

AGREEMENT

This Agreement is entered into and is effective as of the 1st day of November, 2005 (the "Effective Date"), by and between the Attorney General of the State of Iowa (the "Attorney General") and SDAC Auto Receivables Trust, SDAC Auto Receivables Trust II and SDAC Auto Receivables Trust III, all New York grantor trusts (hereinafter collectively the "Trust"). The files purchased by the Trust are serviced by EMCC, Inc. (hereinafter "EMCC").

WHEREAS, the Trust purchased a portfolio of consumer retail installment contracts from South Dakota Acceptance Corporation (hereinafter "SDAC"); and

WHEREAS, the Attorney General filed a lawsuit in the Iowa District Court for Polk County against SDAC and related parties alleging, among other things, violations by SDAC of Iowa Code Section 714.16, Iowa Code Chapter 537, and Iowa Code Chapter 706A; and

WHEREAS, the Attorney General has in said lawsuit challenged the legal validity and enforceability of the retail installment contracts and requested, among other things, reformation of such contracts; and

WHEREAS, the Trust has offered to reform the active retail installment contracts as set forth below in consideration of the Attorney General's Agreement not to pursue further modifications or challenges to such active contracts owned or controlled by the Trust or assigned to third parties by the Trust subsequent to the date of this Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN, THE PARTIES DO HEREBY MUTUALLY AGREE AS FOLLOWS:

1. **Reformation of Active Retail Installment Contracts.** The Trust agrees to reform the active retail installment contracts, as hereinafter defined, in the following manner:
 - a. **Reduction of Principal Balance.** The principal balance under each outstanding active retail installment contract purchased from SDAC will be reduced by the amount of \$500 and such reduction will be credited when and if the contract principal balance reaches \$500. After such credit, the contract will have a zero balance and the Trust lien will be released.
 - b. **Interest Rate Adjustment.** All outstanding active retail installment contracts with an annual percentage rate of interest in excess of 17.95% will, as of the Effective Date, be immediately reduced to an annual percentage rate of interest of 17.95%. However, consumers' payment amounts shall remain the same under their respective contracts.

- c. **All Active Retail Installment Contracts Deemed Current.** If a consumer (i) has not had his/her account charged-off by the Trust as of the Effective Date of this Agreement, (ii) has failed to make payments during the term of the contract, and (iii) is greater than thirty (30) days past due on the books of the Trust as of the Effective Date of this Agreement, then the contract shall be deemed current as of the Effective Date of this Agreement, all past due interest will be waived as of the Effective Date of this Agreement, and all late fees or similar charges existing as of the Effective Date of this Agreement shall be waived. The consumers shall be required to continue making payments as scheduled under the terms of the retail installment contracts and future missed or late payments will result in delinquency reporting.
 - d. **Vehicle Repairs.** The Trust agrees to continue its current practice of aiding consumers with active retail installment contracts on a case by case basis with respect to non-maintenance repairs to their vehicles.
 - e. **Assignment of Active Retail Installment Contracts.** If the Trust chooses to assign or sell its interest in the active retail installment contracts, the terms and provisions of such contracts, including the reformed items specified herein, shall follow the contracts and be a part thereof. Except as provided in paragraph 2 below, all terms of this Agreement are specifically incorporated into the active retail installment contracts and shall be fully and completely binding on any successors, assignees, or purchasers. The Trust further agrees to give the Attorney General written notice of any such assignment or sale of contracts purchased from SDAC.
 - f. **Legal Effect.** All provisions of existing active retail installment contracts shall remain in effect except those provisions specifically reformed by this Agreement.
 - g. **Definition of Active Retail Installment Contracts.** For purposes of this Agreement, active retail installment contracts shall mean those retail installment contracts purchased from SDAC for which there remains a balance owing by the consumer and which have not been "charged off" in the regularly maintained records of the Trust as of November 1, 2005.
2. **Cooperation Regarding Consumer Complaints.** The Trust agrees to promptly inform the office of the Attorney General concerning any proposed resolutions of individual complaints as to all consumers who have complaints regarding Dan Nelson Automotive Group, Inc. or SDAC on file with the office of the Attorney General as of the Effective Date of this Agreement and thereafter. Additionally, the Trust and the Attorney General agree to consult each other, as they deem necessary, in resolving problems in the future relating to consumers who have not yet filed complaints with the office of the Attorney General. The obligations contained in this paragraph shall relate only to the Trust and not to its future assignees.

3. **Authority of Attorney General.** The Attorney General represents to the Trust that it has the power and authority to enter into this Agreement to obtain relief for the Iowa consumers affected hereby.

4. **Minimum Requirements.** It is recognized that the Trust retains the flexibility to go above and beyond the terms of this Agreement in individual consumer cases if it deems it necessary or desirable.

5. **Agreement to Not Collect Bad Debt.**

a. The Trust represents that some of the retail installment contracts it purchased from SDAC have been charged-off. The Trust agrees that it will not attempt to collect this past charged-off debt, that it will waive any deficiency or deficiency judgments the Trust may currently have against the parties to these retail installment contracts, and that the Trust will not sell these uncollected consumer payment obligations to a third party debt collector or any other party. The Trust, however, reserves the right to assert any such indebtedness, deficiency judgment or claim as an offset if such customer files suit against the Trust for any reason.

b. Within 10 business days of the Effective Date, the Trust will submit a request to the three major credit reporting agencies (Trans Union, Equifax, and Experian) to remove any reference of the Dan Nelson Automotive or SDAC tradeline for all charged-off accounts of the Trust. In the event that one or more of the credit reporting agencies continues to report, or in the event the report reappears (whether or not by action or inaction by the Trust), the Trust will promptly resubmit the request to remove the tradeline and will take all necessary and reasonable steps in attempting to obtain removal of the tradeline.

c. For the purposes of this Agreement, "charged-off retail installment contracts" means all loans which the Trust purchased from SDAC which prior to the Effective Date of this Agreement were in default and which: (i) the Trust has ceased collecting; (ii) are not subject to contract reformation pursuant to this Agreement; (iii) with respect to which the Trust had repossessed the collateral securing each such loan; or (iv) the consumer has communicated in the past and reaffirms that he or she wishes to voluntarily surrender the vehicle, yet the vehicle itself has not actually been repossessed. The Trust shall be free, however, to enforce the terms and provisions (as modified or reformed by this Agreement) of all retail installment contracts which have not been charged-off as of the Effective Date of this Agreement.

6. **Attorney General's Agreement Not to Pursue Further Modification or Challenges to Contracts.** In consideration of the Trust's agreements herein, the Attorney General agrees not to pursue in the Attorney General's lawsuit, or otherwise, further modifications or challenges to the enforceability or terms of such active retail installment contracts owned by the Trust.

7. **Letter to Consumers.** As further consideration for the agreements contained herein, the Attorney General agrees to provide a letter, in the form of that attached hereto as Exhibit "A" to all consumers who are parties to the active retail installment contracts notifying them of the benefits obtained under the terms of this Agreement. The Trust agrees to send all such letters by First Class U.S. Mail at the Trust's expense.


8. **Release by the Attorney General.** Except for its obligations under this Agreement, the Attorney General does hereby release and forever discharge and covenant not to sue the Trust, its affiliates, general partner, parent company, and their respective officers, directors, employees, successors and assigns (the "Releasees") from any claims asserted by the Attorney General against SDAC and the other Defendants in the Attorney General's lawsuit referenced above and further agrees not to assert claims against the Trust or the Releasees as the assignee of the SDAC retail installment contracts pursuant to the FTC holder rule and Iowa Code Section 537.3404 or any other claims relating to the enforceability or legality of such retail installment contracts as reformed. This Release shall not apply to any of the defendants included in the Attorney General's lawsuit against SDAC referenced above. Nothing contained herein shall constitute a release of the Releasees from any wrongful conduct occurring after the Effective Date of this Agreement or from any breach of this Agreement.

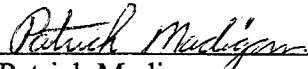
9. **Scope of Agreement.** It is acknowledged and agreed that this Agreement only covers those retail installment contracts entered into in the State of Iowa, which the Trust purchased from SDAC.

10. **Rights of Individual Consumers and the Trust.** It is acknowledged by the parties hereto that this Agreement shall not constitute a waiver or release of any individual consumer's legal rights or remedies and that all individual consumers retain the right to bring a private cause of action provided that if an individual consumer does bring a private right of action against the Trust or its successors or assigns, the Trust, and its successors and assigns, reserves the right to offset or reduce any monetary judgment obtained by the consumer with the value of the monetary benefits provided to that consumer pursuant to this Agreement. This Agreement shall not in any event constitute a waiver of any legal right or remedy of the Trust, except as expressly set forth under this Agreement, including but not limited to rights or remedies under the retail installment contracts or as otherwise allowed under applicable law. Neither this Agreement nor anything contained herein shall constitute an admission of guilt or any wrongdoing on the part of the Trust, but rather shall be construed as evidence of the Trust's willingness to cooperate voluntarily with the Attorney General and provide certain benefits to Iowa consumers.

Dated this 1st day of November, 2005.

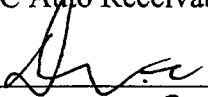
IOWA ATTORNEY GENERAL

By: 
C. Roderick Reynolds
Assistant Attorney General

By: 
Patrick Madigan
Assistant Attorney General


Dated this 8th day of November, 2005.

SDAC Auto Receivables Trust

By: 
Douglas Cardoni
Its: Trustee


Dated this 8th day of November, 2005.

SDAC Auto Receivables Trust II

By: 
Douglas Cardoni
Its: Trustee

Dated this 8th day of November, 2005.

SDAC Auto Receivables Trust III

By: 
Douglas Cardoni
Its: Trustee

THOMAS J. MILLER
ATTORNEY GENERAL

CONSUMER PROTECTION DIVISION



Address Reply To:
HOOVER BLDG 1305 E. WALNUT
DES MOINES, IOWA 50319

TELEPHONE: 515-281-5926
TOLL FREE: 888-777-4590 (IN IOWA)
TELEFAX: 515-281-6771

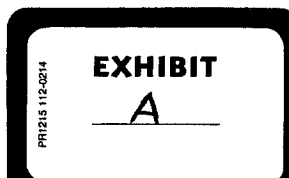
Department of Justice

Dear Consumer:

As you may be aware, my office filed a consumer protection lawsuit earlier this year against Dan Nelson Automotive Group (DNAG), Nelson's finance company - South Dakota Acceptance Corporation, also known as Car Now Acceptance Corporation (CNAC), and their owners Dan Nelson and Chris Tapken. In our lawsuit, we asked the court to order the defendants to stop violating the law, make refunds to consumers, and pay monetary penalties. Since we filed our lawsuit, the two corporate defendants, DNAG and CNAC, have filed bankruptcy and the Nelson dealerships have gone out of business.

As you may also be aware, CNAC sold some of its consumer contracts to other lenders, including the current owner of your loan, SDAC Auto Receivables Trust, SDAC Auto Receivables Trust II and SDAC Auto Receivables Trust III (collectively the "Trust"). The accounts purchased by the Trust are being serviced by EMCC, Inc. ("EMCC"). Even though the Trust and EMCC are not parties to our lawsuit, they have been very cooperative in working with my office and we have reached an agreement with the Trust to change some of the terms of your contract. Your contract will be changed in four important ways:

1. **The Interest Rate has been Reduced** – Nearly all contracts sold by CNAC were at a 24.95% annual interest rate. All CNAC contracts purchased by the Trust are immediately reduced to a 17.95% annual interest rate. While your payments will stay the same, this interest rate reduction will shorten the length of your loan.
2. **All Active Contracts are Deemed Current** – The Trust has agreed to treat payments on contracts as being current as of the date of this agreement, and all past due interest is being forgiven. Even if you were behind on your payments to the Trust, you simply continue making your payments as if you never missed one. Future missed or late payments, however, will result in normal delinquency actions being taken.
3. **The Amount You Owe will be Reduced** – The amount you owe on your vehicle will be reduced by \$500 at the end of your contract. When you reach a \$500 balance on your contract, the Trust will forgive the last \$500 and release its lien.
4. **Vehicle Repairs** – The Trust has already been aiding consumers with vehicle repairs on a voluntary basis. The Trust has agreed to continue its current practice of aiding consumers with non-maintenance repairs to vehicles on a case by case basis.



Under this agreement, you will still be making the **same payments** at the EMCC service center (toll-free 1-866-523-4455). However, because of the interest rate reduction and the \$500 credit, you will see a reduction in your total payments and the length of your loan.

Because of this agreement, my office will not pursue any further modifications of CNAC consumer contracts purchased by the Trust.

You do not need to do anything further in order to participate. The terms of your loan will be automatically changed pursuant to the terms of the agreement. The fact that your contract has been changed does not take away any of your existing private legal rights or remedies.

Please be aware that our lawsuit against DNAG and CNAC remains ongoing. One major purpose in bringing this lawsuit was to stop the defendants from violating the law. That has been accomplished. Although the bankruptcy filing limits our ability to recover refunds for consumers from the corporate defendants, my office will continue to seek monetary and other relief from the individual defendant, Dan Nelson.

If you have any questions concerning this letter or the agreement with the Trust, please contact my Consumer Protection Division at 515-281-5926 (toll free in Iowa 888-777-4590).

If you have questions about your balance as a result of this agreement, about payments you need to make, if you have a repair request, or if you would like to discuss a settlement of your account, please contact the EMCC CNAC Service Center directly. Their toll-free number is 1-866-523-4455.

Sincerely,

A handwritten signature in black ink that reads "Tom Miller". The signature is written in a cursive style with a long horizontal stroke extending to the left.

Tom Miller
Attorney General