

PURCHASE AND SALE AGREEMENT

among

PROVIDIAN NATIONAL BANK and PROVIDIAN BANK

and

ASSET ACCEPTANCE LLC

January 28, 2003

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## Purchase and Sale Agreement

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made as of **January 28, 2003**, and is by and among Providian National Bank, a national banking association and Providian Bank, a Utah industrial loan corporation (respectively, a "SELLER" or collectively, "SELLERS") and Asset Acceptance LLC ("PURCHASER"). SELLERS and PURCHASER shall be collectively referred to herein as the "parties".

### Recitals

- A. Each SELLER owns certain unsecured consumer credit card accounts and related receivables, contract rights and assets; and
- B. SELLERS desire to sell, and PURCHASER desires to purchase, all of each such SELLER's right, title and interest in and to the Accounts as defined below, on the terms and conditions set forth below.

NOW, THEREFORE, for valuable consideration, the parties mutually agree as follows:

### Agreement

#### Section 1. Definitions.

1.1 Capitalized Terms. For purposes of this Agreement, a capitalized term in this Agreement will have the meaning shown below.

"Account" means an unsecured consumer Visa® or MasterCard® credit card account listed on an Account Schedule that either SELLER originated or acquired.

"Account Agreement" means the written terms and conditions that govern an Account.

"Account Balance" means, as to each Account, the amount owed to each SELLER as of the Cut-Off Date, including principal, accrued interest and Account-related fees and charges as recorded in each SELLER's books and records. The books and records of each SELLER shall be conclusive of the amount of each Account Balance. Fewer than ten percent (10%) of the Accounts will include any interest accrued after charge-off.

"Account Schedule" means a list of the electronic files that SELLERS will deliver to PURCHASER in accordance with Section 3.3, setting forth Accounts and their respective Account Balances in accordance with the data-field format set forth in Appendix A, including, without limitation, a flag indicating the identity of the original issuer and account number of each Account.

"Actual Loss" means, except as further or otherwise specified herein, liquidated losses, costs, expenses, damages, liabilities, or penalties, including legal fees, actually incurred by the PURCHASER or either SELLER, as applicable, from a judgment, or from a settlement

approved by the related SELLER or the PURCHASER, as applicable, of a Third Party Claim. The parties intend that actual out-of-pocket losses be the sole measure of recovery, except as otherwise specified in this Agreement. "Actual Loss" does not and shall not include any costs or expenses for employees, materials, or equipment employed or owned by the related SELLER, the PURCHASER, or their respective Affiliates.

"Affiliate" means any current or future affiliate of either SELLER or PURCHASER (as applicable) as that term is defined in Section 23A of the Federal Reserve Act, 12 U.S.C. §371c, as may be amended from time to time. The term "Affiliate" includes an entity and each of its Affiliates with which either SELLER or PURCHASER has entered into a binding agreement for a merger or acquisition with that entity.

"Business Day" means a day on which each SELLER is open to conduct business in Pleasanton, California and which is not a Saturday, Sunday or legal holiday.

"Closing" means the execution and delivery of all property, funds, documents, certificates, resolutions, assignments and opinions for the transactions contemplated in this Agreement, as provided in this Agreement.

"Closing Date" means **January 28, 2003**, or such other date as the parties may mutually agree.

"Closing Payment" means the amount shown on the Closing Statement, which PURCHASER will remit to SELLERS on the Closing Date.

"Closing Statement" has the meaning described in Section 3.2.

"Confidential Information" means:

(a) as to each SELLER: (1) any non-public material or information about such SELLER's business, including without limitation, the names of and information about customers, employees, accounts, market share, data processing systems design, marketing philosophy and objectives, competitive advantages and disadvantages, financial results and any other information of such nature furnished by such SELLER to PURCHASER; and (2) any non-public material or information about the terms of this Agreement or the transaction(s) contemplated in this Agreement, including without limitation, the Purchase Price.

(b) as to PURCHASER: (1) any non-public material or information about PURCHASER's business, including without limitation, the names of and information about customers, employees, accounts, market share, data processing systems design, marketing philosophy and objectives, competitive advantages and disadvantages, financial results and any other information of such nature furnished by PURCHASER to either SELLER; (2) with respect to the Accounts on and after the Closing Date, any non-public materials or information, including without limitation, the Account Schedule, information about Debtors, Accounts, market share, data processing systems, marketing philosophy and objectives, competitive advantages and disadvantages and financial results; and (3) any non-public material or information about the terms of this Agreement or the transaction(s) contemplated in this Agreement, including without limitation, the Purchase Price.

(c) "Confidential Information" does not include: (1) information that, at the time of disclosure, is already in the recipient's rightful possession or available to it or its employees from any source having no obligation not to disclose it; (2) information that is or becomes available to the public through no action or omission of the recipient or its agent; (3) information that the recipient receives from another source not having an obligation not to disclose it; and (4) information which is independently developed by the recipient without use of or reference to any Confidential Information of the other party. Nothing in this Agreement will prevent a party from disclosing Confidential Information to the extent disclosure of the Confidential Information is required by a federal or state governmental authority having jurisdiction over that party by subpoena or other legal process. In such case, the party receiving the subpoena or legal process will give the other party prompt notice of the subpoena or legal process to the extent not prohibited by the subpoena or legal process.

"Cut-off Date" means January 21, 2003.

"Debtor" means each obligor or party liable for payment on an Account, jointly and severally.

"Effective Date" is the date first shown in this Agreement.

"GAAP" shall mean generally accepted accounting principles in the United States of America, applied on a consistent basis and applied to both classification of items and amounts, and shall include, without limitation, the official interpretations thereof by the Financial Accounting Standards Board, its predecessors and successors.

"Ineligible Account" means an Account, as of the Cut-Off Date: (a) which, except for the action(s) described on Appendix E thereto, is the subject of a pending or threatened action, suit, proceeding or arbitration in which the related SELLER or a predecessor is a plaintiff or defendant, (b) where the Debtor has opted out of the class action settlement described on Appendix E hereto (c) on which a final judgment has been entered by a court of competent jurisdiction to the effect that no Debtor is under any legal or equitable enforceable obligation to pay on the Account and that the creditor or other owner on the Account will take no legal action against any Debtor, (d) as of the Cut-off Date, in which any Debtor has a pending bankruptcy proceeding as a result of the Debtor filing for bankruptcy after the Account was originated or acquired by such SELLER, (e) which has been reinstated by the related SELLER due to such SELLER's error, (f) which is subject to a pending legal action to collect on the Account, (g) in which each Debtor is deceased, (h) which was originated fraudulently or is a fraudulent Account, (i) where any part of the balance is being disputed, (j) which has been wholly and completely satisfied, compromised, cancelled, settled, subordinated or rescinded or any instrument or agreement has been delivered to such effect, or where the related SELLER or a predecessor in interest released all Debtors obligated on the Account from all liability on the Account, and (k) which does not otherwise fit the definition of an Account as per this Agreement. In addition to the foregoing, in the event the Debtor has activated or activates a debt deferral program known as "Credit Protection" offered by the related SELLER, such Account shall also be considered an Ineligible Account.

"Purchase Price" has the meaning set forth in Section 2.6.

"Purchase Price Percentage" means 3.20%.

"Tax" means any federal, state or local tax of the United States or any of them, including, without limitation, any income tax, franchise tax, real or personal property tax, employment tax, sales or use tax, vault tax, and any related interest or penalties (including, without limitation, those levied on any failure to make appropriate withholdings), but not including any tax levied or chargeable to the transactions contemplated in this Agreement.

"Third Party Claim" shall have the meaning set forth in Section 9.3.

1.2 Appendices. Each appendix referred to in this Agreement is attached to and incorporated in, and will be construed as a part of, this Agreement.

Section 2. Purchase and Sale of Accounts; Assumption of Liabilities; Purchase Price.

2.1 Purchase and Sale. On the Closing Date and subject to the terms and conditions of this Agreement, each SELLER will sell, assign and transfer to PURCHASER, and PURCHASER will purchase and receive from each SELLER, all of such SELLER's right, title and interest in and to each of the Accounts identified in Appendix A as of the Closing Date, as evidenced by a Bill of Sale in the form shown on Appendices B-1 and B-2.

2.2 Excluded Assets. Each SELLER's assets not specifically listed or included in Appendix A will remain the property of such SELLER. Without limiting the preceding sentence, each SELLER will retain all right, title and interest in and to each of its accounts that is not an Account.

2.3 Assumption of Liabilities.

(a) Commencing on the Closing Date and subject to the terms of this Agreement, PURCHASER will assume, perform and discharge the following obligations arising on and after the Closing Date with respect to the Accounts:

- (1) the obligations under the Account Agreements, including without limitation, any obligations under any modification or payment plan entered into prior to the Closing Date of which PURCHASER has notice or knowledge with respect to such Account; and
- (2) the obligation to pay costs or expenses related to the ownership of the Accounts.

(b) Excluded Liabilities. Except as provided in this Agreement, PURCHASER will not assume any liability, agreement, commitment or other obligation of either SELLER, whether absolute, contingent or otherwise known or unknown, arising from either SELLER's ownership of the Accounts on or before the Closing Date.

2.4 No Recourse. The sale and transfer of Accounts contemplated in this Agreement will be without recourse and without representation or warranty, express or implied, of any kind or character, including without limitation, warranties pertaining to collectibility,

accuracy or sufficiency of information furnished to PURCHASER, except for the representations and warranties expressly set forth in Section 7.1. PURCHASER's bid for and decision to purchase the Accounts pursuant to this Agreement is and was based upon PURCHASER's own independent evaluation of information deemed relevant by PURCHASER, including, but not limited to, the information made available by either SELLER to all potential bidders for the Accounts, and PURCHASER's own independent evaluation of such information. PURCHASER acknowledges and agrees that, while some information concerning the Accounts was made available to PURCHASER for review prior to the purchase, such information, through no fault of either SELLER, may not be complete. If either SELLER, an asset servicer, servicing agent or any of such SELLER's contractors or employees failed to deliver to such SELLER any or all of the Account information in such servicer's or employee's possession, then the related SELLER shall not be liable for the failure to include such Account information in the materials made available for review by prospective bidders prior to the sale. PURCHASER has relied solely upon its own investigation and it has not relied upon any oral or written information provided by either SELLER or its personnel or agents and acknowledges that no employee or representative of either SELLER has been authorized to make, and PURCHASER has not relied upon, any written statements other than those specifically contained in this Agreement.

2.5 Tax Liabilities. Each SELLER will be liable for any Tax that relates to its acquisition, ownership and operation of the Accounts on or before the Closing Date. PURCHASER will be liable for any Tax that relates to its ownership and operation of the Accounts on and after the Closing Date

2.6 Purchase Price. The purchase price for PURCHASER's purchase of the items listed in Section 2.1 ("Purchase Price") will be the aggregate sum of the Account Balances multiplied by the Purchase Price Percentage. The Purchase Price will be determined, paid and adjusted in accordance with Section 3.

### Section 3. Closing.

3.1 Closing Procedure. The Cut-off will be at 11:59 p.m. (Pacific Time) on the Cut-off Date, and the Closing will be at 5:00 p.m. (Pacific Time) on the Closing Date. The parties may consummate the Closing by using facsimile transmissions and overnight couriers.

3.2 Closing Statement. By 9:00 a.m. (Pacific Time) on the Closing Date, SELLERS will deliver to PURCHASER the Closing Statement. The Closing Statement will show each SELLER's calculation of the Closing Payment as of the Cut-off Date as follows:

- (a) the aggregate Account Balances as of the Cut-off Date; MULTIPLIED BY
- (b) the Purchase Price Percentage.

The Closing Statement will also designate the account name and number of the account where each SELLER wants PURCHASER to pay the Closing Payment by wire transfer. Together with the Closing Statement, each SELLER will deliver to PURCHASER an Account Schedule that is current as of the Cut-off Date. The PURCHASER shall deliver the Closing Payment to the related SELLER on the Closing Date.

3.3 Account Schedule. On or before the Closing Date, SELLERS will deliver to PURCHASER the Closing Statement and a true and complete Account Schedule listing each Account as of the Closing Date in the form of electronic or computer tape media. If either SELLER becomes aware that Account information on the Account Schedule is inaccurate, such SELLER will provide PURCHASER with updated information in the same format as the original information. Neither SELLER makes any representation or warranty, express or implied, as to the accuracy, truthfulness or completeness of any information in the Account Schedule except for the name of the Debtor, such SELLER's Account number for the Account and the Account Balance. ALTHOUGH SELLERS CANNOT WARRANT ANY OTHER INFORMATION IN THE ACCOUNT SCHEDULE, SELLERS REPRESENT THAT NO MATERIAL INFORMATION IN THE ACCOUNT SCHEDULE HAS BEEN INTENTIONALLY ALTERED. SELLERS have on or prior to the Closing Date, delivered to PURCHASER an Account Schedule identifying the Accounts SELLERS intend to sell to PURCHASER hereunder. Each SELLER reserves the right to withdraw any Accounts meeting the criteria of an "Ineligible Account" from the Account Schedule delivered to PURCHASER and, in such SELLER's sole discretion, replace each with an alternate Account that meets the criteria under this Agreement.

#### Section 4. Confidentiality.

4.1 Each SELLER will use all Confidential Information with respect to PURCHASER, including without limitation, SELLER's Confidential Information which is transferred to PURCHASER on the Closing Date, solely in the performance of such SELLER's obligations under this Agreement. Without PURCHASER's prior written approval, neither SELLER will disclose, give, sell or otherwise transfer or make available, directly or indirectly, any Confidential Information with respect to PURCHASER, to any of their respective officers, directors, employees, agents and Affiliates or to any third party or employee or representative of a third party unless, and if so, then solely to the extent that, the person or entity: (1) has a reasonable need to know the information to perform duties related to this Agreement and (2) agrees to comply with the provisions of this covenant. Each SELLER will take reasonable measures to prevent its or their employees, Affiliates and agents from disclosing or using any Confidential Information with respect to PURCHASER except as provided in this Agreement. Notwithstanding the foregoing, either SELLER or an Affiliate of such SELLER may disclose Confidential Information of PURCHASER only in the following situations: (1) to an Affiliate to the extent needed to comply with corporate reporting requirements imposed on such SELLER; (2) to the extent required by applicable law or regulation; (3) to its attorneys, auditors and lenders, so long as those attorneys, auditors and lenders agree to comply with the provisions of this covenant; (4) to its rating agency, provided that the rating agency understands the confidential nature of the Confidential Information, and such SELLER or its Affiliate requests the rating agency to use the information solely for the purpose of rating such SELLER or such SELLER's Affiliate; and (5) to the extent such disclosure is appropriate in connection with the enforcement of any of the provisions of this Agreement.

4.2 PURCHASER will use all Confidential Information with respect to each SELLER solely in the performance of PURCHASER's obligations under this Agreement; provided that, starting on the Closing Date, Confidential Information relating specifically to the Accounts will become Confidential Information with respect to PURCHASER and will no longer be Confidential Information of such SELLER. Without such SELLER's prior written

approval, PURCHASER will not disclose, give, sell or otherwise transfer or make available, directly or indirectly, any Confidential Information with respect to such SELLER, to any of its officers, directors, employees, agents and Affiliates or to any third party or employee or representative of a third party unless, and if so, then solely to the extent that, the person or entity: (1) has a reasonable need to know the information to perform duties related to this Agreement, and (2) agrees to comply with the provisions of this covenant. PURCHASER will take reasonable measures to prevent its employees, Affiliates and agents from disclosing or using any Confidential Information with respect to each SELLER except as provided in this Agreement. Notwithstanding the foregoing, PURCHASER or an Affiliate of PURCHASER may disclose Confidential Information of such SELLER only in the following situations: (1) to an Affiliate to the extent needed to comply with corporate reporting requirements imposed on PURCHASER; (2) to the extent required by applicable law or regulation; (3) to its attorneys, auditors and lenders, so long as those attorneys, auditors and lenders agree to comply with the provisions of this covenant; and (4) to the extent such disclosure is appropriate in connection with the enforcement of any of the provisions of this Agreement.

The covenants in this Section 4 will survive the Closing Date and termination of this Agreement.

Section 5. Post-Closing Account Activities.

5.1 Debtor Payments. (a) For a period of three (3) years from the Effective Date of this Agreement, if either SELLER receives and collects good funds on an Account after the Cut-off Date, such SELLER will deliver the funds to PURCHASER together with information reasonably sufficient to enable PURCHASER to credit the same to the appropriate Account as set forth in this Section 5.1. Such SELLER will deliver any such payment received after the Cut-Off Date but before the Closing Date within fifteen (15) days after the Closing Date. With respect to any payments received after the Closing Date, such SELLER will deliver each such payment within fifteen (15) days after the end of the month in which such payment was received. PURCHASER will post on its system the receipt of payment from the related Debtor as of the date such SELLER received such payment from such Debtor.

(b) Notwithstanding anything to the contrary in Section 5.1(a), PURCHASER shall return to such SELLER any and all funds previously delivered by either SELLER pursuant to Section 5.1(a) above to the extent any such payment(s) made by Debtor(s) to either one or both SELLERS and forwarded to PURCHASER is or was made with non-sufficient funds. Such payment(s) shall be made by PURCHASER within ten (10) days of PURCHASER's receipt of notice from the applicable SELLER, or, at such SELLER's election, such payments may be offset against any future payment(s) owed to PURCHASER under Section 5.1(a) above.

(c) In the event that any Account subject to this Agreement receives, or is otherwise entitled to receive, in SELLERS' sole discretion, a credit due to the class action settlement described in Appendix E hereto, PURCHASER hereby covenants and agrees to: (i) apply, post, document, and effectuate any and all such credits to the relevant Account(s); (ii) inform SELLER(s) of the status of such Accounts; and (iii) provide SELLER(s) any and all other information reasonably requested by SELLER(s) from time to time in the event a credit cannot be provided to Debtor(s). As consideration for the foregoing, the applicable SELLER will provide PURCHASER by wire transfer (a) the amount of such credit multiplied by (b) the



Purchase Price Percentage. The relevant SELLER will provide PURCHASER the necessary information, including Debtor name, account number designated by SELLER, and the amount of the credit in order for PURCHASER to credit the appropriate Account accordingly. PURCHASER need not apply any credit to any bankrupt, deceased, paid, or settled Account included in the class action settlement as described in Appendix E hereto. PURCHASER will submit a list of such accounts to SELLERS.

5.2 PURCHASER's Communications with Debtors. If PURCHASER communicates with a Debtor about an Account, PURCHASER will inform the Debtor that the Account has been sold to PURCHASER and that PURCHASER is the creditor of the Account Balance. PURCHASER will not refer any Debtor to the related SELLER for any reason, but will handle any Debtor inquiries that PURCHASER reasonably cannot answer by contacting such SELLER directly. Notwithstanding the foregoing, PURCHASER may refer any debtor who inquires about the class action settlement described in Appendix E hereto to the toll-free number set forth in the Settlement Notice (1-888-772-2366) and/or to the following website: [www.creditcardclaims.com](http://www.creditcardclaims.com).

5.3 Credit-Bureau Reporting. Each SELLER will report to each credit bureau (to which such SELLER reported an Account within thirty (30) days before the Closing Date) that such SELLER has sold the Account to the extent that the credit bureau's services include this type of reporting. In doing so, such SELLER will report the sale of an Account in the normal course of such SELLER's then-current credit-reporting practices, and nothing in this Section 5.3 will require either SELLER to credit-report the sale on or before the Closing Date. Except as stated above in this Section 5.3, neither SELLER will have any obligation with respect to credit-reporting an Account.

5.4 Compliance. PURCHASER will take all necessary action or refrain from taking action as appropriate with respect to the Accounts so as to ensure PURCHASER's compliance with all federal, state and local laws, rules and regulations applicable to the Accounts, including without limitation, the Fair Debt Collection Practices Act, the Gramm-Leach-Bliley Act and the Equal Credit Opportunity Act.

5.5 Access to Account Files; Consultation.

(a) For a period of one (1) year after the Closing Date, PURCHASER may deliver to either SELLER a written request, as to any Account, for such SELLER to provide any one of the following, at such SELLER's option and subject to such SELLER's reasonable ability to obtain (each such request, a "Request for Information"): (1) a copy of the response coupon or other document or record in such SELLER's records (if available), (2) a copy of the most recent billing statement in such SELLER's records (if available) or (3) an affidavit signed by such SELLER that acknowledges that an Account was sold to PURCHASER under this Agreement and substantially in the form shown on Appendix C-1 or C-2; provided that at no time will such requests exceed, each calendar week, the lesser of: (a) ten percent (10%) of the total number of Accounts that each SELLER sells to PURCHASER under this Agreement or (b) (i) three hundred twenty five (325) requests during the first month after the Closing Date, or (ii) four hundred (400) requests during the second through sixth months after the Closing Date, or (iii) three hundred twenty five (325) requests after the sixth month after the Closing Date. Within

forty-five (45) days after receipt of PURCHASER's written request for information in the possession of such SELLER, such SELLER will provide PURCHASER with the item requested at no cost, provided that the number of Accounts for which no-cost copies or affidavits are provided under this Section 5.5 do not exceed seven and one half percent (7.5%) of the number of Accounts such SELLER sells or sold to PURCHASER under this Agreement. If the total, cumulative number of Accounts for which PURCHASER requests copies or affidavits exceeds seven and one half percent (7.5%) of the number of Accounts, PURCHASER will pay such SELLER seven dollars and fifty cents (\$7.50) for each subsequent copy or affidavit that such SELLER provides through the first year after the Closing Date. Upon PURCHASER's request, SELLER will provide copies or affidavits with respect to the Accounts from the first anniversary of the Closing Date through the second anniversary of the Closing Date at a cost of nine dollars (\$9) for each copy or affidavit such SELLER provides in response to such request. From and after the second anniversary of the Closing Date, SELLERS shall have no obligation to provide copies or affidavits with respect to the Accounts. Each item requested in any Request for Information constitutes a separate Request for Information for purposes of determining the cumulative number of requests, notwithstanding the fact that it may relate to the same Account or Debtor.

(b) If PURCHASER files any legal action to collect on an Account and requests or subpoenas an officer or an employee of either SELLER or its Affiliate to appear at a trial, hearing or deposition to testify about the Account, PURCHASER will pay such SELLER or the Affiliate for the officer's or employee's time in traveling to, attending and testifying at the trial, hearing or deposition, whether or not the officer or employee is called as a witness, at the hourly rate of such officer or employee, and will reimburse such SELLER or the Affiliate for the officer's or employee's reasonable travel-related expenses.

5.6 Public Announcements. Subject to Section 4 and unless Section 4 provides otherwise, neither party will make any public announcement or press release about this Agreement or any of the terms thereof, nor of the transactions contemplated herein or the relationship between the parties.

5.7 SELLERS' Names and Trademarks.

(a) PURCHASER will not, and hereby represents, warrants, and covenants that it will not at any time, institute or maintain any legal action in the name of either SELLER or any of SELLER's Affiliates, including without limitation, Providian Financial.

(b) PURCHASER will not at any time use any name or trademark of either SELLER or any of its Affiliates as listed above to market or promote PURCHASER's products, services or capabilities.

(c) Subject to the foregoing restrictions in this Section 5.7, PURCHASER may disclose to prospective transferees of Accounts, Debtors or any party in litigation regarding the Accounts that the Accounts were acquired from the related SELLER.

(d) Each settlement between PURCHASER and a Debtor on an Account, whether judicial or non-judicial, will include the Debtor's release of the related SELLER and each of its

Affiliates, officers, directors, employees and agents as to any claims the Debtor may have or had in connection with the Account.

(e) PURCHASER will not at any time use or refer to any name or trademark of either SELLER or any Affiliates thereof or any name derived therefrom or confusingly similar therewith in connection with PURCHASER's collection on any Account except that PURCHASER may refer in any verbal or written communication with a Debtor(s) or its or their representative (including, without limitation, in a pleading or other filing) to the fact that the Account originated with or was formerly held by either SELLER or its or their Affiliates.

5.8 Tax Examinations. Each SELLER and PURCHASER will cooperate fully with the other in connection with any examination conducted by any tax authority after the Closing Date; provided that nothing in this Agreement will be construed as obligating either SELLER or PURCHASER to disclose or furnish any tax information that does not relate to tax liability arising from the Accounts. Each SELLER and PURCHASER will inform the other promptly of any material developments in the course of the examination as well as the examination results and any related proceeding.

5.9 Consistent Tax Reporting. Each SELLER and PURCHASER will consistently report information about financial and accounting aspects of the transaction(s) covered by this Agreement to tax authorities.

5.10 Resale of Accounts. (a) If PURCHASER resells any Account to another purchaser ("Third Party Purchaser"), PURCHASER must obtain the consent of the related SELLER and provide such SELLER at least ten (10) days prior written notice of each such intended resale. Such SELLER may consent to such intended resale in its sole good-faith discretion within ten (10) Business Days of receipt of such notice. Subject to the conditions of this Section 5.10, and only for a period of two (2) months from the Closing Date, SELLERS hereby authorize PURCHASER to resell any Account to any party identified in Appendix F hereto, provided that PURCHASER reports in writing to the related SELLER, within seven (7) days of the closing of any such resale, the approximate number and balance of Accounts resold and the identity of the Third Party Purchaser(s). PURCHASER also shall require the Third Party Purchaser to agree in writing with PURCHASER to assume PURCHASER's obligations under this Agreement with respect to the Account(s) by attaching a copy of this Agreement to any subsequent agreement between PURCHASER and such Third Party Purchaser, with each reference to the Purchase Price Percentage redacted. In the event that the related SELLER withholds its consent to sell to any Third Party Purchaser or PURCHASER resells any Account to any party listed on Appendix F after the two (2) month period specified above without obtaining SELLER's prior written consent, any purported assignment of this Agreement shall be deemed ineffective and such SELLER shall have no obligation to recognize or deal with any such Third Party Purchaser. PURCHASER shall and at all times will remain liable to the related SELLER for all of PURCHASER's obligations under this Agreement.

(b) Notwithstanding the foregoing, PURCHASER shall not provide information with respect to any Account, or resell any Account, to any of the companies or their Affiliates listed on Appendix D attached hereto at any time.

5.11 UCC-1 Filing. PURCHASER agrees not to file any UCC-1 financing statement covering the Accounts sold hereunder without each such SELLER's prior written consent as to the form and content of any such statement.

Section 6. Ineligible Accounts; Repurchase of Ineligible Accounts.

6.1 Each SELLER does not intend to sell to PURCHASER, and PURCHASER does not intend to buy from either SELLER, any Account falling within the definition of an "Ineligible Account" as of the Cut-Off Date. Each SELLER will use reasonable efforts to determine that Accounts do not include Ineligible Accounts. Within one hundred eighty (180) days after the Closing Date, if either SELLER or PURCHASER gives written notice and reasonable written proof that either SELLER sold to PURCHASER one or more Ineligible Accounts, the related SELLER will repurchase, and shall be entitled to repurchase all such Ineligible Accounts. The Ineligible Accounts will be repurchased at the end of each calendar month, for a price equal to (a) the aggregate Account Balance of the Ineligible Accounts as of the date of repurchase, excluding any interest or fees accrued or payments received since the Cut-Off Date, multiplied by (b) the Purchase Price Percentage. Such repurchase price shall be paid within forty-five (45) days following receipt of the applicable notice and proof as indicated above, and upon PURCHASER's execution and delivery of any and all such documents as are necessary for PURCHASER to transfer to such SELLER good, valid and marketable title to the Ineligible Accounts, subject to PURCHASER's receipt of good, valid and marketable title as provided in Section 7.1(d). To the extent that any party to this Agreement fails to receive written notice accompanied by the documentation required by this Section 6.1 that an Ineligible Account has been sold to PURCHASER within one hundred eighty (180) days following the Closing Date, such party's right or obligation to repurchase such Ineligible Account(s) shall terminate. Reasonable proof of an Ineligible Account shall include, but not be limited to, a Banko® report, a report from a credit reporting agency, or a death certificate. As soon as practicable after the repurchase of the Ineligible Account, PURCHASER shall report to each credit bureau (to which SELLER reported an Account within thirty (30) days from the Closing Date) that such PURCHASER has transferred the Ineligible Account to SELLER or delete PURCHASER's tradeline from the credit bureau.

6.2 In the event that either SELLER determines at any time that the Debtor has activated or activates a debt deferral program known as "Credit Protection" offered by the related SELLER, such related SELLER will repurchase the applicable Accounts for a price equal to the Purchase Price Percentage multiplied by the Account Balance as of the repurchase date, excluding any interest or fees accrued since the Cut-off Date.

6.3 No Other Repurchase Right. **NEITHER SELLERS NOR PURCHASER SHALL BE ENTITLED TO REQUIRE THE OTHER TO FACILITATE A REPURCHASE OF AN ACCOUNT FOR ANY REASON, EXCEPT AS SPECIFICALLY SET FORTH HEREIN. PURCHASER AND EACH SELLER ACKNOWLEDGE THAT THE RIGHT TO REQUIRE REPURCHASE AS PERMITTED UNDER SECTIONS 6.1 AND 6.2 IS THE SOLE REMEDY ARISING OUT OF OR IN CONNECTION WITH AN ACCOUNT BEING DEEMED AN INELIGIBLE ACCOUNT. PURCHASER ACKNOWLEDGES AND AGREES THAT THE ACCOUNTS MAY HAVE LITTLE OR NO VALUE.**

Section 7. Representations and Warranties.

7.1 SELLER's Representations and Warranties to PURCHASER. Each SELLER hereby represents and warrants to PURCHASER as of the Closing Date as follows with respect to itself only and with respect to the Accounts such Seller is selling only, as applicable:

(a) Organization and Power. Providian National Bank is a duly organized and validly existing national banking association existing under the laws of the United States. Providian Bank is a duly organized and existing Utah industrial loan corporation existing under the laws of the State of Utah. Each SELLER has full power and authority to enter into and perform the terms of this Agreement.

(b) Authority, Validity and Enforceability. Such SELLER's execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary corporate action and do not and will not conflict with or result in the breach or violation of such SELLER's charter or by-laws, of any material agreement to which such SELLER is a party or by which it or its Accounts are bound, or of any law or court or administrative order having jurisdiction over it. This Agreement is the legally binding obligation of such SELLER, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, moratorium, receivership, conservatorship and laws relating to creditors' rights generally.

(c) Account Agreements. The Account Agreements are legally binding agreements, enforceable in all material respects in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, moratorium, receivership or other laws or regulations, in effect now or in the future, that affect the enforcement of creditors' rights generally, and except as may be inconsistent with or limited by applicable banking or consumer-credit laws or regulations.

(d) Ownership. Such SELLER or any of its Affiliates, as applicable, is the sole and absolute owner of, and has good and marketable title to, each Account, which is not subject to any claim or encumbrance of any kind, including, without limitation, tax liens.

(e) Necessary Authorization. Such SELLER has all required permits, licenses, certificates and authorizations necessary to conduct its Account-related business and own and operate the Accounts.

(f) Government Approval. No authorization of or notice to any governmental authority or court having jurisdiction over such SELLER or the Accounts is required for, or the absence of which would adversely affect, the execution, delivery and performance of this Agreement or the transactions contemplated in this Agreement.

(g) Actions, Suits and Proceedings. Other than the actions listed on Appendix E hereto, there are no administrative or court actions, suits, arbitrations or proceedings currently pending, and to the best of such SELLER's knowledge after such SELLER's reasonable inquiry within its organization, no actions, suits or proceedings are threatened, that, if adversely decided, would have a material adverse effect on the value of the Accounts.

(h) No Brokers or Finders. Neither SELLER has employed any investment banker, broker or finder who might be entitled to a fee or commission in connection with the transactions contemplated by this Agreement.

(i) Integrity of Data. The SELLERS have not intentionally altered the data provided to PURCHASER on any Account, including but not limited to the balance, date of last payment and charge-off date, to intentionally cause the data to be inaccurate.

(j) Agencies and Attorneys. The SELLERS have not placed any Account with more than one agency or law firm for the purpose of collecting the Account after the charge-off of the Account.

(k) Scoring. The SELLERS have not scored any Account since charge-off for the purpose of collection probability or determining which Accounts to sell.

(l) Seller Questionnaire. The Seller Questionnaire signed and dated by SELLERS' authorized representative, dated January 24, 2003, and attached hereto as Appendix G, is materially true and accurate to the best of SELLERS' knowledge.

(m) No Other Representations or Warranties. EXCEPT AS PROVIDED IN THIS SECTION 7, THE ACCOUNTS ARE BEING SOLD "AS-IS" AND "WITH ALL FAULTS", WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER, AND EACH SELLER SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST OR PRESENT, EXPRESS OR IMPLIED, CONCERNING THE COLLECTIBILITY OF THE ACCOUNTS OR THE ACCURACY OR SUFFICIENCY OF INFORMATION FURNISHED TO THE PURCHASER.

7.2 PURCHASER's Representations and Warranties to SELLERS. PURCHASER hereby represents and warrants to each SELLER as of the Closing Date as follows:

(a) Organization and Power. PURCHASER is a duly organized and validly existing limited liability company under the laws of the State of Delaware and is currently in good standing under the laws of such state. PURCHASER has full power and authority to enter into and perform this Agreement.

(b) Authority, Validity and Enforceability. PURCHASER's execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary corporate action and do not and will not conflict with or result in the breach or violation of PURCHASER's charter or by-laws, of any material agreement to which PURCHASER is a party or by which it is bound, or of any law or court or administrative order having jurisdiction over PURCHASER. This Agreement is the legally binding obligation of PURCHASER, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, moratorium, receivership, conservatorship and laws relating to creditors' rights generally.

(c) Necessary Authorization. PURCHASER has all required permits, licenses, certificates and authorizations necessary to own and operate the Accounts on and after the Closing Date.

(d) Government Approval. No authorization of or notice to any governmental authority or court having jurisdiction over PURCHASER is required for, or the absence of which would adversely affect, the execution, delivery and performance of this Agreement or the transactions contemplated in this Agreement.

(e) Actions, Suits and Proceedings. There are no administrative or court actions, suits, arbitrations or proceedings currently pending, and to the best of PURCHASER's knowledge after PURCHASER's diligent inquiry within its organization, no actions, suits or proceedings are threatened, that if adversely decided would have a material adverse effect on PURCHASER's ability to carry out the transactions contemplated in this Agreement.

(f) Not an Investment Company. PURCHASER is not an investment company as defined under the Investment Company Act of 1940 as amended.

(g) Sophisticated Investor. PURCHASER is an informed purchaser that is in the business of buying or originating or collecting Accounts of the type being purchased or that otherwise deals in such Accounts in the ordinary course of the PURCHASER's business.

(h) No Conflicts. The execution and delivery of this Agreement and the performance of its obligations hereunder by PURCHASER will not conflict with any law or regulation to which PURCHASER is subject or conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of any agreement or instrument to which PURCHASER is a party or by which it is bound or any order or decree applicable to PURCHASER.

(i) No Brokers or Finders. PURCHASER has not employed any investment banker, broker or finder who might be entitled to a fee or commission in connection with the transactions contemplated by this Agreement.

Section 8. Conditions to Satisfy Before Closing.

8.1 Each representation and warranty of each SELLER and PURCHASER, respectively, in this Agreement is true and correct as of the Closing Date.

8.2 Each SELLER and PURCHASER each has complied in all material respects with each of their respective covenants and agreements in this Agreement by the Closing Date.

8.3 Neither SELLER nor PURCHASER has violated any court order or governmental order or any law or regulation that would have an adverse effect on the transaction(s) contemplated in this Agreement. No claim, action, proceeding, arbitration or government investigation is threatened or instituted which is likely to restrict or prohibit or otherwise have an adverse effect on the transaction(s) contemplated in this Agreement.

Section 9. Indemnification.

9.1 Indemnification By SELLER. Each SELLER agrees to indemnify and hold harmless Purchaser, its Affiliates, officers, directors, employees, agents, successors, and

permitted assigns, and related entities from and to reimburse them for Actual Losses relating to, arising out of, based upon, or resulting from:

(a) such SELLER's breach of any of its representations and warranties contained in this Agreement, which breach has a material adverse effect on the Accounts or the PURCHASER's rights with respect to the Accounts;

(b) such SELLER's breach or failure to perform any of its covenants or agreements contained in or made pursuant to this Agreement, which breach or failure to perform has a material adverse effect on the Accounts or the PURCHASER's rights with respect to the Accounts; or

(c) any Third Party Claim.

**9.2 Indemnification By PURCHASER.** PURCHASER agrees to indemnify and hold harmless each SELLER, its Affiliates, officers, directors, employees, agents, successors, and permitted assigns, and related entities from and to reimburse them for Actual Losses relating to, arising out of, based upon, or resulting from:

(a) the PURCHASER's breach of any of its representations and warranties contained in this Agreement, which breach has a material adverse effect on the Accounts or each SELLER's rights with respect to the Accounts;

(b) the PURCHASER's breach or failure to perform any of its covenants or agreements contained in or made pursuant to this Agreement, which breach or failure to perform has a material adverse effect on the Accounts or each SELLER's rights with respect to the Accounts; or

(c) any Third Party Claim.

**9.3 Third Party Claim.** "Third Party Claim" means a lawsuit, including a counterclaim or regulatory enforcement action, filed against either SELLER or PURCHASER by a party other than either SELLER or the PURCHASER, respectively, related to any Account purchased under this Agreement and for which there is an Actual Loss that is caused by: (1) the other party's breach of any of its representations and warranties contained in this Agreement, (2) the other party's breach of or failure to perform any of its covenants or agreements contained in this Agreement. A party other than either SELLER includes a Debtor. A Third Party Claim includes an appeal if approved by the PURCHASER or the related SELLER, as applicable. If the PURCHASER pursues an appeal without the consent of the related SELLER, or the related SELLER pursues an appeal without the consent of the PURCHASER, then the applicable non-consenting party shall not be liable for indemnifying the other party for the cost of the appeal. The indemnifying party shall have the right to enter into a settlement agreement in connection with such Third Party Claim.

**9.4 Notice of Claims.** If either party knows of: (a) facts that would give rise to a right of indemnification for that party or (b) commencement of an action that may require indemnification, the indemnified party will give written notice to the other party as promptly as practicable after receipt of that knowledge. Following receipt of the notice, the indemnifying



party will be entitled to participate in the defense of the claim, and upon notice delivered promptly to the indemnified party, to assume the defense of the claim, with counsel reasonably satisfactory to the indemnified party. Within a reasonable period following the assumption of the defense by the indemnifying party, the indemnified party will be permitted to participate in the defense of the claim and may retain additional counsel of its choice at its own expense. If, however, the defendants in the action include both parties and the indemnified party concludes that there may be legal defenses available to the indemnifying party, the indemnified party will be entitled to separate counsel, reasonably acceptable to the indemnified party, which will be paid for by the indemnifying party. Delay in giving notice under this Section 9.4 will not extinguish the right to indemnification.

9.5 Subrogation. The indemnifying party will be subrogated to any claim or right of the indemnified party as against any other persons with respect to any amounts paid by the indemnifying party under this Section 9. The indemnified party will cooperate with the indemnifying party in the indemnifying party's assertion of the claim or right.

9.6 Survival of Indemnification. Except as otherwise provided elsewhere in this Agreement, the obligations of the parties as set forth in this Section 9 will survive the Closing Date for a period of three (3) years. Notwithstanding any of the foregoing, any claim for indemnification for which notice is to be given under Section 9.4 by an indemnified party on or before the date that the indemnification would otherwise terminate in accordance with this Section 9.6, and the corresponding indemnification obligation, will survive until the claim is fully and finally determined and paid in full if payment is required under this Section 9.

#### Section 10. Miscellaneous.

10.1 Costs. Each party will bear all costs and expenses incurred by it in connection with the negotiation and execution of this Agreement and the performance of the transactions contemplated in this Agreement, including, without limitation, counsel fees and expenses.

10.2 Insurance. PURCHASER will maintain liability insurance as follows:

- (a) General liability coverage of not less than \$1 million per occurrence; and
- (b) Employee dishonesty coverage of not less than \$1 million per occurrence.

10.3 Notices. All notices, instructions and other communications required or permitted to be given to or made upon either party will be in writing and will be delivered personally or sent by registered or certified mail, return receipt requested, by overnight courier, and will be deemed given on the date that the writing is delivered. Each notice will be addressed as set forth below, unless a party notifies the other party of a change of address from time to time using the procedures set forth in this Section 10.3.

To SELLER: Providian National Bank  
c/o First Select, Inc.  
4900 Johnson Drive  
Pleasanton, CA 94588  
Attn: Senior Vice President

With a copy to: Providian Financial  
Legal Department  
201 Mission Street  
San Francisco, CA 94105  
Attn: General Counsel

To SELLER: Providian Bank  
c/o First Select, Inc.  
4900 Johnson Drive  
Pleasanton, CA 94588  
Attn: Senior Vice President

With a copy to: Providian Financial  
Legal Department  
201 Mission Street  
San Francisco, CA 94105  
Attn: General Counsel

To PURCHASER: Asset Acceptance LLC  
6985 Miller Road  
Warren, MI 48092  
Attn: Deborah Everly

10.4 Dispute Resolution. Any controversy between the parties arising from this Agreement will be resolved by arbitration in San Francisco, California in accordance with the Commercial Arbitration Rules of the American Arbitration Association and the parties shall be entitled to the rights of discovery authorized under the Federal Rules of Civil Procedure. Each party shall bear its own attorneys' fees and other costs of the arbitration, and each shall pay one-half of the arbitrator's fees and expenses. The arbitrator shall have the discretion to award reasonable attorneys' fees and the costs of the arbitration, including the fees of the arbitrator, to the prevailing party.

10.5 Assignment. Neither party will assign this Agreement, in whole or in part, without the prior written consent of the other party.

10.6 Audit Rights. From and after the Closing Date, PURCHASER agrees, upon reasonable notice and during regular business hours, to allow either SELLER, at such SELLER's sole cost, to conduct periodic on-site audits of the PURCHASER's business activities

related to the Accounts. SELLER agrees to conduct the audit in a manner not to unreasonably interfere with PURCHASER's business.

10.7 Benefit of this Agreement. Nothing contained in this Agreement, whether express or implied, is intended to confer any right or remedy on any person, legal or natural, as to this Agreement other than the parties to this Agreement, their respective Affiliates and their respective successors and permitted assigns, and no action may be brought against either party by any third party claiming as a third-party beneficiary to this Agreement or the transactions contemplated in this Agreement. Nothing in this Agreement is intended to relieve or discharge any obligation or liability of any third party to any party to this Agreement, and nothing in this Agreement will give, or be deemed to give, any third party any right of subrogation or action over or against either party to this Agreement.

10.8 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California, without reference to its conflicts of law principles.

10.9 Severability. If any provision in this Agreement is void or unenforceable by a court of competent jurisdiction, the unenforceability will not affect the validity or enforceability in any other jurisdiction or the validity or enforceability of any other provision in this Agreement.

10.10 Successors and Assigns. This Agreement will be binding on, and inure to the benefit of the parties and their respective successors and permitted assigns.

10.11 Survival. The provisions in Sections 2.4, 2.5, 4, 5, 6, 7, 9, and 10 will survive the Closing, subject to any time limitations set forth in such Sections.

10.12 Captions. The captions in this Agreement are for convenience only and will not be used to construe or interpret any provision in this Agreement.

10.13 Counterparts. This Agreement may be signed in one or more counterparts, each of which will constitute an original document and all of which will be taken together as one agreement.

10.14 No Waiver. Any waiver of any term of this Agreement must be in writing and signed by each party. No delay or failure to act by a party or delay in performance or failure to perform any condition or of any breach of any term, representation, warranty or covenant in this Agreement, whether by conduct or otherwise, will be deemed to be a further or continuing waiver of that condition or breach or a waiver of any other condition or breach. The rights and remedies of SELLER(S) shall be cumulative and not exclusive of any other rights or remedies provided by law.

10.15 Several Liability. The SELLERS and the PURCHASER hereby acknowledge and agree that the SELLERS are each severally liable to the PURCHASER for all of their respective obligations hereunder.

10.16 Entire Agreement; Amendments. This Agreement sets forth the entire understanding of the parties as to the subject matter of this Agreement, and all other or prior understandings, written or verbal, are hereby superseded. This Agreement may not be amended except in a writing executed by both parties.

10.17 Further Assurances. PURCHASER shall deliver to SELLER(S) each of the instruments, certificates, opinions, and other documents as SELLER(S) may reasonably request from time to time to perfect and maintain PURCHASER's obligations hereunder. PURCHASER shall fully cooperate with SELLER(S) and perform all such additional acts reasonably requested by SELLER(S) to SELLERS' satisfaction to effectuate the purpose of this Agreement.

10.18 Construction and Interpretation. Each party has had the opportunity to consult with qualified legal counsel in the drafting and negotiation of this Agreement, and hereby agrees that, in the event of a dispute between the parties, no presumption(s) in favor of any one party against the other shall apply in the construction and interpretation of this Agreement.

**[Remainder of page intentionally left blank]**

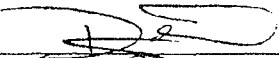
IN WITNESS WHEREOF, the parties through their respective duly authorized officers hereby execute this Agreement as of the date first shown above.

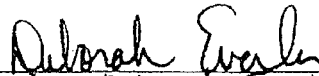
SELLERS:

PURCHASER:

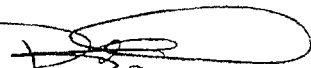
PROVIDIAN NATIONAL BANK

ASSET ACCEPTANCE LLC

By   
Print Name Rick Winters  
Title V.P.

By   
Print Name Deborah Evelyn  
Title V.P. Marketing & Acquisitions

PROVIDIAN BANK

By   
Print Name Rick Winters  
Title V.P.

APPENDIX A  
Account Schedule

[SELLER to provide]

The Account Schedule shall include, but not be limited to, the following data fields:

1. Original account number
2. Name
3. Address
4. Social security number
5. Home and work phone numbers
6. Charge-off date
7. Last pay date
8. Charge-off amount
9. Last payment amount
10. Open date

APPENDIX B-1  
Bill of Sale

Providian National Bank, for value received and in accordance with the terms of the Purchase and Sale Agreement by and among Providian National Bank, Providian Bank ("Sellers") and Asset Acceptance LLC ("Purchaser"), dated as of January 28, 2003 (the "Agreement"), does hereby sell, assign and transfer to Purchaser, its successors and assigns, all right, title and interest in and to the Accounts listed in the Account Schedule attached (as may be amended in accordance with the Agreement) as Appendix A to the Agreement, without recourse and without representation or warranty of collectibility, or otherwise, except to the extent stated in the Agreement.

Executed on \_\_\_\_\_.

PROVIDIAN NATIONAL BANK

By \_\_\_\_\_  
Print Name \_\_\_\_\_  
Title \_\_\_\_\_

APPENDIX B-2  
Bill of Sale

Providian Bank, for value received and in accordance with the terms of the Purchase and Sale Agreement by and among Providian National Bank, Providian Bank ("Sellers") and Asset Acceptance LLC ("Purchaser"), dated as of January 28, 2003 (the "Agreement"), does hereby sell, assign and transfer to Purchaser, its successors and assigns, all right, title and interest in and to the Accounts listed in the Account Schedule attached (as may be amended in accordance with the Agreement) as Appendix A to the Agreement, without recourse and without representation or warranty of collectibility, or otherwise, except to the extent stated in the Agreement.

Executed on \_\_\_\_\_.

PROVIDIAN BANK

By \_\_\_\_\_  
Print Name \_\_\_\_\_  
Title \_\_\_\_\_



APPENDIX C-1  
Affidavit Form

I, being duly sworn, hereby state and attest that I am the designated agent of Providian National Bank ("Providian"), a national banking association, one of the Sellers in that certain Purchase and Sale Agreement by and among Providian National Bank, Providian Bank and Asset Acceptance LLC ("Purchaser"), dated as of January 28, 2003 (the Agreement").

The account billing statement of [Debtor's name], the cardholder, to the best of my knowledge, reflects a true and correct accounting of the cardholder's credit card account; that as of \_\_\_\_\_, the sum of \$ \_\_\_\_\_ was due to Providian or any of its affiliates; and that no part of this sum has been paid or satisfied. In accordance with the Agreement, Providian sold, assigned and conveyed to Purchaser all right, title and interest in and to the Account and its unpaid balance.

Executed on [date], at Pleasanton, California.

\_\_\_\_\_

Notary Public: