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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

COMMISSION FILE NUMBER: 000-26489

ENCORE CAPITAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**48-1090909**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
3111 Camino Del Rio North, Suite 103 San Diego, California	**92108**
(Address of principal executive offices)	**(Zip code)**

(877) 445 - 4581
(Registrant's telephone number, including area code)

(Not Applicable)
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the last 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Outstanding at July 30, 2015**
Common Stock, $0.01 par value	25,237,121 shares

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PART I – FINANCIAL INFORMATION
Item 1—Condensed Consolidated Financial Statements (Unaudited)
ENCORE CAPITAL GROUP, INC.

Condensed Consolidated Statements of Financial Condition
(In Thousands, Except Par Value Amounts)
(Unaudited)

	June 30, 2015	December 31, 2014
Assets		
Cash and cash equivalents	$ 138,158	$ 124,163
Investment in receivable portfolios, net	2,351,767	2,143,560
Receivables secured by property tax liens, net	316,299	259,432
Property and equipment, net	66,413	66,969
Deferred court costs, net	71,724	60,412
Other assets	199,689	197,666
Goodwill	969,928	897,933
Total assets	$ 4,113,978	$ 3,750,135
Liabilities and equity		
Liabilities:		
Accounts payable and accrued liabilities	$ 214,621	$ 231,967
Debt	3,134,187	2,773,554
Other liabilities	83,877	79,675
Total liabilities	3,432,685	3,085,196
Commitments and contingencies		
Redeemable noncontrolling interest	27,924	28,885
Redeemable equity component of convertible senior notes	7,625	9,073
Equity:		
Convertible preferred stock, $.01 par value, 5,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $.01 par value, 50,000 shares authorized, 25,237 shares and 25,794 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	252	258
Additional paid-in capital	101,288	125,310
Accumulated earnings	555,436	498,354
Accumulated other comprehensive loss	(14,796)	(922)
Total Encore Capital Group, Inc. stockholders' equity	642,180	623,000
Noncontrolling interest	3,564	3,981
Total equity	645,744	626,981
Total liabilities, redeemable equity and equity	$ 4,113,978	$ 3,750,135

The following table includes assets that can only be used to settle the liabilities of the Company's consolidated variable interest entities ("VIEs") and the creditors of the VIEs have no recourse to the Company. These assets and liabilities are included in the consolidated statements of financial condition above. See Note 11 "Variable Interest Entities" for additional information on the Company's VIEs.

	June 30, 2015	December 31, 2014
Assets		
Cash and cash equivalents	$ 39,518	$ 44,996
Investment in receivable portfolios, net	1,244,636	993,462
Receivables secured by property tax liens, net	96,212	108,535
Property and equipment, net	19,715	15,957
Deferred court costs, net	29,016	17,317
Other assets	46,062	80,264
Goodwill	742,272	671,434
Liabilities		
Accounts payable and accrued liabilities	$ 119,187	$ 137,201
Debt	1,823,897	1,556,956
Other liabilities	18,367	8,724

See accompanying notes to condensed consolidated financial statements

ENCORE CAPITAL GROUP, INC.

Condensed Consolidated Statements of Income
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues				
Revenue from receivable portfolios, net	$ 270,301	$ 248,231	$ 534,411	$ 485,799
Other revenues	13,112	14,149	27,522	25,498
Net interest income	6,943	6,815	14,086	11,639
Total revenues	290,356	269,195	576,019	522,936
Operating expenses				
Salaries and employee benefits	67,545	64,355	135,293	122,492
Cost of legal collections	57,076	50,029	112,074	99,854
Other operating expenses	23,015	23,712	48,249	50,135
Collection agency commissions	8,466	7,482	19,151	15,758
General and administrative expenses	39,166	38,282	71,778	74,976
Depreciation and amortization	8,084	6,829	16,434	12,946
Total operating expenses	203,352	190,689	402,979	376,161
Income from operations	87,004	78,506	173,040	146,775
Other (expense) income				
Interest expense	(46,250)	(43,218)	(88,553)	(81,180)
Other income	395	75	2,512	340
Total other expense	(45,855)	(43,143)	(86,041)	(80,840)
Income before income taxes	41,149	35,363	86,999	65,935
Provision for income taxes	(15,964)	(14,010)	(31,847)	(25,752)
Net income	25,185	21,353	55,152	40,183
Net loss attributable to noncontrolling interest	2,472	2,208	1,930	6,558
Net income attributable to Encore Capital Group, Inc. stockholders	$ 27,657	$ 23,561	$ 57,082	$ 46,741
Earnings per share attributable to Encore Capital Group, Inc.:				
Basic	$ 1.07	$ 0.91	$ 2.20	$ 1.81
Diluted	$ 1.03	$ 0.86	$ 2.11	$ 1.68
Weighted average shares outstanding:				
Basic	25,885	25,798	25,978	25,774
Diluted	26,919	27,492	27,117	27,790

See accompanying notes to condensed consolidated financial statements

ENCORE CAPITAL GROUP, INC.

Condensed Consolidated Statements of Comprehensive Income

(Unaudited, In Thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	$ 25,185	$ 21,353	$ 55,152	$ 40,183
Other comprehensive (loss) gain, net of tax:				
Unrealized (loss) gain on derivative instruments	(164)	706	349	2,229
Unrealized gain (loss) on foreign currency translation	8,426	3,299	(14,223)	3,513
Other comprehensive gain (loss), net of tax	8,262	4,005	(13,874)	5,742
Comprehensive income	33,447	25,358	41,278	45,925
Comprehensive loss (gain) attributable to noncontrolling interest:				
Net loss	2,472	2,208	1,930	6,558
Unrealized (gain) loss on foreign currency translation	(930)	(618)	888	(470)
Comprehensive loss attributable to noncontrolling interests	1,542	1,590	2,818	6,088
Comprehensive income attributable to Encore Capital Group, Inc. stockholders	$ 34,989	$ 26,948	$ 44,096	$ 52,013

See accompanying notes to condensed consolidated financial statements

ENCORE CAPITAL GROUP, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited, In Thousands)

	Six Months Ended June 30,	
	2015	2014
Operating activities:		
Net income	$ 55,152	$ 40,183
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,434	12,946
Non-cash interest expense, net	18,436	13,974
Stock-based compensation expense	12,103	9,551
Deferred income taxes	765	9,616
Excess tax benefit from stock-based payment arrangements	(1,479)	(10,756)
Reversal of allowances on receivable portfolios, net	(7,219)	(6,652)
Changes in operating assets and liabilities		
Deferred court costs and other assets	(21,819)	(9,025)
Prepaid income tax and income taxes payable	(23,648)	(9,038)
Accounts payable, accrued liabilities and other liabilities	(1,313)	1,574
Net cash provided by operating activities	47,412	52,373
Investing activities:		
Cash paid for acquisitions, net of cash acquired	(237,873)	(303,532)
Purchases of receivable portfolios, net of put-backs	(356,302)	(475,121)
Collections applied to investment in receivable portfolios, net	334,587	325,451
Originations and purchases of receivables secured by tax liens	(139,820)	(85,014)
Collections applied to receivables secured by tax liens	76,876	53,216
Purchases of property and equipment	(10,642)	(8,943)
Other, net	1,292	—
Net cash used in investing activities	(331,882)	(493,943)
Financing activities:		
Payment of loan costs	(6,574)	(14,673)
Proceeds from credit facilities	737,648	679,872
Repayment of credit facilities	(354,362)	(732,857)
Proceeds from senior secured notes	—	288,645
Repayment of senior secured notes	(7,500)	(7,500)
Proceeds from issuance of convertible senior notes	—	161,000
Proceeds from issuance of securitized notes	—	134,000
Repayment of securitized notes	(22,694)	(8,793)
Purchases of convertible hedge instruments	—	(33,576)
Repurchase of common stock	(33,185)	(16,815)
Taxes paid related to net share settlement of equity awards	(5,260)	(18,375)
Excess tax benefit from stock-based payment arrangements	1,479	10,756
Other, net	(5,757)	1,382
Net cash provided by financing activities	303,795	443,066
Net increase in cash and cash equivalents	19,325	1,496
Effect of exchange rate changes on cash and cash equivalents	(5,330)	(4,302)
Cash and cash equivalents, beginning of period	124,163	126,213
Cash and cash equivalents, end of period	$ 138,158	$ 123,407
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 50,833	$ 54,672
Cash paid for income taxes, net	58,510	37,805
Supplemental schedule of non-cash investing and financing activities:		
Fixed assets acquired through capital lease	$ 1,290	$ 3,766

See accompanying notes to condensed consolidated financial statements

ENCORE CAPITAL GROUP, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1: Ownership, Description of Business, and Summary of Significant Accounting Policies

Encore Capital Group, Inc. ("Encore"), through its subsidiaries (collectively, the "Company"), is an international specialty finance company providing debt recovery solutions for consumers and property owners across a broad range of financial assets. The Company purchases portfolios of defaulted consumer receivables at deep discounts to face value and manages them by working with individuals as they repay their obligations and work toward financial recovery. Defaulted receivables are consumers' unpaid financial commitments to credit originators, including banks, credit unions, consumer finance companies, commercial retailers, and telecommunication companies. Defaulted receivables may also include receivables subject to bankruptcy proceedings. Encore, through certain subsidiaries, is a market leader in portfolio purchasing and recovery in the United States, including Puerto Rico. Encore's subsidiary, Janus Holdings Luxembourg S.a.r.l. ("Janus Holdings"), through its indirectly held U.K.-based subsidiary Cabot Credit Management Limited and its subsidiaries ("Cabot"), is a market leader in debt management in the United Kingdom, historically specializing in portfolios consisting of higher balance, semi-performing accounts. Cabot's acquisition of Marlin Financial Group Limited ("Marlin") in February 2014, provides Cabot with substantial litigation-enhanced collection capabilities for non-performing accounts. Encore's majority-owned subsidiary, Grove Holdings ("Grove"), is a U.K.-based leading specialty investment firm focused on consumer non-performing loans, including insolvencies (in particular, individual voluntary arrangements, or "IVAs") in the United Kingdom and bank and non-bank receivables in Spain. Encore's majority-owned subsidiary, Refinancia S.A. ("Refinancia"), through its subsidiaries, is a market leader in debt collection and management in Colombia and Peru. In addition, through Encore's subsidiary, Propel Financial Services, LLC and its subsidiaries (collectively, "Propel"), the Company assists property owners who are delinquent on their property taxes by structuring affordable monthly payment plans and purchases delinquent tax liens directly from selected taxing authorities.

Portfolio Purchasing and Recovery

United States

The Company purchases receivable portfolios based on robust, account-level valuation methods and employs a suite of proprietary statistical and behavioral models across the full extent of its operations. These methods and models allow the Company to value portfolios accurately (and limit the risk of overpaying), avoid buying portfolios that are incompatible with its methods or goals and precisely align the accounts it purchases with its operational channels to maximize future collections. As a result, the Company has been able to realize significant returns from the receivables it acquires. The Company maintains strong relationships with many of the largest financial service providers in the United States.

The Company uses insights discovered during its purchasing process to build account collection strategies. The Company's proprietary consumer-level collectability analysis is the primary determinant of whether an account will be actively serviced post-purchase. The Company continuously refines this analysis to determine the most effective collection strategy to pursue for each account it owns. After the Company's preliminary analysis, it seeks to collect on only a fraction of the accounts it purchases, through one or more of its collection channels. The channel identification process is analogous to a funneling system, where the Company first differentiates those consumers who it believes are not able to pay from those who are able to pay. Consumers who the Company believes are financially incapable of making any payments, facing extenuating circumstances or hardships (such as medical issues), serving in the military, or currently receiving social security as their only source of income are excluded from the next step of its collection process and are designated as inactive. The remaining pool of accounts in the funnel then receives further evaluation. At that point, the Company analyzes and determines a consumer's perceived willingness to pay. Based on that analysis, the Company will pursue collections through letters and/or phone calls to its consumers. Despite its efforts to reach consumers and work out a settlement option, only a small number of consumers who are contacted choose to engage with the Company. Those who do are often offered deep discounts on their obligations, or are presented with payment plans that are better suited to meet their daily cash flow needs. The majority of contacted consumers, however, do not respond to the Company's calls or letters, and therefore the Company must then make the difficult decision whether or not to pursue collections through legal means.

The Company continually monitors applicable changes to laws governing statutes of limitations and disclosures to consumers. The Company maintains policies, system controls, and processes designed to ensure that accounts past the applicable statute of limitations do not get placed into legal collections. Additionally, in written and verbal communications with consumers, the Company provides disclosures to the consumer that the account is past its applicable statute of limitations and, therefore, the Company will not pursue collections through legal means.

Europe

Cabot: Through Cabot, portfolio receivables are purchased using a proprietary pricing model. This model allows Cabot to value portfolios with a high degree of accuracy and quantify portfolio performance in order to maximize future collections. As a result, Cabot has been able to realize significant returns from the assets it has acquired. Cabot maintains strong relationships with many of the largest financial service providers in the United Kingdom.

Cabot also uses insights discovered during its purchasing process to build account-level collection strategies. Cabot's proprietary consumer-level collectability analysis is a determinant of how an account will be serviced post-purchase. Cabot continuously refines this analysis to determine the most effective customer engagement strategy to pursue for each account it owns to ensure that customers are treated fairly and the most suitable engagement and collection strategy for each individual customer is deployed. In recent years, Cabot has concentrated on buying portfolios that are defined as semi-performing, in which over 50% of the accounts have received a payment in three of the last four months immediately prior to the portfolio purchase. Cabot establishes contact with consumers, in order to convey payment arrangements and gauge the willingness of these consumers to continue to pay. Consumers who Cabot believes are financially incapable of making any payments, those having negative disposable income, or those experiencing hardships, are managed outside of normal collection routines.

The remaining pool of accounts then receives further evaluation. Cabot analyzes and estimates a consumer's perceived willingness to pay. Based on that analysis, Cabot tries to engage with customers through letters and/or phone calls. Where contact is made and consumers indicate a willingness to pay, a patient approach of forbearance is applied using regulatory protocols within the United Kingdom to assess affordability and ensure that plans are fair and balanced and therefore, sustainable. Where consumers cannot be located or refuse to engage in a constructive dialogue, Cabot will pass these accounts through a litigation scorecard and rule set in order to assess suitability for legal action. Through Cabot's Marlin subsidiary, Cabot has a competitive advantage in the use of litigation-enhanced collections for non-paying accounts.

Grove: Grove, through its subsidiaries and affiliates, is a leading specialty investment firm focused on consumer non-performing loans, including insolvencies (in particular, IVAs) in the United Kingdom and bank and non-bank receivables in Spain. Grove purchases portfolio receivables using a proprietary pricing model. This model allows Grove to value portfolios with a high degree of accuracy and quantify portfolio performance in order to maximize future collections.

Latin America

Refinancia is a market leader in the management of non-performing loans in Colombia and Peru. In addition to purchasing defaulted receivables, Refinancia offers portfolio management services to banks for non-performing loans. Refinancia also specializes in non-traditional niches in Colombia, including providing financial solutions to individuals who have previously defaulted on their credit obligations, payment plan guarantee and factoring services through merchants and loan guarantee services to financial institutions.

Beginning in December 2014 the Company began investing in non-performing secured residential mortgages in Latin America.

Tax Lien Business

Propel's principal activities are the acquisition and servicing of residential and commercial tax liens on real property. These liens take priority over most other liens. By funding tax liens, Propel provides state and local taxing authorities and governments with much needed tax revenue. To the extent permitted by local law, Propel works directly with property owners to structure affordable payment plans designed to allow them to keep their property while paying their property tax obligation over time. Propel maintains a foreclosure rate of less than one-half of one percent.

Propel's receivables secured by property tax liens include Texas tax liens, Nevada tax liens, and tax lien certificates in various other states (collectively, "Tax Liens"). With Texas and Nevada Tax Liens, Texas or Nevada property owners choose to have the taxing authority transfer their tax lien to Propel. Propel pays their tax lien obligation to the taxing authority and the property owner pays Propel over time at a lower interest rate than they would be assessed by the taxing authority. Propel's arrangements with Texas and Nevada property owners provide them with repayment plans that are both affordable and flexible when compared with other payment options. Propel also purchases Tax Liens in various other states directly from taxing authorities, securing rights to outstanding property tax payments, interest and penalties. In most cases, such Tax Liens continue to be serviced by the taxing authority. When the taxing authority is paid, it repays Propel the outstanding balance of the lien plus interest, which is established by statute or negotiated at the time of the purchase.

Financial Statement Preparation and Presentation

The accompanying interim condensed consolidated financial statements have been prepared by Encore, without audit, in accordance with the instructions to the Quarterly Report on Form 10-Q, and Rule 10-01 of Regulation S-X promulgated by the United States Securities and Exchange Commission (the "SEC") and, therefore, do not include all information and footnotes necessary for a fair presentation of its consolidated financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the United States ("GAAP").

In the opinion of management, the unaudited financial information for the interim periods presented reflects all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of the Company's consolidated financial position, results of operations, and cash flows. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014. Operating results for interim periods are not necessarily indicative of operating results for an entire fiscal year.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in the Company's financial statements and the accompanying notes. Actual results could materially differ from those estimates.

Basis of Consolidation

The condensed consolidated financial statements have been prepared in conformity with GAAP, and reflect the accounts and operations of the Company and those of its subsidiaries in which the Company has a controlling financial interest. The Company also consolidates VIEs, for which it is the primary beneficiary. The primary beneficiary has both (a) the power to direct the activities of the VIE that most significantly affect the entity's economic performance, and (b) either the obligation to absorb losses or the right to receive benefits. Refer to Note 11, "Variable Interest Entities," for further details. All intercompany transactions and balances have been eliminated in consolidation.

On August 6, 2014, the Company acquired all of the outstanding equity interests of Atlantic Credit & Finance, Inc. ("Atlantic") pursuant to a stock purchase agreement (the "Atlantic Acquisition"), on February 7, 2014, the Company, through its Cabot subsidiary completed its acquisition of Marlin ("the Marlin Acquisition") and on June 1, 2015, Cabot completed the acquisition of Hillesden Securities Ltd ("dlc"). The condensed consolidated financial statements include the results of operations of subsidiaries from mergers and acquisitions, since the date of the respective acquisitions.

Translation of Foreign Currencies

The financial statements of certain of the Company's foreign subsidiaries are measured using their local currency as the functional currency. Assets and liabilities of foreign operations are translated into U.S. dollars using period-end exchange rates, and revenues and expenses are translated into U.S. dollars using average exchange rates in effect during each period. The resulting translation adjustments are recorded as a component of other comprehensive income. Equity accounts are translated at historical rates, except for the change in retained earnings during the year which is the result of the income statement translation process. Intercompany transaction gains or losses at each period end arising from subsequent measurement of balances for which settlement is not planned or anticipated in the foreseeable future are included as translation adjustments and recorded within other comprehensive income or loss. Transaction gains and losses are included in other income or expense.

Reclassifications

Certain reclassifications have been made to the condensed consolidated financial statements to conform to the current year's presentation.

The Company has reclassified a portion of the increase in other assets in the condensed consolidated statements of cash flows from operating activities to financing activities for all periods presented.

The impact of the reclassification was as follows *(in thousands)*:

		Six Months Ended June 30, 2014
Net cash flows provided by operating activities - as previously reported	$	37,597
Impact of reclassification	$	14,776
Net cash flows provided by operating activities - as reclassified	$	52,373
Net cash flows provided by financing activities - as previously reported	$	457,842
Impact of reclassification	$	(14,776)
Net cash flows provided by financing activities - as reclassified	$	443,066

This reclassification had no impact on the net change in cash and cash equivalents or cash flows from investing activities for any period presented.

Recent Accounting Pronouncements

In February 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-02, "Amendments to the Consolidation Analysis." This ASU affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. Specifically, the amendments: (1) Modify the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities; (2) Eliminate the presumption that a general partner should consolidate a limited partnership; (3) Affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships; and (4) Provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. ASU No. 2015-02 is effective for interim and annual reporting periods beginning after December 15, 2015. This standard is not expected to have a significant impact to the Company's financial statements.

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs". This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This ASU is effective beginning January 1, 2016, with early adoption permitted, and shall be applied retrospectively. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and footnotes disclosures.

Note 2: Earnings Per Share

Basic earnings per share is calculated by dividing net earnings attributable to Encore by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is calculated on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options, restricted stock, and the dilutive effect of the convertible senior notes.

On April 24, 2014, the Company's Board of Directors approved a $50.0 million share repurchase program. The program does not obligate the Company to acquire any particular amount of common stock, and it may be modified or suspended at any time at the Company's discretion. In May 2014, the Company repurchased 400,000 shares of its common stock for approximately $16.8 million. In May 2015, the Company repurchased 839,295 shares of common stock for approximately $33.2 million, which represented the remaining amount allowed under the share repurchase program.

A reconciliation of shares used in calculating earnings per basic and diluted shares follows *(in thousands)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Weighted average common shares outstanding—basic	25,885	25,798	25,978	25,774
Dilutive effect of stock-based awards	196	651	283	800
Dilutive effect of convertible senior notes	838	1,043	856	1,195
Dilutive effect of warrants	—	—	—	21
Weighted average common shares outstanding—diluted	26,919	27,492	27,117	27,790

There were no anti-dilutive employee stock options outstanding during the three and six months ended June 30, 2015 or 2014.

The Company has the following convertible senior notes outstanding: $115.0 million convertible senior notes due 2017 at a conversion price equivalent to approximately $31.56 per share of the Company's common stock (the "2017 Convertible Notes"), $172.5 million convertible senior notes due 2020 at a conversion price equivalent to approximately $45.72 per share of the Company's common stock (the "2020 Convertible Notes"), and $161.0 million convertible senior notes due 2021 at a conversion price equivalent to approximately $59.39 per share of the Company's common stock (the "2021 Convertible Notes").

In the event of conversion, the 2017 Convertible Notes are convertible into cash up to the aggregate principal amount and permit the excess conversion premium to be settled in cash or shares of the Company's common stock. For the 2020 Convertible Notes and 2021 Convertible Notes, the Company has the option to pay cash, issue shares of common stock or any combination thereof for the aggregate amount due upon conversion. The Company's intent is to settle the principal amount of the 2020 and 2021 Convertible Notes in cash upon conversion. As a result, upon conversion of all the convertible senior notes, only the amounts payable in excess of the principal amounts are considered in diluted earnings per share under the treasury stock method. For the three and six months ended June 30, 2015 and 2014, diluted earnings per share included the effect of the common shares issuable upon conversion of the 2017 Convertible Notes, because the average stock price exceeded the conversion price of these notes. For the six months ended June 30, 2014, diluted earnings per share included the effect of the common shares issuable upon conversion of the 2020 Convertible Notes because the average stock price exceeded the conversion price of these notes. However, as described in Note 10, "Debt—Encore Convertible Notes," and further described below, the Company entered into certain hedge transactions that have the effect of increasing the effective conversion price of the 2017 Convertible Notes to $60.00 and the 2020 Convertible Notes to $61.55. On January 2, 2014, the 2017 Convertible Notes became convertible as certain conditions for conversion were met in the immediately preceding calendar quarter as defined in the applicable indenture. However, none of the 2017 Convertible Notes have been converted.

In connection with the issuance of the 2017 Convertible Notes, the Company entered into privately negotiated transactions with certain counterparties and sold warrants to purchase approximately 3.6 million shares of its common stock. The warrants had an exercise price of $44.19. On December 16, 2013, the Company entered into amendments with the same counterparties to exchange the original warrants with new warrants with an exercise price of $60.00. All other terms and settlement provisions remain unchanged. The warrant restrike transaction was completed on February 6, 2014. Diluted earnings per share included the effect of these warrants for the six months ended June 30, 2014. The effect of the warrants was anti-dilutive for the three months ended June 30, 2014 and for the three and six months ended June 30, 2015.

Note 3: Business Combinations

dlc Acquisition

On June 1, 2015, Cabot acquired dlc, a U.K.-based acquirer and collector of non-performing unsecured consumer debt for approximately £181.6 million (approximately $276.2 million) (the "dlc Acquisition"). The dlc Acquisition was financed with borrowings under Cabot's existing revolving credit facility and under Cabot's new senior secured bridge facility. Refer to Note 10, "Debt" for further details of Cabot's revolving credit facility and senior secured bridge facility.

The dlc Acquisition was accounted for using the acquisition method of accounting and, accordingly, the tangible and intangible assets acquired and liabilities assumed were recorded at their estimated fair values as of the date of the acquisition. Fair value measurements have been applied based on assumptions that market participants would use in the pricing of the respective assets and liabilities. As of the date of this Quarterly Report on Form 10-Q, the Company is still finalizing the allocation of the purchase price. The initial purchase price allocation presented below was based on the preliminary assessment of assets acquired and liabilities assumed, which is subject to change based on the final valuation study that is expected to be completed by the fourth quarter of 2015.

The components of the preliminary purchase price allocation for the dlc Acquisition were as follows *(in thousands)*:

Purchase price:		
Cash paid at acquisition	$	268,391
Deferred consideration		7,781
Total purchase price	$	276,172
Allocation of purchase price:		
Cash	$	30,518
Investment in receivable portfolios		215,988
Deferred court costs		760
Property and equipment		1,327
Other assets		2,384
Liabilities assumed		(44,335)
Identifiable intangible assets		6,075
Goodwill		63,455
Total net assets acquired	$	276,172

The goodwill recognized is primarily attributable to synergies that are expected to be achieved by combining dlc and Cabot's existing contingent collections operations. The Company is still finalizing its analysis of the effects of these synergies which, when finalized, will be incorporated into dlc and Cabot's estimated remaining collections. The entire goodwill of $63.5 million related to the dlc Acquisition is not deductible for income tax purposes.

Total acquisition and integration costs related to the dlc Acquisition were approximately $2.7 million for the three and six months ended June 30, 2015, and have been expensed in the accompanying condensed consolidated statements of income within general and administrative expenses. The amount of revenue and net income included in the Company's consolidated statement of income for the three and six months ended June 30, 2015 related to dlc was $4.4 million and $0.1 million, respectively.

Refer to Note 3, "Business Combinations" as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, for a complete description of the Company's acquisition activities in 2014.

Note 4: Fair Value Measurements

The authoritative guidance for fair value measurements defines fair value as the price that would be received upon sale of an asset or the price paid to transfer a liability, in an orderly transaction between market participants at the measurement date (*i.e.,* the "exit price"). The guidance utilizes a fair value hierarchy that prioritizes the inputs used in valuation techniques to measure fair value into three broad levels. The following is a brief description of each level:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs, including inputs that reflect the reporting entity's own assumptions.

Financial Instruments Required To Be Carried At Fair Value

Financial assets and liabilities measured at fair value on a recurring basis are summarized below *(in thousands)*:

	Fair Value Measurements as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency exchange contracts	$ —	$ 896	$ —	$ 896
Liabilities				
Foreign currency exchange contracts	—	(576)	—	(576)
Temporary Equity				
Redeemable noncontrolling interests	—	—	(27,924)	(27,924)

	Fair Value Measurements as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency exchange contracts	$ —	$ 768	$ —	$ 768
Liabilities				
Foreign currency exchange contracts	—	(1,037)	—	(1,037)
Temporary Equity				
Redeemable noncontrolling interests	—	—	(28,885)	(28,885)

Derivative Contracts:

The Company uses derivative instruments to minimize its exposure to fluctuations in interest rates and foreign currency exchange rates. The Company's derivative instruments primarily include interest rate swap agreements, interest rate cap contracts, and foreign currency exchange contracts. Fair values of these derivative instruments are estimated using industry standard valuation models. These models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rate curves, foreign currency exchange rates, and forward and spot prices for currencies.

Redeemable Noncontrolling Interests:

Some minority shareholders in certain subsidiaries of the Company have the right, at certain times, to require the Company to acquire their ownership interest in those entities at fair value, while others have the right to force a sale of the subsidiary if the Company chooses not to purchase their interests at fair value. The noncontrolling interests subject to these arrangements are included in temporary equity as redeemable noncontrolling interests, and are adjusted to their estimated redemption amounts each reporting period with a corresponding adjustment to additional paid-in capital. Future reductions in the carrying amounts are subject to a "floor" amount that is equal to the fair value of the redeemable noncontrolling interests at the time they were originally recorded. The recorded value of the redeemable noncontrolling interests cannot go below the floor level. These adjustments do not affect the calculation of earnings per share.

The components of the change in the redeemable noncontrolling interests for the periods ended June 30, 2015 and December 31, 2014 are presented in the following table *(in thousands)*:

	Amount
Balance at December 31, 2013	$ 26,564
Initial redeemable noncontrolling interest related to business combinations	4,997
Net loss attributable to redeemable noncontrolling interests	(4,513)
Adjustment of the redeemable noncontrolling interests to fair value	5,730
Effect of foreign currency translation attributable to redeemable noncontrolling interests	(3,893)
Balance at December 31, 2014	28,885
Net loss attributable to redeemable noncontrolling interests	(1,514)
Adjustment of the redeemable noncontrolling interests to fair value	1,205
Effect of foreign currency translation attributable to redeemable noncontrolling interests	(652)
Balance at June 30, 2015	$ 27,924

Financial Instruments Not Required To Be Carried At Fair Value

Investment in Receivable Portfolios:

The Company records its investment in receivable portfolios at cost, which represents a significant discount from the contractual receivable balances due. The Company computes the fair value of its investment in receivable portfolios by discounting the estimated future cash flows generated by its proprietary forecasting models. The key inputs include the estimated future gross cash flow, average cost to collect, and discount rate. In accordance with authoritative guidance related to fair value measurements, the Company estimates the average cost to collect and discount rates based on its estimate of what a market participant might use in valuing these portfolios. The determination of such inputs requires significant judgment, including assessing the assumed market participant's cost structure, its determination of whether to include fixed costs in its valuation, its collection strategies, and determining the appropriate weighted average cost of capital. The Company evaluates the use of these key inputs on an ongoing basis and refines the data as it continues to obtain better information from market participants in the debt recovery and purchasing business.

In the Company's current analysis, the estimated blended market participant cost to collect and discount rate is approximately 50.3% and 12.0%, respectively, for United States portfolios, and approximately 30.0% and 12.5%, respectively, for Europe portfolios. Using this method, the fair value of investment in receivable portfolios approximates the carrying value as of June 30, 2015 and December 31, 2014. A 100 basis point fluctuation in the cost to collect and discount rate used would result in an increase or decrease in the fair value of United States and Europe portfolios by approximately $40.0 million and $59.5 million, respectively, as of June 30, 2015. This fair value calculation does not represent, and should not be construed to represent, the underlying value of the Company or the amount which could be realized if its investment in receivable portfolios were sold. The carrying value of the investment in receivable portfolios was $2.4 billion and $2.1 billion as of June 30, 2015 and December 31, 2014, respectively.

Deferred Court Costs:

The Company capitalizes deferred court costs and provides a reserve for those costs that it believes will ultimately be uncollectible. The carrying value of net deferred court costs approximates fair value.

Receivables Secured By Property Tax Liens:

The fair value of receivables secured by property tax liens is estimated by discounting the future cash flows of the portfolio using a discount rate equivalent to the current rate at which similar portfolios would be originated. For tax liens purchased directly from taxing authorities, the fair value is estimated by discounting the expected future cash flows of the portfolio using a discount rate equivalent to the interest rate expected when acquiring these tax liens. The carrying value of receivables secured by property tax liens approximates fair value. Additionally, the carrying value of the related interest receivable also approximates fair value.

Debt:

Encore's senior secured notes and borrowings under its revolving credit and term loan facilities are carried at historical amounts, adjusted for additional borrowings less principal repayments, which approximate fair value.

Encore's convertible senior notes are carried at historical cost, adjusted for the debt discount. The carrying value of the convertible senior notes was $448.5 million less debt discount of $46.6 million as of June 30, 2015, and $448.5 million less debt discount of $51.2 million as of December 31, 2014, respectively. The fair value estimate for these convertible senior notes, which incorporates quoted market prices, was approximately $501.3 million and $507.4 million as of June 30, 2015 and December 31, 2014, respectively.

Propel's borrowings under its revolving credit facilities, term loan facility, and securitized notes are carried at historical amounts, adjusted for additional borrowings less principal repayments, which approximate fair value.

The carrying value of the Cabot and Marlin senior secured notes was $1.1 billion, including debt premium of $62.4 million and $1.1 billion, including a debt premium of $67.3 million, as of June 30, 2015 and December 31, 2014, respectively. The fair value estimate for these senior notes, incorporates quoted market prices, and approximated the carrying value as of June 30, 2015 and December 31, 2014, respectively.

Cabot's borrowings under its senior revolving credit facility and senior secured bridge loan facility, entered into in June 2015 in connection with the dlc Acquisition, are carried at historical amounts, adjusted for additional borrowings less principal repayments, which approximates fair value.

The Company's preferred equity certificates are legal obligations to the noncontrolling shareholders at its Janus Holdings and Cabot Holdings subsidiaries. They are carried at the face amount, plus any accrued interest. The Company determined, at the time of the acquisition of a controlling interest in Cabot (the "Cabot Acquisition") and at June 30, 2015, that the carrying value of these preferred equity certificates approximates fair value.

Note 5: Derivatives and Hedging Instruments

The Company may periodically enter into derivative financial instruments to manage risks related to interest rates and foreign currency. Most of the Company's derivative financial instruments qualify for hedge accounting treatment under the authoritative guidance for derivatives and hedging. The Company's Cabot subsidiary has entered into several interest rate cap contracts to manage its risk related to interest rate fluctuations. As of June 30, 2015, Cabot had only one outstanding interest rate cap contract with a notional amount of £100.0 million. The Company does not apply hedge accounting on interest rate cap contracts. The impact of the interest rate cap contracts to the Company's consolidated financial statements for the three and six months ended June 30, 2015 and 2014, was immaterial.

Foreign Currency Exchange Contracts

The Company has operations in foreign countries, which exposes the Company to foreign currency exchange rate fluctuations due to transactions denominated in foreign currencies. To mitigate this risk, the Company enters into derivative financial instruments, principally Indian rupee forward contracts, which are designated as cash flow hedges, to mitigate fluctuations in the cash payments of future forecasted transactions. The Company adjusts the level and use of derivatives as soon as practicable after learning that an exposure has changed and reviews all exposures and derivative positions on an ongoing basis.

Gains and losses on cash flow hedges are recorded in other comprehensive income ("OCI") until the hedged transaction is recorded in the consolidated financial statements. Once the underlying transaction is recorded in the consolidated financial statements, the Company reclassifies the OCI on the derivative into earnings. If all or a portion of the forecasted transaction is cancelled, this would render all or a portion of the cash flow hedge ineffective and the Company would reclassify the ineffective portion of the hedge into earnings. The Company generally does not experience ineffectiveness of the hedge relationship and the accompanying consolidated financial statements do not include any such gains or losses.

As of June 30, 2015, the total notional amount of the forward contracts to buy Indian rupees in exchange for U.S. dollars was $45.8 million. All of these outstanding contracts qualified for hedge accounting treatment. The Company estimates that approximately $0.6 million of net derivative gain included in OCI will be reclassified into earnings within the next 12 months. No gains or losses were reclassified from OCI into earnings as a result of forecasted transactions that failed to occur during the six months ended June 30, 2015 and 2014.

The Company does not enter into derivative instruments for trading or speculative purposes.

The following table summarizes the fair value of derivative instruments as recorded in the Company's condensed consolidated statements of financial condition *(in thousands)*:

	June 30, 2015		December 31, 2014	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Foreign currency exchange contracts	Other liabilities	$ (576)	Other liabilities	$ (1,037)
Foreign currency exchange contracts	Other assets	896	Other assets	768

The following table summarizes the effects of derivatives in cash flow hedging relationships on the Company's condensed consolidated statements of income for the three and six months ended June 30, 2015 and 2014 *(in thousands)*:

	Gain or (Loss) Recognized in OCI-Effective Portion		Location of Gain or (Loss) Reclassified from OCI into Income - Effective Portion	Gain or (Loss) Reclassified from OCI into Income - Effective Portion		Location of Gain or (Loss) Recognized - Ineffective Portion and Amount Excluded from Effectiveness Testing	Amount of Gain or (Loss) Recognized - Ineffective Portion and Amount Excluded from Effectiveness Testing	
	Three Months Ended June 30,			Three Months Ended June 30,			Three Months Ended June 30,	
	2015	2014		2015	2014		2015	2014
Foreign currency exchange contracts	$ (395)	$ 760	Salaries and employee benefits	$ (164)	$ (219)	Other (expense) income	$ —	$ —
Foreign currency exchange contracts	(70)	134	General and administrative expenses	(31)	(40)	Other (expense) income	—	—

	Gain or (Loss) Recognized in OCI-Effective Portion		Location of Gain or (Loss) Reclassified from OCI into Income - Effective Portion	Gain or (Loss) Reclassified from OCI into Income - Effective Portion		Location of Gain or (Loss) Recognized - Ineffective Portion and Amount Excluded from Effectiveness Testing	Amount of Gain or (Loss) Recognized - Ineffective Portion and Amount Excluded from Effectiveness Testing	
	Six Months Ended June 30,			Six Months Ended June 30,			Six Months Ended June 30,	
	2015	2014		2015	2014		2015	2014
Foreign currency exchange contracts	$ 77	$ 2,645	Salaries and employee benefits	$ (315)	$ (575)	Other (expense) income	$ —	$ —
Foreign currency exchange contracts	150	321	General and administrative expenses	(47)	(97)	Other (expense) income	—	—

Note 6: Investment in Receivable Portfolios, Net

In accordance with the authoritative guidance for loans and debt securities acquired with deteriorated credit quality, discrete receivable portfolio purchases during the same fiscal quarter are aggregated into pools based on common risk characteristics. Common risk characteristics include risk ratings (e.g. FICO or similar scores), financial asset type, collateral type, size, interest rate, date of origination, term, and geographic location. The Company's static pools are typically grouped into credit card and telecom, purchased consumer bankruptcy, and mortgage portfolios. We further group these static pools by geographic region or location. Once a static pool is established, the portfolios are permanently assigned to the pool. The discount (i.e., the difference between the cost of each static pool and the related aggregate contractual receivable balance) is not recorded because the Company expects to collect a relatively small percentage of each static pool's contractual receivable

balance. As a result, receivable portfolios are recorded at cost at the time of acquisition. The purchase cost of the portfolios includes certain fees paid to third parties incurred in connection with the direct acquisition of the receivable portfolios.

In compliance with the authoritative guidance, the Company accounts for its investments in receivable portfolios using either the interest method or the cost recovery method. The interest method applies an internal rate of return ("IRR") to the cost basis of the pool, which remains unchanged throughout the life of the pool, unless there is an increase in subsequent expected cash flows. Subsequent increases in expected cash flows are recognized prospectively through an upward adjustment of the pool's IRR over its remaining life. Subsequent decreases in expected cash flows do not change the IRR, but are recognized as an allowance to the cost basis of the pool, and are reflected in the consolidated statements of comprehensive income as a reduction in revenue, with a corresponding valuation allowance, offsetting the investment in receivable portfolios in the consolidated statements of financial condition.

The Company utilizes its proprietary forecasting models to continuously evaluate the economic life of each pool. During the quarter ended September 30, 2014, the Company revised the forecasting methodology it uses to value and calculate IRRs on its portfolios in the United States by extending the collection forecasts from 84 or 96 months to 120 months. This change was made as a result of the Company experiencing collections beyond 84 or 96 months and an increased confidence in its ability to forecast future cash collections to 120 months. Extending the collection forecast did not result in a material increase to any quarterly pool group's IRR or revenue for the quarter. The Company has historically included collections to 120 months in its estimated remaining collection disclosures and when evaluating the economic returns of its portfolio purchases.

The Company accounts for each static pool as a unit for the economic life of the pool (similar to one loan) for recognition of revenue from receivable portfolios, for collections applied to the cost basis of receivable portfolios, and for provision for loss or allowance. Revenue from receivable portfolios is accrued based on each pool's IRR applied to each pool's adjusted cost basis. The cost basis of each pool is increased by revenue earned and portfolio allowance reversals and decreased by gross collections and portfolio allowances.

If the amount and timing of future cash collections on a pool of receivables are not reasonably estimable, the Company accounts for such portfolios on the cost recovery method as Cost Recovery Portfolios. The accounts in these portfolios have different risk characteristics than those included in other portfolios acquired during the same quarter, or the necessary information was not available to estimate future cash flows and, accordingly, they were not aggregated with other portfolios. Under the cost recovery method of accounting, no revenue is recognized until the purchase price of a Cost Recovery Portfolio has been fully recovered.

Accretable yield represents the amount of revenue the Company expects to generate over the remaining life of its existing investment in receivable portfolios based on estimated future cash flows. Total accretable yield is the difference between future estimated collections and the current carrying value of a portfolio. All estimated cash flows on portfolios where the cost basis has been fully recovered are classified as zero basis cash flows.

The following table summarizes the Company's accretable yield and an estimate of zero basis future cash flows at the beginning and end of the period presented *(in thousands)*:

	Accretable Yield	Estimate of Zero Basis Cash Flows	Total
December 31, 2014	$ 2,993,321	$ 66,392	$ 3,059,713
Revenue recognized, net[1]	(248,539)	(15,571)	(264,110)
Net additions on existing portfolios	120,729	39,607	160,336
Additions for current purchases	85,692	—	85,692
Balance at March 31, 2015	2,951,203	90,428	3,041,631
Revenue recognized, net[1]	(243,425)	(26,876)	(270,301)
Net additions on existing portfolios	91,294	74,586	165,880
Additions for current purchases[2]	395,032	—	395,032
Balance at June 30, 2015	$ 3,194,104	$ 138,138	$ 3,332,242

	Accretable Yield	Estimate of Zero Basis Cash Flows	Total
Balance at December 31, 2013	$ 2,391,471	$ 8,465	$ 2,399,936
Revenue recognized, net(1)	(231,057)	(6,511)	(237,568)
Net additions on existing portfolios	92,325	8,555	100,880
Additions for current purchases(3)	591,205	—	591,205
Balance at March 31, 2014	2,843,944	10,509	2,854,453
Revenue recognized, net(1)	(241,523)	(6,708)	(248,231)
Net additions on existing portfolios	80,582	6,135	86,717
Additions for current purchases	218,047	—	218,047
Balance at June 30, 2014	$ 2,901,050	$ 9,936	$ 2,910,986

(1) Revenue recognized on Zero Basis Portfolios includes portfolio allowance reversals.

(2) Includes $216.0 million of portfolios acquired in connection with the dlc Acquisition.

(3) Includes $208.5 million of portfolios acquired in connection with the Marlin Acquisition.

During the three months ended June 30, 2015, the Company purchased receivable portfolios with a face value of $5.5 billion for $418.8 million, or a purchase cost of 7.6% of face value. Purchases of charged-off credit card portfolios during the three months ended June 30, 2015, include $216.0 million of portfolios acquired in connection with the dlc Acquisition. The estimated future collections at acquisition for all portfolios purchased during the quarter amounted to $806.5 million. During the three months ended June 30, 2014, the Company purchased receivable portfolios with a face value of $3.1 billion for $225.8 million, or a purchase cost of 7.3% of face value. The estimated future collections at acquisition for all portfolios purchased during the quarter amounted to $381.3 million.

During the six months ended June 30, 2015, the Company purchased receivable portfolios with a face value of $6.6 billion for $543.9 million, or a purchase cost of 8.2% of face value. Purchases of charged-off credit card portfolios during the six months ended June 30, 2015, include $216.0 million of portfolios acquired in connection with the dlc Acquisition. The estimated future collections at acquisition for all portfolios purchased during the period amounted to $1.0 billion. During the six months ended June 30, 2014, the Company purchased receivable portfolios with a face value of $7.4 billion for $693.3 million, or a purchase cost of 9.4% of face value. Purchases of charged-off credit card portfolios during the six months ended June 30, 2014, include $208.5 million of portfolios acquired in connection with the Marlin Acquisition. The estimated future collections at acquisition for all portfolios purchased during the period amounted to $1.4 billion.

All collections realized after the net book value of a portfolio has been fully recovered (“Zero Basis Portfolios”) are recorded as revenue (“Zero Basis Revenue”). During the three months ended June 30, 2015 and 2014, Zero Basis Revenue was approximately $26.9 million and $6.7 million, respectively. During the six months ended June 30, 2015 and 2014, Zero Basis Revenue was approximately $42.4 million and $13.2 million, respectively.

The following tables summarize the changes in the balance of the investment in receivable portfolios during the following periods (*in thousands, except percentages*):

	Three Months Ended June 30, 2015			
	Accrual Basis Portfolios	Cost Recovery Portfolios	Zero Basis Portfolios	Total
Balance, beginning of period	$ 2,029,335	$ 9,072	$ —	$ 2,038,407
Purchases of receivable portfolios[1]	418,780	—	—	418,780
Gross collections[2]	(409,339)	(1,253)	(26,732)	(437,324)
Put-backs and recalls[3]	(1,458)	(1)	(164)	(1,623)
Foreign currency adjustments	63,121	85	20	63,226
Revenue recognized	242,618	—	23,323	265,941
Portfolio allowance reversals, net	807	—	3,553	4,360
Balance, end of period	$ 2,343,864	$ 7,903	$ —	$ 2,351,767
Revenue as a percentage of collections[4]	59.3%	0.0%	87.2%	60.8%

	Three Months Ended June 30, 2014			
	Accrual Basis Portfolios	Cost Recovery Portfolios	Zero Basis Portfolios	Total
Balance, beginning of period	$ 1,900,177	$ 3,853	$ —	$ 1,904,030
Purchases of receivable portfolios[5]	225,762	—	—	225,762
Transfer of portfolios	(7,163)	7,163	—	—
Gross collections[2]	(400,983)	(1,589)	(6,708)	(409,280)
Put-backs and recalls[3]	(5,588)	(254)	—	(5,842)
Foreign currency adjustments	24,765	319	—	25,084
Revenue recognized	241,407	—	3,402	244,809
Portfolio allowance reversals, net	116	—	3,306	3,422
Balance, end of period	$ 1,978,493	$ 9,492	$ —	$ 1,987,985
Revenue as a percentage of collections[4]	60.2%	0.0%	50.7%	59.8%

	Six Months Ended June 30, 2015			
	Accrual Basis Portfolios	Cost Recovery Portfolios	Zero Basis Portfolios	Total
Balance, beginning of period	$ 2,131,084	$ 12,476	$ —	$ 2,143,560
Purchases of receivable portfolios[1]	543,934	—	—	543,934
Gross collections[2]	(816,895)	(3,225)	(42,275)	(862,395)
Put-backs and Recalls[3]	(3,975)	(19)	(192)	(4,186)
Foreign currency adjustments	(2,248)	(1,329)	20	(3,557)
Revenue recognized	491,157	—	36,035	527,192
Portfolio allowance reversals, net	807	—	6,412	7,219
Balance, end of period	$ 2,343,864	$ 7,903	$ —	$ 2,351,767
Revenue as a percentage of collections[4]	60.1%	0.0%	85.2%	61.1%

	Six Months Ended June 30, 2014			
	Accrual Basis Portfolios	Cost Recovery Portfolios	Zero Basis Portfolios	Total
Balance, beginning of period	$ 1,585,587	$ 4,662	$ —	$ 1,590,249
Purchases of receivable portfolios[5]	693,327	—	—	693,327
Transfer of portfolios	(7,163)	7,163	—	—
Gross collections[2]	(790,486)	(2,249)	(13,219)	(805,954)
Put-backs and Recalls[3]	(8,823)	(403)	—	(9,226)
Foreign currency adjustments	33,471	319	—	33,790
Revenue recognized	472,154	—	6,993	479,147
Portfolio allowance reversals, net	426	—	6,226	6,652
Balance, end of period	$ 1,978,493	$ 9,492	$ —	$ 1,987,985
Revenue as a percentage of collections[4]	59.7%	0.0%	52.9%	59.5%

(1) Includes $216.0 million acquired in connection with the dlc Acquisition in June 2015.

(2) Does not include amounts collected on behalf of others.

(3) Put-backs represent accounts that are returned to the seller in accordance with the respective purchase agreement ("Put-Backs"). Recalls represent accounts that are recalled by the seller in accordance with the respective purchase agreement ("Recalls").

(4) Revenue as a percentage of collections excludes the effects of net portfolio allowances or net portfolio allowance reversals.

(5) Includes $208.5 million acquired in connection with the Marlin Acquisition in February 2014.

The following table summarizes the change in the valuation allowance for investment in receivable portfolios during the periods presented *(in thousands)*:

	Valuation Allowance			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Balance at beginning of period	$ 72,814	$ 89,850	$ 75,673	$ 93,080
Reversal of prior allowances	(4,360)	(3,422)	(7,219)	(6,652)
Balance at end of period	$ 68,454	$ 86,428	$ 68,454	$ 86,428

Note 7: Deferred Court Costs, Net

The Company pursues legal collections using a network of attorneys that specialize in collection matters and through its internal legal channel. The Company generally pursues collections through legal means only when it believes a consumer has sufficient assets to repay their indebtedness but has, to date, been unwilling to pay. In order to pursue legal collections the Company is required to pay certain upfront costs to the applicable courts which are recoverable from the consumer ("Deferred Court Costs").

The Company capitalizes Deferred Court Costs in its consolidated financial statements and provides a reserve for those costs that it believes will ultimately be uncollectible. The Company determines the reserve based on its analysis of court costs that have been advanced and those that have been recovered. The Company writes off any Deferred Court Cost not recovered within five years of placement. Collections received from debtors are first applied against related court costs with the balance applied to the debtors' account balance.

Deferred Court Costs for the five-year deferral period consist of the following as of the dates presented *(in thousands)*:

	June 30, 2015	December 31, 2014
Court costs advanced	$ 595,895	$ 546,271
Court costs recovered	(225,216)	(206,287)
Court costs reserve	(298,955)	(279,572)
	$ 71,724	$ 60,412

A roll forward of the Company's court cost reserve is as follows *(in thousands)*:

	Court Cost Reserve			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Balance at beginning of period	$ (290,383)	$ (227,067)	$ (279,572)	$ (210,889)
Provision for court costs	(18,318)	(16,733)	(37,497)	(32,911)
Net down of reserve after 60 months	10,469	—	18,394	—
Effect of foreign currency translation	(723)	(32)	(280)	(32)
Balance at end of period	$ (298,955)	$ (243,832)	$ (298,955)	$ (243,832)

Note 8: Receivables Secured by Property Tax Liens, Net

Propel's receivables are secured by property tax liens. Repayment of the property tax liens is generally dependent on the property owner but can also come through payments from other lien holders or, in less than one half of one percent of cases, from foreclosure on the properties. Propel records receivables secured by property tax liens at their outstanding principal balances, adjusted for, if any, charge-offs, allowance for losses, deferred fees or costs, and unamortized premiums or discounts. Interest income is reported on the interest method and includes amortization of net deferred fees and costs over the term of the agreements. Propel accrues interest on all past due receivables secured by tax liens as the receivables are collateralized by tax liens that are in a priority position over most other liens on the properties. If there is doubt about the ultimate collection of the accrued interest on a specific account, it would be placed on non-accrual basis and, at that time, all accrued interest would be reversed. No receivables secured by property tax liens have been placed on a non-accrual basis. The typical redemption period for receivables secured by property tax liens is less than 84 months.

On May 6, 2014, Propel, through its subsidiaries, completed the securitization of a pool of approximately $141.5 million in receivables secured by property tax liens on real property located in the State of Texas. In connection with the securitization, investors purchased approximately $134.0 million in aggregate principal amount of 1.44% notes collateralized by these property tax liens. The special purpose entity that is used for the securitization is consolidated by the Company as a VIE. The receivables recognized as a result of consolidating this VIE do not represent assets that can be used to satisfy claims against the Company's general assets.

At June 30, 2015, the Company had approximately $316.3 million in receivables secured by property tax liens, of which $96.2 million was carried at the VIE.

Note 9: Other Assets

Other assets consist of the following *(in thousands)*:

	June 30, 2015	December 31, 2014
Debt issuance costs, net of amortization	$ 38,834	$ 38,504
Identifiable intangible assets, net	24,330	21,564
Prepaid expenses	22,905	21,427
Prepaid income taxes	18,321	—
Interest receivable	16,206	12,187
Service fee receivables	11,161	7,864
Deferred tax assets	10,047	33,716
Other financial receivables	9,119	7,467
Receivable from seller	6,987	7,357
Security deposits	5,686	3,617
Recoverable legal fees	2,991	2,905
Funds held in escrow	—	16,889
Other	33,102	24,169
	$ 199,689	$ 197,666

Note 10: Debt

The Company is in compliance with all covenants under its financing arrangements. The components of the Company's consolidated debt and capital lease obligations were as follows *(in thousands)*:

	June 30, 2015	December 31, 2014
Encore revolving credit facility	$ 524,000	$ 505,000
Encore term loan facility	142,102	146,023
Encore senior secured notes	36,250	43,750
Encore convertible notes	448,500	448,500
Less: Debt discount	(46,615)	(51,202)
Propel facilities	171,550	84,229
Propel securitized notes	81,553	104,247
Cabot senior secured notes	1,085,301	1,076,952
Add: Debt premium	62,406	67,259
Cabot senior revolving credit facility	230,657	86,368
Cabot senior secured bridge facility	141,561	—
Preferred equity certificates	222,419	208,312
Capital lease obligations	11,991	15,331
Other	22,512	38,785
	$ 3,134,187	$ 2,773,554

Encore Revolving Credit Facility and Term Loan Facility

On July 9, 2015, Encore amended its revolving credit facility and term loan facility (the "Credit Facility") pursuant to Amendment No. 2 to the Second Amended and Restated Credit Agreement (as amended, the "Restated Credit Agreement"). The Restated Credit Agreement includes a revolving credit facility tranche of $692.6 million, a term loan facility tranche of $153.8 million, and an accordion feature that allows the Company to increase the revolving credit facility by an additional $250.0 million. Including the accordion feature, the maximum amount that can be borrowed under the Credit Facility is

$1.1 billion. The Restated Credit Agreement expires in February 2019, except with respect to two subtranches of the term loan facility of $60.0 million and $6.3 million, maturing in February 2017 and November 2017, respectively.

Provisions of the Restated Credit Agreement include, but are not limited to:

- A revolving loan of $692.6 million, with interest at a floating rate equal to, at the Company's option, either: (1) reserve adjusted London Interbank Offered Rate ("LIBOR"), plus a spread that ranges from 250 to 300 basis points depending on the Company's cash flow leverage ratio; or (2) alternate base rate, plus a spread that ranges from 150 to 200 basis points depending on the Company's cash flow leverage ratio. "Alternate base rate," as defined in the agreement, means the highest of (i) the per annum rate which the administrative agent publicly announces from time to time as its prime lending rate, (ii) the federal funds effective rate from time to time, plus 0.5% per annum or (iii) reserved adjusted LIBOR determined on a daily basis for a one month interest period, plus 1.0% per annum;

- An $87.5 million five-year term loan, with interest at a floating rate equal to, at the Company's option, either: (1) reserve adjusted LIBOR, plus a spread that ranges from 250 to 300 basis points, depending on the Company's cash flow leverage ratio; or (2) alternate base rate, plus a spread that ranges from 150 to 200 basis points, depending on the Company's cash flow leverage ratio. Principal amortizes $4.4 million in 2015, $6.6 million in 2016, $8.8 million in 2017, and $8.8 million in 2018 with the remaining principal due at the end of the term;

- A $60.0 million term loan maturing on February 28, 2017, with interest at a floating rate equal to, at the Company's option, either: (1) reserve adjusted LIBOR, plus a spread that ranges from 200 to 250 basis points, depending on the Company's cash flow leverage ratio; or (2) alternate base rate, plus a spread that ranges from 100 to 150 basis points, depending on the Company's cash flow leverage ratio. Principal amortizes $3.0 million in 2015, and $4.5 million in 2016 with the remaining principal due at the end of the term;

- A $6.3 million term loan maturing on November 3, 2017, with interest at a floating rate equal to, at the Company's option, either: (1) reserve adjusted LIBOR, plus a spread that ranges from 250 to 300 basis points, depending on the Company's cash flow leverage ratio; or (2) alternate base rate, plus a spread that ranges from 150 to 200 basis points, depending on the Company's cash flow leverage ratio. Principal amortizes $0.5 million in 2015, $0.6 million in 2016 and $0.5 million in 2017 with the remaining principal due at the end of the term;

- A borrowing base equal to (1) the lesser of (i) 30%—35% (depending on the Company's trailing 12-month cost per dollar collected) of all eligible non-bankruptcy estimated remaining collections, currently 33%, plus 55% of eligible estimated remaining collections for consumer receivables subject to bankruptcy, and (ii) the product of the net book value of all receivable portfolios acquired on or after January 1, 2005 multiplied by 95%, minus (2) the sum of the aggregate principal amount outstanding of Encore's Senior Secured Notes (as defined below) plus the aggregate principal amount outstanding under the term loans;

- a maximum cash flow leverage ratio permitted of 2.50:1.00;

- a maximum cash flow secured leverage ratio of 2.00:1.00;

- The allowance of additional unsecured or subordinated indebtedness not to exceed $1.1 billion;

- Restrictions and covenants, which limit the payment of dividends and the incurrence of additional indebtedness and liens, among other limitations;

- Repurchases of up to $150.0 million of Encore's common stock after July 9, 2015, subject to compliance with certain covenants and available borrowing capacity;

- A change of control definition, which excludes acquisitions of stock by Red Mountain Capital Partners LLC, JCF FPK LLP and their respective affiliates of up to 50% of the outstanding shares of Encore's voting stock;

- Events of default which, upon occurrence, may permit the lenders to terminate the facility and declare all amounts outstanding to be immediately due and payable;

- A pre-approved acquisition limit of $225.0 million per fiscal year;

- A basket to allow for investments not to exceed the greater of (1) 200% of the consolidated net worth of the Company and its restricted subsidiaries and (2) an unlimited amount such that after giving effect to the making of any investment, the cash flow leverage ratio is less than 1.25:1:00; and

- Collateralization by all assets of the Company, other than the assets of certain Propel entities, certain foreign subsidiaries and all unrestricted subsidiaries as defined in the Restated Credit Agreement.

At June 30, 2015, the outstanding balance under the Restated Credit Agreement was $666.1 million. The weighted average interest rate was 2.40% and 2.89% for the three months ended June 30, 2015 and 2014, respectively, and 2.37% and 2.90% for the six months ended June 30, 2015 and 2014, respectively.

Encore Senior Secured Notes

In 2010 and 2011 Encore entered into an aggregate of $75.0 million in senior secured notes with certain affiliates of Prudential Capital Group (the "Senior Secured Notes"). $25.0 million of the Senior Secured Notes bear an annual interest rate of 7.375%, mature in 2018 and require quarterly principal payments of $1.25 million. Prior to May 2013, these notes required quarterly payments of interest only. The remaining $50.0 million of Senior Secured Notes bear an annual interest rate of 7.75%, mature in 2017 and require quarterly principal payments of $2.5 million. Prior to December 2012 these notes required quarterly interest only payments. As of June 30, 2015, $36.3 million was outstanding under these obligations.

The Senior Secured Notes are guaranteed in full by certain of Encore's subsidiaries. Similar to, and *pari passu* with, Encore's credit facility, the Senior Secured Notes are also collateralized by all of the assets of the Company other than the assets of the unrestricted subsidiaries as defined in the Restated Credit Agreement. The Senior Secured Notes may be accelerated and become automatically and immediately due and payable upon certain events of default, including certain events related to insolvency, bankruptcy, or liquidation. Additionally, the Senior Secured Notes may be accelerated at the election of the holder or holders of a majority in principal amount of the Senior Secured Notes upon certain events of default by Encore, including the breach of affirmative covenants regarding guarantors, collateral, most favored lender treatment, minimum revolving credit facility commitment or the breach of any negative covenant. If Encore prepays the Senior Secured Notes at any time for any reason, payment will be at the higher of par or the present value of the remaining scheduled payments of principal and interest on the portion being prepaid. The discount rate used to determine the present value is 50 basis points over the then current Treasury Rate corresponding to the remaining average life of the senior secured notes. The covenants are substantially similar to those in the Restated Credit Agreement. Prudential Capital Group and the administrative agent for the lenders of the Restated Credit Agreement have an intercreditor agreement related to their pro rata rights to the collateral, actionable default, powers and duties and remedies, among other topics. The terms of the Senior Secured Notes were amended in connection with the Restated Credit Agreement in order to properly align certain provisions between the two agreements.

Encore Convertible Notes

In November and December 2012, Encore sold $115.0 million aggregate principal amount of 3.0% 2017 Convertible Notes that mature on November 27, 2017 in private placement transactions. In June and July 2013, Encore sold $172.5 million aggregate principal amount of 3.0% 2020 Convertible Notes that mature on July 1, 2020 in private placement transactions. In March 2014, Encore sold $161.0 million aggregate principal amount of 2.875% 2021 Convertible Notes that mature on March 15, 2021 in private placement transactions. The interest on these unsecured convertible senior notes (collectively, the "Convertible Notes"), is payable semi-annually.

Prior to the close of business on the business day immediately preceding their respective conversion date (listed below), holders may convert their Convertible Notes under certain circumstances set forth in the applicable Convertible Notes indentures. On or after their respective conversion dates until the close of business on the scheduled trading day immediately preceding their respective maturity date, holders may convert their Convertible Notes at any time. Certain key terms related to the convertible features for each of the Convertible Notes as of June 30, 2015 are listed below.

	2017 Convertible Notes	2020 Convertible Notes	2021 Convertible Notes
Initial conversion price	$ 31.56	$ 45.72	$ 59.39
Closing stock price at date of issuance	$ 25.66	$ 33.35	$ 47.51
Closing stock price date	November 27, 2012	June 24, 2013	March 5, 2014
Conversion rate (shares per $1,000 principal amount)	31.6832	21.8718	16.8386
Conversion date[1]	May 27, 2017	January 1, 2020	September 15, 2020

(1) 2017 Convertible Notes became convertible on January 2, 2014, as certain early conversion events were satisfied. Refer to "Conversion and Earnings Per Share Impact" section below for further details.

In the event of conversion, the 2017 Convertible Notes are convertible into cash up to the aggregate principal amount of the notes. The excess conversion premium may be settled in cash or shares of the Company's common stock at the discretion of the Company. In the event of conversion, holders of the Company's 2020 and 2021 Convertible Notes will receive cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election. The Company's current intent is to settle conversions through combination settlement (*i.e.,* convertible into cash up to

the aggregate principal amount, and shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, for the remainder). As a result, and in accordance with authoritative guidance related to derivatives and hedging and earnings per share, only the conversion spread is included in the diluted earnings per share calculation, if dilutive. Under such method, the settlement of the conversion spread has a dilutive effect when, during any quarter, the average share price of the Company's common stock exceeds the initial conversion prices listed in the above table.

Authoritative guidance related to debt with conversion and other options requires that issuers of convertible debt instruments that, upon conversion, may be settled fully or partially in cash, must separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. Additionally, debt issuance costs are required to be allocated in proportion to the allocation of the liability and equity components and accounted for as debt issuance costs and equity issuance costs, respectively.

The debt and equity components, the issuance costs related to the equity component, the stated interest rate, and the effective interest rate for each of the Convertible Notes are listed below *(in thousands, except percentages)*:

	2017 Convertible Notes	2020 Convertible Notes	2021 Convertible Notes
Debt component	$ 100,298	$ 140,271	$ 143,604
Equity component	$ 14,702	$ 32,229	$ 17,396
Equity issuance cost	$ 788	$ 1,113	$ 575
Stated interest rate	3.000%	3.000%	2.875%
Effective interest rate	6.000%	6.350%	4.700%

The balances of the liability and equity components of all of the Convertible Notes outstanding were as follows *(in thousands)*:

	June 30, 2015	December 31, 2014
Liability component—principal amount	$ 448,500	$ 448,500
Unamortized debt discount	(46,615)	(51,202)
Liability component—net carrying amount	$ 401,885	$ 397,298
Equity component	$ 56,684	$ 55,236

The debt discount is being amortized into interest expense over the remaining life of the convertible notes using the effective interest rates. Interest expense related to the convertible notes was as follows *(in thousands)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Interest expense—stated coupon rate	$ 3,308	$ 3,308	$ 6,600	$ 5,764
Interest expense—amortization of debt discount	2,310	2,181	4,588	3,936
Total interest expense—convertible notes	$ 5,618	$ 5,489	$ 11,188	$ 9,700

Convertible Notes Hedge Transactions

In order to reduce the risk related to the potential dilution and/or the potential cash payments the Company is required to make in the event that the market price of the Company's common stock becomes greater than the conversion price of the Convertible Notes, the Company maintains a hedge program that increases the effective conversion price for each of the Convertible Notes. All of the hedge instruments related to the Convertible Notes have been determined to be indexed to the Company's own stock and meet the criteria for equity classification. In accordance with authoritative guidance, the Company recorded the cost of the hedge instruments as a reduction in additional paid-in capital, and will not recognize subsequent changes in fair value of these financial instruments in its consolidated financial statements.

The initial hedge instruments the Company entered into in connection with its issuance of the 2017 Convertible Notes had an effective conversion price of $44.19. On December 16, 2013, the Company entered into amendments to the hedge instruments to further increase the effective conversion price from $44.19 to $60.00. All other terms and settlement provisions

of the hedge instruments remained unchanged. The transaction was completed in February 2014. The Company paid approximately $27.9 million in total consideration for amending the hedge instruments. The Company recorded the payment as a reduction of equity in the consolidated statements of financial condition. The costs for the amendments in 2013 and 2014 were approximately $2.7 million and $25.2 million, respectively.

The details of the hedge program for each of the Convertible Notes are listed below *(in thousands, except conversion price)*:

	2017 Convertible Notes	2020 Convertible Notes	2021 Convertible Notes
Cost of the hedge transaction(s)	$ 50,595	$ 18,113	$ 19,545
Initial conversion price	$ 31.56	$ 45.72	$ 59.39
Effective conversion price	$ 60.00	$ 61.55	$ 83.14

Conversion and Earnings Per Share Impact

During the quarter ending December 31, 2013, the closing price of the Company's common stock exceeded 130% of the conversion price of the 2017 Convertible Notes for more than 20 trading days during a 30 consecutive trading day period, thereby satisfying one of the early conversion events. As a result, the 2017 Convertible Notes became convertible on demand effective January 2, 2014, and the holders were notified that they could elect to submit their 2017 Convertible Notes for conversion. The carrying value of the 2017 Convertible Notes continues to be reported as debt as the Company intends to draw on the Credit Facility or use cash on hand to settle the principal amount of any such conversions in cash. No gain or loss was recognized when the debt became convertible. The estimated fair value of the 2017 Convertible Notes was approximately $163.6 million as of June 30, 2015. In addition, upon becoming convertible, a portion of the equity component that was recorded at the time of the issuance of the 2017 Convertible Notes was considered redeemable and that portion of the equity was reclassified to temporary equity in the Company's condensed consolidated statements of financial condition. Such amount was determined based on the cash consideration to be paid upon conversion and the carrying amount of the debt. Upon conversion, the holders of the 2017 Convertible Notes will be paid in cash for the principal amount and issued shares or a combination of cash and shares for the remaining value of the 2017 Convertible Notes. As a result, the Company reclassified $7.6 million of the equity component to temporary equity as of June 30, 2015. If a conversion event takes place, this temporary equity balance will be recalculated based on the difference between the 2017 Convertible Notes principal and the debt carrying value. If the 2017 Convertible Notes are settled, an amount equal to the fair value of the liability component, immediately prior to the settlement, will be deducted from the fair value of the total settlement consideration transferred and allocated to the liability component. Any difference between the amount allocated to the liability and the net carrying amount of the 2017 Convertible Notes (including any unamortized debt issue costs and discount) will be recognized in earnings as a gain or loss on debt extinguishment. Any remaining consideration is allocated to the reacquisition of the equity component and will be recognized as a reduction in stockholders' equity.

None of the 2017 Convertible Notes were converted during the three and six months ended June 30, 2015 and 2014.

In accordance with authoritative guidance related to derivatives and hedging and earnings per share calculation, only the conversion spread of the Convertible Notes is included in the diluted earnings per share calculation, if dilutive. Under such method, the settlement of the conversion spread has a dilutive effect when the average share price of the Company's common stock during any quarter exceeds the respective conversion price of each of the Convertible Notes. The average share price of the Company's common stock for the three and six months ended June 30, 2015 and 2014, exceeded the initial conversion price of the 2017 Convertible Notes. The dilutive effect from the 2017 Convertible Notes was approximately 0.8 million and 1.0 million for the three months ended June 30, 2015 and 2014, respectively, and 0.9 million and 1.2 million shares for the six months ended June 30, 2015 and 2014, respectively. See Note 2, "Earnings Per Share" for additional information.

Propel Facilities

Propel Facility I

On May 8, 2015, Propel amended its syndicated loan facility (as amended, the "Propel Facility I"). The Propel Facility I is an $80.0 million facility, with a $20.0 million uncommitted accordion feature, used to originate or purchase tax lien assets related to properties in Texas and Arizona.

The Propel Facility I expires in May 2018 and includes the following key provisions:

- Interest at Propel's option, at either: (1) LIBOR, plus a spread that ranges from 270 to 320 basis points, depending on Propel's cash flow leverage ratio; or (2) the greater of (a) the rate publicly announced from time to time by Texas

Capital Bank, National Association, as its prime rate, (b) the sum of the federal funds rate for such day plus 50 basis points, or (c) one month LIBOR plus 100 basis points;

- A borrowing base of 90% of the face value of the tax lien assets;
- Interest payable monthly; principal and interest due at maturity;
- Restrictions and covenants, which limit, among other things, the payment of dividends and the incurrence of additional indebtedness and liens; and
- Events of default which, upon occurrence, may permit the lenders to terminate the Propel Facility I and declare all amounts outstanding to be immediately due and payable.

The Propel Facility I is primarily collateralized by the Tax Liens in Texas and requires Propel to maintain various financial covenants, including a minimum interest coverage ratio and a maximum cash flow leverage ratio.

At June 30, 2015, the outstanding balance on the Propel Facility I was $63.0 million. The weighted average interest rate was 3.60% and 3.49% for the three months ended June 30, 2015 and 2014, respectively, and 3.45% and 3.37% for the six months ended June 30, 2015 and 2014, respectively.

Propel Facility II

On May 15, 2013, the Company, through affiliates of Propel, entered into a $100.0 million revolving credit facility (as amended, the "Propel Facility II"). The Propel Facility II is used to purchase tax liens from taxing authorities in various states and expires on May 10, 2019. On April 3, 2015, the Propel Facility II was amended to, among other things, modify the interest rate and permit additional tax lien assets to be included in the borrowing base. The Propel Facility II includes the following key provisions:

- Propel can draw up to $150.0 million through May 15, 2017;
- The committed amount can be drawn on a revolving basis until May 15, 2017 (unless terminated earlier in accordance with the terms of the facility). During the following two years, until the May 10, 2019 expiration date, no additional draws are permitted, and all proceeds from the tax liens are used to repay any amounts outstanding under the facility. So long as no events or default have occurred, Propel may extend the expiration date for additional one year periods.
- Prior to the expiration of the facility, interest at a per annum floating rate equal to LIBOR plus 2.25%;
- Following the expiration of the facility, or upon the occurrence of an event of default, interest at 400 basis points plus the greater of (i) a per annum floating rate equal to LIBOR plus 2.25%, or (ii) Prime Rate, which is defined in the agreement as the rate most recently announced by the lender at its branch in San Francisco, California, from time to time as its prime commercial rate for United States dollar-denominated loans made in the United States;
- Proceeds from the tax liens are applied to pay interest, principal and other obligations incurred in connection with the Propel Facility II on a monthly basis as defined in the agreement;
- Special purpose entity covenants designed to protect the bankruptcy-remoteness of the borrowers and additional restrictions and covenants, which limit, among other things, the payment of certain dividends, the occurrence of additional indebtedness and liens and use of the collections proceeds from the certain Tax Liens; and
- Events of default which, upon occurrence, may permit the lender to terminate the Propel Facility II and declare all amounts outstanding to be immediately due and payable.

The Propel Facility II is collateralized by the Tax Liens acquired under the Propel Facility II. At June 30, 2015, the outstanding balance on the Propel Facility II was $103.8 million. The weighted average interest rate was 2.50% and 3.53% for the three months ended June 30, 2015 and 2014, respectively, and 2.78% and 3.60% the six months ended June 30, 2015 and 2014, respectively.

Propel Term Loan Facility

On May 2, 2014, the Company, through affiliates of Propel, entered into a $31.9 million term loan facility (the "Propel Term Loan Facility"). The Propel Term Loan Facility was entered into to fund the acquisition of a portfolio of tax liens and other assets in a transaction valued at approximately $43.0 million. The Propel Term Loan Facility has a fixed 5.5% interest rate and matures in October 2016.

At June 30, 2015, the outstanding balance on the Propel Term Loan Facility was $4.7 million. In July 2015, Propel paid off the outstanding balance on the term loan.

Propel Securitized Notes

On May 6, 2014, Propel, through its affiliates, completed the securitization of a pool of approximately $141.5 million in payment agreements and contracts relating to unpaid real property taxes, assessments, and other charges secured by liens on real property located in the State of Texas (the "Securitized Texas Tax Liens"). In connection with the securitization, investors purchased, in a private placement, approximately $134.0 million in aggregate principal amount of 1.44% notes collateralized by the Securitized Texas Tax Liens (the "Propel Securitized Notes"), due May 15, 2029. The payment agreements and contracts will continue to be serviced by Propel.

The Propel Securitized Notes are payable solely from the collateral and represent non-recourse obligations of the consolidated securitization entity PFS Tax Lien Trust 2014-1, a Delaware statutory trust and an affiliate of Propel. Interest accrues monthly at the rate of 1.44% per annum. Principal and interest on the Propel Securitized Notes are payable on the 15th day of each calendar month. Propel used the net proceeds to pay down borrowings under the Propel Facility I, pay certain expenses incurred in connection with the issuance of the Propel Securitized Notes and fund certain reserves.

At June 30, 2015, the outstanding balance on the Propel Securitized Notes was $81.6 million and the balance of the collateral was $96.2 million.

Cabot Senior Secured Notes

On September 20, 2012, Cabot Financial (Luxembourg) S.A. ("Cabot Financial"), an indirect subsidiary of Janus Holdings, issued £265.0 million (approximately $438.4 million) in aggregate principal amount of 10.375% Senior Secured Notes due 2019 (the "Cabot 2019 Notes"). Interest on the Cabot 2019 Notes is payable semi-annually, in arrears, on April 1 and October 1 of each year.

On August 2, 2013, Cabot Financial issued £100 million (approximately $151.7 million) in aggregate principal amount of 8.375% Senior Secured Notes due 2020 (the "Cabot 2020 Notes"). Interest on the Cabot 2020 Notes is payable semi-annually, in arrears, on February 1 and August 1 of each year.

Of the proceeds from the issuance of the Cabot 2020 Notes, approximately £75.0 million (approximately $113.8 million) was used to repay all amounts outstanding under the senior credit facilities of Cabot Financial (UK) Limited ("Cabot Financial UK"), an indirect subsidiary of Janus Holdings, and £25.0 million (approximately $37.9 million) was used to partially repay a portion of the J Bridge preferred equity certificates (the "J Bridge PECs") to an affiliate of J.C. Flowers & Co. LLC ("J.C. Flowers"), discussed in further detail below.

On March 27, 2014, Cabot Financial issued £175.0 million (approximately $291.8 million) in aggregate principal amount of 6.500% Senior Secured Notes due 2021 (the "Cabot 2021 Notes" and, together with the Cabot 2019 Notes and the Cabot 2020 Notes, the "Cabot Notes"). Interest on the Cabot 2021 Notes is payable semi-annually, in arrears, on April 1 and October 1 of each year, beginning on October 1, 2014. The total debt issuance cost associated with the Cabot 2021 Notes was approximately $7.5 million.

Approximately £105.0 million (approximately $174.8 million) of the proceeds from the issuance of the Cabot 2021 Notes was used to repay all amounts outstanding under senior secured bridge facilities that Cabot Financial UK entered into in connection with the Marlin Acquisition.

The Cabot Notes are fully and unconditionally guaranteed on a senior secured basis by certain indirect subsidiaries of the Company. The Cabot Notes are secured by a first ranking security interest in all the outstanding shares of Cabot Financial and certain guarantors and substantially all the assets of Cabot Financial and certain guarantors. The guarantees provided in respect of the Cabot Notes are *pari passu* with each such guarantee given in respect of the Marlin Bonds and the Cabot Credit Facility described below.

On July 25, 2013, Marlin Intermediate Holdings plc, a subsidiary of Marlin, issued £150.0 million (approximately $246.5 million) in aggregate principal amount of 10.5% Senior Secured Notes due 2020 (the "Marlin Bonds"). Interest on the Marlin Bonds is payable semi-annually, in arrears, on February 1 and August 1 of each year. Cabot assumed the Marlin Bonds as a result of the Marlin Acquisition. The carrying value of the Marlin Bonds was adjusted to approximately $284.2 million to reflect the fair value of the Marlin Bonds at the time of acquisition.

The Marlin Bonds are fully and unconditionally guaranteed on a senior secured basis by certain indirect subsidiaries of the Company. The guarantees provided in respect of the Marlin Bonds are *pari passu* with each such guarantee given in respect of the Cabot Notes and the Cabot Credit Facility.

Interest expense related to the Cabot Notes and Marlin Bonds was as follows *(in thousands)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Interest expense—stated coupon rate	$ 24,150	$ 26,605	$ 48,001	$ 45,860
Interest income—accretion of debt premium	(2,660)	(2,573)	(5,207)	(4,805)
Total interest expense—Cabot Notes and Marlin Bonds	$ 21,490	$ 24,032	$ 42,794	$ 41,055

At June 30, 2015, the outstanding balance on the Cabot Notes and Marlin Bonds was $1.1 billion.

Cabot Senior Revolving Credit Facility

On September 20, 2012, Cabot Financial UK entered into an agreement for a senior committed revolving credit facility of £50.0 million (approximately $82.7 million) (the "Cabot Credit Agreement"). This agreement was amended and restated on June 28, 2013 to increase the size of the revolving credit facility to £85.0 million (approximately $140.6 million) and again on February 5, 2015 to increase the size of the revolving credit facility to £195.0 million (approximately $298.1 million) (the "Cabot Credit Facility"). The Cabot Credit Facility also includes an uncommitted accordion provision which will allow the facility to be increased by an additional £55.0 million, subject to obtaining the requisite commitments and compliance with the terms of Cabot Financial UK's other indebtedness, among other conditions precedent. Loan fees associated with the amendment to the Cabot Credit Facility were approximately £2.7 million (approximately $4.1 million) and capitalized as debt issuance costs.

The Cabot Credit Facility has a five-year term expiring in September 2017, and includes the following key provisions:

- Interest at LIBOR (or EURIBOR for any loan drawn in euro) plus 3.5%;
- A restrictive covenant that limits the loan to value ratio to 0.75;
- A restrictive covenant that limits the super senior loan (i.e. the Cabot Credit Facility and any super priority hedging liabilities) to value ratio to 0.25;
- Additional restrictions and covenants which limit, among other things, the payment of dividends and the incurrence of additional indebtedness and liens; and
- Events of default which, upon occurrence, may permit the lenders to terminate the Cabot Credit Facility and declare all amounts outstanding to be immediately due and payable.

The Cabot Credit Facility is unconditionally guaranteed by certain indirect subsidiaries of the Company. The Cabot Credit Facility is secured by first ranking security interests in all the outstanding shares of Cabot Financial UK and certain guarantors and substantially all the assets of Cabot Financial UK and certain guarantors. Pursuant to the terms of intercreditor agreements entered into with respect to the relative positions of the Cabot Notes, the Marlin Bonds and the Cabot Credit Facility, any liabilities in respect of obligations under the Cabot Credit Facility that are secured by assets that also secure the Cabot Notes and the Marlin Bonds will receive priority with respect to any proceeds received upon any enforcement action over any such assets.

At June 30, 2015, the outstanding borrowings under the Cabot Credit Facility were approximately $230.7 million. The weighted average interest rate was 3.79% and 4.32% for the three months ended June 30, 2015 and 2014, respectively, and 3.85% and 4.28% for the six months ended June 30, 2015 and 2014, respectively.

Cabot 2015 Senior Secured Bridge Facility

The dlc Acquisition was financed with borrowings under the existing Cabot Credit Facility and under a new senior secured bridge facility entered into on June 1, 2015 (the "2015 Senior Secured Bridge Facility").

The 2015 Senior Secured Bridge Facility provides an aggregate principal amount of up to £90.0 million. The purpose of the 2015 Senior Secured Bridge Facility was to provide funding for the financing, in full or in part, of the purchase price of the

dlc Acquisition and the payment of costs, fees and expenses in connection with the dlc Acquisition, and was fully drawn as of the closing of the dlc Acquisition. The 2015 Senior Secured Bridge Facility has an initial term of one year and can be extended for an additional year if it is not repaid during the first year of issuance.

Prior to the initial maturity date, the rate of interest payable under the 2015 Senior Secured Bridge Facility was the aggregate, per annum, of (i) LIBOR (set to a minimum of 1%), *plus* (ii) an initial spread of 6.00% per annum (such spread stepping up by 50 basis points for each three-month period that the 2015 Senior Secured Bridge Facility remains outstanding), not to exceed total caps set forth in the senior secured bridge facility agreement.

Loan fees associated with the 2015 Senior Secured Bridge Facility were approximately $1.4 million. These fees were recognized as interest expense in the Company's condensed consolidated financial statements for the three and six months ended June 30, 2015.

At June 30, 2015, the outstanding balance on the 2015 Senior Secured Bridge Facility was $141.6 million.

Preferred Equity Certificates

On July 1, 2013, the Company, through its wholly owned subsidiary Encore Europe Holdings, S.a.r.l. ("Encore Europe"), completed the Cabot Acquisition by acquiring 50.1% of the equity interest in Janus Holdings. Encore Europe purchased from J.C. Flowers: (i) E Bridge preferred equity certificates issued by Janus Holdings, with a face value of £10,218,574 (approximately $15.5 million) (and any accrued interest thereof) (the "E Bridge PECs"), (ii) E preferred equity certificates issued by Janus Holdings with a face value of £96,729,661 (approximately $147.1 million) (and any accrued interest thereof) (the "E PECs"), (iii) 3,498,563 E shares of Janus Holdings (the "E Shares"), and (iv) 100 A shares of Cabot Holdings S.a.r.l. ("Cabot Holdings"), the direct subsidiary of Janus Holdings, for an aggregate purchase price of approximately £115.1 million (approximately $175.0 million). The E Bridge PECs, E PECs, and E Shares represent 50.1% of all of the issued and outstanding equity and debt securities of Janus Holdings. The remaining 49.9% of Janus Holdings' equity and debt securities are owned by J.C. Flowers and include: (a) J Bridge PECs with a face value of £10,177,781 (approximately $15.5 million), (b) J preferred equity certificates with a face value of £96,343,515 (approximately $146.5 million) (the "J PECs"), (c) 3,484,597 J shares of Janus Holdings (the "J Shares"), and (d) 100 A shares of Cabot Holdings.

All of the PECs accrue interest at 12% per annum. Since PECs are legal form debt, the J Bridge PECs, J PECs and any accrued interests thereof are classified as liabilities and are included in debt in the Company's accompanying condensed consolidated statements of financial condition. In addition, certain other minority owners hold PECs at the Cabot Holdings level (the "Management PECs"). These PECs are also included in debt in the Company's accompanying condensed consolidated statements of financial condition. The E Bridge PECs and E PECs held by the Company, and their related interest eliminate in consolidation and therefore are not included in debt in the Company's condensed consolidated statements of financial condition. The J Bridge PECs, J PECs, and the Management PECs do not require the payment of cash interest expense as they have characteristics similar to equity with a preferred return. The ultimate payment of the accumulated interest would be satisfied only in connection with the disposition of the noncontrolling interests of J.C. Flowers and management.

On June 20, 2014, Encore Europe converted all of its E Bridge PECs into E Shares and E PECs, and J.C. Flowers converted all of its J Bridge PECs into J Shares and J PECs, respectively, in proportion to the number of E Shares and E PECs, or J Shares and J PECs, as applicable, outstanding on the closing date of the Cabot Acquisition.

As of June 30, 2015, the outstanding balance of the PECs and their accrued interest was approximately $222.4 million.

Capital Lease Obligations

The Company has capital lease obligations primarily for computer equipment. As of June 30, 2015, the Company's combined obligations for these equipment leases were approximately $12.0 million. These lease obligations require monthly, quarterly or annual payments through 2020 and have implicit interest rates that range from zero to approximately 11.0%.

Note 11: Variable Interest Entities

A VIE is defined as a legal entity whose equity owners do not have sufficient equity at risk, or, as a group, the holders of the equity investment at risk lack any of the following three characteristics: decision-making rights, the obligation to absorb losses, or the right to receive the expected residual returns of the entity. The primary beneficiary is identified as the variable interest holder that has both the power to direct the activities of the VIE that most significantly affect the entity's economic performance and the obligation to absorb expected losses or the right to receive benefits from the entity that could potentially be significant to the VIE.

The Company's VIEs include its subsidiary Janus Holdings and its special purpose entity used for the Propel securitization.

Janus Holdings is the immediate parent company of Cabot. The Company has determined that Janus Holdings is a VIE and the Company is the primary beneficiary of the VIE. The key activities that affect Cabot's economic performance include, but are not limited to, operational budgets and purchasing decisions. Through its control of the board of directors of Janus Holdings, the Company controls the key operating activities at Cabot.

Propel used a special purpose entity to issue asset-backed securities to investors. The Company has determined that it is a VIE and Propel is the primary beneficiary of the VIE. Propel has the power to direct the activities of the VIE because it has the ability to exercise discretion in the servicing of the financial assets and to add assets to revolving structures.

Assets recognized as a result of consolidating these VIEs do not represent additional assets that could be used to satisfy claims against the Company's general assets. Conversely, liabilities recognized as a result of consolidating these VIEs do not represent additional claims on the Company's general assets; rather, they represent claims against the specific assets of the consolidated VIEs.

The Company evaluates its relationships with the VIEs on an ongoing basis to ensure that it continues to be the primary beneficiary.

Note 12: Income Taxes

During the three months ended June 30, 2015 and 2014, the Company recorded income tax provisions of $16.0 million and $14.0 million, respectively. During the six months ended June 30, 2015, and 2014, the Company recorded income tax provisions of $31.8 million and $25.8 million, respectively.

The effective tax rates for the respective periods are shown below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Federal provision	35.0 %	35.0 %	35.0 %	35.0 %
State provision	6.9 %	5.8 %	6.9 %	5.8 %
State benefit	(2.4)%	(2.0)%	(2.4)%	(2.0)%
International benefit[1]	(4.5)%	(1.9)%	(5.3)%	(3.4)%
Permanent items[2]	3.2 %	3.5 %	2.1 %	3.7 %
Other[3]	0.6 %	(0.8)%	0.3 %	0.0 %
Effective rate	38.8 %	39.6 %	36.6 %	39.1 %

(1) Relates primarily to lower tax rates on income attributable to international operations.

(2) Represents a provision for nondeductible items.

(3) Includes the effect of discrete items and reserves taken for a certain tax position adopted by the Company.

The Company's subsidiary in Costa Rica is operating under a 100% tax holiday through December 31, 2018 and a 50% tax holiday for the subsequent four years. The impact of the tax holiday in Costa Rica for the three and six months ended June 30, 2015 was immaterial.

The Company had gross unrecognized tax benefits, inclusive of penalties and interest, of $48.0 million and $44.4 million at June 30, 2015 and December 31, 2014, respectively. The total gross unrecognized tax benefits that, if recognized, would result in a net tax benefit of $16.4 million and $12.7 million as of June 30, 2015 and December 31, 2014, respectively. The increase in the gross unrecognized tax benefits was due to an unrecognized tax benefit of $3.7 million associated with certain business combinations. The uncertain tax benefit is included in "Other liabilities" in the Company's condensed consolidated statements of financial condition.

During the three and six months ended June 30, 2015, the Company did not provide for United States income taxes or foreign withholding taxes on the quarterly undistributed earnings from operations of its subsidiaries operating outside of the United States. Undistributed pre-tax income of these subsidiaries during the three and six months ended June 30, 2015, was approximately $2.7 million and $8.6 million, respectively.

Note 13: Commitments and Contingencies

Litigation and Regulatory

The Company is involved in disputes, legal actions, regulatory investigations, inquiries, and other actions from time to time in the ordinary course of business. The Company, along with others in its industry, is routinely subject to legal actions based on the Fair Debt Collection Practices Act ("FDCPA"), comparable state statutes, the Telephone Consumer Protection Act ("TCPA"), state and federal unfair competition statutes, and common law causes of action. The violations of law investigated or alleged in these actions often include claims that the Company lacks specified licenses to conduct its business, attempts to collect debts on which the statute of limitations has run, has made inaccurate or unsupported assertions of fact in support of its collection actions and/or has acted improperly in connection with its efforts to contact consumers. Such litigation and regulatory actions could involve potential compensatory or punitive damage claims, fines, sanctions, injunctive relief, or changes in business practices. Many continue on for some length of time and involve substantial investigation, litigation, negotiation, and other expense and effort before a result is achieved, and during the process the Company often cannot determine the substance or timing of any eventual outcome.

The Consumer Finance Protection Bureau ("CFPB") is currently examining the collection practices of participants in the consumer debt buying industry. The Company is currently engaged in discussions with the staff of the CFPB regarding practices and controls relating to its engagement with consumers. In these discussions, the staff has taken certain positions with respect to the interpretation of existing legal requirements and the retroactive application of potential requirements from future rulemaking. The Company agrees with the staff on some items under discussion, and disagrees with the staff on others. As the Company seeks to resolve those areas of disagreement, it intends to vigorously defend its interpretation of the law and, consequently, may ultimately reach a negotiated settlement or become engaged in litigation. If the parties reach a negotiated agreement, it is reasonably possible that the Company could agree to pay penalties or restitution and could recognize pre-tax charges of in excess of $35 million and could agree to additional terms that may materially impact its future operations, collections or financial results. If the Company becomes involved in litigation, it is unable to estimate a possible range of loss, if any. These discussions and other supervisory or regulatory actions that may be taken by the CFPB in the future may have an adverse impact on the Company's business, financial condition and operating results.

On November 2, 2010 and December 17, 2010, two national class actions entitled *Robinson v. Midland Funding LLC* and *Tovar v. Midland Credit Management*, respectively, were filed in the United States District Court for the Southern District of California. The complaints allege that certain of the Company's subsidiaries violated the TCPA by calling consumers' cellular phones without their prior express consent. The complaints seek monetary damages under the TCPA, injunctive relief, and other relief, including attorney fees. On May 10, 2011 and May 11, 2011 two class actions entitled *Scardina v. Midland Credit Management, Inc., Midland Funding LLC and Encore Capital Group, Inc.* and *Martin v. Midland Funding, LLC*, respectively, were filed in the United States District Court for the Northern District of Illinois. The complaints allege on behalf of a putative class of Illinois consumers that certain of the Company's subsidiaries violated the TCPA by calling consumers' cellular phones without their prior express consent. The complaints seek monetary damages under the TCPA, injunctive relief, and other relief, including attorney fees. On July 28, 2011, the Company filed a motion to transfer the *Scardina* and *Martin* cases to the United States District Court for the Southern District of California to be consolidated with the *Tovar* and *Robinson* cases. On October 11, 2011, the United States Judicial Panel on Multidistrict Litigation granted the Company's motion to transfer. All four of these cases, along with a number of additional cases brought against the Company that allege violations of the TCPA, are now pending in the United States District Court for the Southern District of California in a multi-district litigation titled *In re Midland Credit Management Inc. Telephone Consumer Protection Act Litigation*. The lead plaintiffs filed an amended consolidated complaint on July 11, 2012. The Company has vigorously denied the claims asserted against it in these matters, but has agreed to a proposed class settlement to avoid the burden and expense of continued litigation. The proposed class settlement is intended to resolve all cases involved in multi-district litigation, and all claims against the Company for alleged violations of the TCPA that occurred before August 31, 2014, other than those of persons who exclude themselves from class settlement. The settlement agreement, which is subject to court approval, would require the Company to contribute $2.0 million to a settlement fund, to be disbursed among eligible class members, and to set aside $13.0 million in debt forgiveness to be allocated among eligible class members. In addition, the settlement agreement provides that the Company will pay plaintiffs' attorney fees in an amount to be determined by the court, and not to exceed $2.4 million, and for the costs associated with administering the class relief.

Except as described above, at June 30, 2015, there have been no material developments in any of the legal proceedings disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

In certain legal proceedings, the Company may have recourse to insurance or third party contractual indemnities to cover all or portions of its litigation expenses, judgments, or settlements. In accordance with authoritative guidance, the Company records loss contingencies in its financial statements only for matters in which losses are probable and can be reasonably

estimated. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum estimated liability. The Company continuously assesses the potential liability related to its pending litigation and regulatory matters and revises its estimates when additional information becomes available. As of June 30, 2015, the Company has no material reserves for legal matters. Additionally, based on the current status of litigation and regulatory matters, either the estimate of exposure is immaterial to the Company's financial statements or an estimate cannot yet be determined. The Company's legal costs are recorded to expense as incurred.

Purchase Commitments

In the normal course of business, the Company enters into forward flow purchase agreements and other purchase commitment agreements. As of June 30, 2015, the Company has entered into agreements to purchase receivable portfolios with a face value of approximately $2.0 billion for a purchase price of approximately $277.4 million. The Company has no purchase commitments extending past one year.

Note 14: Segment Information

The Company conducts business through several operating segments that meet the aggregation criteria under the authoritative guidance related to segment reporting. The Company has determined that it has two reportable segments: portfolio purchasing and recovery and tax lien business. The Company's management relies on internal management reporting processes that provide segment revenue, segment operating income, and segment asset information in order to make financial decisions and allocate resources. The operating results from the Company's tax lien business segment are immaterial to the Company's total consolidated operating results. However, total assets from the tax lien business segment are significant as compared to the Company's total consolidated assets. As a result, in accordance with authoritative guidance on segment reporting, the Company's tax lien business segment is determined to be a reportable segment.

Segment operating income includes income from operations before depreciation, amortization of intangible assets, and stock-based compensation expense. The following table provides a reconciliation of revenue and segment operating income by reportable segment to consolidated results and was derived from the segments' internal financial information as used for corporate management purposes *(in thousands)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues:				
Portfolio purchasing and recovery	$ 282,661	$ 262,087	$ 560,444	$ 510,676
Tax lien business	7,695	7,108	15,575	12,260
	$ 290,356	$ 269,195	$ 576,019	$ 522,936
Operating income:				
Portfolio purchasing and recovery	$ 98,376	$ 87,718	$ 195,305	$ 165,286
Tax lien business	2,910	2,332	6,272	3,986
	101,286	90,050	201,577	169,272
Depreciation and amortization	(8,084)	(6,829)	(16,434)	(12,946)
Stock-based compensation	(6,198)	(4,715)	(12,103)	(9,551)
Other expense	(45,855)	(43,143)	(86,041)	(80,840)
Income before income taxes	$ 41,149	$ 35,363	$ 86,999	$ 65,935

Additionally, assets are allocated to operating segments for management review. As of June 30, 2015, total segment assets were $3.7 billion and $435.5 million for the portfolio purchasing and recovery segment and tax lien business segment, respectively.

The following presents information about geographic areas in which the Company operates *(in thousands)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues[1]:				
Domestic	$ 193,001	$ 189,012	$ 384,622	$ 374,553
International	97,355	80,183	191,397	148,383
	$ 290,356	$ 269,195	$ 576,019	$ 522,936

(1) Revenues are attributed to countries based on location of customer.

Note 15: Goodwill and Identifiable Intangible Assets

In accordance with authoritative guidance, goodwill is tested at the reporting unit level annually for impairment and in interim periods if certain events occur that indicate the fair value of a reporting unit may be below its carrying value. Goodwill was allocable to reporting units included in the Company's reportable segments, as follows *(in thousands):*

	Portfolio Purchasing and Recovery	Tax Lien Business	Total
Balance, December 31, 2014	$ 848,656	$ 49,277	$ 897,933
Goodwill acquired	63,455	—	63,455
Goodwill adjustment[1]	2,410	—	2,410
Effect of foreign currency translation	6,130	—	6,130
Balance, June 30, 2015	$ 920,651	$ 49,277	$ 969,928

(1) During the first quarter of 2015, the Company completed the valuation study related to its acquisition of Atlantic in August 2014. Based on the valuation study, the Company has determined that there were additional tax related obligations assumed at the time of acquisition of approximately $2.4 million. As a result, the goodwill balance was increased by $2.4 million.

The Company's acquired intangible assets are summarized as follows *(in thousands)*:

	As of June 30, 2015			As of December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 5,053	$ (1,001)	$ 4,052	$ 5,437	$ (743)	$ 4,694
Developed technologies	11,424	(3,168)	8,256	8,353	(2,194)	6,159
Trade name and other	13,148	(3,088)	10,060	10,458	(1,709)	8,749
Other intangibles—indefinite lived	1,962	—	1,962	1,962	—	1,962
Total intangible assets	$ 31,587	$ (7,257)	$ 24,330	$ 26,210	$ (4,646)	$ 21,564

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q contains "forward-looking statements" relating to Encore Capital Group, Inc. ("Encore") and its subsidiaries (which we may collectively refer to as the "Company," "we," "our," or "us") within the meaning of the securities laws. The words "believe," "expect," "anticipate," "estimate," "project," "intend," "plan," "will," "may," and similar expressions often characterize forward-looking statements. These statements may include, but are not limited to, projections of collections, revenues, income or loss, estimates of capital expenditures, plans for future operations, products or services and financing needs or plans, as well as assumptions relating to these matters. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we caution that these expectations or predictions may not prove to be correct or we may not achieve the financial results, savings, or other benefits anticipated in the forward-looking statements. These forward-looking statements are necessarily estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties, some of which may be beyond our control or cannot be predicted or quantified, that could cause actual results to differ materially from those suggested by the forward-looking statements. Many factors, including but not limited to those set forth in our Annual Report on Form 10-K under "Part I, Item 1A. Risk Factors," could cause our actual results, performance, achievements, or industry results to be very different from the results, performance, achievements or industry results expressed or implied by these forward-looking statements. Our business, financial condition, or results of operations could also be materially and adversely affected by other factors besides those listed. Forward-looking statements speak only as of the date the statements were made. We do not undertake any obligation to update or revise any forward-looking statements to reflect new information or future events, or for any other reason, even if experience or future events make it clear that any expected results expressed or implied by these forward-looking statements will not be realized. In addition, it is generally our policy not to make any specific projections as to future earnings, and we do not endorse projections regarding future performance that may be made by third parties.

Our Business and Operating Segments

We are an international specialty finance company providing debt recovery solutions for consumers and property owners across a broad range of financial assets. We purchase portfolios of defaulted consumer receivables at deep discounts to face value and manage them by working with individuals as they repay their obligations and work toward financial recovery. Defaulted receivables are consumers' unpaid financial commitments to credit originators, including banks, credit unions, consumer finance companies, commercial retailers, and telecommunication companies. Defaulted receivables may also include receivables subject to bankruptcy proceedings. Through certain subsidiaries, we are a market leader in portfolio purchasing and recovery in the United States, including Puerto Rico. Our subsidiary, Janus Holdings Luxembourg S.a.r.l. ("Janus Holdings"), through its indirectly held U.K.-based subsidiary Cabot Credit Management Limited and its subsidiaries ("Cabot"), is a market leader in debt management in the United Kingdom, historically specializing in portfolios consisting of higher balance, semi-performing accounts (*i.e.*, debt portfolios in which over 50% of the accounts have received a payment in three of the last four months immediately prior to the portfolio purchase). Cabot's acquisition of Marlin Financial Group Limited ("Marlin") in February 2014, provides Cabot with substantial litigation-enhanced collection capabilities for non-performing accounts. Our majority-owned subsidiary, Grove Holdings ("Grove"), is a U.K.-based leading specialty investment firm focused on consumer non-performing loans, including insolvencies (in particular, individual voluntary arrangements, or "IVAs") in the United Kingdom and bank and non-bank receivables in Spain. Our majority-owned subsidiary, Refinancia S.A. ("Refinancia"), is a market leader in debt collection and management in Colombia and Peru. In addition, through our subsidiary, Propel Financial Services, LLC and its subsidiaries (collectively, "Propel"), we assist property owners who are delinquent on their property taxes by structuring affordable monthly payment plans and purchase delinquent tax liens directly from selected taxing authorities.

We conduct business through two reportable segments: portfolio purchasing and recovery, and tax lien business. The operating results from our tax lien business segment are immaterial to our total consolidated operating results. However, the total segment assets are significant as compared to our total consolidated assets. As a result, in accordance with authoritative guidance on segment reporting, our tax lien business segment is determined to be a reportable segment.

Our long-term growth strategy involves continuing to invest in our core portfolio purchasing and recovery and tax lien businesses, expanding into new geographies, and leveraging our core competencies to explore expansion into adjacent asset classes.

Government Regulation

As discussed in more detail under "Part I - Item1 - Business" in our Annual Report on Form 10-K, our U.S. debt purchasing business and collection activities are subject to federal, state and municipal statutes, rules, regulations and ordinances that establish specific guidelines and procedures that debt purchasers and collectors must follow when collecting consumer accounts, including among others, specific guidelines and procedures for communicating with consumers and

prohibitions on unfair, deceptive or abusive debt collection practices. These rules, regulations, guidelines and procedures are modified from time to time by the relevant authorities charged with their administration which could affect the way we conduct our business.

For example, the Consumer Finance Protection Bureau ("CFPB") may adopt new regulations that may affect our industry and our business. Additionally, the CFPB has supervisory, examination and enforcement authority over our business and is currently examining the collection practices of participants in the consumer debt buying industry. We are currently engaged in discussions with the staff of the CFPB regarding practices and controls relating to our engagement with consumers that could result in a negotiated settlement or litigation. As a result of these discussions or other supervisory or regulatory actions taken by the CFPB, it is reasonably possible that we could agree to pay penalties or restitution and could recognize pre-tax charges of in excess of $35 million and could agree to additional terms that may materially impact our future operations, collections or financial results.

In addition, in response to petitions filed by third parties, in July 2015, the Federal Communications Commission ("FCC") released a declaratory ruling interpreting the Telephone Consumer Protection Act ("TCPA"), which could impact the way consumers may be contacted on their cellular phones and could impact our operations and financial results. Also, the CFPB has recently taken action against certain payment processors accused of facilitating fraudulent collections activity. As a result, certain payment processors may believe there is an elevated risk and stop processing payments for the debt collection industry.

Portfolio Purchasing and Recovery

United States

Our portfolio purchasing and recovery segment purchases receivables based on robust, account-level valuation methods and employs proprietary statistical and behavioral models across our U.S. operations. These methods and models allow us to value portfolios accurately (and limit the risk of overpaying), avoid buying portfolios that are incompatible with our methods or goals and align the accounts we purchase with our business channels to maximize future collections. As a result, we have been able to realize significant returns from the receivables we acquire. We maintain strong relationships with many of the largest financial service providers in the United States.

While seasonality does not have a material impact on our portfolio purchasing and recovery segment, collections are generally strongest in our first calendar quarter, slower in the second and third calendar quarters, and slowest in the fourth calendar quarter. Relatively higher collections in the first quarter could result in a lower cost-to-collect ratio compared to the other quarters, as our fixed costs are relatively constant and applied against a larger collection base. The seasonal impact on our business may also be influenced by our purchasing levels, the types of portfolios we purchase, and our operating strategies.

Collection seasonality with respect to our portfolio purchasing and recovery segment can also affect revenue as a percentage of collections, also referred to as our revenue recognition rate. Generally, revenue for each pool group declines steadily over time, whereas collections can fluctuate from quarter to quarter based on seasonality, as described above. In quarters with lower collections (*e.g.,* the fourth calendar quarter), the revenue recognition rate can be higher than in quarters with higher collections (*e.g.,* the first calendar quarter).

In addition, seasonality could have an impact on the relative level of quarterly earnings. In quarters with stronger collections, total costs are higher as a result of the additional efforts required to generate those collections. Since revenue for each pool group declines steadily over time, in quarters with higher collections and higher costs (*e.g.,* the first calendar quarter), all else being equal, earnings could be lower than in quarters with lower collections and lower costs (*e.g.,* the fourth calendar quarter). Additionally, in quarters where a greater percentage of collections come from our legal and agency outsourcing channels, cost to collect will be higher than if there were more collections from our internal collection sites.

On August 6, 2014, we acquired all of the outstanding equity interests of Atlantic Credit & Finance, Inc. ("Atlantic") pursuant to a stock purchase agreement (the "Atlantic Acquisition"). Atlantic acquires and liquidates fresh consumer finance receivables originated and charged off by U.S. financial institutions.

Europe

Cabot: Through Cabot, we purchase primarily semi-performing receivable portfolios using a proprietary pricing model that utilizes account-level statistical and behavioral data. This model allows Cabot to value portfolios accurately and quantify portfolio performance in order to maximize future collections. As a result, Cabot has been able to realize significant returns from the assets it has acquired. Cabot maintains strong relationships with many of the largest financial service providers in the United Kingdom.

While seasonality does not have a material impact on Cabot's operations, collections are generally strongest in the second and third calendar quarters and slower in the first and fourth quarters, largely driven by the impact of the December holiday season and the New Year holiday, and the related impact on its customers' ability to repay their balances. This drives a higher level of plan defaults over this period, which are typically repaired across the first quarter of the following year. The August vacation season in the United Kingdom also has an unfavorable effect on the level of collections, but this is traditionally compensated for by higher collections in July and September.

On February 7, 2014, Cabot acquired Marlin (the "Marlin Acquisition"), a leading acquirer of non-performing consumer debt in the United Kingdom. Marlin is differentiated by its proven competitive advantage in the use of litigation-enhanced collections for non-paying financial services receivables. Marlin's litigation capabilities have benefited and will continue to benefit Cabot's existing portfolio of non-performing accounts. Similarly, we have experienced synergies by applying Cabot's collection models to Marlin's portfolio since the acquisition. On June 1, 2015, Cabot acquired Hillesden Securities Ltd ("dlc"), a U.K.-based acquirer and collector of non-performing unsecured consumer debt (the "dlc Acquisition").

Grove: On April 1, 2014, we completed the acquisition of a controlling equity ownership interest in Grove. Grove, through its subsidiaries and affiliates, is a leading specialty investment firm focused on consumer non-performing loans, including insolvencies (in particular, IVAs) in the United Kingdom and bank and non-bank receivables in Spain. Grove purchases portfolio receivables using a proprietary pricing model. This model allows Grove to value portfolios with a high degree of accuracy and quantify portfolio performance in order to maximize future collections.

Latin America

In December 2013, we acquired a majority ownership interest in Refinancia, a market leader in the management of non-performing loans in Colombia and Peru. In addition to purchasing defaulted receivables, Refinancia offers portfolio management services to banks for non-performing loans. Refinancia also specializes in non-traditional niches in the geographic areas in which it operates, including providing financial solutions to individuals who have previously defaulted on their credit obligations, payment plan guarantee and factoring services to merchants, and loan guarantee services to financial institutions.

Beginning in December 2014 we began investing in non-performing secured residential mortgages in Latin America.

Tax Lien Business

Our tax lien business segment focuses on the property tax financing industry. Propel acquires and services residential and commercial tax liens on real property. These liens take priority over most other liens. To the extent permitted by local law, Propel works directly with property owners to structure affordable payment plans designed to allow them to keep their property while paying their property tax obligation over time. In such cases, Propel pays their tax lien obligation to the taxing authority and the property owner pays Propel at a lower interest rate or over a longer period of time than the taxing authority would ordinarily permit. Propel also purchases tax liens in various states directly from taxing authorities, securing rights to outstanding property tax payments, interest and penalties. In most cases, such tax liens continue to be serviced by the taxing authority. When the taxing authority is paid, it repays Propel the outstanding balance of the lien plus interest, which is established by statute or negotiated at the time of the purchase. In May 2014, Propel acquired a portfolio of tax liens and other assets in a transaction valued at approximately $43.0 million. The transaction strengthened Propel's established servicing platform and expanded Propel's operations to 22 states.

Revenue from our tax lien business segment comprised 3% of total consolidated revenues for each of the three and six months ended June 30, 2015 and 3% and 2% of total consolidated revenues for the three and six months ended June 30, 2014, respectively. Operating income from our tax lien business segment comprised 3% of our total consolidated operating income for each of the three and six months ended June 30, 2015 and 3% and 2% of our total consolidated operating income for the three and six months ended June 30, 2014, respectively.

Purchases and Collections

Portfolio Pricing, Supply and Demand

United States Markets

Prices for portfolios offered for sale directly from credit issuers continued to remain elevated during the second quarter of 2015, especially for fresh portfolios. Fresh portfolios are portfolios that are generally transacted within six months of the consumer's account being charged-off by the financial institution. We believe this elevated pricing is due to a reduction in the supply of charged-off accounts and continued demand in the marketplace. We believe that the reduction in supply is partially due to shifts in underwriting standards by financial institutions, which have resulted in lower volumes of charged-off accounts. We believe that this reduction in supply is also the result of certain financial institutions temporarily halting their sales of charged-off accounts. Although we have seen moderation in certain instances, we expect pricing will remain at elevated levels for some period of time.

We believe that smaller competitors continue to face difficulties in the portfolio purchasing market because of the high cost to operate due to regulatory pressure and because issuers are being more selective with buyers in the marketplace, resulting in consolidation within the portfolio purchasing and recovery industry. We believe this favors larger participants in this market, such as Encore, because the larger market participants are better able to adapt to these pressures. Furthermore, as smaller competitors limit their participation in or exit the market, it may provide additional opportunities for Encore to purchase portfolios from competitors or to acquire competitors directly.

European Markets

The United Kingdom market has grown significantly in recent years driven by a consolidation of sellers and a material backlog of portfolio coming to market from credit issuers who are selling an increasing proportion of their non-performing loans. We anticipate modest growth in supply in 2015. Prices for portfolios offered for sale directly from credit issuers remain at levels higher than historical averages. We expect that as a result of an increase in available funding to industry participants, and lower return requirements for certain debt purchasers, pricing will remain elevated. However, we also believe that as Cabot's business increases in scale, and with anticipated improvements in liquidation and improved efficiencies in collections, Cabot's margins will remain competitive. Additionally, the acquisition of Marlin resulted in a new liquidation channel for the Company through litigation, which is enabling Cabot to collect from consumers who have the ability to pay, but have so far been unwilling to do so. This further complements Cabot's strength in collecting on semi-performing debt, where consumers have a greater willingness to pay.

Purchases by Type and Geographic Location

During the three and six months ended June 30, 2015 and 2014, we purchased only charged-off credit card portfolios. The following table summarizes the geographic locations of consumer receivable portfolios we purchased during the periods presented *(in thousands):*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
United States	$ 127,654	$ 162,412	$ 226,641	$ 267,240
Europe[1]	290,441	59,061	312,073	410,380
Latin America	685	4,289	5,220	15,707
	$ 418,780	$ 225,762	$ 543,934	$ 693,327

(1) Purchases of consumer portfolio receivables in Europe for the three and six months ended June 30, 2015 include $1.1 million and $2.7 million, respectively, for IVAs. Purchases of consumer portfolio receivables in Europe for the three months ended June 30, 2015 include $216.0 million acquired in connection with the dlc Acquisition. Purchases of consumer portfolio receivables in Europe for the six months ended June 30, 2014 include $208.5 million acquired in connection with the Marlin Acquisition.

During the three months ended June 30, 2015, we invested $418.8 million to acquire portfolios of charged-off credit card portfolios, with face values aggregating $5.5 billion, for an average purchase price of 7.6% of face value. Purchases of charged-off credit card portfolios include $216.0 million of receivables acquired in connection with the dlc Acquisition. This is a $193.0 million increase in the amount invested, compared with the $225.8 million invested during the three months ended June 30, 2014, to acquire portfolios of charged-off credit card with face values aggregating $3.1 billion, for an average purchase price of 7.3% of face value.

During the six months ended June 30, 2015, we invested $543.9 million to acquire portfolios of charged-off credit card portfolios, with face values aggregating $6.6 billion, for an average purchase price of 8.2% of face value. Purchases of charged-off credit card portfolios include $216.0 million of receivables acquired in connection with the dlc Acquisition. This is a $149.4 million decrease in the amount invested, compared with the $693.3 million invested during the six months ended June 30, 2014, to acquire portfolios of charged-off credit card with face values aggregating $7.4 billion, for an average purchase price of 9.4% of face value. Purchases of charged-off credit card portfolios during the six months ended June 30, 2014 include $208.5 million of portfolios acquired in the Marlin Acquisition.

The average purchase price, as a percentage of face value, varies from period to period depending on, among other things, the quality of the accounts purchased and the length of time from charge-off to the time we purchase the portfolios.

Collections by Channel

We currently utilize various business channels for the collection of our receivables. The following table summarizes the total collections by collection channel and geographic areas *(in thousands)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
United States:				
Legal collections	$ 167,747	$ 155,503	$ 326,706	$ 306,532
Collection sites	125,153	130,788	261,082	267,313
Collection agencies[1]	17,952	19,512	36,053	41,413
Subtotal	310,852	305,803	623,841	615,258
Europe:				
Collection sites	64,259	54,716	110,657	100,577
Collection agencies	33,448	29,473	73,572	57,395
Legal collections	20,833	12,484	38,936	20,082
Subtotal	118,540	96,673	223,165	178,054
Latin America:				
Collection sites	7,932	6,804	15,389	12,642
Total collections	$ 437,324	$ 409,280	$ 862,395	$ 805,954

(1) Collections through our collection agency channel in the United States include accounts subject to bankruptcy filings collected by others. Additionally, collection agency collections often include accounts purchased from a competitor where we maintain the collection agency servicing until the accounts can be recalled and placed in our collection channels.

Gross collections increased $28.0 million, or 6.9%, to $437.3 million during the three months ended June 30, 2015, from $409.3 million during the three months ended June 30, 2014. The increase in gross collections during the three months ended June 30, 2015 as compared to the gross collections during the three months ended June 30, 2014, were primarily due to collections on portfolios acquired through our increased merger and acquisition activities.

Gross collections increased $56.4 million, or 7.0%, to $862.4 million during the six months ended June 30, 2015, from $806.0 million during the six months ended June 30, 2014. The increase in gross collections during the six months ended June 30, 2015 as compared to the gross collections during the six months ended June 30, 2014, were primarily due to collections on portfolios acquired through our increased merger and acquisition activities.

Results of Operations

Results of operations, in dollars and as a percentage of total revenue, were as follows (*in thousands, except percentages*):

	Three Months Ended June 30,			
	2015		2014	
Revenues				
Revenue from receivable portfolios, net	$ 270,301	93.1 %	$ 248,231	92.2 %
Other revenues	13,112	4.5 %	14,149	5.3 %
Net interest income	6,943	2.4 %	6,815	2.5 %
Total revenues	290,356	100.0 %	269,195	100.0 %
Operating expenses				
Salaries and employee benefits	67,545	23.3 %	64,355	23.9 %
Cost of legal collections	57,076	19.7 %	50,029	18.6 %
Other operating expenses	23,015	7.9 %	23,712	8.8 %
Collection agency commissions	8,466	2.9 %	7,482	2.8 %
General and administrative expenses	39,166	13.5 %	38,282	14.2 %
Depreciation and amortization	8,084	2.7 %	6,829	2.5 %
Total operating expenses	203,352	70.0 %	190,689	70.8 %
Income from operations	87,004	30.0 %	78,506	29.2 %
Other (expense) income				
Interest expense	(46,250)	(15.9)%	(43,218)	(16.1)%
Other income	395	0.0 %	75	0.0 %
Total other expense	(45,855)	(15.9)%	(43,143)	(16.1)%
Income before income taxes	41,149	14.1 %	35,363	13.1 %
Provision for income taxes	(15,964)	(5.4)%	(14,010)	(5.2)%
Net income	25,185	8.7 %	21,353	7.9 %
Net loss attributable to noncontrolling interest	2,472	0.8 %	2,208	0.9 %
Net income attributable to Encore shareholders	$ 27,657	9.5 %	$ 23,561	8.8 %

	Six Months Ended June 30,			
	2015		2014	
Revenues				
Revenue from receivable portfolios, net	$ 534,411	92.8 %	$ 485,799	92.9 %
Other revenues	27,522	4.8 %	25,498	4.9 %
Net interest income	14,086	2.4 %	11,639	2.2 %
Total revenues	576,019	100.0 %	522,936	100.0 %
Operating expenses				
Salaries and employee benefits	135,293	23.5 %	122,492	23.4 %
Cost of legal collections	112,074	19.5 %	99,854	19.1 %
Other operating expenses	48,249	8.4 %	50,135	9.6 %
Collection agency commissions	19,151	3.3 %	15,758	3.0 %
General and administrative expenses	71,778	12.5 %	74,976	14.3 %
Depreciation and amortization	16,434	2.8 %	12,946	2.5 %
Total operating expenses	402,979	70.0 %	376,161	71.9 %
Income from operations	173,040	30.0 %	146,775	28.1 %
Other (expense) income				
Interest expense	(88,553)	(15.4)%	(81,180)	(15.5)%
Other income	2,512	0.5 %	340	0.0 %
Total other expense	(86,041)	(14.9)%	(80,840)	(15.5)%
Income before income taxes	86,999	15.1 %	65,935	12.6 %
Provision for income taxes	(31,847)	(5.5)%	(25,752)	(4.9)%
Net income	55,152	9.6 %	40,183	7.7 %
Net loss attributable to noncontrolling interest	1,930	0.3 %	6,558	1.2 %
Net income attributable to Encore shareholders	$ 57,082	9.9 %	$ 46,741	8.9 %

Results of Operations—Cabot

The following table summarizes the operating results contributed by Cabot during the periods presented *(in thousands):*

	Three Months Ended June 30, 2015			Three Months Ended June 30, 2014		
	Janus Holdings	Encore Europe (1)	Consolidated	Janus Holdings	Encore Europe(1)	Consolidated
Total revenues	$ 84,613	$ —	$ 84,613	$ 73,385	$ —	$ 73,385
Total operating expenses	(48,421)	—	(48,421)	(36,629)	—	(36,629)
Income from operations	36,192	—	36,192	36,756	—	36,756
Interest expense-non-PEC	(26,436)	—	(26,436)	(25,628)	—	(25,628)
PEC interest (expense) income	(12,008)	5,885	(6,123)	(11,051)	5,391	(5,660)
Other income	297	—	297	44	—	44
(Loss) income before income taxes	(1,955)	5,885	3,930	121	5,391	5,512
Provision for income taxes	(1,403)	—	(1,403)	(2,992)	—	(2,992)
Net (loss) income	(3,358)	5,885	2,527	(2,871)	5,391	2,520
Net loss attributable to noncontrolling interest	471	1,441	1,912	412	1,227	1,639
Net (loss) income attributable to Encore	$ (2,887)	$ 7,326	$ 4,439	$ (2,459)	$ 6,618	$ 4,159

	Six Months Ended June 30, 2015			Six Months Ended June 30, 2014		
	Janus Holdings	Encore Europe (1)	Consolidated	Janus Holdings	Encore Europe(1)	Consolidated
Total revenues	$ 164,390	$ —	$ 164,390	$ 135,905	$ —	$ 135,905
Total operating expenses	(89,203)	—	(89,203)	(76,206)	—	(76,206)
Income from operations	75,187	—	75,187	59,699	—	59,699
Interest expense-non-PEC	(49,733)	—	(49,733)	(47,404)	—	(47,404)
PEC interest (expense) income	(23,740)	11,634	(12,106)	(22,093)	10,758	(11,335)
Other income	1,055	—	1,055	119	—	119
Income (loss) before income taxes	2,769	11,634	14,403	(9,679)	10,758	1,079
Provision for income taxes	(3,524)	—	(3,524)	(846)	—	(846)
Net (loss) income	(755)	11,634	10,879	(10,525)	10,758	233
Net loss attributable to noncontrolling interest	106	324	430	1,510	4,499	6,009
Net (loss) income attributable to Encore	$ (649)	$ 11,958	$ 11,309	$ (9,015)	$ 15,257	$ 6,242

(1) Includes only the results of operations related to Janus Holdings and therefore does not represent the complete financial performance of Encore Europe.

The net losses recognized at Janus Holdings during the periods presented above were due to Cabot incurring acquisition and integration related charges primarily related to Cabot's acquisition of dlc in June 2015 and Marlin in February 2014. Additionally, for the three and six months ended June 30, 2015 and 2014, Janus Holdings recognized all interest expense related to the outstanding preferred equity certificates ("PECs") owed to Encore and other minority shareholders, while the interest income from PECs owed to Encore was recognized at Janus Holdings' parent company, Encore Europe Holdings, S.a.r.l. ("Encore Europe"), which is a wholly-owned subsidiary of Encore.

Non-GAAP Disclosure

In addition to the financial information prepared in conformity with Generally Accepted Accounting Principles ("GAAP"), we provide historical non-GAAP financial information. Management believes that the presentation of such non-GAAP financial information is meaningful and useful in understanding the activities and business metrics of our operations. Management believes that these non-GAAP financial measures reflect an additional way of viewing aspects of our business that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business.

Management believes that the presentation of these measures provides investors with greater transparency and facilitates comparison of operating results across a broad spectrum of companies with varying capital structures, compensation strategies, derivative instruments, and amortization methods, which provide a more complete understanding of our financial performance, competitive position, and prospects for the future. Readers should consider the information in addition to, but not instead of, our financial statements prepared in accordance with GAAP. This non-GAAP financial information may be determined or calculated differently by other companies, limiting the usefulness of these measures for comparative purposes.

Adjusted Income Per Share. Management uses non-GAAP adjusted income attributable to Encore and adjusted income per share (which we also refer to from time to time as adjusted earnings per share), to assess operating performance, in order to highlight trends in our business that may not otherwise be apparent when relying on financial measures calculated in accordance with GAAP. Adjusted income attributable to Encore excludes non-cash interest and issuance cost amortization relating to our convertible notes, one-time charges, and acquisition, integration and restructuring related expenses, all net of tax. The following table provides a reconciliation between income and diluted income per share attributable to Encore calculated in accordance with GAAP to adjusted income and adjusted income per share attributable to Encore, respectively. GAAP diluted earnings per share for the three months ended June 30, 2015 and 2014, includes the effect of approximately 0.8 million and 1.0 million, respectively, common shares that are issuable upon conversion of certain convertible senior notes because the average stock price during the respective periods exceeded the conversion price of these notes. GAAP diluted earnings per share for the six months ended June 30, 2015 and 2014, includes the effect of approximately 0.9 million and 1.2 million, respectively, common shares that are issuable upon conversion of certain convertible senior notes because the average stock price during the respective periods exceeded the conversion price of these notes. However, as described in Note 10, "Debt—Encore Convertible Notes," in the notes to our condensed consolidated financial statements, we have certain hedging transactions in place that have the effect of increasing the effective conversion price of these notes. Accordingly, while these common shares are included in our diluted earnings per share, the hedge transactions will offset the impact of this dilution and

no shares will be issued unless our stock price exceeds the effective conversion price, thereby creating a discrepancy between the accounting effect of those notes under GAAP and their economic impact. We have presented the following metrics both including and excluding the dilutive effect of these convertible senior notes to better illustrate the economic impact of those notes and the related hedging transactions to shareholders, with the GAAP item under the "Per Diluted Share-Accounting" and "Per Diluted Share-Economic" columns, respectively *(in thousands, except per share data):*

	Three Months Ended June 30,					
	2015			2014		
	$	Per Diluted Share—Accounting	Per Diluted Share—Economic	$	Per Diluted Share—Accounting	Per Diluted Share—Economic
GAAP net income attributable to Encore, as reported	$ 27,657	$ 1.03	$ 1.06	$ 23,561	$ 0.86	$ 0.89
Adjustments:						
Convertible notes non-cash interest and issuance cost amortization, net of tax	1,685	0.06	0.06	1,694	0.06	0.06
Acquisition, integration and restructuring related expenses, net of tax	3,833	0.14	0.15	3,836	0.14	0.15
Adjusted income attributable to Encore	$ 33,175	$ 1.23	$ 1.27	$ 29,091	$ 1.06	$ 1.10

	Six Months Ended June 30,					
	2015			2014		
	$	Per Diluted Share—Accounting	Per Diluted Share—Economic	$	Per Diluted Share—Accounting	Per Diluted Share—Economic
GAAP net income attributable to Encore, as reported	$ 57,082	$ 2.11	$ 2.17	$ 46,741	$ 1.68	$ 1.76
Adjustments:						
Convertible notes non-cash interest and issuance cost amortization, net of tax	3,351	0.12	0.13	2,985	0.11	0.11
Acquisition, integration and restructuring related expenses, net of tax	5,185	0.19	0.20	8,194	0.29	0.31
Adjusted income attributable to Encore	$ 65,618	$ 2.42	$ 2.50	$ 57,920	$ 2.08	$ 2.18

Adjusted EBITDA. Management utilizes adjusted EBITDA (defined as net income before interest, taxes, depreciation and amortization, stock-based compensation expenses, portfolio amortization, one-time charges, and acquisition, integration and restructuring related expenses), which is materially similar to a financial measure contained in covenants used in the Encore revolving credit and term loan facility, in the evaluation of our operations and believes that this measure is a useful indicator of our ability to generate cash collections in excess of operating expenses through the liquidation of our receivable portfolios. Adjusted EBITDA for the periods presented is as follows *(in thousands):*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
GAAP net income, as reported	$ 25,185	$ 21,353	$ 55,152	$ 40,183
Adjustments:				
Interest expense	46,250	43,218	88,553	81,180
Provision for income taxes	15,964	14,010	31,847	25,752
Depreciation and amortization	8,084	6,829	16,434	12,946
Amount applied to principal on receivable portfolios	167,024	161,048	327,985	320,154
Stock-based compensation expense	6,198	4,715	12,103	9,551
Acquisition, integration and restructuring related expenses	7,900	4,645	10,672	15,726
Adjusted EBITDA	$ 276,605	$ 255,818	$ 542,746	$ 505,492

Adjusted Operating Expenses. Management utilizes adjusted operating expenses in order to facilitate a comparison of approximate cash costs to cash collections for our portfolio purchasing and recovery business. Adjusted operating expenses for

our portfolio purchasing and recovery business are calculated by starting with GAAP total operating expenses and backing out stock-based compensation expense, operating expenses related to non-portfolio purchasing and recovery business, one-time charges, and acquisition, integration and restructuring related operating expenses. Operating expenses related to non-portfolio purchasing and recovery business include operating expenses from our tax lien business and other non-reportable operating segments, as well as corporate overhead not related to our portfolio purchasing and recovery business. Adjusted operating expenses related to our portfolio purchasing and recovery business for the periods presented are as follows *(in thousands):*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
GAAP total operating expenses, as reported	$ 203,352	$ 190,689	$ 402,979	$ 376,161
Adjustments:				
Stock-based compensation expense	(6,198)	(4,715)	(12,103)	(9,551)
Operating expenses related to non-portfolio purchasing and recovery business	(24,928)	(26,409)	(51,277)	(46,241)
Acquisition, integration and restructuring related expenses	(7,900)	(4,645)	(10,672)	(15,726)
Adjusted operating expenses related to portfolio purchasing and recovery business	$ 164,326	$ 154,920	$ 328,927	$ 304,643

Comparison of Results of Operations

Revenues

Our revenues consist primarily of portfolio revenue, contingent fee income, and net interest income from our tax lien business.

Portfolio revenue consists of accretion revenue and zero basis revenue. Accretion revenue represents revenue derived from pools (quarterly groupings of purchased receivable portfolios) with a cost basis that has not been fully amortized. Revenue from pools with a remaining unamortized cost basis is accrued based on each pool's effective interest rate applied to each pool's remaining unamortized cost basis. The cost basis of each pool is increased by revenue earned and decreased by gross collections and portfolio allowances. The effective interest rate is the Internal Rate of Return ("IRR") derived from the timing and amounts of actual cash received and anticipated future cash flow projections for each pool. All collections realized after the net book value of a portfolio has been fully recovered, or Zero Basis Portfolios ("ZBA"), are recorded as revenue, or Zero Basis Revenue. We account for our investment in receivable portfolios utilizing the interest method in accordance with the authoritative guidance for loans and debt securities acquired with deteriorated credit quality. We incur allowance charges when actual cash flows from our receivable portfolios underperform compared to our expectations. Factors that may contribute to underperformance and to the recording of valuation allowances may include both internal as well as external factors. External factors that may have an impact on our collections include new laws or regulations, new interpretations of existing laws or regulations, and the overall condition of the economy. Internal factors that may have an impact on our collections include operational activities such as the productivity of our collection staff. We record allowance reversals on pool groups which have historic allowance reserves when actual cash flows from these receivable portfolios outperform our expectations. Allowance reversals are included in portfolio revenue.

Interest income, net of related interest expense represents net interest income on receivables secured by property tax liens.

The following tables summarize collections, revenue, end of period receivable balance and other related supplemental data, by year of purchase from our portfolio purchasing and recovery segment (*in thousands, except percentages*):

	Three Months Ended June 30, 2015					As of June 30, 2015	
	Collections(1)	Gross Revenue(2)	Revenue Recognition Rate(3)	Net Portfolio Allowance Reversal	Revenue % of Total Revenue	Unamortized Balances	Monthly IRR
United States(4):							
ZBA(5)	$ 26,732	$ 23,323	87.2%	$ 3,553	8.8%	$ —	—
2007	774	272	35.1%	297	0.1%	1,747	4.6%
2008	3,694	2,217	60.0%	510	0.8%	6,371	10.3%
2009	7,098	3,496	49.3%	—	1.3%	2,259	25.0%
2010	12,908	6,649	51.5%	—	2.5%	6,407	18.7%
2011	30,681	23,162	75.5%	—	8.7%	40,591	17.1%
2012	47,748	28,575	59.8%	—	10.7%	111,139	7.8%
2013	82,770	47,429	57.3%	—	17.8%	216,379	6.6%
2014	84,120	41,946	49.9%	—	15.8%	444,389	2.9%
2015	22,259	8,202	36.8%	—	3.1%	213,749	2.0%
Subtotal	318,784	185,271	58.1%	4,360	69.7%	1,043,031	5.1%
Europe:							
2013	56,824	43,628	76.8%	—	16.4%	483,377	3.0%
2014	52,122	31,408	60.3%	—	11.8%	509,998	2.1%
2015	9,594	5,634	58.7%	—	2.1%	315,361	2.0%
Subtotal	118,540	80,670	68.1%	—	30.3%	1,308,736	2.4%
Total	$ 437,324	$ 265,941	60.8%	$ 4,360	100.0%	$ 2,351,767	3.6%

	Three Months Ended June 30, 2014					As of June 30, 2014	
	Collections(1)	Gross Revenue(2)	Revenue Recognition Rate(3)	Net Portfolio Allowance Reversal	Revenue % of Total Revenue	Unamortized Balances	Monthly IRR
United States(4):							
ZBA(5)	$ 6,708	$ 3,402	50.7%	$ 3,306	1.4%	$ —	—
2006	1,019	198	19.4%	—	0.1%	695	5.3%
2007	2,294	953	41.5%	116	0.4%	3,317	7.3%
2008	7,893	3,889	49.3%	—	1.6%	10,604	9.5%
2009	15,841	11,671	73.7%	—	4.8%	13,046	23.8%
2010	30,451	23,049	75.7%	—	9.4%	32,753	20.5%
2011	42,145	29,046	68.9%	—	11.9%	73,385	11.8%
2012	70,871	36,343	51.3%	—	14.8%	200,479	5.4%
2013	113,300	59,641	52.6%	—	24.3%	381,923	4.8%
2014	22,085	10,574	47.9%	—	4.3%	268,803	2.2%
Subtotal	312,607	178,766	57.2%	3,422	73.0%	985,005	5.0%
Europe:							
2013	63,135	42,563	67.4%	—	17.4%	598,966	2.4%
2014	33,538	23,480	70.0%	—	9.6%	404,014	2.2%
Subtotal	96,673	66,043	68.3%	—	27.0%	1,002,980	2.3%
Total	$ 409,280	$ 244,809	59.8%	$ 3,422	100.0%	$ 1,987,985	3.6%

	Six Months Ended June 30, 2015					As of June 30, 2015	
	Collections(1)	Gross Revenue(2)	Revenue Recognition Rate(3)	Net Portfolio Allowance Reversal	Revenue % of Total Revenue	Unamortized Balances	Monthly IRR
United States(4):							
ZBA(5)	$ 42,275	$ 36,035	85.2%	$ 6,412	6.8%	$ —	—
2007	1,759	605	34.4%	297	0.1%	1,747	4.6%
2008	7,212	4,677	64.9%	510	0.9%	6,371	10.3%
2009	14,633	9,122	62.3%	—	1.7%	2,259	25.0%
2010	34,343	19,705	57.4%	—	3.7%	6,407	18.7%
2011	63,441	48,135	75.9%	—	9.1%	40,591	17.1%
2012	101,306	61,387	60.6%	—	11.6%	111,139	7.8%
2013	172,925	95,272	55.1%	—	18.1%	216,379	6.6%
2014	173,840	86,012	49.5%	—	16.4%	444,389	2.9%
2015	27,496	9,506	34.6%	—	1.9%	213,749	2.0%
Subtotal	639,230	370,456	58.0%	7,219	70.3%	1,043,031	5.1%
Europe:							
2013	111,887	87,335	78.1%	—	16.6%	483,377	3.0%
2014	101,521	63,473	62.5%	—	12.0%	509,998	2.1%
2015	9,757	5,928	60.8%	—	1.1%	315,361	2.0%
Subtotal	223,165	156,736	70.2%	—	29.7%	1,308,736	2.4%
Total	$ 862,395	$ 527,192	61.1%	$ 7,219	100.0%	$ 2,351,767	3.6%

	Six Months Ended June 30, 2014					As of June 30, 2014	
	Collections(1)	Gross Revenue(2)	Revenue Recognition Rate(3)	Net Portfolio Allowance Reversal	Revenue % of Total Revenue	Unamortized Balances	Monthly IRR
United States(4):							
ZBA(5)	$ 13,219	$ 6,993	52.9%	$ 6,226	1.5%	$ —	—
2006	2,306	536	23.2%	—	0.1%	695	5.3%
2007	4,632	2,180	47.1%	116	0.5%	3,317	7.3%
2008	16,266	8,951	55.0%	—	1.9%	10,604	9.5%
2009	32,341	24,411	75.5%	310	5.1%	13,046	23.8%
2010	62,414	45,187	72.4%	—	9.4%	32,753	20.5%
2011	87,794	58,291	66.4%	—	12.2%	73,385	11.8%
2012	149,729	73,700	49.2%	—	15.4%	200,479	5.4%
2013	233,072	124,078	53.2%	—	25.9%	381,923	4.8%
2014	26,127	12,547	48.0%	—	2.6%	268,803	2.2%
Subtotal	627,900	356,874	56.8%	6,652	74.5%	985,005	5.0%
Europe:							
2013	126,729	85,936	67.8%	—	17.9%	598,966	2.4%
2014	51,325	36,337	70.8%	—	7.6%	404,014	2.2%
Subtotal	178,054	122,273	68.7%	—	25.5%	1,002,980	2.3%
Total	$ 805,954	$ 479,147	59.5%	$ 6,652	100.0%	$ 1,987,985	3.6%

(1) Does not include amounts collected on behalf of others.

(2) Gross revenue excludes the effects of net portfolio allowance or net portfolio allowance reversals.

(3) Revenue recognition rate excludes the effects of net portfolio allowance or net portfolio allowance reversals.

(4) United States data includes results from Latin America.

(5) ZBA revenue typically has a 100% revenue recognition rate. However, collections on ZBA pool groups where a valuation allowance remains must first be recorded as an allowance reversal until the allowance for that pool group is zero. Once the entire valuation allowance is reversed, the revenue recognition rate will become 100%. ZBA gross revenue includes an immaterial amount of accounts that are returned to the seller in accordance with the respective purchase agreement ("Put-Backs") and accounts that are recalled by the seller in accordance with the respective purchase agreement ("Recalls").

Total revenues were $290.4 million during the three months ended June 30, 2015, an increase of $21.2 million, or 7.9%, compared to total revenues of $269.2 million during the three months ended June 30, 2014. Total revenues were $576.0 million during the six months ended June 30, 2015, an increase of $53.1 million, or 10.2%, compared to total revenues of $522.9 million during the six months ended June 30, 2014.

Accretion revenue from our portfolio purchasing and recovery segment was $270.3 million during the three months ended June 30, 2015, an increase of $22.1 million, or 8.9%, compared to revenue of $248.2 million during the three months ended June 30, 2014. The increase in portfolio purchasing and recovery revenue during the three months ended June 30, 2015 compared to 2014 was due to additional accretion revenue associated with a higher portfolio balance, primarily associated with portfolios acquired through our increased level of merger and acquisition related activities, and increases in yields on certain pool groups due to over-performance, offset by lower yields on recently formed pool groups. Accretion revenue from our portfolio purchasing and recovery segment was $534.4 million during the six months ended June 30, 2015, an increase of $48.6 million, or 10.0%, compared to revenue of $485.8 million during the six months ended June 30, 2014. The increase in portfolio purchasing and recovery revenue during the six months ended June 30, 2015 compared to 2014 was due to additional accretion revenue associated with a higher portfolio balance, primarily associated with portfolios acquired through our increased level of merger and acquisition related activities, and increases in yields on certain pool groups due to over-performance, offset by lower yields on recently formed pool groups.

During the three months ended June 30, 2015, we recorded a portfolio allowance reversal of $4.4 million, compared to a portfolio allowance reversal of $3.4 million during the three months ended June 30, 2014. During the six months ended June 30, 2015, we recorded a portfolio allowance reversal of $7.2 million, compared to a portfolio allowance reversal of $6.7 million during the six months ended June 30, 2014. The recording of allowance reversals during the three and six months ended June 30, 2015 and 2014 was primarily due to operational improvements which allowed us to assist our customers to repay their

obligations and increased collections on our ZBA portfolios. Additionally, our refined valuation methodologies have limited the amount of valuation charges necessary during recent periods.

Other revenues were $13.1 million and $14.1 million for the three months ended June 30, 2015 and 2014, respectively, and $27.5 million and $25.5 million for the six months ended June 30, 2015 and 2014, respectively. Other revenues are primarily comprised of contingent fee income at our Cabot, Refinancia and Grove subsidiaries earned on accounts collected on behalf of others, primarily credit originators. The increase in other revenues during the six months ended June 30, 2015 was primarily due to the acquisition of Grove in April 2014. Contingent fees from Grove are only included in the prior year periods since the acquisition date.

Net interest income from our tax lien business segment was $6.9 million and $6.8 million for the three months ended June 30, 2015 and 2014, respectively, and $14.1 million and $11.6 million for the six months ended June 30, 2015 and 2014, respectively. The increase in revenue for the six month period was due to an increase in the balance of receivables secured by property tax liens primarily as a result of Propel's recent acquisition of a portfolio of tax liens for approximately $43.0 million in May 2014.

Operating Expenses

Total operating expenses were $203.4 million during the three months ended June 30, 2015, an increase of $12.7 million, or 6.6%, compared to total operating expenses of $190.7 million during the three months ended June 30, 2014.

Total operating expenses were $403.0 million during the six months ended June 30, 2015, an increase of $26.8 million, or 7.1%, compared to total operating expenses of $376.2 million during the six months ended June 30, 2014.

Operating expenses are explained in more detail as follows:

Salaries and Employee Benefits

Salaries and employee benefits increased $3.1 million, or 5.0%, to $67.5 million during the three months ended June 30, 2015, from $64.4 million during the three months ended June 30, 2014. The increase was primarily the result of an increase in stock-based compensation expense of $1.5 million, increased severance expenses of $0.5 million including severance related to reducing our call center staffing in Warren, MI and San Diego, CA, and increases in headcount and related compensation expense as a result of our recent mergers and acquisition activities.

Salaries and employee benefits increased $12.8 million, or 10.5%, to $135.3 million during the six months ended June 30, 2015, from $122.5 million during the six months ended June 30, 2014. The increase was primarily the result of an increase in stock-based compensation expense of $2.5 million, increased severance expenses of $2.0 million including severance related to reducing our call center staffing in Warren, MI and San Diego, CA, and increases in headcount and related compensation expense as a result of our recent mergers and acquisition activities.

Stock-based compensation increased $1.5 million, or 31.5% to $6.2 million during the three months ended June 30, 2015, from $4.7 million during the three months ended June 30, 2014. This increase was primarily attributable to the higher fair value of equity awards granted in recent periods.

Stock-based compensation increased $2.5 million, or 26.7% to $12.1 million during the six months ended June 30, 2015, from $9.6 million during the six months ended June 30, 2014. This increase was primarily attributable to the higher fair value of equity awards granted in recent periods.

Salaries and employee benefits broken down between the reportable segments were as follows *(in thousands)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Salaries and employee benefits:				
Portfolio purchasing and recovery	$ 65,569	$ 62,744	$ 131,121	$ 119,142
Tax lien business	1,976	1,611	4,172	3,350
	$ 67,545	$ 64,355	$ 135,293	$ 122,492

Cost of Legal Collections—Portfolio Purchasing and Recovery

The cost of legal collections increased $7.1 million, or 14.1%, to $57.1 million during the three months ended June 30, 2015, compared to $50.0 million during the three months ended June 30, 2014. These costs represent contingent fees paid to our network of attorneys, internal legal costs and the cost of litigation. Gross legal collections were $188.6 million during the three months ended June 30, 2015, up from $168.0 million collected during the three months ended June 30, 2014. The cost of legal collections increased as a percentage of gross collections through this channel to 30.3% during the three months ended June 30, 2015, from 29.8% during the same period in the prior year. This increase was primarily due to increased cost of legal collections in Europe, offset by decreased cost as a percentage of legal collections in the United States as a result of a slight decrease in the commission rate we pay our attorneys. During the three months ended June 30, 2015, Cabot and Marlin collected $20.8 million through Marlin's legal channel and incurred costs of $7.3 million, or 35.3%, of collections including upfront court costs, compared to collections of $12.5 million and costs of $2.5 million, or cost as a percentage of legal collection of 19.8% during the three months ended June 30, 2014. As Cabot and Marlin continue to increase the number of consumer accounts directed through Marlin's legal platform, the cost as a percent of collections in Europe will increase, as experienced in the most recent quarter, primarily due to the increase in upfront court costs.

The cost of legal collections increased $12.2 million, or 12.2%, to $112.1 million during the six months ended June 30, 2015, compared to $99.9 million during the six months ended June 30, 2014. These costs represent contingent fees paid to our network of attorneys, internal legal costs and the cost of litigation. Gross legal collections were $365.6 million during the six months ended June 30, 2015, up from $326.6 million collected during the six months ended June 30, 2014. The cost of legal collections increased as a percentage of gross collections through this channel to 30.7% during the three months ended June 30, 2015, from 30.6% during the same period in the prior year. This increase was primarily due to increased cost of legal collections in Europe, offset by decreased cost as a percentage of legal collections in the United States as a result of a slight decrease in the commission rate we pay our attorneys. During the six months ended June 30, 2015, Cabot and Marlin collected $38.9 million through Marlin's legal channel and incurred costs of $12.7 million, or 32.5%, of collections including upfront court costs, compared to collections of $20.1 million and costs of $3.9 million, or cost as a percentage of legal collection of 19.6% during the six months ended June 30, 2014. As Cabot and Marlin continue to increase the number of consumer accounts directed through Marlin's legal platform, the cost as a percent of collections in Europe will increase, as experienced in the most recent quarter, primarily due to the increase in upfront court costs.

Other Operating Expenses

Other operating expenses decreased $0.7 million, or 2.9%, to $23.0 million during the three months ended June 30, 2015, from $23.7 million during the three months ended June 30, 2014. Other operating expenses decreased $1.9 million, or 3.8%, to $48.2 million during the six months ended June 30, 2015, from $50.1 million during the six months ended June 30, 2014. The decreases for three and six months ended June 30, 2015, as compared to the same periods in the prior year, were primarily the result of reductions in certain other operating expenses due to our continued focus on discretionary costs offset by additional other operating expenses at our newly acquired subsidiaries.

Other operating expenses broken down between the reportable segments were as follows *(in thousands)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Other operating expenses:				
Portfolio purchasing and recovery	$ 21,735	$ 22,195	$ 46,061	$ 47,491
Tax lien business	1,280	1,517	2,188	2,644
	$ 23,015	$ 23,712	$ 48,249	$ 50,135

Collection Agency Commissions—Portfolio Purchasing and Recovery

During the three months ended June 30, 2015, we incurred $8.5 million in commissions to third-party collection agencies, or 16.5% of the related gross collections of $51.4 million. During the period, the commission rate as a percentage of related gross collections was 18.9% and 15.2% for our collection outsourcing channels in the United States and Europe, respectively. During the three months ended June 30, 2014, we incurred $7.5 million in commissions, or 15.3%, of the related gross collections of $49.0 million. During the 2014 period, the commission rate as a percentage of related gross collections was 13.9% and 16.2% for our collection outsourcing channels in the United States and Europe, respectively.

During the six months ended June 30, 2015, we incurred $19.2 million in commissions to third-party collection agencies, or 17.5% of the related gross collections of $109.6 million. During the period, the commission rate as a percentage of related gross collections was 17.3% and 17.5% for our collection outsourcing channels in the United States and Europe, respectively.

During the six months ended June 30, 2014, we incurred $15.8 million in commissions, or 15.9%, of the related gross collections of $98.8 million. During the 2014 period, the commission rate as a percentage of related gross collections was 15.5% and 16.3% for our collection outsourcing channels in the United States and Europe, respectively.

Collections through this channel vary from period to period depending on, among other things, the number of accounts placed with an agency versus accounts collected internally. Commissions, as a percentage of collections in this channel also vary from period to period depending on, among other things, the amount of time that has passed since the charge-off of the accounts placed with an agency, the asset class, and the geographic location of the receivables. Generally, freshly charged-off accounts have a lower commission rate than accounts that have been charged off for a longer period of time. Additionally, commission rates are lower in the United Kingdom where most of the receivables in this channel are semi-performing loans and IVAs, while the commission rates are higher in other European countries where most of the receivables in this channel are non-performing loans.

General and Administrative Expenses

General and administrative expenses increased $0.9 million, or 2.3%, to $39.2 million during the three months ended June 30, 2015, from $38.3 million during the three months ended June 30, 2014. Excluding one-time acquisition and integration related costs of $7.3 million and $1.2 million during the three months ended June 30, 2015 and 2014, respectively, general and administrative expenses decreased $5.2 million, or 14.1%, to $31.9 million during the three months ended June 30, 2015, from $37.1 million during the three months ended June 30, 2014. The decrease was primarily due to reduced building rent expense due to our recent consolidation of domestic collection sites.

General and administrative expenses decreased $3.2 million, or 4.3%, to $71.8 million during the six months ended June 30, 2015, from $75.0 million during the six months ended June 30, 2014. Excluding one-time acquisition and integration related costs of $8.9 million and $15.7 million during the six months ended June 30, 2015 and 2014, respectively, general and administrative expenses increased $3.5 million, or 6.0%, to $62.8 million during the six months ended June 30, 2015, from $59.3 million during the six months ended June 30, 2014. The increase was primarily due to an increase in costs associated with regulatory and legislative costs and general increases in expenses to support our growth.

General and administrative expenses broken down between the reportable segments were as follows *(in thousands)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	**2015**	**2014**
General and administrative expenses:				
Portfolio purchasing and recovery	$ 37,638	$ 36,634	$ 68,835	$ 72,696
Tax lien business	1,528	1,648	2,943	2,280
	$ 39,166	$ 38,282	$ 71,778	$ 74,976

Depreciation and Amortization

Depreciation and amortization expense increased $1.3 million, or 18.4%, to $8.1 million during the three months ended June 30, 2015, from $6.8 million during the three months ended June 30, 2014. Depreciation and amortization expense increased $3.5 million, or 26.9%, to $16.4 million during the six months ended June 30, 2015, from $12.9 million during the six months ended June 30, 2014. The increases during the three and six months ended June 30, 2015 as compared to the same periods in the prior year were primarily related to increased depreciation expense resulting from the acquisition of fixed assets in the current and prior years and additional depreciation and amortization expenses resulting from fixed assets and intangible assets acquired through our recent acquisitions.

Cost per Dollar Collected—Portfolio Purchasing and Recovery

The following tables summarize our cost per dollar collected *(in thousands, except percentages)*:

	Three Months Ended June 30,							
	2015				2014			
	Collections	Cost	Cost Per Channel Dollar Collected	Cost Per Total Dollar Collected	Collections	Cost	Cost Per Channel Dollar Collected	Cost Per Total Dollar Collected
United States:								
Collection sites[1]	$ 125,153	$ 9,302	7.4%	3.0%	$ 130,788	$ 8,330	6.4%	2.7%
Legal outsourcing	136,320	45,899	33.7%	14.8%	125,564	43,595	34.7%	14.3%
Internal legal[2]	31,427	11,652	37.1%	3.7%	29,939	12,064	40.3%	3.9%
Collection agencies	17,952	3,394	18.9%	1.1%	19,512	2,717	13.9%	0.9%
Other indirect costs[3]	—	55,578	—	17.9%	—	56,844	—	18.6%
Subtotal	310,852	125,825		40.5%	305,803	123,550		40.4%
Europe:								
Collection sites[1]	64,259	4,461	6.9%	3.8%	54,716	3,773	6.9%	3.9%
Legal outsourcing	20,833	7,347	35.3%	6.2%	12,484	2,470	19.8%	2.6%
Collection agencies	33,448	5,072	15.2%	4.3%	29,473	4,765	16.2%	4.9%
Other indirect costs[3]	—	19,374	—	16.3%	—	18,280	—	18.9%
Subtotal	118,540	36,254		30.6%	96,673	29,288		30.3%
Latin America:								
Collection sites[1]	7,932	943	11.9%	11.9%	6,804	815	12.0%	12.0%
Other indirect costs[3]	—	1,304	—	16.4%	—	1,267	—	18.6%
Subtotal	7,932	2,247		28.3%	6,804	2,082		30.6%
Total[4]	$ 437,324	$ 164,326		37.6%	$ 409,280	$ 154,920		37.9%

	Six Months Ended June 30,							
	2015				2014			
	Collections	Cost	Cost Per Channel Dollar Collected	Cost Per Total Dollar Collected	Collections	Cost	Cost Per Channel Dollar Collected	Cost Per Total Dollar Collected
United States:								
Collection sites[1]	$ 261,082	$ 19,777	7.6%	3.1%	$ 267,313	$ 16,740	6.3%	2.7%
Legal outsourcing	265,872	91,594	34.5%	14.7%	245,297	87,605	35.7%	14.2%
Internal legal[2]	60,834	22,951	37.7%	3.7%	61,235	24,253	39.6%	3.9%
Collection agencies	36,053	6,249	17.3%	1.0%	41,413	6,423	15.5%	1.1%
Other indirect costs[3]	—	112,954	—	18.1%	—	112,888	—	18.4%
Subtotal	623,841	253,525		40.6%	615,258	247,909		40.3%
Europe:								
Collection sites[1]	110,657	8,463	7.6%	3.8%	100,577	6,496	6.5%	3.7%
Legal outsourcing	38,936	12,651	32.5%	5.7%	20,082	3,927	19.6%	2.2%
Collection agencies	73,572	12,902	17.5%	5.8%	57,395	9,335	16.3%	5.2%
Other indirect costs[3]	—	36,973	—	16.5%	—	33,019	—	18.5%
Subtotal	223,165	70,989		31.8%	178,054	52,777		29.6%
Latin America:								
Collection sites[1]	15,389	1,749	11.4%	11.4%	12,642	1,679	13.3%	13.3%
Other indirect costs[3]	—	2,664	—	17.3%	—	2,278	—	18.0%
Subtotal	15,389	4,413		28.7%	12,642	3,957		31.3%
Total[4]	$ 862,395	$ 328,927		38.1%	$ 805,954	$ 304,643		37.8%

(1) Cost in collection sites represents only account managers and their supervisors' salaries, variable compensation, and employee benefits. Collection sites in the United States include collection site expenses for our India and Costa Rica call centers.

(2) Cost in internal legal channel represents court costs expensed, internal legal channel employee salaries and benefits, and other related direct operating expenses.

(3) Other indirect costs represent non-collection site salaries and employee benefits, general and administrative expenses, other operating expenses and depreciation and amortization.

(4) Total cost represents all operating expenses, excluding stock-based compensation expense, operating expenses related to non-portfolio purchasing and recovery business, one-time charges, and acquisition and integration related operating expenses. We include this information in order to facilitate a comparison of approximate cash costs to cash collections for the debt purchasing business in the periods presented. Refer to the "Non-GAAP Disclosure" section for further details.

During the three months ended June 30, 2015, overall cost per dollar collected decreased by 30 basis points to 37.6% of gross collections, from 37.9% of gross collections during the three months ended June 30, 2014. Cost to collect increased slightly in both the United States and Europe, however, overall cost per dollar collected decreased primarily due to increased collections from Europe, as a percentage of total collections, where cost to collect is lower than in the United States. Over time, we expect our cost to collect to remain competitive, but also expect that it will fluctuate from quarter to quarter based on seasonality, acquisitions, the cost of investments in new operating initiatives, and the ongoing management of the changing regulatory and legislative environment.

The increase in total cost to collect in the United States was due to several factors, including:

- The cost from collection sites, which includes account manager salaries, variable compensation, and employee benefits, as a percentage of total collections in the United States, increased to 3.0% during the three months ended June 30, 2015 from 2.7% during the three months ended June 30, 2014 and, as a percentage of our site collections, increased to 7.4% during the three months ended June 30, 2015, from 6.4% during the three months ended June 30, 2014. The increase in cost as a percentage of site collections, through our collection sites in the United States, was primarily related to our Atlantic subsidiary, acquired in August 2014 which maintains a higher cost structure.

- The cost of legal collections through our legal outsourcing channel, as a percentage of total collections in the United States, increased to 14.8% during the three months ended June 30, 2015, from 14.3% during the three months ended June 30, 2014. However, cost as a percentage of channel collections, decreased to 33.7% during the three months ended

June 30, 2015, from 34.7% during the same period in the prior year. The increase in the cost of legal collections as a percentage of total collections was primarily due to an increase in this channel's collections as a percentage of total collections. The decrease in cost, as a percentage of channel collections, was primarily due to a reduction in the commission rates we pay to our network of attorneys in the United States.

- Collection agency commissions, as a percentage of total collections in the United States, increased to 1.1% during the three months ended June 30, 2015, from 0.9% during the same period in the prior year. Our collection agency commission rate increased to 18.9% during the three months ended June 30, 2015, from 13.9% during the same period in the prior year. The increase in collection agency commissions as a percentage of total collections was primarily related to a decrease in this channel's collections as a percentage of total collections. Commissions, as a percentage of collections in this channel, vary from period to period depending on, among other things, the amount of time that has passed since the charge-off of the accounts placed with an agency. Generally, freshly charged-off accounts have a lower commission rate than accounts that have been charged off for a longer period of time.

The increase in cost per dollar collected in the United States was partially offset due to the following factors:

- The cost of legal collections through our internal legal channel, as a percentage of total collections in the United States, decreased to 3.7% during the three months ended June 30, 2015, from 3.9% during the three months ended June 30, 2014 and, as a percentage of channel collections, decreased to 37.1% during the three months ended June 30, 2015, from 40.3% during the three months ended June 30, 2014. The decrease in cost as a percentage of total collections was primarily due to decreased internal legal collections as a percentage of total collections. The decrease in cost as a percentage of channel collections was primarily due to improved productivity in our internal legal channel.

The increase in total cost to collect in Europe was due to the following:

- The cost of legal collections through the legal outsourcing channel, as a percentage of total collections in Europe, increased to 6.2% during the three months ended June 30, 2015, from 2.6% during the three months ended June 30, 2014. Cost as a percentage of channel collections, increased to 35.3% during the three months ended June 30, 2015, from 19.8% during the same period in the prior year. The increase in the cost of legal collections as a percentage of total collections was primarily due to Cabot placing accounts through Marlin's legal channel and expensing the related non recoverable portion of upfront legal costs.

The increase in cost per dollar collected in Europe was partially offset due to the following:

- Collection agency commissions, as a percentage of total collections in Europe, decreased to 4.3% during the three months ended June 30, 2015, from 4.9% during the same period in the prior year. Our collection agency commission rate in Europe decreased to 15.2% during the three months ended June 30, 2015, from 16.2% during the same period in the prior year. Commissions, as a percentage of agency collections in Europe, vary from period to period depending on, among other things, the asset class and the geographic location of the receivables. Commission rates are lower in the United Kingdom where most of the receivables in this channel are semi-performing loans and IVAs, while the commission rates are higher in other European countries where most of the receivables in this channel are non-performing loans.

- Other indirect costs decreased to 16.3% during the three months ended June 30, 2015 from 18.9% during the three months ended June 30, 2014. This decrease was primarily due to collections growing at a rate faster than the growth in other indirect costs as we experience efficiencies in our European subsidiaries.

During the six months ended June 30, 2015, overall cost per dollar collected increased by 30 basis points to 38.1% of gross collections from 37.8% of gross collections during the six months ended June 30, 2014. This increase was primarily due to increased cost to collect in the United States and Europe. Over time, we expect our cost to collect to remain competitive, but also expect that it will fluctuate from quarter to quarter based on seasonality, acquisitions, the cost of investments in new operating initiatives, and the ongoing management of the changing regulatory and legislative environment.

The increase in total cost to collect in the United States was due to several factors, including:

- The cost from collection sites, which includes account manager salaries, variable compensation, and employee benefits, as a percentage of total collections in the United States, increased to 3.1% during the six months ended June 30, 2015 from 2.7% during the six months ended June 30, 2014 and, as a percentage of our site collections, increased to 7.6% during the six months ended June 30, 2015, from 6.3% during the six months ended June 30, 2014. The increase in cost as a percentage of site collections, through our collection sites in the United States, was primarily related to our Atlantic subsidiary, acquired in August 2014 which maintains a higher cost structure.

- The cost of legal collections through the legal outsourcing channel, as a percentage of total collections in the United States, increased to 14.7% during the six months ended June 30, 2015, from 14.2% during the six months ended June 30, 2014. However, cost as a percentage of channel collections, decreased to 34.5% during the six months ended June 30, 3015, from 35.7% during the same period in the prior year. The increase in the cost of legal collections as a percentage of total collections was primarily due to an increase in this channel's collections as a percentage of total collections. The decrease in cost as a percentage of channel collections was primarily due to a reduction in the commission rates we pay to our network of attorneys in the United States.

The increase in cost per dollar collected in the United States was partially offset due to the following factors:

- The cost of legal collections through our internal legal channel, as a percentage of total collections in the United States, decreased to 3.7% during the six months ended June 30, 2015, from 3.9% during the six months ended June 30, 2014 and, as a percentage of channel collections, decreased to 37.7% during the six months ended June 30, 2015, from 39.6% during the six months ended June 30, 2014. The decrease in cost as a percentage of total collections was primarily due to decreased internal legal collections as a percentage of total collections. The decrease in cost as a percentage of channel collections was primarily due to improved productivity in our internal legal channel.

- Collection agency commissions, as a percentage of total collections in the United States, decreased slightly to 1.0% during the six months ended June 30, 2015, from 1.1% during the same period in the prior year. Our collection agency commission rate increased to 17.3% during the six months ended June 30, 2015, from 15.5% during the same period in the prior year. The decrease in collection agency commissions as a percentage of total collections was primarily related to a decrease in this channel's collections as a percentage of total collections. Commissions, as a percentage of collections in this channel, vary from period to period depending on, among other things, the amount of time that has passed since the charge-off of the accounts placed with an agency. Generally, freshly charged-off accounts have a lower commission rate than accounts that have been charged off for a longer period of time.

The increase in total cost to collect in Europe was due to several factors, including:

- The cost from collection sites, which includes account manager salaries, variable compensation, and employee benefits, as a percentage of total collections increased slightly to 3.8% during the six months ended June 30, 2015 from 3.7% during the six months ended June 30, 2014 and, as a percentage of our site collections, increased to 7.6% during the six months ended June 30, 2015, from 6.5% during the six months ended June 30, 2014. The increase in cost as a percentage of site collections, through our collection sites in Europe, was primarily related to an account manager staff increase at Cabot. Cost from collection sites will decrease as these account managers gain experience in future periods.

- The cost of legal collections through the legal outsourcing channel, as a percentage of total collections in Europe, increased to 5.7% during the six months ended June 30, 2015, from 2.2% during the six months ended June 30, 2014. Cost as a percentage of channel collections, increased to 32.5% during the six months ended June 30, 2015, from 19.6% during the same period in the prior year. The increase in the cost of legal collections as a percentage of total collections was primarily due to Cabot placing accounts through Marlin's legal channel and expensing the related non recoverable portion of upfront legal costs.

- Collection agency commissions, as a percentage of total collections in Europe, increased to 5.8% during the six months ended June 30, 2015, from 5.2% during the same period in the prior year. Our collection agency commission rate increased to 17.5% during the six months ended June 30, 2015, from 16.3% during the same period in the prior year. Commissions, as a percentage of agency collections in Europe, vary from period to period depending on, among other things, the asset class and the geographic location of the receivables. Commission rates are lower in the United Kingdom where most of the receivables in this channel are semi-performing loans and IVAs, while the commission rates are higher in other European countries where most of the receivables in this channel are non-performing loans.

The increase in cost per dollar collected in Europe was partially offset due to the following:

- Other indirect costs decreased to 16.5% during the six months ended June 30, 2015 from 18.5% during the six months ended June 30, 2014. This decrease was primarily due to collections growing at a rate faster than the growth in other indirect costs as we experience efficiencies in our European subsidiaries.

Interest Expense—Portfolio Purchasing and Recovery

Interest expense increased $3.1 million to $46.3 million during the three months ended June 30, 2015, from $43.2 million during the three months ended June 30, 2014. Interest expense increased $7.4 million to $88.6 million during the six months ended June 30, 2015, from $81.2 million during the six months ended June 30, 2014.

The following table summarizes our interest expense (*in thousands, except percentages):*

	Three Months Ended June 30,			
	2015	2014	$ Change	% Change
Stated interest on debt obligations	$ 36,817	$ 36,184	$ 633	1.7%
Interest expense on preferred equity certificates	6,124	5,660	464	8.2%
Amortization of loan fees and other loan costs	3,659	1,766	1,893	107.2%
Amortization of debt discount	2,310	2,181	129	5.9%
Accretion of debt premium	(2,660)	(2,573)	(87)	3.4%
Total interest expense	$ 46,250	$ 43,218	$ 3,032	7.0%

	Six Months Ended June 30,			
	2015	2014	$ Change	% Change
Stated interest on debt obligations	$ 71,336	$ 65,516	$ 5,820	8.9%
Interest expense on preferred equity certificates	12,106	11,335	771	6.8%
Amortization of loan fees and other loan costs	5,730	5,198	532	10.2%
Amortization of debt discount	4,588	3,936	652	16.6%
Accretion of debt premium	(5,207)	(4,805)	(402)	8.4%
Total interest expense	$ 88,553	$ 81,180	$ 7,373	9.1%

The payment of the accumulated interest on the preferred equity certificates issued in connection with the acquisition of a controlling interest in Cabot (the "Cabot Acquisition") will only be satisfied in connection with the disposition of the noncontrolling interests of J.C. Flowers & Co. LLC and management.

The increase in interest expense was primarily attributable to increased debt levels in the United States and in Europe related to additional borrowings to finance recent acquisitions and portfolio purchases.

Other Income

Other income increased $0.3 million to $0.4 million during the three months ended June 30, 2015, from $0.1 million during the three months ended June 30, 2014. Other income increased $2.2 million to $2.5 million during the six months ended June 30, 2015, from $0.3 million during the six months ended June 30, 2014. During the six months ended June 30, 2015, we recognized a foreign currency exchange gain of $1.6 million.

Provision for Income Taxes

During the three months ended June 30, 2015 and 2014, we recorded income tax provisions of $16.0 million and $14.0 million, respectively. During the six months ended June 30, 2015 and 2014, we recorded income tax provisions of $31.8 million and $25.8 million, respectively.

The effective tax rates for the respective periods are shown below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Federal provision	35.0 %	35.0 %	35.0 %	35.0 %
State provision	6.9 %	5.8 %	6.9 %	5.8 %
State benefit	(2.4)%	(2.0)%	(2.4)%	(2.0)%
International benefit[1]	(4.5)%	(1.9)%	(5.3)%	(3.4)%
Permanent items[2]	3.2 %	3.5 %	2.1 %	3.7 %
Other[3]	0.6 %	(0.8)%	0.3 %	0.0 %
Effective rate	38.8 %	39.6 %	36.6 %	39.1 %

(1) Relates primarily to lower tax rates on income attributable to international operations.

(2) Represents a provision for nondeductible items.

(3) Includes the effect of discrete items and reserves taken for a certain tax position adopted by the Company.

The effective tax rate for the three and six months ended June 30, 2015 as compared to 2014, decreased as a result of proportionately more earnings realized in countries that have lower statutory tax rates than the United States' federal rate. Our effective tax rate could fluctuate significantly on a quarterly basis and could be adversely affected to the extent earnings are lower than anticipated in countries that have lower statutory rates and higher than anticipated in countries that have higher statutory rates.

Our subsidiary in Costa Rica is operating under a 100% tax holiday through December 31, 2018 and a 50% tax holiday for the subsequent four years. The impact of the tax holiday in Costa Rica for the three and six months ended June 30, 2015 and 2014 was immaterial.

Supplemental Performance Data—Portfolio purchasing and recovery

The Company utilizes its proprietary forecasting models to continuously evaluate the economic life of each pool. The collection forecast of each pool is estimated to be 120 months which is included in its estimated remaining collections and is used for calculating its IRRs.

Cumulative Collections to Purchase Price Multiple

The following table summarizes our purchases and related gross collections by year of purchase *(in thousands, except multiples)*:

Year of Purchase	Purchase Price[1]	Cumulative Collections though June 30, 2015													
		<2005	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total[2]	CCM[3]
Purchased consumer receivables:															
United States[4]:															
<1999	$ 41,117	$ 137,929	$ 2,042	$ 1,513	$ 989	$ 501	$ 406	$ 296	$ 207	$ 128	$ 100	$ 96	$ 29	$ 144,236	3.5
1999	48,712	84,758	5,157	3,513	1,954	1,149	885	590	487	345	256	245	88	99,427	2.0
2000	6,153	23,873	1,323	1,007	566	324	239	181	115	103	96	55	36	27,918	4.5
2001	38,185	137,004	20,622	14,521	5,644	2,984	2,005	1,411	1,139	991	731	600	330	187,982	4.9
2002	61,490	180,831	45,699	33,694	14,902	7,922	4,778	3,575	2,795	1,983	1,715	1,318	604	299,816	4.9
2003	88,496	145,996	69,932	55,131	26,653	13,897	8,032	5,871	4,577	3,582	2,882	2,353	1,059	339,965	3.8
2004	101,316	39,400	79,845	54,832	34,625	19,116	11,363	8,062	5,860	4,329	3,442	2,767	1,219	264,860	2.6
2005	192,585	—	66,491	129,809	109,078	67,346	42,387	27,210	18,651	12,669	9,552	7,626	3,527	494,346	2.6
2006	141,026	—	—	42,354	92,265	70,743	44,553	26,201	18,306	12,825	9,468	6,952	2,895	326,562	2.3
2007	204,064	—	—	—	68,048	145,272	111,117	70,572	44,035	29,619	20,812	14,431	6,222	510,128	2.5
2008	227,756	—	—	—	—	69,049	165,164	127,799	87,850	59,507	41,773	29,776	12,440	593,358	2.6
2009	253,088	—	—	—	—	—	96,529	206,773	164,605	111,569	80,443	58,345	23,806	742,070	2.9
2010	345,524	—	—	—	—	—	—	125,465	284,541	215,088	150,558	106,079	44,382	926,113	2.7
2011	382,334	—	—	—	—	—	—	—	122,224	300,536	225,451	154,847	63,441	866,499	2.3
2012	473,412	—	—	—	—	—	—	—	—	186,472	322,962	235,606	90,293	835,333	1.8
2013	543,100	—	—	—	—	—	—	—	—	—	223,862	390,582	162,097	776,541	1.4
2014	609,365	—	—	—	—	—	—	—	—	—	—	153,830	173,840	327,670	0.5
2015	227,910	—	—	—	—	—	—	—	—	—	—	—	27,495	27,495	0.1
Subtotal	3,985,633	749,791	291,111	336,374	354,724	398,303	487,458	604,006	755,392	939,746	1,094,103	1,165,508	613,803	7,790,319	2.0
Europe:															
2013	619,079	—	—	—	—	—	—	—	—	—	134,259	249,307	111,887	495,453	0.8
2014	630,348	—	—	—	—	—	—	—	—	—	—	135,549	101,521	237,070	0.4
2015	312,704	—	—	—	—	—	—	—	—	—	—	—	9,757	9,757	—
Subtotal	1,562,131	—	—	—	—	—	—	—	—	—	134,259	384,856	223,165	742,280	0.5
Purchased bankruptcy receivables:															
2010	11,971	—	—	—	—	—	—	388	4,247	5,598	6,248	5,914	2,454	24,849	2.1
2011	1,642	—	—	—	—	—	—	—	1,372	1,413	1,070	333	134	4,322	2.6
2012	83,159	—	—	—	—	—	—	—	—	1,249	31,020	26,207	11,284	69,760	0.8
2013	39,833	—	—	—	—	—	—	—	—	—	12,806	24,679	11,555	49,040	1.2
Subtotal	136,605	—	—	—	—	—	—	388	5,619	8,260	51,144	57,133	25,427	147,971	1.1
Total	$5,684,369	$ 749,791	$ 291,111	$ 336,374	$ 354,724	$ 398,303	$ 487,458	$ 604,394	$ 761,011	$ 948,006	$ 1,279,506	$ 1,607,497	$ 862,395	$ 8,680,570	1.5

(1) Adjusted for Put-Backs and Recalls.

(2) Cumulative collections from inception through June 30, 2015, excluding collections on behalf of others.

(3) Cumulative Collections Multiple ("CCM") through June 30, 2015 refers to collections as a multiple of purchase price.

(4) United States data includes results from Latin America.

Total Estimated Collections to Purchase Price Multiple

The following table summarizes our purchases, resulting historical gross collections, and estimated remaining gross collections, by year of purchase *(in thousands, except multiples)*:

	Purchase Price[1]	Historical Collections[2]	Estimated Remaining Collections [3]	Total Estimated Gross Collections	Total Estimated Gross Collections to Purchase Price
Purchased consumer receivables:					
United States[4]:					
<2006	$ 578,054	$ 1,858,550	$ 542	$ 1,859,092	3.2
2006	141,026	326,562	4,543	331,105	2.3
2007	204,064	510,127	13,336	523,463	2.6
2008	227,756	593,358	29,221	622,579	2.7
2009	253,088	742,070	51,190	793,260	3.1
2010	345,524	926,113	97,982	1,024,095	3.0
2011	382,334	866,499	204,965	1,071,464	2.8
2012	473,412	835,333	296,132	1,131,465	2.4
2013	543,100	776,541	627,742	1,404,283	2.6
2014	609,365	327,670	911,777	1,239,447	2.0
2015	227,910	27,496	366,892	394,388	1.7
Subtotal	3,985,633	7,790,319	2,604,322	10,394,641	2.6
Europe:					
2013	619,079	495,453	1,330,625	1,826,078	2.9
2014	630,348	237,070	1,074,479	1,311,549	2.1
2015	312,704	9,757	620,444	630,201	2.0
Subtotal	1,562,131	742,280	3,025,548	3,767,828	2.4
Purchased bankruptcy receivables:					
2010	11,971	24,849	2,480	27,329	2.3
2011	1,642	4,322	147	4,469	2.7
2012	83,159	69,760	29,577	99,337	1.2
2013	39,833	49,040	21,935	70,975	1.8
Subtotal	136,605	147,971	54,139	202,110	1.5
Total	$ 5,684,369	$ 8,680,570	$ 5,684,009	$ 14,364,579	2.5

(1) Adjusted for Put-Backs and Recalls.

(2) Cumulative collections from inception through June 30, 2015, excluding collections on behalf of others.

(3) Estimated remaining collections ("ERC") for purchased consumer receivables includes $100.2 million related to accounts that converted to bankruptcy after purchase.

(4) United States data includes results from Latin America.

Estimated Remaining Gross Collections by Year of Purchase

The following table summarizes our estimated remaining gross collections by year of purchase *(in thousands)*:

	Estimated Remaining Gross Collections by Year of Purchase[1], [2]										
	2015[3]	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**>2023**	**Total**
Purchased consumer receivables:											
United States[4]:											
<2006	$ 540	$ 2	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 542
2006	2,053	2,490	—	—	—	—	—	—	—	—	4,543
2007	4,175	6,421	2,739	1	—	—	—	—	—	—	13,336
2008	8,996	11,097	6,533	2,595	—	—	—	—	—	—	29,221
2009	13,271	18,776	10,207	6,243	2,693	—	—	—	—	—	51,190
2010	23,358	32,167	19,737	12,105	7,900	2,715	—	—	—	—	97,982
2011	47,766	71,332	39,501	23,028	12,409	8,021	2,908	—	—	—	204,965
2012	65,272	98,693	57,654	34,392	19,631	10,922	7,328	2,240	—	—	296,132
2013	114,081	175,782	120,508	81,066	53,950	36,035	23,708	16,827	5,785	—	627,742
2014	129,964	222,183	172,602	156,672	110,203	54,118	27,017	18,669	13,843	6,506	911,777
2015	41,178	97,265	80,549	53,308	35,849	23,467	13,778	9,112	6,724	5,662	366,892
Subtotal	450,654	736,208	510,030	369,410	242,635	135,278	74,739	46,848	26,352	12,168	2,604,322
Europe:											
2013	92,149	208,243	210,995	185,799	163,836	145,905	129,534	115,878	78,286	—	1,330,625
2014	84,007	171,271	166,890	142,712	123,322	109,393	96,862	84,297	75,393	20,332	1,074,479
2015	44,966	100,909	91,308	76,235	65,300	56,306	49,577	44,510	39,825	51,508	620,444
Subtotal	221,122	480,423	469,193	404,746	352,458	311,604	275,973	244,685	193,504	71,840	3,025,548
Purchased bankruptcy receivables:											
2010	1,687	793	—	—	—	—	—	—	—	—	2,480
2011	69	76	2	—	—	—	—	—	—	—	147
2012	8,830	12,431	6,382	1,934	—	—	—	—	—	—	29,577
2013	9,204	9,563	2,660	508	—	—	—	—	—	—	21,935
Subtotal	19,790	22,863	9,044	2,442	—	—	—	—	—	—	54,139
Total	$ 691,566	$ 1,239,494	$ 988,267	$ 776,598	$ 595,093	$ 446,882	$ 350,712	$ 291,533	$ 219,856	$ 84,008	$ 5,684,009

(1) ERC for Zero Basis Portfolios can extend beyond our collection forecasts.

(2) ERC for purchased consumer receivables includes $100.2 million related to accounts that converted to bankruptcy after purchase.

(3) 2015 amount consists of six months data from July 1, 2015 to December 31, 2015.

(4) United States data includes results from Latin America.

Unamortized Balances of Portfolios

The following table summarizes the remaining unamortized balances of our purchased receivable portfolios by year of purchase *(in thousands, except percentages)*:

	Unamortized Balance as of June 30, 2015	Purchase Price[1]	Unamortized Balance as a Percentage of Purchase Price	Unamortized Balance as a Percentage of Total
Purchased consumer receivables:				
United States[2]:				
2007	$ 1,747	$ 204,064	0.9%	0.2%
2008	6,371	227,756	2.8%	0.6%
2009	2,259	253,088	0.9%	0.2%
2010	6,407	345,524	1.9%	0.6%
2011	40,591	382,334	10.6%	4.0%
2012	84,863	473,412	17.9%	8.4%
2013	205,671	543,100	37.9%	20.4%
2014	444,389	609,365	72.9%	44.2%
2015	213,749	227,910	93.8%	21.3%
Subtotal	1,006,047	3,266,553	30.8%	100.0%
Europe:				
2013	483,377	619,079	78.1%	36.9%
2014	509,998	630,348	80.9%	39.0%
2015	315,361	312,704	100.8%	24.1%
Subtotal	1,308,736	1,562,131	83.8%	100.0%
Purchased bankruptcy receivables:				
2012	26,276	83,159	31.6%	71.0%
2013	10,708	39,833	26.9%	29.0%
Subtotal	36,984	122,992	30.1%	100.0%
Total	$ 2,351,767	$ 4,951,676	47.5%	100.0%

(1) Purchase price refers to the cash paid to a seller to acquire a portfolio less Put-Backs, Recalls, and other adjustments.

(2) United States data includes results from Latin America.

Estimated Future Amortization of Portfolios

As of June 30, 2015, we had $2.4 billion in investment in receivable portfolios. This balance will be amortized based upon current projections of cash collections in excess of revenue applied to the principal balance. The estimated amortization of the investment in receivable portfolios balance is as follows *(in thousands):*

Years Ending December 31,	Purchased Consumer Receivables United States[1]	Purchased Consumer Receivables Europe	Purchased Bankruptcy Receivables	Total Amortization
2015[2]	$ 108,986	$ 40,339	$ 11,576	$ 160,901
2016	251,473	136,722	15,770	403,965
2017	194,269	170,411	7,394	372,074
2018	167,192	150,877	2,244	320,313
2019	121,655	139,276	—	260,931
2020	67,233	137,668	—	204,901
2021	37,037	142,048	—	179,085
2022	31,016	170,124	—	201,140
2023	18,103	160,174	—	178,277
2024	8,081	45,873	—	53,954
2025	1,002	15,224	—	16,226
Total	$ 1,006,047	$ 1,308,736	$ 36,984	$ 2,351,767

(1) United States data includes results from Latin America.

(2) 2015 amount consists of six months data from July 1, 2015 to December 31, 2015.

Headcount by Function by Geographic Location

The following table summarizes our headcount by function by geographic location:

	Headcount as of June 30,			
	2015		2014	
	Domestic	International	Domestic	International
General & Administrative	945	1,705	951	1,601
Internal Legal Account Manager	33	90	52	56
Account Manager	250	2,578	230	2,384
	1,228	4,373	1,233	4,041

Gross Collections by Account Manager

The following table summarizes our collection performance by account manager *(in thousands, except headcount)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
United States[1]:				
Gross collections—collection sites	$ 125,153	$ 130,788	$ 261,082	$ 267,313
Average active Account Manager	1,461	1,552	1,465	1,597
Collections per average active Account Manager	$ 85.7	$ 84.3	$ 178.2	$ 167.4
Europe[2]:				
Gross collections—collection sites	$ 64,259	$ 54,716	$ 110,657	$ 100,577
Average active Account Manager	696	576	660	503
Collections per average active Account Manager	$ 92.3	$ 95.0	$ 167.7	$ 200.0
Overall:				
Collections per average active Account Manager	$ 87.8	$ 87.2	$ 174.9	$ 175.2

(1) United States represents account manager statistics for United States portfolios and includes applicable collection statistics from our India and Costa Rica call centers.

(2) Europe represents account manager statistics for Europe portfolios and includes applicable collection statistics for our India call centers.

Gross Collections per Hour Paid

The following table summarizes our gross collections per hour paid to account managers *(in thousands, except gross collections per hour paid)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
United States[1]:				
Gross collections—collection sites	$ 125,153	$ 130,788	$ 261,082	$ 267,313
Total hours paid	721	776	1,418	1,518
Collections per hour paid	$ 173.6	$ 168.5	$ 184.1	$ 176.1
Europe[2]:				
Gross collections—collection sites	$ 64,259	$ 54,716	$ 110,657	$ 100,577
Total hours paid	211	164	364	297
Collections per hour paid	$ 304.5	$ 333.6	$ 304.0	$ 338.6
Overall:				
Collections per hour paid	$ 203.2	$ 197.3	$ 208.6	$ 202.7

(1) United States represents account manager statistics for United States portfolios and includes applicable collection statistics from our India and Costa Rica call centers.

(2) Europe represents account manager statistics for Europe portfolios and includes applicable collection statistics for our India call centers.

Collection Sites Direct Cost per Dollar Collected

The following table summarizes our gross collections in collection sites and the related direct cost *(in thousands, except percentages)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
United States[1]:				
Gross collections—collection sites	$ 125,153	$ 130,788	$ 261,082	$ 267,313
Direct cost[2]	$ 9,302	$ 8,330	$ 19,777	$ 16,740
Cost per dollar collected	7.4%	6.4%	7.6%	6.3%
Europe[3]:				
Gross collections—collection sites	$ 64,259	$ 54,716	$ 110,657	$ 100,577
Direct cost[2]	$ 4,461	$ 3,773	$ 8,463	$ 6,496
Cost per dollar collected	6.9%	6.9%	7.6%	6.5%
Overall:				
Cost per dollar collected	7.3%	6.5%	7.6%	6.3%

(1) United States statistics include applicable gross collections and direct costs from India and Costa Rica call centers.

(2) Represent account managers and their supervisors' salaries, variable compensation, and employee benefits.

(3) Europe statistics include applicable gross collections and direct costs from our India call centers.

Salaries and Employee Benefits by Function

The following table summarizes our salaries and employee benefits by function (excluding stock-based compensation) *(in thousands)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Portfolio purchasing and recovery activities				
Collection site salaries and employee benefits[1]	$ 14,706	$ 12,918	$ 29,989	$ 24,915
Non-collection site salaries and employee benefits[2]	43,579	44,564	86,781	84,129
Subtotal	58,285	57,482	116,770	109,044
Non portfolio purchasing and recovery	3,062	2,158	6,420	3,897
	$ 61,347	$ 59,640	$ 123,190	$ 112,941

(1) Represent account managers and their supervisors' salaries, variable compensation, and employee benefits.

(2) Includes internal legal channel salaries and employee benefits of $5.3 million and $6.0 million for the three months ended June 30, 2015 and 2014, respectively, and $10.5 million and $11.8 million for the six months ended June 30, 2015 and 2014, respectively.

Purchases by Quarter

The following table summarizes the consumer receivable portfolios and bankruptcy receivables we purchased by quarter, and the respective purchase prices (*in thousands*):

Quarter	# of Accounts	Face Value	Purchase Price
Q1 2013	1,678	$ 1,615,214	$ 58,771
Q2 2013[1]	23,887	68,906,743	423,113
Q3 2013[2]	4,232	13,437,807	617,852
Q4 2013	614	1,032,472	105,043
Q1 2014[3]	1,104	4,288,159	467,565
Q2 2014	1,210	3,075,343	225,762
Q3 2014[4]	2,203	3,970,145	299,509
Q4 2014	859	2,422,128	258,524
Q1 2015	734	1,041,011	125,154
Q2 2015[5]	2,970	5,544,885	418,780

(1) Includes $383.4 million of portfolios acquired with a face value of approximately $68.2 billion in connection with the merger with Asset Acceptance Capital Corp.

(2) Includes $559.0 million of portfolios acquired with a face value of approximately $12.8 billion in connection with the Cabot Acquisition.

(3) Includes $208.5 million of portfolios acquired with a face value of approximately $2.4 billion in connection with the Marlin Acquisition.

(4) Includes $105.4 million of portfolios acquired with a face value of approximately $1.7 billion in connection with the Atlantic Acquisition.

(5) Includes $216.0 million of portfolios acquired with a face value of approximately $3.1 billion in connection with the dlc Acquisition.

Liquidity and Capital Resources

Liquidity

The following table summarizes our cash flows by category for the periods presented *(in thousands)*:

	Six Months Ended June 30,	
	2015	2014
	(Unaudited)	
Net cash provided by operating activities	$ 47,412	$ 52,373
Net cash used in investing activities	(331,882)	(493,943)
Net cash provided by financing activities	303,795	443,066

Operating Cash Flows

Net cash provided by operating activities was $47.4 million and $52.4 million during the six months ended June 30, 2015 and 2014, respectively.

Cash provided by operating activities during the six months ended June 30, 2015 was primarily related to net income of $55.2 million, various non-cash add backs in operating activities, and changes in operating assets and liabilities. Cash provided by operating activities during the six months ended June 30, 2014 was primarily related to net income of $40.2 million, various non-cash add backs in operating activities, and changes in operating assets and liabilities.

Investing Cash Flows

Net cash used in investing activities was $331.9 million and $493.9 million during the six months ended June 30, 2015 and 2014, respectively.

The cash flows used in investing activities during the six months ended June 30, 2015 were primarily related to cash paid for the dlc Acquisition, net of cash acquired, of $237.9 million, receivable portfolio purchases (excluding the portfolios acquired from the dlc Acquisition of $216.0 million) of $356.3 million, offset by collection proceeds applied to the principal of our receivable portfolios in the amount of $334.6 million. The cash flows used in investing activities during the six months ended June 30, 2014 were primarily related to cash paid for the Marlin Acquisition, net of cash acquired, of $303.5 million,

receivable portfolio purchases (excluding the portfolios acquired from the Marlin Acquisition of $208.5 million) of $475.1 million, offset by gross collection proceeds applied to the principal of our receivable portfolios in the amount of $325.5 million.

Capital expenditures for fixed assets acquired with internal cash flows were $10.6 million and $8.9 million for six months ended June 30, 2015 and 2014, respectively.

Financing Cash Flows

Net cash provided by financing activities was $303.8 million and $443.1 million during the six months ended June 30, 2015 and 2014, respectively.

The cash provided by financing activities during the six months ended June 30, 2015 primarily reflects $737.6 million in borrowings under our credit facilities, offset by $354.4 million in repayments of amounts outstanding under our credit facilities and $33.2 million in repurchases of common stock. The cash provided by financing activities during the six months ended June 30, 2014 primarily reflects $679.9 million in borrowings under our credit facilities, $288.6 million of proceeds from the Cabot 2021 Notes, and $161.0 million of proceeds from the issuance of the 2021 Convertible Notes, and $134.0 million of proceeds from the issuance of Propel's securitized notes, offset by $732.9 million in repayments of amounts outstanding under our credit facilities and $33.6 million in purchases of convertible hedge instruments, including the payment for our warrant restrike transaction associated with our 2017 Convertible Notes.

Capital Resources

Historically, we have met our cash requirements by utilizing our cash flows from operations, bank borrowings, convertible debt offerings, and equity offerings. Our primary cash requirements have included the purchase of receivable portfolios, the acquisition of U.S. and international entities, operating expenses, the payment of interest and principal on borrowings, and the payment of income taxes.

Our revolving credit facility and term loan facility (the "Credit Facility") includes a revolving credit facility tranche of $692.6 million, a term loan facility tranche of $153.8 million, and an accordion feature that allows us to increase the revolving credit facility by an additional $250.0 million. Including the accordion feature, the maximum amount that can be borrowed under the Credit Facility is $1.1 billion. The Credit Facility has a five-year maturity, expiring in February 2019, except with respect to two subtranches of the term loan facility of $60.0 million and $6.3 million, expiring in February 2017 and November 2017, respectively. As of June 30, 2015, we had $666.1 million outstanding and $126.4 million of availability under the Credit Facility, excluding the $250.0 million accordion.

In March 2014, we sold $161.0 million in aggregate principal amount of 2.875% convertible senior notes due March 15, 2021 in a private placement transaction (the "2021 Convertible Notes"). The 2021 Convertible Notes are general unsecured obligations of Encore. We used approximately $19.5 million of the net proceeds from this offering to pay the cost of the capped call transactions entered into in connection with the 2021 Convertible Notes and used the remainder of the net proceeds from this offering for general corporate purposes, including working capital.

Through Cabot Financial (UK) Limited ("Cabot Financial UK"), an indirect subsidiary, we have a revolving credit facility of £195.0 million (the "Cabot Credit Facility"). The Cabot Credit Facility includes an uncommitted accordion facility which will allow the facility to be increased by an additional £55.0 million, subject to obtaining the requisite commitments and compliance with the terms of Cabot Financial UK's other indebtedness.

On February 7, 2014, in connection with the Marlin Acquisition, Cabot Financial UK borrowed £75.0 million (approximately $122.3 million) under this facility and used the proceeds to pay for a portion of the purchase price. The Marlin Acquisition was financed with the £75.0 million (approximately $122.3 million) Cabot Credit Facility draw discussed above, and with borrowings under senior secured bridge facilities entered into on February 7, 2014. On March 21, 2014, Cabot Financial issued £175.0 million (approximately $288.6 million) in aggregate principal amount of 6.5% Senior Secured Notes due 2021 (the "Cabot 2021 Notes"). The senior secured bridge facilities were paid in full using proceeds from borrowings under the Cabot 2021 Notes.

On June 1, 2015, Cabot entered into a new senior secured bridge facility (the "2015 Senior Secured Bridge Facility") that provides an aggregate principal amount of up to £90.0 million. The purpose of the 2015 Senior Secured Bridge Facility was to provide funding for the financing, in full or in part, of the purchase price for the dlc Acquisition and the payment of costs, fees and expenses in connection with the dlc Acquisition, and was fully drawn on as of the closing of the dlc Acquisition. The 2015 Senior Secured Bridge Facility has an initial term of one year and can be extended for an additional year if it is not repaid during the first year of issuance. Cabot borrowed £91.0 million (approximately $138.4 million) under the Cabot Credit Facility

to pay for the remaining purchase price of the dlc Acquisition. As of June 30, 2015, we had £146.6 million (approximately $230.7 million) outstanding and £48.4 million (approximately $76.1 million) of availability under the Cabot Credit Facility.

Currently, all of our portfolio purchases are funded with cash from operations and borrowings under our Restated Credit Agreement and our Cabot Credit Facility.

We are in compliance with all covenants under our financing arrangements. See Note 10, "Debt" to our condensed consolidated financial statements for a further discussion of our debt.

Our cash and cash equivalents at June 30, 2015 consisted of $60.5 million held by United States-based entities and $77.6 million held by foreign entities. Most of our cash and cash equivalents held by foreign entities is indefinitely reinvested and may be subject to material tax effects if repatriated. However, we believe that our United States sources of cash and liquidity are sufficient to meet our business needs in the United States and do not expect that we will need to repatriate the funds.

We believe that we have sufficient liquidity to fund our operations for at least the next twelve months, given our expectation of continued positive cash flows from operations, our cash and cash equivalents, our access to capital markets, and availability under our credit facilities. Our future cash needs will depend on our acquisitions of portfolios and businesses.

Item 3 – Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Rates. At June 30, 2015, there had not been a material change in any of the foreign currency risk information disclosed in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Interest Rates. At June 30, 2015, there had not been a material change in the interest rate risk information disclosed in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Item 4 – Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission (the "SEC") and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and accordingly, management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on their most recent evaluation, as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act are effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1 – Legal Proceedings

Information with respect to this item may be found in Note 13, "Commitments and Contingencies," to the condensed consolidated financial statements.

Item 1A – Risk Factors

There is no material change in the information reported under "Part I—Item 1A—Risk Factors" contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Repurchases of Equity Securities

The following table presents information with respect to purchases of common stock of the Company during the three months ended June 30, 2015, by the Company or an "affiliated purchaser" of the Company, as defined in Rule 10b-18(a)(3) under the Exchange Act:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	Maximum Number of Shares (or Approximate Dollar Value) That May Yet Be Purchased Under the Publicly Announced Plans or Programs
April 1, 2015 to April 30, 2015	—	$ —	—	$ —
May 1, 2015 to May 31, 2015	839,295	39.54	839,295	—
June 1, 2015 to June 30, 2015	—	—	—	—
Total	839,295	$ 39.54	839,295	$ —

(1) On April 24, 2014, we publicly announced that our Board of Directors had authorized a stock repurchase program for the Company to purchase $50.0 million of our Company's common stock. This column discloses the number of shares purchased pursuant to the program during the indicated time periods. As of June 30, 2015, the Company had purchased the full $50.0 million of our Company's common stock authorized under the stock repurchase program.

Item 6 – Exhibits

10.1	Amendment No. 1 to Limited Guarantee, dated April 3, 2015, by Encore Capital Group, Inc., in favor of Wells Fargo Bank, N.A. (filed herewith)
10.2*	Amendment No. 2 to Tax Lien Loan and Security Agreement, dated April 3, 2015, by and among PFS Financial 1, LLC, PFS Finance Holdings, LLC, the Borrowers from time to time party thereto and Wells Fargo Bank, N.A. (filed herewith)
10.3	Credit Facility Loan Agreement, dated May 8, 2015, by and among Texas Capital Bank, National Association, as administrative agent, certain banks and Propel Financial Services, LLC (filed herewith)
10.4	Amendment No. 2 to Second Amended and Restated Credit Agreement, dated July 9, 2015, by and among Encore Capital Group, Inc., the several banks and other financial institutions and lenders from time to time party thereto and listed on the signature pages thereof, and SunTrust Bank, as administrative agent and collateral agent (filed herewith)
10.5	Amendment No. 4, dated July 9, 2015, to Second Amended and Restated Senior Secured Note Purchase Agreement, dated May 9, 2013, by and between Encore Capital Group, Inc., The Prudential Insurance Company of America, Pruco Life Insurance Company, Prudential Retirement Insurance and Annuity Company and Prudential Annuities Life Assurance Corporations (filed herewith)
31.1	Certification of the Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of the Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101.INS	XBRL Instance Document (filed herewith)
101.SCH	XBRL Taxonomy Extension Schema Document (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)

* The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential portions have been submitted separately to the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENCORE CAPITAL GROUP, INC.

By: /s/ Jonathan C. Clark
Jonathan C. Clark
Executive Vice President,
Chief Financial Officer and Treasurer

Date: August 10, 2015

Exhibit 10.1

AMENDMENT NO. 1 TO
LIMITED GUARANTEE

THIS AMENDMENT NO. 1 TO LIMITED GUARANTEE, dated as of April 3, 2015 (this "*Amendment*") is entered into by ENCORE CAPITAL GROUP, INC., a Delaware corporation (" *Guarantor*") in favor of Wells Fargo Bank, N.A. a national banking association ("*Lender*"). Capitalized terms used and not otherwise defined herein are used as defined in the Limited Guarantee (as defined below).

WHEREAS, PFS Financial 1, LLC, as a Borrower, the other Borrowers from time to time party thereto (collectively with PFS Financial 1, LLC, the "*Borrowers*"), PFS Finance Holdings, LLC, as borrower representative ("*Borrower Representative")*, and Lender entered into that certain Tax Lien Loan and Security Agreement, dated as of May 15, 2013, as amended (as may be further amended, supplemented, restated or otherwise modified from time to time, the "*Loan Agreement*"), pursuant to which the Lender agreed to make loans to the Borrowers secured by certain collateral described in the Loan Agreement on the basis of, and in reliance upon, the representations, warranties and covenants of the Borrowers contained in the Loan Agreement;

WHEREAS, in connection with the Loan Agreement, Guarantor entered into that certain Limited Guarantee in favor of Lender, dated as of May 15, 2013 (as amended, supplemented, restated or otherwise modified to the date hereof, the "*Limited Guarantee*");

WHEREAS, the Borrowers, the Borrower Representative and the Lender are entering into an Amendment No. 2 to Loan Agreement, dated as of the date hereof, to provide for, among other things, certain advances relating to Uncertified Tax Liens (as defined in the Loan Agreement); and

WHEREAS, Guarantor desires to amend the Limited Guarantee in certain respects as provided herein;

NOW THEREFORE, in order to induce the Lender to enter into the Amendment No. 2 to Loan Agreement and to make advances to the Borrowers pursuant to the terms of the Loan Agreement, and in consideration thereof and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby agrees as follows:

SECTION 1. Amendment. Effective as of the Effective Date (as defined below), the Limited Guarantee is hereby amended as follows:

1.1 Section 1(a)(ii) of the Limited Guarantee is hereby amended by deleting the word "and" at the end of clause (D), inserting the word "and" at the end of clause (E), and inserting the following as a new clause (F) therein:

(F) (1) the Borrowers' failing to cure a Borrowing Base Deficiency pursuant to Section 2.7(c) of the Loan Agreement caused by either (i) an Excess Concentration Amount of Uncertified Tax Liens pursuant to clause (h) of the definition of "Excess Concentration Amount", or (ii) an Uncertified Tax Lien no longer being an Eligible Tax Lien pursuant to the last sentence of the definition of "Uncertified Tax Lien" in the Loan Agreement.

SECTION 2. Effective Date. This Amendment shall become effective as of the date (the "*Effective Date*")on which each of the following conditions precedent shall have been satisfied:

2.1 Amendment. Lender shall have received counterparts of this Amendment, executed and delivered by a duly authorized officer of each party hereto.

2.2 Loan Agreement Amendment. Amendment No. 2 to the Loan Agreement, dated as of the date hereof, shall have become effective according to its terms.

2.3 Other Information. Borrower shall have taken such other action, including delivery of approvals, consents, opinions, documents and instruments, as Lender may reasonably request.

SECTION 3. Miscellaneous.

3.1 References in Limited Guarantee. Upon the effectiveness of this Amendment, each reference in the Limited Guarantee to "this Limited Guarantee", "hereunder", "hereof", "herein", or words of like import shall mean and be a reference to the Limited Guarantee as amended hereby, and each reference to the Limited Guarantee in any other Transaction Documents or any other document, instrument or agreement, executed and/or delivered in connection with any Transaction Documents shall mean and be a reference to the Limited Guarantee as amended hereby.

3.2 Effect on Limited Guarantee. Except as specifically amended hereby, the Limited Guarantee shall remain in full force and effect. This Amendment shall not constitute a novation of the Limited Guarantee, but shall constitute an amendment thereof.

3.3 No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Person under the Limited Guarantee or any other document, instrument or agreement executed in connection therewith, nor constitute a waiver of any provision contained therein.

3.4 Successors and Assigns. This Amendment shall be binding upon the successors and assigns of the Guarantor and shall inure to the benefit of the Lender and its respective successors and assigns.

3.5 Headings. The descriptive headings of the various sections of this Amendment are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

3.6 Amendments. This Amendment may not be amended or otherwise modified except as provided in the Limited Guarantee.

3.7 **GOVERNING LAW. THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO OR IN CONNECTION WITH THIS AMENDMENT, WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY CONFLICTS OF LAW PRINCIPLES OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.**

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the Guarantor has executed this Amendment as of the date first above written.

ENCORE CAPITAL GROUP, INC.

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: EVP, Chief Financial Officer and Treasurer

ACKNOWLEDGED AND AGREED:

WELLS FARGO BANK, N.A.

By: /s/ John Rhee
Name: John Rhee
Title: Director

Exhibit 10.2

CERTAIN MATERIAL (INDICATED BY AN ASTERISK) HAS BEEN OMITTED FROM THIS DOCUMENT PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMISSION.

AMENDMENT NO. 2 TO TAX LIEN LOAN AND SECURITY AGREEMENT

THIS AMENDMENT NO. 2 TO TAX LIEN LOAN AND SECURITY AGREEMENT (the " *Amendment*"), dated as of April 3, 2015 is entered into by and among PFS FINANCIAL 1, LLC, as a borrower ("*PFS1*"), PFS FINANCIAL 2, LLC, on behalf of itself and each of its Series, as a borrower ("*PFS2*"), PFS FINANCE HOLDINGS, LLC, as the borrower representative (the "*Borrower Representative*"), and WELLS FARGO BANK, N.A., a national banking association ("*Lender*"). Capitalized terms used and not otherwise defined herein are used as defined in the Loan Agreement (as defined below).

WHEREAS, the parties hereto are parties to that certain Tax Lien Loan and Security Agreement, dated as of May 15, 2013, as supplemented by the Joinder Agreement, dated as of May 24, 2013 and as amended by that certain Amendment No. 1 to Tax Lien Loan and Security Agreement, dated as of May 6, 2014 (and as further amended, supplemented, restated or otherwise modified to the date hereof the "*Loan Agreement*"), by and among PFS 1, PFS2, the other borrowers party thereto from time to time (collectively with PFS1 and PFS2, the "*Borrowers*"), the Borrower Representative and Lender;

WHEREAS, the parties hereto desire to amend the Loan Agreement in certain respects as provided herein;

NOW THEREFORE, in consideration of the premises and the other mutual covenants contained herein, the parties hereto agree as follows:

SECTION 1. Amendments. Effective as of the Effective Date (as defined below), the Loan Agreement is hereby amended as follows:

1.1 Section 1.1 of the Loan Agreement is hereby amended by inserting the following new definitions in alphabetical order:

March 2015 Purchased Tax Lien: Each Tax Lien purchased by the related Borrower in that certain New Jersey secondary market sale on March 10, 2015 pursuant to that certain purchase agreement where 1,416 tax liens were purchased having an aggregate redemptive value of [***].

Uncertified Tax Lien: A Tax Lien that otherwise satisfies each of the Eligible Tax Lien requirements set forth in Schedule A except that either (a) such Tax Lien is evidenced or represented by a tax lien certificate or instrument that has not been delivered to the Custodian or (b) the assignment or other document evidencing the assignment of such Tax Lien to the

Custodian has not been recorded in the appropriate municipal office. Notwithstanding that the certificate or instrument evidencing a Tax Lien has not been delivered to the Custodian, a Tax Lien that otherwise satisfies each of the Eligible Tax Lien requirements set forth in Schedule A is an Eligible Tax Lien. An Uncertified Tax Lien shall no longer be an Eligible Tax Lien if (a) the tax lien certificate or instrument that evidences or represents such Tax Lien has not been delivered to the Custodian or (b) the assignment or other document evidencing the assignment of such Tax Lien to the Custodian has not been recorded in the appropriate municipal office, in either case within one hundred twenty (120) days of the initial Funding Date for such Tax Lien.

1.2 The definition of "Applicable Margin" in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety as follows:

Applicable Margin: As of any date of determination with respect to any Tax Lien, a per annum rate equal to 2.25%.

1.3 The definition of "Excess Concentration Amount" in Section 1.1 of the Loan Agreement is hereby amended by adding the following at the end thereof: "Provided, that in calculating the Excess Concentration Amount there shall not be included for any purpose the Principal Balance of any March 2015 Purchased Tax Lien."

1.4 The definition of "Excess Concentration Amount" in Section 1.1 of the Loan Agreement is hereby further amended by deleting clause (g) therein and replacing it as follows:

(g) the amount by which the sum of (a) the product of (x) the aggregate Principal Balances for all Eligible Tax Liens related to Properties located in the State of Texas with Market Values greater than $25,000 but less than $50,000, times (y) the applicable Advance Rates and (b) the product of (x) the aggregate Principal Balances for all Eligible Tax Liens related to Properties located in the State of Florida with Market Values greater than $40,000 but less than $50,000, times (y) the applicable Advance Rates, exceeds 5.00% of the product of (a) the aggregate Principal Balance for all Eligible Tax Liens times (b) the applicable Advance Rates (calculated after giving effect to any requested Loan); and

1.5 The definition of "Excess Concentration Amount" in Section 1.1 of the Loan Agreement is hereby further amended by (i) deleting the word "and" at the end of clause (f) of such definition and (ii) inserting the following as a new clause (h) of such definition:

(h) the amount by which advances with respect to Uncertified Tax Liens exceed $10,000,000.

1.6 The definition of "LIBO Rate" in Section 1.1 of the Loan Agreement is amended and restated in its entirety as follows:

LIBO Rate: For any day during an Interest Period, the *per annum* rate (expressed as a percentage per annum and rounded upward, if necessary, to the next nearest 1/100 of 1%) equal to:

$$\frac{\text{the greater of (1) 0.0\% or (2) LIBOR for such Interest Period}}{\text{1 - Reserve Requirement.}}$$

1.7 The definition of "Principal Balance" in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety as follows:

Principal Balance: With respect to any Tax Lien (other than a March 2015 Purchased Tax Lien), either

(a) if the related Borrower acquired the lien from a Municipality or an Affiliate of the Borrower, the amount paid to the Municipality for the Tax Lien minus any premium to par value of the Tax Lien which is not a Permitted Premium (or with respect to any Taxpayer Led Transfer Asset, the amount of the related Property Owner's delinquent real property taxes paid by the Borrower to the Municipality) or

(b) if the related Borrower acquired such Tax Lien from an Original Owner (other than any Original Owner who is an Affiliate of any Borrower), the amount paid by such Original Owner to the Municipality for such Tax Lien minus (i) any premium to par value of the Tax Lien which is not a Permitted Premium and (ii) any accrued interest with respect to such Tax Lien.

With respect to each March 2015 Purchased Tax Lien, the amount paid by such Original Owner to the Municipality for such Tax Lien plus (a) any accrued interest, fees and penalties with respect to such Tax Lien to and including April 3, 2015, minus (b) any premium to par value of the Tax Lien which is not a Permitted Premium.

1.8 Section 2.1(a)(ii) of the Loan Agreement is hereby amended and restated in its entirety as follows:

(ii) certification from the Custodian that the Tax Liens Files for each Tax Lien (excluding the tax lien certificate or instrument, as applicable, in the case of Uncertified Tax Liens) that is the subject of the proposed Loan is in the Custodian's possession and such other information as the Lender may reasonably request with respect to the related Loan.

1.9 Section 5.1(j) of the Loan Agreement is hereby amended and restated in its entirety as follows:

(j) Tax Liens. Such Borrower has complied in all respects with its obligations under the Custodial Agreement with respect to each Tax Lien, including delivery to Custodian of all required Tax Lien Files (excluding the tax lien certificate or instrument, as applicable, in the case of Uncertified Tax Liens). No Tax Lien File relating to any Tax Lien has any marks or notations indicating that such Tax Lien has been sold, assigned, pledged, encumbered or otherwise conveyed by such Borrower to any Person other than the Lender.

The assignment and pledge of each Tax Lien to the Lender does not violate any of the documents in the Tax Lien File or any agreement to which such Borrower is a party or by which it is bound. On or prior to the applicable Funding Date, such Borrower or the Servicer shall have instructed all Municipalities (and any other applicable Person) to make all payments in respect of the related Tax Liens to the Collection Account.

1.10 Section 6.1(d) of the Loan Agreement is hereby amended and restated in its entirety as follows:

(d) With respect to each Tax Lien, the Borrower shall take all action required by the Transaction Documents, Tax Lien File or Requirements of Law, or reasonably requested by the Lender, to obtain and maintain the first priority security interest of the Lender in such Tax Lien, including executing or causing to be executed such other instruments or notices as may be necessary or appropriate and filing and maintaining effective UCC financing statements, continuation statements and assignments and amendments thereto. The Borrower shall, promptly upon obtaining knowledge of or receiving notice from the Lender of any event which has, or may, affect such security interest, take any actions necessary under Applicable Laws to perfect or protect the security interest granted to the Lender hereunder, and in any event within thirty (30) days of obtaining such knowledge or receiving such notice. Such Borrower shall comply with all requirements of the Custodial Agreement applicable to the Borrower with respect to each Tax Lien, including the delivery to Custodian of all required documents in the Tax Lien File with respect to each Tax Lien; provided, however, that with respect to an Uncertified Tax Lien, the tax lien certificate or instrument, as applicable, shall be delivered to the Custodian within one hundred twenty (120) days of the initial Funding Date of such Uncertified Tax Lien. Such Borrower shall (a) not assign, sell, transfer, pledge, hypothecate or grant to, or create, incur, assume or suffer or permit to exist any security interest in or Lien (other than Permitted Liens) on any Collateral in favor of, any Person other than the Lender, (b) defend such each item of Collateral against, and take such action as is necessary to remove, any such Lien, and (c) defend the right, title and interest of the Lender in and to all Collateral against the claims and demands of all Persons whomsoever. Such Borrower shall mark its computer records and tapes relating to the Collateral to evidence the interests granted to the Lender. Such Borrower shall not take any action to cause any Tax Lien that is not evidenced by an instrument or chattel paper (as defined in the UCC) to be so evidenced. If a Tax Lien (other than an Uncertified Tax Lien) becomes evidenced by an instrument or chattel paper, the same shall be immediately delivered to the Custodian as agent for the Lender, together with endorsements required by the Lender in its discretion.

1.11 Schedule A of the Loan Agreement is hereby amended as follows:

(a) Clause 36 of Schedule A is hereby amended and restated in its entirety as follows:

36. If the Property related to such Tax Lien is located in an Eligible Jurisdiction other than the State of Connecticut, the State of Nevada or the State of Texas, the time elapsed from

date of issuance of such Tax Lien on the related Property is no longer than the lesser of (i) (A) for any Tax Lien that is not a March 2015 Purchased Tax Lien, the relevant statutory redemption period (as such period may have been extended pursuant to the Applicable Statute) plus twelve (12) months, or (B) in the case of a March 2015 Purchased Tax Lien, seventy-two (72) months, and (ii) the period from the date of issuance of such Tax Lien on the related Property and the date that is 90 days before the issuance of an OST or the setting of a date for foreclosure sale.

(b) Clause 38 of Schedule A is hereby amended and restated in its entirety as follows:

38. The LTV of such Tax Lien (other than a March 2015 Purchased Tax Lien) does not exceed thirty-five percent (35%) and the LTV of each March 2015 Purchased Tax Lien does not exceed fifty percent (50%); provided that if the Property related to such Tax Lien is located in South Carolina, (a) the LTV (for purposes of this clause (a) only, the Principal Balance shall include any Permitted Premiums paid with respect to the Tax Lien) of such Tax Lien does not exceed sixty-five percent (65%), and (b) the LTV (for purposes of this clause (b) only, the Principal Balance shall exclude any Permitted Premiums with respect to the Tax Lien) of such Tax Lien does not exceed thirty-five percent (35%);

(c) Schedule A is hereby amended by inserting the following as a new Clause 43 thereof:

43. If such Tax Lien is an Uncertified Tax Lien, no more than one hundred twenty (120) days have passed since the initial Funding Date of such Uncertified Tax Lien.

1.12 Schedule B of the Loan Agreement is hereby deleted in its entirety and replaced with Schedule B attached hereto.

1.13 Schedule D of the Loan Agreement is hereby deleted in its entirety and replaced with Schedule D attached hereto.

SECTION 2. This Amendment shall become effective as of the date (the "*Effective Date*") on which each of the following conditions precedent shall have been satisfied:

2.1 Amendment. Lender shall have received counterparts of this Amendment, executed and delivered by a duly authorized officer of each party hereto.

2.2 Other Information. Borrowers shall have taken such other action, including delivery of approvals, consents, opinions, documents and instruments, as Lender may reasonably request.

SECTION 3. Miscellaneous.

3.1 References in Loan Agreement. Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "this Agreement", "hereunder", "hereof", "herein", or words

of like import shall mean and be a reference to the Loan Agreement as amended hereby, and each reference to the Loan Agreement in any other Transaction Document or any other document, instrument or agreement, executed and/or delivered in connection with any Transaction Document shall mean and be a reference to the Loan Agreement as amended hereby.

3.2 Effect on Loan Agreement. Except as specifically amended hereby, the Loan Agreement shall remain in full force and effect. This Amendment shall not constitute a novation of the Loan Agreement, but shall constitute an amendment thereof.

3.3 No Waiver. Except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Person under the Loan Agreement or any other document, instrument or agreement executed in connection therewith, nor constitute a waiver of any provision contained therein.

3.4 Guarantor Ratification. Each of Encore Capital Group, Inc. and PFS Finance Holdings, LLC (each a "Guarantor" and collectively, the "Guarantors") hereby ratifies and confirms that the respective Guaranty Agreement, as amended, supplemented, restated or otherwise modified to the date hereof, made by such Guarantor in favor of Lender, continues in full force and effect and unmodified except as expressly provided herein, and shall not be released, diminished, impaired, reduced or adversely affected by this Amendment or otherwise, and each Guarantor hereby consents, acknowledges and agrees to this Amendment and waives any common law, equitable or statutory rights that such parties might otherwise have as a result of or in connection with this Amendment.

3.5 Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

3.6 Counterparts. This Amendment may be executed in any number of counterparts, and by the different parties hereto on the same or separate counterparts, each of which shall be deemed to be an original instrument but all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page by facsimile or other electronic means shall be effective as delivery of a manually executed counterpart of this Amendment.

3.7 Headings. The descriptive headings of the various sections of this Amendment are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

3.8 Amendments. This Amendment may not be amended or otherwise modified except as provided in the Loan Agreement.

3.9 GOVERNING LAW. THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO OR IN CONNECTION WITH THIS AMENDMENT, THE RELATIONSHIP OF THE PARTIES, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES WILL BE GOVERNED BY THE LAWS OF THE STATE OF

NEW YORK WITHOUT REGARD TO ANY CONFLICTS OF LAW PRINCIPLES OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duty authorized, as of the date first above written.

PFS FINANCIAL 1, LLC, as a Borrower

By: **PFS Finance Holdings, LLC**, its sole member

By:/s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

PFS FINANCIAL 2, LLC, on behalf of itself and each of its Series, as a Borrower

By: **PFS Finance Holdings, LLC**, its sole member

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

PFS FINANCE HOLDINGS, LLC, as the Borrower Representative and on behalf of the Borrowers from time to time party to the Loan Agreement

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

[Signatures continue]

WELLS FARGO BANK, N.A.,
as Lender

By:/s/ John Rhee_____
Name: John Rhee
Title:Director

Agreed to, accepted and ratified by:

ENCORE CAPITAL GROUP, INC.,
as a Guarantor

By:/s/ Jonathan Clark_____
Name: Jonathan Clark
Title: EVP, Chief Financial Officer, and Treasurer

PFS FINANCE HOLDINGS, LLC,
as a Guarantor

By: /s/ Jonathan Clark_____
Name: Jonathan Clark
Title: Treasurer

Acknowledged by, and, solely for purposes of Section 3.1 of the Amendment, agreed to by:

U.S. BANK NATIONAL ASSOCIATION,
as Custodian, Account Bank, Agent and Bank

By:/s/ Bayeh Thompson
Name: Bayeh Thompson
Title: Assistant Vice President

[End of signatures]

Exhibit 10.2

SCHEDULE B

ELIGIBLE JURISDICTIONS

1. Alabama
2. Arizona
3. California
4. Connecticut
5. Florida
6. Georgia
7. Illinois
8. Indiana
9. Kentucky
10. Nevada
11. New Jersey
12. New York
13. Ohio
14. Pennsylvania
15. South Carolina
16. Tennessee
17. Texas

SCHEDULE D

ADVANCE RATES

Jurisdiction	Advance Rate
	[***]
Alabama	[***]
Arizona	[***]
California	[***]
Connecticut	[***]
Florida	[***]*
Georgia	[***]
Illinois	[***]
Indiana	[***]
Kentucky	[***]
Nevada	[***]
New Jersey (Other than the March 2015 Purchased Tax Liens after September 30, 2015)	[***]
New Jersey (March 2015 Purchased Tax Liens after September 30, 2015)	[***]*
New York (Other than Nassau County)	[***]
New York (Nassau County)	[***]*
Ohio	[***]*
Pennsylvania	[***]
South Carolina	[***]
Tennessee (The Metropolitan Government of Nashville and Davidson County)	[***]
Tennessee (Other than the Metropolitan Government of Nashville and Davidson County)	
Texas	[***]

*[***]

[***] Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Exhibit 10.2

Exhibit 10.3

CREDIT FACILITY LOAN AGREEMENT

among

PROPEL FINANCIAL SERVICES, LLC,
as Borrower

CERTAIN BANKS FROM TIME TO TIME PARTY HERETO

and

TEXAS CAPITAL BANK, NATIONAL ASSOCIATION,
as Administrative Agent

TEXAS CAPITAL BANK, NATIONAL ASSOCIATION,
as Sole Lead Arranger and Sole Book Runner

DATED AS OF May 8, 2015

Exhibit 10.3

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SCHEDULE TWO - Conditions Precedent

SCHEDULE THREE - Disclosure Schedule

Exhibit 10.3

CREDIT FACILITY LOAN AGREEMENT

This Credit Facility Loan Agreement ("Agreement") is executed, made and entered into as of May 8, 2015, by and among PROPEL FINANCIAL SERVICES, LLC, a Texas limited liability company (" Borrower"), and TEXAS CAPITAL BANK, NATIONAL ASSOCIATION, a national banking association (" TCB"), BOKF, NATIONAL ASSOCIATION, a national banking association ("BOT"), CITY BANK, a Texas banking association ("City Bank"), LONE STAR NATIONAL BANK, a national banking association ("Lone Star"), and GREEN BANK, N.A., a national banking association ("Green Bank") (TCB, BOT, City Bank, Lone Star and Green Bank each individually, a "Bank" and collectively, the "Banks"); and TEXAS CAPITAL BANK, NATIONAL ASSOCIATION, a national banking association, as Administrative Agent (in such capacity, "Administrative Agent").

RECITALS:

A. Borrower has requested that Banks extend credit to Borrower as described in this Agreement. Banks are willing to make such credit available to Borrower upon and subject to the provisions, terms and conditions hereinafter set forth.

B. This Agreement amends, restates, and replaces the Credit Facility Loan Agreement made and entered into as of May 8, 2012, by and among Borrower, Administrative Agent, and the Banks party thereto.

C. Subject to and upon the terms and conditions of this Agreement, Banks have agreed to lend to Borrower the amounts herein described for the purposes set forth below.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises, the covenants, representations, warranties and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant and agree as follows:

Article One

Certain Definitions

1.1 *Definitions*. As used in this Agreement, all exhibits and schedules hereto and in any note, certificate, report or other Loan Documents made or delivered pursuant to this Agreement, the following terms will have the meanings given such terms in Article One.

"Adjusted EBIDTA" means, for any Person and for any applicable period of determination thereof, an amount equal to (a) EBITDA minus (b) cash income taxes minus (c) the sum of distributions and dividends.

"Administrative Agent" means Texas Capital Bank, National Association, in its capacity as administrative agent under any of the Loan Documents, until the appointment of a

successor administrative agent pursuant to the terms of this Agreement and, thereafter, shall mean such successor administrative agent.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by Administrative Agent.

"Advance" means any disbursement of an amount or amounts to be loaned by a Bank to Borrower hereunder or the reborrowing of amounts previously loaned hereunder.

"Affiliate" means, as to any Person, any other Person (a) that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, such Person, (b) that directly or indirectly beneficially owns or holds ten percent (10%) or more of any class of voting stock of such Person, or (c) ten percent (10%) or more of the voting stock of which is directly or indirectly beneficially owned or held by the Person in question. The term "control" means the possession, directly or indirectly, of the power to direct or cause direction of the management and policies of a Person, whether through the ownership of voting securities, by control, or otherwise; provided, however, in no event shall Administrative Agent or Banks be deemed an Affiliate of Borrower.

"Agent Parties" means, collectively, Administrative Agent or any of its Related Parties.

"Aggregate Advance" means, collectively, each set of Advances made by Banks to Borrower on the same date, bearing interest at the same rate, and having the same Interest Period.

"Agreement" means this Credit Facility Loan Agreement, as the same may, from time to time, be amended, supplemented, or replaced.

"Applicable Margin" means the applicable percentages per annum set forth below, based upon the Leverage Ratio, as set forth in the most recent Compliance Certificate received by Administrative Agent pursuant to Section 7.1(f):

Pricing Level	Cash Flow Leverage Ratio	Base Rate Portion	LIBOR Portion	Applicable Facility Fee Percentage
1	≤ 2.25:1	0.00%	2.70%	0.30%
2	>2.25:1 but ≤ 2.75:1	0.25%	2.95%	0.40%
3	>2.75:1	0.50%	3.20%	0.50%

Any increase or decrease in the Applicable Margin resulting from a change in the Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 7.1(f); *provided* that if a Compliance Certificate is not delivered when due in accordance with such Section, then upon the request of the Majority Banks, Pricing Level 3 shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and shall remain in effect until

the date on which such Compliance Certificate is delivered. The Applicable Margin from the Closing Date through the date a Compliance Certificate is delivered pursuant to Section 7.1(f) in respect of the first fiscal quarter of Borrower ending after the Closing Date shall be determined based upon Pricing Level 1.

If, as a result of any restatement of or other adjustment to the financial statements of Borrower or for any other reason, Borrower or the Majority Banks determine that (i) the Leverage Ratio as calculated by Borrower as of any applicable date was inaccurate and (ii) a proper calculation of the Leverage Ratio would have resulted in higher pricing for such period, Borrower shall immediately and retroactively be obligated to pay to Administrative Agent for the account of the applicable Banks, promptly on demand by Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to Borrower under the Bankruptcy Code of the United States, automatically and without further action by Administrative Agent or any Bank), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of Administrative Agent or any Bank, as the case may be, under Section 2.2(c)(iii), 2.2(h) or 2.8(g) or under Article 8. Borrower's obligations under this paragraph shall survive the termination of the Commitments and the repayment of all other Obligations hereunder.

"Approved Fund" means any Fund that is administered or managed by (a) a Bank, (b) an Affiliate of a Bank or (c) an entity or an Affiliate of an entity that administers or manages a Bank.

"Approved Notes Receivable States" means (a) Texas and (b) Nevada and Virginia upon receipt and satisfactory review by Administrative Agent in its sole discretion of an opinion of or white paper by Borrower's counsel noting the tax lien transfer laws of each state, including explanation of the tax lien transfer process, documentation requirements, and foreclosure requirements under the laws of each state. Thereafter, each additional Approved Notes Receivable State must be approved by Administrative Agent and Majority Banks.

"Approved Purposes" means (a) the costs to finance the purchase and/or origination of Notes Receivable and Eligible Tax Liens, (b) sums used to refinance existing debt made for such purpose, (c) intercompany payables permitted under Section 8.22 hereof, and (d) for general working capital purposes.

"Arranger" means Texas Capital Bank in its capacity as sole lead arranger and sole book manager.

"Assignment and Assumption" means an assignment and assumption entered into by a Bank and an Eligible Assignee (with the consent of any party whose consent is required by Section 12.8), and accepted by Administrative Agent, in substantially the form of Exhibit A or any other form approved by Administrative Agent.

"Bank" or "Banks" means individually and collectively the financial institutions identified as such in the introductory paragraph hereof, and their successors and assigns.

"Bank Product Agreements" means those certain agreements entered into from time to time between any Obligated Party and a Bank or its Affiliate in connection with any of the Bank Products.

"Bank Product Obligations" means all obligations, liabilities, contingent reimbursement obligations, fees, and expenses owing by any Obligated Party to any Bank or its Affiliate pursuant to or evidenced by the Bank Product Agreements and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all such amounts that an Obligated Party is obligated to reimburse to any Bank or its Affiliate as a result of such Bank or its Affiliate purchasing participations or executing indemnities or reimbursement obligations with respect to the Bank Products provided to any Obligated Party pursuant to the Bank Product Agreements.

"Bank Product Provider" means any Person that, at the time it enters into a Bank Product Agreement is a Bank or an Affiliate of a Bank, in its capacity as a party to such Bank Product Agreement.

"Bank Products" means any service provided to, facility extended to, or transaction entered into with, any Obligated Party by any Bank or its Affiliate consisting of (a) deposit accounts, (b) cash management services, including treasury, depository, return items, overdraft, controlled disbursement, merchant store value cards, e-payables services, electronic funds transfer, interstate depository network, automatic clearing house transfer (including the Automated Clearing House processing of electronic funds transfers through the direct Federal Reserve Fedline system) and other cash management arrangements maintained with any Bank or its Affiliates, or (c) debit cards, stored value cards, and credit cards (including commercial credit cards (including so-called "procurement cards" or "P-cards")) and debit card and credit card processing services.

"Base Rate" means, for any day, a rate of interest per annum equal to the highest of (a) the Prime Rate for such day; (b) the sum of the Federal Funds Rate for such day *plus* one half of one percent (0.50%); and (c) LIBOR for an Interest Period of one month at approximately 11:00 a.m. London, England time on such day (or if such day is not a Business Day, the immediately preceding Business Day) *plus* one percent (1.00%).

"Base Rate Advance" means an Advance bearing interest at the Base Rate.

"Base Rate Portion" means each Portion bearing interest based on the Base Rate.

"Borrower" means the Person identified as such in the introductory paragraph hereof, and its successors and assigns.

"Borrowing Base" means, at any time, an amount equal to ninety percent (90%) of the sum of (i) the aggregate outstanding principal balance of the Notes Receivable and (ii) the aggregate purchase price of all Eligible Tax Liens; provided that the aggregate amount included in the Borrowing Base pursuant to clause (ii) shall at no time exceed twenty percent (20%) of the Committed Sum.

"Borrowing Base Certificate" means, as of any date of preparation, a certificate setting forth the Borrowing Base (in substantially the form of Exhibit B attached hereto) prepared by and certified by a Responsible Officer (or other representative acceptable to Administrative Agent) of Borrower.

"Borrowing Limit" means the lesser of the Borrowing Base or the Committed Sum.

"Borrowing Request" means Borrower's request for an Advance hereunder, on the form required by Administrative Agent.

"Business Day" means (a) for all purposes, a weekday, Monday through Friday, except a legal holiday or a day on which banking institutions in Dallas, Texas are authorized or required by law to be closed, and (b) for purposes of any LIBOR Portion, a day that satisfies the requirements of clause (a) and that is a day on which commercial banks in the City of London, England are open for business and dealing in offshore Dollars. Unless otherwise provided, the term "days" when used herein means calendar days.

"Capital Lease Obligation" means the amount of Debt under a lease of property by a Person that would be shown as a liability on a balance sheet of such Person prepared for financial reporting purposes in accordance with GAAP.

"Cash Flow Leverage Ratio" means, in respect of a Person and as of any date of computation, the ratio, tested at the Closing Date and quarterly thereafter beginning June 30, 2015, and calculated on a trailing 12-month basis, of all Senior Funded Debt to the sum of Consolidated Adjusted EBITDA plus, to the extent not otherwise included in net income, (a) collections on Note Receivables and Eligible Tax Liens for principal repayment (excluding, however, the earnings and principal payments received from Note Receivables and Eligible Tax Liens sold in any Securitization Event) and (b) proceeds from the disposition of Notes Receivables and Eligible Tax Liens (other than Note Receivables and Eligible Tax Liens sold in any Securitization Event) not to exceed $5,000,000 in the aggregate in the preceding 12-month period. The test at the Closing Date will be based upon actual results for the quarters ended September 30, 2014, December 31, 2014, and March 31, 2015, multiplied by 4/3 (i.e. annualized).

"Change of Control" means an event or series of events by which more than ten percent (10%) of the equity securities of Borrower shall cease for any reason to be owned of record and beneficially by the owners of such equity securities on the date of this Agreement.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any

successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, implemented, adopted or issued.

"Closing Date" means May 8, 2015.

"Code" means the Internal Revenue Code of 1986.

"Collateral" means, all property (regardless of owner) which secures, either directly or indirectly, the Indebtedness and the Obligations, including all of those assets and properties of Borrower and the other Credit Parties listed below, whether now owned or hereafter acquired, wherever located, howsoever arising or created, and whether now existing or hereafter arising, existing or created:

(i) All Notes Receivable in the actual or constructive possession of Administrative Agent or in the actual or constructive possession of a Credit Party in trust for Administrative Agent or in transit to or from Administrative Agent as collateral for the Indebtedness or designated by a Credit Party as collateral for the Indebtedness (whether or not delivered to Administrative Agent);

(ii) All Eligible Tax Liens in the actual or constructive possession of Administrative Agent or in the actual or constructive possession of a Credit Party in trust for Administrative Agent or in transit to or from Administrative Agent as collateral for the Indebtedness or designated by a Credit Party as collateral for the Indebtedness (whether or not delivered to Administrative Agent);

(iii) All present and future Accounts, Instruments, Documents, Chattel Paper, and General Intangibles, and other personal property now owned or hereafter acquired by a Credit Party arising from or by virtue of any transaction related to its business;

(iv) All books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto; and

(v) All proceeds and products thereof, of whatever kind or nature from any of such collateral described in paragraphs (a)(i), (ii), (iii) and (iv) above.

As used herein, Accounts, Chattel Paper, Instruments, Documents, and General Intangibles shall have the respective meanings assigned to them in the UCC.

"Commitment" means the obligation of a Bank to make Loans in an amount not to exceed its Specified Percentage of the aggregate Borrowing Limit in effect from time to time.

"Committed Sum" means, in the aggregate, the sum of $80,000,000.00, as the same may be increased or reduced in accordance with the terms of this Agreement.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 *et seq*.), as amended from time to time, and any successor statute.

"Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of Borrower pursuant to any Loan Document or the transactions contemplated therein which is distributed to Administrative Agent or any Bank by means of electronic communications pursuant to Section 13.11(d), including through the Platform.

"Compliance Certificate" means a certificate, substantially in the form of Exhibit C attached hereto, prepared by and executed by a Responsible Officer of Borrower.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated" means in reference to any financial term herein or the determination thereof, such term determined on a consolidated basis for Borrower and the other Credit Parties in accordance with GAAP; provided, if at any time any of the Credit Parties (other than Borrower) is not a Subsidiary of Borrower, "Consolidated" shall mean, in respect of such non-Subsidiary Credit Party, such term determined on a combined basis in relation to the other Credit Parties.

"Credit Party" means Borrower and each Guarantor (other than Parent Guarantor).

"Current Financial Statements" means the financial statements of Borrower most recently submitted to Administrative Agent and dated March 31, 2015.

"Debt" means as to any Person at any time (without duplication), (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, notes, debentures, or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable of such Person arising in the ordinary course of business that are not past due by more than ninety (90) days, (d) all Capital Lease Obligations of such Person, (e) all debt or other obligations of others guaranteed by such Person; (f) all obligations secured by a Lien existing on property owned by such Person, whether or not the obligations secured thereby have been assumed by such Person or are non-recourse to the credit of such Person; (g) any other obligation for borrowed money or other financial accommodations which in accordance with GAAP would be shown as a liability on the balance sheet of such Person, (h) any repurchase obligation or liability of a Person with respect to accounts, chattel paper or notes receivable sold by such Person; (i) any liability under a sale and leaseback transaction that is not a Capital Lease Obligation, (j) any obligation arising with respect to any other transaction that is the functional equivalent of borrowing but which does not constitute a liability on the balance sheets of a Person, and (k) all reimbursement obligations of such Person (whether contingent or otherwise) in respect of letters of credit, bankers' acceptances, surety or other bonds and similar instruments.

For all purposes, the Debt of any Person shall include the Debt of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Debt is expressly made non-recourse to such Person.

"Debtor Relief Laws" means Title 11 of the United States Code, as now or hereafter in effect, or any other applicable law, domestic or foreign, as now or hereafter in effect, relating to bankruptcy, insolvency, liquidation, receivership, reorganization, assignment for the benefit of creditors, moratorium, arrangement or composition, extension or adjustment of debts, or similar Laws affecting the rights of creditors.

"Default" means an Event of Default or the occurrence of an event or condition which with notice or lapse of time or both would become an Event of Default.

"Default Interest Rate" means an interest rate equal to (i) the Base Rate *plus* (ii) the Applicable Margin, if any, applicable to a Base Rate Portion *plus* (iii) two percent (2%) per annum; *provided, however*, that with respect to a LIBOR Portion, the Default Interest Rate shall be an interest rate equal to the interest rate (including any Applicable Margin) otherwise applicable to such Portion *plus* two percent (2%) per annum, *provided, however*, in no event shall the Default Interest Rate exceed the Maximum Rate.

"Defaulting Bank" means, subject to Section 13.18(b), any Bank that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Bank notifies Administrative Agent and Borrower in writing that such failure is the result of such Bank's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to Administrative Agent or any other Bank any other amount required to be paid by it hereunder within two (2) Business Days of the date when due, (b) has notified Borrower and Administrative Agent, in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Bank's obligation to fund a Loan hereunder and states that such position is based on such Bank's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by Administrative Agent or Borrower, to confirm in writing to Administrative Agent and Borrower that it will comply with its prospective funding obligations hereunder (*provided* that such Bank shall cease to be a Defaulting Bank pursuant to this ***clause (c)*** upon receipt of such written confirmation by Administrative Agent and Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; *provided* that a Bank shall not be a Defaulting Bank solely by virtue of the ownership or acquisition of any equity interest in that Bank or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Bank with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Bank (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Bank. Any determination by Administrative Agent that a Bank is a Defaulting Bank under any one or more of ***clauses (a)*** through ***(d)*** above

shall be conclusive and binding absent manifest error, and such Bank shall be deemed to be a Defaulting Bank (subject to Section 13.18(b)) upon delivery of written notice of such determination to Borrower and each Bank.

"Dollars" and "$" mean lawful money of the United States of America.

"EBITDA" means, for any Person for any period, an amount equal to (a) net income determined in accordance with GAAP, plus (b) the sum of the following to the extent deducted in the calculation of net income: (i) interest expense; (ii) income taxes; (iii) depreciation; (iv) amortization; (v) extraordinary losses determined in accordance with GAAP; and (vi) other non-recurring expenses of such Person reducing such net income which do not represent a cash item in such period or any future period, minus (c) the sum of the following to the extent included in the calculation of net income: (i) income tax credits of such Person; (ii) extraordinary gains determined in accordance with GAAP; and (iii) all non-recurring, non-cash items increasing net income.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 13.8(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 13.8(b)(iii)).

"Eligible Tax Lien" means, a tax lien, properly perfected in accordance with applicable law, (a) on real property located in the State of Arizona, and (b) acquired, directly or indirectly, from governmental taxing authorities by a Credit Party.

"Environmental Laws" means any and all federal, state, and local laws, regulations, judicial decisions, orders, decrees, plans, rules, permits, licenses, and other governmental restrictions and requirements pertaining to health, safety, or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, *et seq*., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, *et seq*., the Occupational Safety and Health Act, 29 U.S.C. § 651, *et seq*., the Clean Air Act, 42 U.S.C. § 7401 *et seq*., the Clean Water Act, 33 U.S.C. § 1251, *et seq*., and the Toxic Substances Control Act, 15 U.S.C. § 2601, *et seq*., as the same may be amended or supplemented from time to time.

"Environmental Liabilities" means, as to any Person, all liabilities, obligations, responsibilities, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, costs, and expenses (including, without limitation, all reasonable fees, disbursements and expenses of counsel, expert and consulting fees and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand, by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, including any Environmental Law, permit, order or agreement with any Governmental Authority or other Person, arising from environmental, health or safety conditions or the Release or threatened Release of a Hazardous Material into the environment, resulting from the past, present, or future operations of such Person or its Affiliates.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any corporation or trade or business which is a member of the same controlled group of corporations (within the meaning of *Section 414(b)* of the Code) as an Obligated Party or is under common control (within the meaning of *Section 414(c)* of the Code and *Sections 414(m)* and *(o)* of the Code for purposes of the provisions relating to *Section 412* of the Code) with an Obligated Party.

"ERISA Event" means (a) a Reportable Event with respect to a Plan, (b) a withdrawal by any Obligated Party or any ERISA Affiliate from a Plan subject to *Section 4063* of ERISA during a plan year in which it was a substantial employer (as defined in *Section 4001(a)(2)* of ERISA) or a cessation of operations which is treated as such a withdrawal under *Section 4062(e)* of ERISA, (c) a complete or partial withdrawal by any Obligated Party or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization, (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under *Section 4041* or *4041A* of ERISA, or the commencement of proceedings by the PBGC to terminate a Plan or Multiemployer Plan, (e) the occurrence of an event or condition which might reasonably be expected to constitute grounds under *Section 4042* of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or Multiemployer Plan, (f) the imposition of any liability to the PBGC under Title IV of ERISA, other than for PBGC premiums due but not delinquent under *Section 4007* of ERISA, upon any Obligated Party or any ERISA Affiliate, (g) the failure of any Obligated Party or ERISA Affiliate to meet any funding obligations with respect to any Plan or Multiemployer Plan, or (h) a Plan becomes subject to the at-risk requirements in *Section 303* of ERISA and *Section 430* of the Code.

"Event of Default" has the meaning set forth in Article Ten and in any other provision hereof using the term.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the Laws of, or having its principal office or, in the case of any Bank, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Bank, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Bank with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Bank acquires such interest in such Loan or Commitment (other than pursuant to an assignment request by Borrower under Section 3.6(b)) or (ii) such Bank changes its lending office, except in each case to the extent that, pursuant to Section 3.4, amounts with respect to such Taxes were payable either to such Bank's assignor immediately before such Bank became a party hereto or to such Bank immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 3.4(g) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Existing Environmental Matters" has the meaning set forth in Section 6.13.

"Existing Litigation" has the meaning set forth in Section 6.5.

"Facility Fee" has the meaning set forth in Section 2.7.

"Facility Increase" has the meaning set forth in Section 2.12.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York, on the Business Day next succeeding such day, provided that (a) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate charged to Administrative Agent, in its capacity as a Bank, on such day on such transactions as reasonably determined by Administrative Agent in good faith.

"Fee Letter" means the separate fee letter dated as of May 8, 2015, between Borrower and Texas Capital Bank and any other fee letter among Borrower and Administrative Agent, Arranger and/or Texas Capital Bank concerning fees to be paid by Borrower in connection with this Agreement including any amendments, restatements, supplements or modifications thereof. By its execution of this Agreement, each Bank acknowledges and agrees that Administrative Agent, Arranger and/or Texas Capital Bank may elect to treat as confidential and not share with Banks any Fee Letters executed from time to time in connection with this Agreement.

"Field Audit" is defined in Section 7.13 hereof.

"Foreign Bank" means (a) if Borrower is a U.S. Person, a Bank that is not a U.S. Person, and (b) if Borrower is not a U.S. Person, a Bank that is resident or organized under the Laws of a jurisdiction other than that in which Borrower is resident for tax purposes.

"Fund" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

"Funding Indemnification" means the amount (which shall be payable on a Bank's written demand notwithstanding any contrary provision in this Agreement or in a Note) necessary to promptly compensate a Bank for, and hold it harmless from, any loss, cost or expense incurred by it as a result of:

(a) any payment or prepayment of any Advance bearing interest based upon LIBOR on a day other than the last day of the relevant LIBOR Interest Period (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or

(b) any failure by Borrower to prepay, borrow, continue or convert an Advance bearing or selected to bear interest based upon LIBOR on the date or in the amount selected by Borrower, including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such portion or from fees payable to terminate the deposits from which such funds were obtained. Borrower also shall pay any customary administrative fees charged by a Bank in connection with the foregoing. For purposes of calculation amounts payable by Borrower to a Bank hereunder, a Bank shall be deemed to have funded the Advance based upon LIBOR by a matching deposit or other borrowing in the London interbank market for a comparable amount and for a comparable period, whether or not such Advance was in fact so funded.

"GAAP" means generally accepted accounting principles, applied on a consistent basis, as set forth in opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and/or in statements of the Financial Accounting Standards Board and/or their respective successors and which are applicable in the circumstances as of the date in question. Accounting principles are applied on a "consistent basis" when the accounting principles applied in a current period are comparable in all material respects to those accounting principles applied in a preceding period.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank, tribal body or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank), and any group or body charged with setting financial accounting or regulatory capital rules or standards (including without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

"Guarantor" means each of (a) Parent Guarantor and (b) the entities listed on Annex A hereto, and each of their respective successors and assigns.

"Guaranty" means written guaranties of each of the Guarantors in favor of Administrative Agent, in form and substance satisfactory to Administrative Agent, as the same may be amended, modified, restated, renewed, replaced, extended, supplemented or otherwise changed from time to time.

"Hazardous Material" means any substance, product, waste, pollutant, material, chemical, contaminant, constituent, or other material which is or becomes listed, regulated, or addressed under any Environmental Law, including, without limitation, asbestos, petroleum, and polychlorinated biphenyls.

"Inchoate Lien" means any Tax Lien for Taxes not yet due and payable and any mechanic's Lien and materialman's Lien for services or materials for which payment is not yet due.

"Increase Effective Date" has the meaning set forth in Section 2.12.

"Indebtedness" means all present and future indebtedness, obligations, and liabilities, including all direct and contingent obligations arising under letters of credit, banker's acceptances, bank guaranties and similar instruments, net obligations under any swap contract, overdrafts, Automated Clearing House obligations, and all other financial accommodations which could be considered a liability under GAAP, and all renewals, extensions, and modifications thereof, or any part thereof, now or hereafter owed to a Bank by Borrower, and all interest accruing thereon and costs, expenses, and reasonable attorneys' fees incurred in the enforcement or collection thereof, regardless of whether such indebtedness, obligation, and liabilities are direct, indirect, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, including, but not limited to, the indebtedness, obligations, and liabilities evidenced, secured, or arising pursuant to any of the Loan Documents and all renewals and extensions thereof, or any part thereof, and all present and future amendments thereto.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Borrower under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Information" has the meaning set forth in Section 13.21.

"Interest Coverage Ratio" means, in respect of a Person and as of the last day of any computation, the ratio, tested at the Closing Date and quarterly thereafter beginning June 30, 2015, and calculated on a trailing 12-month basis, of (x) Consolidated Adjusted EBITDA to (y) Consolidated interest expense (excluding, however, the earnings from Note Receivables and Eligible Tax Liens sold in any Securitization Event). The test at the Closing Date will be based upon actual results for the quarters ended September 30, 2014, December 31, 2014, and March 31, 2015, multiplied by 4/3 (i.e. annualized).

"Interest Period" means (a) with respect to any LIBOR Portion, the period commencing on the date such Portion becomes a LIBOR Portion (whether by the making of a Loan or its continuation or conversion) and ending on the numerically corresponding day in the calendar month that is one (1), two (2) or three (3) months thereafter, as Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a LIBOR Portion that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, and (b) with respect to any Base Rate Advance, the period beginning on the date the Advance is made or continued as a Base Rate Advance, and continuing daily thereafter.

"Investments" has the meaning set forth in Section 8.6.

"IRS" means the Internal Revenue Service or any entity succeeding to all or any of its functions.

"Laws" means, collectively, all international, foreign, federal, state, provincial and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administrative thereof by any Governmental Authority charged with the enforcement, interpretation or administrative thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Lending Office" means, as to any Bank, the office or offices of such Bank described as such in such Bank's Administrative Questionnaire, or such other office or offices as a Bank may from time to time notify Borrower and Administrative Agent.

"Liabilities" means, at any particular time, all amounts which in conformity with GAAP, would be included as liabilities on a balance sheet of a Person.

"LIBOR" means:

(a) with respect to each Interest Period, the rate per annum for deposits for the same term in United States Dollars that appears on Thomson Reuters ICE Benchmark Administration Limited LIBOR Rates Page (or the successor thereto if ICE Benchmark Administration Limited is no longer making a LIBOR rate available) at approximately 11:00 a.m., London, England time, on the related LIBOR Determination Date. If such rate does not appear on such screen or service, or such screen or service shall cease to be available, then LIBOR shall be determined by Administrative Agent to be the offered rate on such other screen or service that displays an average Interest Settlement Rate for deposits in United States Dollars (for delivery on the first day of such Interest Period) for a term equivalent to such Interest Period as of 11:00 a.m. on the relevant LIBOR Determination Date. If the rates referenced in the two (2) preceding sentences are not available, then LIBOR for the relevant Interest Period will be determined by such alternate method as is reasonably selected by Administrative Agent; and

(b) for any interest calculation with respect to a Loan that bears interest based on the Base Rate on any date, the rate per annum for deposits in United States Dollars that appears on Thomson Reuters ICE Benchmark Administration Limited LIBOR Rates Page (or the successor thereto if ICE Benchmark Administration Limited is no longer making a LIBOR rate available) at approximately 11:00 a.m., London, England time, on the related LIBOR Determination Date for a term of one (1) month commencing on the date of calculation. If such rate does not appear on such screen or service, or such screen or service shall cease to be available, then LIBOR shall be determined by Administrative Agent to be the offered rate on such other screen or service that displays an average Interest Settlement Rate for deposits in United States Dollars (for delivery on such date of calculation) for a term of one (1) month as of 11:00 a.m. on the relevant LIBOR Determination Date. If the rates referenced in the two (2) preceding sentences are not available, then LIBOR for a term of one (1) month will be determined by such alternate method as is reasonably selected by Administrative Agent.

"LIBOR Advance" means an Advance bearing interest at the LIBOR Rate.

"LIBOR Determination Date" means a day that is two (2) Business Days prior to the beginning of the relevant Interest Period or prior to the applicable date, as applicable.

"LIBOR Interest Payment Date" means, for any LIBOR Advance, the last day of its Interest Period and, if such Advance has an Interest Period longer than three months, the day that occurs three months after the first day of its Interest Period.

"LIBOR Rate" means, with respect to any Portion for any Interest Period or day, as applicable, an interest rate per annum equal to LIBOR for such Interest Period or day multiplied by the Statutory Reserve Rate plus the Applicable Margin. The amount of interest on a LIBOR Rate basis will be computed on the basis of a 360-day year (calculated on the basis of actual days elapsed).

"LIBOR Reserve Percentage" means the reserve requirement, if any, including any supplemental and emergency reserves (expressed as a percentage), applicable to member banks of the Federal Reserve System in respect of "eurocurrency liabilities" under Regulation D of the Board of Governors of the Federal Reserve System, or any substituted or amended reserve requirement hereafter applicable to member banks of the Federal Reserve System.

"Lien" means any lien, security interest, Tax lien, mechanic's lien, materialman's lien, or other encumbrance, whether arising by contract or under Law.

"Litigation" means any proceeding, claim, lawsuit, and/or investigation conducted or threatened by or before any Tribunal, including, but not limited to, proceedings, claims, lawsuits, and/or investigations under or pursuant to any environmental, occupational safety and health, antitrust, unfair competition, securities, Tax, or other Law, or under or pursuant to any agreement, document, or instrument.

"Loan Documents" mean this Agreement, the Notes, the Guaranty, the Security Agreement, and any and all other agreements, documents, and instruments executed and delivered pursuant to the terms of this Agreement, and any future amendments hereto, or restatements hereof, or pursuant to the terms of any of the other loan documents, together with any and all renewals, extensions, and restatements of, and amendments and modifications to, any such agreements, documents, and instruments.

"Loan Rate" means (a) in the case of a Base Rate Advance, the Base Rate, as it may vary from day to day and (b) in the case of a LIBOR Advance, the LIBOR Rate.

"Loan" and "Loans" mean the Revolving Loan made pursuant to this Agreement.

"London Interbank Market" means the buying and selling of dollar deposits payable by financial institutions located in London between Administrative Agent and other financial institutions in the ordinary course of Administrative Agent's business.

"Majority Banks" means the Banks in the aggregate having greater than fifty and one tenth percent (50.1%) of the Specified Percentage. The Specified Percentage of any Defaulting Bank shall be disregarded in determining Majority Banks at any time.

"Material Adverse Effect" means any set of circumstances or event which (a) could reasonably be expected to have any adverse effect whatsoever upon the validity, performance, or enforceability of any Loan Document, (b) is or could reasonably be expected to become material and adverse to the financial condition, properties, or business operations of the Person in question, or (c) could reasonably be expected to impair the ability of the Person in question to fulfill its obligations under the terms and conditions of the Loan Documents.

"Maturity Date" means May 8, 2018.

"Maximum Lawful Rate" means the maximum non-usurious rate of interest (or, if the context so requires, an amount calculated at such rate) which Banks are allowed to contract for, charge, take, reserve, or receive in this transaction under applicable federal or state (whichever is higher) Law from time to time in effect after taking into account, to the extent required by applicable federal or state (whichever is higher) Law from time to time in effect, any and all relevant payments or charges under the Loan Documents.

"Midland Credit Management" means Midland Credit Management, Inc., a Kansas corporation.

"Multiemployer Plan" means a multiemployer plan defined as such in *Section 3(37)* of ERISA to which contributions are being made or have been made by, or for which there is an obligation to make by or there is any liability, contingent or otherwise, with respect to an Obligated Party or any ERISA Affiliate and which is covered by Title IV of ERISA.

"Net Income" of any Person means that Person's profit or loss determined in accordance with GAAP.

"Non-Consenting Bank" means any Bank that does not approve any consent, waiver or amendment that (a) requires the approval of all affected Banks in accordance with the terms of Section 12.10 and (b) has been approved by the Required Banks.

"Non-Defaulting Bank" means, at any time, each Bank that is not a Defaulting Bank at such time.

"Note" means each promissory note of Borrower evidencing Advances hereunder, and "Notes" means collectively any outstanding Note of Borrower evidencing Advances hereunder.

"Notes Receivable" means the promissory notes, negotiable instruments and other writings that (a) evidence a right to the payment of a monetary obligation payable to a Credit Party, whether now owned or hereafter made, originated or acquired by a Credit Party and (b) are secured by a lien and security interest in real property located in an Approved Notes Receivable State (with such lien and security interest having been properly perfected in accordance with applicable law).

"Obligated Party" means Borrower, any Guarantor or any other Person who is or becomes party to any agreement that guarantees or secures payment and performance of the Indebtedness and/or Obligations or any part thereof.

"Obligations" means (i) any indebtedness or liabilities created or evidenced pursuant to this Agreement, including, but not limited to the Notes, and all of the covenants, conditions, warranties, representations and other obligations (other than to repay the Indebtedness) made or undertaken by Borrower or any Obligated Party as set forth in the Loan Documents and (ii) any and all obligations, contingent or otherwise, whether now existing or hereafter arising in connection with any Swap Agreements between Borrower and any Bank.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.6).

"Organizational Documents" means (a) in the case of a corporation, its articles or certificate of incorporation and bylaws, (b) in the case of a general partnership, its partnership agreement, (c) in the case of a limited partnership, its certificate of limited partnership and partnership agreement, (d) in the case of a limited liability company, its articles of organization and operating agreement or regulations, and (e) in the case of any other entity, its organizational and governance documents and agreements.

"Parent Guarantor" means Encore Capital Group, Inc., a Delaware corporation, and its successors and assigns.

"Parent Guarantor's Compliance Certificate" means a certificate, substantially in the form of Exhibit D attached hereto, prepared by and executed by a Responsible Officer of Parent Guarantor.

"Parent Guarantor's Existing Credit Agreement" means that certain Second Amended Credit Agreement dated as of February 25, 2014 by and among Encore Capital Group, Inc., the financial institutions listed on the signature pages thereof and SunTrust Bank, as collateral agent and as administrative agent thereunder (as amended, restated, supplemented or otherwise

modified from time to time). Parent Guarantor's Existing Credit Agreement shall include any future credit agreements or arrangements between Parent Guarantor and other lenders, the proceeds of which are used to pay off Parent Guarantor's Existing Credit Agreement.

"Parent Guarantor's Lender" means SunTrust Bank and its successor and assigns under Parent Guarantor's Existing Credit Agreement.

"Participant" means any Person (other than a natural Person, a Defaulting Bank, or Borrower or any of Borrower's Affiliates or Subsidiaries or any other Obligated Party) to which a participation is sold by any Bank in all or a portion of such Bank's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it).

"Participant Register" means a register in the United States on which each Bank that sells a participation enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents.

"Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56, signed into law October 26, 2001).

"Payment Date" means (a) in respect of each Base Rate Portion, the first day of each and every calendar month during the term of this Agreement and the Maturity Date, and (b) in respect of each LIBOR Portion, the last day of each Interest Period applicable to such LIBOR Portion (or the day that is three months after the first day of such Interest Period if such Interest Period has a length of more than three (3) months) and the Maturity Date.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to all or any of its functions under ERISA.

"Permitted Businesses" mean those businesses in which the Credit Parties were engaged as of the Closing Date.

"Permitted Liens" means all (a) Inchoate Liens, (b) Liens created by or pursuant to the Loan Documents in favor of a Bank, (c) all Liens described in Schedule Three, and all renewals and extensions of the foregoing.

"Person" means any individual, firm, corporation, association, partnership, joint venture, trust, other entity, or a Tribunal.

"Plan" means any employee benefit or other plan, other than a Multiemployer Plan, established or maintained by, or for which there is an obligation to make contributions by or there is any liability, contingent or otherwise with respect to Borrower or any ERISA Affiliate and which is covered by Title IV of ERISA or subject to *Section 412* of the Code.

"Platform" means Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system.

"Portion" means any principal amount of any Loan bearing interest based upon the Base Rate or LIBOR.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by Texas Capital Bank as its prime rate in effect at its Principal Office; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective. Such rate is set by Texas Capital Bank as a general reference rate of interest, taking into account such factors as Texas Capital Bank may deem appropriate; it being understood that many of Texas Capital Bank's commercial or other loans are priced in relation to such rate, that it is not necessarily the lowest or best rate actually charged to any customer and that Texas Capital Bank may make various commercial or other loans at rates of interest having no relationship to such rate.

"Principal Balance" means the aggregate unpaid principal balance of the Notes at the time in question.

"Principal Office" means the principal office of Administrative Agent.

"Prohibited Transaction" means any transaction set forth in *Section 406* of ERISA or *Section 4975* of the Code for which a statutory or administrative exemption is not available.

"Propel Acquisition" means Propel Acquisition, LLC, a Delaware limited liability company.

"Pro Rata" means, as to any Bank, in accordance with its percentage of the aggregate amount of outstanding Advances; provided however, that if no Advances are outstanding, such term means, for any Bank, in accordance with its Specified Percentage.

"Ratable" means, as to any Bank, in accordance with its Specified Percentage.

"Recipient" means Administrative Agent and any Bank, as applicable.

"Register" means a register for the recordation of the names and addresses of Banks, and the Commitments of, and principal amounts of the Loans owing to, each Bank pursuant to the terms hereof from time to time.

"Regulatory Change" means any change after the date hereof in federal, state or foreign Law (including the introductions of any new Law) or the adoption or making after such date of any interpretations, directives, or requests of or under any federal, state or foreign Law (whether or not having the force of Law) *by any* Tribunal charged with the interpretation or administration thereof, applying to a class of banks including any Bank in any Advances, excluding, however, any such change which results in an adjustment of the LIBOR Reserve Percentage and the effect of which is reflected in a change in the LIBOR Rate as provided in the definition of such term.

"Release" means, as to any Person, any release, spill, emissions, leaking, pumping, injection, deposit, disposal, disbursement, leaching, or migration of Hazardous Materials into the

indoor or outdoor environment or into or out of property owned by such Person, including, without limitation, the movement of Hazardous Materials through or in the air, soil, surface water, ground water, or property.

"Remedial Action" means all actions required to (a) clean up, remove, treat, or otherwise address Hazardous Materials in the indoor or outdoor environment, (b) prevent the Release or threat of Release or minimize the further Release of Hazardous Materials so that they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, or (c) perform pre-remedial studies and investigations and post-remedial monitoring and care.

"Resignation Effective Date" has the meaning set forth in Section 12.6(a).

"Responsible Officer" means the chief executive officer, president, chief financial officer, or treasurer of an Obligated Party or any Person designated by a Responsible Officer to act on behalf of a Responsible Officer; provided that such designated Person may not designate any other Person to be a Responsible Officer. Any document delivered hereunder that is signed by a Responsible Officer of an Obligated Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Person and such Responsible Officer shall be conclusively presumed to have acted on behalf of Obligated Party.

"Revolving Loan" means the $80,000,000.00 revolving line of credit loan made pursuant to this Agreement.

"Revolving Note" means, individually and collectively, the following:

(a) the Revolving Promissory Note dated as of the Closing Date, in the original principal amount of $24,000,000.00, executed by Borrower and payable to the order of TCB, and all amendments, extensions, renewals, replacements, increases, and modifications thereof;

(b) the Revolving Promissory Note dated as of the Closing Date, in the original principal amount of $18,000,000.00, executed by Borrower and payable to the order of BOT, and all amendments, extensions, renewals, replacements, increases, and modifications thereof;

(c) the Revolving Promissory Note dated as of the Closing Date, in the original principal amount of $16,000,000.00, executed by Borrower and payable to the order of City Bank, and all amendments, extensions, renewals, replacements, increases, and modifications thereof;

(d) the Revolving Promissory Note dated as of the Closing Date, in the original principal amount of $12,000,000.00, executed by Borrower and payable to the order of Lone Star, and all amendments, extensions, renewals, replacements, increases, and modifications thereof; and

(f) the Revolving Promissory Note dated as of the Closing Date, in the original principal amount of $10,000,000.00, executed by Borrower and payable to the order of Green Bank, and all amendments, extensions, renewals, replacements, increases, and modifications thereof.

"RICO" means the Racketeer Influenced and Corrupt Organization Act of 1970.

"Rights" mean any remedies, powers, and privileges exercisable by Administrative Agent or a Bank under the Loan Documents, at Law, equity, or otherwise.

"SDN List" has the meaning set forth in Section 6.14.

"Section" and "Sections" have the meanings set forth in Section 1.5.

"Securitization Event" means a full or partial securitization of a portfolio of Notes Receivable or Eligible Tax Liens.

"Security Agreement" means each Security Agreement executed by a Credit Party in favor of Administrative Agent, in form and substance satisfactory to Administrative Agent, as the same may be amended, restated, supplemented or modified from time to time.

"Specified Percentage" means, as to any Bank, for Advances made to Borrower out of the Committed Sum and the definition of "Majority Banks", the percentage as agreed among the Administrative Agent and the Banks, initially as described on Schedule One hereto.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one (1) and the denominator of which is the number one (1) minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board of Governors to which Administrative Agent is subject with respect to the LIBOR Rate, for eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board of Governors). Such reserve percentages shall include those imposed pursuant to such Regulation D. LIBOR Portions shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Bank under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subordinated Debt" means all Debt of Borrower whether now existing or hereafter incurred which is subordinate in right of payment to the Indebtedness, pursuant to a written agreement in form and content satisfactory to Administrative Agent.

"Subsidiary(ies)" means any entity more than fifty percent (50%) of whose ownership interest now or hereafter is owned directly or indirectly by Borrower or any Subsidiary or may be voted by Borrower or any Subsidiary.

"Swap Agreement" means any agreement between the Borrower and any Person with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or combination of these transactions.

"Taxes" means all taxes (including withholding), assessments, fees, levies, imposts, duties, deductions, withholdings, or other charges of any nature whatsoever from time to time or at any time imposed by any Laws or by any Tribunal, excluding state and local sales and use taxes.

"Texas Capital Bank" means Texas Capital Bank, National Association, a national banking association, and its successors and assigns.

"Tribunal" means any state, commonwealth, federal, foreign, territorial or other court or government body, subdivision, agency, department, commission, board, bureau or instrumentality of a governmental body.

"Tribunal Proceedings" has the meaning set forth in Section 6.4.

"Type" means, with respect to a Portion, its character as a LIBOR Portion or a Base Rate Portion.

"UCC" means Chapters 1 through 11 of the Texas Business and Commerce Code.

"Unfunded Pension Liability" means the excess, if any, of (a) the funding target as defined under *Section 430(d)* of the Code without regard to the special at-risk rules of *Section 430(i)* of the Code, over (b) the value of plan assets as defined under *Section 430(g)(3)(A)* of the Code determined as of the last day of each calendar year, without regard to the averaging which may be allowed under *Section 430(g)(3)(B)* of the Code and reduced for any prefunding balance or funding standard carryover balance as defined and provided for in *Section 430(f)* of the Code.

"Unpaid Judgments" has the meaning set forth in Section 6.5.

"Unused Commitment" means the Committed Sum minus outstanding Advances made to Borrower.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning specified in Section 3.4(g)(ii)(B)(3).

"Withholding Agent" means each of Borrower and Administrative Agent.

1.2 *Accounting Matters*.

(a) *Generally*. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing any audited financial statements required herein, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant)

contained herein, Debt of Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 on financial liabilities shall be disregarded.

(b) *Changes in GAAP*. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth herein, and either Borrower or the Majority Banks shall so request, Administrative Agent, Banks and Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Majority Banks); *provided* that, until so amended, (A) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (B) Borrower shall provide to Administrative Agent and the Banks financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

1.3 *ERISA Matters*. If, after the date hereof, there shall occur, with respect to ERISA, the adoption of any applicable law, rule, or regulation, or any change therein, or any change in the interpretation or administration thereof by the PBGC or any other Governmental Authority, then either Borrower or the Majority Banks may request a modification to this Agreement solely to preserve the original intent of this Agreement with respect to the provisions hereof applicable to ERISA, and the parties to this Agreement shall negotiate in good faith to complete such modification.

1.4 *Headings*. The headings, captions, and arrangements used in any of the Loan Documents are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify, or modify the terms of the Loan Documents no to affect the meaning thereof.

1.5 *Other Definitional Provisions*. All definitions contained in this Agreement are equally applicable to the singular and plural forms of the terms defined. The words "hereof", "herein", and "hereunder" and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear. Terms used herein that are defined in the UCC, unless otherwise defined herein, shall have the meanings specified in the UCC. Any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document). Any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time. Words denoting gender shall be construed to include the masculine, feminine and neuter, when such construction is appropriate; and specific enumeration shall not exclude the general but shall be constructed as cumulative; the word "*or*" is not exclusive; the word "*including*" (in its various forms) means "*including, without limitation*"; in the computation of periods of time, the word "*from*" means "*from and including*" and the words "*to*" and "*until*"

mean "*to but excluding*"; and all references to money refer to the legal currency of the United States of America.

1.6 *Number and Gender of Words*. Whenever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate. Reference herein of Borrower shall mean, jointly and severally, each Person comprising same.

1.7 Interpretative Provision. For purposes of Article Ten, a breach of a financial covenant contained in Article Nine shall be deemed to have occurred as of any date of determination thereof by Borrower, the Majority Banks or as of the last date of any specified measurement period, regardless of when the financial statements or the Compliance Certificate reflecting such breach are delivered to Administrative Agent.

1.8 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to central time (daylight or standard, as applicable).

Article Two

Commitment to Lend, Terms of Payment

2.1 *Advances*.

(a) *Revolving Loan*. Subject to and upon the terms, covenants, and conditions of this Agreement, each Bank severally agrees to make one or more Advances of the Revolving Loan to Borrower for Approved Purposes until the Maturity Date in an aggregate outstanding amount at any one time not to exceed the product of such Bank's Specified Percentage times the Borrowing Limit. The initial Advance of the Revolving Loan shall be made and used by Borrower to refinance existing indebtedness of Borrower incurred by Borrower for Approved Purposes. Within the limit of the Borrowing Limit, Borrower may borrow, repay, and reborrow at any time and from time to time from the Closing Date to the earlier of (a) the Maturity Date, or (b) the termination of a Bank's Commitment hereunder. If, by virtue of payments made on a Note, the principal amount owed on the Note during its term reaches zero at any point, Borrower agrees that all of the Collateral and all of the Loan Documents shall remain in full force and effect to secure any Advances made thereafter, and such Bank shall be fully entitled to rely on all of the Collateral and all of the Loan Documents unless an appropriate release of all or any part of the Collateral or all or any part of the Loan Documents has been executed by such Bank. The Principal Balance of the Revolving Loan may not exceed the Borrowing Limit at any time.

(b) *Loan Rate*. Each Advance shall be at the Loan Rate as specified in the related notice of borrowing, conversion or continuation and subject to the provisions below. The Loan Rate is subject to change, but Borrower may select, subject to the terms and conditions set forth below, a Loan Rate based upon either a LIBOR Rate or the Base Rate for the entire principal amount of the Advance then outstanding or a portion thereof. The Loan Rate applicable to each advance may change due to the quarterly determination of the LIBOR Portion and Base Rate Portion, in accordance with the definitions thereof and based on the Cash Flow Leverage Ratio as reflected in

the then most recent Compliance Certificate. Adjustments, if any, to the LIBOR Portion and/or Base Rate Portion shall be effective on the earlier of (i) the date the Compliance Certificate is due pursuant to Section 7.1(f) below or (ii) the day after Administrative Agent receives the Compliance Certificate.

2.2 *Borrowing Procedure*.

(a) Advances. Each Advance, each conversion, and each continuation shall be made upon Borrower's irrevocable notice to Administrative Agent, which may be given by telephone. Each such notice must be received by Administrative Agent not later than 11:00 a.m. (i) three (3) Business Days prior to the requested date of any borrowing of, conversion to or continuation of a LIBOR Advance or of any conversion of a LIBOR Advance to a Base Rate Advance, and (ii) on the requested date of any borrowing of a Base Rate Advance. Each telephonic notice by Borrower pursuant to this Section 2.2(a) must be confirmed promptly by delivery to Administrative Agent of a written Borrowing Request, appropriately completed and signed by a Responsible Officer of Borrower. Each borrowing of, conversion to or continuation of a LIBOR Advance shall be in a principal amount of $1,000,000 or a whole multiple of $100,000 in excess thereof. Each borrowing of or conversion to a Base Rate Advance shall be in a principal amount of $250,000 or a whole multiple of $50,000 in excess thereof. Each Borrowing Request (whether telephonic or written) shall specify (i) whether Borrower is requesting a borrowing, a conversion, or a continuation, (ii) the requested date of the borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of the Advance to be borrowed, converted or continued, (iv) the Type of Portions to be borrowed or to which existing Portions are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If Borrower fails to specify a Type of Portion in a Borrowing Request or if Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Portions shall be made as, or converted to, Base Rate Portions. Any such automatic conversion to Base Rate Portions shall be effective as of the last day of the Interest Period then in effect with respect to the applicable LIBOR Portions. If Borrower requests a Borrowing of, conversion to, or continuation of a LIBOR Portion in any such Borrowing Request, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one (1) month.

(b) Funding. Following receipt of a Borrowing Request, Administrative Agent shall promptly notify each Bank of the amount of its Applicable Percentage of the applicable Portions, and if no timely notice of a conversion or continuation is provided by Borrower, Administrative Agent shall notify each Bank of the details of any automatic conversion to Base Rate Portions as described in Section 2.1(c). Each Bank shall make the amount of its Loan available to Administrative Agent in immediately available funds at Administrative Agent's Principal Office not later than 1:00 p.m. on the Business Day specified in the applicable Borrowing Request. Upon satisfaction of the applicable conditions set forth in Section 5.2 (and, if such Borrowing is the initial Credit Extension, Section 5.1), Administrative Agent shall make all funds so received available to Borrower in like funds as received by Administrative Agent either by (i) crediting the account of Borrower on the books of Texas Capital Bank with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) Administrative Agent by Borrower.

(c) Continuations and Conversions. Except as otherwise provided herein, a LIBOR Portion may be continued or converted only on the last day of an Interest Period for such LIBOR Portion. During the existence of an Event of Default, (i) no Loans may be requested as, converted to or continued as LIBOR Portions without the consent of the Majority Banks and (ii) unless repaid, each LIBOR Portion shall be converted to a Base Rate Portion at the end of the Interest Period applicable thereto.

(d) Notifications. Administrative Agent shall promptly notify Borrower and Banks of the interest rate applicable to any Interest Period for LIBOR Portions upon determination of such interest rate. At any time that Base Rate Portions are outstanding, Administrative Agent shall notify Borrower and Banks of any change in the Prime Rate used in determining the Base Rate promptly following the public announcement of such change.

(e) Interest Periods. After giving effect to all Borrowings, all conversions of Portions from one Type to the other, and all continuations of Portions as the same Type, there shall not be more than eight (8) Interest Periods in effect with respect to LIBOR Portions.

2.3 *Payments*. Interest only on the advance and unpaid principal balance of each of the Revolving Notes shall be due and payable on each Payment Date. On the Maturity Date, the accrued unpaid interest and unpaid principal balance of each of the Revolving Notes shall be due and payable in full.

2.4 *Purpose of Loans*. Borrower represents that the proceeds of the Loans will be used only for Approved Purposes.

2.5 *Application*. Except as expressly provided herein to the contrary, all payments on the Obligations under the Loan Documents shall be applied in the following order of priority: (i) the payment or reimbursement of any expenses, costs or obligations (other than the outstanding principal thereof and interest thereon) for which Borrower shall be obligated or Administrative Agent or any Bank shall be entitled pursuant to the provisions of this Agreement, the Notes or the other Loan Documents; (ii) the payment of accrued but unpaid interest thereon; and (iii) the payment of all or any portion of the principal balance thereof then outstanding hereunder as directed by Borrower. If an Event of Default exists under this Agreement, the Notes or under any of the other Loan Documents, any such payment shall be applied as provided in Section 11.3 below.

2.6 *Fees*. Borrower agrees to pay to Administrative Agent and Arranger, for the account of Administrative Agent, Arranger and each Bank, as applicable, fees, in the amounts and on the dates set forth in the Fee Letter.

2.7 *Facility Fee*. Borrower agrees to pay to Administrative Agent, for the Ratable account of the Banks, an unused facility fee (the "Facility Fee"), payable quarterly in arrears beginning June 30, 2015, and continuing regularly on the last day of each calendar quarter thereafter through and including the Maturity Date, in an amount equal to the Applicable Facility Fee Percentage set forth in the definition of "Applicable Margin", on a per annum basis (based on a 360 day year and the actual number of days elapsed) on the daily average unused amount of the Committed Sum. The Facility Fee shall be determined in accordance with the provisions of the

preceding sentence and based on the Cash Flow Leverage Ratio as reflected in the then most recent Compliance Certificate. Adjustments, if any, to the Facility Fee shall be effective on the earlier of (i) the date the Compliance Certificate is due pursuant to Section 6.1(e) below or (ii) the day after Administrative Agent receives the Compliance Certificate. For the purpose of calculating the Facility Fee, the Committed Sum shall be deemed utilized by the average daily amount of all Advances outstanding during such period. The Facility Fee shall be allocated to the holders of the Notes in accordance with their respective Specified Percentages.

2.8 *Interest Rate; Swap Agreements*.

(a) Borrower shall pay interest on the principal amount of each Base Rate Advance at the Base Rate (but in no event higher than the Maximum Lawful Rate), payable in arrears on the last Business Day of each calendar month. Borrower shall pay interest on the principal amount of each LIBOR Advance at the applicable LIBOR Rate (but in no event higher than the Maximum Lawful Rate), payable in arrears on each LIBOR Interest Payment Date. During the continuance of an Event of Default, each Advance and all other amounts due and owing under the Loan Documents shall bear interest at the Default Interest Rate (but in no event higher than the Maximum Lawful Rate), payable on demand.

(b) Borrower shall have the right to enter into a Swap Agreement (in the form of the ISDA® 2002 Master Agreement or any subsequent revised or successor form thereto) in order to minimize the impact of interest rate fluctuations over the term of such Advances; provided, however, that (i) any such Swap Agreements shall be based upon a LIBOR Rate; (ii) any such Swap Agreements must be exercisable by either Borrower or a Bank on the Maturity Date of such Advances and (iii) nothing contained in this Agreement shall be construed to require Borrower to enter into Swap Agreement with a Bank.

2.9 *Repayment*.

(a) Borrower may prepay Aggregate Advances in part or in full without penalty before final maturity (but subject to Section 3.5 hereof), upon notice to Administrative Agent (if telephonic, to be confirmed by telecopy or in writing before the date of prepayment), not later than 10:00 a.m. (Dallas, Texas time) one (1) Business Day before the date of prepayment, which notice shall specify the Aggregate Advance being prepaid, and the amount and date of prepayment, whether by cash, a new loan, renewal or otherwise. Prepayment in full shall consist of payment of the remaining unpaid principal balance together with all accrued and unpaid interest and all other amounts, costs and expenses for which Borrower is responsible under a Note (including Funding Indemnification) or any other agreement with a Bank pertaining to a Loan, and in no event will Borrower ever be required to pay any unearned interest.

(b) Unless Borrower shall otherwise notify Administrative Agent (if telephonic, to be confirmed by telecopy or in writing before the applicable date), not later than 11:00 a.m. (Dallas, Texas time) one (1) Business Day before any Advance is required to be repaid on the last day of its Interest Period pursuant to this sub-section, an Aggregate Advance bearing interest at the Base Rate shall be made by Banks to Borrower on such date in the amount of all Advances to Borrower then

maturing, and the proceeds of such Aggregate Advance shall be used to repay all such maturing Advances.

(c) In no event shall the amount of outstanding Advances made to Borrower exceed the Borrowing Base. Borrower shall immediately repay the principal amount of such Advances equal to any such excess (subject to Section 3.5 hereof).

(d) Each prepayment hereunder shall be accompanied by all interest accrued on the principal amount being prepaid, together with any amounts set forth under Section 3.5 hereof incurred in connection with such prepayment. Unless otherwise specified by Borrower, each prepayment shall be applied first to outstanding Base Rate Advances. All telephonic notices under this Section shall be made to Craig A. Dixon at (210) 390-3808 by facsimile at (210) 390-3777, or such other person as Administrative Agent may from time to time specify.

2.10 *Payments*.

(a) General. All payments of principal, interest, and other amounts to be made by Borrower under this Agreement and the other Loan Documents shall be made to Administrative Agent for the account of the pro rata accounts of the applicable Banks, as applicable, at the Principal Office in Dollars and immediately available funds, without setoff, deduction, or counterclaim, and free and clear of all taxes at the time and in the manner provided herein. Payments by check or draft shall not constitute payment in immediately available funds until the required amount is actually received by Administrative Agent in full. Payments in immediately available funds received by Administrative Agent in the place designated for payment on a Business Day prior to 11:00 a.m. at such place of payment shall be credited prior to the close of business on the Business Day received, while payments received by Administrative Agent on a day other than a Business Day or after 11:00 a.m. on a Business Day shall not be credited until the next succeeding Business Day. If any payment of principal or interest on the Notes shall become due and payable on a day other than a Business Day, then such payment shall be made on the next succeeding Business Day. Any such extension of time for payment shall be included in computing interest which has accrued and shall be payable in connection with such payment. Administrative Agent is hereby authorized upon notice to Borrower to charge the account of Borrower maintained with Administrative Agent for each payment of principal, interest and fees as it becomes due hereunder.

(b) Funding by Banks; Presumption by Administrative Agent. Unless Administrative Agent shall have received notice from a Bank, that such Bank will not make available to Administrative Agent such Bank's share of a Borrowing, Administrative Agent may assume that such Bank has made such share available on such date in accordance with this Agreement and may, in reliance upon such assumption, make available to Borrower a corresponding amount. In such event, if a Bank has not in fact made its share of the applicable Borrowing available to Administrative Agent, then the applicable Bank and Borrower severally agree to pay to Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to Borrower to but excluding the date of payment to Administrative Agent, at (i) in the case of a payment to be made by such Bank, the greater of the Federal Funds Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation, and (ii) in the case of a payment to be made by Borrower,

the interest rate applicable to the applicable Borrowing. If Borrower and such Bank shall pay such interest to Administrative Agent for the same or an overlapping period, Administrative Agent shall promptly remit to Borrower the amount of such interest paid by Borrower for such period. If such Bank pays its share of the applicable Borrowing to Administrative Agent, then the amount so paid shall constitute such Bank's Loan. Any payment by Borrower shall be without prejudice to any claim Borrower may have against a Bank that shall have failed to make such payment to Administrative Agent.

(c) Payments by Borrower; Presumption by Administrative Agent. Unless Administrative Agent shall have received notice from Borrower prior to the date on which any payment is due to Administrative Agent for the account of the applicable Banks hereunder that Borrower will not make such payment, Administrative Agent may assume that Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the applicable Banks the amount due. In such event, if Borrower has not in fact made such payment, then each applicable Bank severally agrees to repay to Administrative Agent forthwith on demand the amount so distributed to such Bank, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation.

(d) Computations. All computations of interest and fees hereunder shall be made on the following basis: (i) for Base Rate Advances, other than those based on the Federal Funds Rate, on the basis of a 365/366 day year, (ii) for Base Rate Advances on a Federal Funds Effective Rate on a 360 day year, and (iii) for LIBOR Rate Advances on a 360 day year, for the actual number of days (including the first day but excluding the last day) occurring in the period for which such fees or interest is payable. All payments under the Loan Documents shall be made in United States dollars, and without setoff, counterclaim, or other defense.

(e) Business Day. Whenever any payment to be made hereunder or under any other Loan Documents shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall be included in the computation of interest or fees, if applicable. Notwithstanding the foregoing, if any payment relating to a LIBOR Advance falls due on a day that is not a Business Day and no further Business Day occurs in that calendar month, then the due date thereof shall be the preceding Business Day.

2.11 *Uncommitted Increase in the Committed Sum*.

(a) Request for Increase. Provided there exists no Default, upon notice to Administrative Agent (which shall promptly notify the Banks), Borrower may on a one-time basis, request an increase in the aggregate Committed Sum by an amount not exceeding $20,000,000 (the "Facility Increase"); *provided* that any such request for an increase shall be in a minimum amount of $10,000,000 (and shall be in integral multiples of $1,000,000 if in excess thereof); provided, such amount may be less than $10,000,000 if such amount represents all remaining availability under the Facility Increase. At the time of sending such notice, Borrower (in consultation with Administrative Agent) shall specify the time period within which each Bank is requested to respond

(which shall in no event be less than ten (10) Business Days from the date of delivery of such notice to the Banks).

(b) Bank Elections to Increase. Each Bank shall notify Administrative Agent within such time period whether or not it agrees to increase its Commitment and, if so, whether by an amount equal to, greater than, or less than its Applicable Percentage of such requested increase. Any Bank not responding within such time period shall be deemed to have declined to increase its Commitment.

(c) Notification by Administrative Agent; Additional Banks. Administrative Agent shall notify Borrower and each Bank of the Banks' responses to each request made hereunder. To achieve the full amount of a requested increase and subject to the approval of Administrative Agent (which approval shall not be unreasonably withheld), Borrower may also invite additional Eligible Assignees to become Banks hereunder pursuant to a joinder agreement in form and substance satisfactory to Administrative Agent and its counsel.

(d) Effective Date and Allocations. If the Commitments are increased in accordance with this Section, Administrative Agent and Borrower shall determine the effective date (the "Increase Effective Date") and the final allocation of such increase. Administrative Agent shall promptly notify Borrower and the Banks of the final allocation of such increase and the Increase Effective Date.

(e) Conditions to Effectiveness of Increase. As a condition precedent to such increase, Borrower shall deliver to Administrative Agent a certificate of each Obligated Party dated as of the Increase Effective Date (in sufficient copies for each Bank) signed by a Responsible Officer of such Obligated Party (x) certifying and attaching the resolutions adopted by such Obligated Party approving or consenting to such increase, and (y) in the case of Borrower, certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in Article Six and the other Loan Documents are true and correct on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Section 2.11, the representations and warranties contained in *subsections (a)* and *(b)* of Section 7.1 shall be deemed to refer to the most recent statements furnished pursuant to *subsections (a)* and *(b)*, respectively, of Section 7.1, and (B) no Default exists. Borrower shall prepay any Loans outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to Section 3.5) to the extent necessary to keep the outstanding Loans ratable with any revised Applicable Percentages arising from any nonratable increase in the Commitments under this Section. Borrower shall pay to Administrative Agent, for the ratable account of the Banks, an additional origination fee in an amount equal to 0.50% [50 bps] of the Facility Increase.

(f) Conflicting Provisions. This Section shall supersede any provisions in Section 13.10 or Section 13.19 to the contrary.

Article Three

Taxes, Yield Protection and Indemnity

3.1 *Increased Costs*.

(a) *Increased Costs Generally*. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Bank (except any reserve requirement reflected in the LIBOR Rate);

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in *clauses (b)* through *(d)* of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Bank or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Bank;

and the result of any of the foregoing shall be to increase the cost to such Bank or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to reduce the amount of any sum received or receivable by such Bank or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Bank or other Recipient, Borrower will pay to such Bank or other Recipient, as the case may be, such additional amount or amounts as will compensate such Bank or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital or Liquidity Requirements*. If any Bank determines that any Change in Law affecting such Bank or any lending office of such Bank or such Bank's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Bank's capital or on the capital of such Bank's holding company, if any, as a consequence of this Agreement, the Commitments of such Bank or the Loans made by such Bank, to a level below that which such Bank or such Bank's holding company could have achieved but for such Change in Law (taking into consideration such Bank's policies and the policies of such Bank's holding company with respect to capital adequacy and liquidity), then from time to time Borrower will pay to such Bank such additional amount or amounts as will compensate such Bank or such Bank's holding company for any such reduction suffered.

(c) *Certificates for Reimbursement*. A certificate of a Bank setting forth the amount or amounts necessary to compensate such Bank or its holding company, as the case may be, as specified in Sections 3.1(a) or (b) and delivered to Borrower, shall be conclusive absent manifest error. Borrower shall pay such Bank the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) *Delay in Requests*. Failure or delay on the part of any Bank to demand compensation pursuant to this Section 3.1 shall not constitute a waiver of such Bank's right to demand such compensation; *provided* that Borrower shall not be required to compensate a Bank pursuant to this

Section 3.1 for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Bank notifies Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine (9) -month period referred to above shall be extended to include the period of retroactive effect thereof).

3.2 *Illegality*. If any Bank determines in good faith that any law or regulation has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Bank or its Lending Office to make, maintain or fund Loans whose interest is determined by reference to LIBOR, or to determine or charge interest rates based upon LIBOR, or any Governmental Authority has imposed material restrictions on the authority of such Bank to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Bank to Borrower through Administrative Agent, (i) any obligation of such Bank to make or continue LIBOR Portions or to convert Base Rate Portions to LIBOR Portions shall be suspended, and (ii) if such notice asserts the illegality of such Bank making or maintaining Base Rate Portions the interest rate on which is determined by reference to the LIBOR component of the Base Rate, the interest rate on which Base Rate Portions of such Bank shall, if necessary to avoid such illegality, be determined by Administrative Agent without reference to the LIBOR component of the Base Rate, in each case until such Bank notifies Administrative Agent and Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) Borrower shall, upon demand from such Bank (with a copy to Administrative Agent), either prepay or convert all LIBOR Portions of such Bank to Base Rate Portions (the interest rate on which Base Rate Loans of such Bank shall, if necessary to avoid such illegality, be determined by Administrative Agent without reference to the LIBOR component of the Base Rate), either on the last day of the Interest Period therefor, if such Bank may lawfully continue to maintain such LIBOR Portions to such day, or immediately, if such Bank may not lawfully continue to maintain such LIBOR Portions and (y) if such notice asserts the illegality of such Bank determining or charging interest rates based upon LIBOR, Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Bank without reference to the LIBOR component thereof until Administrative Agent is advised in writing by such Bank that it is no longer illegal for such Bank to determine or charge interest rates based upon the LIBOR. Upon any such prepayment or conversion, Borrower shall also pay accrued interest on the amount so prepaid or converted.

3 . 3 *Inability to Determine Rates*. If (a) Administrative Agent or the Majority Banks determine that for any reason in connection with any request for a LIBOR Portion or a conversion to or continuation thereof that (i) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such LIBOR Portion, (ii) adequate and reasonable means do not exist for determining LIBOR for any requested Interest Period with respect to a proposed LIBOR Portion or in connection with an existing or proposed Base Rate Portion, or (iii) LIBOR for any requested Interest Period with respect to a proposed LIBOR Portion does not adequately and fairly reflect the cost to such Banks of funding such LIBOR Portion, or (b) by reason of any Change in Law any Bank would become subject to restrictions on the amount of a category of liabilities or assets which it may hold and notifies Administrative Agent of same, Administrative Agent will promptly so notify Borrower and each Bank. Thereafter, (x) the obligation of Banks to make or maintain LIBOR Portions shall be suspended, and (y) in the event

of a determination described in the preceding sentence with respect to the LIBOR component of the Base Rate, the utilization of the LIBOR component in determining the Base Rate shall be suspended, in each case until Administrative Agent (upon the instruction of the Majority Banks) revokes such notice. Upon receipt of such notice, Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of LIBOR Portions or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Portions in the amount specified therein.

3.4 *Taxes*.

(a) *Defined Terms*. For purposes of this Section, the term "applicable law" includes FATCA.

(b) *Payment Free of Taxes*. Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 3.4) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) *Payment of Other Taxes by Borrower*. Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) *Indemnification by Borrower*. Borrower shall indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.4) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by a Bank (with a copy to Administrative Agent), or by Administrative Agent on its own behalf or on behalf of a Bank, shall be conclusive absent manifest error.

(e) *Indemnification by Banks*. Each Bank shall severally indemnify Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Bank (but only to the extent that Borrower has not already indemnified Administrative Agent for such Indemnified Taxes and without limiting the obligation of Borrower to do so), (ii) any Taxes attributable to such Bank's failure to comply with the provisions of Section 13.8 relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Bank, in each case, that are payable or paid by Administrative Agent in connection with any Loan Document,

and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Bank by Administrative Agent shall be conclusive absent manifest error. Each Bank hereby authorizes Administrative Agent to set off and apply any and all amounts at any time owing to such Bank under any Loan Document or otherwise payable by Administrative Agent to such Bank from any other source against any amount due to Administrative Agent under this Section 3.4(e).

(f) *Evidence of Payments*. As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority pursuant to this Section 3.4, Borrower shall deliver to Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Administrative Agent.

(g) *Status of Banks*.

(i) Any Bank that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Borrower and Administrative Agent, at the time or times reasonably requested by Borrower or Administrative Agent, such properly completed and executed documentation reasonably requested by Borrower or Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Bank, if reasonably requested by Borrower or Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrower or Administrative Agent as will enable Borrower or Administrative Agent to determine whether or not such Bank is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two (2) sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.4(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in such Bank's reasonable judgment such completion, execution or submission would subject such Bank to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Bank.

(ii) Without limiting the generality of the foregoing, in the event that Borrower is a U.S. Person,

(A) any Bank that is a U.S. Person shall deliver to Borrower and Administrative Agent on or prior to the date on which such Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Administrative Agent), executed copies of IRS Form W-9 certifying that such Bank is exempt from U.S. federal backup withholding tax;

(B) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to Borrower and Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the

reasonable request of Borrower or Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Bank claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Bank claiming the benefits of the exemption for portfolio interest under *Section 881(c)* of the Code, (x) a certificate substantially in the form of Exhibit E-1 to the effect that such Foreign Bank is not a "*bank*" within the meaning of *Section 881(c)(3)(A)* of the Code, a "10 percent shareholder" of Borrower within the meaning of *Section 881(c)(3)(B)* of the Code, or a "*controlled foreign corporation*" described in *Section 881(c)(3)(C)* of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN or W-8BEN-E; or

(4) to the extent a Foreign Bank is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-2 or Exhibit E-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; *provided* that if the Foreign Bank is a partnership and one or more direct or indirect partners of such Foreign Bank are claiming the portfolio interest exemption, such Foreign Bank may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-4 on behalf of each such direct and indirect partner;

(C) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to Borrower and Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrower or Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Bank under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in *Section 1471(b)* or *1472(b)* of the Code, as applicable), such Bank shall deliver to Borrower and Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by Borrower or Administrative Agent such documentation prescribed by applicable law (including as prescribed by *Section 1471(b)(3)(C)(i)* of the Code) and such additional documentation reasonably requested by Borrower or Administrative Agent as may be necessary for Borrower and Administrative Agent to comply with their obligations under FATCA and to determine that such Bank has complied with such Bank's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this *clause (D)*, "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Bank agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower and Administrative Agent in writing of its legal inability to do so.

(h) *Treatment of Certain Refunds*. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.4 (including by the payment of additional amounts pursuant to this Section 3.4), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 3.4 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 3.4(h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 3.4(h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 3.4(h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 3.4(h) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) *Survival*. Each party's obligations under this Section 3.4 shall survive the resignation or replacement of Administrative Agent or any assignment of rights by, or the replacement of, a Bank, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

3.5 *Compensation for Losses*. Upon demand of any Bank (with a copy to Administrative Agent and which demand shall set forth the basis for requesting such amounts) from time to time, Borrower shall promptly compensate such Bank for and hold such Bank harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any LIBOR Portion on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or

(b) any failure by Borrower (for a reason other than the failure of such Bank to lend a LIBOR Portion) to prepay, borrow, continue or convert any LIBOR Portion on the date or in the amount notified by Borrower; or

(c) any assignment of a LIBOR Portion on a day other than the last day of the Interest Period therefor as a result of a request by Borrower pursuant to Section 3.6(b);

including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained but excluding loss of anticipated profits. Borrower shall also pay any customary administrative fees charged by such Bank in connection with the foregoing.

For purposes of calculating amounts payable by Borrower to the Banks under this ***Section 3.5***, each Bank shall be deemed to have funded each LIBOR Portion made by it at the LIBOR Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such LIBOR Portion was in fact so funded.

3.6 *Mitigation of Obligations; Replacement of Banks.*

(a) *Designation of a Different Lending Office*. If any Bank requests compensation under Section 3.1, or requires Borrower to pay any Indemnified Taxes or additional amounts to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 3.4, then such Bank shall (at the request of Borrower) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Bank, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.1 or Section 3.4, as the case may be, in the future, and (ii) would not subject such Bank to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Bank. Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Bank in connection with any such designation or assignment.

(b) *Replacement of Banks*. If any Bank requests compensation under Section 3.1, or if Borrower is required to pay any Indemnified Taxes or additional amounts to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 3.4 and, in each case, such Bank has declined or is unable to designate a different lending office in accordance with Section 3.6(a), or if any Bank is a Defaulting Bank or a Non-Consenting Bank, then Borrower may, at its sole

expense and effort, upon notice to such Bank and Administrative Agent, require such Bank to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 13.8), all of its interests, rights (other than its existing rights to payments pursuant to Section 3.1 or Section 3.4) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Bank, if a Bank accepts such assignment); *provided* that:

(i) Borrower shall have paid to Administrative Agent the assignment fee (if any) specified in Section 13.8;

(ii) such Bank shall have received payment of an amount equal to the Outstanding Amount of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.5) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 3.1 or payments required to be made pursuant to Section 3.4, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable law; and

(v) in the case of any assignment resulting from a Bank becoming a Non-Consenting Bank, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Bank shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Bank or otherwise, the circumstances entitling Borrower to require such assignment and delegation cease to apply.

3.7 *Survival*. All of Borrower's obligations under this Article Three shall survive termination of the Commitments, repayment of all other Obligations hereunder, and resignation of Administrative Agent.

Article Four

Collateral

4.1 *Security Interests*. In order to secure payment and performance of the Indebtedness and Obligations, each Credit Party has granted to Administrative Agent a security interest in the Collateral by each executing and delivering to Administrative Agent a Security Agreement.

4.2 *Other Documents*. Borrower further agrees that it shall, and shall cause each other Credit Party to, execute and deliver to Administrative Agent from time to time such other assignments, transfers, security agreements and similar documents covering the Collateral and further authorizes Administrative Agent to prepare and file such financing statements as

Administrative Agent may reasonably require to perfect and maintain its perfected interest in the Collateral.

4 . 3 *Setoff*. If an Event of Default exists, Administrative Agent and each Bank shall have the right to set off against the Obligations under the Loan Documents, at any time and without notice to Borrower, any and all deposits (general or special, time or demand, provisional or final) or other sums at any time credited by or owing from Administrative Agent or such Bank to Borrower whether or not the Obligations under the Loan Documents are then due; *provided* that in the event that any Defaulting Bank shall exercise any such right of setoff: (a) all amounts so set off shall be paid over immediately to Administrative Agent for further application in accordance with the provisions of Section 13.19 and, pending such payment, shall be segregated by such Defaulting Bank from its other funds and deemed held in trust for the benefit of Administrative Agent and Banks; and (b) such Defaulting Bank shall provide promptly to Administrative Agent a statement describing in reasonable detail the Obligations under the Loan Documents owing to such Defaulting Bank as to which it exercised such right of setoff. Each amount set off shall be paid to Administrative Agent for application to the Obligations under the Loan Documents in the order set forth in *Section 10.3*. As further security for the Obligations, Borrower hereby grants to Administrative Agent and each Bank a security interest in all money, instruments, and other Property of Borrower now or hereafter held by Administrative Agent or such Bank, including, without limitation, Property held in safekeeping. In addition to Administrative Agent's and each Bank's right of setoff and as further security for the Obligations, Borrower hereby grants to Administrative Agent and each Bank a security interest in all deposits (general or special, time or demand, provisional or final) and other accounts of Borrower now or hereafter on deposit with or held by Administrative Agent or such Bank and all other sums at any time credited by or owing from Administrative Agent or such Bank to Borrower. The rights and remedies of Administrative Agent and each Bank hereunder are in addition to other rights and remedies (including, without limitation, other rights of setoff) which Administrative Agent or such Bank may have.

Article Five

Conditions Precedent to Lending

5 . 1 *Initial Extension of Credit*. The obligation of each Bank to make its initial Advance under any Note is subject to the condition precedent that Administrative Agent shall have received all of the following, each dated (unless otherwise indicated or otherwise specified by Administrative Agent) the Closing Date, in form and substance satisfactory to Administrative Agent:

(a) *Credit Agreement*. Executed counterparts of this Agreement, sufficient in number for distribution to Administrative Agent, each Bank and Borrower;

(b) *Representations*. The representations and warranties with respect to the Credit Parties and Parent Guarantor contained in the Loan Documents are true and correct as of the time the Advance is to be made, and the request for an Advance shall constitute the representation and warranty by each of the Credit Parties and Parent Guarantor that such representations and warranties are true and correct at such time;

(c) *No Event of Default*. On the date of, and upon receipt of, the Advance, no Event of Default, and no event which, with the lapse of time or notice or both, could reasonably be expected to become an Event of Default, shall have occurred and be continuing;

(d) *Advance Request*. Administrative Agent has received a Borrowing Request in the form required by Administrative Agent, as well as, in the case of the initial Advance hereunder, such other documents, opinions, certificates, agreements, instruments and evidences as Administrative Agent may reasonably request;

(e) *Resolutions*. Resolutions and consents of each Credit Party and Parent Guarantor certified by the custodian of records of such Person which authorize the execution, delivery, and performance by such of this Agreement and the other Loan Documents to which such Person is or is to be a party;

(f) *Incumbency Certificate*. A certificate of incumbency certified by an authorized officer or representative certifying the names of the individuals or other Persons authorized to sign this Agreement and the other Loan Documents to which each Credit Party and Parent Guarantor is or is to be a party together with specimen signatures of such Persons;

(g) *Organizational Documents*. The Organizational Documents for each Credit Party and Parent Guarantor as of a date acceptable to Administrative Agent;

(h) *Governmental Certificates*. Certificates of the appropriate government officials of the state of incorporation or organization as to the existence and good standing of each Credit Party and Parent Guarantor, each dated within ten (10) days prior to the date of the Advance;

(i) *Notes*. Notes payable to the order of each Bank in the maximum principal amount of each such Bank's Specified Percentage of the Committed Sum, which Notes shall be duly executed, with all blanks appropriately completed.

(j) *Security Documents*. The Loan Documents which create a Lien in and on the Collateral in favor of Administrative Agent executed by the owner of the Collateral;

(k) *Financing Statements*. UCC financing statements reflecting Borrower and the other Credit Parties, as debtors, and Administrative Agent, as secured party, which are required to grant a Lien which secures the Obligations and covering such Collateral as Administrative Agent may request;

(l) *Lien Searches*. The results of UCC, tax lien and judgment lien searches showing all financing statements and other documents or instruments on file against Borrower and each other Credit Party in the appropriate filing offices, such search to be as of a date no more than thirty (30) days prior to the date of the initial Credit Extension, and reflecting no Liens against any of the intended Collateral other than (i) Liens being released or assigned to Administrative Agent concurrently with the initial Credit Extension and (ii) Liens set forth on Schedule Three;

(m) *Guaranty*. The Guaranty executed by each of the Guarantors;

(n) *Fee Letter*. The Fee Letter executed by and between Borrower and Administrative Agent;

(o) *Fees*. Borrower has paid the closing or other fees to Administrative Agent then due and payable;

(p) *Attorneys' Fees and Expenses*. Evidence that the costs and expenses (including reasonable attorneys' fees) referred to in this Agreement, to the extent invoiced, shall have been paid in full by Borrower;

(q) *Opinion Letter*. In the case of the initial Advance hereunder, Administrative Agent shall have received an opinion of counsel to the Credit Parties and Parent Guarantor in form and content acceptable to Administrative Agent; and

(r) *Additional Items*. In the case of the initial Advance hereunder, Administrative Agent, on behalf of itself and the Banks, shall have received such other approvals, documents, opinions and certificates as it may reasonably request, including without limitation, the additional items set forth on Schedule Two.

For purposes of determining compliance with the conditions set forth in this Section 5.1, each Bank that has signed this Agreement shall be deemed to have consented to, approved or accepted or be satisfied with, each document or other matter required thereunder to be consented to or approved by or be acceptable or satisfactory to a Bank unless Administrative Agent shall have received notice from such Bank prior to the proposed Closing Date specifying its objection thereto.

5.2 *All Extensions of Credit*. The obligation of each Bank to make any Advance hereunder (including the initial Credit Extension) is subject to the following additional conditions precedent:

(a) *Request for Advance*. Administrative Agent shall have received in accordance with this Agreement, a Borrowing Request executed by a Responsible Officer of Borrower;

(b) *No Event of Default*. No Event of Default shall have occurred and be continuing, or would result from or after giving effect to such Advance;

(c) *No Material Adverse Effect*. No Material Adverse Effect shall have occurred and no circumstance shall exist that could have a Material Adverse Effect, in each case, with respect to Borrower or to Borrower and its Subsidiaries, taken as a whole;

(d) *Representations and Warranties*. All of the representations and warranties contained in Article Six and in the other Loan Documents shall be true and correct on and as of the date of such Borrowing with the same force and effect as if such representations and warranties had been made on and as of such date;

(e) *Governmental Certificates*. If reasonably requested by Administrative Agent, certificates of the appropriate government officials of the state of incorporation or organization as

to the existence and good standing of each Credit Party and Parent Guarantor, each dated within ten (10) days prior to the date of the Advance;

(f) *Additional Documentation*. Administrative Agent shall have received such additional approvals, opinions, or documents as Administrative Agent or its legal counsel may reasonably request prior to such advance; and

(g) *Availability*. After giving effect to the Advance so requested, the outstanding principal amount of the Loans shall not exceed the lesser of (i) the Borrowing Base in effect as of the date of such Advance and (ii) the aggregate Commitments of the Banks in effect as of the date of such Advance.

Each Advance hereunder shall be deemed to be a representation and warranty by Borrower that the conditions specified in this Section 5.2 have been satisfied on and as of the date of the applicable Advance.

Article Six

Representations and Warranties

Borrower, except as set forth on Schedule Three, represents and warrants to Administrative Agent and each of the Banks as follows:

6.1 *Existence*. Borrower is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Texas, and is duly qualified to transact business in each jurisdiction where the nature and extent of its business and property requires the same, except in jurisdictions where the failure to be so qualified could not be reasonably expected to have a Material Adverse Effect. Parent Guarantor is a corporation duly formed and validly existing under the laws of the State of Delaware, and is duly qualified to transact business in each jurisdiction where the nature and extent of its business and property requires the same, except in jurisdictions where the failure to be so qualified could not be reasonably expected to have a Material Adverse Effect. Each Guarantor other than Parent Guarantor is an entity of the type specified on Annex A duly formed and validly existing under the laws of the jurisdiction specified on Annex A, and is duly qualified to transact business in each jurisdiction where the nature and extent of its business and property requires the same, except in jurisdictions where the failure to be so qualified could not be reasonably expected to have a Material Adverse Effect.

6.2 *Authorization*. Each Credit Party possesses all requisite authority, power, licenses, permits, and franchises to conduct its business and execute, deliver, and comply with the terms of the Loan Documents. The execution and delivery of this Agreement, the consummation of the transactions herein contemplated and compliance with the terms and provisions hereof, the making of the Loans, and the execution, issuance, and delivery of the Loan Documents have been duly authorized and approved by all necessary entity action on the part of each Credit Party.

6.3 *Properties; Permitted Liens*. Each Credit Party has good and marketable title to the Collateral, subject to no Liens except the Permitted Liens. All material leases under which any Credit Party is lessee are in full force and effect, and such Credit Party is not in default thereunder.

6.4 *Compliance with Laws and Documents*. No Credit Party is, nor will the execution, delivery, and performance of and compliance with the terms of the Loan Documents cause any Credit Party to be, in violation of any Laws or in default (nor has any event occurred which, with notice or lapse of time or both, could constitute such a default) under any contract in any respect which could have a Material Adverse Effect on the Credit Parties taken as a whole. During the past five (5) years, there have been no proceedings, claims, or (to Borrower's knowledge) investigations against or involving any Credit Party by any Tribunal under or pursuant to any environmental, occupational safety and health, antitrust, unfair competition, securities, or other Laws which could have a Material Adverse Effect on the Credit Parties taken as a whole, except those described on Schedule Three attached hereto (the "Tribunal Proceedings").

6.5 *Litigation*. Except for Litigation in which a Credit Party is exclusively a plaintiff without a counterclaim, crossclaim, or similar action asserted against Borrower and except as set forth on Schedule Three attached hereto (the "Existing Litigation"), Borrower is not involved in, nor is any Credit Party aware of the threat of, any Litigation which could have a Material Adverse Effect on the Credit Parties taken as a whole, and there are no outstanding or unpaid judgments against any Credit Party except as described on Schedule Three attached hereto (the "Unpaid Judgments").

6.6 *Taxes*. All federal, state, foreign, and other Tax returns of each Credit Party required to be filed have been filed, all federal, state, foreign, and other Taxes imposed upon Borrower which are due and payable have been paid, and no material amounts of Taxes not reflected on such returns are payable by such Credit Party, other than Taxes being contested in good faith by appropriate legal proceedings.

6.7 *Enforceability of Loan Documents*. All Loan Documents when duly executed and delivered by each Credit Party will constitute legal, valid, and binding obligations of such Credit Party enforceable in accordance with their terms subject to Debtor Relief Laws and except that the availability of equitable remedies may be limited.

6.8 *Financial Statements*. All financial statements of the Credit Parties heretofore and hereafter to be delivered to Administrative Agent have been and shall continue to be prepared in accordance with GAAP (subject to the absence of notes for interim financial statements), and do and shall fairly represent the financial condition of the applicable Credit Party as of the date of each such financial statement (subject to reasonable year end adjustments for interim financial statements). There are and shall be no material liabilities, direct or indirect, fixed or contingent, as of the date of each such financial statement which are not reflected therein or in the notes thereto. Except for transactions directly related to, or specifically contemplated by, this Agreement and transactions heretofore disclosed in writing to Administrative Agent, there has been no material adverse change in the financial condition of the Credit Parties as shown by the Current Financial Statements for the applicable Credit Party between the date of such Current Financial Statements and the date hereof, nor has the applicable Credit Party incurred any material liability, direct or

indirect, fixed, or contingent, except as otherwise disclosed to and approved in writing by Administrative Agent.

6.9 *Regulation U*. The proceeds of the Advances are not and will not be used directly or indirectly for the purpose of purchasing or carrying, or for the purpose of extending credit to others for the purpose of purchasing or carrying, any "margin stock" as that term is defined in Regulation U of the Board of Governors of the Federal Reserve System.

6.10 *Subsidiaries*. The Credit Parties have no Subsidiaries as of the date of this Agreement except those described on Schedule Three attached hereto.

6.11 *Other Debt*. Except as described on Schedule Three attached hereto, no Credit Party is directly, indirectly, or contingently obligated with respect to any Debt as of the Closing Date. To the best of Borrower's knowledge and belief, no Credit Party is in default in the payment of the principal of or interest on any Debt.

6.12 *Regulatory Acts*. None of the Credit Parties are an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or is subject to regulation under the Public Utility Holding Act of 1935, the Federal Power Act, the Interstate Commerce Act, or any other Law (other than Regulation X of the Board of Governors of the Federal Reserve System) which regulates the incurring by Borrower or any other Credit Party of debt, including, but not limited to, Laws regulating common or contract carriers or the sale of electricity, gas, steam, water, or other public utility serves.

6.13 *Environmental Matters*. Except as fully described and set forth in Schedule Three attached hereto (the "Existing Environmental Matters"), to the best knowledge of Borrower after due inquiry:

(a) Each Credit Party and all of its respective properties, assets, and operations are in full compliance with all Environmental Laws. Borrower is not aware of nor has Borrower received notice of any past, present, or future conditions, events, activities, practices or incidents which may interfere with or prevent the compliance or continued compliance of each Credit Party and their respective Subsidiaries with all Environmental Laws;

(b) Each Credit Party has obtained all permits, licenses, and authorizations that are required under applicable Environmental Laws, and all such permits are in good standing and each Credit Party is in compliance with all of the terms and conditions of such permits;

(c) No Hazardous Materials (except in nominal amount) exist on, about, or within or have been used, generated, stored, transported, disposed of on, or Released from any of the properties or assets of any Credit Party. The use which each Credit Party makes and intends to make of its properties and assets will not result in the use, generation, storage, transportation, accumulation, disposal, or Release of any Hazardous Material on, in, or from any of their properties or assets;

(d) Neither Borrower nor any other Credit Party nor any of their currently or previously owned or leased properties or operations is subject to any outstanding or threatened order from or

agreement with any Tribunal or other Person or subject to any judicial or docketed administrative proceeding with respect to (i) failure to comply with Environmental Laws, (ii) Remedial Action, or (iii) any Environmental Liabilities arising from a Release or threatened Release;

(e) There are no conditions or circumstances associated with the currently or previously owned or leased properties or operations of any Credit Party that could reasonably be expected to give rise to any Environmental Liabilities;

(f) No Credit Party has filed or failed to file any notice required under applicable Environmental Law reporting a Release; and

(g) No Lien arising under any Environmental Law has attached to any property or revenues of any Credit Party.

6.14 *Foreign Assets Control Regulations and Anti-Money Laundering*. Each Obligated Party and each Subsidiary of each Obligated Party is and will remain in compliance in all material respects with all United States economic sanctions Laws, Executive Orders and implementing regulations as promulgated by OFAC, and all applicable anti-money laundering and counter-terrorism financing provisions of the Bank Secrecy Act and all regulations issued pursuant to it. No Obligated Party and no Subsidiary or Affiliate of any Obligated Party (a) is a Person designated by the United States government on the list of the Specially Designated Nationals and Blocked Persons (the "SDN List") with which a United States Person cannot deal with or otherwise engage in business transactions, (b) is a Person who is otherwise the target of United States economic sanction Laws such that a United States Person cannot deal or otherwise engage in business transactions with such Person, or (c) is controlled by (including without limitation by virtue of such person being a director or owning voting shares or interests), or acts, directly or indirectly, for or on behalf of, any person or entity on the SDN List or a foreign government that is the target of United States economic sanctions prohibitions such that the entry into, or performance under, this Agreement or any other Loan Document would be prohibited under United States law.

6.15 *Patriot Act*. The Obligated Parties, each of their Subsidiaries, and each of their Affiliates are in compliance with (a) the Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B Chapter V, as amended), and all other enabling legislation or executive order relating thereto, (b) the Patriot Act, and (c) all other federal or state Laws relating to "know your customer" and anti-money laundering rules and regulations. No part of the proceeds of any Loan will be used directly or indirectly for any payments to any government official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977.

6.16 *Approvals*. No authorization, approval, or consent of, and no filing or registration with, any Governmental Authority or third party is or will be necessary for the execution, delivery, or performance by Borrower or any other Obligated Party of this Agreement and the other Loan Documents to which such Person is or may become a party or the validity or enforceability thereof, except (a) such as have been obtained and (b) for any filings and recordings with respect to the

Collateral to be made, or otherwise delivered to Administration Agent for filing and/or recordation, as of the Closing Date.

6.17 *ERISA*. Each Plan that is intended to qualify under *Section 401(a)* of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the knowledge of Borrower, nothing has occurred which would prevent, or cause the loss of, such qualification. No application for a funding waiver or an extension of any amortization period pursuant to *Section 412* of the Code has been made with respect to any Plan. There are no pending or, to the knowledge of Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan. There has been no Prohibited Transaction or violation of the fiduciary responsibility rules with respect to any Plan. No ERISA Event has occurred or is reasonably expected to occur. No Plan has any Unfunded Pension Liability. No Obligated Party or ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Plan (other than premiums due and not delinquent under *Section 4007* of ERISA). No Obligated Party or ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under *Section 4219* of ERISA, would result in such liability) under *Section 4201* or *4243* of ERISA with respect to a Multiemployer Plan. No Obligated Party or ERISA Affiliate has engaged in a transaction that could be subject to *Section 4069* or *4212(c)* of ERISA.

6.18 *Disclosure*. No statement, information, report, representation, or warranty made by Borrower or any other Obligated Party in this Agreement or in any other Loan Document or furnished to Administrative Agent or any Bank in connection with this Agreement or any of the transactions contemplated hereby contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to Borrower which is a Material Adverse Effect with respect to Borrower or to Borrower and its Subsidiaries, taken as a whole, or which could be expected to be a Material Adverse Effect with respect to Borrower or to Borrower and its Subsidiaries, taken as a whole, that has not been disclosed in writing to Administrative Agent and each Bank.

6.19 *Agreements*. Neither Borrower nor any of its Subsidiaries is a party to any indenture, loan, or credit agreement, or to any lease or other agreement or instrument, or subject to any charter or corporate or other organizational restriction, in each case which could reasonably be expected to result in a Material Adverse Effect. Neither Borrower nor any of its Subsidiaries is in default in any respect in the performance, observance, or fulfillment of any of the obligations, covenants, or conditions contained in any agreement or instrument material to its business to which it is a party which could reasonably be expected to result in a Material Adverse Effect.

6.20 *Solvency*. Each of Borrower and each Obligated Party is Solvent and have not entered into any transaction with the intent to hinder, delay or defraud a creditor.

6.21 *Security Documents*. The provisions of the Security Documents are effective to create in favor of Administrative Agent for the benefit of the Banks a legal, valid and enforceable Lien (subject to Permitted Liens) on all right, title and interest of the respective Credit Parties party thereto in the Collateral. Except for filings completed prior to the Closing Date and as contemplated

hereby and by the Security Documents, no filing or other action will be necessary to perfect such Liens in Collateral.

6.22 *Labor Matters*. There are no labor controversies pending, or to the best knowledge of Borrower, threatened against Borrower or any of its Subsidiaries which could reasonably be expected to result in a Material Adverse Effect.

6.23 *Material Agreements*. Schedule Three sets forth a complete and correct list of all agreements in effect or to be in effect on the Closing Date and on the date of each update thereof required hereunder, to the extent that a default, breach, termination or other impairment thereof could reasonably be expected to cause a Material Adverse Effect.

6.24 *General*. There is no significant material adverse fact or condition relating to the financial condition and business of Borrower or of Borrower and its Subsidiaries, taken as a whole, or the Collateral, which has not been related in writing to Administrative Agent, and all writings heretofore or hereafter exhibited, made, or delivered to Administrative Agent by or on behalf of Borrower are and will be genuine and in all respects what they purport and appear to be.

Article Seven

Certain Affirmative Covenants

So long as a Bank is committed to make Advances hereunder, and thereafter until payment and performance in full of the Indebtedness and Obligations, Borrower covenants and agrees that:

7.1 *Reporting Requirements*. Borrower shall provide to Administrative Agent and/or cause each of the Guarantors to provide to Administrative Agent:

(a) *Annual Financial Statements*. Within one hundred twenty (120) days after the last day of each fiscal year of Borrower, beginning with the fiscal year that ends December 31, 2015, audited consolidated financial statements showing the financial position and results of operations of the Credit Parties as of, and for the year ended on, such last day, together with (i) the unqualified opinion of such certified public accountant that such financial statements present fairly, in all material respects, the financial position of the Credit Parties as of the last day of such fiscal year and the results of operations and the cash flow of the Credit Parties for the fiscal year then ended in conformity with GAAP and with no exceptions, inconsistencies, or uncertainties described or disclosed therein; and (ii) the certificate of a Responsible Officer of the Credit Parties that all of such financial statements present fairly the financial position of the Credit Parties as of the last day of such fiscal year and the results of the operations and the cash flow of the Credit Parties for the fiscal year then ended in conformity with GAAP. Each such financial statement shall contain at least a balance sheet of the Credit Parties as at the end of such fiscal year and statements of income, cash flow, retained earnings, and contingent liabilities.

(b) *Monthly Financial Statements of Borrower*. Within forty-five (45) days after the last day of each calendar month, internally prepared consolidated financial statements (including, but not necessarily limited to, balance sheets and a related statement of income), showing the

financial position and results of operations of the Credit Parties as of and for such calendar month and for the period from the beginning of the current fiscal year to the last day of such calendar month, which present fairly the financial position of the Credit Parties as of the last day of such periods in conformity with GAAP (except as to reasonable year end adjustments and the absence of notes with respect to interim financial statements) and otherwise in form and content and containing such detail and description as Administrative Agent may reasonably require.

(c) *Annual Financial Statements of Parent Guarantor*. Within one hundred twenty (120) days after the last day of each fiscal year of Parent Guarantor, beginning with the fiscal year that ends December 31, 2015, audited financial statements showing the financial position and results of operations of Parent Guarantor as of, and for the year ended on, such last day, together with (i) the unqualified opinion of such certified public accountant that such financial statements present fairly, in all material respects, the financial position of Parent Guarantor as of the last day of such fiscal year and the results of operations and the cash flow of Parent Guarantor for the fiscal year then ended in conformity with GAAP and with no exceptions, inconsistencies, or uncertainties described or disclosed therein; and (ii) the certificate of a Responsible Officer of Parent Guarantor that all of such financial statements present fairly the financial position of Parent Guarantor as of the last day of such fiscal year and the results of the operations and the cash flow of Parent Guarantor for the fiscal year then ended in conformity with GAAP. Each such financial statement shall contain at least a balance sheet of Parent Guarantor as at the end of such fiscal year and statements of income, cash flow, retained earnings, and contingent liabilities.

(d) *Quarterly Financial Statements of Parent Guarantor*. Within forty-five (45) days after the last day of each calendar quarter, internally prepared financial statements (including, but not necessarily limited to, balance sheets and a related statement of income), showing the financial position and results of operations of Parent Guarantor as of and for such calendar month and for the period from the beginning of the current fiscal year to the last day of such calendar month, which present fairly the financial position of Parent Guarantor as of the last day of such periods in conformity with GAAP (except as to reasonable year end adjustments and the absence of notes with respect to interim financial statements) and otherwise in form and content and containing such detail and description as Administrative Agent may reasonably require.

(e) *Borrowing Base Certificate*. Within thirty (30) days after the last day of each calendar month a Borrowing Base Certificate as of the end of such month. The Borrowing Base Certificate shall be in the form of Exhibit B attached hereto or in such other form as Administrative Agent may reasonably require.

(f) *Borrower Quarterly Compliance Certificate*. Within forty-five (45) days after the last day of each fiscal quarter, commencing with the quarter ending June 30, 2015, a certificate of a Responsible Officer of Borrower (i) stating that to the best of such Person's knowledge, no Event of Default has occurred and is continuing, or if an Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which is proposed to be taken with respect thereto, and (ii) showing in reasonable detail the calculations demonstrating compliance with Article Eight. The Compliance Certificate shall be in the form of Exhibit C attached hereto or in such other form as Administrative Agent may reasonably require.

(g) *Parent Guarantor Quarterly Compliance Certificate*. Within forty-five (45) days after the last day of each fiscal quarter (60 days in the in the case of the last fiscal quarter of each fiscal year) , commencing with the quarter ending June 30, 2015, a certificate of a Responsible Officer of Parent Guarantor (i) stating that to the best of such Person's knowledge, no event of default under Parent Guarantor's Existing Credit Agreement has occurred and is continuing, or if an event of default has occurred and is continuing, a statement as to the nature thereof and the action which is proposed to be taken with respect thereto, and (ii) attaching the compliance certificate Parent Guarantor is required to deliver to Parent Guarantor's Lender pursuant to the requirements of Parent Guarantor's Existing Credit Agreement. The Parent Guarantor's Compliance Certificate shall be in the form of Exhibit D attached hereto or in such other form as Administrative Agent may reasonably require.

(h) *Notes Receivable Aging*. Within thirty (30) days after the last day of each calendar month, a notes receivable aging in such form and detail as Administrative Agent shall require, certified by a Responsible Officer of Borrower.

7.2 *Insurance*. Borrower will, and will cause each Credit Party to, maintain insurance with financially sound and reputable insurance companies in such amounts and covering such risks as is usually carried by corporations engaged in similar businesses and owning similar properties in the same general areas in which the Credit Parties and their respective Subsidiaries operate, provided that in any event the Credit Parties will maintain workmen's compensation insurance, property insurance, comprehensive general liability insurance, products liability insurance, and business interruption insurance reasonably satisfactory to Administrative Agent. Each insurance policy covering Collateral shall name Administrative Agent as loss payee and shall provide that such policy will not be canceled or reduced without thirty (30) days prior written notice to Administrative Agent.

7.3 *Payment of Debts*. Borrower will, and will cause each Credit Party to, pay or cause to be paid all of its Debt prior to the date on which penalties attach thereto (except to the extent and so long as the payment thereof is being properly contested in good faith and diligently prosecuted by appropriate proceedings and adequate reserves have been established therefor).

7.4 *Taxes*. Borrower will, and will cause each Credit Party to, promptly pay or cause to be paid when due (for the account of Administrative Agent, where appropriate) any and all Taxes due by each of the Credit Parties, including, without limitation, all taxes, duties, fees, levies and other charges of whatsoever nature which have been or may be imposed by any government or by any department, agency, state, other political subdivision or taxing authority thereof or therein; provided that a Credit Party shall not be required to pay and discharge any such Taxes or charges so long as the validity thereof shall be contested in good faith and diligently prosecuted by appropriate proceedings and the applicable Credit Party shall set aside on its books adequate reserves with respect thereto and shall pay any such Taxes or charge before the property subject thereto shall be sold to satisfy any lien which has attached as security therefor.

7.5 *Expenses of Administrative Agent*. Borrower will, and will cause each Credit Party to, reimburse Administrative Agent for all reasonable out-of-pocket costs, fees, and expenses incident to the Loan Documents or any transactions contemplated thereby, including, without

limitation, all recording fees, all recording taxes, and the reasonable fees and disbursements of special counsel for Administrative Agent for negotiation and preparation of the Loan Documents, preparation and review of other documents, and providing of other legal services, from time to time, in connection herewith up through the Closing Date, and thereafter for services (a) in connection with any subsequent Advance, (b) in connection with or in anticipation of an Event of Default or otherwise in the enforcement of the Loan Documents, (c) in connection with any amendment or waiver to any of the Loan Documents, or (d) in connection with any request or action initiated by any Credit Party, all of which shall be and become a part of the Indebtedness.

7.6 *Maintenance of Entity Existence, Assets and Business; Continuance of Present Business*. Borrower, and will cause each Credit Party to, will preserve and maintain its existence and all of its leases, licenses, permits, franchises, qualifications, and rights that are necessary or desirable in the ordinary conduct of its business. Borrower will, and will cause each Credit Party to, conduct its business in an orderly and efficient manner in accordance with good business practices. Borrower will, and will cause each Credit Party to, keep or cause to be kept all of its assets which are useful and necessary in their respective businesses in good repair, working order and condition, and will make or cause to be made all necessary repairs, renewals and replacements as may be reasonably required. Borrower will, and will cause each Credit Party to, carry on and conduct its business in substantially the same fields as such business is now and has heretofore been carried on. Notwithstanding the foregoing, nothing herein shall limit the ability of any Credit Party to cease operation or merge into another Credit Party, so long as in both cases any material assets of such Credit Party are transferred to another Credit Party.

7.7 *Books and Records*. Borrower will, and will cause each Credit Party to, maintain proper books of record and account in which full, true, and correct entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities.

7.8 *Compliance with Applicable Laws and with Contracts*. Borrower will, and will cause each Credit Party to, comply with the requirements of all applicable material Laws, rules, regulations and orders of any governmental authority, except where contested in good faith and by proper proceedings or where the failure to so comply would not have a Material Adverse Effect on the Borrower and the other Credit Parties taken as a whole. Borrower will, and will cause each Credit Party to, comply in all material respects with all agreements, contracts, and instruments binding on it or affecting its properties or business, except to the extent the same would not have a Material Adverse Effect on the Borrower and the other Credit Parties taken as a whole.

7.9 *Comply with Agreement*. Borrower will, and will cause each Credit Party to, fully comply with the terms, provisions and conditions of this Agreement and of all documents executed pursuant hereto.

7.10 *Notice of Event of Default, Suits, and Material Adverse Effect*. Upon discovery, Borrower will promptly notify Administrative Agent of any breach of any of the covenants contained in Article Seven, Article Eight, and Article Nine, and of the occurrence of any Event of Default hereunder, or of the filing of any claim, action, suit or proceeding before any Tribunal agency against Borrower in which an adverse decision could have a Material Adverse Effect upon Borrower and advise Administrative Agent from time to time of the status thereof.

7.11 *Information and Inspection*. To the extent applicable, Borrower will furnish to Administrative Agent as soon as available copies of all (a) materials filed pursuant to the Securities Act of 1933, or 1934, as amended, by any of the Credit Parties with the Securities and Exchange Commission, (b) reports to stockholders, and (c) press releases, and at any reasonable time any other information pertinent to any provision of this Agreement or to any of the Credit Parties' business which Administrative Agent may reasonably request. Borrower shall, and shall cause each Credit Party to, permit an authorized representative of Administrative Agent to visit and inspect at reasonable times any of the properties of the Credit Parties and to discuss the affairs, finances, and accounts of the Credit Parties with the officers and employees of the Credit Parties.

7.12 *Additional Information*. Borrower will promptly furnish, or cause to be furnished, to Administrative Agent such other information, not otherwise required herein, respecting the business affairs, assets and liabilities the Credit Parties, Parent Guarantor, the Subsidiaries and the Collateral as Administrative Agent shall from time to time reasonably request.

7.13 *Field Audit*. Within sixty (60) days after the last day of each calendar quarter, beginning with the quarter ending June 30, 2015, and at such other times as Administrative Agent may reasonably request in writing following any change in circumstances that the Administrative Agent reasonably believes may have an adverse impact (other than an immaterial impact) on the Collateral, Borrower shall, and shall cause each of the Credit Parties to, permit representatives of Administrative Agent, at the expense of Borrower, to inspect and conduct an audit of all of the Credit Parties' assets, properties, books and records (including the Notes Receivable and Eligible Tax Liens) (each a "Field Audit"). Each Field Audit shall be consistent in scope with the Field Audit performed as of September 30, 2013, and Administrative Agent shall not modify of amend the scope of any Field Audit in any material respect without first obtaining the written consent of the Majority Banks.

7.14 *ERISA*. Borrower shall, and shall cause each of its Subsidiaries to, comply with all minimum funding requirements, and all other material requirements, of ERISA, if applicable, so as not to give rise to any liability thereunder.

7.15 *Depository Relationship*. Borrower shall, and shall cause each of the Credit Parties and their respective Subsidiaries to, use Texas Capital Bank as its principal depository bank and Borrower shall, and shall cause each of its Subsidiaries to, maintain Texas Capital Bank as its principal depository bank, including for the maintenance of business, cash management, operating and administrative deposit accounts.

7.16 *Additional Guarantors*. Borrower shall notify Administrative Agent at the time that any Person becomes a Subsidiary, and promptly thereafter (and any event within ten (10) days or such longer period as Administrative Agent may agree in its sole discretion) cause such Person to (a) become a Guarantor by executing and delivering to Administrative Agent a Guaranty, (b) execute and deliver all Security Documents requested by Administrative Agent pledging to Administrative Agent for the benefit of the Banks all of its Collateral (subject to such exceptions as Administrative Agent may permit) and take all actions required by Administrative Agent to grant to Administrative Agent for the benefit of the Banks a perfected first priority security interest in such property, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may

be requested by Administrative Agent, and (c) deliver to Administrative Agent such other documents and instruments as Administrative Agent may require, including appropriate favorable opinions of counsel to such Person in form, content and scope reasonably satisfactory to Administrative Agent.

Article Eight

Certain Negative Covenants

So long as a Bank is committed to make Advances hereunder, and thereafter until payment and performance in full of the Indebtedness and Obligations, Borrower covenants and agrees that, without the prior written consent of Administrative Agent:

8.1 *Debt*. Borrower will not, and will not permit any other Credit Parties to, incur, create, assume, or permit to exist, any Debt, except:

(a) Debt to Banks as permitted hereunder;

(b) Debt described on Schedule Three which exists on the Closing Date;

(c) Trade Debt incurred in the ordinary course of business;

(d) Other unsecured debt in an amount not to exceed $1,500,000.00 each fiscal year, in the aggregate for all Credit Parties taken as a whole; and

(e) Subordinated Debt;

(f) Intercompany Debt among the Credit Parties;

(g) Debt arising from intercompany loans and advances made by Propel Acquisition to Borrower in the ordinary course of business (e.g.. for payroll and expenses) in an amount not to exceed $3,000,000 in the aggregate;

(h) Debt arising from intercompany loans and advances made by Propel Acquisition to Borrower for the purpose of financing purchases of portfolios of Notes Receivable or Eligible Tax Liens in an amount not to exceed $10,000,000 in the aggregate; and

(i) Debt arising from intercompany loans and advances made by Parent Guarantor.

For purposes of this Section 8.1, any change in accounting rules that would cause any operating lease existing as of the Closing Date to be reclassified as a Capital Lease Obligation shall not be deemed the incurrence of Debt, and any such newly designated Capital Lease Obligation shall not constitute Debt for purposes of this Agreement.

8.2 *Contingent Liabilities*. Borrower will not, and will not permit any other Credit Parties to, assume, guarantee, endorse, contingently agree to purchase or otherwise become liable upon the obligation of any Person (other than Borrower and the other Credit Parties) except (a) by the endorsement of negotiable instruments for deposit or collection or similar transactions in the

ordinary course of business and (b) guaranties by a Credit Party of Indebtedness owned by another Credit Party to the extent permitted under this Agreement.

8.3 *Limitation on Liens*. Borrower will not, and will not permit any other Credit Parties to, incur, create, assume, or permit to exist any Lien upon any of its property, assets, or revenues, whether now owned or hereafter acquired, except:

(a) The Permitted Liens;

(b) Liens for taxes, assessments, or other governmental charges which are being contested in good faith and for which adequate reserves have been established; and

(c) Liens resulting from good faith deposits to secure payments of workmen's compensation or other social security programs (other than Liens imposed by ERISA) or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, or contracts (other than for payment of Debt), or leases made in the ordinary course of business.

8.4 *Mergers, Etc*. Borrower will not, and will not permit any other Credit Party to, become a party to a merger or consolidation, or purchase or otherwise acquire all or any part of the assets of any Person (other than portfolios of Notes Receivable or Eligible Tax Liens) or any shares, or other evidence of beneficial ownership of any Person, or wind-up, dissolve, or liquidate other than (i) mergers with another Credit Party so long as, if the Borrower is one of the parties to such merger, the Borrower is the surviving party and (ii) as a result of investments permitted under Section 8.6.

8.5 *Restricted Payments*. Borrower shall not, and shall not permit any other Credit Party to, directly or indirectly, declare or pay any dividends or make any other payment or distribution (in cash, Property, or obligations) on account of its equity interests, or redeem, purchase, retire, call, or otherwise acquire any of its equity interests, or permit any of its Subsidiaries to purchase or otherwise acquire any equity interest of such Credit Party or another Subsidiary of such Credit Party, or set apart any money for a sinking or other analogous fund for any dividend or other distribution on its equity interests or for any redemption, purchase, retirement, or other acquisition of any of its equity interests, or incur any obligation (contingent or otherwise) to do any of the foregoing if such dividend, payment, distribution or other payment will cause such Credit Party to breach any of the financial covenants contained in Article Nine hereof.

8.6 *Loans and Investments*. Borrower will not, and will not permit any other Credit Party to, make any advance, loan, extension of credit, or capital contribution to or investment in, or purchase, any stock, bonds, notes, debentures, or other securities of, any Person (collectively, "Investments"), except:

(a) Notes Receivable and portfolios of Notes Receivable;

(b) Eligible Tax Liens and portfolios of Eligible Tax Liens;

(c) readily marketable direct obligations of the United States of America or any agency thereof with maturities of one year or less from the date of acquisition;

(d) depository accounts maintained at a commercial bank operating in the United States of America having capital and surplus in excess of $50,000,000.00;

(e) Investments in other Credit Parties;

(f) intercompany loans to the extent permitted under Section 8.1; and

(g) Investments in Subsidiaries not constituting Credit Parties, provided that each Investment in a Subsidiary not constituting a Credit Party shall not exceed $50,000.00 and the aggregate outstanding Investments in Subsidiaries not constituting Credit Parties shall not exceed $250,000.00 at any time;

provided, however, the preceding is not intended to prohibit nominal loans by the Credit Parties, taken as a whole, to one or more of their employees as long as the outstanding principal amount of such loans, taken as a whole, does not exceed $20,000.00 in the aggregate at any one time.

8.7 *Limitation on Issuance of Equity*. Borrower will not, and will not permit any other Credit Party to, at any time issue, sell, assign, or otherwise dispose of (a) any of its equity interests, (b) any securities exchangeable for or convertible into or carrying any rights to acquire any of its equity interests, or (c) any option, warrant, or other right to acquire any of its equity interests, that would cause a Change of Control.

8.8 *Transactions With Affiliates*. Borrower will not, and will not permit any other Credit Party to, enter into any transaction, including, without limitation, the purchase, sale, or exchange of property or the rendering of any service, with any Affiliate of Borrower, except in the ordinary course of and pursuant to the reasonable requirements of its business and upon fair and reasonable terms no less favorable than would be obtained in a comparable arm's-length transaction with a Person not an Affiliate (other than any securitization transaction in which Borrower acts as servicer of tax liens on behalf of any Affiliate of Borrower).

8.9 *Disposition of Assets*. Borrower will not, and will not permit any other Credit Party to, sell, lease, assign, transfer, or otherwise dispose of any of its assets, except (a) dispositions, for fair value, of worn-out and obsolete equipment not necessary to the conduct of its business, or (b) sale of Notes Receivable and Eligible Tax Liens provided that (i) (A) the Notes Receivable and Eligible Tax Liens are sold for at least 90% of par value (or at less than 90% of par value with the prior written consent of Administrative Agent) or (B) Notes Receivable and Eligible Tax Liens sold at less than 90% of par value (other than for the purpose of a Securitization Event) shall not, without the prior written consent of Administrative Agent, exceed in the aggregate $5,000,000 (par value) in any year, (ii) the proceeds of the sale of the Notes Receivable and Eligible Tax Liens are applied to the principal balance of the Loan, and (iii) prior to or concurrently with the sale, Borrower has provided to Administrative Agent written notice of the sale and copies of the assignment and transfer documents listing and describing the Notes Receivable and the Eligible Tax Liens and the sales price of the Notes Receivable and Eligible Tax Liens being sold, (c) sale of Notes Receivable and

Eligible Tax Liens to a special purpose entity for the purpose of a Securitization Event (and (x) any transfer of subsequent notes receivable or tax liens in accordance with the terms of such securitization and (y) transfer of subsequent notes receivable or tax liens in replacement of, or substitution for, any notes receivable or tax liens held by the applicable special purpose vehicle) or (d) tax liens that do not constitute Eligible Tax Liens. No sale of Notes Receivable or Eligible Tax Liens shall, after the proceeds of such sale are applied to the principal balance of the Loan, cause the resulting principal balance of the Loan to exceed the resulting Borrowing Base.

8.10 *Prepayment of Debt*. Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, make any optional or voluntary payment, prepayment, repurchase or redemption of any Debt that is Subordinated Debt.

8.11 *Nature of Business*. Borrower will not, and will not permit any other Credit Party to, engage in any business other than the businesses in which each such Credit Party is engaged as of the Closing Date and similar or related businesses.

8.12 *Environmental Protection*. Borrower will not, and will not permit any other Credit Party to, (a) use (or permit any tenant to use) any of its respective properties or assets for the handling, processing, storage, transportation, or disposal of any Hazardous Material, (b) generate any Hazardous Material, (c) conduct any activity that is likely to cause a Release or threatened Release of any Hazardous Material, or (d) otherwise conduct any activity or use any of its respective properties or assets in any manner that is likely to violate any Environmental Law or is likely to create any material Environmental Liabilities for which any Credit Party would be responsible.

8.13 *No Negative Pledge*. Borrower has not and will not, and will not permit any other Credit Party to, enter into or permit to exist any arrangement or agreement, other than pursuant to this Agreement or any Loan Document, which directly or indirectly prohibits Borrower from creating or incurring a Lien on any of its assets.

8.14 *Judgments*. Borrower will not, and will not permit any other Credit Party to, allow any judgment for the payment of money in excess of $50,000.00 rendered against it to remain undischarged or unsuperseded for a period of thirty (30) days during which execution shall not be effectively stayed.

8.15 *Accounting*. Borrower shall not, and shall not permit any of its Subsidiaries to, change its fiscal year or make any change (a) in accounting treatment or reporting practices, except as required by GAAP and disclosed to Administrative Agent and Banks, or (b) in tax reporting treatment, except as required by law and disclosed to Administrative Agent and Banks.

8.16 *Burdensome Agreements*. Borrower shall not, and shall not permit any of its Subsidiaries or any Credit Party to, enter into or permit to exist any arrangement or agreement, other than pursuant to this Agreement or any Loan Document, which (a) directly or indirectly prohibits Borrower, any of its Subsidiaries, or any Credit Party from creating or incurring a Lien on any of its Property, revenues, or assets, whether now owned or hereafter acquired, (b) directly or indirectly prohibits any of its Subsidiaries, or any Credit Party to make any payments, directly or indirectly, to Borrower by way of dividends, distributions, advances, repayments of loans,

repayments of expenses, accruals, or otherwise or (c) in any way would be contravened by such Person's performance of its obligations hereunder or under the other Loan Documents.

8.17 *Subsidiaries*. Borrower shall not, directly or indirectly, form or acquire any Subsidiary unless Borrower complies with the requirements of Section 7.16.

8.18 *Amendments of Organizational Documents*. Borrower shall not, and shall not permit any of its Subsidiaries to, amend or restate any of their respective Organizational Documents in a manner adverse to the Banks.

8.19 *OFAC*. Borrower shall not, and shall not permit any of its Subsidiaries to, fail to comply with the Laws, regulations and executive orders referred to in Section 6.14 and Section 6.15.

8.20 *Collateral*. Borrower will not, and will not permit any other Credit Party to, allow any of the Collateral to secure or be assigned or pledged to any Debt other than the Loan. Borrower will not, and will not permit any other Credit Party to, commingle any Notes Receivable, Eligible Tax Liens, or any payments thereof or proceeds therefrom, with any notes, tax liens, payments or proceeds held or received by any Affiliate or Subsidiary of Parent Guarantor or by Borrower (or any other Credit Party) as a loan servicer for any such Affiliate or Subsidiary of Parent Guarantor. Borrower will not, and will not permit any other Credit Party to, use Borrower's vault (or other location acceptable to Administrative Agent to secure the Collateral) to hold any notes, tax liens, payments or proceeds other than the Notes Receivable, Eligible Tax Liens, and any payments thereof or proceeds therefrom.

8.21 *Securitization Event*. Borrower will not, and will not permit any other Credit Party to:

(a) Execute Securitization Events in consecutive fiscal quarters, unless approved by Administrative Agent and the Majority Banks; or

(b) Execute any Securitization Event unless (i) no Default or Event of Default exists and is continuing, (ii) Borrower demonstrates to Administrative Agent in its sole discretion proforma compliance (excluding the earnings and principal payments received from Note Receivables and Eligible Tax Liens sold in the proposed Securitization Event and using an estimated principal balance assuming the principal reduction made by the proposed Securitization Event) with all financial covenants prior to closing the Securitization Event; or

Execute any Securitization Event unless the proceeds of the Securitization Event are applied to the principal balance of the Loan to the extent required to reduce the Loan to an amount equal to or less than the proforma Borrowing Base then in effect.

8.22 *Intercompany Payables*. Borrower will not, and will not permit any other Credit Party to, repay intercompany payables except for:

(a) a one-time payment from Borrower to Midland Credit Management (transferred to it from PFS Tax Lien Trust 2014 – 1) and subject to the net of intercompany receivables from Credit Parties and intercompany payables from Midland Credit Management; and

(b) monthly repayment of Debt permitted under Section 8.1(g); provided that no monthly payment shall exceed $3,000,000.

Article Nine

Financial Covenants

Borrower covenants and agrees that, as long as the Indebtedness or any part thereof is outstanding or a Bank is under any obligation to make Advances under this Agreement, Borrower will, at all times, observe and perform the following financial covenants:

9.1 *Interest Coverage Ratio*. Borrower will maintain an Interest Coverage Ratio of not less than 1.25 to 1.0.

9.2 *Cash Flow Leverage Ratio*. Borrower will maintain an Cash Flow Leverage Ratio of not more than 3.0 to 1.0.

Article Ten

Events of Default

The term "Event of Default" as used herein shall mean the occurrence of any one or more of the following events (subject to all applicable grace and cure periods):

10.1 *Payment of Indebtedness*. The failure of Borrower to punctually pay the Indebtedness, or any part thereof, as the same become due in accordance with the terms of the Loan Documents, including, without limitation, the failure or refusal of Borrower to punctually pay the principal of or the interest on any Loan, and, in the case of interest on the Advances or fees specified herein or in the Fee Letter, five (5) Business Days, and in the case of any payments other than such principal, interest or fees, ten (10) days after Administrative Agent has given Borrower written notice thereof.

10.2 *Misrepresentation*. Any statement, representation, or warranty heretofore or hereafter made by Borrower or any Obligated Party in the Loan Documents or in any writing, or any statement or representation made in any certificate, report, or opinion delivered to Administrative Agent pursuant to the Loan Documents, is false, calculated to mislead, misleading, or erroneous in any material respect at the time made.

10.3 *Covenants*. The failure or refusal of Borrower or any Obligated Party to properly perform, observe, and comply with any covenant or agreement contained in this Agreement or in any of the Loan Documents (other than covenants to pay the Indebtedness and covenants contained

in Article Eight and Article Nine of this Agreement), and such failure or refusal continues for a period of ten (10) days after Administrative Agent has given Borrower written notice thereof.

10.4 *Negative and Financial Covenants*. The failure or refusal of Borrower or any Credit Party to properly perform, observe, and comply with any covenant or agreement contained in Article Eight and Article Nine of this Agreement, and such failure or refusal continues for a period of five (5) Business Days.

10.5 *Voluntary Debtor Relief*. Borrower or any Obligated Party shall (a) execute an assignment for the benefit of creditors, or (b) become or be adjudicated as bankrupt or insolvent, or (c) admit in writing its inability to pay its debts generally as they become due, or (d) apply for or consent to the appointment of a conservator, receiver, trustee, or liquidator of it or all or a substantial part of its assets, or (e) file a voluntary petition seeking reorganization or an arrangement with creditors or to take advantage or seek any other relief under any Debtor Relief Law now or hereafter existing, or (f) file an answer admitting the material allegations of or consenting to, or default in, a petition filed against it in any liquidation, conservatorship, bankruptcy, reorganization, rearrangement, debtor's relief, or other insolvency proceedings, or (g) institute or voluntarily be or become a party to any other judicial proceedings intended to effect a discharge of its debts, in whole or in part, or a postponement of the maturity or the collection thereof, or a suspension of any of the Rights or powers of Administrative Agent granted in any of the Loan Documents.

10.6 *Involuntary Proceedings*. Borrower or any Obligated Party shall involuntarily (a) have an order, judgment, or decree entered against it by any Tribunal pursuant to any Debtor Relief Law that could suspend or otherwise affect any of the Rights granted to Administrative Agent in any of the Loan Documents, and such order, judgment, or decree is not permanently stayed, vacated, or reversed within sixty (60) days after the entry thereof, or (b) have a petition filed against it or any of its property seeking the benefit or benefits provided for by any Debtor Relief Law that would suspend or otherwise affect any of the Rights granted to Administrative Agent in any of the Loan Documents, and such petition is not discharged within sixty (60) days after the filing thereof.

10.7 *Attachment*. The failure to have discharged within a period of 120 days after the commencement thereof any attachment, sequestration, or similar proceedings against any of the material assets of Borrower or any Obligated Party.

10.8 *Dissolution*. The winding up of Borrower or any Obligated Party for any reason whatsoever, other than as expressly permitted pursuant to Section 8.4 above.

10.9 *Failure to Properly Secure Collateral*. The failure of Borrower or any Obligated Party to keep the Collateral, including any Notes Receivable or Eligible Tax Liens, consisting of promissory notes, negotiable instruments or other writings secure in Borrower's vault or other location acceptable to Administrative Agent, except as otherwise required in the ordinary course of the Borrower's or such Obligated Party's business and management of such Collateral.

10.10 *Change of Control*. A Change of Control shall occur.

10.11 *Material Adverse Effect*. A Material Adverse Effect shall occur with respect to Borrower or to Borrower and its Subsidiaries, taken as a whole.

10.12 *Other Agreements*. A default or event of default shall occur and be continuing after the expiration of any applicable grace, notice, and cure periods under any other written agreement (which is not a Loan Document) between Administrative Agent, Banks and any Credit Party.

10.13 *Defaults on Other Debt or Agreements*. Borrower or any Obligated Party fails to pay, perform or comply with any debt, covenant, agreement or other obligation to be paid, performed, observed or complied with by Borrower or other Obligated Party for the benefit of a Person other than Administrative Agent, subject to any grace and/or cure periods provided therein, which failure could reasonably be expected to have a Material Adverse Effect on the business, operations, condition (financial or otherwise), or assets of the Credit Parties, the ability of the Credit Parties to perform their respective Obligations under any Loan Document to which it is a party or by which it is bound or the enforceability of any Loan Document.

10.14 *Default under Parent Guarantor's Existing Credit Agreement*. A default or event of default shall occur and be continuing after the expiration of any applicable grace, notice, and cure periods under any written agreement between Parent Guarantor's Lender and Parent Guarantor.

Article Eleven

Certain Rights and Remedies of Administrative Agent

11.1 *Rights Upon Event of Default*. If any Event of Default shall occur and be continuing, Administrative Agent may at its election, and shall upon the request of Majority Banks, without notice terminate the Commitment and declare the Indebtedness or any part thereof to be immediately due and payable, and the same shall thereupon become immediately due and payable, without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by Borrower; provided, however, that upon the occurrence of an Event of Default under Section 10.5 or Section 10.6, the Commitment shall automatically terminate, and the Indebtedness shall become immediately due and payable without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by the Borrower. If any Event of Default shall occur and be continuing, Administrative Agent may, at its election, and shall upon the request of Majority Banks, exercise all rights and remedies available to it in law or in equity, under the Loan Documents, or otherwise.

11.2 *Offset*. At any time an Event of Default exists, Administrative Agent shall be entitled to exercise the Rights of offset and/or banker's lien against the interest of Borrower in and to each and every account and other property of Borrower which are in the possession of Administrative Agent to the extent of the full amount of the Indebtedness.

11.3 *Application of Funds*. After the exercise of remedies provided for in this Article Eleven (or after the Loans have automatically become immediately due and payable), any amounts

received on account of the Obligations shall be applied by Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to Administrative Agent) payable to Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans and other Obligations arising under the Loan Documents, ratably among the Banks in proportion to the respective amounts described in this *clause Second* payable to them;

Third, to payment of that portion of the Obligations constituting unpaid principal of the Loans and constituting unpaid Bank Product Obligations, ratably among the Banks and Bank Product Providers in proportion to the respective amounts described in this *clause Third* held by them;

Fourth, to payment of that remaining portion of the Obligations, ratably among the Banks and Bank Product Providers in proportion to the respective amounts described in this *clause Fourth* held by them; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to Borrower or as otherwise required by law.

Notwithstanding the foregoing, Bank Product Obligations shall be excluded from the application described above if Administrative Agent has not received written notice thereof, together with supporting documentation as Administrative Agent may request from the applicable Bank Product Provider, *provided* that no such notice shall be required for any Bank Product Agreement for which Administrative Agent or any Affiliate of Administrative Agent is the applicable Bank Product Provider. Each Bank Product Provider that is not a party to this Agreement that has given notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of Administrative Agent pursuant to the terms of *Article Twelve* hereof for itself and its Affiliates as if a "Bank" party hereto.

11.4 *Performance by Administrative Agent*. Should any covenant, duty, or agreement of Borrower fail to be performed in accordance with the terms of the Loan Documents, Administrative Agent may, at its election, and shall upon the request of Majority Banks, perform or attempt to perform, such covenant, duty, or agreement on behalf of Borrower. In such event, or if Administrative Agent expends any sum pursuant to the exercise of any Right provided herein, Borrower shall, at the request of Administrative Agent, promptly pay to Administrative Agent any amount expended by Administrative Agent in such performance or attempted performance, together with interest thereon at the Maximum Rate from the date of such expenditure by Administrative Agent until paid. Notwithstanding the foregoing, it is expressly understood that Administrative Agent and Banks do not assume any liability or responsibility for the performance of any duties of the Credit Parties or Parent Guarantor hereunder or in connection with all or any part of the Collateral.

11.5 *Diminution in Collateral Value*. Administrative Agent and Banks do not assume, and shall never have, any liability or responsibility for any loss or diminution in the value of all or any part of the Collateral.

11.6 *Administrative Agent Not In Control*. None of the covenants or other provisions contained in this Agreement shall, or shall be deemed to, give Administrative Agent the Right to exercise control over the affairs and/or management of Borrower, the power of Administrative Agent being limited to the Right to exercise the remedies provided in the other Sections of this Article; provided that, if Administrative Agent becomes the owner of any ownership interest of any Person, whether through foreclosure or otherwise, Administrative Agent shall be entitled to exercise such legal Rights as it may have by virtue of being an owner of such Person.

11.7 *Waivers*. The acceptance of Administrative Agent or any Bank at any time and from time to time of part payment on the Indebtedness shall not be deemed to be a waiver of any Event of Default then existing. No waiver by Administrative Agent or any Bank of any Event of Default shall be deemed to be a waiver of any other then-existing or subsequent Event of Default. No waiver by Administrative Agent or any Bank of any of its Rights hereunder, in the other Loan Documents, or otherwise shall be considered a waiver of any other or subsequent Right of Administrative Agent or Banks. No delay or omission by Administrative Agent or any Bank in exercising any Right under the Loan Documents shall impair such Right or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such Right preclude other or further exercise thereof, or the exercise of any other Right under the Loan Documents or otherwise.

11.8 *Cumulative Rights*. All Rights available to Administrative Agent and Banks under the Loan Documents shall be cumulative of and in addition to all other Rights granted to Administrative Agent and Banks at Law or in equity, whether or not the Obligations be due and payable and whether or not Administrative Agent or any Bank shall have instituted any suit for collection, foreclosure, or other action under or in connection with the Loan Documents.

Article Twelve

The Administrative Agent

12.1 *Appointment and Authority*.

(a) Each of the Banks hereby irrevocably appoints Texas Capital Bank to act on its behalf as Administrative Agent hereunder and under the other Loan Documents and authorizes Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article Twelve are solely for the benefit of Administrative Agent and Banks, and neither Borrower nor any other Obligated Party shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used

as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

(b) Administrative Agent shall also act as the "collateral agent" under the Loan Documents, and each of the Banks (including for itself and its Affiliates in their capacities as potential Bank Product Providers) hereby irrevocably appoints and authorizes Administrative Agent to act as the agent of such Bank for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Credit Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, Administrative Agent, as "collateral agent" and any co-agents, sub-agents and attorneys-in-fact appointed by Agent pursuant to Section 12.5 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Security Documents, or for exercising any rights and remedies thereunder at the direction of Administrative Agent), shall be entitled to the benefits of all provisions of this Article Twelve and Article Thirteen (including Section 13.1(b), as though such co-agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Loan Documents) as if set forth in full herein with respect thereto.

12.2 *Rights as a Bank*. The Person serving as Administrative Agent hereunder shall have the same rights and powers in its capacity as a Bank as any other Bank and may exercise the same as though it were not Administrative Agent, and the term "Bank" or "Banks" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, Borrower or any Subsidiary or other Affiliate thereof as if such Person were not Administrative Agent hereunder and without any duty to account therefor to Banks.

12.3 *Exculpatory Provisions*.

(a) Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that Administrative Agent is required to exercise as directed in writing by Majority Banks (or such other number or percentage of Banks as shall be expressly provided for herein or in the other Loan Documents); *provided* that Administrative Agent shall not be required to take any action that, in its opinion or upon the advice of its counsel, may expose Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture,

modification or termination of property of a Defaulting Bank in violation of any Debtor Relief Law;

(iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity; and

(iv) shall be fully justified in failing or refusing to take any action hereunder or under any other Loan Document unless it shall first be indemnified to its satisfaction by Banks pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

(b) Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of Majority Banks (or such other number or percentage of Banks as shall be necessary, or as Administrative Agent shall believe in good faith shall be necessary), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. **SUCH LIMITATION OF LIABLITY SHALL APPLY REGARDLESS OF WHETHER THE LIABILITY ARISES FROM THE SOLE, CONCURRENT, CONTRIBUTORY OR COMPARATIVE ORDINARY NEGLIGENCE OF ADMINISTRATIVE AGENT.** Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to Administrative Agent in writing by Borrower or a Bank.

(c) Neither Administrative Agent nor any Related Party thereof shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article Five or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to Administrative Agent.

12.4 *Reliance by Administrative Agent*. Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Credit Extension, that by its terms must be fulfilled to the satisfaction of a Bank, Administrative Agent may presume that such condition is satisfactory to such Bank unless Administrative Agent shall have received notice to the contrary from such Bank prior to the making of such Loan. Administrative Agent may consult with legal counsel (who may

be counsel for Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

12.5 *Delegation of Duties*. Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub agents appointed by Agent. Administrative Agent and any such sub agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article Twelve shall apply to any such sub agent and to the Related Parties of Administrative Agent and any such sub agent, and shall apply to their respective activities in connection with the syndication of this facility as well as activities as Administrative Agent. Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub agents.

12.6 *Resignation of Administrative Agent*.

(a) Administrative Agent may at any time give notice of its resignation to Banks and Borrower. Upon receipt of any such notice of resignation, Majority Banks shall have the right, in consultation with Borrower (so long as no Event of Default has occurred and is continuing), to appoint a successor, which shall be a bank with an office in Dallas, Texas, or an Affiliate of any such bank with an office in Dallas, Texas. If no such successor shall have been so appointed by Majority Banks and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by Majority Banks) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of Banks, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date. After the Resignation Effective Date, the provisions of this Article Twelve relating to or indemnifying or releasing Administrative Agent shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

(b) If the Person serving as Administrative Agent is a Defaulting Bank pursuant to *clause (d)* of the definition thereof, Majority Banks may, to the extent permitted by applicable law, by notice in writing to Borrower and such Person remove such Person as Administrative Agent and, in consultation with Borrower, appoint a successor. If no such successor shall have been so appointed by Majority Banks and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by Majority Banks) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any Collateral held by Administrative Agent on behalf of the Banks under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such Collateral until such time as a successor

Administrative Agent is appointed) and (ii) except for any indemnity, fee or expense payments owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through Administrative Agent shall instead be made by or to each Bank, as applicable, directly, until such time, if any, as Majority Banks appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments owed to the retiring or removed Administrative Agent), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article Twelve, Section 13.1, and Section 13.2 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

12.7 *Non-Reliance on Administrative Agent and Other Banks*. Each Bank expressly acknowledges that neither Administrative Agent nor any other Bank nor any Related Party thereto has made any representation or warranty to such Person and that no act by Administrative Agent or any other Bank hereafter taken, including any review of the affairs of Borrower, shall be deemed to constitute any representation or warranty by Administrative Agent or any Bank to any other Bank. Each Bank acknowledges that it has, independently and without reliance upon Administrative Agent or any other Bank or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon Administrative Agent or any other Bank or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder. Except for notices, reports and other documents expressly required to be furnished to the Banks by Administrative Agent hereunder, Administrative Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, condition (financial or otherwise), or creditworthiness of Borrower or the value of the Collateral or other Properties of Borrower or any other Person which may come into the possession of Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

12.8 *Administrative Agent May File Proofs of Claim*. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Obligated Party, Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Administrative Agent shall have made any demand on Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations under the Loan Documents that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Banks and Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of Banks and Administrative Agent and their respective agents and counsel and all other amounts due Banks and Administrative Agent under Section 13.1 or Section 13.2) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Bank to make such payments to Administrative Agent and, in the event that Administrative Agent shall consent to the making of such payments directly to Banks to pay to Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of Administrative Agent and its agents and counsel, and any other amounts due Administrative Agent under Section 13.1 or Section 13.2.

12.9 *Collateral and Guaranty Matters*.

(a) The Banks irrevocably authorize Administrative Agent, at its option and in its discretion:

(i) to release any Lien on any property granted to or held by Administrative Agent under any Loan Document (x) upon termination of all Commitments and payment in full of all Obligations (other than (A) contingent indemnification obligations and (B) obligations and liabilities under Bank Product Agreements as to which arrangements satisfactory to the applicable Bank Product Provider shall have been made), (y) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted under the Loan Documents, or (z) if approved, authorized or ratified in writing by Majority Banks or all Banks, as applicable, under Section 13.10; and

(ii) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted under the Loan Documents.

Upon request by Administrative Agent at any time, Majority Banks will confirm in writing Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 12.9.

(b) Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of Administrative Agent's Lien thereon, or any

certificate prepared by any Credit Party in connection therewith, nor shall Administrative Agent be responsible or liable to Banks for any failure to monitor or maintain any portion of the Collateral.

12.10 *Bank Product Agreements*. No Bank Product Provider who obtains the benefits of *Section 11.3*, any Guaranty Agreements or any Collateral by virtue of the provisions hereof or of any Guaranty Agreement or any Security Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) (or to notice of or to consent to any amendment, wavier or modification of the provisions hereof or of the Guaranty or any Security Document) other than in its capacity as a Bank and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this *Article Eleven* to the contrary, Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Bank Product Obligations unless Administrative Agent has received written notice of such Bank Product Obligations, together with such supporting documentation as Administrative Agent may request, from the applicable Bank Product Provider. Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Bank Product Obligations arising under Bank Product Agreements upon termination of all Commitments and payment in full of all Obligations under the Loan Documents (other than contingent indemnification obligations).

Article Thirteen

Miscellaneous

13.1 *Expenses*.

(a) Borrower hereby agrees to pay on demand: (i) all costs and expenses of Administrative Agent and its Related Parties in connection with the preparation, negotiation, execution, and delivery of this Agreement and the other Loan Documents and any and all amendments, modifications, renewals, extensions, supplements, waivers, consents and ratifications thereof and thereto, including, without limitation, the reasonable fees and expenses of legal counsel, advisors, consultants, and auditors for Administrative Agent and its Related Parties; (ii) all costs and expenses of Administrative Agent and each Bank in connection with any Default and the enforcement of this Agreement or any other Loan Document, including, without limitation, court costs and fees and expenses of legal counsel, advisors, consultants, and auditors for Administrative Agent and each Bank; (iii) all transfer, stamp, documentary, or other similar taxes, assessments, or charges levied by any Governmental Authority in respect of this Agreement or any of the other Loan Documents; (iv) all costs, expenses, assessments, and other charges incurred in connection with any filing, registration, recording, or perfection of any Lien contemplated by this Agreement or any other Loan Document; and (vi) all other costs and expenses incurred by Administrative Agent and any Bank in connection with this Agreement or any other Loan Document, any litigation, dispute, suit, proceeding or action, the enforcement of its rights and remedies, and the protection of its interests in bankruptcy, insolvency or other legal proceedings, including, without limitation, all costs, expenses, and other charges (including Administrative Agent's and such Bank's internal charges) incurred in connection with evaluating, observing, collecting, examining, auditing,

appraising, selling, liquidating, or otherwise disposing of the Collateral. Any amount to be paid under this Section 13.1 shall be a demand obligation owing by Borrower and if not paid within thirty (30) days of demand shall bear interest, to the extent not prohibited by and not in violation of applicable Law, from the date of expenditure until paid at a rate per annum equal to the Default Interest Rate. The obligations of Borrower under this Section 13.1 shall survive payment of the Notes and other obligations hereunder and the assignment of any right hereunder.

(b) To the extent that Borrower for any reason fails to indefeasibly pay any amount required under Section 13.1(a) or Section 13.2 to be paid by it to Administrative Agent, or any Related Party of Administrative Agent, each Bank severally agrees to pay to Administrative Agent or such Related Party, as the case may be, such Bank's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based each Bank's share of the Total Credit Exposure at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Bank); *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against Administrative Agent, or against any Related Party acting for Administrative Agent in connection with such capacity. EACH BANK ACKNOWLEDGES THAT SUCH PAYMENTS MAY BE IN RESPECT OF LOSSES, CLAIMS, DAMAGES, LIABILITIES OR RELATED EXPENSES ARISING OUT OF OR RESULTING FROM THE SOLE, CONTRIBUTORY, COMPARATIVE, OR CONCURRENT ORDINARY NEGLIGENCE OF THE PERSON (OR THE REPRESENTATIVES OF THE PERSON) TO WHOM SUCH PAYMENTS ARE TO BE MADE.

13.2 *INDEMNIFICATION.* BORROWER SHALL INDEMNIFY ADMINISTRATIVE AGENT, EACH BANK AND EACH RELATED PARTY THEREOF (EACH SUCH PERSON BEING CALLED AN "INDEMNITEE") FROM, AND HOLD EACH OF THEM HARMLESS AGAINST, ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING ATTORNEYS' FEES) TO WHICH ANY OF THEM MAY BECOME SUBJECT WHICH DIRECTLY OR INDIRECTLY ARISE FROM OR RELATE TO (A) THE NEGOTIATION, EXECUTION, DELIVERY, PERFORMANCE, ADMINISTRATION, OR ENFORCEMENT OF ANY OF THE LOAN DOCUMENTS, (B) ANY OF THE TRANSACTIONS CONTEMPLATED BY THE LOAN DOCUMENTS, (C) ANY BREACH BY BORROWER OF ANY REPRESENTATION, WARRANTY, COVENANT, OR OTHER AGREEMENT CONTAINED IN ANY OF THE LOAN DOCUMENTS, (D) THE PRESENCE, RELEASE, THREATENED RELEASE, DISPOSAL, REMOVAL, OR CLEANUP OF ANY HAZARDOUS MATERIAL LOCATED ON, ABOUT, WITHIN, OR AFFECTING ANY OF THE PROPERTIES OR ASSETS OF BORROWER OR ANY OF ITS SUBSIDIARIES OR ANY OTHER OBLIGATED PARTY, (E) ANY LOAN OR USE OR PROPOSED USE OF THE PROCEEDS THEREFROM OR (F) ANY INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY THREATENED INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, RELATING TO ANY OF THE FOREGOING IN THE ABSENCE OF SUCH INDEMNITEE'S OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NONAPPEALABLE JUDGMENT. WITHOUT LIMITING ANY PROVISION OF THIS AGREEMENT OR OF ANY OTHER LOAN DOCUMENT, **IT IS THE EXPRESS INTENTION OF THE PARTIES HERETO THAT**

EACH PERSON TO BE INDEMNIFIED UNDER THIS SECTION SHALL BE INDEMNIFIED FROM AND HELD HARMLESS AGAINST ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING ATTORNEYS' FEES) ARISING OUT OF OR RESULTING FROM THE SOLE, CONTRIBUTORY, COMPARATIVE, OR CONCURRENT ORDINARY NEGLIGENCE OF SUCH PERSON (OR THE REPRESENTATIVES OF SUCH PERSON). Any amount to be paid under this Section 13.2 shall be a demand obligation owing by Borrower and if not paid within ten (10) days of demand shall bear interest, to the extent not prohibited by and not in violation of applicable Law, from the date of expenditure until paid at a rate per annum equal to the Default Interest Rate. The obligations of Borrower under this Section 13.2 shall survive payment of the Notes and other obligations hereunder and the assignment of any right hereunder.

13.3 *Limitation of Liability*. None of Administrative Agent, or any Bank, or any Affiliate, officer, director, employee, attorney, or agent of any of the foregoing, shall have any liability with respect to, and Borrower hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages suffered or incurred by Borrower or any other Obligated Party in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents. Borrower hereby waives, releases, and agrees not to sue Agent or any Bank, or any Affiliates, officers, directors, employees, attorneys, or agents of any of the foregoing for punitive damages in respect of any claim in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents.

13.4 *No Duty*. All attorneys, accountants, appraisers, and other professional Persons and consultants retained by Administrative Agent or any Bank shall have the right to act exclusively in the interest of Administrative Agent or such Bank, and shall have no duty of disclosure, duty of loyalty, duty of care, or other duty or obligation of any type or nature whatsoever to Borrower or any of Borrower's equity holders, Affiliates, officers, employees, attorneys, agents, or any other Person.

13.5 *Banks Not Fiduciary*. The relationship between Borrower and Administrative Agent, and each Bank, is solely that of debtor and creditor, and none of Administrative Agent or any Bank, has any fiduciary or other special relationship with Borrower, and no term or condition of any of the Loan Documents shall be construed so as to deem the relationship between Borrower and Administrative Agent, and each Bank, to be other than that of debtor and creditor.

13.6 *Equitable Relief*. Borrower recognizes that in the event Borrower fails to pay, perform, observe, or discharge any or all of the Obligations, any remedy at law may prove to be inadequate relief to Administrative Agent or Banks. Borrower therefore agrees that Administrative Agent and any Bank, if Administrative Agent or such Bank so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

13.7 *No Waiver; Cumulative Remedies*. No failure on the part of Administrative Agent or any Bank to exercise and no delay in exercising, and no course of dealing with respect to, any right, remedy, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege. The rights and remedies provided for in this Agreement and the other Loan Documents are cumulative and not exclusive of any rights and remedies provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Obligated Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, Administrative Agent in accordance with Article Eleven for the benefit of all the Banks; *provided, however,* that the foregoing shall not prohibit (a) Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) any Bank from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Obligated Party under any Debtor Relief Law.

13.8 *Successors and Assigns*.

(a) *Successors and Assigns Generally*. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that Borrower may not assign or transfer any of its rights, duties, or obligations under this Agreement or the other Loan Documents without the prior written consent of Administrative Agent and each Bank, and no Bank may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of Section 13.8(b), (ii) by way of participation in accordance with the provisions of Section 13.8(d), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 13.8(e) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 13.8(d) and, to the extent expressly contemplated hereby, the Related Parties of each of Administrative Agent and Banks) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) *Assignments by Banks*. Any Bank may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment(s) and the Loans at the time owing to it); *provided* that any such assignment shall be subject to the following conditions:

(i) *Minimum Amounts*. (A) in the case of an assignment of the entire remaining amount of the assigning Bank's Commitment(s) and/or the Loans at the time owing to it or contemporaneous assignments to related Approved Funds that equal at least the amount specified in Section 13.8(b)(i)(B) in the aggregate or in the case of an assignment to a Bank, an Affiliate of a Bank or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in Section 13.8(b)(i)(A), the aggregate amount of the Commitment(s) (which for this purpose includes Loans outstanding hereunder) or, if the applicable Commitment is not then in effect, the Outstanding Amount of the Loans of the assigning Bank subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $5,000,000, unless each of Administrative Agent and, so long as no Event of Default has occurred and is continuing, Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) *Proportionate Amounts*. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Bank's rights and obligations under this Agreement with respect to the Loan or the Commitment(s) assigned, except that this ***clause (ii)*** shall not prohibit any Bank from assigning all or a portion of its rights and obligations among separate Facilities on a non-pro rata basis.

(iii) *Required Consents*. No consent shall be required for any assignment except to the extent required by Section 13.8(b)(i)(B) and, in addition: (A) the consent of Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Bank, an Affiliate of a Bank or an Approved Fund; *provided* that Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to Administrative Agent within five (5) Business Days after having received notice thereof; (B) the consent of Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any Commitment or Loans if such assignment is to a Person that is not a Bank with a Commitment, an Affiliate of such Bank or an Approved Fund with respect to such Bank.

(iv) *Assignment and Assumption*. The parties to each assignment shall execute and deliver to Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; *provided* that Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Bank, shall deliver to Administrative Agent an Administrative Questionnaire.

(v) *No Assignment to Certain Persons*. No such assignment shall be made to (A) Borrower, or any of Borrower's Affiliates or Subsidiaries or any other Obligated Party or (B) any Defaulting Bank or any of its Affiliates, or any Person who, upon becoming a Bank hereunder, would constitute any of the foregoing persons described in this *clause (B)*.

(vi) *No Assignment to Natural Persons*. No such assignment shall be made to a natural Person.

(vii) *Certain Additional Payments*. In connection with any assignment of rights and obligations of any Defaulting Bank hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to

such assignment shall make such additional payments to Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of Borrower and Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by such Defaulting Bank, to each of which the applicable assignee and assignor hereby irrevocably consent), to: (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Bank to Administrative Agent or any Bank hereunder (and interest accrued thereon) and (B) acquire (and fund as appropriate) its full pro rata share of all Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Bank hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Bank for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by Administrative Agent pursuant to Section 13.8(c), from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Bank under this Agreement, and the assigning Bank thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto) but shall continue to be entitled to the benefits of Section 13.1 and Section 13.2 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided that, except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Bank will constitute a waiver or release of any party hereunder arising from that Banks' having been a Defaulting Bank. Any assignment or transfer by a Bank of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Bank of a participation in such rights and obligations in accordance with Section 13.8(d). Upon the consummation of any assignment pursuant to this Section 13.8(b), if requested by the transferor or transferee Bank, the transferor Bank, Administrative Agent and Borrower shall make appropriate arrangements so that replacement Notes are issued to such transferor Bank (if applicable) and new Notes or, as appropriate, replacement Notes, are issued to the assignee.

(c) *Register*. Administrative Agent, acting solely for this purpose as an agent of Borrower, shall maintain at one of its offices in Dallas, Texas a copy of each Assignment and Assumption delivered to it and a Register. The entries in the Register shall be conclusive absent manifest error, and Borrower, Administrative Agent and Banks shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by Borrower and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

(d) *Participations*. Any Bank may at any time, without the consent of, or notice to, Borrower or Administrative Agent, sell participations to a Participant in all or a portion of such

Bank's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); *provided* that (i) such Bank's obligations under this Agreement shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) Borrower, Administrative Agent, and Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. For the avoidance of doubt, each Bank shall be responsible for the indemnity under Section 13.1(b) without regard to the existence of any participation.

Any agreement or instrument pursuant to which a Bank sells such a participation shall provide that such Bank shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Bank will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 13.10 which requires the consent of all Banks and affects such Participant. Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.1, 3.5 and 3.4 (subject to the requirements and limitations therein, including the requirements under Section 3.4(g) (it being understood that the documentation required under Section 3.4(g) shall be delivered to the participating Bank)) to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 3.6 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 3.1 or 3.4, with respect to any participation, than its participating Bank would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Bank that sells a participation agrees, at Borrower's request and expense, to use reasonable efforts to cooperate with Borrower to effectuate the provisions of Section 3.6 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 4.2 as though it were a Bank; provided that such Participant agrees to pay to Administrative Agent any amount set-off for application to the Obligations under the Loan Documents as required pursuant to Section 4.2; provided further that such Participant agrees to be subject to Section 12.23 as though it were a Bank. Each Bank that sells a participation shall, acting solely for this purpose as an agent of Borrower, maintain a Participant Register; provided that no Bank shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under *Section 5f.103-1(c)* of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Bank shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) *Certain Pledges*. Any Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such

pledge or assignment shall release such Bank from any of its obligations hereunder or substitute any such pledgee or assignee for such Bank as a party hereto.

(f) *Dissemination of Information*. Borrower and each other Obligated Party authorizes Administrative Agent and each Bank to disclose to any actual or prospective purchaser, assignee or other recipient of a Bank's Commitment, any and all information in Administrative Agent's or such Bank's possession concerning Borrower, the other Obligated Parties and their respective Affiliates.

13.9 *Survival*. All representations and warranties made in this Agreement or any other Loan Document or in any document, statement, or certificate furnished in connection with this Agreement shall survive the execution and delivery of this Agreement and the other Loan Documents, and no investigation by Administrative Agent or any Bank or any closing shall affect the representations and warranties or the right of Administrative Agent or any Bank to rely upon them. Without prejudice to the survival of any other obligation of Borrower hereunder, the obligations of Borrower under Sections 13.1 and 13.2 shall survive repayment of the Obligations and termination of the Commitments.

13.10 *Amendment*. The provisions of this Agreement and the other Loan Documents to which Borrower is a party (other than the Issuer Documents) may be amended or waived only by an instrument in writing signed by Majority Banks (or by Administrative Agent with the consent of Majority Banks) and Borrower and acknowledged by Administrative Agent; *provided*, *however*, that no such amendment or waiver shall:

(a) waive any condition set forth in Section 5.1, without the written consent of each Bank;

(b) extend or increase any Commitment of any Bank without the written consent of such Bank;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment (excluding mandatory prepayment) of principal, interest, fees or other amounts due to Banks (or any of them) hereunder or under any other Loan Document without the written consent of each Bank directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Bank directly affected thereby; *provided*, *however*, that only the consent of Majority Banks shall be necessary to adjust the Default Interest Rate or to waive any obligation of Borrower to pay interest at such rate;

(e) change any provision of this Section 13.10 or the definition of "*Majority Banks*", the definition of "*Specified Percentage*", or any other provision hereof specifying the number or percentage of Banks required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Bank;

(f) change the definition of "*Base Rate*" or "*LIBOR Rate*";

(g) amend any provision in this Agreement providing for consent or other action by all the Banks; or

(h) change or modify the definition of "*Collateral*" or the advance rate for the Borrowing Base calculations;

and, *provided further*, that (i) no amendment, waiver or consent shall, unless in writing and signed by Borrower, Administrative Agent and all Banks, affect the obligations of Parent Guarantor or amend the Parent Guarantor's Guaranty or Parent Guarantor's covenants under the Loan Documents (ii) no amendment, waiver or consent shall, unless in writing and signed by Administrative Agent in addition to Banks required above, affect the rights or duties of Administrative Agent under this Agreement or any other Loan Document and (iii) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto.

Notwithstanding anything to the contrary herein, no Defaulting Bank shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that (and any amendment, waiver or consent which by its terms requires the consent of all Banks or each affected Bank may be effected with the consent of the applicable Banks other than Defaulting Banks), except that (x) the Commitment(s) of any Defaulting Bank may not be increased or extended without the consent of such Bank; and (y) any waiver, amendment or modification requiring the consent of all Banks or each affected Bank that by its terms affects any Defaulting Bank disproportionately adversely relative to other affected Banks shall require the consent of such Defaulting Bank.

13.11 *Notices*.

(a) *Notices Generally*. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 13.11(b)), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as set forth on the signature pages hereto. Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications, to the extent provided in Section 13.11(b) shall be effective as provided in Section 13.11(b).

(b) *Electronic Communications*. Notices and other communications to Banks and hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by Administrative Agent, *provided* that the foregoing shall not apply to notices to any Bank pursuant to Article Two if such Bank has notified Administrative Agent that it is incapable of receiving notices under Article Two by electronic communication. Administrative Agent or Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures

approved by it; *provided* that approval of such procedures may be limited to particular notices or communications.

Unless Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such facsimile, email or other electronic communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) *Change of Address, etc*. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) *Platform*.

(i) Borrower agrees that Administrative Agent may, but shall not be obligated to, make the Communications (as defined below) available to the Banks by posting the Communications on the Platform.

(ii) The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Agent Parties have any liability to Borrower, any Bank or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of Borrower's or Administrative Agent's transmission of communications through the Platform.

(iii) Borrower and each other Obligated Party (by its, his or her execution of a Loan Document) hereby authorizes Administrative Agent, each Bank and their respective counsel and agents to communicate and transfer documents and other information (including confidential information) concerning this transaction or Borrower or any other Loan Party and the business affairs of Borrower and such other Loan Parties via the Internet or other electronic communication without regard to the lack of security of such communications.

1 3 . 1 2 *Form and Number of Documents*. Each agreement, document, instrument, or other writing to be furnished to Administrative Agent under any provision of this Agreement must be in form and substance and in such number of counterparts as may be satisfactory to Administrative Agent and its counsel.

13.13 *Survival*. All covenants, agreements, undertakings, representations, and warranties made in any of the Loan Documents shall survive all closings under the Loan Documents and shall continue in full force and effect so long as any part of the Indebtedness remains and, except as otherwise indicated, shall not be affected by any investigation made by any party.

13.14 *GOVERNING LAW; PLACE OF PERFORMANCE*. THE LOAN DOCUMENTS ARE BEING EXECUTED AND DELIVERED, AND ARE INTENDED TO BE PERFORMED, IN THE STATE OF TEXAS, AND THE LAWS OF SUCH STATE AND OF THE UNITED STATES SHALL GOVERN THE RIGHTS AND DUTIES OF THE PARTIES HERETO AND THE VALIDITY, CONSTRUCTION, ENFORCEMENT, AND INTERPRETATION OF THE LOAN DOCUMENTS, EXCEPT TO THE EXTENT OTHERWISE SPECIFIED IN ANY OF THE LOAN DOCUMENTS. THIS AGREEMENT, ALL OF THE OTHER LOAN DOCUMENTS, AND ALL OF THE OBLIGATIONS OF BORROWER UNDER ANY OF THE LOAN DOCUMENTS ARE PERFORMABLE IN DALLAS COUNTY, TEXAS. VENUE OF ANY LITIGATION INVOLVING THIS AGREEMENT OR ANY LOAN DOCUMENT SHALL BE MAINTAINED IN AN APPROPRIATE STATE OR FEDERAL COURT LOCATED IN DALLAS COUNTY, TEXAS, TO THE EXCLUSION OF ALL OTHER VENUES.

13.15 *Maximum Interest*. It is expressly stipulated and agreed to be the intent of Borrower, Administrative Agent and Banks at all times to comply strictly with the applicable Texas law governing the maximum rate or amount of interest payable on the indebtedness evidenced by any Note or any Loan Document, and the Related Indebtedness (defined below) (or applicable United States federal law to the extent that it permits Administrative Agent and Banks to contract for, charge, take, reserve or receive a greater amount of interest than under Texas law). If the applicable law is ever judicially interpreted so as to render usurious any amount (a) contracted for, charged, taken, reserved or received pursuant to any Note, any of the other Loan Documents or any other communication or writing by or between Borrower, Administrative Agent and Banks related to the transaction or transactions that are the subject matter of the Loan Documents, (b) contracted for, charged, taken, reserved or received by reason of Administrative Agent's or any Bank’s exercise of the option to accelerate the maturity of any Note and/or any and all indebtedness paid or payable by Borrower to Administrative Agent or Banks pursuant to any Loan Document other than any Note (such other indebtedness being referred to in this Section as the "Related Indebtedness"), or (c) Borrower will have paid or Administrative Agent or a Bank will have received by reason of any voluntary prepayment by Borrower of any Note, then it is Borrower's, Administrative Agent’s and Banks’ express intent that all amounts charged in excess of the Maximum Rate shall be automatically canceled, ab initio, and all amounts in excess of the Maximum Rate theretofore collected by Administrative Agent or Banks shall be credited on the principal balance of any Note and (or, if any Note has been or would thereby be paid in full, refunded to Borrower), and the provisions of any Note and the other Loan Documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder; provided, however, if any Note has been paid in full before the end of the stated term of any such Note, then Borrower, Administrative Agent and Banks agree that Administrative Agent shall, with reasonable promptness after Administrative Agent discovers or is advised by Borrower that interest was received in an amount

in excess of the Maximum Rate, either refund such excess interest to Borrower and/or credit such excess interest against such Note and/or any Related Indebtedness then owing by Borrower to such Bank. Borrower hereby agrees that as a condition precedent to any claim seeking usury penalties against Administrative Agent or Banks, Borrower will provide written notice to Administrative Agent and Banks, advising Administrative Agent and Banks in reasonable detail of the nature and amount of the violation, and Administrative Agent and Banks shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest to Borrower or crediting such excess interest against the Note to which the alleged violation relates and/or the Related Indebtedness then owing by Borrower to Administrative Agent or any Bank. All sums contracted for, charged, taken, reserved or received by Administrative Agent or Banks for the use, forbearance or detention of any debt evidenced by any Note and/or the Related Indebtedness shall, to the extent permitted by applicable law, be amortized or spread, using the actuarial method, throughout the stated term of such Note and/or the Related Indebtedness (including any and all renewal and extension periods) until payment in full so that the rate or amount of interest on account of any Note and/or the Related Indebtedness does not exceed the Maximum Rate from time to time in effect and applicable to such Note and/or the Related Indebtedness for so long as debt is outstanding. In no event shall the provisions of Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving triparty accounts) apply to any Note and/or any of the Related Indebtedness. Notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, it is not the intention of Administrative Agent or Banks to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

13.16 *Ceiling Election*. To the extent that Administrative Agent or Banks are relying on Chapter 303 of the Texas Finance Code to determine the Maximum Rate payable on any such Note and/or any other portion of the Indebtedness, Administrative Agent and Banks will utilize the weekly ceiling from time to time in effect as provided in such Chapter 303, as amended. To the extent federal law permits Administrative Agent or Banks to contract for, charge, take, receive or reserve a greater amount of interest than under Texas law, Administrative Agent and Banks will rely on federal law instead of such Chapter 303 for the purpose of determining the Maximum Rate. Additionally, to the extent permitted by applicable law now or hereafter in effect, Administrative Agent and Banks may, at their option and from time to time, utilize any other method of establishing the Maximum Rate under such Chapter 303 or under other applicable law by giving notice, if required, to Borrower as provided by applicable law now or hereafter in effect.

13.17 *USA Patriot Act Notice*. Administrative Agent and each Bank hereby notifies Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies Borrower and each other Obligated Party, which information includes the name and address of Borrower and each other Obligated Party and other information that will allow Administrative Agent and such Bank to identify Borrower and each other Obligated Party in accordance with the Patriot Act. In addition, Borrower agrees to (a) ensure that no Person who owns a controlling interest in or otherwise controls Borrower or any Subsidiary of Borrower is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the OFAC, the Department of the Treasury or included in any Executive Order, (b) not to use or permit the use of proceeds of the Obligations to violate any of the foreign asset

control regulations of the OFAC or any enabling statute or Executive Order relating thereto, and (c) comply, or cause its Subsidiaries to comply, with the applicable Laws.

13.18 *Defaulting Banks.*

(a) *Adjustments*. Notwithstanding anything to the contrary contained in this Agreement, if any Bank becomes a Defaulting Bank, then, until such time as that Bank is no longer a Defaulting Bank, to the extent permitted by applicable law:

(i) *Waivers and Amendments*. Such Defaulting Bank's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "*Majority Banks*" and in Section 13.10.

(ii) *Defaulting Bank Waterfall*. Any payment of principal, interest, fees or other amounts received by Administrative Agent for the account of such Defaulting Bank (whether voluntary or mandatory, at maturity, or otherwise) or received by Administrative Agent from a Defaulting Bank shall be applied at such time or times as may be determined by Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Bank to Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Bank hereunder; third, as Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Bank has failed to fund its portion thereof as required by this Agreement, as determined by Administrative Agent; fourth, if so determined by Administrative Agent and Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Bank's potential future funding obligations with respect to Loans under this Agreement and; fifth, to the payment of any amounts owing to Banks as a result of any judgment of a court of competent jurisdiction obtained by any Bank against such Defaulting Bank as a result of such Defaulting Bank's breach of its obligations under this Agreement; sixth, so long as no Default or Event of Default exists, to the payment of any amounts owing to Borrower as a result of any judgment of a court of competent jurisdiction obtained by Borrower against such Defaulting Bank as a result of such Defaulting Bank's breach of its obligations under this Agreement; and seventh, to such Defaulting Bank or as otherwise directed by a court of competent jurisdiction; *provided* that, if (x) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Bank has not fully funded its appropriate share, and (y) such Loans were made at a time when the conditions set forth in Section 5.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of all Non-Defaulting Banks on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Bank until such time as all Loans are held by Banks pro rata in accordance with the Commitments under the applicable Facility without giving effect to Section 13.18(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Bank that are applied (or held) to pay amounts owed by a Defaulting Bank pursuant to this Section 13.18(a)(ii) shall be deemed paid to and redirected by such Defaulting Bank, and each Bank irrevocably consents hereto.

(iii) *Certain Fees*. No Defaulting Bank shall be entitled to receive any fee payable under Section 2.7 for any period during which that Bank is a Defaulting Bank (and Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Bank).

(b) *Defaulting Bank Cure*. If Borrower and Administrative Agent agree in writing that a Bank is no longer a Defaulting Bank, Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Bank will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Banks or take such other actions as Administrative Agent may determine to be necessary to cause the Loans to be held on a pro rata basis by Banks in accordance with their Applicable Percentages (without giving effect to Section 13.18(a)(iv)), whereupon such Bank will cease to be a Defaulting Bank; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of Borrower while that Bank was a Defaulting Bank; and *provided*, *further*, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Bank to Bank will constitute a waiver or release of any claim of any party hereunder arising from that Bank's having been a Defaulting Bank.

13.19 *Sharing of Payments by Banks*. If any Bank shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it or other obligations hereunder, resulting in such Bank's receiving payment of a proportion of the aggregate amount of such Loans and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Bank receiving such greater proportion shall:

(a) notify Administrative Agent of such fact; and

(b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Banks, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by Banks ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, *provided* that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section 13.19 shall not be construed to apply to: (A) any payment made by or on behalf of Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Bank); or (B) any payment obtained by a Bank as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than an assignment to Borrower or any Affiliate thereof (as to which the provisions of this Section 13.19 shall apply).

Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Bank acquiring a participation pursuant to the foregoing arrangements may exercise

against Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Bank were a direct creditor of Borrower in the amount of such participation.

13.20 *Payments Set Aside*. To the extent that any payment by or on behalf of Borrower is made to Administrative Agent, or any Bank, or Administrative Agent or any Bank exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Administrative Agent or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Bank severally agrees to pay to Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of Banks under ***clause (b)*** of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

13.21 *Confidentiality*. Each of Administrative Agent and the Banks agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners) or any Governmental Authority, quasi-Governmental Authority or legislative committee, (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement or any other Loan Document, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to its being under a duty of confidentiality no less restrictive than this Section 13.21, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (ii) any actual or prospective purchaser of a Bank or its holding company, (iii) any rating agency or any similar organization in connection with the rating of Borrower or the Facilities or (iv) the CUSIP Service Bureau or any similar organization in connection with the issuance and monitoring of CUSIP numbers with respect to the Facilities, (g) with the consent of Borrower, or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 13.21 or (ii) becomes available to Administrative Agent, any Bank or any of their respective Affiliates on a nonconfidential basis from a source other than Borrower. For purposes of this Section 13.21, "Information" means all information received from Borrower or any Subsidiary relating to Borrower or any Subsidiary or any of their respective businesses which is clearly identified as confidential, other than any such information that is available to Administrative Agent or any Bank on a nonconfidential basis prior to disclosure by Borrower or a Subsidiary; *provided* that, in the case of information received from Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as

provided in this Section 13.21 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

13.22 *Electronic Execution of Assignments and Certain Other Documents*. **The words "execute," "execution," "signed," "signature," and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state Laws based on the Uniform Electronic Transactions Act.**

13.23 *Invalid Provisions*. If any provision of any of the Loan Documents is held to be illegal, invalid, or unenforceable under present or future Laws effective during the term thereof, such provision shall be fully severable, the appropriate Loan Document shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part thereof; and the remaining provisions thereof shall remain in full force and effect and shall not be effected by the illegal, invalid, or unenforceable provision or by its severance therefrom. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of such Loan Document a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

13.24 *Entirety*. This instrument embodies the entire agreement between the parties relating to the subject matter hereof (except documents, agreements and instruments delivered or to be delivered in accordance with the express terms hereof), supersedes all prior agreements and understandings, if any, relating to the subject matter hereof.

13.25 *Multiple Counterparts*. This Agreement has been executed in a number of identical counterparts, each of which constitutes an original and all of which constitute, collectively, one agreement; but in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

13.26 *Parties Bound*. This Agreement shall be binding upon and inure to the benefit of Borrower, Administrative Agent, Banks and their respective successors and assigns; provided that Borrower may not, without the prior written consent of Administrative Agent, assign any of its Rights, duties, or obligations hereunder. No term or provision of this Agreement shall inure to the benefit of any Person other than Borrower, Administrative Agent and Banks and their respective successors and assigns; consequently, no Person other than Borrower, Administrative Agent and Banks and their respective successors and assigns, shall be entitled to rely upon, or to raise as a defense, in any manner whatsoever, the failure of Borrower, Administrative Agent or Banks to perform, observe, or comply with any such term or provision. No Bank may assign any or all of

its interests hereunder or in any Advance or any Note or other Loan Document without the consent of Borrower, unless at such time an Event of Default has occurred and is continuing.

13.27 *Administrative Agent's Consent or Approval*. Except where otherwise expressly provided in the Loan Documents, in any instance where the approval, consent or the exercise of judgment of Administrative Agent is required, the granting or denial of such approval or consent and the exercise of such judgment shall be (a) within the sole discretion of Administrative Agent, and (b) deemed to have been given only by a specific writing intended for the purpose and executed by Administrative Agent. Each provision for consent, approval, inspection, review, or verification by Administrative Agent is for Administrative Agent's and Banks' own purposes and benefit only.

13.28 *Loan Agreement Governs*. In the event of any conflict between the terms of this Agreement and any terms of any other Loan Document, the terms of this Agreement shall govern. All of the Loan Documents are by this reference incorporated into this Agreement.

13.29 *WAIVER OF JURY TRIAL*. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO HEREBY IRREVOCABLY AND EXPRESSLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY OR THE ACTIONS OF ADMINISTRATIVE AGENT OR BANKS IN THE NEGOTIATION, ADMINISTRATION, OR ENFORCEMENT THEREOF.

13.30 *STATUTE OF FRAUDS NOTICE*. THIS WRITTEN LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[Remainder of page intentionally left blank.]

BORROWER:

PROPEL FINANCIAL SERVICES, LLC,
a Texas limited liability company

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

Address for Notices:

7990 IH 10 West, Ste 200
San Antonio, Texas 78230
Attn: Fernando Garcia
Fax No.: (210) 530-3064

With a copy to:

Encore Capital Group, Inc.
3111 Camino Del Rio North, Suite 103
San Diego, CA 92108
Attn: Legal Affairs and Contracts

Exhibit 10.3

JOINDER PAGE

Each Guarantor joins in the execution of this Agreement to evidence its consent to the terms, provisions, covenants and agreements contained herein and its agreement to be bound thereby.

PARENT GUARANTOR:

ENCORE CAPITAL GROUP, INC.,
a Delaware corporation

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Executive Vice President, Chief Financial Officer, and Treasurer

Address for Notices:

Encore Capital Group, Inc.
3111 Camino Del Rio North, Suite 103
San Diego, CA 92108
Attn: General Counsel

Exhibit 10.3

JOINDER PAGE

Each Guarantor joins in the execution of this Agreement to evidence its consent to the terms, provisions, covenants and agreements contained herein and its agreement to be bound thereby.

GUARANTORS:

RIOPROP HOLDINGS, LLC,
a Texas limited liability company

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

BAYFRONT INVESTMENT LLC,
a Delaware limited liability company

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

FIRESIDE FUNDING LLC,
a Delaware limited liability company

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

SNOWCAP FINANCIAL LLC,
a Delaware limited liability company

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

DESERT TREE CAPITAL LLC,
a Delaware limited liability company

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

GREEN MEADOW FINANCIAL LLC,
a Delaware limited liability company

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

Address for Notices:

7990 IH 10 West, Ste 200
San Antonio, Texas 78230
Attn: Fernando Peralta
Fax No.: (210) 530-3064

With a copy to:

Encore Capital Group, Inc.
3111 Camino Del Rio North, Suite 103
San Diego, CA 92108
Attn: General Counsel

BANKS:

TEXAS CAPITAL BANK, NATIONAL ASSOCIATION,
a national banking association

By /s/ Craig A. Dixon
Craig A. Dixon, Executive Vice President

Address for Notices:

745 East Mulberry, Suite 350
San Antonio, Texas 78212
Fax No.: (210) 785-3609

With a copy to:

Jackson Walker L.L.P.
100 Congress Avenue, Suite 1100
Austin, Texas 78701
Attn: Steven R. Martens
Fax No.: (512) 391-2128

BANKS:

BOKF, National Association,
a national banking association

By: /s/ Michael Rodgers
Name: Michael Rodgers
Title: Senior Vice President

Address for Notices:

5956 Sherry Lane, Suite 1100
Dallas, Texas 75225
Attn: Michael Rodgers, Vice President
Fax No.: (214) 987-8892

BANKS:

CITY BANK,
a Texas banking association

By: /s/ Steve Lewis
Name: Steve Lewis
Title: Senior Vice President

Address for Notices:

P.O. Box 5060
Lubbock, Texas 79408
Attn: Steve Lewis, Senior Vice President
Fax No.: (806) 281-5327

BANKS:

LONE STAR NATIONAL BANK,
a national banking association

By: /s/ Rick Acevedo
Name: Rick Acevedo
Title: Senior Vice President

Address for Notices:

520 East Nolana Avenue
McAllen, Texas 78504
Attn: Rick Acevedo
Fax No.: (956) 984-2891

BANKS:

GREEN BANK, N.A.
a national banking association

By: /s/ Ryan Craig
Name: Ryan Craig
Title: Vice President

Address for Notices:

4000 Greenbriar, 2nd Floor
Houston, Texas 77098
Attn: Glen Bell, Executive Vice President
Fax No.: (713) 275-8259

ADMINISTRATIVE AGENT:

TEXAS CAPITAL BANK, NATIONAL ASSOCIATION,
a national banking association

By /s/ Craig A. Dixon
Craig A. Dixon, Executive Vice President

Address for Notices:

Attention: Agency Services
2350 Lakeside Blvd.
Suite 800
Richardson, TX 75082
Tel: 214.932.6760
Fax: 214.210.3047
Email: Agency@texascapitalbank.com

With a copy to:

Jackson Walker L.L.P.
100 Congress Avenue, Suite 1100
Austin, Texas 78701
Attn: Steven R. Martens
Fax No.: (512) 391-2128

EXHIBIT A

Assignment and Assumption

This Assignment and Assumption (the "***Assignment and Assumption***") is dated as of the Effective Date set forth below and is entered into by and between **[the][each]**[1] Assignor identified in item 1 below **([the][each, an]** "***Assignor***") and **[the][each]**[2] Assignee identified in item 2 below **([the][each, an]** "***Assignee***"). **[It is understood and agreed that the rights and obligations of [the Assignors][the Assignees]**[3] **hereunder are several and not joint.]**[4] Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "***Credit Agreement***"), receipt of a copy of which is hereby acknowledged by **[the][each]** Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, **[the][each]** Assignor hereby irrevocably sells and assigns to **[the Assignee][the respective Assignees]**, and **[the][each]** Assignee hereby irrevocably purchases and assumes from **[the Assignor][the respective Assignors]**, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by Administrative Agent as contemplated below (i) all of **[the Assignor's][the respective Assignors']** rights and obligations in **[its capacity as a Bank][their respective capacities as Banks]** under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of **[the Assignor][the respective Assignors]** under the respective facilities identified below (including without limitation any letters of credit, guarantees, and swingline loans included in such facilities), and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of **[the Assignor (in its capacity as a Bank)][the respective Assignors (in their respective capacities as Banks)]** against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to ***clause (i)*** above (the rights and obligations sold and assigned by **[the][any]** Assignor to **[the][any]** Assignee pursuant to ***clauses (i)*** and ***(ii)*** above being referred to herein collectively as **[the][an]** "***Assigned Interest***"). Each such sale and assignment

---

1 For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

2 For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

3 Select as appropriate.

4 Include bracketed language if there are either multiple Assignors or multiple Assignees.

is without recourse to **[the][any]** Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by **[the][any]** Assignor.

1. Assignor**[s]**: _____

_____

[Assignor [is] [is not] a Defaulting Bank]

2. Assignee[s]: _____

_____

[for each Assignee, indicate [Affiliate][Approved Fund] of [identify Bank]]

3. Borrower: Propel Financial Services, LLC, as Borrower

4. Administrative Agent: Texas Capital Bank, National Association, as the administrative agent under the Credit Agreement

5. Credit Agreement: **[The [amount] Credit Facility Loan Agreement dated as of May 8, 2015 among Propel Financial Services, LLC, the Banks parties thereto, Texas Capital Bank, National Association, as Administrative Agent]**

6. Assigned Interest**[s]**:

Assignor**[s]**[5]	Assignee**[s]**[6]		Aggregate Amount of Commitment/Loans for all Banks	Amount of Commitment/Loans Assigned[7]	Percentage Assigned of Commitment/Loans[8]	CUSIP Number
			$	$	%	
			$	$	%	
			$	$	%	

[7. Trade Date: _____][9]

---

5 List each Assignor, as appropriate.

6 List each Assignor, as appropriate.

7 Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

8 To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

9 To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: _____ ___, 20___ **[TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]**

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR**[S]**[10]

[NAME OF ASSIGNOR]

By: _____
Name:
Title:

[NAME OF ASSIGNOR]

By: _____
Name:
Title:

ASSIGNEE**[S]**[11]

[NAME OF ASSIGNEE]

By: _____
Name:
Title:

[NAME OF ASSIGNEE]

By: _____
Name:
Title:

---

[10] Add additional signature blocks as needed. Include both Fund/Pension Plan and manager making the trade (if applicable).

[11] Add additional signature blocks as needed. Include both Fund/Pension Plan and manager making the trade (if applicable).

[Consented to and][12] Accepted:

TEXAS CAPITAL BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: _____
Name:
Title:

[Consented to]:[13]

[NAME OF RELEVANT PARTY]

By: _____
Name:
Title:

---

12 To be added only if the consent of Administrative Agent is required by the terms of the Credit Agreement.

13 To be added only if the consent of Borrower and/or other parties is required by the terms of the Credit Agreement.

ANNEX 1

[_____][1]

Standard Terms and Conditions for Assignment and Assumption

1. **Representations and Warranties**.

1.1 Assignor**[s]**. **[The][Each]** Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of **[the][the relevant]** Assigned Interest, (ii)[2] **[the][such]** Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is **[not]** a Defaulting Bank; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document, or (iv) the performance or observance by Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee**[s]**. **[The][Each]** Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Bank under the Credit Agreement, (ii) it meets all the requirements to be an assignee under ***Section 12.8(b)(iii)***, ***(v)*** and ***(vi)*** of the Credit Agreement (subject to such consents, if any, as may be required under ***Section 12.8(b)(iii)*** of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Bank thereunder and, to the extent of **[the][the relevant]** Assigned Interest, shall have the obligations of a Bank thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to **Section 7.1** thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase **[the][such]** Assigned Interest, (vi) it has, independently and without reliance upon Administrative Agent or any other Bank and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase **[the][such]** Assigned Interest, and (vii) if it is a Foreign Bank[3], attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed

_____

[1] Describe Credit Agreement at option of Administrative Agent.

[2] The term "Loan Document" should be conformed to that used in the Credit Agreement.

[3] The concept of "Foreign Lender" should be conformed to the section in the Credit Agreement governing withholding taxes and gross-up.

by **[the][such]** Assignee; and (b) agrees that (i) it will, independently and without reliance on Administrative Agent, **[the][any]** Assignor or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Bank.

2 . Payments. From and after the Effective Date, Administrative Agent shall make all payments in respect of **[the][each]** Assigned Interest (including payments of principal, interest, fees and other amounts) to **[the][the relevant]** Assignor for amounts which have accrued to but excluding the Effective Date and to **[the][the relevant]** Assignee for amounts which have accrued from and after the Effective Date[4]. Notwithstanding the foregoing, Administrative Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to **[the][the relevant]** Assignee.

3 . General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of Texas **[confirm that choice of law provision parallels the Credit Agreement]**.

---

[4] Administrative Agent should consider whether this method conforms to its systems. In some circumstances, the following alternative language may be appropriate: "From and after the Effective Date, Administrative Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor[s] and the Assignee[s] shall make all appropriate adjustments in payments by Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves."

EXHIBIT B

BORROWING BASE CERTIFICATE

[Attached]

Exhibit 10.3

745 Mulberry
Suite 350
San Antonio, TX 78212
Fax: 210-733-6600

Borrowing Base Report

Borrower: **PROPEL FINANCIAL SERVICES, LLC**

Schedule A

Note Receivable/ Tax Lien Portfolio **Date _____**

1.)	Outstanding principal balance of Texas Notes Receivable.	$	-
	Outstanding principal balance of Nevada Notes Receivable	$	-
	Outstanding principal balance of Virginia Notes Receivable.	$	-
	Aggregate outstanding principal balance of Notes Receivable		-
2.)	**Aggregate outstanding principal balance of Tax Liens**	$	-
	less ineligible tax liens - greater than 20% of commitment	$	
	Eligible Tax Liens	$	-
3.)	**Eligible Notes Receivable & Tax Liens**	$	-
4.)	**Advance Rate**		90%
5).	**Borrowing Base**	$	-
6.)	**Line of Credit Commitment**	$	80,000,000
7.)	**Lesser of Borrowing Base or Commitment**	$	
8.)	**Outstanding Balance under Line of Credit**	$	
5.)	**Borrowing Availability (Line 7 minus Line 8)**	$	

(If result is a negative figure, this amount is due immediately as a principal payment.)

This certificate is delivered under the Loan Agreement dated May 8, 2015, between Borrower and Bank. Capitalized terms used in this certificate shall, unless otherwise indicated, have the meanings set forth in the Agreement. On behalf of Borrower, the undersigned advises Bank that a review of the activities of the Borrower during the subject period has been made under my supervision, and the undersigned certifies to Bank on the date hereof that (a) no Default has occurred and is continuing, (b) the tax lien/note portfolio of Borrower included in the Borrowing Base above meet all conditions to qualify for inclusion therein as set forth in the Agreement, ('c) all representations and warranties set forth in the Agreement with respect thereto were true and correct in all material respects at the time the represent-actions and warranties were made, and (d) the information set forth above and hereto was true and correct as of the reporting date.

CERTIFIED BY:

PROPEL FINANCIAL SERVICES, LLC_____

Company Name **By: Authorized Signer**

_____ _____

Date **Title**

EXHIBIT C

COMPLIANCE CERTIFICATE

[Attached]

Exhibit 10.3

TEXAS CAPITAL BANK

COMPLIANCE CERTIFICATE

FOR THE QUARTER ENDED ("THE SUBJECT PERIOD")

BORROWER: Propel Financial Services, LLC
BANK: TEXAS CAPITAL BANK NA

This certificate is delivered pursuant to the Loan Agreement (the "Agreement") between Borrower and Bank dated as of May 8, 2015. Capitalized terms in this certificate, unless otherwise indicated, have the meanings set forth in the Agreement.

I certify to Bank that, on the date of this certificate, (a) the Financial Statements of Borrower attached to this certificate were prepared in accordance with GAAP, and present fairly the financial condition and results of Borrower as of the end of and for the Subject Period, and (b) no Default currently exists or has occurred which has not been cured or waived by Bank, and (c) the status of the compliance by Borrower with certain covenants of the Agreement at the end of the Subject Period is as follows (a box for any deviations from full compliance is provided at the end of this certificate):

				In Compliance for the Subject Period	
9.	Interest Coverage Ratio (Calculated Quarterly)				
	Minimum of 1.25:1		x	*Yes*	*No*
	Net Income				
	Plus Interest Expense				
	Plus Depreciation Expense				
	Plus Non-cash Amortization Expense				
	Plus taxes				
	Total Additions	0			
	Less Cash Taxes Paid				
	Less Dividends & Distributions				
	Total Deductions	0			
	Consolidated Adjusted EBITDA	0			
	Interest Expense				
	Interest Coverage Ratio	#DIV/01	x		
12.	**Cash Flow Leverage Ratio (Calculated Quarterly**				
	Minimum of 3.00:1		x	*Yes*	*No*
	Principal Balance on Funded Debt				
	Net Income				
	Plus Interest Expense				
	Plus Depreciation Expense				
	Plus Non-cash Amortization Expense				
	Minus Cash Dividends & Distributions				
	Minus Cash Taxes Paid				
	Consolidated Adjusted EBITDA	0			
	Plus Collections on Notes Rec. and Tax Liens				
	Plus Proceeds from Dispositon of Notes Rec, and Tax Liens				
	(Max of $5,000,000)				
	Adjusted EBITDA	0			
	Total Senior Debt / EBITDA	#DIV/01			

If a Securitization Event has occurred during the trailing 12-month period, see definitions of Interest Coverage Ratio and Cash Flow Leverage Ratio in the credit agreement for further instructions on the calculation of the financial covenants.

This Compliance Certificate is a summary only. Borrower hereby certifies that Borrower is in compliance with all of the terms and conditions of the Loan Agreement, except as follows (describe areas of non-compliance, or else note "in compliance" if there are no points of non-compliance):

CERTIFIED BY

Borrower:

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT D

GUARANTOR'S COMPLIANCE CERTIFICATE

[Attached]

Exhibit 10.3

COMPLIANCE CERTIFICATE

To: The Lenders under the
Credit Agreement described below

This Compliance Certificate is furnished pursuant to that certain Second Amended and Restated Credit Agreement, dated as of February 25, 2014 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Encore Capital Group, Inc., a Delaware corporation, as the Borrower (the "Borrower"), the several banks and other financial institutions and lenders party thereto from time to time, SunTrust Bank, as administrative agent for the Lenders, as collateral agent for the Secured Parties, as issuing bank, and as swingline lender. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Credit Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected Executive Vice President, Chief Financial Officer and Treasurer of the Borrower;

2. I have reviewed the terms of the Credit Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Borrower and its Subsidiaries during the accounting period ending on December 31, 2014 and covered by the attached financial statements;

3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below;

4. All of the representations and warranties of each Loan Party set forth in the Loan Documents are true and correct as of the date hereof except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty was true and correct on and as of such earlier date; and

5. Schedule I attached hereto sets forth financial data and computations evidencing the Borrower's compliance with certain covenants of the Credit Agreement, all of which data and computations are true, complete and correct.

6. Schedule II attached hereto sets forth a list of each Restricted Subsidiary and each Unrestricted Subsidiary as of the date hereof, including any new Subsidiary of the Borrower formed or acquired since the date of delivery of the immediately previous Compliance Certificate.

Described below are the exceptions, if any, to paragraph 3 above by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

Exhibit 10.3

N/A

The foregoing certifications, together with the computations set forth in Schedule I hereto, the information set forth on Schedule II hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this 2nd day of March, 2015.

ENCORE CAPITAL GROUP, INC.,
as Borrower

By:

Name: Jonathan Clark
Title: Executive Vice President, Chief Financial Officer and Treasurer

Exhibit 10.3

SCHEDULE I TO COMPLIANCE CERTIFICATE

Compliance as of December 31, 2014 (the "Compliance Date") with Sections 6.1, 6.2, 6.3 and certain other Sections of the Credit Agreement

I. FINANCIAL COVENANTS

A. CASH FLOW LEVERAGE RATIO (Section 6.1)
(company numbers are in thousands of $)

(1) Consolidated Funded Indebtedness -

(2) Consolidated EBITDA

(a) Consolidated Net Income -

(b) Amortized Collections - MCM -

(c) Amortized Collections - Propel -

(d) Consolidated Interest Expense -

(e) Expense for taxes paid or accrued -

(f) Depreciation and Amortization -

(g) Any extraordinary losses -

(h) Non-Cash Charges from Compensation Expense -

(i) Interest income -

(j) Extraordinary gains -

(k) Income of any JV Entity, joint venture, minority investment or similar entity -

(l) Income of any Subsidiary to the extent that declaration or payment of a dividend is not permitted by such Subsidiary's charter document or other agreement at that time -

(m) ACF Adjusted EBITDA (Q3 2013 - Q2 2014) -

(n) Consolidated EBITDA (Sum of A(2)(a) through A(2)(m)) -

(3) Cash Flow Leverage Ratio (Ratio of A(1) to A(2)(n)) -

(4) Maximum Cash Flow Leverage Ratio for each fiscal four-quarter period -

B. MINIMUM NET WORTH (Section 6.2)

(1) Minimum Net Worth

(a) Base Level -

(b) Increase in "Total Stockholders' Equity" -

(c) 50% of Consolidated Net Income -

(d) Redeemable Equity Component of Conv. Sr. Notes -

(e) Repurchase amounts -

(f) Total (Sum of B(1)(a) to B(1)(e)): -

(2)Consolidated Net Worth (Minimum: Line B(1)(f)) -

C. INTEREST COVERAGE RATIO (Section 6.3)

(1) Consolidated EBIT

(a) Consolidated Net Income -

(b) Consolidated Interest Expense -

(c) Expense for taxes paid or accrued -

(d) Any extraordinary losses -

(e) Interest income -

(f) Extraordinary gains -

(g) Income of any JV Entity, joint venture, minority investment or similar entity -

(h) Income of any Subsidiary to the extent that declaration or payment of a dividend is not permitted by such Subsidiary's charter document or other agreement at that time -

(i) Consolidated EBIT (Sum of C(1)(a) through C(1)(h)) -

(2) Consolidated Interest Expense -

(3) Interest Coverage Ratio (Ratio of C(l) to C(2)) -

(4) Minimum Interest Coverage Ratio for each fiscal four-quarter period -

II. OTHER MISCELLANEOUS PROVISIONS

A. INDEBTEDNESS (Section 7.1)

(1) Aggregate outstanding principal amount of purchase money Indebtedness (including Capitalized Leases) incurred after the Closing Date to finance acquisition of assets used in its business together with any additional unsecured Indebtedness incurred pursuant to Section 7.1(i). -
[Maximum: $15,000,000]

(2) Aggregate outstanding unsecured Indebtedness, to the extent not otherwise permitted under Section 7.1; together with purchase money indebtedness incurred pursuant to Section 7.1(d). -
[Maximum: $20,000,000]

(3) Aggregate outstanding unsecured or subordinated Indebtedness, to the extent not otherwise permitted under Section 7.1, that otherwise complies with the requirements of Section 7.1(n). -
[Maximum: $750,000,000]

(4) Aggregate outstanding principal amount of the Propel Indebtedness (exclusive of intercompany loans, but including unsecured guaranty obligations thereof). [Maximum Propel Indebtedness: $400,000,000]	-
(5) Aggregate outstanding principal amount of Indebtedness incurred in connection with letter of credit facilities to the extent not otherwise permitted under Section 7.1. [Maximum: $10,000,000]	-
B. INVESTMENTS (Section 7.4)	
(1) Investments representing Minority Investments. [Maximum: $60,000,000]	-
(2) Permitted Foreign Subsidiary Investments/Loans. [Maximum: $150,000,000 per fiscal year]	-
(3) Investments in Unrestricted Subsidiaries made on or after the Closing Date together with any Investments made pursuant to Section 7.4(k).	-
[Maximum: $250,000,000 less amount in clause B.1.]	
(4) Investments in Blocked Propel Subsidiaries made on or after the Closing Date together with any Investments made pursuant to Section 7.4(i)	-
[Maximum: $200,000,000 less amount in clause B.1.]	
C. RESTRICTED PAYMENTS (Section 7.5)	
(1) Aggregate amount of capital stock repurchases made on and after the Closing Date. [Maximum: $50,000,000]	-
D. SALE OF ASSETS (Section 7.6)	
(1) State whether any asset sales (other than asset sales permitted pursuant to Sections 7.6) have occurred. Yes/**No**	
(2) Aggregate fair market value of sales or dispositions of assets outside the ordinary course of business [Maximum: $20,000,000] Proceeds must be used to make prepayments and/or reinvestments as required under Section 2.12(a)	
E. RENTALS (Section 7.14)	
(1) The aggregate amount of obligations resulting from Rentals during the most recent fiscal year of the Borrower on a consolidated basis for the Borrower and its Subsidiaries. [Maximum: $ 20,000,000][1]	-
F. CAPITAL EXPENDITURES (Section 7.16)	
(1) The Capital Expenditures incurred during the previous fiscal year in the aggregate for the Borrower and its Subsidiaries [Maximum: $30,000,000]	-

---

[1] Proceeds must be used to make prepayments and/or reinvestments as required under Section 2.12(a)

Exhibit 10.3

SCHEDULE II TO COMPLIANCE CERTIFICATE

Restricted Subsidiaries

Unrestricted Subsidiaries

NEW SUBSIDIARIES

Exhibit 10.3

EXHIBIT E-1

U.S. Tax Compliance Certificate
(For Foreign Banks That Are Not Partnerships for U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Facility Loan Agreement dated as of May 8**,** 2015 (as amended, supplemented or otherwise modified from time to time, the "***Credit Agreement***"), among Propel Financial Services, LLC, as Borrower,, Texas Capital Bank, National Association, as Administrative Agent, each Bank from time to time party thereto.

Pursuant to the provisions of *Section 3.4* of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of *Section 881(c)(3)(A)* of the Code, (iii) it is not a ten percent shareholder of Borrower within the meaning of *Section 871(h)(3)(B)* of the Code and (iv) it is not a controlled foreign corporation related to Borrower as described in *Section 881(c)(3)(C)* of the Code.

The undersigned has furnished Administrative Agent and Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform Borrower and Administrative Agent, and (2) the undersigned shall have at all times furnished Borrower and Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two (2) calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: _____ ____, 20__

Exhibit 10.3

EXHIBIT E-2

U.S. Tax Compliance Certificate
(For Foreign Participants That Are Not Partnerships for U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Facility Loan Agreement dated as of May 8**,** 2015 (as amended, supplemented or otherwise modified from time to time, the "***Credit Agreement***"), among Propel Financial Services, LLC, as Borrower,, Texas Capital Bank, National Association, as Administrative Agent, and each Bank from time to time party thereto.

Pursuant to the provisions of *Section 3.4* of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of *Section 881(c)(3)(A)* of the Code, (iii) it is not a ten percent shareholder of Borrower within the meaning of *Section 871(h)(3)(B)* of the Code and (iv) it is not a controlled foreign corporation related to Borrower as described in *Section 881(c)(3)(C)* of the Code.

The undersigned has furnished its participating Bank with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Bank in writing, and (2) the undersigned shall have at all times furnished such Bank with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two (2) calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____ ____, 20__

EXHIBIT E-3

U.S. Tax Compliance Certificate
(For Foreign Participants That Are Partnerships for U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Facility Loan Agreement dated as of May 8**,** 2015 (as amended, supplemented or otherwise modified from time to time, the "***Credit Agreement***"), among Propel Financial Services, LLC, as Borrower,, Texas Capital Bank, National Association, as Administrative Agent, and each Bank from time to time party thereto.

Pursuant to the provisions of *Section 3.4* of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of *Section 881(c)(3)(A)* of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of Borrower within the meaning of *Section 871(h)(3)(B)* of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to Borrower as described in *Section 881(c)(3)(C)* of the Code.

The undersigned has furnished its participating Bank with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Bank and (2) the undersigned shall have at all times furnished such Bank with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two (2) calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____ ____, 20__

EXHIBIT E-4

U.S. Tax Compliance Certificate
(For Foreign Banks That Are Partnerships for U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Facility Loan Agreement dated as of May 8**,** 2015 (as amended, supplemented or otherwise modified from time to time, the "***Credit Agreement***"), among Propel Financial Services, LLC, as Borrower,, Texas Capital Bank, National Association, as Administrative Agent, and each Bank from time to time party thereto.

Pursuant to the provisions of *Section 3.4* of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of *Section 881(c)(3)(A)* of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of Borrower within the meaning of *Section 871(h)(3)(B)* of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to Borrower as described in *Section 881(c)(3)(C)* of the Code.

The undersigned has furnished Administrative Agent and Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform Borrower and Administrative Agent, and (2) the undersigned shall have at all times furnished Borrower and Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two (2) calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: _____ ____, 20__

Exhibit 10.3

ANNEX A

ADDITIONAL CREDIT PARTIES

RioProp Holdings, LLC, a Texas limited liability company

Bayfront Investment LLC, a Delaware limited liability company

Fireside Funding LLC, a Delaware limited liability company

Snowcap Financial LLC, a Delaware limited liability company

Desert Tree Capital LLC, a Delaware limited liability company

Green Meadow Financial LLC, a Delaware limited liability company

Exhibit 10.3

SCHEDULE ONE

SPECIFIED PERCENTAGES

Bank	Note Amount	Specified Percentage
TEXAS CAPITAL BANK, NATIONAL ASSOCIATION, a national banking association	$24,000,000.00	30.000000000000%
BOKF, NATIONAL ASSOCIATION, a national banking association	$18,000,000.00	22.500000000000%
CITY BANK, a Texas banking association	$16,000,000.00	20.000000000000%
LONE STAR NATIONAL BANK, a national banking association	$12,000,000.00	15.000000000000%
GREEN BANK, N.A., a national banking association	$10,000,000.00	12.500000000000%
Total	$80,000,000.00	100.000000000000%

Exhibit 10.3

SCHEDULE TWO

ADDITIONAL CONDITIONS PRECEDENT

[none]

Exhibit 10.3

SCHEDULE THREE

DISCLOSURE SCHEDULE

Permitted Liens Not Otherwise Disclosed

The Toshiba Business Solutions copier lease and maintenance agreement for two Lexmark copiers between Propel and Toshiba Business Solutions – Texas/New Mexico signed on various days in April 2012.

The postage meter lease agreement between Propel and Wells Fargo Financial Leasing, dated December 1, 2010.

The Fonality phone equipment lease and service contract between BNC and Fonality, dated May 26, 2011.

The Lease Agreement between RPV, as tenant, and IDR Investments, Inc., as landlord, for 100 square feet being Suite 102 of the Village Plaza Condos at 216 West Village Blvd., Laredo, Texas 78041, dated October 1, 2011, creates a landlord's lien on non-exempt personal property in Paragraph 23.

The postage meter lease agreement between RPV and Pitney Bowes, dated September 30, 2011.

Lien in favor of U.S. Bank Equipment Finance, a Division of U.S. Bank National Association, pursuant to the Master Lease Agreement dated January 14, 2013 between Propel and U.S. Bank Equipment Finance, a Division of U.S. Bank National Association, on certain computer and other technology equipment, inventory and/or rights in any software financed thereunder.

Lien in favor of SPUS6 Signature Place, LP on Propel's property situated in or upon, or used in connection with premises located at 14755 and 14785 Preston Road, Dallas, Texas 75254 (commonly known as Signature Place) including all moveable equipment installed on the premises, all moveable furniture, furnishings and other articles of moveable property owned by Propel and located on the premises and insurance proceeds relating to such property

Lien in favor of U.S. Bank Equipment Finance on one copy machine (1 Copiers Estudio 456 SC2DC30259).

Lien in favor of Propel Funding Texas 2, LLC on certain Texas tax liens sold by Propel pursuant to that certain Purchase Agreement dated as of May 6, 2014 between Propel, as seller, and Propel Funding Texas 2, LLC, as purchaser.

Liens that are immaterial in character, amount and extent and that do not materially detract from the value or materially interfere with the current or currently proposed use of the properties they affect.

Tribunal Proceedings

None

Existing Litigation

1. Billings v. Propel Financial Services, Fifth Circuit Case No. 14-51326

On August 27, 2014, David and Tressa Billings filed a complaint against Propel Financial Services, LLC ("Propel") in the United States District Court for the Western District of Texas alleging that their tax lien transfer transaction violated certain provisions of the federal Truth in Lending Act ("TILA"). On November 28, 2014, the Honorable Orlando Garcia granted Propel's motion to dismiss the Billings' complaint after finding that tax lien transfers in Texas are not consumer credit transactions subject to TILA. On January 23, 2014, the Billings filed a notice of appeal to the Fifth Circuit Court of Appeals from Judge Garcia's order granting Propel's motion to dismiss. The Fifth Circuit has accepted the appeal and consolidated it with another appeal, Thiery v. Texas Tax Solutions, Fifth Circuit Case No. 15-50340, involving the same controlling legal issue: whether Texas tax lien transfers are consumer credit transactions that are subject to TILA. The Fifth Circuit has not yet set a briefing schedule for the consolidated appeal. Propel intends to vigorously defend its successful position from the trial court in this appeal.

2. Torres v. Propel Financial Services, Fifth Circuit Case No. 15-50199

On November 24, 2014, Blanca Torres filed a complaint against Propel in the United States District Court for the Western District of Texas alleging that her tax lien transfer transaction violated certain provisions of TILA. On December 19, 2014, Propel moved to dismiss Torres' complaint on the basis that tax lien transfers in Texas are not consumer credit transactions subject to TILA. On January 22, 2015, the Honorable Harry Lee Hudspeth denied Propel's motion to dismiss, finding that Propel had not shown that tax lien transfers are exempt from TILA. Propel then petitioned the Fifth Circuit Court of Appeals for permission to appeal Judge Hudspeth's order denying Propel's motion to dismiss given that it is contrary to the prior order issued by Judge Garcia. On March 10, 2015, the Fifth Circuit granted Propel's motion for leave to appeal Judge Hudspeth's interlocutory order denying Propel's motion to dismiss. Propel intends to vigorously contest this case and appeal.

In both cases listed above, Propel's position is that Texas tax lien transfers are not consumer credit transactions subject to TILA because a credit transaction must involve the right to defer payment of debt, as defined by state law, and tax obligations are not debt under Texas law. Propel's position is supported by the Fifth Circuit, which has previously held, in precedent that governs these cases, that tax lien transfers under Texas law do not change the nature of a tax obligation (such that the tax obligation would become "debt"), but merely the entity to whom the tax obligation is owed. As such, they are not the same as a federally regulated consumer bank loan that pays off the tax lien. Moreover, the only court of appeals to have considered the question has held that tax lien transfers are not consumer credit transactions subject to TILA. Propel expects the cases ultimately to be consolidated based on the identical nature of the causes of action asserted. Under TILA, if the

outcome of the case were unfavorable to Propel, the plaintiff class would be entitled to total statutory damages in an amount equal to *the lesser of* $1,000,000 or one percent (1%) of Propel Financial Services, LLC's net worth for any class action or series of class actions arising from the same failure to comply. If the plaintiff class was successful in a claim asserted under 15 U.S.C. § 1639 or § 1640, and the court finds that the omission was material, the plaintiff class members may seek a refund of finance charges and fees paid, plus costs and attorney's fees. The plaintiff class has not alleged any actual damages. In the totality, Propel does not expect the impact of a loss in the cases to have a Material Adverse Impact on the validity, performance or enforceability of any Loan Document or its business operations. In the event of a loss, Propel expects to be able to fulfill its obligations under the terms and conditions of the Loan Documents. Given that the case is still in the early appellate stages of litigation, Propel is unable at this time to render an opinion on the likelihood of an unfavorable outcome to the company.

Unpaid Judgments

None

Subsidiaries

RioProp Holdings, LLC, a Texas limited liability company

Bayfront Investment LLC, a Delaware limited liability company

Fireside Funding LLC, a Delaware limited liability company

Snowcap Financial LLC, a Delaware limited liability company

Desert Tree Capital LLC, a Delaware limited liability company

Green Meadow Financial LLC, a Delaware limited liability company

Existing Environmental Matters

None

Material Agreements

Various intercompany services agreements between Propel and its affiliates.

Existing Debt Not Otherwise Permitted

None

Exhibit 10.4

AMENDMENT NO. 2 TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDMENT NO. 2 TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), dated as of July 9, 2015, is entered into by and among ENCORE CAPITAL GROUP, INC., a Delaware corporation (the " Borrower"), the Guarantors identified on the signature pages hereto, the Lenders party hereto, and SUNTRUST BANK, as Administrative Agent (in such capacity, the "Administrative Agent"), Collateral Agent, Swingline Lender and Issuing Bank.

RECITALS

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to that certain Second Amended and Restated Credit Agreement dated as of February 25, 2014 (as amended by that certain Amendment No. 1 to Second Amended and Restated Credit Agreement dated as of August 1, 2014 and as the same may be further amended, restated, extended, supplemented or otherwise modified from time to time, the "Credit Agreement"), pursuant to which the Lenders have extended revolving credit and term loan facilities to the Borrower; and

WHEREAS, the Borrower has requested certain amendments to the Credit Agreement set forth herein, and the Administrative Agent, the Collateral Agent, the Swingline Lender, the Issuing Bank and the undersigned Lenders have agreed to such requests, subject to the terms and conditions of this Amendment.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1 . Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to such terms in the Credit Agreement, as amended by this Amendment.

2 . Amendments to Credit Agreement. Subject to the terms and conditions hereof and with effect from and after the Second Amendment Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

(a) Section 1.1 of the Credit Agreement is hereby amended by adding the following new definitions in proper alphabetical order:

"'Cash Flow Secured Leverage Ratio' has the meaning specified in Section 6.2."

"'Consolidated Secured Funded Indebtedness' means, as of any date of determination, the amount of Consolidated Funded Indebtedness as of such date that is secured by any Lien on the property or assets of the Borrower or its Restricted Subsidiaries."

"'Initial Trigger Quarter' has the meaning specified in Section 6.2.

"'Second Amendment Effective Date' means July 9, 2015."

'"Trigger Quarter' has the meaning specified in Section 6.2."

(b) Section 1.1 of the Credit Agreement is hereby further amended by:

(i) deleting the defined term "Excluded Subsidiaries" in its entirety,

(ii) deleting the defined term "Minority Investment" in its entirety,

(iii) amending and restating clause (d) of the definition of "Permitted Foreign Subsidiary Non-Recourse Indebtedness" in its entirety to read as follows:

"(d) the total principal amount outstanding of such Indebtedness does not at any time exceed 40% of Consolidated Net Worth of the Borrower and its Restricted Subsidiaries"

(iv) amending and restating the proviso at the end of the definition of "Permitted Restructuring" in its entirety to read as follows:

> "provided that (i) no Receivables or other assets of Unrestricted Subsidiaries shall be commingled with the assets of a Loan Party as a result of such Permitted Restructuring, (ii) no such transfers shall take place from a Loan Party to an Unrestricted Subsidiary or to any other Subsidiary that is not a Loan Party and (iii) such transactions are effected for tax planning and related general corporate purposes."

(v) amending and restating clause (II) of subsection (a)(iii) of the definition of "Unrestricted Subsidiary" in its entirety to read as follows:

> "(II) the Fair Market Value of the Borrower's direct or indirect equity interest in such Subsidiary, in each case, at the time that such Subsidiary is designated an Unrestricted Subsidiary and the Borrower shall be permitted to make such Investment under Section 7.4(i),"

(vi) amending and restating subsection (a)(iv) of the definition of "Unrestricted Subsidiary" in its entirety to read as follows:

> "(iv) neither the Borrower nor any Restricted Subsidiary shall at any time be directly, indirectly or contingently liable for any Indebtedness or other liability of any Unrestricted Subsidiary, except to the extent the same would constitute a permitted Investment under Section 7.4(i),"

(c) Section 5.9 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"The Borrower will, and will cause each Restricted Subsidiary to, use the proceeds of the Loans for working capital and general corporate purposes, which may include, without limitation, purchases of Receivables Portfolios, Permitted Acquisitions, Acquisitions permitted pursuant to Section 7.4(c) and repayment of Indebtedness under the Existing Financing Arrangements. The Borrower shall use the proceeds of Credit Extensions in compliance with all applicable legal and regulatory requirements and any such use shall not result in a violation of any such requirements, including, without limitation, Regulation U and X, the Securities Act of 1933, and the Exchange Act, and the rules and regulations promulgated under any of the foregoing."

(d) The first sentence of Section 5.10 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"The Borrower shall cause each of its Restricted Subsidiaries (other than Immaterial Subsidiaries and each member of the Propel Group) to guarantee pursuant to the Guaranty Agreement or supplement thereto (or, in the case of a Foreign Subsidiary, any other guaranty agreement requested by the Administrative Agent) the Secured Obligations."

(e) The first paragraph of Section 6.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"The Borrower will not permit the ratio (the "Cash Flow Leverage Ratio"), determined as of the end of each of its fiscal quarters (commencing with the fiscal quarter ending June 30, 2015), of (i) Consolidated Funded Indebtedness to (ii) Consolidated EBITDA for the then most-recently ended four fiscal quarters to be greater than 2.50:1.00 for each four fiscal-quarter period."

(f) The last sentence of Section 6.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"For purposes of this Section 6.1 and Section 6.2, "Material Acquisition" means any Acquisition or series of related Acquisitions that involves the payment of consideration by the Borrower and its Restricted Subsidiaries in excess of $10,000,000; and "Material Disposition" means any Asset Sale or series of related Asset Sales that yields gross proceeds to the Borrower or any of its Restricted Subsidiaries in excess of $10,000,000."

(g) Article VI of the Credit Agreement is hereby amended by (i) renumbering Section 6.2 as Section 6.3; (ii) renumbering Section 6.3 as Section 6.4; and (iii) adding the following new Section 6.2 in proper order therein:

"**Section 6.2 Cash Flow Secured Leverage Ratio.**

The Borrower will not permit the ratio (the "Cash Flow Secured Leverage Ratio") determined as of the end of each of its fiscal quarters (commencing with the fiscal quarter ending June 30, 2015) of (i) Consolidated Secured Funded Indebtedness to (ii) Consolidated EBITDA for the then most-recently ended four fiscal quarters to be greater than 2.00:1.00 for each fiscal four-quarter period; provided that the Cash Flow Secured Leverage Ratio may be increased up to (but not to exceed) 2.25:1.00 for any fiscal quarter ending after the Second Amendment Effective Date during which the Borrower or any of its Restricted Subsidiaries has consummated a Permitted Acquisition in which the is $100,000,000 or more (a "Trigger Quarter") and for the next succeeding fiscal quarter; provided, further, that the Cash Flow Secured Leverage Ratio shall return to 2.00:1.00 no later than the end of the second fiscal quarter after such Trigger Quarter; provided, further, that following the occurrence of a Trigger Quarter (any such Trigger Quarter, an "Initial Trigger Quarter"), no subsequent Trigger Quarter shall be permitted to occur for purposes of this Section 6.2 unless and until the Cash Flow Secured Leverage Ratio

is less than or equal to 2.00:1.00 as of the end of at least one fiscal quarter following such Initial Trigger Quarter.

The Cash Flow Secured Leverage Ratio shall be calculated (i) based upon (a) for Consolidated Secured Funded Indebtedness, as of the last day of each such fiscal quarter and (b) for Consolidated EBITDA, the actual amount as of the last day of each fiscal quarter for the most recently ended four consecutive fiscal quarters and (ii) giving pro forma effect to any Material Acquisition and Material Disposition."

(h) Section 7.1 of the Credit Agreement is hereby amended by amending and restating subsection (d) thereof in its entirety to read as follows:

"(d) Secured or unsecured purchase money Indebtedness (including Capitalized Leases) incurred by the Borrower or any of its Restricted Subsidiaries after the Closing Date to finance the acquisition of assets used in its business, if (1) the total of all such Indebtedness for the Borrower and its Restricted Subsidiaries taken together incurred on or after the Closing Date, when aggregated with the Indebtedness permitted under clause (i) immediately below, shall not exceed an aggregate principal amount of $20,000,000 at any one time outstanding (excluding Capitalized Leases, which shall not be subject to any dollar limitation under this clause (d)), (2) such Indebtedness when incurred shall not exceed the purchase price of the asset(s) financed, (3) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing, and (4) any Lien securing such Indebtedness is permitted under Section 7.2 (such Indebtedness being referred to herein as "Permitted Purchase Money Indebtedness");"

(i) Section 7.1 of the Credit Agreement is hereby further amended by amending and restating clauses (ii) and (iv) of subsection (e) thereof in their entirety to read as follows:

"(ii) made by any Loan Party to any other Loan Party;"

"(iv) made by the Borrower or any other Restricted Subsidiary to any Subsidiaries of Propel Acquisition LLC (other than a Blocked Propel Subsidiary) to the extent such loan would be permitted as an investment in compliance with the proviso of Section 7.4(f) or any Unrestricted Subsidiary to the extent such loan would be permitted as an investment in compliance Section 7.4(i);"

(j) Section 7.1 of the Credit Agreement is hereby further amended by amending and restating subsection (f) thereof in its entirety to read as follows:

"(f) Guaranty obligations of the Borrower or any other Loan Party of any Indebtedness of any Restricted Subsidiary permitted under clause (b) of this Section 7.1 or of any Indebtedness of any Subsidiary permitted as an Investment under Section 7.4(i);"

(k) Section 7.1 of the Credit Agreement is hereby further amended by amending and restating subsection (m) thereof in its entirety to read as follows:

"(m) Permitted Foreign Subsidiary Investments/Loans, to the extent permitted as an Investment in compliance with Section 7.4(i);"

(l) Section 7.1 of the Credit Agreement is hereby further amended by amending and restating subsection (n) thereof in its entirety to read as follows:

"(n) Additional unsecured or Subordinated Indebtedness of the Borrower or any of its Restricted Subsidiaries, to the extent not otherwise permitted under this Section 7.1; *provided*, *however*, that (i) the aggregate principal amount of such additional Indebtedness shall not exceed $1,100,000,000, (ii) such Indebtedness shall not mature, and shall not be subject to any scheduled mandatory prepayment, redemption or defeasance, in each case prior to five (5) years from the date of issuance of such Indebtedness and (iii) if such Indebtedness is Subordinated Indebtedness, the terms of subordination thereof shall be reasonably acceptable to the Administrative Agent;"

(m) Section 7.1 of the Credit Agreement is hereby further amended by amending and restating subsection (o) thereof in its entirety to read as follows:

"(o) The Propel Indebtedness; *provided* that the aggregate principal amount thereof does not exceed $400,000,000 (exclusive of intercompany loans), and the unsecured guaranty obligations of the Borrower or any other Loan Party of such Propel Indebtedness;"

(n) Section 7.2 of the Credit Agreement is amended by (i) deleting the word "and" at the end of clause (o) thereof, (ii) replacing the "." at the end of clause (p) thereof with "; and", and (iii) adding the following new clauses (q), (r) and (s) at the end of such section:

"(q) Liens on Receivables owned by any Foreign Subsidiary solely to secure Indebtedness permitted to be incurred by such Foreign Subsidiary under Section 7.1(l); provided that such Receivables are not Collateral;

(r) Liens securing Subordinated Indebtedness of the Borrower or any of its Restricted Subsidiaries permitted under this Section 7.1; *provided*, *however*, that a representative acting on behalf of the lenders or investors providing such Indebtedness shall have entered into a customary intercreditor agreement reasonably satisfactory to the Administrative Agent; and

(s) Liens on cash balances in deposit accounts of the Borrower or any Restricted Subsidiary in favor of credit card or other payment processors arising under processor agreements entered into in the ordinary course of business to secure fees, chargebacks and other amounts required to be secured under such agreements; provided, that (i) such Liens attach solely to funds in the deposit accounts that are the subject of such processor agreements and not to any other assets of the Borrower or any Restricted Subsidiary and (ii) such Liens do not secure any obligations for borrowed money."

(o) Section 7.4 of the Credit Agreement is hereby amended by amending and restating clause (v) of subsection (d) thereof in its entirety to read as follows:

"(v) the aggregate Purchase Price for all such Permitted Acquisitions in any fiscal year shall not exceed $225,000,000;"

(p) Section 7.4 of the Credit Agreement is hereby further amended by amending and restating the proviso at the end of clause (vii) of subsection (d) thereof in its entirety to read as follows:

"provided, however, that no such compliance with Sections 6.1, 6.2 or 6.3 is required to be demonstrated in such Acquisition Pro Forma for an Acquisition which is either (x) solely a purchase of assets or (y) an acquisition of an entity or a going business for which no financial statements are available;"

(q) Section 7.4 of the Credit Agreement is hereby further amended by amending and restating subsection (f) thereof in its entirety to read as follows:

"(f) Creation of, or Investment in, a Restricted Subsidiary (other than (i) a Blocked Propel Subsidiary and (ii) a Foreign Subsidiary that is not a Loan Party) and in respect of which the Borrower has otherwise complied with Section 5.10 and Section 5.11; *provided* that in the case of any investments in any Subsidiaries of Propel Acquisition LLC, such investment shall be permitted only to the extent that after giving effect to such investment, no Default shall exist and continue and that the Borrower shall be in compliance with Section 6.1, Section 6.2 and Section 6.4 on a pro forma basis as if the Investment occurred on the first day of the applicable period being tested pursuant to such Sections;"

(r) Section 7.4 of the Credit Agreement is hereby further amended by amending and restating subsection (g) thereof in its entirety to read as follows:

"(g) Investments constituting Indebtedness permitted by Section 7.1(e), Section 7.1(f), Section 7.1(g) and Section 7.1(o);"

(s) Section 7.4 of the Credit Agreement is hereby further amended by replacing the ";" at the end of subjection (h) thereof with "; and".

(t) Section 7.4 of the Credit Agreement is hereby further amended by amending and restating subsection (i) thereof in its entirety to read as follows:

"(i) Investments of the Borrower or any of its Restricted Subsidiaries; provided that the sum of (x) $180,127,845 plus (y) the aggregate amount (valued at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof) of all Investments made on or after the Second Amendment Effective Date pursuant to this clause (i) shall not, at the time of the making of the proposed Investment, exceed the greater of (1) an amount equal to 200% of the Consolidated Net Worth (determined as of the last day of the most recently ended fiscal quarter for which financial statements have been delivered pursuant to Section 5.1(a) or (b), as applicable) of the Borrower and its Restricted Subsidiaries and (2) an amount such that, after giving effect on a pro forma basis to the making of such Investment and the incurrence of any Indebtedness in connection therewith, the Cash Flow Leverage Ratio (determined as of the last day of the most recently ended fiscal quarter for which financial statements have been delivered pursuant to Section 5.1(a) or (b), as applicable) is less than 1.25:1.00."

(u) Section 7.4 of the Credit Agreement is hereby further amended by amending and restating subsection (j) thereof in its entirety to read as follows:

"(j) Investments made by any Foreign Subsidiary that is not a Loan Party in any other Foreign Subsidiary that is not a Loan Party."

(v) Section 7.4 of the Credit Agreement is hereby further amended by amending and restating subjection (k) thereof in its entirety to read as follows:

"(k) Investments made by any Domestic Subsidiary that is not a Loan Party in any other Domestic Subsidiary that is not a Loan Party."

(w) Section 7.4 of the Credit Agreement is hereby further amended by deleting subsection (l) thereof in its entirety.

(x) Section 7.4 of the Credit Agreement is hereby further amended by adding the following sentence to the end of the unnumbered paragraph at the end of such Section:

"To the extent that any proposed Investment would be permitted pursuant to more than one of the foregoing clauses of this Section 7.4, the Borrower may in its discretion designate which clause (or clauses to the extent such Investment is to be split or divided into more than one clause) shall be utilized for such Investment."

(y) Section 7.5 of the Credit Agreement is hereby amended by amending and restating clause (v) thereof in its entirety to read as follows:

"(v) the Borrower may, so long as the Payment Conditions (as defined below) are satisfied, make repurchases of its capital stock so long as the aggregate cumulative amount expended on and after the Second Amendment Effective Date for all such repurchases of capital stock does not exceed $150,000,000."

(z) Section 7.6 of the Credit Agreement is hereby amended by amending and restating subsection (e) thereof in its entirety to read as follows:

"(e) So long as the Borrower makes the prepayments and/or reinvestment of proceeds required under Section 2.12(a) in respect thereof, sales or dispositions of assets outside the ordinary course of business with an aggregate fair market value not to exceed $20,000,000 in any fiscal year; and

(aa) Section 7.14 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"**7.14 [Reserved.]"**

(bb) Section 7.15 of the Credit Agreement is hereby amended by deleting the ")" at the end of such Section.

(cc) Section 7.16 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"**7.16 [Reserved.]**"

3 . Representations and Warranties. The Borrower and the Guarantors hereby represent and warrant to the Administrative Agent, the Collateral Agent, the Swingline Lender, the Issuing Bank and the Lenders as follows:

(a) No Default or Event of Default has occurred and is continuing as of the date hereof, nor will any Default or Event of Default exist immediately after giving effect to this Amendment.

(b) The representations and warranties contained in Article V of the Credit Agreement are true and correct in all material respects (except for representations and warranties already covered by concepts of materiality, which shall be true and correct in all respects) as of the date hereof (except for representations and warranties made with reference to an earlier date, which are true and correct in all material respects (except for representations and warranties already covered by concepts of materiality, which shall be true and correct in all respects) as of such date).

(c) The execution, delivery and performance by each Loan Party of this Amendment are within such Loan Party's organizational powers and have been duly authorized by all necessary organizational, and if required, shareholder, partner or member, action. This Amendment has been duly executed and delivered by each Loan Party. Each of this Amendment and the Credit Agreement, as amended hereby, constitute the valid and binding obligations of the Loan Parties, enforceable against them in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(d) The execution and delivery of this Amendment by the Loan Parties, and performance by the Borrower of this Amendment and the Credit Agreement, as amended hereby (i) do not require any consent or approval of, registration or filing with, or any action by, any Governmental Authority, except those as have been obtained or made and are in full force and effect, (ii) will not violate any organizational documents of, or any law applicable to, any Loan Party or any judgment, order or ruling of any Governmental Authority, (iii) will not violate or result in a default under the Credit Agreement, the Prudential Senior Secured Note Agreement, any Material Indebtedness Agreement, any other material agreement or other material instrument binding on any Loan Party or any of their assets or give rise to a right thereunder to require any payment to be made by any Loan Party, (iv) will not result in the creation or imposition of any Lien on any asset of any Loan Party, except Liens (if any) created under the Loan Documents and/or (v) will not result in a material limitation on any licenses, permits or other governmental approvals applicable to the business, operations or properties of the Loan Parties.

(e) The execution, delivery, performance and effectiveness of this Amendment will not: (i) impair the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document, and such Liens continue unimpaired with the same priority to secure repayment of all of the applicable Obligations, whether heretofore or hereafter incurred and (ii) require that any new filings be made or other action taken to perfect or to maintain the perfection of such Liens.

(f) The Borrower has determined that this Amendment does not constitute a "significant modification" within the meaning of Treasury Regulations Section 1.1001-3(e).

4. Effective Date.

(a) This Amendment will become effective on the date on which each of the following conditions has been satisfied (the "Second Amendment Effective Date") to the satisfaction of the Administrative Agent:

(i) the Administrative Agent shall have received counterparts of this Amendment duly executed by the Loan Parties and the Required Lenders;

(ii) the Borrower shall have paid to Administrative Agent all amounts, including any fees, due and payable hereunder or in connection herewith on or prior to the date hereof, including reimbursement or payment of all out-of-pocket expenses, including all fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent invoiced at least two (2) Business Days prior to or on the Second Amendment Effective Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings;

(iii) the Administrative Agent shall have received a certified copy of an amendment to, or an amendment and restatement of, the Prudential Senior Secured Note Agreement duly executed by each party thereto, in form and substance acceptable to the Administrative Agent; and

(iv) the Administrative Agent shall have received such other instruments, documents and certificates as the Administrative Agent shall reasonably request in connection with the execution of this Amendment.

(b) For purposes of determining compliance with the conditions specified in this Section 4, each Lender that has executed this Amendment and delivered it to the Administrative Agent shall be deemed to have consented to, approved or accepted, or to be satisfied with, each document or other matter required under this Section 4 to be consented to or approved by or acceptable or satisfactory to such Lender unless the Administrative Agent shall have received written notice from such Lender prior to the proposed Second Amendment Effective Date specifying its objection thereto.

(c) From and after the Second Amendment Effective Date, the Credit Agreement is amended as set forth herein. Except as expressly amended pursuant hereto, the Credit Agreement shall remain unchanged and in full force and effect and is hereby ratified and confirmed in all respects.

(d) The Administrative Agent will notify the Borrower and the Lenders of the occurrence of the Second Amendment Effective Date.

5. Miscellaneous.

(a) Except as herein expressly amended, all terms, covenants and provisions of the Credit Agreement and each other Loan Document are and shall remain in full force and effect and all references in any Loan Document to the "Credit Agreement" shall henceforth refer to the Credit Agreement as amended by this Amendment. Nothing in this Amendment or in any of the transactions contemplated hereby is intended, or shall be construed, to constitute a novation or an accord and satisfaction of any of the Obligations of the Borrower under the Credit Agreement or to modify, affect or impair the perfection, priority or continuation of the security interests in, security titles to or other Liens on any Collateral for the Obligations.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns.

(c) THIS AMENDMENT IS SUBJECT TO THE PROVISIONS OF SECTIONS 10.6 AND 10.7 OF THE CREDIT AGREEMENT RELATING TO GOVERNING LAW, JURISIDICTION AND WAIVER OF RIGHT TO TRIAL BY JURY, THE PROVISIONS OF WHICH ARE BY THIS REFERENCE INCORPORATED HEREIN IN FULL.

(d) This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Subject to Section 4 above, this Amendment shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties required to be a party hereto. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Amendment. This Amendment may not be amended except in accordance with the provisions of Section 10.2 of the Credit Agreement.

(e) If any provision of this Amendment or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Amendment and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Nothing contained herein shall be deemed to constitute a waiver of compliance with any term or condition contained in the Credit Agreement or any of the other Loan Documents, or to constitute a course of conduct or dealing among the parties. The Administrative Agent and the Lenders reserve all rights, privileges and remedies under the Loan Documents.

(f) The Borrower shall reimburse the Administrative Agent upon demand for all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) incurred by the Administrative Agent in connection with the preparation, negotiation and execution of this Amendment and the other agreements and documents executed and delivered in connection herewith.

(g) In consideration of the amendments contained herein, each of the Loan Parties hereby waives and releases each of the Lenders, the Administrative Agent and the Collateral Agent from any and all claims and defenses, known or unknown, existing as of the date hereof with respect to the Credit Agreement and the other Loan Documents and the transactions contemplated hereby and thereby.

(h) This Amendment shall constitute a "Loan Document" under and as defined in the Credit Agreement.

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

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

ENCORE CAPITAL GROUP, INC.

By: /s/ Jonathan Clark

Name: Jonathan Clark
Title: Executive Vice President, CFO and Treasurer

SUNTRUST BANK,
as Administrative Agent, Collateral Agent, Swingline Lender, Issuing Bank and as a Lender

By: /s/ Paula Mueller

Name: Paula Mueller
Title: Director

BANK OF AMERICA, N.A.,
as Lender

By: /s/ Christopher D. Pannacciulli
Name: Christopher D. Pannacciulli
Title: Senior Vice President

FIFTH THIRD BANK, as Lender

By: /s/ Scott Kilgore
Name: Scott Kilgore
Title: Vice President

ING CAPITAL LLC, as Lender

By: /s/ Mary C. Forstner
Name: Mary Forstner
Title: Director

By: /s/ Robert D. Miners
Name: Robert D. Miners
Title: Director

MORGAN STANLEY BANK, N.A., as Lender

By: /s/ Harry Comninellis
Name: Harry Comninellis
Title: Authorized Signatory

DEUTSCHE BANK AG, NEW YORK BRANCH, as Lender

By: /s/ Randal Johnson
Name: Randal Johnson
Title: Director

By: /s/ Kevin Tanzer
Name: Kevin Tanzer
Title: Director

CALIFORNIA BANK & TRUST, as Lender

By: /s/ Michael Powell
Name: Michael Powell
Title: Senior Vice President

CITIBANK, N.A., as Lender

By: /s/ Jamal Toukhi
Name: Jamal Toukhi
Title: Vice President

BANK LEUMI USA, as Lender

By: /s/ Marianne M. Evans
Name: Marianne M. Evans
Title: Senior Vice President

ISRAEL DISCOUNT BANK OF NEW YORK, as Lender

By: /s/ Dionne S. Rice
Name: Dionne S. Rice
Title: First Vice President

By: /s/ Richard Miller
Name: Richard Miller
Title: Senior Vice President

FIRST BANK, as Lender

By: /s/ Tomas J. Schmidt
Name: Tomas J. Schmidt
Title: Vice President

AMALGAMATED BANK, as Lender

By: /s/ Jackson Eng
Name: Jackson Eng
Title: First Vice President

MUFG UNION BANK, as Lender

By: /s/ [Illegible]
Name: [Illegible]
Title: Vice President

CATHAY BANK, CALIFORNIA BANKING CORPORATION, as Lender

By: /s/ Ayaz M. Dadabhoy
Name: Ayaz M. Dadabhoy
Title: Vice President

MANUFACTURERS BANK, as Lender

By: /s/ Sandy Lee
Name: Sandy Lee
Title: Vice President

BARCLAYS BANK PLC, as Lender

By: /s/ Matthew Cybul
Name: Matthew Cybul
Title: Assistant Vice President

RAYMOND JAMES BANK, N.A., as Lender

By: /s/ Jason Williams
Name: Jason Williams
Title: Vice President

FLAGSTAR BANK, as Lender

By: /s/ Kelly M. Hamrick
Name: Kelly M. Hamrick
Title: First Vice President

THE PRIVATEBANK AND TRUST COMPANY, as Lender

By: /s/ Jennifer St. Aubin
Name: Jennifer St. Aubin
Title: Managing Director

CITIZENS BANK, N.A. (formerly known as RBS Citizens, N.A.), as Lender

By: /s/ Darran Wee
Name: Darran Wee
Title: Senior Vice President

WESTERN ALLIANCE BANK, as Lender

By: /s/ William Koenig
Name: William Koenig
Title: Executive Vice President

UBS AG, STAMFORD BRANCH, as Lender

By: /s/ Houssem Daly
Name: Associate Director
Title: Banking Products Services, US

By: /s/ Darlene Arias
Name: Darlene Arias
Title: Director

CTBC BANK CORP. (USA), as Lender

By: /s/ Shahid Kathrada
Name: Shahid Kathrada
Title: First Vice President

Each of the undersigned hereby makes the representations and warranties set forth above in this Amendment, consents to this Amendment and the terms and provisions hereof and hereby (a) confirms and agrees that notwithstanding the effectiveness of such Amendment, each Loan Document to which it is a party and their respective payment, performance and observance obligations and liabilities (whether contingent or otherwise) is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, except that, on and after the effectiveness of such Amendment, each reference in the Loan Documents to the "Credit Agreement", "thereunder", "thereof" or words of like import shall mean and be a reference to the Credit Agreement, as amended by this Amendment, (b) confirms and agrees that the pledge and security interest in the Collateral granted by it pursuant to the Collateral Documents to which it is a party shall continue in full force and effect, and (c) acknowledges and agrees that such pledge and security interest in the Collateral granted by it pursuant to such Collateral Documents shall continue to secure the Obligations purported to be secured thereby, as amended or otherwise affected hereby.

ENCORE CAPITAL GROUP, INC.
MIDLAND CREDIT MANAGEMENT, INC.
MIDLAND INTERNATIONAL LLC
MIDLAND PORTFOLIO SERVICES, INC.
MIDLAND FUNDING LLC
MRC RECEIVABLES CORPORATION
MIDLAND FUNDING NCC-2 CORPORATION
PROPEL ACQUISITION LLC
PROPEL FUNDING LLC
ASSET ACCEPTANCE CAPITAL CORP.
ASSET ACCEPTANCE, LLC
ATLANTIC CREDIT AND FINANCE, INC.

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

MIDLAND INDIA LLC

By: /s/ Glen V. Freter
Name: Glen V. Freter
Title: Treasurer

ASSET ACCEPTANCE RECOVERY SERVICES, LLC
ASSET ACCEPTANCE SOLUTIONS GROUP, LLC
LEGAL RECOVERY SOLUTIONS, LLC

By: /s/ Darin Herring
Name: Darin Herring
Title: Vice President

ATLANTIC CREDIT & FINANCE SPECIAL FINANCE UNIT, LLC
ATLANTIC CREDIT & FINANCE SPECIAL FINANCE UNIT III, LLC

By: /s/ Shawn Thomas
Name: Shawn Thomas
Title: General Manager

Exhibit 10.5

AMENDMENT NO. 4

Dated as of July 9, 2015

to

SECOND AMENDED AND RESTATED SENIOR SECURED NOTE PURCHASE AGREEMENT

Dated as of May 9, 2013

THIS AMENDMENT NO. 4 ("Amendment") is made as of July 9, 2015 by and among Encore Capital Group, Inc. (the "Company") and the undersigned holders of Notes (the "Noteholders"). Reference is made to that certain Second Amended and Restated Senior Secured Note Purchase Agreement, dated as of May 9, 2013, between the Company, on the one hand, and the Purchasers named therein, on the other hand (as amended by that certain Amendment No. 1 to Second Amended and Restated Senior Secured Note Purchase Agreement, dated as of May 29, 2013, that certain Amendment No. 2 to Second Amended and Restated Senior Secured Note Purchase Agreement, dated as of February 25, 2014 and that certain Amendment No. 3 to Second Amended and Restated Senior Secured Note Purchase Agreement, dated as of August 1, 2014, and as the same may be further amended, supplemented or otherwise modified from time to time, the "Note Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Note Agreement.

WHEREAS, the Company has requested that the Noteholders agree to certain amendments with respect to the Note Agreement as provided in this Amendment;

WHEREAS, the Noteholders party hereto have agreed to such amendments on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Noteholders party hereto have agreed to enter into this Amendment.

1. Amendments to Note Agreement. Effective as of the Effective Date, the Note Agreement is hereby amended as follows:

(a) The first sentence of Section 9.7 is amended and restated, as follows:

"The Company shall cause each of its Restricted Subsidiaries (other than Immaterial Subsidiaries and each member of the Propel Group)) to guarantee pursuant to the Multiparty Guaranty or supplement or counterpart thereto (or, in the case of a Foreign Subsidiary, any other guaranty agreement requested by the Required Holders) the obligations of the Company evidenced by the Notes and under the other Transaction Documents."

(b) The reference to "Excluded Subsidiary," in clause (ii) of the second sentence of Section 9.7 is deleted.

(c) Section 10.1 is amended by amending and restating clause (v) thereof, as follows:

"(v) the Company may, so long as the Payment Conditions are satisfied, make repurchases of its capital stock so long as the aggregate cumulative amount expended on and after the Amendment No. 4 Effective Date for all such repurchases of capital stock does not exceed $150,000,000."

(d) Section 10.3.5 is amended and restated, as follows:

"10.3.5 sales or dispositions of assets outside the ordinary course of business with an aggregate fair market value not to exceed $20,000,000 in any fiscal year; and"

(e) Section 10.4.4 is amended by amending and restating clause (v) thereof as follows:

"(v) the aggregate Purchase Price for all such Permitted Acquisitions in any fiscal year shall not exceed $225,000,000;"

(f) Section 10.4.7 is amended and restated, as follows:

"10.4.7 Investments constituting Indebtedness permitted by Section 10.5.5, Section 10.5.6, Section 10.5.7 or Section 10.5.16; "

(g) Section 10.4.9 is amended and restated, as follows:

"10.4.9 Investments of the Company or any of its Restricted Subsidiaries; provided that the sum of (x) $180,127,845 plus (y) the aggregate amount (valued at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof) of all Investments made on or after the Amendment No. 4 Effective Date pursuant to this clause 10.4.9 shall not, at the time of the making of the proposed Investment, exceed the greater of (1) an amount equal to 200% of the Consolidated Net Worth (determined as of the last day of the most recently ended fiscal quarter for which financial statements have been delivered pursuant to Section 7.1.1 or 7.1.2, as applicable) of the Company and its Restricted Subsidiaries and (2) an amount such that, after giving effect on a pro forma basis to the making of such Investment and the incurrence of any Indebtedness in connection therewith, the Cash Flow Leverage Ratio (determined as of the last day of the most recently ended fiscal quarter for which financial statements have been delivered pursuant to Section 7.1.1 or 7.1.2, as applicable) is less than 1.25:1.00;"

(h) Section 10.4.10 is amended and restated, as follows:

"10.4.10 Investments made by any Foreign Subsidiary that is not a Credit Party in any other Foreign Subsidiary that is not a Credit Party; and"

(i) Section 10.4.11 is amended and restated, as follows:

"10.4.11 Investments made by any Domestic Subsidiary that is not a Credit Party in any other Domestic Subsidiary that is not a Credit Party."

(j) Section 10.4.12 is deleted in its entirety.

(k) Section 10.4 is further amended by adding the following sentence to the end of the unnumbered paragraph at the end of such Section:

"To the extent that any proposed Investment would be permitted pursuant to more than one of the foregoing clauses of this Section 10.4, the Company may in its discretion designate which clause (or clauses to the extent such Investment is to be split or divided into more than one clause) shall be utilized for such Investment."

(l) Section 10.5.4 is amended and restated, as follows:

"10.5.4 secured or unsecured purchase money Indebtedness (including Capitalized Leases) incurred by the Company or any of its Restricted Subsidiaries after the Amendment No. 2 Effective Date to finance the acquisition of assets used in its business, if (1) the total of all such Indebtedness for the Company and its Restricted Subsidiaries taken together incurred on or after the Amendment No. 2 Effective Date, when aggregated with the Indebtedness permitted under Section 10.5.9, shall not exceed an aggregate principal amount of $20,000,000 at any one time outstanding (excluding Capitalized Leases, which shall not be subject to any dollar limitation under this Section 10.5.4), (2) such Indebtedness when incurred shall not exceed the purchase price of the asset(s) financed, (3) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing, and (4) any Lien securing such Indebtedness is permitted under Section 10.6 (such Indebtedness being referred to herein as "Permitted Purchase Money Indebtedness");"

(m) Section 10.5.5 is amended by amending and restated clauses (ii) and (iv) thereof, as follows:

"(ii) made by any Credit Party to any other Credit Party,"

"(iv) made by the Company or any Restricted Subsidiary to any Subsidiaries of Propel Acquisition LLC (other than a Blocked Propel Subsidiary) to the extent such loan would be permitted as an investment in compliance with the proviso of Section 10.4.6 or any Unrestricted Subsidiary to the extent such loan would be permitted as an investment in compliance with Section 10.4.9;"

(n) Section 10.5.6 is amended and restated, as follows:

"10.5.6 guaranty obligations of the Company or any other Credit Party of any Indebtedness of any Restricted Subsidiary permitted under Section 10.5.2 or of any Indebtedness of any Subsidiary permitted as an Investment under Section 10.4.9;"

(o) Section 10.5.14 is amended and restated, as follows:

"10.5.14 Indebtedness constituting Permitted Foreign Subsidiary Investments/Loans, to the extent permitted as an Investment in compliance with Section 10.4.9;"

(p) Section 10.5.15 is amended and restated, as follows:

"10.5.15 additional unsecured or Subordinated Indebtedness of the Company or any of its Restricted Subsidiaries, to the extent not otherwise permitted under this Section 10.5; provided, however, that (i) the aggregate principal amount of such additional Indebtedness shall not exceed $1,100,000,000, (ii) such Indebtedness shall not mature, and shall not be subject to any scheduled mandatory prepayment, redemption or defeasance, in each case prior to five (5) years from the date of issuance of such Indebtedness, and (iii) if such Indebtedness is Subordinated Indebtedness, the terms of subordination thereof shall be reasonably acceptable to the Required Holders;"

(q) Section 10.5.16 is amended and restated, as follows:

"10.5.16 the Propel Indebtedness, provided that the aggregate principal amount thereof does not exceed $400,000,000 (exclusive of intercompany loans), and the unsecured guaranty obligations of the Company or any other Credit Party of such Propel Indebtedness;"

(r) The word "and" at the end of Section 10.6.15 is deleted, the "." at the end of Section 10.6.16 is deleted and replaced with ";" and the following new Sections 10.5.17, 10.5.18 and 10.5.19 are added, as follows:

"10.6.17 Liens on Receivables owned by any Foreign Subsidiary solely to secure Indebtedness permitted to be incurred by such Foreign Subsidiary under Section 10.5.13; provided that such Receivables are not Collateral;

10.6.18 Liens securing Subordinated Indebtedness of the Company or any of its Restricted Subsidiaries permitted under Section 10.5.15; provided, however, that the lenders or investors providing such Indebtedness, or a representative acting on behalf of the lenders or investors providing such Indebtedness, shall have entered into an intercreditor agreement satisfactory to the Required Holders in their sole and absolute discretion; and

10.6.19 Liens on cash balances in deposit accounts of the Company or any Restricted Subsidiary in favor of credit card or other payment processors arising under processor agreements entered into in the ordinary course of business to secure fees, chargebacks and other amounts required to be secured under such agreements; provided, that (i) such Liens attach solely to funds in the deposit accounts that are the subject of such processor agreements and not to any other assets of the Company or any Restricted Subsidiary and (ii) such Liens do not secure any obligations for borrowed money."

(s) Section 10.12 is amended and restated, as follows:

"10.12 Leverage Ratios.

10.12.1 Cash Flow Leverage Ratio. The Company will not at any time permit the ratio (the "**Cash Flow Leverage Ratio**") of (i) Consolidated Funded Indebtedness at such time to (ii) Consolidated EBITDA for the then most-recently ended four fiscal quarters to be greater than 2.50 to 1.00.

The Cash Flow Leverage Ratio shall be calculated: (i) based upon (a) Consolidated Funded Indebtedness at the applicable time of determination, and (b) for Consolidated EBITDA, the actual amount as of the last day of each fiscal quarter for the most recently ended four consecutive fiscal quarters; and (ii) giving pro forma effect to any Material Acquisition and Material Disposition. For purposes of this Section 10.12.1 and Section 10.12.2, "**Material Acquisition**" means any Acquisition or series of related Acquisitions that involves the payment of consideration by the Company and its Restricted Subsidiaries in excess of $10,000,000; and "**Material Disposition**" means any Asset Sale or series of related Asset Sales that yields gross proceeds to the Company or any of its Restricted Subsidiaries in excess of $10,000,000.

10.12.2 Cash Flow Secured Leverage Ratio. The Company will not at any time permit the ratio (the "**Cash Flow Secured Leverage Ratio**") of (i) Consolidated Secured Funded Indebtedness at such time to (ii) Consolidated EBITDA for the then most-recently ended four fiscal

quarters to be greater than 2.00 to 1.00; provided that the Cash Flow Secured Leverage Ratio may exceed 2.00 to 1.00, so long as it does not exceed 2.25 to 1.00, for the period (the "**Relief Period**") commencing on any date after the Amendment No. 4 Effective Date on which the Company or any of its Restricted Subsidiaries has consummated a Permitted Acquisition in which the Purchase Price is $100,000,000 or more (a "**Trigger Acquisition**") and continuing until (but excluding) the end of the second full fiscal quarter immediately succeeding the fiscal quarter during which the Trigger Acquisition occurred; provided, further, that the maximum permitted Cash Flow Secured Leverage Ratio shall return to 2.00 to 1.00 on and after the end of the second full fiscal quarter immediately succeeding the fiscal quarter during which the Trigger Acquisition occurred; provided, further, that following the termination of any Relief Period, no subsequent Relief Period shall be permitted to occur for purpose of the initial proviso of this Section 10.12.2 unless and until the Cash Flow Secured Leverage Ratio is less than or equal to 2.00 to 1.00 as of the end of at least one fiscal quarter following the most recent Relief Period.

The Cash Flow Secured Leverage Ratio shall be calculated: (i) based upon (a) Consolidated Secured Funded Indebtedness at the applicable time of determination, and (b) for Consolidated EBITDA, the actual amount as of the last day of each fiscal quarter for the most recently ended four consecutive fiscal quarters; and (ii) giving pro forma effect to any Material Acquisition and Material Disposition.

10.12.3 Minimum Net Worth. The Company will not permit the Consolidated Net Worth of the Company and its Restricted Subsidiaries to be less than the sum of (i) a dollar amount equal to $166,506,500, plus (ii) 50% of such Consolidated Net Income earned in each fiscal quarter beginning with the quarter ending March 31, 2009 (without deduction for losses), plus (iii) 100% of the amount by which the Company's "total stockholders' equity" is increased after February 8, 2010 as a result of the issuance or sale by the Company or any of its Restricted Subsidiaries of, or the conversion of any Indebtedness of such Person into, any equity interests (including warrants and similar investments) in such Person, minus (iv) amounts expended by the Company and its Restricted Subsidiaries to repurchase the Company's capital stock to the extent such repurchases are permitted under Section 10.1(v)."

(t) Section 10.14 is amended and restated, as follows:

"10.14 [Reserved]."

(u) Section 10.15 is amended and restated, as follows:

"10.15 [Reserved]."

(v) Schedule B of the Note Agreement is amended to insert the following new definitions in their proper alphabetical order:

""**Amendment No. 4 Effective Date**" means July 9, 2015.

"**Cash Flow Secured Leverage Ratio**" has the meaning specified in Section 10.12.2.

"**Consolidated Secured Funded Indebtedness**" means, at any time of determination, the amount of Consolidated Funded Indebtedness as of such time that is secured by any Lien on the property or assets of the Company or its Restricted Subsidiaries.

"**Relief Period**" has the meaning specified in Section 10.12.2.

"**Trigger Acquisition**" has the meaning specified in Section 10.12.2."

(w) Schedule B of the Note Agreement is amended to delete the definitions for "Capital Expenditures," "Consolidated Rentals," "Excluded Subsidiaries," "Minority Investment" and "Rentals."

(x) Schedule B of the Note Agreement is amended to delete the reference to "Section 10.4.3(vi)" in the definition of "Acquisition Pro Forma" and to replace such reference with "Section 10.4.4(vii)."

(y) Schedule B of the Note Agreement is amended to amend and restate clause (d) of the definition of "Permitted Foreign Subsidiary Non-Recourse Indebtedness", as follows:

"(d) the total principal amount outstanding of such Indebtedness does not at any time exceed 40% of the Consolidated Net Worth of the Company and its Restricted Subsidiaries."

(z) Schedule B of the Note Agreement is amended to amend and restate the proviso at the end of the definition of "Permitted Restructuring", as follows:

"provided that (i) no Receivables or other assets of Unrestricted Subsidiaries shall be commingled with the assets of a Credit Party as a result of such Permitted Restructuring, (ii) no such transfers shall take place from a Credit Party to an Unrestricted Subsidiary or to any other Subsidiary that is not a Credit Party, and (iii) such transactions are effected for tax planning and related general corporate purposes."

(aa) Schedule B of the Note Agreement is amended to amend and restate clause (II) of subsection (a)(iii) of the definition of "Unrestricted Subsidiary", as follows:

"(II) the Fair Market Value of the Company's direct or indirect equity interest in such Subsidiary, in each case at the time that such Subsidiary is designated an Unrestricted Subsidiary and the Company shall be permitted to make such Investment under Section 10.4.9,"

(bb) Schedule B of the Note Agreement is amended to amend and restate subsection (a)(iv) of the definition of "Unrestricted Subsidiary", as follows:

"(iv) neither the Company nor any Restricted Subsidiary shall at any time be directly, indirectly or contingently liable for any Indebtedness or other liability of any Unrestricted Subsidiary, except to the extent the same would constitute a permitted Investment under Section 10.4.9,"

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the following conditions precedent (the date on which each of which has been satisfied or waived in writing being referred to in this Amendment as the "**Effective Date**"): (a) the Noteholders shall have received (i) counterparts of this Amendment, duly executed by the Company and the Required Holders, and the Consent and Reaffirmation attached hereto duly executed by the Guarantors, (ii) a fully executed copy of an amendment to the Credit Agreement, which shall be in form and substance reasonably satisfactory to the Required Holders, (iii) their ratable share of an amendment fee in the aggregate amount of $19,375, and (iv) such other instruments, documents and documents as are reasonably requested by the Noteholders in connection with this Amendment; and (b) the Company shall have paid, to the extent invoiced, all fees and

expenses of the Noteholders (including attorneys' fees and expenses) in connection with this Amendment and the other Transaction Documents.

3. Representations and Warranties of the Company. The Company hereby represents and warrants as follows:

(a) This Amendment and the Note Agreement as amended hereby constitute legal, valid and binding obligations of the Company and are enforceable against the Company in accordance with their terms.

(b) As of the date hereof and giving effect to the terms of this Amendment, (i) there exists no Default or Event of Default and (ii) the representations and warranties contained in Section 5 of the Note Agreement are true and correct, except for representations and warranties made with reference solely to an earlier date, which are true and correct as of such earlier date.

4. Reference to and Effect on the Note Agreement.

(a) Upon the effectiveness hereof, each reference to the Note Agreement in the Note Agreement or any other Transaction Document shall mean and be a reference to the Note Agreement as amended hereby.

(b) Except as specifically amended above, the Note Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) Other than as expressly set forth herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Noteholders, nor constitute a waiver of any provision of the Note Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

(d) This Amendment shall constitute a "Transaction Document."

5. Governing Law. This Amendment shall be governed by and construed in accordance with the internal laws of the State of New York, excluding choice-of-law principles of the law of such state that would permit the application of the laws of a jurisdiction other than such state.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

7. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Signatures delivered by facsimile or PDF shall have the same force and effect as manual signatures delivered in person.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

ENCORE CAPITAL GROUP, INC.

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Executive Vice President, CFO and Treasurer

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ Cornelia Cheng
Vice President

PRUCO LIFE INSURANCE COMPANY

By: /s/ Cornelia Cheng
Assistant Vice President

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

By: Prudential Investment Management, Inc., investment manager

By: /s/ Cornelia Cheng
Vice President

PRUDENTIAL ANNUITIES LIFE ASSURANCE CORPORATION

By: Prudential Investment Management, Inc., investment manager

By: /s/ Cornelia Cheng
Vice President

Exhibit 10.5

CONSENT AND REAFFIRMATION

Each of the undersigned hereby acknowledges receipt of a copy of the foregoing Amendment No. 4 to the Second Amended and Restated Senior Secured Note Agreement dated as of May 9, 2013 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Note Agreement") by and between Encore Capital Group, Inc. (the "Company") and the holders of Notes party thereto (the "Noteholders"), which Amendment No. 4 is dated as of July 9, 2015 (the "Amendment"). Capitalized terms used in this Consent and Reaffirmation and not defined herein shall have the meanings given to them in the Note Agreement. Without in any way establishing a course of dealing by any Noteholder, each of the undersigned agrees to be bound by its obligations under Section 1 of the Amendment and consents to the Amendment and reaffirms the terms and conditions of the Multiparty Guaranty, the Pledge and Security Agreement and any other Transaction Document executed by it and acknowledges and agrees that such agreement and each and every such Transaction Document executed by the undersigned in connection with the Note Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed.

All references to the Note Agreement contained in the above-referenced documents shall be a reference to the Note Agreement as modified by the Amendment and as each of the same may from time to time hereafter be amended, modified or restated.

Dated: July 9, 2015

[Signature Page Follows]

MIDLAND CREDIT MANAGEMENT, INC.

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Executive Vice President, CFO and Treasurer

PROPEL ACQUISITION LLC

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Executive Vice President, CFO, and Treasurer

MIDLAND PORTFOLIO SERVICES, INC.

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

MIDLAND FUNDING LLC

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

MIDLAND INDIA LLC

By: /s/ Glen V. Freter
Name: Glen V. Freter
Title: Treasurer

MIDLAND INTERNATIONAL LLC

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

MIDLAND FUNDING NCC-2 CORPORATION

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

MRC RECEIVABLES CORPORATION

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

PROPEL FUNDING LLC

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

ASSET ACCEPTANCE CAPITAL CORP.

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Executive Vice President, CFO and Treasurer

ASSET ACCEPTANCE, LLC

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

ASSET ACCEPTANCE SOLUTIONS GROUP, LLC

By: /s/ Darin Herring
Name: Darin Herring
Title: Vice President

ASSET ACCEPTANCE RECOVERY SERVICES, LLC

By: /s/ Darin Herring
Name: Darin Herring
Title: Vice President

LEGAL RECOVERY SOLUTIONS, LLC

By: /s/ Darin Herring
Name: Darin Herring
Title: Vice President

ATLANTIC CREDIT & FINANCE, INC.

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

ATLANTIC CREDIT & FINANCE SPECIAL FINANCE UNIT, LLC

By: /s/ Shawn Thomas
Name: Shawn Thomas
Title: General Manager

ATLANTIC CREDIT & FINANCE SPECIAL FINANCE UNIT III, LLC

By: /s/ Shawn Thomas
Name: Shawn Thomas
Title: General Manager

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Kenneth A. Vecchione, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Encore Capital Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /S/ KENNETH A. VECCHIONE

Kenneth A. Vecchione
President and Chief Executive Officer

Date: August 10, 2015

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Jonathan C. Clark, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Encore Capital Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /S/ JONATHAN C. CLARK

Jonathan C. Clark
Executive Vice President, Chief Financial Officer and Treasurer

Date: August 10, 2015

Exhibit 32.1

ENCORE CAPITAL GROUP, INC.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Encore Capital Group, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company.

/s/ Kenneth A. Vecchione

Kenneth A. Vecchione

President and Chief Executive Officer

August 10, 2015

/s/ Jonathan C. Clark

Jonathan C. Clark

Executive Vice President,
Chief Financial Officer and Treasurer

August 10, 2015

This certification accompanies the above described Report and is being furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall be not be deemed filed as part of the Report.