

## Rating Report

Report Date:  
March 11, 2010



Insight beyond the rating.

# PFS Financing Corp., Premium Finance Asset-Backed Floating Rate Notes, Series 2010-C & Series 2010-D

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## Ratings

Series 2010-C	Rating	Rating Action	Trend
Class A	AAA	New Rating	<-->
Class B	A	New Rating	<-->
Series 2010-D	Rating	Rating Action	Trend
Class A	AAA	New Rating	<-->
Class B	A	New Rating	<-->

Note: Various capitalized terms are used throughout this document and can be found in the Glossary in the offering memorandum for such Series, as the case may be.

## Structure Summary

### Series 2010-C, Premium Finance Asset-Backed Floating Rate Notes

Class	Rating Action	Amount	Coupon	Payment Frequency	Scheduled Pay Out Commencement Date	Provisional Rating
Class A	New Rating	\$350,000,000	1ML + 1.40%	Monthly	2/15/2012	AAA
Class B	New Rating	\$20,400,000	1ML + 2.75%	Monthly	2/15/2012	A

### Series 2010-D, Premium Finance Asset-Backed Floating Rate Notes

Class	Rating Action	Amount	Coupon	Payment Frequency	Scheduled Pay Out Commencement Date	Provisional Rating
Class A	New Rating	\$800,000,000	1ML + 1.45%	Monthly	2/15/2013	AAA
Class B	New Rating	\$46,600,000	1ML + 3.00%	Monthly	2/15/2013	A

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## Transaction Parties and Relevant Dates

<b>Issuer:</b>	PFS Financing Corp., a bankruptcy-remote, special purpose Missouri corporation organized in 1993 and wholly owned subsidiary of Premium Financing Specialists, Inc.
<b>Originators &amp; Sellers:</b>	<p>Premium Financing Specialists, Inc., a Missouri corporation (PFS), an originator of property and casualty insurance premium finance loans throughout the United States, except in California, Alabama and Mississippi. PFS is a wholly owned subsidiary of PFS Holding Company, a privately owned company.</p> <p>Wholly owned subsidiaries of PFS, Premium Financing Specialists of California, Inc. (PFSC) and Premium Financing Specialists of the South, Inc. (PFSS) were formed to finance property and casualty insurance premiums in California, Alabama and Mississippi, and Capitol Premium Plan, LLC (CPP), was formed to finance personal lines property and casualty insurance premiums in New York, New Jersey and Pennsylvania.</p> <p>A.I. Credit Corp. (AIC), AICCO, Inc. (AICCO I), AICCO, Inc (AICCO II), Imperial Premium Funding, Inc (IP Funding) and Imperial Premium Finance, Inc. (IP Finance), until the AI Acquisition (discussed below) were wholly owned subsidiaries of AIG Credit Corp. The principal business of AIC consisted of financing property and casualty insurance premiums throughout the United States, except California. AICCO I conducted the same premium financing activities as AIC throughout the United States, other than California, Florida and Puerto Rico. AICCO II and IP Finance conducted such premium financing activities in California. IP Funding conducted similar premium financing activities to AIC in certain States.</p> <p>AIC, AICCO I, AICCO II, IP Finance and IP Funding have transferred substantially all of their receivables to PFS, PFSC and PFSS. PFS, PFSC and PFSS have transferred the receivables to the Issuer pursuant to the Amended and Restated Purchase and Sale Agreement, dated as of September 15, 2000, among PFS, CPP, PFSC and PFSS (the “Sellers”) and the Issuer (Purchase Agreement).</p>
<b>Indenture Trustee:</b>	Wells Fargo Bank, National Association, a national banking association, is acting as trustee.
<b>Sponsor and Servicer:</b>	PFS, the transaction sponsor, is responsible for servicing the Receivables.
<b>Sub-servicers:</b>	PFS appoints CPP, PFSC and PFSS as sub-servicers under the Servicing Agreement with respect to the Receivables originated or acquired by CPP, PFSC and PFSS, respectively.
<b>Back Up Servicer:</b>	Wells Fargo Bank, National Association (Rated: ‘AA/R-1(high)’—Stable trend), is acting as the back-up servicer and Input I, LLC, a servicer of insurance premium finance receivables, is acting as back-up sub-servicer.
<b>Primary Asset of the Issuer:</b>	Receivables related to insurance premium finance loans made



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	primarily to commercial customers.
<b>Payment Date:</b>	Monthly (15th) interest is scheduled to be paid to the noteholders on the 15th day of each month or, if not a Business Day, then the next Business Day.
<b>First Payment Date:</b>	April 15, 2010.
<b>Monthly Period:</b>	The period from and including the first day of a calendar month to and including the last day of a calendar month.
<b>Series Transfer Date:</b>	The Business Day immediately prior to each Payment Date.
<b>Legal Final Maturity Dates:</b>	Series 2010-C, February 15, 2014 and Series 2010-B, February 15, 2015.

### Transaction Summary

DBRS has assigned ratings to the PFS Financing Corp., Premium Finance Asset-Backed Floating Rate Notes, Series 2010-C and Series 2010-D (Series 2010-C and Series 2010-D, respectively, each a Series, and collectively the PFS 2010 Notes). The PFS 2010 Notes are secured by assets held in a master trust with the primary difference between Series 2010-C and Series 2010-D being the expected and legal final maturity dates, and hence the tenor of the related note obligations. The PFS 2010 Notes represent the sixth 6<sup>th</sup> PFS term asset-backed securitization since 2000 under Rule 144A and the senior notes may qualify for funding in the Federal Reserve's Term Asset-Backed Securities Loan Facility (TALF) program. The PFS 2010 Notes are supported by pledged assets (Trust Estate) which include premium finance loans transferred from the Sellers to the Issuer and related payments (the Receivables). Premium finance loans are typically installment loans, made to the buyer of a property and/or casualty insurance policy, the proceeds of which pay a portion of the premiums which are payable by the buyer to the insurance company pursuant to the insurance policy.

The transaction structure is substantially similar to PFS Financing's previous term Rule 144A transactions, but includes insurance premium finance loans and related receivables originated by AIC, AICCO I, AICCO II, IP Finance and IP Funding (AI Division). PFS and its parent, PFS Holding Company, are acquiring the operating assets and staff of the insurance premium finance business of AIG Credit Corp., a wholly-owned subsidiary of American International Group, Inc., a Delaware corporation (the AI Acquisition). PFS has stated that they intend for the AI Division to operate a separate business unit with integration to be assessed and implemented on a best practices basis over a two year period.

PFS 2010 Notes are issued in two classes of notes - Classes A and B. Initial Class A credit support of 10.00% includes Class B notes (5.25%) and a Required Reserve Amount (initially 4.75%, as more fully described below). Additional credit support is provided from excess spread available in the structure. In addition, the Issuer is required in the Indenture and the transaction documents to meet the Coverage Test. The failure to do so prevents the Issuer from issuing a new Series of Notes, prohibits the Issuer from receiving excess spread and other amounts that would otherwise be paid to the Issuer pursuant to the Indenture and may constitute a Pay-Out Event.

Payments from the Trust Estate are allocated to the holders of PFS 2010 Notes in accordance with the Investor Interest for the holders of the PFS 2010 Notes, which are initially equal the initial principal balance of the PFS 2010 Notes plus the required reserve amount. For the PFS 2010 Notes, the "Investor Interest" is, an amount equal to (a) the initial principal amount of the PFS 2010 Notes, minus (b) the aggregate amount of principal payments made to, or set aside for in the PFS 2010 Notes, minus (c) the aggregate amount of investor charge-offs, plus (d) the aggregate amount of excess spread and funds on deposit in the Excess Funding Account applied previously to reimburse charge-offs, plus (e) the Required Reserve Amount.



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During the Revolving Period, available investor principal collections deposited into the account to be held in the name of the Trustee for payment of principal of the PFS 2010 Notes (Principal Account) for the related Monthly Period otherwise allocable to the PFS 2010 Notes will not be paid to the holders of PFS 2010 Notes, but instead will be distributed to the noteholders of other series, deposited into the Excess Funding Account or paid to the Issuer for permissible uses under the Indenture. Subject to certain modifications, the Revolving Period is the period from the closing date to, but not including, the commencement of a Rapid Amortization Period. During the Rapid Amortization Period, available investor principal collections deposited into the Principal Account for the related Monthly Period allocable to the PFS 2010 Notes will generally, subject to the priority payments described below, be distributed to the holders of PFS 2010 Notes on each Payment Date.

Wells Fargo Bank, National Association (rated 'AA(high)/R-1(high)'—Neg. trend), is acting as the back-up servicer for the trust, and Input 1, Inc., an experienced servicer of insurance premium finance receivables is acting as back-up sub-servicer.

## Rating Rationale

- Subordination, overcollateralization and excess spread create credit enhancement levels that are comparable to the PFS 2009-C/D and PFS 2006-B transactions, and can support DBRS stress analysis for the desired ratings consistent with the DBRS methodology for Rating U.S. Insurance Premium Finance Securitizations, dated December 2009. Rating evaluation for the PFS 2010 Notes included:
  - Cumulative net loss analysis and application of multiples consistent with the desired rating.
    - Slightly higher gross and net losses experienced over the past two years applied to the applicable multiples are still below proposed credit enhancement levels for the desired ratings.
  - Loss analysis based on the probability of default of the insurance carriers providing the insurance policies responsible for the return of any Unearned Premiums.
  - Review of insurance carrier concentrations and simulated default of several higher concentration insurance carriers with a DBRS equivalent rating of A (low) or lower.
- Strong pool performance with low losses and stable delinquency trends
  - Three sources of repayment: obligors, insurers with respect to unearned premiums, and state insurance funds backing insurer obligations.
- PFS has been in business since 1977 and, prior to the AI Acquisition, was believed to be the fourth largest insurance premium finance company in the US. Following the AI Acquisition, PFS is expected to be the second largest premium finance company in the US based on originations of insurance premiums financed.
  - Combination of PFS and AI Division platforms presents some integration challenges, but also present some synergies and compliments.
    - PFS has historically focused on the on the insurance premium financing needs of middle to lower sized commercial businesses.
    - AIC and its affiliates have historically focused on the on the insurance premium financing needs of middle to large sized commercial businesses.
    - PFS management has indicated that they anticipate maintaining separate platforms for PFS and AI Division for approximately 2 years (at minimum).
      - PFS management will work with AI Division management to determine the best methods for integration.
- Primary structural features include:
  - Satisfaction of the Coverage Test;
  - Short-term assets with low historical losses and high contractual payment rate;
  - Concentration limits applicable to insurers, insurance agents and obligors;



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- Performance triggers causing early amortization;
- Credit enhancement including subordination, overcollateralization and excess spread; and
- Dynamic credit enhancement — overcollateralization increases if defaults rise or excess spread declines.
  - Step-up of Required Reserve Amount:
    - For Class A, (i) 10%, or increased to (a) 12%, if the 3 month rolling average of the Defaulted Receivables Rate is greater than 1%, or if the sum of all Receivables of a liquidating insurance carrier exceeds 3.5% of the outstanding balance of all eligible Receivables, or (b) 11% for Series 2010-C, or 11.25% for Series 2010-D, if insurance obligors rated AA- or higher by S&P represent less than 12%, plus (ii) if the Net Portfolio Yield is less than 3.00%, the Required Reserve Amount is increased by 1.5 times the difference between 3.00% and the Net Portfolio Yield.
    - For Class B, (i) 4.75% (a) increased to 6.75%, if the 3 month rolling average of the Defaulted Receivables Rate is greater than 1% or if the sum of all Receivables of a liquidating insurance carrier exceeds 3.5% of the outstanding balance all of eligible Receivables, or (b) 5.75% for Series 2010-C, or 6.00% for Series 2010-D, if insurance obligors rated AA- or higher by S&P represent less than 12%, plus (ii) if the Net Portfolio Yield is less than 3.00%, the Required Reserve Amount is increased by 1.5 times the difference between 3.00% and the Net Portfolio Yield.
- Wells Fargo Bank, National Association (rated ‘AA(high)/R-1(high)’—Neg. trend), is acting as the back-up servicer for the trust, and Input 1, Inc., an experienced servicer of insurance premium finance receivables is acting as back-up sub-servicer.

## Operational Summary

When formed, PFS had a single office in Kansas City, Missouri, where it continues to maintain its headquarters. As a result of the recent acquisitions of Receivables and other assets of Universal Premium Acceptance Corporation and UPAC of California, Inc (UPAC), and AI Acquisition, the Sellers have expanded their operations, significantly increasing outstanding receivables portfolio originated from approximately \$830.6 million on November 1, 2009 to approximately \$2.2 billion on February 19, 2010, their combined number of employees from approximately 257 to approximately 610, and the combined number of offices from which they operate from 19 to 32. PFS offers premium financing services through a network of over 11,800 insurance agencies and, based on reports filed with licensing authorities, believes, after giving effect to the UPAC and AICCO acquisitions, that it is the second largest insurance premium finance company in the United States in terms of originations of insurance premiums financed, and the largest in terms of the number of accounts financed. PFS financed insurance premiums in excess of \$2.99 billion in the twelve months ending November 30, 2009. PFS estimates that approximately \$40 billion of premiums are financed annually by premium finance companies. Direct competition to PFS arises from other premium finance companies, independent insurance brokers who offer premium finance services, banks, and other lending institutions. The top five industry participants typically service well-established commercial insurance agencies, have an average transaction size of between \$10,000 and \$50,000 and are generally affiliated with an insurance company, bank or financial service company.

PFS has generally utilized a decentralized structure that allows its branch office managers to maintain close contact with insurance agents in their regions and to monitor competitive trends in the marketplace. PFS seeks lower operating costs per account by using an integrated quoting and loan management system and performance-based measurement of the branches. Annually, senior management negotiates goals on each key measure of profitability and efficiency (including charge-offs and cancellations rates) with each branch office manager. These goals are communicated to each associate within the branch and every associate receives incentive pay based on achievement of these goals. The AI Division has similarly utilized branch



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Corp., Premium  
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offices to maintain visibility with customers, but has centralized credit and collections functions through its New Jersey office.

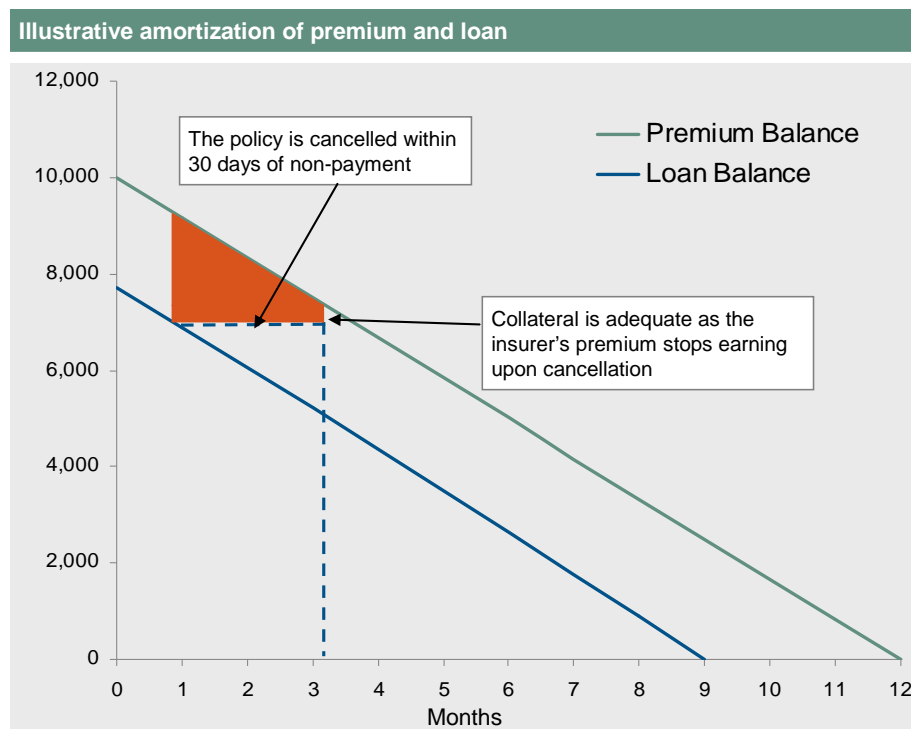
A premium finance agreement typically evidences an installment loan made to a commercial or individual insurance buyer (the “Obligor” on the loan and the “Insured” under the insurance policy), the proceeds of which are used to pay premiums due to the insurance company providing the desired property and/or casualty insurance policy. Financed insurance policies typically require the full insurance premium be paid at or near the commencement of the policy period. If the Insured cancels the policy prior to the end of the policy period, the Insured is commonly entitled to a repayment of the premium which has not yet been earned at the time of cancellation (Unearned Premium). Depending on the type of insurance coverage and the terms of the particular insurance policy, the amount of Unearned Premium refundable upon cancellation will vary in light of relevant factors such as (a) the method for calculating Unearned Premium, which may be by proration over the policy term or, as required by some states, by an accelerated method under which more premium is earned in the earlier portion of the policy period (generally resulting in an Unearned Premium equal to 90% of what it would have been under a pro rata approach); (b) the extent of the policy period that has expired at the time of cancellation; (c) the loss experience under the policy prior to cancellation; and (d) variations after the commencement of the policy period in the scope of the risks covered. The insurance company may, depending on the terms of the policy, be entitled to retroactively review and evaluate factors (c) and (d) after cancellation, which may result in a reduction of the amount, and affect the timing, of repayment of any Unearned Premiums.

A typical premium finance loan may fund 75% to 80% of the premium due under the related insurance policy, although some may fund as much as 95% of the premium due, depending on the term of the policy, the obligor’s needs and PFS’s applicable credit and underwriting policies. At the closing of such a loan, the obligor makes a down payment to the insurance company (typically 20% to 25% of the premium due), and PFS pays the remaining portion of the premium due to the insurance company (either directly or through the insurance agent). The premium finance agreement evidences the obligor’s obligation to repay PFS the amount that PFS paid to the insurance company on behalf of the obligor at closing together with interest thereon. The obligor typically will repay the premium finance loan in nine equal monthly payments to PFS, although certain of PFS’s premium finance loans may have terms that range from 6 to 34 months. Certain premium finance loans do not have level repayment requirements, usually to accommodate an obligor’s cash flow requirements; however, all of the premium finance loans require either monthly or quarterly repayments to PFS. The premium finance agreements permit the obligor to prepay without penalty and receive a rebate of a portion of the finance charge. However, given the relatively short duration of most premium finance loans, such loans are generally not prepaid.

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As an example the graph below illustrates an insurance policy covering 12 months and financed over a 9 month term. The premium is paid through a combination of the down payment and the premium finance loan and, as shown by the Premium Balance line, amortizes linearly over the full term of the policy. The Loan Balance line shows the premium finance loan amortization (which occurs at a slightly faster rate than the amortization of the premium).



## Underwriting

PFS markets its services to independent insurance agents and brokers that are licensed under state laws as required and offer premium loan programs to enable their customers to purchase the full amount of insurance coverage needed and spread out the premium payments over time. Thus, origination is usually dependent on relationships with insurance brokers and agents and knowledge of the insurance marketplace. The origination of insurance premium finance loans is commonly commenced by an agent or broker contacting PFS to initiate the premium loan process. This contact can be made through a branch office or, if the agent has been pre-qualified by a branch office, by utilizing PFS Quote software in the agent's office, or PFS's websites (the AI Division maintains a separate website). For new accounts the following minimum information will be collected to determine if the agent is acceptable to PFS:

- Length of time in business – typically, three years is minimum requirement;
- Names of principals – need names for reference checks and agency/account guarantees, broker fee pledge agreements, etc.;
- Insurance companies and general agents represented – top five companies reviewed for sufficiency;
- Agency specialties, if any;
- Potential PFS volume (total premium and average account size); and
- Reputational and industry references.



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If the terms of the loan, the insured and the insurance company are all acceptable, PFS will give a quote to the insurance agent and prepare a premium finance agreement. In some instances, the size of the loan or coverage type of the related insurance policy will require approval by a branch office manager, senior manager or the PFS loan committee before a quote and finance agreement can be given to the insurance agent. After any such approvals are obtained, the agent and/or the Obligor is required to sign a premium finance agreement which, among other provisions, specifies the terms of the loan, describes the policy or policies financed, assigns the Unearned Premium as security for the loan and grants a limited power of attorney giving PFS the authority to cancel the insurance contract in the event of default. This agreement may be signed by the agent electronically and then submitted to and signed by the insured electronically.

Following receipt and acceptance of the signed premium finance agreement, PFS either sends the loan proceeds to the insurance company to pay the premium balance due or releases funds to the insurance agent or broker who then pays the insurance company. In the case of the AI Division accounts, loan proceeds are released funds to the insurance agent or broker who then pays the insurance company. PFS sends payment coupons or bills the Obligor directly for each installment due on the premium finance loan. Each Obligor is directed to remit payments to the appropriate automated clearing house (ACH) account, bank lockbox or post office box for the branch office that accepted the premium finance agreement. The Obligor may also use a PFS website to submit a payment via an ACH transaction and may pay by credit card through an unrelated third party. While most premium finance loans are repaid in equal monthly installments, PFS may enter into transactions in which payments are to be made quarterly.

One of the primary risks related to the insurance premium finance business is fraud on the part of the insurance agents/brokers with whom PFS deals. Fraud can relate to the origination of loans to which no insured exists or with respect to agents who are subsidizing obligor payments to present a more stable business platform. PFS fraud prevention measures include:

- Investigation of new agent/general agent,
  - Color coding by preserved risk level of agents/general agents;
- One year probation for new agents;
- Daily review of payments made by agent/general agent;
- Monthly review of a percent of payment made by agent/general agent;
- Monthly review of insured duplicate addresses;
- Monthly review of general agent balances;
- Monthly review of agents with significant increases in volume;
- Quarterly review of fraud reports by senior management team; and
- Reputational due-diligence for all new agents.

These items are reviewed by branch/office managers on a monthly basis and by all senior managers on a quarterly basis. Additionally, internal audits are performed on all branches at least every 18 months.

## **Servicing**

PFS, as Servicer, is responsible for servicing and administering the Receivables in accordance with the Servicer's policies and procedures for servicing insurance premium finance loans with respect to the Receivables. PFS is obligated under a servicing agreement to service the Receivables with reasonable care, using that degree of skill and attention that the Servicer generally exercises with respect to all comparable Receivables that it services for itself or others in accordance with its credit and collections policy and applicable law. In performing these duties, it shall comply in all material respects with the policies and procedures described in the offering memorandum.



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The Servicer may delegate servicing responsibilities to subservicers which are third parties or affiliates, provided that the Servicer will remain obligated to the Issuer for the proper performance of the servicing responsibilities. PFS has appointed CPP, PFSC and PFSS as sub-servicers under the Servicing Agreement each with respect to the Receivables originated or acquired by CPP, PFSC and PFSS, respectively. Upon the occurrence of a Servicer Default or a Pay-Out Event, PFS may be replaced as Servicer.

Each month the Servicer will allocate collections among PFS 2010 Notes and other outstanding series notes. The percentage of collections allocated to PFS 2010 Notes will be equal to the Investor Percentage for such Series. The Investor Percentage for finance charge Receivables, recoveries, investment earnings, Available Issuer Interest, amount of defaulted receivables for a Monthly Period less collections in respect thereof multiplied by the Floating Investor Percentage (Aggregate Investor Default Amount), Servicing Fee and trustee fees and expenses at any time, and Principal Receivables during the Revolving Period, will in each such case be equal to the Floating Investor Percentage. The Investor Percentage for the Principal Receivables during the Rapid Amortization Period will be equal to the Fixed Investor Percentage.

The Servicer will remit collections to the collection account on a daily basis. On each day any collections are deposited into the Collection Account, the Servicer will, prior to the close of business on such day, make the following deposits from the Collection Account:

- (a) Deposit into the Principal Account all collections received in respect of Principal Receivables on such date; and
- (b) Deposit into the Finance Charge Account all collections received in respect of finance charges, recoveries, investment earnings or otherwise (but not in respect of Principal Receivables) on such date.

Compensation to the Servicer will include a monthly servicing fee equal to the product of:

- One-twelfth of two (2.00) percentage per annum; and
- the sum of the average aggregate Principal Receivables plus the average aggregate Defaulted Receivables for the relevant Monthly Period preceding such Series Transfer Date. Except as specifically provided above, the servicing fee shall be paid by the cash flows from the Trust Estate allocated to such Series, or the noteholders of other series (as provided in the related series supplements).

Wells Fargo Bank, National Association is acting as the back-up servicer (Back-Up Servicer) and is utilizing Input I, LLC as a subservicer. Pursuant to a back-up servicing agreement among the Back-Up Servicer, the Servicer, the Issuer and the Trustee, the Back-Up Servicer (or a successor thereto appointed pursuant to the Back-Up Servicing Agreement) will be available to assume substantially all of the Servicer's duties under the Servicing Agreement upon the termination of PFS as Servicer.

Because the insurance company generally earns a portion of the premium each day, thereby reducing Unearned Premium amounts for loans secured by such collateral, prompt action on loan defaults is critical. Under the laws of most states, before it can cancel an insurance policy upon default, a premium finance company must first issue to the Obligor a notice of intent to cancel with respect to the related insurance policy after the premium loan installment due date on which the Obligor defaulted. If the loan continues in default, a notice of cancellation can then be issued to the insurance company. PFS's policy for defaulted loans is to mail a notice of intent to cancel after the loan installment is 5 to 10 days past due (subject to any other requirement under the relevant state law) and to mail a notice of cancellation 24 to 30 days after the loan installment due date. Once a notice of cancellation has been issued, PFS will customarily proceed to collect any Unearned Premium available from the insurance company, apply it to the loan balance and seek direct payment by the Obligor of any remaining amount due. Under this timetable, the policy cancellation date generally occurs within one month of the related loan installment default. Since insured usually needs to maintain insurance and reinstate canceled policies to meet its business objectives, collection often continues even after policy cancellation with canceled policies often reinstated. PFS's current policy is to charge off as a loss the unpaid defaulted loan balance no later than the 45th day after all return premiums have been collected or the 365th day after the cancellation date. The table below sets forth the timing of possible events related to a policy.



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General Timing Event	Event
Acceptance	<ul style="list-style-type: none"> <li>• Notice of Acceptance and coupons sent to insured and agent</li> <li>• Notice of Financed Premium sent to insurance company</li> </ul>
Delinquent	<ul style="list-style-type: none"> <li>• 5-10 day 'grace period' after missed payment</li> </ul>
5 to 10 Days After Due Date	<ul style="list-style-type: none"> <li>• Intent to Cancel is mailed</li> </ul>
Approximately 13 Days After Mailing Intent to Cancel	<ul style="list-style-type: none"> <li>• Notice of Cancellation is mailed</li> </ul>
Within 30 Days from Delinquency	<ul style="list-style-type: none"> <li>• Policy is cancelled</li> </ul>
Subsequent to Cancellation	<ul style="list-style-type: none"> <li>• Insured may bring account current and PFS will request reinstatement</li> <li>• PFS proceeds to collect any unearned premium and apply to outstanding loan balance</li> <li>• PFS seeks payment from the Insured to the extent the unearned premium is not sufficient to repay the loan balance</li> </ul>
Charge-Off	<ul style="list-style-type: none"> <li>• Write off unpaid premium finance balance scenarios, earlier of:               <ul style="list-style-type: none"> <li>– PFS (other than AI Division): 45 days after last return premium received or 365 days past cancellation date</li> <li>– AI Division: 360 days past cancellation date</li> </ul> </li> </ul>
Write-Off	<ul style="list-style-type: none"> <li>• Recoveries can occur at any time</li> </ul>

## Transaction Structure

The Issuer acquires Receivables from the Sellers and grants a security interest in its interest in the Receivables to the Trustee, which comprise the Trust Estate. Pursuant to the Purchase Agreement, each Seller may transfer and assign subsequently purchased receivables to the Issuer, which also will become part of the Trust Estate. In the event that sufficient subsequently purchased receivables are not pledged to the Trustee to maintain the Coverage Test, a Pay-Out Event could occur and the Rapid Amortization Period would commence. The Issuer is required in the Indenture and the transaction documents to meet the Coverage Test. The failure to do so prevents the Issuer from issuing a new Series of Notes, prohibits the Issuer from receiving excess spread and other amounts that would otherwise be paid to the Issuer pursuant to the Indenture and may constitute a Pay-Out Event. The Issuer meets the "Coverage Test" if, on any date of determination, (i) the interest in the Trust Estate retained by the Issuer for purposes of overcollateralization as of such date exceeds the largest required minimum issuer interest of any outstanding series (such excess being herein called the "Available Issuer Interest") as of such date (determined by the Servicer taking into account any increases, decreases and status changes of the Receivables and any increases or decreases in the outstanding notes including those scheduled to occur on such date) and (ii) the aggregate amount of charge-offs allocable to all series less any recoveries is zero as of such date.

On or prior to the Closing Date, the following accounts shall be established in the name of the Trustee (the Trust Accounts): the "Collection Account," the "Finance Charge Account," the "Principal Account," the "Payment Account" and the "Excess Funding Account." The Trustee is the entitlement holder of and has a security interest in all monies, instruments, securities and other property on deposit from time to time in the Trust Accounts and the proceeds thereof. Except for the Servicer's limited, revocable right to withdraw funds from certain Trust Accounts for the purposes of carrying out its duties, the Trust Accounts are under the sole dominion and control of the Trustee. Generally, interest and earnings (net of losses and investment expenses) accrued on funds on deposit in the Trust Accounts (Investment Earnings) shall be treated as collections (unless otherwise specified with respect to any series specific accounts).

Payments from the Trust Estate are allocated to the PFS 2010 Notes in accordance with the Investor Interest for each such Series, which is initially equal the initial principal balance for each Series plus the Required Reserve Amount for such Series. For each Series, the "Investor Interest" is, on any date of determination, an amount equal to (a) the initial principal amount of such Series, minus (b) the aggregate amount of principal payments made to, or set aside in the designated payment account in the name of the Trustee (Payment Account) for distribution to, the Series noteholders prior to such date, minus (c) the aggregate amount of



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investor charge-offs pursuant to the indenture, plus (d) the aggregate amount of excess spread and funds on deposit in the Excess Funding Account applied on all prior series transfer dates pursuant to the Indenture for the purpose of reimbursing amounts deducted pursuant to the foregoing clause (c), plus (e) the Required Reserve Amount. Payment in full of all principal and interest on a Series and any other amounts payable to such Series noteholders pursuant to the transaction documents will result in the Investor Interest for that Series being zero. The Issuer retains an interest in the Trust Estate which equals the aggregate Principal Receivables plus the amounts on deposit in the Collection Account, the Excess Funding Account and the Principal Account minus the aggregate Investor Interests for each series. Each month the Servicer will allocate collections among the PFS 2010 Notes and other outstanding series based upon each series' respective Investor Percentage and principal collections which are allocable to cover any principal shortfalls allocable to the Series.

The "Investor Percentage" for each Series for any Monthly Period is (a) with respect to finance charges, recoveries, investment earnings, Aggregate Investor Default Amounts, Available Issuer Interest, Servicing Fee and trustee fees and expenses at any time and Principal Receivables during the Revolving Period, the Floating Investor Percentage and (b) with respect to Principal Receivables during the Rapid Amortization Period, the Fixed Investor Percentage. The "Fixed Investor Percentage" for each Series for any Monthly Period is the percentage equivalent of a fraction, the numerator of which is the Investor Interest as of the close of business on the last day of the Revolving Period and the denominator of which is the sum of the numerators used to calculate the respective investor percentages used for allocations with respect to Principal Receivables for all outstanding Series on such date of determination. The "Floating Investor Percentage" for each Series for any Monthly Period is the percentage equivalent of a fraction, the numerator of which is the Modified Investor Interest for such Monthly Period and the denominator of which is the sum of the numerators used to calculate the respective investor percentages used for allocations with respect to finance charges, recoveries, investment earnings, Aggregate Investor Default Amounts, Principal Receivables, Available Issuer Interest, Servicing Fee or trustee fees and expenses, as applicable, for all outstanding series on such date of determination. The "Modified Investor Interest" for any Monthly Period is the average daily Investor Interest for such Monthly Period (or, in the case of the first Monthly Period, from and including the Closing Date, to and including the last day of such first Monthly Period).

Principal Receivables are the principal portion of the Receivables (other than defaulted Receivables), excluding any recoveries and any accrued and unpaid finance charges.

During the Revolving Period, available investor principal collections deposited into the account to be held in the name of the Trustee for payment of principal of the PFS 2010 Notes (Principal Account) for the related Monthly Period otherwise allocable to the PFS 2010 Notes will not be paid to the holders of the PFS 2010 Noteholders, but instead will be distributed to the noteholders of other series, deposited into the Excess Funding Account or paid to the Issuer for Permissible Uses.

Subject to certain modifications set forth herein, the Revolving Period is the period from the closing date to, but not including, the Rapid Amortization Period Commencement Date. Rapid Amortization Commencement Date is the earliest of (i) the Scheduled Pay-Out Commencement Date for such Series; (ii) the date on which an Issuer Pay-Out Event occurs for such Series; or (iii) the date on which a Pay-Out Event for such Series occurs. During the Rapid Amortization Period, available investor principal collections deposited into the Principal Account for the related Monthly Period allocable to the PFS 2010 Notes will be distributed to the holders of PFS 2010 Notes on each Payment Date.

The "Required Reserve Amount" at any time will be an amount equal to the greater of (i) the Required Reserve Amount for Class A and (ii) the Required Class B Reserve Amount.

The Required Reserve Amount for Class A is the difference of (i) an amount equal to (a) the outstanding principal amount of the Class A Notes at such time, multiplied by (b) the Class A Required Reserve Percentage at such time, divided by (c) 100% minus the Class A Required Reserve Percentage at such time, minus (ii) the outstanding principal amount of the Class B Notes.



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The “Class A Required Reserve Percentage” is the sum of (i) (a) 10%, or (b) 12%, if the 3 month rolling average of the Defaulted Receivables Rate is greater than 1%, or the sum of all Receivables relating to a liquidating insurance carrier exceeds 3.5% of the outstanding balance of all Eligible Receivables, or (c) 11% for Series 2010-C, or 11.25% for Series 2010-D, if insurance carriers rated AA- or higher by S&P represent less than 12% of the outstanding balance of all Eligible Receivables, and (ii) if any three consecutive month average of Net Portfolio Yield is less than 3.00%, 1.5 times the difference between 3.00% and the Net Portfolio Yield for such three month period.

The “Required Class B Reserve Amount” will be an amount equal to (i) the sum of (A) the outstanding principal amount of the Class A Notes at such time and (B) the outstanding principal amount of the Class B Notes at such time, multiplied by (ii) (A) the Class B Required Reserve Percentage at such time, divided by (B) 100% minus the Class B Required Reserve Percentage at such time.

The “Class B Required Reserve Percentage” will be the sum of (i) (a) 4.75% or (b) 6.75% if the average of the Defaulted Receivable Rates for the three calendar months preceding such determination date is greater than 1%, or the sum of all Receivables related to a liquidating insurance carrier exceeds 3.5% of the aggregate outstanding balance of all Eligible Receivables, or (c) 5.75% for Series 2010-C, or 6.00% for Series 2010-D, if insurance carriers rated AA- or higher by S&P represent less 12% of the outstanding balance of all Eligible Receivables, and (ii) if any three consecutive month average of Net Portfolio Yield is less than 3.00%, 1.5 times the difference between 3.00% and the Net Portfolio Yield for such three month period.

#### **Priority of Payments**

On or before each Series Transfer Date, the Trustee, acting in accordance with the Servicer’s instructions, shall withdraw on such Series Transfer Date or the related Payment Date, as applicable, to the extent of funds credited to the relevant accounts, the amounts in respect of the Series 2010 Notes required to be withdrawn from the Finance Charge Account, the Principal Account, the Excess Funding Account and the Payment Account as follows:

(1) first, an amount equal to the Investor Percentage of the Trustee Fees and Expenses for such Series Transfer Date (plus the Investor Percentage of the Trustee Fees and Expenses due but not paid to the Trustee on any prior Series Transfer Date) shall be paid by the Servicer or the Trustee to the Trustee,

second, an amount equal to monthly interest payable on the Class A Notes (Class A Monthly Interest) for such Series Transfer Date, plus the amount of any Class A deficiency amount for such Series Transfer Date, plus the amount of any Class A Additional Interest for such Series Transfer Date shall be deposited by the Servicer or the Trustee into the Payment Account (Class A Aggregate Monthly Interest), and

third, an amount equal to monthly interest payable on the Class B Notes (Class B Monthly Interest) for such Series Transfer Date, plus the amount of any Class B deficiency amount for such Series Transfer Date, plus the amount of any Class B Additional Interest for such Series Transfer Date shall be deposited by the Servicer or the Trustee into the Payment Account (Class B Aggregate Monthly Interest and, together with the Class A Aggregate Monthly Interest, the Aggregate Monthly Interest);

(2) An amount equal to the Investor Percentage of the Servicing Fee for such Series Transfer Date (plus the Investor Percentage of any Servicing Fee due but not paid to the Servicer on any prior Series Transfer Date) shall be paid to the Servicer;

(3) An amount equal to the Aggregate Investor Default Amount, if any, for the preceding Monthly Period shall be treated as a portion of Investor Principal Collections and deposited into the Principal Account on such Series Transfer Date;

(4) To the extent the Available Issuer Interest is greater than zero (after giving effect to all other reductions thereof on such date and the payment under this clause (4) and the corresponding provision of each other series supplement), an amount equal to the Investor Percentage of any unreimbursed expenses of the Trustee shall be paid to the Trustee; and



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(5) The balance, if any, shall constitute excess spread and shall be allocated and distributed.

During the Revolving Period, an amount equal to the Available Investor Principal Collections deposited into the Principal Account for the related Monthly Period shall be distributed on each Series Transfer Date in the following priority:

(1) An amount, not in excess of the Series allocable portion of the Available Issuer Interest, to pay or deposit any amounts described in clauses (1), (2) and (4) above (in such order) that remain unpaid or undeposited after giving effect to the distributions described in the priority of payments;

(2) An amount equal to the lesser of (A) the product of (1) a fraction, the numerator of which is equal to the Available Investor Principal Collections remaining after the application specified in clause (1) above and the denominator of which is equal to the sum of the portion of the "Available Investor Principal Collections" for each Series that are available for sharing for the payment of outstanding principal of notes as specified in the related series supplement and (2) the sum of, for all series then outstanding, the excess, if any, of (a) the Investor Interest over (b) the principal collections allocable to such Investor Interest for such Series Transfer Date and (B) Available Investor Principal Collections remaining after the application as specified in the priority of payments, shall remain in the Principal Account to be treated as shared principal collections and applied to series other than the PFS 2010 Notes; and

(3) The balance, if any, shall be deposited into the Excess Funding Account.

During the Rapid Amortization Period, an amount equal to the Available Investor Principal Collections deposited into the Principal Account for the related Monthly Period shall be distributed on each Series Transfer Date in the following priority:

(1) An amount equal to the Monthly Principal for such Series Transfer Date shall be deposited into the Payment Account;

(2) An amount, not in excess of the Series allocable portion of the Available Issuer Interest, to pay or deposit any amounts described in clauses (1), (2) and (4) in the first paragraph of the priority of payments above (in such order) that remain unpaid or undeposited after giving effect to the distributions described in that paragraph;

(3) An amount equal to the lesser of (A) the product of (1) a fraction, the numerator of which is equal to the Available Investor Principal Collections remaining after the application specified in clauses (1) and (2) above and the denominator of which is equal to the sum of the "Available Investor Principal Collections" for each Series that are available for sharing for payment of outstanding principal of notes as specified in the related series supplement and (2) the sum of, for all series then outstanding, the excess, if any, of (a) the Investor Interest over (b) the principal collections allocable to such Investor Interest for such Series Transfer Date and (B) the Available Investor Principal Collections remaining after the application specified in clauses (1) and (2) above, shall remain in the Principal Account to be treated as shared principal collections and applied to series other than PFS 2010 Notes; and

(4) The balance, if any, shall be deposited into the Excess Funding Account.

On each Payment Date, the Trustee, acting in accordance with instructions from the Servicer, shall pay, first, to the holders of the Class A notes, the amount of the Class A Aggregate Monthly Interest, and, second, to the holders of the Class B notes, the amount of the Class B Aggregate Monthly Interest, to the extent Aggregate Monthly Interest has been deposited on the immediately preceding Series Transfer Date into the Payment Account.

On the first Payment Date occurring after the Rapid Amortization Period begins, and on each Payment Date thereafter, the Trustee, acting in accordance with instructions from the Servicer, shall pay the amount deposited into the Payment Account pursuant to the second paragraph above on the immediately preceding Series Transfer Date to the following Persons or accounts (as the case may be) in the following priority:



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- (1) To the holders of the Class A Notes, first, an amount equal to any accrued and unpaid Class A Monthly Interest (after giving effect to any payments with respect thereto under the preceding paragraph) and, second, an amount equal to the least of (A) the remaining amount on deposit in the Payment Account and (B) the outstanding principal amount of the Class A notes;
- (2) To the holders of the Class B Notes, first, an amount equal to any accrued and unpaid Class B Monthly Interest (after giving effect to any payments with respect thereto under the preceding paragraph) and second, an amount equal to the least of (A) the remaining amount on deposit in the Payment Account and (B) the outstanding principal amount of the Class B notes;
- (3) To the Class A noteholders, any other amounts payable thereto pursuant to the transaction documents;
- (4) To the Class B noteholders, any other amounts payable thereto pursuant to the Transaction Documents;
- (5) To the extent the Available Issuer Interest is greater than zero (after giving effect to all other reductions thereof on such date and the payment pursuant to this clause (5) and the corresponding provisions of each other series supplement), to the Trustee to pay unreimbursed expenses of the Trustee; and
- (6) The balance, if any, shall be deposited into the Excess Funding Account.

#### **Payout Events**

An Issuer Pay-Out Event will occur upon the occurrence of any of the following (subject to certain grace periods):

- (1) An event of bankruptcy shall occur with respect to any Seller or the Servicer;
- (2) All of the Sellers shall become unable for any reason to transfer the Receivables to the Issuer;
- (3) The Issuer or any Seller shall have become or become “controlled by an “investment company” under the Investment Company Act of 1940 (Investment Company Act); or
- (4) The aggregate amount on deposit in the Trust Accounts exceeds 66 $\frac{2}{3}$ % of the aggregate Principal Receivables.

A Pay-Out Event will occur, with respect to each Series, upon the occurrence of any of the following:

- (1) Failure of Issuer to pay or perform according to covenants and agreement;
- (2) Representation or warranty made by the Issuer in Agreements or Documents is incorrect when delivered;
- (3) Event of Bankruptcy of the Issuer, any Seller, or PFS;
- (4) The Issuer, any Seller or PFS shall become an “investment company” according to Investment Company Act;
- (5) Servicer Default shall occur and not be cured within the applicable grace period;
- (6) Net Portfolio Yield averaged over any three consecutive Monthly Periods is less than 0.75%;
- (7) Defaulted Receivables Rate exceeds 1.50%;
- (8) Payment Rate averaged over any three consecutive Monthly Periods is less than 15.00%;
- (9) Outstanding Balance of all Receivables for which a deemed Collection has been received equals or exceeds 10% of sum of (i) Outstanding Balance of all Receivables then in the Trust Estate and (ii) Adverse Determination Receivables for which a Collection has been received;
- (10) Failure of any Seller or the Servicer to pay when due any material amounts due under any agreement to which any such Person is a party and under which any Indebtedness greater than \$1,000,000 is governed; or (ii) the material default under which any Indebtedness owing by any



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Seller or the Servicer greater than \$1,000,000 was created or is governed; or (iii) any Indebtedness owing by any Seller or Servicer greater than \$1,000,000 shall be declared due and payable or required to be prepaid by reason of a breach or default;

- (11) Trustee fails to have security interest in Receivables and related security;
- (12) Coverage Test is not satisfied or Required Reserve Amount cannot increase due to insufficient Available Issuer Interest for a series;
- (13) Imposition of tax lien that creates a Material Adverse Effect;
- (14) Change in Control occurs;
- (15) Purchase Termination Event occurs, which may result in the termination of the Issuer's obligations under the Purchase Agreement to purchase Receivables;
- (16) Issuer fails to pay when due any amount due with respect to any Indebtedness;
- (17) Event of Default;
- (18) The notes of a Series have not been paid in full on the Expected Final Payment Date;
- (19) Pay Out-Event occurs under any other series; or
- (20) Servicer shall become unable for any reason to transfer the collections.

The Net Portfolio Yield for any Monthly Period (as determined as of the last day of each Monthly Period) shall mean the annualized percentage equivalent of a fraction, (a) the numerator of which is equal to the Net Yield Amount for such Monthly Period and (b) the denominator of which is equal to the aggregate Outstanding Balance of all Receivables on such day. The "Net Yield Amount", for any Monthly Period, is an amount equal to the excess of the sum of collections of finance charges plus recoveries plus any investment earnings over the sum of (a) interest and fees accrued for the current Monthly Period and overdue interest and fees with respect to the Notes, (b) Aggregate Investor Default Amount and (c) other liabilities of Issuer of any nature.

#### **Events of Default**

The occurrence of any one of the following events will be an "event of default" under the indenture:

- (1) Default in the payment of any interest on any class of Notes of any series (other than any series retained by the Issuer or any of its affiliates) for a period of five (5) business days after notice from the Trustee;
- (2) Default in the payment of the principal of or any installment of the principal of any class of notes of any series (other than any series retained by the Issuer or any of its affiliates) when legally due and payable;
- (3) Filing in respect of the Issuer or any substantial part of the Trust Estate in an involuntary case under any applicable Federal or state bankruptcy, insolvency or other similar law, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or
- (4) the commencement by the Issuer of a voluntary case under any applicable Federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Issuer to an involuntary case under any such law.



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### **Servicer Default**

A Servicer Default under the servicing agreement will occur if:

- (1) The servicer fails to make any required payment or deposit and the failure continues for two business days;
- (2) The servicer fails to observe in any material respect any agreements of the servicer set forth in the transaction documents and such failure continues unremedied for applicable cure period;
- (3) Any representation, warranty or statement of the servicer made under the servicing agreement is incorrect in any material respect, and continues uncured for applicable cure period after notice to, or knowledge of the Servicer;
- (4) Events of bankruptcy or insolvency occur with respect to the servicer;
- (5) For PFS as Servicer, the failure of PFS to maintain (i) a consolidated tangible net worth equal to the greater of (x) \$85,000,000 or (y) (a) prior to September 30, 2010, 7.5% or (b) on and after September 30, 2010, 8%, (ii) a positive net income for any two consecutive quarters, or (iii) a ratio of total consolidated liabilities to total consolidated net worth of 12:1 or less,
- (6) Servicer incurs any indebtedness, other than (i) indebtedness in an amount not to exceed \$5,000,000, (ii) under demand notes in favor of agents issued in connection with cash balances left with PFS by such agents, (iii) indebtedness under the transaction documents and (iv) indebtedness secured by receivables and related rights that PFS has not transferred to the Issuer;
- (7) Servicer incurs any lien on any of its property or assets, other than permitted liens; or
- (8) Any judgment against the Servicer in excess of \$1,000,000 from which no appeal may be taken and unsatisfied for any period of thirty (30) consecutive days.

The Trustee may, and upon the direction of the required noteholders under the indenture, shall, after the occurrence of a Servicer Default or any Pay-Out Event, in accordance with the provisions set forth below, designate the Back-Up Servicer as the successor servicer pursuant to the Back-Up Servicing Agreement.

The servicer may not resign from its obligations under a pooling and servicing agreement except if its duties are no longer permissible under applicable law. No resignation will become effective until a successor servicer has assumed the servicer's obligations and duties under the pooling and servicing agreement. Removal of the servicer is permissible following the occurrence of a Servicer Default or Pay-Out Event. The servicer must maintain an insurance policy or financial guarantee bond in customary form covering errors and omissions by the servicer.

Once the aggregate outstanding principal balance of the notes is less than 10% of the initial outstanding principal balance, the servicer will have the option to purchase all the Receivables held by the Issuer. If the Servicer exercises this option, the Issuer will redeem all notes on the next payment date.



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## Portfolio Characteristics

The portfolio is comprised of installment loan made to Obligors for the financing of insurance premiums on commercial insurance policies. The following table reflects certain of the yield and credit characteristics of the Receivables:

	30-Nov-09	December 31, 2008	2007	2006	2005	2004
<b>Average Receivable <sup>(1)</sup></b>						
PFS	918,667,982	1,047,102,882	1,115,899,980	1,024,514,578	964,935,727	944,618,512
UPAC	148,804,377	157,260,423	156,256,778	146,576,732	145,747,640	156,732,961
AICCO	1,623,908,333	2,441,815,385	2,607,253,846	2,691,246,154	2,608,969,231	2,585,115,385
	2,691,380,692	3,646,178,690	3,879,410,604	3,862,337,464	3,719,652,598	3,686,466,858
<b>Average Gross Spread</b>						
PFS	10,205,236	11,582,456	12,930,098	11,339,800	10,210,666	9,553,944
UPAC	1,759,166	1,927,284	2,140,774	2,080,288	1,932,737	1,892,166
AICCO	11,823,818	16,926,687	21,115,999	21,376,274	18,606,946	16,489,839
	23,788,220	30,436,427	36,186,871	34,796,362	30,750,349	27,935,949
<b>Average Cost of Funds</b>						
PFS <sup>(2)</sup>	2,949,748	3,084,165	4,918,890	4,267,347	2,884,745	1,623,325
UPAC	357,793	350,211	607,404	601,818	532,635	427,029
AICCO <sup>(2)</sup>	2,476,292	6,440,722	12,492,325	12,542,123	8,433,022	4,300,357
	5,783,833	9,875,098	18,018,619	17,411,288	11,850,402	6,350,711
<b>Net Spread</b>						
PFS	7,255,488	8,498,291	8,011,208	7,072,453	7,325,921	7,930,619
UPAC	1,401,373	1,577,073	1,534,370	1,478,470	1,400,102	1,465,137
AICCO	9,347,526	10,485,965	8,623,674	8,834,151	10,173,924	12,189,482
	18,004,387	20,561,329	18,169,252	17,385,074	18,899,947	21,585,238
<b>Charged Off <sup>(3)</sup></b>						
PFS	6,479,506	7,115,123	6,047,710	2,523,545	2,462,441	2,181,350
UPAC	2,227,628	5,098,198	1,755,597	1,715,615	1,397,505	1,121,667
AICCO	11,419,043	6,290,922	6,064,319	5,142,259	4,954,436	8,178,550
	20,167,177	18,504,243	13,867,626	9,381,419	8,814,382	11,481,567
<b>Recoveries <sup>(4)</sup></b>						
PFS	2,461,011	2,333,033	2,630,754	1,539,007	838,467	1,172,900
UPAC	746,321	504,993	533,542	462,086	462,647	553,688
AICCO	5,464,913	2,226,316	2,491,211	1,910,447	3,373,268	3,329,054
	8,672,245	5,064,342	5,655,507	3,789,532	4,674,382	5,055,642
<b>Net Charged Off</b>						
PFS	4,018,495	4,782,090	3,416,956	984,538	1,623,974	1,008,450
UPAC	1,481,307	4,593,205	1,222,055	1,253,529	934,858	567,979
AICCO	5,954,130	4,064,606	3,573,108	3,231,812	1,581,168	4,849,496
	11,453,932	13,439,901	8,212,119	5,469,879	4,140,000	6,425,925
<b>Charged Off %</b>						
PFS	0.77%	0.68%	0.54%	0.25%	0.26%	0.23%
UPAC	1.63%	3.24%	1.12%	1.17%	0.96%	0.72%
AICCO	0.77%	0.26%	0.23%	0.19%	0.19%	0.32%
Combined	0.82%	0.51%	0.36%	0.24%	0.24%	0.31%
<b>Net Charged Off %</b>						
PFS	0.48%	0.46%	0.31%	0.10%	0.17%	0.11%
UPAC	1.09%	2.92%	0.78%	0.86%	0.64%	0.36%
AICCO	0.40%	0.17%	0.14%	0.12%	0.06%	0.19%
Combined	0.46%	0.37%	0.21%	0.14%	0.11%	0.17%

(1) Calculated as the average of the ending monthly Outstanding Balance over the relevant periods.

(2) AICCO's cost of funds is based on management estimates. PFS expects ICC's average cost of funds to become similar to PFS's historical cost of funds. related insurance policy is cancelled within one month following an insured's failure to make a scheduled installment payment.

(4) A recovery occurs if, after a Receivable is charged off, PFS receives additional funds to pay in whole or in part the Outstanding Balance.



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The following table reflects agent and geographic concentrations and tenor of remaining installments exceeding 9 months for the Receivables:

<b>Portfolio Statistics 2009 YTD as of November</b>	
Remaining installments	
9 payments or less (number of accounts)	95.89%
9 payments or less (principal balance)	91.69%
Agent concentrations	
Top 5	17.73%
Other Top 10	4.34%
Geographic distributions (top 6 states)	
California	17.04%
Texas	12.21%
New York	11.94%
Florida	6.25%
Louisiana	5.17%
New Jersey	4.53%



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While additional Receivables are expect to be transfer to the Issuer, the collateral composition must be maintained within certain concentration limits as set forth below:

### Concentration limits and Performance

	<b>Current (Nov 2009)</b>	<b>Limit</b>
<b>Insurance Obligor (S&amp;P/Moodys/Best's Rating)</b>		
A+/A1/A or better	6.95%	8.00%
BBB+ to A/Baa1 to A2/A-	2.00%	6.00%
BBB- to BBB/Baa3 to B+/Baa2 to B++	TBD	4.00%
Worse, unrated or Best rating	TBD	2.00%
Lloyds of London	5.80%	10.00%
<b>Direct Obligor</b>		
At least 85% greater than or equal to BBB/Baa2/B+	TBD	2.00%
Less than BBB/Baa2/B+	TBD	1.00%
<b>Top 4 Insurance Obligors</b>	18.52%	24.00%
<b>Single Producer</b>	1.78%	4.00%
<b>Designated Producer</b>		10.00%
Lockton Companies	4.23%	7.50%
Willis	6.05%	8.00%
Arthur J Gallagher	3.78%	6.00%
<b>Candian Obligors</b>	0.01%	2.50%
<b>Government Obligors</b>	0.00%	2.00%
<b>Receivables with more than 11 months remaining</b>	1.74%	3.00%
<b>Personal lines</b>	1.83%	3.00%
<b>Pay-out Event - Excess Spread</b>	7.40%	< 0.75%
<b>Pay-out Event - Payment Rate</b>	21.64%	< 15.00%
<b>Pay-out Event - Defaulted Receivables</b>	0.13%	1.50%
<b>Pay-out Event - Finance Premium %</b>	77.30%	< 85.00%

### Credit Enhancement

In accordance with its rating methodology, DBRS analyzed the following forms of credit enhancement available to the PFS 2010 Notes.

#### Subordination:

The Class B notes are subordinate to the Class A notes. Payments of interest on Class B notes will only be made on each Payment Date to the extent that available funds remain after making all distributions of interest on the Class A notes and paying all fees, expenses, reimbursement, etc. to the Servicer, the Trustee and the Backup Servicer on such Payment Date. Therefore, the Class B notes will not receive payments of interest until all interest due with respect to the Class A notes on such Payment Date has been paid. Following the Revolving Period, payments of principal interest on the Class B notes will only be made on each Payment Date to the extent that available funds remain after making payment of principal on Class A notes

#### Overcollateralization:

Overcollateralization in the transaction is provided by the Required Reserve Amount in an amount equal to the greater of (i) the Required Reserve Amount for Class A and (ii) the Required Class B Reserve Amount. The Required Reserve Amount for Class A is the difference of (i) an amount equal to (a) the outstanding principal amount of the Class A Notes at such time, multiplied by (b) the Class A Required Reserve Percentage at such time, divided by (c) 100% minus the Class A Required Reserve Percentage at such time,



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minus (ii) the outstanding principal amount of the Class B Notes, The “Required Class B Reserve Amount” will be an amount equal to (i) the sum of (A) the outstanding principal amount of the Class A Notes at such time and (B) the outstanding principal amount of the Class B Notes at such time, multiplied by (ii) (A) the Class B Required Reserve Percentage at such time, divided by (B) 100% minus the Class B Required Reserve Percentage at such time.

**Excess Spread:**

To the extent that the portfolio yield exceeds the sum of (a) the weighted average of the note rates for each class of notes, weighted by the respective initial principal balance of each class of notes and estimated initial average life of each class of notes plus (b) the servicer fee rate plus (c) the trustee fee rate plus and (d) any backup servicing fee rate excess spread is created. With respect to the PFS 2010 Notes, an excess spread of over 6.00% is expected. For example, under certain assumption used for evaluating this transaction the expected portfolio yield is 10.89% and estimates of items (a) through (d) total 4.65%, resulting in 6.24% of excess spread (i.e. 10.89%, less (a) 2.50% + (b) 2.00% + (c) 0.10% + (d) 0.05% ).

**Rating Analysis**

Consistent with the DBRS criteria set forth in Rating U.S. Insurance Premium Finance Securitizations, dated December 2009, the PFS 2010 Notes ratings are based on a three pronged approach:

- (1) Analysis of PFS gross and cumulative net losses and application of multiples consistent with the designated rating category.

Stress Multiples by Rating Category	
Rating Category	Stress Multiples (x)
AAA	5-6x
A	3-4x

The cumulative net loss expectations used to evaluate available credit enhancement are based on the historical loss targets and actual experience of PFS (including loss experiences of the AI Division). Since 2004, the gross losses have ranged between 0.24% and 0.85% and cumulative net losses have ranged between 0.09% and 0.48%.

- (2) Review of the insurance carrier group and analysis on the probability of default of the related insurance carrier as a proxy for determining the potential losses on the transaction.
- (3) Review of insurance carrier concentrations and simulated default of five insurance carriers in the top 25 with DBRS rating equivalent of A- or lower.

**Legal**

PFS is the seller of contracts to the Issuer under a purchase agreement. PFS may originate contracts and acquire contracts originated by other third parties. Counsel to the seller is expected to render opinions indicating the “true sale” of the assets from the seller to the Issuer, and the enforceability of the documents against the Sellers, and the Trust Estate on the Closing Date. Counsel to the seller also is expected to render an opinion stating that the indenture and the pledges and grants thereunder create a valid security interest in the Trust Estate for securing payment of the obligations of under the indenture and that the creditors of the Sellers or any PFS affiliate could not successfully look to the assets of the Trust Estate for satisfaction of such parties obligations. In addition, the PFS 2010 Notes transaction structure and documentation are being reviewed for consistency with the DBRS Legal Criteria for U.S. Structured Finance Transactions methodology, dated September 2009.



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Note:  
All figures are in U.S. Dollars unless otherwise noted.

This report is based on information as of March 11, 2010. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.

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