk Factors—Risks Relating to the Counterparties—Potential conflicts of interest exist relating to the Initial Purchasers, including with respect to the Warehouse Facility”* in this private placement memorandum.

In the ordinary course of their various business activities, the Initial Purchasers and their Affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of Regional Management. The Initial Purchasers and their Affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## RESTRICTIONS ON TRANSFER

The following information relates to the form, transfer and delivery of the Notes. Because of the following restrictions, purchasers of the Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes. Purchasers of the Notes are advised that the Notes are not transferable at any time except in accordance with the following restrictions.

The Class A Notes, the Class B Notes and the Class C Notes will be issued as Book-Entry Notes represented by one or more notes in fully-registered, global form, without interest coupons (each, a **“Rule 144A Global Note”**) for sale/resale to QIBs in reliance on Rule 144A. The Rule 144A Global Notes are referred to herein as the **“Global Notes.”**

The Global Notes will be deposited upon issuance with a custodian for DTC in New York, New York and registered in the name of Cede, as nominee of DTC, in each case for credit to an account of a direct or indirect participant in DTC as described below.

Any ownership interest represented by a beneficial interest in a Global Note may be transferred to an entity that wishes to hold Notes in the form of an interest in a Global Note; *provided*, that, the applicable transferor and transferee are deemed to have represented and warranted that, among other things, such transfer is being made to a transferee that the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A.

Each purchaser of a Note that represents a beneficial interest in a Global Note will be deemed, by its acquisition of such Note (or interest therein) to have represented and agreed, and each purchaser of a definitive note will be required to certify to the Indenture Trustee and Note Registrar in writing, among other things to be set forth in the Indenture, that:

(a) the purchaser has been advised that the Initial Purchaser is relying on exemptions from the provisions of Section 5 of the Securities Act provided by Rule 144A in connection with the initial resale of the Notes;

(b) the purchaser is a QIB and is acquiring such Note for its own account or as a fiduciary or agent for others (which others also must be QIBs) for investment purposes and not for distribution in violation of the Securities Act, and it is able to bear the economic risk of an investment in the Notes and has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of purchasing the Notes;

(c) the purchaser understands that such Note is being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell, pledge or otherwise transfer such Note, then it agrees that it will resell, pledge or transfer such Note only so long as such Note is eligible for resale pursuant to Rule 144A, to a person who the seller reasonably believes is a QIB acquiring such Note for its own account or as a fiduciary or agent for others (which others must also be QIBs) to whom notice is given that the resale or other transfer is being made in reliance on Rule 144A;

(d) unless the relevant legend set out below has been removed from the relevant Note, the purchaser shall notify each transferee of the Notes that (1) such Note has not been registered under the Securities Act, (2) the holder of such Note is subject to the restrictions on the resale or other transfer thereof described in paragraph (c) above, and (3) such transferee shall be deemed to have represented (A) as to its status as a QIB purchasing the Notes in reliance on Rule 144A, (B) that such transferee is acquiring the Notes for its own account or as a fiduciary or agent for others (which others also must be QIBs) and (C) that such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing;

(e) either (1) the purchaser is not and is not acting on behalf or using the assets of (A) an “employee benefit plan,” as defined in Section 3(3) of ERISA, that is subject to Title I of ERISA, (B) a “plan,” as defined in Section 4975(e)(1) of the Internal Revenue Code, that is subject to Section 4975 of the Internal Revenue Code, (C) an entity whose underlying assets include “plan assets” by reason of such employee benefit plan’s or plan’s investment in the entity (within the meaning of Department of Labor Regulation 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA), or (D) any governmental, church, non-U.S. or other plan that is subject to Similar Law or an entity whose underlying assets include assets of any such plan; or (2)(A) the acquisition, continued holding and disposition of Notes (or any interest therein) will not give rise to a fiduciary breach or a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Internal Revenue Code or result in a non-exempt prohibited transaction or violation of any Similar Law and (B) certain other requirements are satisfied, if applicable, as set forth in the Indenture;

(f) each purchaser of Notes, by its acceptance of a Note (or interest herein) represents that it has, (1) reviewed the private placement memorandum, including the information incorporated herein by reference and been afforded the opportunity to request and review all additional information it considered necessary to verify the accuracy of, or to supplement, the information contained or incorporated by reference

herein, (2) independently and without reliance upon the Indenture Trustee or any Affiliate of the Indenture Trustee, and based on such documents and information as it has deemed appropriate, made its own investment decision in respect of such Note. Each purchaser of Notes also represents that it will, independently and without reliance upon the Indenture Trustee or any Affiliate of the Indenture Trustee, and based on such documents and information as it shall deem appropriate at the time, continue to make its own decision in taking or not taking action under the Indenture and in connection with the Notes except for notices, reports and other documents expressly required to be furnished to the holders of Notes by the Indenture, the Indenture Trustee shall not have any duty or responsibility to provide any Noteholder with any other information concerning the transactions contemplated hereby, the Trust Estate, the Issuer, the Servicer, or any other parties to the Indenture or to any related documents which may come into the possession of the Indenture Trustee or any of its officers, directors, employees, agents, representatives or attorneys-in-fact, and (3) not relied on any information or representations other than as contained or incorporated by reference into this private placement memorandum and information given by duly authorized officers and employees of the Issuer in connection with your examination of the Issuer and the terms of the offering and the Notes; and

(g) the purchaser understands that each Note will bear the following legend:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), ANY UNITED STATES STATE SECURITIES OR “BLUE SKY” LAWS OR ANY SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED, SOLD, ASSIGNED, PLEDGED, ENCUMBERED OR OTHERWISE TRANSFERRED, EXCEPT AS SET FORTH BELOW. EACH PURCHASER OF THE NOTE EVIDENCED HEREBY, OR A BENEFICIAL INTEREST HEREIN, IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER (“**RULE 144A**”) OR ANOTHER EXEMPTION UNDER THE SECURITIES ACT.

THE HOLDER HEREOF, BY PURCHASING OR ACCEPTING THIS NOTE OR A BENEFICIAL INTEREST HEREIN, (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND THE INITIAL PURCHASERS THAT: (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A) (A “**QIB**”) AND (B) ACQUIRING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB; ONLY (I) FOR SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE, PURSUANT TO RULE 144A, TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QIB, THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS MUST ALSO BE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE RESALE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (PROVIDED THAT PRIOR TO SUCH TRANSFER, THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL AND OTHER CERTIFICATIONS OR DOCUMENTS EVIDENCING THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND THE INDENTURE), (III) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, AND (2) AGREES FOR THE BENEFIT OF THE ISSUER AND THE INITIAL PURCHASERS THAT IT WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THIS NOTE OR A BENEFICIAL INTEREST HEREIN OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

THE ISSUER HAS NOT MADE ANY REPRESENTATION AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THE SECURITY EVIDENCED HEREBY.

THIS NOTE, AND ANY BENEFICIAL INTEREST HEREIN, MAY BE TRANSFERRED ONLY IN MINIMUM DENOMINATIONS OF \$100,000 AND \$1,000 INCREMENTS IN EXCESS THEREOF.

EACH NOTEHOLDER OR BENEFICIAL OWNER, BY ACCEPTANCE OF THIS NOTE, OR, IN THE CASE OF A BENEFICIAL OWNER, A BENEFICIAL INTEREST IN THIS NOTE, WILL BE DEEMED TO

REPRESENT AND WARRANT THAT EITHER (I) IT IS NOT AND IS NOT ACTING ON BEHALF OF, OR USING THE ASSETS OF (A) AN “EMPLOYEE BENEFIT PLAN,” AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A “PLAN,” AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “INTERNAL REVENUE CODE”), THAT IS SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE, (C) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” BY REASON OF SUCH EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN THE ENTITY (WITHIN THE MEANING OF DEPARTMENT OF LABOR REGULATION 29 C.F.R. 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA) OR (D) ANY GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN THAT IS SUBJECT TO ANY NON-U.S., FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE (“SIMILAR LAW”) OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE ASSETS OF ANY SUCH PLAN OR (II)(A) ITS ACQUISITION, CONTINUED HOLDING, AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION OR VIOLATION OF ANY SIMILAR LAW AND (B) CERTAIN OTHER REQUIREMENTS ARE SATISFIED, IF APPLICABLE, AS SET FORTH IN THE INDENTURE.

THIS NOTE AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES UNDERTAKEN OR REPRESENTED BY THE HOLDER, FOR REALES AND OTHER TRANSFERS OF THIS NOTE, TO REFLECT ANY CHANGE IN, OR TO MAKE USE OF OTHER, APPLICABLE LAWS OR REGULATIONS (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS NOTE AND ANY BENEFICIAL OWNER OF ANY INTEREST THEREIN SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF OR THEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS NOTE AND ANY NOTES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON) AND AGREES TO TRANSFER THIS NOTE ONLY IN ACCORDANCE WITH SUCH RELATED DOCUMENTATION AS SO AMENDED OR SUPPLEMENTED AND IN ACCORDANCE WITH APPLICABLE LAW IN EFFECT AT THE DATE OF SUCH TRANSFER.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE INDENTURE TRUSTEE OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, 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 INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE TRANSFER PROVISIONS AND RESTRICTIONS SET FORTH IN THE INDENTURE.

THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE MAY BE REDUCED FROM TIME TO TIME BY DISTRIBUTIONS ON THIS NOTE ALLOCABLE TO PRINCIPAL. ACCORDINGLY, FOLLOWING THE INITIAL ISSUANCE OF THIS NOTE, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE MAY BE DIFFERENT FROM THE INITIAL PRINCIPAL AMOUNT SHOWN BELOW. ANYONE ACQUIRING THIS NOTE MAY ASCERTAIN THE CURRENT OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE BY INQUIRY OF THE INDENTURE TRUSTEE. ON THE DATE OF THE INITIAL ISSUANCE OF THIS NOTE, THE INDENTURE TRUSTEE IS WELLS FARGO BANK, NATIONAL ASSOCIATION.

THIS NOTE IS NOT AN OBLIGATION OF, AND IS NOT INSURED OR GUARANTEED BY, ANY GOVERNMENTAL AGENCY, REGIONAL MANAGEMENT, REGIONAL MANAGEMENT RECEIVABLES III, LLC, ANY TRUSTEE OR ANY AFFILIATE OF ANY OF THE FOREGOING.

THE HOLDER OF THIS NOTE, BY ACCEPTANCE OF THIS NOTE, AND EACH OWNER OF A BENEFICIAL INTEREST HEREIN, AGREES TO TREAT THE NOTES AS INDEBTEDNESS FOR APPLICABLE UNITED STATES FEDERAL, STATE, AND LOCAL INCOME AND FRANCHISE TAX LAW AND FOR PURPOSES OF ANY OTHER TAX IMPOSED ON, OR MEASURED BY, INCOME.”

Upon the transfer, exchange or replacement of a Rule 144A Note bearing the legend set forth above, or upon specific request for removal of the legend, the Indenture Trustee will deliver only replacement Rule 144A Notes, as the case may be, that bear such legend, or will refuse to remove such legend, unless there is delivered to the Issuer, the Indenture Trustee and the Note Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the Issuer, the Indenture Trustee and the Note Registrar that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holding of Notes. Consequently, the ability to transfer interests in a Global Note to such persons will be limited.

## RATINGS

It is a condition of the issuance of the Notes that they receive at least the ratings set forth in the Notes Table. The ratings reflect the assessment of the Rating Agency, based on various prepayment and loss assumptions, of the likelihood of the ultimate payment of principal and the timely payment of interest on the Notes. The ratings address structural, legal and issuer related aspects associated with the Notes, including the nature of the Loans. 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 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 Notes or the corresponding effect on yield to investors.

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 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 Notes. No transaction party will be responsible for monitoring any changes to the ratings on the Notes.

Although DBRS is not contractually obligated to monitor the ratings on the Notes, the Issuer and the Depositor believe that DBRS will continue to monitor the transaction while the Notes are outstanding. In addition, an NRSRO other than DBRS may provide an unsolicited rating, and there is a possibility that any unsolicited rating would be lower than the ratings provided by DBRS, which could adversely affect the market value of the Notes.

## INVESTMENT COMPANY ACT CONSIDERATIONS

The Issuer will be relying on an exclusion under the Investment Company Act contained in Rule 3a-7 of the Investment Company Act, although there may be additional exclusions or exemptions available to the Issuer. By virtue of its reliance on the exclusion provided pursuant to Rule 3a-7, the Issuer is not a “covered fund” for purposes of Section 619 of the Dodd-Frank Act (such statutory provision together with such implementing regulations, the “**Volcker Rule**”).

## GLOSSARY OF TERMS

“ABL Facility” shall mean the Sixth Amended and Restated Loan and Security Agreement, dated as of June 20, 2017, among the lenders party thereto from time to time, Bank of America, N.A., as agent, Regional Management and the other borrowers party thereto from time to time, and certain Regional Affiliates, as guarantors, and the other guarantors party thereto from time to time, as may be amended or restated from time to time.

“ABS Interest” shall have the meaning specified under the heading “*Credit Risk Retention—Description of the Retention Interest*” in this private placement memorandum.

“Account Bank” shall mean Wells Fargo Bank, National Association, in its capacity as securities intermediary or depository bank with respect to each Note Account.

“ACH” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Counterparties—The Indenture Trustee may not have a perfected security interest in Collections commingled by the Servicer or Subservicer with other funds*” in this private placement memorandum.

“Addition Date” shall mean, with respect to any Additional Loan, the effective date of the conveyance or allocation of such Additional Loan, as specified in the applicable Additional Loan Assignment.

“Additional Cut-Off Date” shall mean (a) with respect to the Loan Purchase Agreement and each Additional Loan, the Cut-Off Date specified in the related Additional Loan Assignment, (b) with respect to the Sale and Servicing Agreement and each Additional Loan, the Cut-Off Date specified in the related Additional Loan Assignment and (c) with respect to the 2018-1A SUBI Supplement and each Additional Loan, the Cut-Off Date specified in the related Additional Loan Assignment, in each case, which will be the same date.

“Additional Loan” shall mean (a) with respect to the Loan Purchase Agreement, each additional non-revolving personal loan that is sold to the Depositor pursuant to the Loan Purchase Agreement on an Addition Date, (b) with respect to the Sale and Servicing Agreement, each additional non-revolving personal loan that is acquired by the Issuer pursuant to the Sale and Servicing Agreement on an Addition Date and (c) with respect to the 2018-1A SUBI Supplement, each additional non-revolving personal loan that is allocated to the 2018-1A SUBI by the Servicer pursuant to the 2018-1A SUBI Supplement on an Addition Date.

“Additional Loan Assignment” shall mean (a) with respect to the Loan Purchase Agreement, a written assignment substantially in the applicable form attached to the Loan Purchase Agreement pursuant to which the Seller designates and assigns Additional Loans to the Depositor, (b) with respect to the Sale and Servicing Agreement, a written assignment substantially in the applicable form attached to the Sale and Servicing Agreement pursuant to which the Depositor designates and further assigns Additional Loans to the Issuer and (c) with respect to the 2018-1A SUBI Supplement, a written allocation notice substantially in the applicable form attached to the 2018-1A SUBI Supplement pursuant to which the Servicer in accordance with the 2018-1A SUBI Supplement designates and further allocates Additional Loans to the 2018-1A SUBI.

“Adjusted Loan Principal Balance” shall mean, with respect to any Collection Period, an amount equal to the Loan Principal Balance of all Loans in the Trust Estate, other than Charged-Off Loans and Excluded Loans, in each case, as of the close of business on the last day of such Collection Period.

“Administration Agreement” shall mean the Administration Agreement to be dated as of the Closing Date, among the Issuer, the Administrator and the Depositor, as amended, restated, supplemented or otherwise modified from time to time.

“Administrator” shall mean the Person acting in such capacity from time to time pursuant to and in accordance with the Administration Agreement, which shall initially be Regional Management.

“Adverse Effect” shall mean, with respect to any action, that such action will (a) result in the occurrence of an Early Amortization Event or an Event of Default or (b) materially and adversely affect the Noteholders.

“Advisers Act” shall have the meaning specified under the heading “*ERISA Considerations*” in this private placement memorandum.

“Affiliate” of any specified Person shall mean any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control,” when used with respect to any specified Person, shall mean the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Aggregate Note Balance” shall have the meaning specified under the heading “*The Indenture—Direction by Noteholders*” in this private placement memorandum.

“Amount Financed” shall mean, with respect to a Loan, the “amount financed” (as defined in the Federal Truth-in-Lending Act (15 U.S.C. § 1601 *et. seq*) and its implementing regulations) and as set forth in the Federal Truth in Lending disclosure in the related Contract.

“Annual Percentage Rate” or “APR” shall mean, with respect to a Loan, the “annual percentage rate” (as defined in the Federal Truth-in-Lending Act (15 U.S.C. § 1601 *et. seq*) and its implementing regulations) and as set forth in the Federal Truth in Lending disclosure in the related Contract. If, after the Closing Date, the rate per annum with respect to a Loan as of the related Cut-Off Date is reduced (i) as a result of an insolvency proceeding involving the related Loan Obligor or (ii) pursuant to the Servicemembers Civil Relief Act or similar State law, “Annual Percentage Rate” or “APR” shall refer to such reduced rate.

“Applicable Representations” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicer Obligation to Purchase for Servicer Breach*” in this private placement memorandum.

“Authorized Officer” shall mean:

(a) with respect to the Issuer, (i) any officer of the Owner Trustee who is authorized to act for the Owner Trustee in matters relating to the Issuer and who is identified on the list of Authorized Officers, containing the specimen signature of each such Person, delivered by the Owner Trustee to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter), (ii) any officer of the Administrator who is authorized to act for the Administrator in matters relating to the Issuer and who is identified on the list of Authorized Officers (containing the specimen signatures of such officers) delivered by the Administrator to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter) and (iii) any officer of the Depositor who is authorized to act for the Depositor in matters relating to the Issuer and who is identified on the list of Authorized Officers, containing the specimen signature of each such Person, delivered by the Depositor to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter);

(b) with respect to the Depositor, any officer of the Depositor who is identified on the list of Authorized Officers (containing the specimen signature of each such Person) delivered by the Depositor to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter);

(c) with respect to the Servicer, any President, Vice President, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary of the Servicer or any other officer who is authorized to act for the Servicer;

(d) Secretary or Assistant Secretary of the Seller or any other officer who is authorized to act for the Seller; and

(e) with respect to the Indenture Trustee, any Responsible Officer.

“Available Funds” shall have the meaning specified under the heading “*Description of the Notes—Priority of Payments*” in this private placement memorandum.

“Back-up Servicer” shall mean, initially, Wells Fargo Bank, National Association, and at any other time, the Person then acting as “Back-up Servicer” pursuant to and in accordance with the Back-up Servicing Agreement.

“Back-up Servicer Termination Event” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Back-up Servicer Termination Events*” in this private placement memorandum.

“Back-up Servicing Agreement” shall mean the Back-up Servicing Agreement to be dated as of the Closing Date, among the Issuer, the Depositor, the Indenture Trustee, the Servicer, the Back-up Servicer, the Image File Custodian, and the North Carolina Trust pursuant to which the Back-up Servicer has agreed to perform the back-up servicing duties specified therein for the benefit of the Issuer and the Noteholders, including with respect to the 2018-1A SUBI Loans allocated to the 2018-1A SUBI by the Servicer, as amended, restated, supplemented or otherwise modified from time to time.

“Back-up Servicing Fee” shall have the meaning specified under the heading “*Summary Information—Description of Notes—Fees and Expenses*” in this private placement memorandum.

“Bank of America Master Depository Account” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Counterparties—The Indenture Trustee may not have a perfected security interest in Collections commingled by the Servicer or Subservicer with other funds*” in this private placement memorandum.

“Bankruptcy Code” shall mean Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., as amended.

“Bankruptcy Loan” shall mean, to the extent reflected on the servicing systems of the Servicer, any Loan (a) with respect to which all or any portion of the Loan Principal Balance thereof has been discharged and has not been reaffirmed by the related Loan Obligor, or (b) the Loan Obligor of which has filed, or there has been filed against such Loan Obligor, voluntary or involuntary proceedings under the Bankruptcy Code or any other Debtor Relief Laws and such Loan has not been reaffirmed by the Loan Obligor in that proceeding.

“Beneficial Owners” shall have the meaning specified under the heading “*Description of the Notes—Book-Entry Notes and Definitive Notes*” in this private placement memorandum.

“Book-Entry Notes” shall have the meaning specified under the heading “*Description of the Notes—Book-Entry Notes and Definitive Notes*” in this private placement memorandum.

“Business Day” shall mean any day other than (a) a Saturday or Sunday or (b) any other day on which banking institutions in New York, New York, Minneapolis, Minnesota, Greer, South Carolina and Wilmington, Delaware or any other city in which the Corporate Trust Office of the Indenture Trustee or the Owner Trustee or the principal executive offices of the Servicer or the Depositor, as the case may be, are located, are authorized or obligated by law, executive order or governmental decree to be closed or on which the fixed income markets in New York, New York are closed.

“Cede” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Notes—Book-entry registration of the Notes may reduce their liquidity*” in this private placement memorandum.

“Central Lockbox” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing Centralization Period*” in this private placement memorandum.

“Certificate of Trust” shall mean the certificate of trust of the Trust, filed on April 2, 2018, with the Office of the Secretary of State of the State of Delaware pursuant to the Delaware Statutory Trust Statute.

“CFPB” shall have the meaning specified under the heading “*Risk Factors—Risks Related to Regulation—Financial regulatory reform has created uncertainty and could negatively impact Regional’s business, results of operations and financial condition*” in this private placement memorandum.

“Charged-Off Loan” shall mean any Loan (i) with respect to which a scheduled payment thereon remains unpaid for 180 days or more after the related due date for such payment or (ii) which has been charged-off (or should have been charged-off) or is deemed uncollectible, in each case, in accordance with the Credit and Collection Policy. The Loan Principal Balance of any Loan that becomes a “Charged-Off Loan” will be deemed to be zero as of the date it becomes a “Charged-Off Loan.”

“Class” shall mean the Class A Notes, the Class B Notes or the Class C Notes, as the context may require.

“Class A Interest Rate” shall mean 3.83% per annum.

“Class A Monthly Interest Amount” shall have the meaning specified under the heading “*Description of the Notes—Priority of Payments*” in this private placement memorandum.

“Class A Note” shall mean any one of the 3.83% Class A Notes executed by the Owner Trustee on behalf of the Issuer and authenticated by the Indenture Trustee in accordance with the terms of the Indenture.

“Class A Note Balance” shall have the meaning specified under the heading “*The Indenture—Direction by Noteholders*” in this private placement memorandum.

“Class A Noteholder” shall mean a Holder of a Class A Note.

“Class B Interest Rate” means 4.28% per annum.

“Class B Monthly Interest Amount” shall have the meaning specified under the heading “*Description of the Notes—Priority of Payments*” in this private placement memorandum.

“Class B Note” shall mean any one of the 4.28% Class B Notes executed by the Owner Trustee on behalf of the Issuer and authenticated by the Indenture Trustee, in accordance with the terms of the Indenture.

“Class B Note Balance” shall have the meaning specified under the heading “*The Indenture—Direction by Noteholders*” in this private placement memorandum.

“Class B Noteholder” shall mean a Holder of a Class B Note.

“Class C Interest Rate” means 4.87% per annum.

“Class C Monthly Interest Amount” shall have the meaning specified under the heading “*Description of the Notes—Priority of Payments*” in this private placement memorandum.

“Class C Note” shall mean any one of the 4.87% Class C Notes executed by the Owner Trustee on behalf of the Issuer and authenticated by the Indenture Trustee, in accordance with the terms of the Indenture.

“Class C Note Balance” shall have the meaning specified under the heading “*The Indenture—Direction by Noteholders*” in this private placement memorandum.

“Class C Noteholder” shall mean a Holder of a Class C Note.

“Closing Date” shall have the meaning specified on the front cover of this private placement memorandum.

“Collateral Maintenance Allocation” shall have the meaning specified under the heading “*Description of the Notes—Interest Payments and Principal Payments—Principal Payments*” in this private placement memorandum.

“Collection Account” shall have the meaning specified under the heading “*The Indenture—Collection Account; Principal Distribution Account*” in this private placement memorandum.

“Collection Period” shall mean, with respect to each Payment Date, the immediately preceding calendar month; *provided, however*, that the initial Collection Period will commence on the day immediately following the Initial Cut-Off Date and end on the last day of the calendar month immediately preceding the Initial Payment Date.

“Collections” shall mean all amounts collected on or in respect of the Loans after the applicable Cut-Off Date, including scheduled loan payments (whether received in whole or in part, whether related to a current, future or prior due date, whether paid voluntarily by a Loan Obligor or received in connection with the realization of the amounts due and to become due under any defaulted Loan or upon the sale of any property acquired in respect thereof), all partial prepayments, all full prepayments, recoveries, insurance proceeds or any other form of payment.

“Contract” shall mean, with respect to any Loan, the fully executed original, electronically authenticated original or authoritative copy (in each case, within the meaning of the UCC) of any non-revolving promissory note and security agreement or other form of large personal loan contract entered into by a Loan Obligor under which an extension of credit by a Regional Originator was made in the ordinary course of business of such Regional Originator, which contract contains the terms and conditions applicable to such Loan and any applicable Truth in Lending disclosure related thereto, in each case, as amended and in effect from time to time, including any related written allonges or extensions thereto.

“Contributed Assets” shall have the meaning specified under the heading “*The North Carolina Trust—Contributions of the North Carolina Loans into the North Carolina Trust*” in this private placement memorandum.

“Corporate Trust Office” shall have the meaning (a) when used in respect of the Owner Trustee, the address of the Owner Trustee at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attn: Corporate Trust Administration, and (b) when used in respect of the Indenture Trustee, the Image File Custodian or the Back-up Servicer, the address of the Indenture Trustee at Wells Fargo Center, 600 S. 4<sup>th</sup> Street, Minneapolis, Minnesota 55479, Attn: Asset Backed Securities Department.

“Covered Borrower” shall have the meaning specified under the heading “*Risk Factors—Risks Related to Regulation— The application of the Servicemembers Civil Relief Act or the Military Lending Act may lead to delays in payment or losses on the Notes*” in this private placement memorandum.

“CPR” shall have the meaning specified under the heading “*Prepayment and Yield Considerations*” in this private placement memorandum.

“Credit and Collection Policy” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing of Loans*” in this private placement memorandum.

“Custodian” shall mean the Servicer, in its capacity as custodian of the Contracts under the Sale and Servicing Agreement.

“Custodian Certification” shall have the meaning specified under the heading “*The Back-up Servicer and the Image File Custodian—Imaging of Loan Files*” in this private placement memorandum.

“Cut-Off Date” shall mean the Initial Cut-Off Date or any Additional Cut-Off Date, as applicable.

“DBRS” shall mean DBRS, Inc., or any successor.

“DC Circuit” shall have the meaning specified under the heading “*Risk Factors—Risks Related to Regulation— Financial regulatory reform has created uncertainty and could negatively impact Regional’s business, results of operations and financial condition*” in this private placement memorandum.

“Debtor Relief Laws” shall mean (i) the Bankruptcy Code and (ii) all other applicable liquidation, conservatorship, bankruptcy, moratorium, arrangement, receivership, insolvency, reorganization, suspension of payments, adjustment of debt, marshalling of assets or similar debtor relief laws of the United States, any state or any foreign country from time to time in effect affecting the rights of creditors generally.

“Definitive Notes” shall mean, for any Class, the Notes issued in fully registered, certificated form issued to the owners of such Class or their nominee.

“Delaware Statutory Trust Statute” shall mean Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. § 3801 et seq., as amended from time to time.

“Delinquent Loan” shall mean a Loan, other than a Charged-Off Loan, with respect to which a scheduled monthly payment thereon remains unpaid for 60 days or more from the related due date in accordance with the Credit and Collection Policy as reflected in the records of the Servicer or the applicable Subservicer.

“Delinquent Renewal” shall have the meaning specified under the heading “*Servicing Standards—Collection of Past Due Accounts*” in this private placement memorandum.

“Depositor” shall mean Regional Management Receivables III, LLC, a limited liability company formed and existing under the laws of the State of Delaware, and its permitted successors and assigns.

“Directing Holder” shall mean (i) so long as the Indenture shall not have terminated, the Required Noteholders, and (ii) in all other instances, the holder or holders of more than 50% of the voting power of the Beneficial Interests.

“Disqualification Event” shall have the meaning specified under the heading “*The Trust Agreement—Resignation or Removal of the Owner Trustee*” in this private placement memorandum.

“Diverted Funds” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Payments on Loans; Collection Account; Intercreditor Accounts*” in this private placement memorandum.

“Diverted Funds Holder” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Payments on Loans; Collection Account; Intercreditor Accounts*” in this private placement memorandum.

“Dodd-Frank Act” shall have the meaning specified under the heading “*Risk Factors—Risks Related to Regulation—Financial regulatory reform has created uncertainty and could negatively impact Regional’s business, results of operations and financial condition*” in this private placement memorandum.

“DOL” shall have the meaning specified under the heading “*ERISA Considerations*” in this private placement memorandum.

“Dollars,” “\$” or “U.S. \$” shall mean (a) U.S. dollars or (b) denominated in U.S. dollars.

“dominion period” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Counterparties—Replacement of the Servicer, inability to replace the Servicer or inability of the Subservicers to assist in servicing the Loans could result in reduced payments on the Notes*” in this private placement memorandum.

“DTC” shall have the meaning specified under the heading “*Description of the Notes—Book-Entry Notes and Definitive Notes*” in this private placement memorandum.

“DTCC” shall have the meaning specified under the heading “*Description of the Notes—Book-Entry Notes and Definitive Notes*” in this private placement memorandum.

“DTI” shall have the meaning specified under the heading “*Underwriting Standards—Debt-to-Income Ratio*” in this private placement memorandum.

“Early Amortization Event” shall have the meaning specified under the heading “*Description of the Notes—Interest Payments and Principal Payments—Principal Payments*” in this private placement memorandum.

“EHRI” shall have the meaning specified under the heading “*Credit Risk Retention—Description of the Retention Interest*” in this private placement memorandum.

“Electronic Chattel Paper Condition” shall mean the delivery to the Indenture Trustee of a legal opinion from a nationally recognized law firm to the effect that the Indenture Trustee’s security interest in any Loans that constitute electronic chattel paper under the UCC has been perfected by control pursuant to Section 9-105 of the UCC.

“electronic contract event” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Notes—There are risks to Noteholders because the Contracts will be held by the Servicer or Subservicer and not by any Secured Party*” in this private placement memorandum.

“electronic vault provider” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Notes—There are risks to Noteholders because the Contracts will be held by the Servicer or Subservicer and not by any Secured Party*” in this private placement memorandum.

“Eligible Deposit Account” shall have the meaning specified under the heading “*The Indenture—Collection Account; Principal Distribution Account*” in this private placement memorandum.

“Eligible Institution” shall have the meaning specified under the heading “*The Indenture—Collection Account; Principal Distribution Account*” in this private placement memorandum.

“Eligible Investments” shall mean book-entry securities, negotiable instruments or securities represented by instruments in bearer or registered form which have maturities of no later than the Business Day immediately prior to the next succeeding Payment Date (unless payable on demand, in which case such securities or instruments may mature on such next succeeding Payment Date) and which evidence:

- (a) direct obligations of, and obligations fully guaranteed as to timely payment by, the United States of America;
- (b) demand deposits, time deposits or certificates of deposit (having original maturities of no more than 365 days) of depository institutions or trust companies incorporated under the laws of the United States of America or any state thereof (or domestic branches of foreign banks) and subject to supervision and examination by federal or state banking or depository institution authorities; provided that at the time of the Issuer’s investment or contractual commitment to invest therein, the short-term debt rating of such depository institution or trust company will be rated “R-1(high)” or higher by DBRS;
- (c) commercial paper (having remaining maturities of no more than 30 days) having, at the time of the Issuer’s investment or contractual commitment to invest therein, a rating of “R-1(high)” or higher from DBRS;
- (d) investments in money market funds rated “AAAm” or higher by S&P and an equivalent rating by DBRS or otherwise approved in writing by DBRS, if rated by DBRS;
- (e) demand deposits, time deposits and certificates of deposit (having original maturities of no more than 365 days) which are fully insured by the Federal Deposit Insurance Corporation, having at the time of the Issuer’s investment or contractual commitment to invest therein, a rating of “A-1+” by S&P and an equivalent rating by DBRS;

(f) notes or bankers' acceptances (having original maturities of no more than 365 days) issued by any depository institution or trust company referred to in (b) above;

(g) time deposits, other than as referred to in clause (e) above (having original maturities of no more than 365 days), with a Person (i) the commercial paper of which is rated "A-1+" by S&P and an equivalent rating by DBRS or (ii) that has a long-term unsecured debt rating of "A-1+" or higher by S&P and an equivalent rating by DBRS; or

(h) any other investments approved in writing by DBRS.

Eligible Investments may be purchased by or through the Indenture Trustee or any of its Affiliates and may include proprietary funds offered or managed by Wells Fargo or an Affiliate thereof.

"Eligible Loan" shall mean a Loan that as of the applicable Cut-Off Date: (i) is not categorized as a Bankruptcy Loan, (ii) is either an interest-bearing loan or a Precompute Loan, (iii) has a fixed-rate of interest, (iv) is denominated in U.S. dollars, (v) the maturity date therefor had not occurred, (vi) is not a Delinquent Loan or a Charged-Off Loan, (vii) is not a Revolving Loan, (viii) was originated at a branch location of a Regional Originator in all material respects in accordance with the Credit and Collection Policy in effect as of the date of origination of such Loan, (ix) has an origination term of not more than 72 months, (x) in connection with the origination thereof, a Contract was created, (xi) is a Soft Secured Loan or a Hard Secured Loan, (xii) is not secured by real property, (xiii) has an Amount Financed greater than \$2,500 and less than \$20,000, (xiv) the collateral that secures such Loan had not been, and was not in the process of being, repossessed, (xv) is not an Extension Loan, (xvi) is not a Modified Contract, (xvii) has an original and current APR equal to or greater than 5.00% and equal to or less than 36.00%, (xviii) is not subject to litigation or legal proceedings, (xix) prior to the satisfaction of the Electronic Chattel Paper Condition, does not constitute "electronic chattel paper" within the meaning of the UCC, (xx) the Loan Obligor of which had a FICO® score at the time of origination of at least 525 (or, in the case of a Loan with two Loan Obligors, based on the higher of the two FICO® scores at origination) and (xxi) is not a Delinquent Renewal.

"Eligible Servicer" shall have the meaning specified under the heading "*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Rights Upon Servicer Default*" in this private placement memorandum.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Event of Default" shall have the meaning specified under the heading "*The Indenture—Events of Default*" in this private placement memorandum.

"Exchange Act" shall have the meaning specified under the heading "*Available Information*" in this private placement memorandum.

"Excluded Loan" shall have the meaning specified under the heading "*Description of the Loans—Loan Actions*" in this private placement memorandum.

"Extension Loan" shall mean, as of any date of determination, a personal loan with respect to which the time for payment of any scheduled monthly payment due under such personal loan has been extended for more than two months (in the aggregate) within the twelve-month period preceding such date of determination; *provided*, that if any payment extension in respect of a personal loan is granted due to the declaration of a state of emergency by the governor of the applicable State or the President of the United States, such extension shall not be counted for purposes of determining whether such personal loan constitutes an "Extension Loan."

"FATCA" shall have the meaning specified under the heading "*Certain U.S. Federal Income Tax Consequences—Tax Consequences to Holders of Notes in General—Foreign Account Tax Compliance Act*" in this private placement memorandum.

“FDIC” shall have the meaning specified under the heading “*Risk Factors—Risks Related to Regulation—Financial regulatory reform has created uncertainty and could negatively impact Regional’s business, results of operations and financial condition*” in this private placement memorandum.

“First Priority Principal Payment” shall have the meaning specified under the heading “*Description of the Notes—Priority of Payments*” in this private placement memorandum.

“Global Note” shall have the meaning specified under the heading “*Restrictions on Transfer*” in this private placement memorandum.

“Governmental Authority” shall mean any federal, state, municipal, national, local or other governmental department, court, commission, board, bureau, agency, intermediary, carrier or instrumentality or political subdivision thereof, or any entity or officer exercising executive, legislative, judicial, quasi-judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case, whether of the United States or a state, territory or possession thereof, a foreign sovereign entity or country or jurisdiction or the District of Columbia.

“Hard Secured Loan” shall mean a Loan that is, as of the date of the origination thereof, secured by a lien on one or more Titled Assets.

“Image File Custodian” shall mean Wells Fargo, not in its individual capacity but solely in its capacity as image file custodian under the Back-up Servicing Agreement, its successors in interest and any successor image file custodian under the Back-up Servicing Agreement.

“Image File Custodian Fee” shall mean (i) a one-time fee of \$2.10 for each Imaged File delivered to the Image File Custodian pursuant to the Back-up Servicing Agreement, (ii) a monthly fee of \$0.10 for each Imaged File in the Image File Custodian’s custody pursuant to the Back-up Servicing Agreement, payable beginning in August 2018, and (iii) a one-time fee of \$1.00 for each Imaged File released from the Image File Custodian’s custody pursuant to the Back-up Servicing Agreement.

“Imaged File” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Imaging of Loan Files*” in this private placement memorandum.

“Imaged File Review” shall have the meaning specified under the heading “*The Back-up Servicer and the Image File Custodian*” in this private placement memorandum.

“Indenture” shall mean the Indenture, to be dated as of the Closing Date, among the Issuer, the Account Bank, the Indenture Trustee and the Servicer, as the same may be amended, supplemented or otherwise modified from time to time.

“Indenture Trustee” shall mean Wells Fargo Bank, National Association, in its capacity as indenture trustee under the Indenture, its successors in interest and any successor indenture trustee under the Indenture.

“Initial Beneficiary” shall have the meaning specified under the heading “*The North Carolina Trust*” in this private placement memorandum.

“Initial Cut-Off Date” shall mean May 31, 2018.

“Initial Loan” shall mean (a) with respect to the Loan Purchase Agreement, each non-revolving personal loan that is sold to the Depositor pursuant to the Loan Purchase Agreement on the Closing Date, (b) with respect to the Sale and Servicing Agreement, each non-revolving personal loan that is acquired by the Issuer pursuant to the Sale and Servicing Agreement on the Closing Date and (c) with respect to the 2018-1A SUBI Supplement, each non-revolving personal loan that is allocated to the 2018-1A SUBI on the Closing Date.

“Initial Loan Pool” shall mean the Loan Pool as of the Initial Cut-Off Date.

“Initial Note Balance” shall mean \$150,000,000.

“Initial Payment Date” shall have the meaning specified under the heading “*Summary Information—Payment Dates.*”

“Initial Pool Loans” shall mean the Loans included in the Initial Loan Pool.

“Initial Processing” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Counterparties—The Indenture Trustee may not have a perfected security interest in Collections commingled by the Servicer or Subservicer with other funds*” in this private placement memorandum.

“Initial Purchasers” shall mean Credit Suisse Securities (USA) LLC and Wells Fargo Securities, LLC.

“Insolvency Event” with respect to any Person, shall occur if (a) such Person shall file a petition or commence a Proceeding (i) to take advantage of any Debtor Relief Law or (ii) for the appointment of a trustee, conservator, receiver, liquidator, or similar official for or relating to such Person or all or substantially all of its property, or for the winding up or liquidation of its affairs, (b) such Person shall consent or fail to object to any such petition filed or Proceeding commenced against or with respect to it or all or substantially all of its property, or any such petition or Proceeding shall not have been dismissed or stayed within sixty (60) days of its filing or commencement, or a court, agency, or other supervisory authority with jurisdiction shall have decreed or ordered relief with respect to any such petition or Proceeding, (c) such Person shall admit in writing its inability to pay its debts generally as they become due, (d) such Person shall make an assignment for the benefit of its creditors, (e) such Person shall voluntarily suspend payment of its obligations, or (f) such Person shall take any action in furtherance of any of the foregoing.

“Intercreditor Accounts” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Counterparties—The Indenture Trustee may not have a perfected security interest in Collections commingled by the Servicer or Subservicer with other funds*” in this private placement memorandum.

“Intercreditor Agreement” shall mean that certain Second Amended and Restated Intercreditor Agreement, dated as of June 20, 2017, by and among Regional Management, Bank of America, N.A., as agent, the Intercreditor Collateral Agent, Regional Management, as servicer under the Term Loan and Warehouse Facility, Wells Fargo Securities, LLC, as administrative agent under the Term Loan, Wells Fargo Bank, National Association, as pre-approved Third Party Allocation Agent, the Term Loan Borrower, as special purpose subsidiary for the Term Loan, the Warehouse Borrower, as special purpose subsidiary for the Warehouse Facility, Regional Management, Regional Finance Corporation of South Carolina, Regional Finance Corporation of Georgia, Regional Finance Corporation of Texas, Regional Finance Corporation of North Carolina, Regional Finance Corporation of Alabama, Regional Finance Corporation of Tennessee, Regional Finance Company of Oklahoma, LLC, Regional Finance Company of New Mexico, LLC, Regional Finance Company of Missouri, LLC, Regional Finance Company of Georgia, LLC, Regional Finance Company of Mississippi, LLC, Regional Finance Company of Louisiana, LLC, RMC Financial Services of Florida, LLC, Regional Finance Company of Kentucky, LLC and Regional Finance Company of Virginia, LLC, as Regional borrowers, Credit Recovery Associates, Inc. and Upstate Motor Company, as guarantors of the Regional borrowers, and any trustee, custodian, collateral agent, paying agent or any other person authorized on behalf of a Related Secured Party.

“Intercreditor Collateral Agent” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Payments on Loans; Collection Account; Intercreditor Accounts*” in this private placement memorandum.

“Intercreditor Security Agreement” shall mean that certain Amended and Restated Security Agreement, dated as of June 20, 2017, by and among Regional Management, Regional Finance Corporation of South Carolina, Regional Finance Corporation of Georgia, Regional Finance Corporation of Texas, Regional Finance Corporation of North Carolina, Regional Finance Corporation of Alabama, Regional Finance Corporation of Tennessee, Regional Finance Company of Oklahoma, LLC, Regional Finance Company of New Mexico, LLC, Regional Finance Company of Missouri, LLC, Regional Finance Company of Georgia, LLC, Regional Finance Company of Mississippi, LLC, Regional Finance Company of Louisiana, LLC, RMC Financial Services of Florida, LLC, Regional Finance Company

of Kentucky, LLC and Regional Finance Company of Virginia, LLC, as ABL borrowers, Credit Recovery Associates, Inc., as guarantor, the Term Loan Borrower, the Warehouse Borrower and each additional grantor that is a signatory or become signatory thereunder, as entered into for the benefit of the Intercreditor Collateral Agent, as collateral agent for the Lender Agents.

“Interest Collections” shall mean, with respect to any period, the sum of the aggregate amount of Collections in respect of interest during such period on all Loans.

“Interest Period” shall mean, for each Class of Notes and with respect to any Payment Date, the period from and including the Payment Date immediately preceding such Payment Date to but excluding such Payment Date (or, in the case of the Initial Payment Date, the period from and including the Closing Date to but excluding such Payment Date).

“Interest Rate” shall mean, with respect to the Class A Notes, the Class A Interest Rate, with respect to the Class B Notes, the Class B Interest Rate, and with respect to the Class C Notes, the Class C Interest Rate.

“Internal Revenue Code” shall mean the Internal Revenue Code of 1986, as amended.

“Investment Company Act” shall mean the Investment Company Act of 1940, as amended.

“IRS” shall mean the Internal Revenue Service.

“Issuer” shall mean Regional Management Issuance Trust 2018-1, a statutory trust organized and existing under the laws of the State of Delaware, and its permitted successors and assigns.

“Issuer Loan Release” shall have the meaning specified under the heading “*Description of the Loans—Loan Actions*” in this private placement memorandum.

“Issuer Order” shall mean a written order or request signed in the name of the Issuer by an Authorized Officer and delivered to the Indenture Trustee.

“Lender Agents” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Payments on Loans; Collection Account; Intercreditor Accounts*” in this private placement memorandum.

“Lien” shall mean, with respect to any property, any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, equity interest, encumbrance, lien (statutory or other), preference, participation interest, priority or other security agreement or preferential arrangement of any kind or nature whatsoever relating to that property, including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing and the filing of any financing statement under the UCC or comparable law of any jurisdiction to evidence any of the foregoing.

“Loan” shall mean any Initial Loan or Additional Loan, but excluding any Loan that has been reassigned to the Seller (or in the case of the 2018-1A SUBI Loans, reallocated from the 2018-1A SUBI to the UTI or another SUBI by the Servicer in accordance with the 2018-1A SUBI Supplement) pursuant to the Loan Purchase Agreement or otherwise in accordance with the Transaction Documents. Unless otherwise qualified herein, all references to “Loan” shall include the 2018-1A SUBI Loans allocated to the 2018-1A SUBI by the Servicer in accordance with the 2018-1A SUBI Supplement.

“Loan Action” shall have the meaning specified under the heading “*Description of the Loans—Loan Actions*” in this private placement memorandum.

“Loan Action Date” shall mean any Payment Date.

“Loan Action Date Aggregate Principal Balance” shall mean, for any Loan Action Date, the aggregate Loan Action Date Loan Principal Balance for all Loans in the Loan Action Date Loan Pool for such Loan Action Date.

“Loan Action Date Loan Pool” shall mean, for any Loan Action Date, all Loans that (a) constitute part of the Trust Estate and are not Charged-Off Loans, in each case, as of the end of the Collection Period immediately preceding such Loan Action Date; (b) are added to the Trust Estate on such Loan Action Date; (c) do not cease to be part of the Trust Estate as a result of any Loan Actions on such Loan Action Date; and (d) are not, following the Loan Actions to be taken on such Loan Action Date, designated as Excluded Loans.

“Loan Action Date Loan Principal Balance” shall mean, for any Loan and any Loan Action Date, the Loan Principal Balance of such Loan as of the close of business on the last day of the Collection Period immediately preceding such Loan Action Date.

“Loan Level Representations” shall have the meaning set forth under the heading “*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases—Loan Level Representations and Warranties*” in this private placement memorandum.

“Loan Obligor” shall mean any borrower, co-borrower, guarantor, or other obligor with respect to a Loan. In respect of each Loan, if there is more than one Loan Obligor (husband and wife, for example), references herein to Loan Obligor shall mean any or all of such Loan Obligors, as the context may require.

“Loan Pool” shall have the meaning specified under the heading “*Summary Information—Initial Loan Pool*” in this private placement memorandum.

“Loan Principal Balance” shall mean as of any determination date with respect to (a) a Loan other than a Precompute Loan, the outstanding principal balance of such Loan and (b) a Loan that is a Precompute Loan, the calculated principal balance of such Precompute Loan, which is the result of (x) the remaining unpaid amount due in respect of such Precompute Loan minus (y) the unearned interest on such Precompute Loan calculated on an accrual basis, *provided*, that the Loan Principal Balance of any Loan a portion of which has been charged-off in accordance with the Credit and Collection Policy shall be reduced by the portion so charged-off.

“Loan Purchase Agreement” shall mean the Loan Purchase Agreement, to be dated as of the Closing Date, between the Seller and the Depositor, as amended, restated, supplemented or otherwise modified from time to time.

“Loan Schedule” shall mean a complete schedule prepared by the Servicer on behalf of the Seller and the Depositor identifying all Loans sold by the Seller to the Depositor (or in the case of the 2018-1A SUBI Loans, allocated to the 2018-1A SUBI by the Servicer in accordance with the 2018-1A SUBI Supplement) on the initial Closing Date, and which Loans, in turn, are sold by the Depositor to the Issuer on the initial Closing Date, as such schedule is updated or supplemented from time to time, including, without limitation, in connection with any Additional Loan Assignment or any reassignment (or in the case of the 2018-1A SUBI Loans, reallocation of such 2018-1A SUBI Loans from the 2018-1A SUBI to the UTI or another SUBI) pursuant to the Sale and Servicing Agreement or the 2018-1A SUBI Supplement, as applicable. The Loan Schedule may take the form of a computer file, or another tangible medium that is commercially reasonable. The Loan Schedule shall identify each Loan by loan number, Loan Principal Balance as of the applicable Cut-Off Date, branch code, Loan origination date, and the applicable Regional Originator.

“MLA” shall have the meaning specified under the heading “*Risk Factors—Risks Related to Regulation—The application of the Servicemembers Civil Relief Act or the Military Lending Act may lead to delays in payment or losses on the Notes*” in this private placement memorandum.

“Modified Contract” shall mean a personal loan which, at any time, was in default and which default was cured by adjusting or amending the contract terms or accepting a reduced payment, other than a personal loan that was modified in connection with an insolvency proceeding under Chapter 13 of the Bankruptcy Code.

“Monthly Data Tape” shall mean the electronic files containing the information necessary for the Servicer to prepare the Monthly Servicer Report.

“Monthly Determination Date” shall mean, with respect to any Payment Date, the date that is two (2) Business Days prior to such Payment Date.

“Monthly Net Loss Percentage” shall mean, for any Monthly Determination Date, the product of (i) the quotient (expressed as a percentage) of (I) the sum of (x) the aggregate Loan Principal Balance of all Loans that became Charged-Off Loans during the related Collection Period, plus (y) the aggregate amount by which the Loan Principal Balance of any Loans (other than Charged-Off Loans) were reduced due to being charged-off in accordance with the Credit and Collection Policy during the related Collection Period, minus (z) the aggregate amount of Monthly Recoveries collected during the related Collection Period and (II) the Adjusted Loan Principal Balance of all Loans in the Trust Estate as of the close of business on the day immediately prior to the commencement of such Collection Period times (ii) twelve (12).

“Monthly Recoveries” shall mean, without duplication, with respect to any Loan, any amounts (up to the aggregate principal balance of such Loan that has been charged-off in accordance with the Credit and Collection Policy) actually collected that, in accordance with the Credit and Collection Policy in effect at the time of such collection, constitute recoveries of amounts that were previously charged-off with respect to such Loan.

“Monthly Servicer Report” shall have the meaning specified under the heading “*The Indenture—Reports to Noteholders*” in this private placement memorandum.

“North Carolina Loans” shall have the meaning specified under the heading “*Summary Information—Relevant Parties—Seller*” in this private placement memorandum.

“North Carolina Trust” shall mean Regional Management North Carolina Receivables Trust, a Delaware statutory trust.

“North Carolina Trust Agreement” shall mean the Second Amended and Restated Trust Agreement to be dated as of the Closing Date, by and between Regional North Carolina, as settlor and initial beneficiary and Wilmington Trust, National Association, as UTI trustee, Delaware trustee and Administrative Trustee.

“North Carolina Trust Assets” shall have the meaning specified under the heading “*The North Carolina Trust—Property of the North Carolina Trust*” in this private placement memorandum.

“North Carolina Trustees” shall have the meaning specified under the heading “*The Owner Trustee and the North Carolina Trustees*” in this private placement memorandum.

“Nortridge” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to Regional’s Business and Operations—A failure of information technology products and systems on which Regional relies could disrupt its business and its efforts to collect on the Loans*” in this private placement memorandum.

“Note Account” shall mean the Collection Account, the Principal Distribution Account or the Reserve Account, as applicable.

“Note Balance” with respect to any class of Notes shall initially mean the initial principal balance thereof, and thereafter shall equal such initial principal balance reduced by all previous payments to the applicable Noteholders in respect of the principal of such Class that have not been rescinded.

“Note Purchase Agreement” shall mean that certain Note Purchase Agreement to be dated on or about the date of this private placement memorandum, among the Depositor, Regional Management and the Initial Purchasers.

“Note Register” shall mean the register maintained pursuant to the Indenture in which the Notes are registered.

“Note Registrar” shall mean the entity (which shall either by the Indenture Trustee or an entity appointed by the Indenture Trustee) which acts as note registrar and in such capacity shall provide for the registration of Notes, and transfers and exchanges of Notes as provided in the Indenture.

“Noteholder” or “Holder” shall mean the Person in whose name a Note is registered in the Note Register, or such other Person deemed to be a “Noteholder” or “Holder” pursuant to the Indenture.

“Notes” shall mean the Class A Notes, the Class B Notes or the Class C Notes issued by the Issuer pursuant to the Indenture and described in this private placement memorandum, as the context may require.

“Notes Table” shall refer to the notes table on page 7 in this private placement memorandum.

“NRSROs” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Notes—The ratings on the Notes may not accurately reflect their risks, and ratings could be reduced or withdrawn*” in this private placement memorandum.

“Officer’s Certificate” shall mean, except to the extent otherwise specified, a certificate signed by an Authorized Officer of the Issuer, the Depositor, the Servicer, the Seller or the Indenture Trustee, as applicable.

“OID” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Notes—Some or all of the Notes may be issued with original issue discount*” in this private placement memorandum.

“OLA” shall have the meaning specified under the heading “*Certain Legal Aspects of the Loans—FDIC’s Avoidance Power under OLA.*”

“Opinion of Counsel” shall mean a written opinion of counsel, who may be counsel for, or an employee of, the Person providing the opinion and who shall be reasonably acceptable to the Person to whom the opinion is to be provided; *provided, however*, that any Tax Opinion or other opinion relating to U.S. federal income tax matters shall be an opinion of nationally recognized tax counsel experienced in the matters to which such Tax Opinion relates.

“Optional Call” shall have the meaning specified under the heading “*Description of the Notes—Servicer Clean-Up Call and Optional Call*” in this private placement memorandum.

“Optional Call Amount” shall have the meaning specified under the heading “*Description of the Notes—Servicer Clean-Up Call and Optional Call*” in this private placement memorandum.

“Optional Purchase” shall have the meaning specified under the heading “*Description of the Notes—Servicer Clean-Up Call and Optional Call*” in this private placement memorandum.

“Outstanding” shall have the meaning specified under the heading “*The Indenture—Direction by Noteholders*” in this private placement memorandum.

“Overcollateralization Event” shall have the meaning specified under the heading “*Description of the Loans—Loan Actions*” in this private placement memorandum.

“Owner Trustee” shall mean Wilmington Trust, National Association, not in its individual capacity but solely in its capacity as owner trustee under the Trust Agreement, its successors in interest and any successor owner trustee under the Trust Agreement.

“Owner Trustee Indemnified Parties” shall have the meaning specified under the heading “*The Trust Agreement—Compensation of the Owner Trustee; Indemnification of the Owner Trustee*” in this private placement memorandum.

“Participants” shall have the meaning specified under the heading “*Description of the Notes—Book-Entry Notes and Definitive Notes*” in this private placement memorandum.

“Parties in Interest” shall have the meaning specified under the heading “*ERISA Considerations*” in this private placement memorandum.

“Payment Date” shall mean the 15<sup>th</sup> day of each calendar month, or if such 15<sup>th</sup> day is not a Business Day, the next succeeding Business Day, beginning on August 15, 2018.

“Perfection Representations” shall have the meaning specified under the heading “*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases—Loan Level Representations and Warranties*” in this private placement memorandum.

“Permitted Payment Location” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing Centralization Period*” in this private placement memorandum.

“Permitted Transferee” shall have the meaning specified under the heading “*The Trust Agreement—Assignment of Trust Certificate*” in this private placement memorandum.

“Person” shall mean any legal person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, governmental entity or other entity of any nature.

“Plans” shall have the meaning specified under the heading “*ERISA Considerations*” in this private placement memorandum.

“Plan Assets” shall have the meaning specified under the heading “*ERISA Considerations*” in this private placement memorandum.

“Plan Fiduciary” shall have the meaning specified under the heading “*ERISA Considerations*” in this private placement memorandum.

“Precompute Loan” shall mean any Loan reflected as a precompute loan on the records of the Servicer or the applicable Subservicer.

“Principal Distribution Account” shall have the meaning specified under the heading “*The Indenture—Collection Account; Principal Distribution Account*” in this private placement memorandum.

“Priority of Payments” shall have the meaning specified under the heading “*Description of the Notes—Priority of Payments*” in this private placement memorandum.

“Proceeding” shall mean any suit in equity, action at law or other judicial or administrative proceeding.

“Processed Collections” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Counterparties—The Indenture Trustee may not have a perfected security interest in Collections commingled by the Servicer or Subservicer with other funds*” in this private placement memorandum.

“PTCE” shall have the meaning specified under the heading “*ERISA Considerations*” in this private placement memorandum.

“Purchase Agreement” shall mean the Purchase Agreement, to be dated as of the Closing Date, between Regional Management and the Warehouse Facility Borrower.

“Purchase Price” shall have the meaning specified under the heading “*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases—Conveyance of Initial Loans on the Closing Date*” in this private placement memorandum.

“Purchased Assets” shall have the meaning specified under the heading “*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases—Conveyance of Initial Loans on the Closing Date*” in this private placement memorandum.

“Purchased Notes” shall have the meaning specified on the cover page in this private placement memorandum.

“QIB” shall mean a “qualified institutional buyer” as defined in Rule 144A.

“Rating Agency” shall mean DBRS.

“Rating Agency Notice Requirement” shall mean, with respect to any action, that the Rating Agency shall have received ten (10) days’ prior written notice thereof and shall not have notified the Depositor, the Servicer, the Owner Trustee or the Indenture Trustee in writing (including by means of a press release) within such 10-day period that such action will result in a reduction or withdrawal of the then existing rating of the Notes.

“Reassigned Loan” shall have the meaning specified under the heading “*Description of the Loans—Loan Actions*” in this private placement memorandum.

“Reassignment Price” shall mean, with respect to any Reassigned Loan, an amount equal to the greater of (a) the fair market value of such Reassigned Loan, which shall be determined as of the close of business on the day prior to the related Loan Action Date on which such reassignment is to occur, or (b) the outstanding principal amount of such Reassigned Loan together with all accrued and unpaid interest thereon to, but excluding, the related Loan Action Date on which such reassignment is to occur.

“Recipient Lender Agent” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreements—Payments on Loans; Collection Account; Intercreditor Accounts*” in this private placement memorandum.

“Record Date” shall mean, with respect to any Payment Date, the last Business Day of the calendar month immediately preceding the calendar month during which such Payment Date occurs; provided, that the first Record Date shall be the Closing Date.

“Redeeming Party” shall have the meaning specified under the heading “*Description of the Notes—Servicer Clean-Up Call and Optional Call*” in this private placement memorandum.

“Redemption Date” shall have the meaning specified under the heading “*Description of the Notes—Servicer Clean-Up Call and Optional Call*” in this private placement memorandum.

“Redemption Price” shall have the meaning specified under the heading “*Description of the Notes—Servicer Clean-Up Call and Optional Call*” in this private placement memorandum.

“Regional” shall mean Regional Management, together with the Regional Originators.

“Regional Management” shall mean Regional Management Corp., a Delaware corporation.

“Regional North Carolina” shall mean Regional Finance Corporation of North Carolina, a North Carolina corporation.

“Regional Originators” shall mean Regional Finance Corporation of Alabama, an Alabama corporation, Regional Finance Company of Georgia, LLC, a Delaware limited liability company, Regional Finance Company of New Mexico, LLC, a Delaware limited liability company, Regional Finance Corporation of North Carolina, a North Carolina corporation, Regional Finance Company of Oklahoma, LLC, a Delaware limited liability company, Regional Finance Corporation of South Carolina, a South Carolina corporation, Regional Finance Corporation of Tennessee, a Tennessee corporation, Regional Finance Corporation of Texas, a Texas corporation, and Regional Finance Company

of Virginia, LLC, a Delaware limited liability company, and any additional Regional Affiliate that may originate Loans from the time after the Closing Date and prior to the end of the Revolving Period.

“Regular Principal Payment Amount” shall have the meaning specified under the heading “*Description of the Notes—Priority of Payments*” in this private placement memorandum.

“Regulation RR” shall have the meaning specified under the heading “*Credit Risk Retention*” in this private placement memorandum.

“Reinvestment Criteria Event” shall have the meaning specified under the heading “*Description of the Loans—Loan Actions*” in this private placement memorandum.

“Related Collateral” shall have the meaning specified under the heading “*The 2018-1A Security Agreement*” in this private placement memorandum.

“Related Loan Assets” shall mean, with respect a Loan, the right to receive Collections in respect of such Loan from and after the applicable Cut-Off Date, the related Contract (including the right to service such Loan in connection therewith), any accounts or obligations evidenced thereby, any guarantee thereof, all liquidation proceeds thereof, all loan files, servicer files, and the documents, agreements and instruments included in the loan files and servicer files with respect thereto, all records, documents and writings evidencing or related to such Loan or the related Contract, all guaranties, indemnities, warranties, insurance (and proceeds and premium refunds thereof), payments and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Loan, whether pursuant to the related Contract or otherwise, to the extent of the related Person’s interest therein, if any, together with all financing statements and security agreements describing any collateral securing such Loan, all deposit accounts, monies, deposits, funds, accounts and instruments relating to the foregoing, and all income, products, accessions and proceeds of the foregoing.

“Related Secured Party” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Payments on Loans; Collection Account; Intercreditor Accounts*” in this private placement memorandum.

“Relief Act” shall have the meaning specified under the heading “*Risk Factors—Risks Related to Regulation— The application of the Servicemembers Civil Relief Act or the Military Lending Act may lead to delays in payment or losses on the Notes*” in this private placement memorandum.

“Repurchase Price” shall mean an amount equal to the Purchase Price paid for such Loan (or in the case of a 2018-1A SUBI Loan, the amount paid in consideration for the allocation of such Loan to the 2018-1A SUBI) as of the Closing Date or the related Addition Date, as applicable, less any Collections representing payment of principal received by the Issuer since the date of the purchase of such Loan (or in the case of a 2018-1A SUBI Loan, allocation to the 2018-1A SUBI), plus any out-of-pocket costs incurred by the Servicer, the Depositor or the Issuer, as applicable, in connection with such repurchase or reallocation.

“Required Noteholders” shall mean, at any time, the Holders of Notes evidencing more than 50% of the Outstanding Notes.

“Required Overcollateralization Amount” shall mean \$18,540,824.89.

“Requirements of Law” shall mean, for any Person, (a) any certificate of incorporation, certificate of formation, articles of association, bylaws, limited liability company agreement, or other organizational or governing documents of that Person and (b) any law, treaty, statute, regulation, or rule, or any determination by a Governmental Authority or arbitrator, that is applicable to or binding on that Person or to which that Person is subject. This term includes usury laws, the Truth in Lending Act, and Regulation Z and Regulation B of the Board of Governors of the Federal Reserve System.

“Reserve Account” shall have the meaning specified under the heading “*Description of the Notes—Reserve Account*” in this private placement memorandum.

“Reserve Account Required Amount” shall mean with respect to the Closing Date and any Payment Date an amount equal to \$1,685,408.25.

“Residual Interest” shall have the meaning specified under the heading “*Credit Risk Retention—Description of the Retention Interest*” in this private placement memorandum.

“Responsible Officer” shall mean, with respect to the Indenture Trustee, the Back-up Servicer, the Image File Custodian or the Owner Trustee, any officer within the Corporate Trust Office of such Person, as applicable, as the case may be, including any Vice President, Assistant Vice President, Assistant Treasurer, Assistant Secretary, or any other officer of such Person, as applicable, customarily performing functions similar to those performed by any of the above designated officers, and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer’s knowledge of and familiarity with the particular subject, in each case having direct responsibility for the administration of the Indenture and the other Transaction Documents on behalf of such Person, as applicable.

“Revolving Loan” shall mean any Loan which (a) is reflected as a “revolving loan” on the records of the Servicer or the applicable Subservicer and (b) arises under an account pursuant to which a Loan Obligor may request future advances or draws pursuant to the applicable Contract.

“Revolving Period” shall mean the period beginning at the close of business on the Closing Date and ending on the close of business on the earlier of (a) the Revolving Period Termination Date and (b) the close of business on the Business Day immediately preceding the day on which an Early Amortization Event or an Event of Default is deemed to have occurred; *provided*, that the Revolving Period shall be reinstated upon the occurrence of either of the following: (x) (i) the Revolving Period terminated due to the occurrence of an Early Amortization Event under clause (a) of the definition thereof, and such Early Amortization Event shall have been cured as of three (3) consecutive Monthly Determination Dates and (ii) no other event that would have caused the Revolving Period to terminate shall have occurred on or prior to, and be continuing as of, such reinstatement; or (y) (i) the Revolving Period terminated due to the occurrence of an Early Amortization Event under clause (b) of the definition thereof, and there subsequently occurs a Payment Date with respect to which no Reinvestment Criteria Event exists and (ii) no other event that would have caused the Revolving Period to terminate shall have occurred on or prior to, and be continuing as of, such reinstatement; *provided, further* that, in the event that the Revolving Period is reinstated on any Monthly Determination Date, such reinstatement shall be given effect for purposes of determining any distributions and allocations to occur on the Payment Date following such Monthly Determination Date pursuant to the Priority of Payments and other distribution provisions of the Indenture. For purposes of this definition, “cured” shall mean that the circumstances that would constitute an Early Amortization Event do not exist.

“Revolving Period Termination Date” shall mean the close of business on June 30, 2020.

“Rule 144A” shall mean Rule 144A promulgated under the Securities Act.

“Rule 144A Global Note” shall have the meaning specified under the heading “*Restrictions on Transfer*” in this private placement memorandum.

“Rule 144A Note” shall mean any offered and sold to a QIB pursuant to Rule 144A of the Securities Act.

“Rule 17g-5” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Notes—The ratings on the Notes may not accurately reflect their risks, and ratings could be reduced or withdrawn*” in this private placement memorandum.

“Rules” shall have the meaning specified under the heading “*Description of the Notes—Book-Entry Notes and Definitive Notes*” in this private placement memorandum.

“S&P” shall mean Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business, and its successors.

“Sale and Servicing Agreement” shall mean the Sale and Servicing Agreement, to be dated as of the Closing Date, among the Depositor, the Servicer, the Subservicers, the Issuer, and the North Carolina Trust as amended, restated, supplemented or otherwise modified from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Second Priority Principal Payment” shall have the meaning specified under the heading “*Description of the Notes—Priority of Payments*” in this private placement memorandum.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Seller” shall mean Regional Management.

“Servicer” shall mean (i) initially Regional Management, in its capacity as Servicer pursuant to the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement and any Person that becomes the successor thereto pursuant to the Sale and Servicing Agreement, and (ii) after any Servicing Transfer Date, the Successor Servicer.

“Servicer Defaults” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicer Defaults*” in this private placement memorandum.

“Servicing Assumption Date” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Assumption of Servicing by the Back-up Servicer*” in this private placement memorandum.

“Servicing Centralization Period” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing Centralization Period*” in this private placement memorandum.

“Servicing Centralization Period Notice” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing Centralization Period*” in this private placement memorandum.

“Servicing Centralization Trigger Event” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing Centralization Period*” in this private placement memorandum.

“Servicing Fee” shall have the meaning specified under the heading “*Summary Information—Description of Notes—Fees and Expenses*” in this private placement memorandum.

“Servicing Transfer” shall mean that all authority and power of the Servicer under the Sale and Servicing Agreement shall have passed to and been vested in the Successor Servicer appointed by the Indenture Trustee pursuant to the Sale and Servicing Agreement.

“Servicing Transfer Date” shall mean the date on which a Successor Servicer has assumed all of the duties and obligations of the Servicer under the Sale and Servicing Agreement and the 2018-1A SUBI Servicing Agreement (other than in the case of the Back-up Servicer, any such duty or obligation that it is not required to assume under the terms of the Back-up Servicing Agreement, the Sale and Servicing Agreement or the 2018-1A SUBI Servicing Agreement, as applicable) after the resignation or termination of the Servicer.

“Servicing Transfer Notice” shall mean a written notice substantially in the applicable form attached to the Back-up Servicing Agreement from the Indenture Trustee to the Back-up Servicer.

“Servicing Transition Costs” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Servicing and Other Compensation and Payment of Expenses*” in this private placement memorandum.

“Servicing Transition Period” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Assumption of Servicing by the Back-up Servicer*” in this private placement memorandum.

“Settlement” shall have the meaning specified under the heading “*Servicing Standards—Collection of Past Due Accounts*” in this private placement memorandum.

“Similar Law” shall mean any non-U.S., federal, state or local law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

“Soft Secured Loan” shall mean a Loan that is, as of the date of the origination thereof, secured by untitled assets, including but not limited to, personal property, such as furniture, electronic equipment or other household goods, subject to limitations imposed by applicable law on the taking of non-purchase money security interests in such items.

“Sold Assets” shall have the meaning specified under the heading “*Description of the Loans—Conveyances and Assignment of Loans; Representations and Warranties; Repurchase Obligations, Exclusions and Releases—Conveyance of Initial Loans on the Closing Date*” in this private placement memorandum.

“State” shall mean any of the fifty (50) states in the United States of America or the District of Columbia.

“Stated Maturity Date” shall mean with respect to each Class of Notes, July 15, 2027.

“SUBI” shall mean special beneficial unit of interest.

“SUBI Assets” shall have the meaning specified under the heading “*The North Carolina Trust Documents—SUBIs*” in this private placement memorandum.

“SUBI Certificate” shall have the meaning specified under the heading “*The North Carolina Trust Documents—SUBIs*” in this private placement memorandum.

“SUBI Certificate Purchase Agreement” shall mean the SUBI Certificate Purchase Agreement, to be dated as of the Closing Date, between Regional North Carolina and Regional Management.

“SUBI Portfolio” shall have the meaning specified under the heading “*The North Carolina Trust Documents—SUBIs*” in this private placement memorandum.

“Subservicer” shall have the meaning specified under the heading “*Summary Information—Relevant Parties—Subservicers*” in this private placement memorandum.

“Successor Servicer” shall mean the successor servicer appointed in accordance with the Sale and Servicing Agreement.

“Subsequent Hypothetical Pool of Loans” shall have the meaning specified under the heading “*Prepayment and Yield Considerations*” in this private placement memorandum.

“tangible contract event” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Notes—There are risks to Noteholders because the Contracts will be held by the Servicer or Subservicer and not by any Secured Party*” in this private placement memorandum.

“Tax Opinion” shall mean, with respect to any action, an Opinion of Counsel to the effect that, for U.S. federal income tax purposes, (a) such action will not adversely affect the tax characterization as debt of any Note of any Outstanding Class with respect to which an Opinion of Counsel was delivered at the time of its original issuance as to the characterization of such Note as debt for U.S. federal income tax purposes (it being understood that any such Opinion of Counsel shall not be required to provide any greater level of assurance regarding the tax characterization of any Class of Notes than was provided in the original Opinion of Counsel with respect to such Class), (b) such action will not cause or constitute an event in which gain or loss would be recognized by the Holder of any Class of Notes with respect to which an Opinion of Counsel was delivered at the time of original issuance to the effect that such Notes would be characterized as debt for U.S. federal income tax purposes (it being understood that no such Opinion of Counsel shall be required with respect to Notes as to which no Opinion of Counsel for U.S. federal income tax purposes was delivered), and (c) such action will not cause the Issuer to be classified as an association (or publicly traded partnership) taxable as a corporation.

“Term Loan” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Counterparties—Potential conflicts of interest relating to the Initial Purchasers, including with respect to the Warehouse Facility*” in this private placement memorandum.

“Term Loan Borrower” shall mean Regional Management Receivables, LLC.

“Termination Notice” shall have the meaning specified under the heading “*The Sale and Servicing Agreement and the Back-up Servicing Agreement—Rights Upon Servicer Default*” in this private placement memorandum.

“Third Priority Principal Payment” shall have the meaning specified under the heading “*Description of the Notes—Priority of Payments*” in this private placement memorandum.

“Third Party Allocation Agent” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Counterparties—Replacement of the Servicer, inability to replace the Servicer or inability of the Subservicers to assist in servicing the Loans could result in reduced payments on the Notes*” in this private placement memorandum.

“Threshold Noteholders” shall mean, at any time, the Holders of Notes evidencing more than 25% of the Outstanding Notes.

“Titled Asset” shall mean a motor vehicle, boat, titled trailer or other asset for which, under applicable State law, a certificate of title is issued and any security interest therein is required to be perfected by notation on such certificate of title or recorded with the relevant Governmental Authority that issued such certificate of title.

“Transaction Documents” shall mean the Certificate of Trust, the Trust Agreement, the Note Purchase Agreement, the SUBI Certificate Purchase Agreement, the Purchase Agreement, Loan Purchase Agreement, the Sale and Servicing Agreement, the Indenture, the Administration Agreement, the Back-up Servicing Agreement, the Intercreditor Agreement, the Intercreditor Security Agreement, the North Carolina Trust Agreement, the UTI Administration Agreement, the 2018-1A SUBI Servicing Agreement, the 2018-1A SUBI Supplement, the 2018-1A Security Agreement and such other documents and certificates delivered in connection the foregoing.

“Transaction Parties” shall have the meaning specified under the heading “*ERISA Considerations*” in this private placement memorandum.

“Transfer and Contribution Agreement” shall have the meaning specified under the heading “*The North Carolina Trust—Contributions of the North Carolina Loans into the North Carolina Trust*” in this private placement memorandum.

“Trust” shall mean the Trust established by the Trust Agreement.

“Trust Agreement” shall mean the Amended and Restated Trust Agreement relating to the Issuer, to be dated as of the Closing Date, between the Depositor and the Owner Trustee, as amended, restated, supplemented or otherwise modified from time to time.

“Trust Certificate” shall have the meaning specified under the heading “*Summary Information—Description of Notes*” in this private placement memorandum.

“Trust Estate” shall have the meaning specified under the heading “*Description of the Notes*” in this private placement memorandum.

“UCC” shall mean the Uniform Commercial Code of the applicable jurisdiction.

“UTI” shall have the meaning specified under the heading “*Risk Factors—Risks Related to Regulations—You may experience losses in payments on your Notes as a result of the Issuer's indirect interest in the 2018-1A SUBI Loans and related assets allocated to the 2018-1A SUBI*” in this private placement memorandum.

“UTI Administration Agreement” shall have the meaning specified under the heading “*The North Carolina Trust Documents—The UTI Administration Agreement*” in this private placement memorandum.

“UTI Administrator” shall mean Regional Management Corp., and any Person that becomes the successor thereto pursuant to the UTI Administration Agreement.

“UTI Assets” shall have the meaning specified under the heading “*The North Carolina Trust—SUBIs*” in this private placement memorandum.

“UTI Certificate” shall have the meaning specified under the heading “*The North Carolina Trust—Contributions of the North Carolina Loans into the North Carolina Trust*” in this private placement memorandum.

“UTI Trustee” shall have the meaning specified under the heading “*The Owner Trustee and the North Carolina Trustees*” in this private placement memorandum.

“Volcker Rule” shall have the meaning specified under the heading “*Investment Company Act Considerations*” in this private placement memorandum.

“Warehouse Borrower” shall mean Regional Management Receivables II, LLC.

“Warehouse Facility” shall mean the Credit Agreement, dated as of June 20, 2017, by and among the Warehouse Borrower, Regional Management, as servicer, the lenders from time to time thereto, the agents from time to time thereto, Wells Fargo Bank, National Association, as account bank, image file custodian and back-up servicer, Wells Fargo Bank, National Association, as administrative agent, and Credit Suisse AG, New York Branch, as structuring and syndication agent, as may be amended or restated from time to time.

“Weighted Average Coupon” shall mean, with respect to any Loan Action Date, the weighted average interest rate (based on the APR set forth in the applicable Contracts) of all Loans in the Loan Action Date Loan Pool for such Loan Action Date, determined based upon (i) the Loan Action Date Loan Principal Balance of such Loans and (ii) the coupon of such Loans as of the close of business on the last day of the Collection Period immediately preceding such Loan Action Date (or, if such Loan did not exist as of the last day of such Collection Period, the date on which such Loan was originated).

“Weighted Average Loan Remaining Term” shall mean, with respect to any Loan Action Date, the weighted average remaining term to maturity (as set forth in the applicable Contracts) of all Loans in the Loan Action Date Loan Pool for such Loan Action Date, determined based upon (i) the Loan Action Date Loan Principal Balance of such Loans and (ii) the remaining term to maturity of such Loans as of the close of business on the last day of the Collection Period immediately preceding such Loan Action Date (or, if such Loan did not exist as of the last day of such Collection Period, the date on which such Loan was originated).

“Wells Fargo Depository Accounts” shall have the meaning specified under the heading “*Risk Factors—Risks Relating to the Counterparties— The Indenture Trustee may not have a perfected security interest in Collections commingled by the Servicer or Subservicer with other funds*” in this private placement memorandum.

“WTNA” shall mean Wilmington Trust, National Association.

“Wells Fargo” shall mean Wells Fargo Bank, National Association, a national banking association, and its permitted successors and assigns.

“2017-1A SUBI” shall have the meaning specified under the heading “*The North Carolina Trust Documents—SUBIs*” in this private placement memorandum.

“2017-1A SUBI Certificate” shall have the meaning specified under the heading “*The North Carolina Trust Documents—SUBIs*” in this private placement memorandum

“2017-1A SUBI Portfolio” shall have the meaning specified under the heading “*The North Carolina Trust Documents—SUBIs*” in this private placement memorandum

“2017-1A SUBI Supplement” shall have the meaning specified under the heading “*The North Carolina Trust Documents—SUBIs*” in this private placement memorandum.

“2018-1A Security Agreement” shall have the meaning specified under the heading “*The 2018-1A Security Agreement*” in this private placement memorandum.

“2018-1A SUBI” shall mean that special unit of beneficial interest in Regional Management North Carolina Receivables Trust created by the 2018-1A SUBI Supplement.

“2018-1A SUBI Certificate” shall mean the 2018-1A SUBI certificate issued by the North Carolina Trust which represents a beneficial interest in the 2018-1A SUBI Assets.

“2018-1A SUBI Assets” shall mean the 2018-1A SUBI Loans, the related Contracts and all other North Carolina Trust Assets related thereto or otherwise allocated from time to time to the 2018-1A SUBI, including all right, title and interest in, to and under the Transaction Documents in respect of the 2018-1A SUBI.

“2018-1A SUBI Loans” shall mean the North Carolina Loans allocated to the 2018-1A SUBI on the Closing Date and from time to time after the Closing Date.

“2018-1A SUBI Servicing Agreement” shall mean the 2018-1A Financed SUBI Servicing Agreement, to be dated as of the Closing Date, among the North Carolina Trust, as titling trust, the Issuer, as 2018-1A Financed SUBI holder, and Regional Management, as 2018-1A Financed SUBI Servicer.

“2018-1A SUBI Supplement” shall mean the 2018-1A Financed SUBI Supplement to the Trust Agreement, to be dated as of the Closing Date, among Regional North Carolina, as settlor and initial beneficiary, the Issuer, as 2018-1A Financed SUBI beneficiary and 2018-1A Financed SUBI holder, and Wilmington Trust, National Association, as UTI trustee, 2018-1A SUBI trustee and Administrative Trustee.

“2018-1A SUBI Trustee” shall mean Wilmington Trust, National Association, in its capacity as 2018-1A SUBI Trustee.