Presale:

United Auto Credit Securitization Trust 2022-2

July 7, 2022

PRIMARY CREDIT ANALYST

Kaylin Gafford

Centennial

+ 1 (303)-721-4873

kaylin.gafford
@spglobal.com

SECONDARY CONTACT

Timothy J Moran, CFA, FRM

New York

+ 1 (212) 438 2440

timothy.moran
@spglobal.com

RESEARCH CONTRIBUTOR

Radhika Wadhi

CRISIL Global Analytical Center, an S&P Global Ratings affiliate, Mumbai

Preliminary Ratings

Class	Preliminary rating	Type	Interest rate(i)	Preliminary amount (mil. $)	Legal final maturity date
A	AAA (sf)	Senior	Fixed	125.41	April 10, 2025
B	AA (sf)	Subordinate	Fixed	31.92	Dec. 10, 2025
C	A (sf)	Subordinate	Fixed	27.93	May 10, 2027
D	BBB (sf)	Subordinate	Fixed	34.62	Jan. 10, 2028
E	BB (sf)	Subordinate	Fixed	35.20	April 10, 2029

This presale report is based on information as of July 7, 2022. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. (i)The interest rates of these tranches will be determined on the pricing date.

Profile

Expected closing date	July 20, 2022.
Collateral	Subprime auto loan receivables.
Sponsor, servicer, and custodian	United Auto Credit Corp.
Depositor	United Auto Credit Financing LLC.
Issuer	United Auto Credit Securitization Trust 2022-2, a Delaware statutory trust.
Indenture trustee and backup servicer	Computershare Trust Co. N.A. (BBB/Negative/--).
Owner trustee	Computershare Delaware Trust Co.
Structuring lead manager	J.P. Morgan Securities LLC.

UACST Credit Enhancement Summary

	2022-2	2022-1	2021-1	2020-1	2019-1	2018-2	2018-1	2017-1
Subordination (% of the initial receivables)(i)								
Class A	45.50	47.50	48.95	46.00	46.50	46.50	49.76	46.98
Class B	34.30	35.50	36.05	33.75	36.00	36.00	38.26	34.50
Class C	24.50	23.75	24.65	21.50	25.00	25.00	26.76	22.74

UACST Credit Enhancement Summary (cont.)

	2022-2	2022-1	2021-1	2020-1	2019-1	2018-2	2018-1	2017-1
Class D	12.35	10.75	13.35	9.75	12.00	12.00	13.51	9.72
Class E	0.00	0.00	5.35	2.75	4.85	3.50	3.25	0.00
Class F	N/A	N/A	0.00	0.00	0.00	0.00	0.00	N/A
Overcollateralization								
Initial (% of the initial receivables)	10.50	7.00	4.10	10.50	7.00	7.00	8.00	11.50
Target(% of the current receivables)	15.50	14.25	10.25	19.50	10.50	10.50	11.50	16.00
Floor (% of the initial receivables)	1.00	1.00	1.00	1.50	1.00	0.50	0.50	0.50
Reserve account								
Initial (% of the initial receivables)	1.50	1.50	1.50	1.50	1.50	2.00	2.00	2.00
Target (% of the initial receivables)	1.50	1.50	1.50	1.50	1.50	2.00	2.00	2.00
Floor (% of the initial receivables)	1.50	1.50	1.50	1.50	1.50	2.00	2.00	2.00
Total initial hard credit enhancement (% of the initial receivables)								
Class A	57.50	56.00	54.55	58.00	55.00	55.50	59.76	60.48
Class B	46.30	44.00	41.65	45.75	44.50	45.00	48.26	48.00
Class C	36.50	32.25	30.25	33.50	33.50	34.00	36.76	36.24
Class D	24.35	19.25	18.95	21.75	20.50	21.00	23.51	23.22
Class E	12.00	8.50	10.95	14.75	13.35	12.50	13.25	13.50
Class F	N/A	N/A	5.60	12.00	8.50	9.00	10.00	N/A
Excess spread per year (estimated %)(ii)(iii)	11.09	14.94	16.85	15.65	15.11	15.25	15.33	16.33

(i)Principal on the preliminary rated notes will be paid sequentially. (ii)Includes the 3.25% servicing fee. (iii)For comparison purposes, includes estimated excess spread post-pricing for all series 2022-1 and prior, including assumed minimum weighted average annual percentage rate after prefunding requirements where applicable. For series 2022-2, estimated excess spread is pre-pricing. UACST--United Auto Credit Securitization Trust. N/A––Not applicable.

Rationale

The preliminary ratings assigned to United Auto Credit Securitization Trust 2022-2's (UACST 2022-2's) $255.08 million automobile receivables-backed notes series 2022-2 reflect our view of:

- The availability of approximately 60.17%, 52.22%, 43.56%, 33.77%, and 26.91% credit support for the class A, B, C, D, and E notes, respectively, based on stressed break-even cash flow scenarios (including excess spread). These credit support levels provide coverage of approximately 2.90x, 2.50x, 2.05x, 1.55x, and 1.27x our expected net loss range of 19.75%-20.75% for the class A, B, C, D, and E notes, respectively (see the Cash Flow Modeling section).
- The likelihood of timely interest and principal payments by the assumed legal final maturity

dates under stressed cash flow modeling scenarios that are appropriate for the assigned preliminary ratings.

- Our expectation that under a moderate ('BBB') stress scenario, all else being equal, our ratings will be within the limits specified by section A.4 of the Appendix contained in our article "S&P Global Ratings Definitions," published Nov. 10, 2021.
- Credit enhancement in the form of subordination, overcollateralization (O/C), a reserve account, and excess spread (see the Credit Enhancement Summary table).
- The collateral characteristics of the subprime pool being securitized. It is approximately three months seasoned, with a weighted-average original term of approximately 58 months and an average remaining term of about 55 months. As a result, we expect that the pool will pay down more quickly than many other subprime pools that are usually characterized by longer weighted-average original and remaining terms.
- Our analysis of more than 10 years of static pool data following the credit crisis and after United Auto Credit Corp. (UACC) centralized its operations and shifted toward shorter loan terms. We also reviewed the performance of UACC's three outstanding securitizations, as well as its paid-off securitizations.
- UACC's more than 20-year history of originating, underwriting, and servicing subprime auto loans.
- The transaction's payment and legal structures.

Environmental, Social, And Governance (ESG) Factors

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

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

In our view, the transaction has relatively higher exposure to social credit factors than our sector benchmark due to this being a pool of subprime obligors versus the benchmark of prime obligors, which, given the elevated interest rate and affordability considerations for these subprime borrowers, could increase legal and regulatory risks if the validity of the contracts or the servicer's collection practices were challenged. We believe this risk is mitigated by representations made by the issuer that each loan when originated complied with all laws. In addition, the issuer has a compliance department that manages its adherence to all applicable laws.

Changes From The Series 2022-1 Transaction

Structural changes from series 2022-1 include:

- The initial hard credit enhancement increased for all classes (A, B, C, D & E notes) to 57.50%, 46.30%, 36.50%, 24.35%, and 12.00% from 56.00%, 44.00%, 32.25%, 19.25%, and 8.50%, respectively.
- The initial and target O/C increased to 10.50% and 15.50% from 7.00% and 14.25%, respectively. The O/C floor remains unchanged at 1.00%.
- Subordination decreased for class A to 45.50% from 47.50% and B to 34.30% from 35.50% and increased for class C to 24.50% from 23.75% and D to 12.35% from 10.75%.
- The estimated annual excess spread decreased to approximately 11.09%, pre-pricing, from 14.94% for the 2022-1 series post-pricing.

Changes in the collateral composition of the series 2022-2 pool from series 2022-1 include:

- The concentration of the 850+ internal score (C-score) increased to 28.62% from 23.82%.
- The percentage of loans with original terms 61-66 months increased to 37.87% from 28.58%.
- The percentage of loans with original terms of 67-72 months increased to 6.36% from 0.22%.
- The weighted average loan-to-value (LTV) ratio increased to 124.69% from 117.78%.
- The weighted average FICO score decreased to 569 from 579.
- The weighted average payment-to-income (PTI) ratio increased to 14.74% from 14.20%.
- Seasoning in the pool decreased to approximately three months from seven months
- The percentage of called collateral is less than 1.00%, a decline from 9.65%.

Overall, we believe that the credit quality of the collateral in the 2022-2 pool is slightly worse than that of the 2022-1 in part due to the higher LTV ratios and the higher percentage of longer-term loans. However, based on UACC's outstanding transactions performing better than our initial expectations (see the Securitization Performance section), monthly extension rates on securitized pools continuing to remain below pre-COVID-19 levels, and static pool data, we have lowered our expected cumulative net loss (ECNL) range for UACC 2022-2 to 19.75%-20.75% from 20.00%-21.00% for UACC 2022-1 (see the S&P Global Ratings' Expected Loss section).

Key Rating Considerations

Based on our review of UACC's operations and the data it provided, we considered certain key points in rating this transaction:

- The company has operated for more than 20 years under the United Auto Credit Corporation name. It has issued seven bond-insured securitizations rated by S&P Global Ratings under the United PanAm Financial Corp. (UPFC) name, all of which have paid off. It also issued senior-subordinate structures from 2012 to 2022 under the United Auto Credit Securitization Trust (UACST) platform. Of the UACST transactions, three of them are outstanding: 2020-1, 2021-1 and 2022-1.
- UACC was recently acquired by Vroom Inc., making UACC an indirect subsidiary of Vroom. UACC

will continue to operate under the UACC name and management has remained in-place following the closing of the Vroom acquisition. Vroom will rely on UACC for all underwriting and originations.

- UACC has an experienced management team that navigated the company through major operational changes during the credit crisis. These changes included consolidating UACC's decentralized operations, which were spread across 144 branches, into a centralized platform. Although the company ceased originations from August 2008 through June 2009, it has generally grown since then, with a managed portfolio of approximately $823 million as of May 31, 2022. The management team's experience in subprime auto lending ranges from 10 years to more than 25 years. Before taking over UACC in 2008, the company's president and CEO was Westlake Financial Services' (Westlake's) president from 1995-2007, a period of significant growth and profitability. UACC's chief financial officer worked for over 12 years in Financial Security Assurance Inc.'s consumer finance group, recently as a managing director. While the vice president of collections joined UACC in 2014, he had worked with the company's president at Westlake for over 10 years.
- UACC was profitable on a pre-tax basis for fiscal years 2017-2022.
- Static pool performance data for UACC cover various economic periods and include approximately 11 years of performance beginning in July 2009, after UACC centralized its operations and moved to much shorter-term contracts. We also have performance data on its prior securitizations, which were outstanding while the company systematically centralized its servicing operations during the economic/credit crisis and before it sold those loans' residual interests and servicing rights in May 2010.
- The company has multibank, multiyear warehouse facilities that allow the receivables to amortize, which mitigates the risk of bullet maturities should another credit crisis occur and it finds itself unable to renew the facilities. Securitizations further diversify the company's funding options.
- Computershare Trust Co. N.A., the indenture trustee and backup servicer, will complete data mapping for UACC's servicing system as well as receive monthly pool data to confirm certain data on the monthly servicer reports. We believe this enables for a smoother servicing transition to the backup servicer, if necessary.

Transaction And Legal Overview

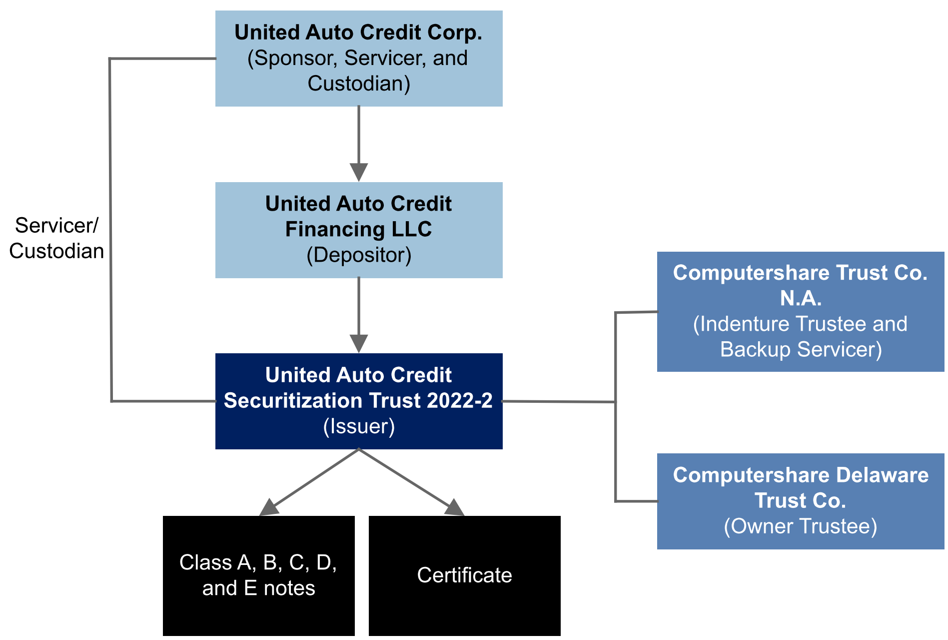
UACST 2022-2 is UACC/UPFC's 21st securitization and its second transaction since it was acquired by Vroom. The company purchases motor vehicle retail installment sales contracts that motor vehicle dealers originate and assign to UACC using its credit policies.

The transaction is structured as a true sale of the receivables from UACC to United Auto Credit Financing LLC, the depositor. The depositor will then transfer the receivables to UACST 2022-2, a newly formed special-purpose Delaware statutory trust. The issuer will pledge its interest in the receivables and its security interests in the vehicles to the indenture trustee for the noteholders' benefit.

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

Chart 1

Transaction Structure



Transaction Structure

The series 2022-2 transaction will employ a sequential principal payment structure among the notes. The sequential-pay mechanism builds credit enhancement, on a percentage basis, for the notes as the pool amortizes.

The transaction's structure incorporates a 1.50% non-declining reserve account and initial O/C of 10.50%, which is required to build to a target of 15.50% of the current pool balance before amortizing to its floor of 1.00% of the initial pool balance. We expect the pool to generate excess spread of approximately 11.09% per year, which will be used to cover losses and make principal payments to the notes to build the O/C to its target.

The transaction documents will require that UACC deposit into the collection account all collections on the receivables within two business days of receiving those funds. Obligor loan payments will be processed through a lockbox that the indenture trustee maintains and controls, subject to an intercreditor agreement among UACC, the indenture trustee, the lockbox bank, and the warehouse providers.

Payment Structure

Payment distributions

The class A, B, C, D, and E notes' issuance amounts will equal approximately $255.08 million, and the notes will pay fixed interest rates. Interest and principal are scheduled to be paid to the preliminary rated notes on the 10th day of each month or the next business day, beginning Aug. 10, 2022. On each payment date, distributions will be made from available funds according to the payment priority outlined in table 1. In addition, the funds in the reserve account will be available to cover fees, expenses, and interest shortfalls, as well as make parity principal payments and principal payments that are due on the notes' final maturity date.

Table 1

Payment Waterfall

Priority	Payment
1	Pro rata to the servicer, a servicing fee of 3.25% and any supplemental servicing fees, and to any successor servicer, transitions fees capped at $150,000.
2	Pro rata to the lockbox bank, indenture trustee, backup servicer, successor custodian, and owner trustee, transition fees capped at $100,000 annually.
3	To the note distribution account, interest on the class A notes, pro rata.
4	To the note distribution account, the first-priority principal distributable amount.
5	To the note distribution account, interest on the class B notes.
6	To the note distribution account, the second-priority principal distributable amount.
7	To the note distribution account, interest on the class C notes.
8	To the note distribution account, the third-priority principal distributable amount.
9	To the note distribution account, interest on the class D notes.
10	To the note distribution account, the fourth-priority principal distributable amount.
11	To the note distribution account, interest on the class E notes.
12	To the note distribution account, the fifth-priority principal distributable amount.
13	To the reserve account, reserve account deposit amount (an amount required to cause the amount of cash on deposit in the reserve account to equal the required level).
14	To the note distribution account, the regular allocation of principal.
15	Fees not paid in items 1 and 2.
16	Any remaining funds will be distributed to the certificate distribution account for distribution to the certificateholders.

Events Of Default

Under the indenture, any one of certain events will constitute an event of default:

- A default in any interest payment on the controlling class of notes that remains uncured for five days;
- A default in the payment of any note's principal on its final scheduled distribution date;

- Certain breaches of representations, warranties, and covenants by the issuer, subject to a 45-day cure period, or for a longer period not exceeding 90 days; or
- Certain events of bankruptcy relating to the issuer or the issuer's property.

Payment distributions after an event of default

On each payment date following an event of default that is related solely to a breach of a covenant, representation, or warranty but before the notes' acceleration, available funds will be distributed as described in table 1 above. However, there will be no limitation on fees, expenses, and indemnities in items 1 and 2, and the payment in item 14 will include all available funds until the total note balance has been reduced to zero.

On each payment date following an event of default (other than an event of default that is related solely to a breach of a covenant, representation, or warranty) and the subsequent acceleration of the notes or upon liquidation of the trust's assets, available funds will be distributed sequentially as shown in table 2.

Table 2

Payment Waterfall

Priority--monetary EOD	Payment
1	The amounts due, pro rata, to the servicer, the trustees, and the backup servicer, without regard to any caps and annual limitations.
2	The class A note interest to the class A noteholders.
3	The class A note principal to the class A noteholders until the class A note balance has been reduced to zero.
4	The class B note interest to the class B noteholders.
5	The class B note principal to the class B noteholders until the class B note balance has been reduced to zero.
6	The class C note interest to the class C noteholders.
7	The class C note principal to the class C noteholders until the class C note balance has been reduced to zero.
8	The class D note interest to the class D noteholders.
9	The class D note principal to the class D noteholders until the class D note balance has been reduced to zero.
10	The class E note interest to the class E noteholders.
11	The class E note principal to the class E noteholders until the class E note balance has been reduced to zero.
12	Any remaining funds to the residual certificateholders.

EOD--Event of default.

Managed Portfolio Performance

UACC's serviced portfolio was approximately $823 million as of the five months ended May 31, 2022, which is approximately a 40% increase year-over-year (see table 3). As of May 31, 2022, total delinquencies increased year-over-year to 7.96% from 6.83%. The increase in total delinquencies year-over-year is primarily due to the increase in 31- to 60-day delinquencies, while the longer-term delinquency buckets remain relatively stable. Net losses as a percentage of average outstanding receivables were 8.59%, up from 7.13% during the same period last year.

Table 3

Managed Portfolio

	As of May 31		Year ended Dec. 31						
	2022	2021	2021	2020	2019	2018	2017	2016	2015
Period-end principal balance (mil. $)	822.99	587.41	636.32	551.56	584.3	480.9	397.79	359.88	360.00
Delinquencies (%)									
31-60 days	5.70	4.69	7.21	5.84	5.61	5.43	5.25	6.62	6.71
61-90 days	1.44	1.37	2.60	2.37	2.17	2.33	2.42	2.32	2.07
91-plus days	0.83	0.78	1.38	1.43	1.43	1.59	1.25	1.10	1.05
Total	7.96	6.83	11.18	9.65	9.21	9.34	8.92	10.05	9.83
Net charge-offs (% of ending balance)(i)	7.50	6.91	6.58	12.27	12.09	11.74	14.20	17.06	17.07
Net charge-offs (% of average balance)(i)	8.59	7.13	7.03	11.69	12.92	12.42	15.09	16.40	16.88

(i)Results for the five months ended May 31, 2021, and May 31, 2022, are annualized.

Securitization Performance/Surveillance Update

We currently maintain ratings on three UACC transactions issued between 2020 and 2022. Series 2020-1 and 2021-1 were reviewed in March 2022. The revised ECNLs for both series are lower than our initial expectations. At this time, for all outstanding transactions, we have observed that losses have been trending lower than our initial expectations.

Table 4

Performance Data For Outstanding United Auto Credit Securitization Trust Transactions (As Of The June 2022 Distribution Date)

	Month	Pool factor (%)	CNL (%)	60-plus-day delinquency (%)	Initial/former lifetime CNL (%)	Revised lifetime CNL (%)
2020-1	24	24.96	11.69	3.05	22.25-23.25	15.50–16.50(i)
2021-1	15	49.74	6.73	2.45	21.25-22.25	15.50–16.50(i)
2022-1	4	86.44	1.05	2.24	20.00-21.00	N/A

(i)Revised in March 2022. CNL--Cumulative net losses. N/A--Not applicable.

Each transaction has credit enhancement in the form of a reserve account, O/C, and excess spread. In addition, they were all structured with subordination for the more senior classes. The credit support levels have grown for all outstanding classes as a percentage of the declining collateral balances. In our view, all of the classes have adequate credit enhancement at their current rating levels. We will continue to monitor these transactions to determine if the assigned ratings remain sufficient, and will take any rating actions we deem appropriate.

Pool Analysis

As of the June 30, 2022, cut-off date, the collateral pool comprised approximately $285 million in motor vehicle installment sales contracts.

The pool is approximately three months seasoned and has a weighted-average original term of 58 months. The average annual percentage rate (APR) is 21.40%, and the average credit bureau score (non-zero) is 569 (see table 5). This pool will not include prefunding.

Table 5

Collateral Comparison

	UACST 2022-2	UACST 2022-1	UACST 2021-1	UACST 2020-1	UACST 2019-1	UACST 2018-2	UACST 2018-1	UACST 2017-1
Receivables balance (mil. $)	285.00	318.46	179.85	267.62	229.84	150.00	126.23	111.58
No. of receivables	19,254	27,913	16,965	27,386	24,641	17,302	15,043	13,557
Avg. current principal balance (mil. $)	14,802	11,409	10,601	9,772	9,327	8,670	8,391	8,231
WA FICO score	569	579	588	580	577	580	580	577
WA APR (%)	21.40	21.95	22.28	22.63	22.96	23.07	22.85	23.14
WA LTV ratio (%)	124.69	117.78	114.77	112.33	112.05	111.68	113.09	107.43
WA original term (mos.)	57.73	54.35	51.34	46.71	44.82	44.65	44.23	41.64
WA remaining term (mos.)	55.02	46.96	44.87	41.15	40.31	39.29	39.41	37.90
WA seasoning (mos.)	2.70	7.39	6.47	5.57	4.51	5.36	4.82	3.74
Original term 61-72 mos. (%)	44.23	28.80	18.94	11.51	8.68	8.44	8.69	4.33
New vehicles (%)	0.00	0.08	0.14	0.09	0.08	0.07	0.05	0.01
Used vehicles (%)	100.00	99.92	99.86	99.91	99.92	99.93	99.95	99.99
WA mileage	118,679	117,277	111,673	106,308	111,569	109,501	111,898	114,404
Distribution by FICO score (%)								
No score	21.21	16.35	14.31	19.65	19.89	21.87	20.13	22.48
Lower than or equal to 600	56.47	55.65	52.58	52.71	54.10	50.43	51.62	51.26
601 and higher	22.32	28.00	33.11	27.63	26.00	27.70	28.25	26.26

Table 5

Collateral Comparison (cont.)

	UACST 2022-2	UACST 2022-1	UACST 2021-1	UACST 2020-1	UACST 2019-1	UACST 2018-2	UACST 2018-1	UACST 2017-1
Top three state concentrations (%)								
	FL=21.89	FL=19.64	FL=20.23	FL=14.38	CA=11.63	FL=11.51	FL=13.53	FL=13.48
	TX=9.17	CA=8.03	CA=10.65	CA=13.65	FL=11.25	CA=10.28	TX=9.62	TX=9.12
	AR=5.55	TX=7.00	TX=6.71	TX=7.99	TX=9.01	TX=8.16	CA=7.48	CA=5.97
Paid-off CNL (%)	N/A	N/A	N/A	N/A	17.82	18.94	20.03	19.36
Expected CNL(i)	19.75-20.75	20.00-21.00	15.50-16.50	15.50-16.50	N/A	N/A	N/A	N/A

(i)Original expected CNL for series 2022-2 and 2022-1; revised expected CNL for series 2021-1 and 2020-1. UACST--United Auto Credit Securitization Trust. APR--Annual percentage rate. LTV--Loan-to-value. CNL-–Cumulative net losses. N/A--Not applicable.

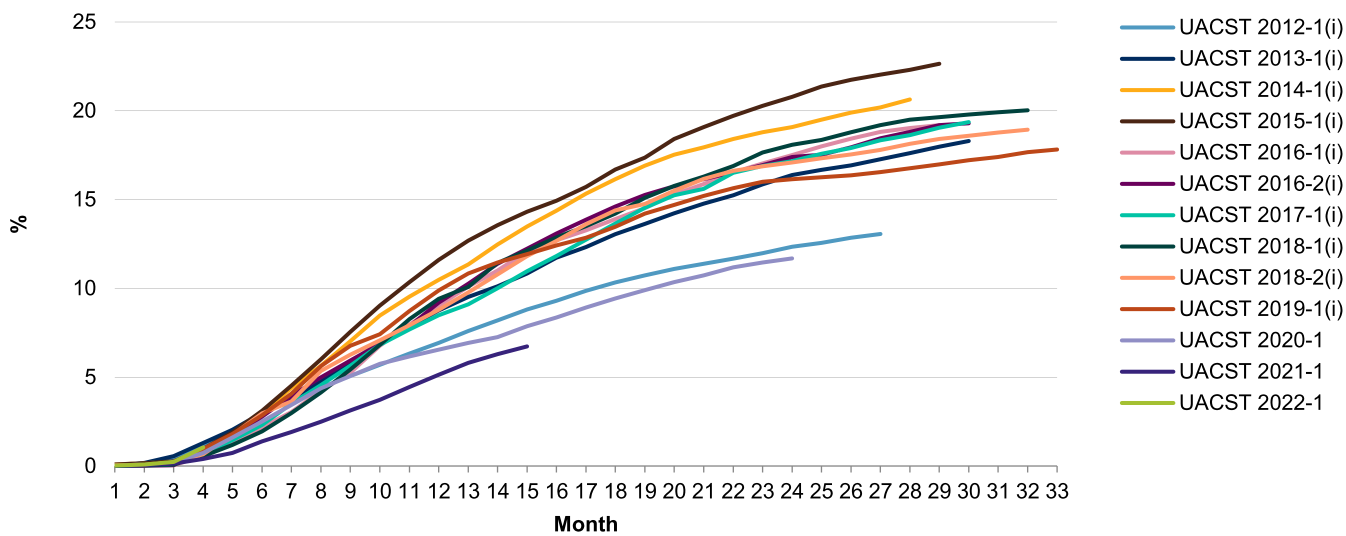
S&P Global Ratings' ECNL: 19.75%-20.75%

To derive the base-case expected loss for the transaction, we analyzed UACC's origination static pool performance in aggregate, by internal score (C-score), by LTV ratio band, and by FICO score within each LTV ratio band. Additionally, we reviewed company-provided quarterly vintage performance data since July 2009, when it resumed originations under the shorter-term, centralized structure, as well as the issuer's securitizations since 2012.

Based on our static pool loss projections, we observed improved performance for each subsequent vintage from 2016 through early performance in 2022. When projecting losses on the outstanding securitizations, we used the issuer's most recent paid-off securitizations (see chart 2). Losses for the securitized transactions are trending lower than prior expectations. Note that when analyzing static pool performance and securitization performance, we placed less focus on performance from the past 12-18 months, given the potential impact of government stimulus and unemployment benefits on loss performance.

Chart 2

UACC Cumulative Net Losses By Securitization
Paid-Off And Outstanding



(i)Paid off. For the paid-off deals, the cumulative net losses have been updated based on a stretched projection and do not represent performance until call option was exercised. UACC--United Auto Credit Corp. UACST--United Auto

Based on our review of the securitization data, the quarterly origination static pool data, the pool characteristics, and our forward-looking view of the economy, we expect the UACST 2022-2 transaction to experience CNLs of 19.75%-20.75%.

Cash Flow Modeling Assumptions And Results

Break-even results

We modeled the transaction to simulate stress scenarios that we believe are appropriate for the preliminary ratings. For these stress scenarios, we applied front- and back-loaded loss curves (see tables 6 and 7).

Table 6

Break-Even Cash Flow Assumptions And Results

Front-loaded loss curve

	Class				
	A	B	C	D	E
Scenario (preliminary rating)	AAA (sf)	AA (sf)	A (sf)	BBB (sf)	BB (sf)
Input loss timing by months outstanding (%)	45/45/10	45/45/10	45/45/10	45/45/10	45/45/10
Actual loss timing by months outstanding (%)	68/32	46/46/8	45/45/9	45/45/9	45/45/9

Table 6

Break-Even Cash Flow Assumptions And Results (cont.)

Voluntary absolute prepayment speed (%)	1.00	1.00	1.00	1.00	1.00
Recoveries (%)	30.00	30.00	30.00	30.00	30.00
Recovery lag (mos.)	4	4	4	4	4
Servicing fee (%)	3.25	3.25	3.25	3.25	3.25
Approximate break-even net loss levels(i)	60.17	52.22	43.56	33.77	26.94

(i)The maximum cumulative net and gross losses on the pool, with 100% credit given to excess spread, that the transaction can withstand without triggering a payment default on the relevant classes of notes. Our stressed cashflows assume a 10% haircut to excess spread.

Table 7

Break-Even Cash Flow Assumptions And Results

Back-loaded loss curve	Class				
	A	B	C	D	E
Scenario (preliminary rating)	AAA (sf)	AA (sf)	A (sf)	BBB (sf)	BB (sf)
Input loss timing by months outstanding (%)	35/45/20	35/45/20	35/45/20	35/45/20	35/45/20
Actual loss timing by months outstanding (%)	66/34	41/51/8	36/46/18	35/46/19	35/46/19
Voluntary absolute prepayment speed (%)	1.00	1.00	1.00	1.00	1.00
Recoveries (%)	30.00	30.00	30.00	30.00	30.00
Recovery lag (mos.)	4	4	4	4	4
Servicing fee (%)	3.25	3.25	3.25	3.25	3.25
Approximate break-even net loss levels (%)(i)	60.18	52.72	44.22	34.35	26.91

(i)The maximum cumulative net and gross losses on the pool, with 100% credit given to excess spread, that the transaction can withstand without triggering a payment default on the relevant classes of notes. Our stressed cashflows assume a 10% haircut to excess spread.

Using the expected net loss of 19.75%-20.75% and applying the above stresses in our internal cash flow runs, the break-even results show that under the assumed loss curve, the notes are enhanced to the degree necessary to withstand a stressed net loss that is consistent with the preliminary ratings.

Scenario Analysis

In addition to running break-even and base-case cash flows, we ran a sensitivity analysis to see how the preliminary ratings on the notes could be affected by losses that are moderately higher ('BBB') than we currently expect (see table 8 and charts 3 and 4).

Table 8

Scenario Analysis Summary--Moderate Loss Scenario

Loss level (multiple)	1.55x base case
Cumulative net loss (%)	31.39
Absolute prepayment speed voluntary prepayments (%)	1.00
Recoveries (%)	30.00
Recovery lag (mos.)	4
Servicing and other fees (%)	3.25
Front-loaded loss curve—loss timing by months outstanding (12/24/36) (%)	45/45/10
Back-loaded loss curve—loss timing by months outstanding (12/24/36) (%)	35/45/20

Chart 3

Front-Loaded Loss Coverage

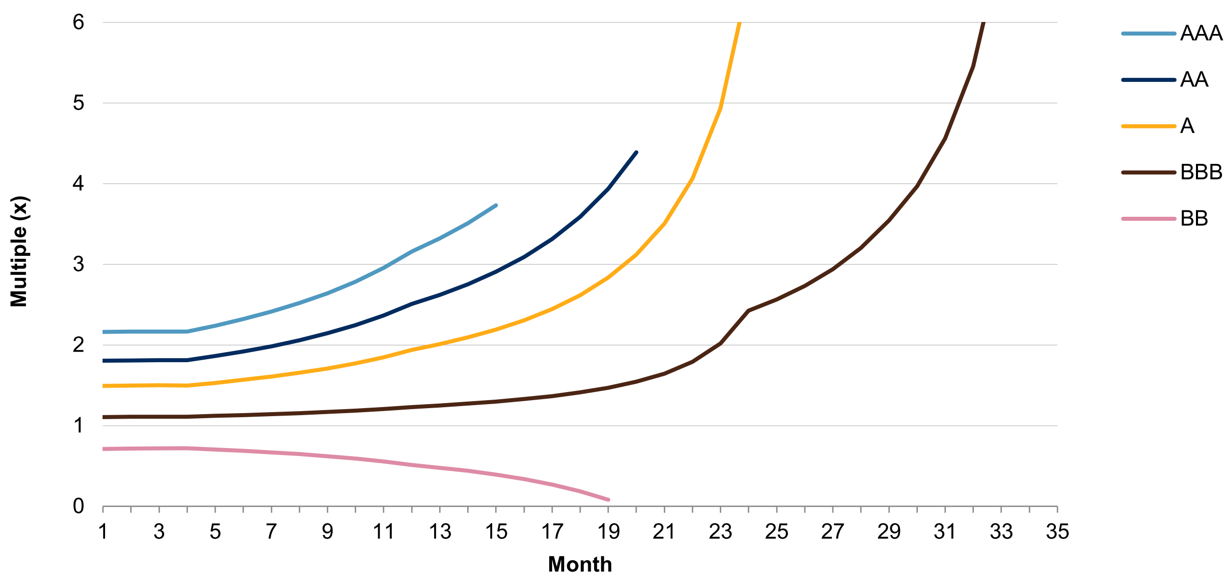
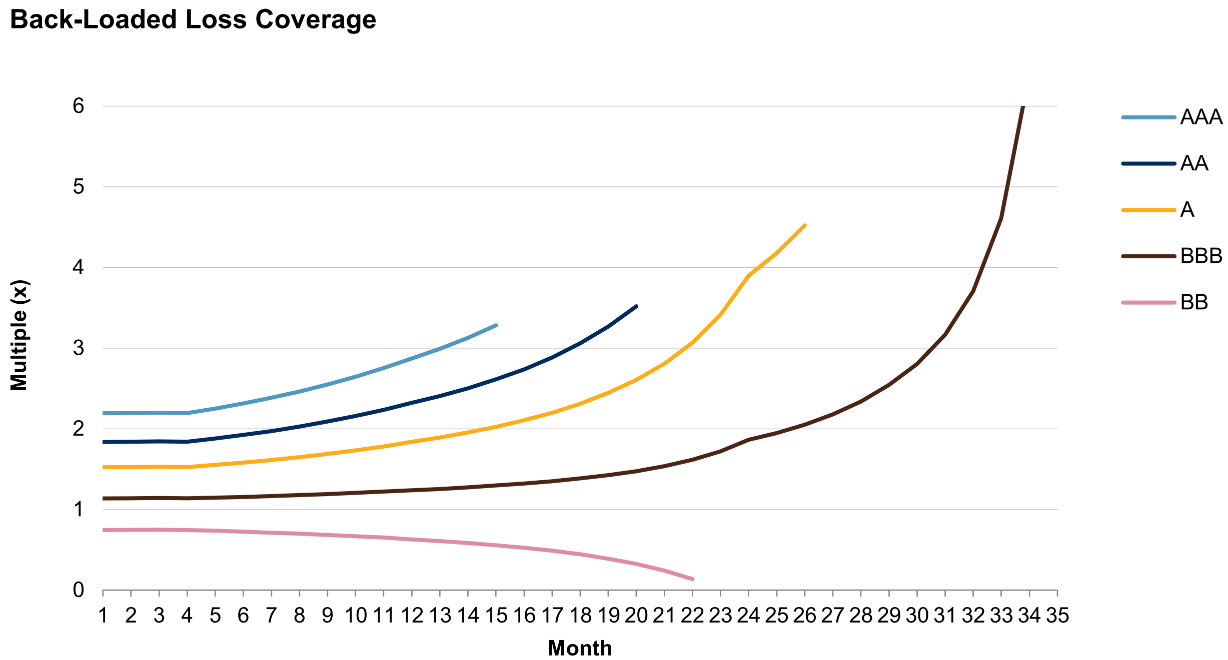


Chart 4



Our sensitivity analysis allows us to simulate a moderate, or 'BBB', loss scenario to determine the degree to which the preliminary ratings are susceptible to a negative rating action. Our results show that, all else being equal, we expect our ratings will be within the credit stability limits specified by section A.4 of the Appendix contained in "S&P Global Ratings Definitions" (published Nov. 10, 2021).

Legal Final Maturity

To test the legal final maturity dates set for the class A, B, C, and D notes, we determined the date on which the respective notes were fully amortized in a zero-loss, zero-prepayment scenario and then added three months to the result. Furthermore, in the break-even scenario for each respective rating level, we confirmed that there was sufficient credit enhancement both to cover losses and to repay the related notes in full by the legal final maturity. We calculated the legal final maturity for class E notes by adding six months to accommodate recoveries and extensions to the longest loan term in the pool.

UACC

UACC is a California corporation and a wholly owned subsidiary of Vroom Automotive Finance Corp. (VAFC; formerly known as Unitas Holdings), another California corporation. VAFC was recently acquired by, and is an indirect subsidiary of, Vroom Inc. UACC has been engaged in subprime automobile finance since 1996; Vroom Financial Services Corp. (formerly known as UPFC), a wholly owned subsidiary of VAFC, was taken public in April 1998.

UACC grew into a 144-branch network with decentralized underwriting and servicing operations and had a peak portfolio size of approximately $926 million as of December 2007. From 2004 to 2007, UACC had completed seven bond-insured securitizations totaling more than $1.8 billion under the UPFC name, which was also its ticker and domain name. However, at that time, UACC purchased the loans from the dealers in its role as the sponsor, which is still the case today.

In mid-2008, a new management team was brought in and began centralizing the branch structure in July of that year. The company ceased originating loans from August 2008 through June 2009 to conserve capital and liquidity. During this time, UACC continued to service the receivables while systematically closing branch offices and rolling several branches into regional hubs. The company finished centralizing its operations in May 2010 when it sold the residual rights and servicing on the securitizations to a third party.

UACC's largest shareholder at the time (one of its founders) took the company private in February 2011.

UACC provides funding that allows primarily independent (but some manufacturer-franchised) motor vehicle dealers to finance their customers' purchases of new and used automobiles, light- and medium-duty trucks, and vans. UACC designed its lending programs primarily to serve consumers who have limited access to traditional motor vehicle financing. Most of these borrowers have experienced prior credit difficulties and generally have credit bureau scores in the 480-630 range. As of year-to-date May 2022, the average APR was approximately 20.9%. The vehicles were approximately eight years old, had 111,746 miles on average, and were financed for approximately $16,261 on average over a 59-month term.

Also as of May 31, 2022, UACC had 592 employees, was licensed or authorized to conduct financing activities in 49 states, was party to approximately 8,600 dealer agreements, and had a portfolio size of approximately $823 million. The company's funding, risk management, dealer compliance, sales, marketing, accounting, and human resource functions primarily operate from its corporate headquarters in Newport Beach, Calif. Its servicing and recovery functions are primarily in Fort Worth, Texas. Its credit underwriting operations are spread across two regional centers in Buffalo, N.Y., and Newport Beach. UACC utilizes an automated decision engine for underwriting; it also has an authorized credit analyst review the results. Per management, UACC verifies income and employment on all of the loan applications. In addition, UACC, as the sponsor, makes a representation in the securitization transaction documents stating that each receivable was sold without any fraud or misrepresentation on the part of the dealer or the sponsor.

Related Criteria

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- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
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- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019

- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- Credit Conditions North America Q3 2022: Credit Headwinds Turn Stormy, June 28, 2022
- Economic Outlook U.S. Q3 2022: The Summer Of Our Discontent, June 27, 2022
- U.S. Auto Loan ABS Tracker: April 2022 Performance, June 14, 2022
- U.S. Real-Time Data: Inflation Drags On Activity, June 11, 2022
- U.S. Business Cycle Barometer: Testing The Economy's Resilience, May 20, 2022
- Nine Ratings Raised, One Affirmed On Two United Auto Credit Securitization Trust Transactions, March 12, 2022
- Extension Rates In Public Auto Loan ABS Have Returned To Pre-Pandemic Levels, Nov. 19, 2021