Presale:

First Investors Auto Owner Trust 2021-1

January 7, 2021

PRIMARY CREDIT ANALYST

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Preliminary Ratings

Class	Preliminary rating	Type	Interest rate(i)	Preliminary amount (mil. $)	Legal final maturity date
A	AAA (sf)	Senior	Fixed	170.36	March 16, 2026
B	AA (sf)	Subordinate	Fixed	17.33	March 15, 2027
C	A (sf)	Subordinate	Fixed	20.21	March 15, 2027
D	BBB (sf)	Subordinate	Fixed	8.09	March 15, 2027
E	BB- (sf)	Subordinate	Fixed	8.66	April 15, 2027
F	B (sf)	Subordinate	Fixed	6.35	April 17, 2028

Note: This presale report is based on information as of Jan. 7, 2021. The ratings shown are preliminary. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. Accordingly, the preliminary ratings should not be construed as evidence of final ratings. This report does not constitute a recommendation to buy, hold, or sell securities. (i)The actual coupons of the tranches will be determined on the pricing date.

Profile

Expected closing date	Jan. 21, 2021.
Collateral	Subprime auto loan receivables.
Issuer	First Investors Auto Owner Trust 2021-1
Originator/seller/sponsor	First Investors Financial Services Inc.
Depositor	First Investors Auto Funding Corp.
Servicer	First Investors Servicing Corp.
Back-up servicer/custodian/indenture trustee	Wells Fargo Bank N.A. (A+/Stable/A-1).
Owner trustee	Wells Fargo Delaware Trust Co. N.A.
Lead underwriter	Wells Fargo Securities LLC.

Credit Enhancement Summary

	FIAOT 2021-1	FIAOT 2020-1	FIAOT 2019-2	FIAOT 2019-1	FIAOT 2018-2	FIAOT 2018-1
Preliminary rating						
Class A	AAA (sf)	AAA (sf)	AAA (sf)	AAA (sf)	AAA (sf)	AAA (sf)
Class B	AA (sf)	AA (sf)	AA (sf)	AA (sf)	AA (sf)	AA (sf)
Class C	A (sf)	A (sf)	A (sf)	A (sf)	A (sf)	A (sf)
Class D	BBB (sf)	BBB (sf)	BBB (sf)	BBB (sf)	BBB (sf)	BBB (sf)
Class E	BB- (sf)	BB (sf)	BB- (sf)	BB- (sf)	BB- (sf)	BB- (sf)
Class F	B (sf)	B (sf)	B (sf)	B (sf)	B (sf)	B (sf)
Subordination (% of the initial receivables)(i)						
Class A	26.25	29.85	29.59	27.33	35.10	35.10
Class B	18.75	22.85	22.30	21.58	27.40	27.60
Class C	10.00	13.35	12.80	13.08	17.60	17.61
Class D	6.50	6.35	6.10	6.34	9.45	9.60
Class E	2.75	2.85	2.65	2.34	4.40	4.60
Class F	0.00	0.00	0.00	0.00	0.00	0.00
Overcollateralization (% of the initial receivables)						
Initial	0.00	0.00	0.00	0.50	0.90	1.15
Target(ii)	2.50	2.50	2.00	3.50	6.10	5.50
Floor	0.50	0.50	0.50	0.50	0.50	0.50
Reserve fund (% of the initial receivables)						
Initial	1.50	1.50	1.50	1.50	1.50	1.50
Target	1.50	1.50	1.50	1.50	1.50	1.50
Floor	1.50	1.50	1.50	1.50	1.50	1.50
Total initial hard credit enhancement (% of the initial receivables)						
Class A	27.75	31.35	31.10	29.33	37.50	37.75
Class B	20.25	24.35	23.80	23.58	29.80	30.25
Class C	11.50	14.85	14.30	15.08	20.00	20.26
Class D	8.00	7.85	7.60	8.34	11.85	12.25
Class E	4.25	4.35	4.15	4.34	6.80	7.25
Class F	1.50	1.50	1.50	2.00	2.40	2.65
Estimated excess spread per year (%)(iii)	11.04	9.98	9.75	8.04	7.54	7.83

(i)Principal will be paid sequentially on the preliminary rated notes. (ii)The overcollateralization target is a percentage of the current receivables balance. (iii)Includes the 2.04% servicing fees. Series 2017-1 through 2020-1 reflect estimated excess spread after pricing. FIAOT--First Investors Auto Owner Trust. N/A--Not Applicable.

Rationale

The preliminary ratings assigned to First Investors Auto Owner Trust 2021-1's (FIAOT 2021-1's) asset-backed notes reflect:

- The availability of approximately 38.7%, 33.2%, 26.2%, 22.7%, 18.3%, and 14.8% credit support for the class A, B, C, D, E, and F notes, respectively, based on stressed cash flow scenarios (including excess spread). These credit support levels provide approximately 3.10x, 2.65x, 2.05x, 1.75x, 1.40x, and 1.10x coverage of our 11.75%-12.25% expected cumulative net loss (CNL) range for the class A, B, C, D, E, and F notes, respectively (see the Cash Flow Modeling Assumptions And Results section).
- The timely interest and principal payments by the legal final maturity date made under stressed cash flow modeling scenarios that we deem appropriate for the assigned preliminary ratings.
- The expectation that under a moderate ('BBB') stress scenario (2.00x our expected loss level), all else being equal, our ratings will be within the limits specified within the credit stability section of "S&P Global Ratings Definitions," published Jan. 5, 2021.
- The collateral characteristics of the pool, which includes 47.33% of direct-originated loans. Direct loans, historically, have lower losses than indirect-originated loans.
- Prefunding will be used in this transaction in the amount of approximately $46.20 million, about 20% of the pool. The subsequent receivables, with eligibility criteria similar to those established for the initial receivables pool, are expected to be transferred into the trust within three months from the closing date.
- First Investors Financial Services Inc.'s (First Investors') 31-year history of originating and underwriting auto loans, 18-year history of self-servicing auto loans, and track record of securitizing auto loans since 2000 and its 14 years of origination static pool data, segmented by direct and indirect loans.
- Wells Fargo Bank N.A.'s experience as the committed back-up servicer.
- The transaction's sequential payment and credit structure, which builds credit enhancement based on a percentage of receivables as the pool amortizes.

Changes From FIAOT 2020-1

The structural and credit enhancement changes from the series 2020-1 transaction include the following:

- Initial hard credit enhancement (including subordination, overcollateralization, and the reserve account) for classes A, B, C, and E decreased to 27.75%, 20.25%, 11.50%,and 4.25%, respectively, from 31.35%, 24.35%, 14.85%,and 4.35%. Initial hard credit enhancement for class D increased to 8.00% from 7.85%. Class F was unchanged at 1.50%.
- Subordination for classes A, B, C, and E decreased to 26.25%, 18.75%, 10.00%, and 2.75% respectively, from 29.85%, 22.85%, 13.35%, and 2.85%.
- Excess spread is estimated at 11.04%, compared with 9.98% for 2020-1

The collateral composition changes from the series 2020-1 transaction are as follows:

- Seasoning decreased to four months from nine months.
- The percentage of direct contracts increased to 47.33% from 40.08%.
- The percentage of Lending Club contracts, part of the direct contracts, increased to 10.22% from 9.71%.
- The percentage of long-term loans (those with a remaining term of 67 months to 72 months) increased to 75.11% from 67.12%.
- The weighted average FICO increased slightly to 580.8 from 579.8
- The payment-to-income (PTI) ratio decreased to 9.58% from 10.48%, and debt-to-income (DTI) ratio decreased slightly to 37.26% from 37.78%.
- The percentage of used vehicles increased to 90.42% from 85.34%.
- The weighted average LTV decreased to 124.08% from 127.59%, direct contract originations LTV decreased to 127.59% from 134.18%, and indirect contract originations LTV decreased to 120.92% from 123.18%.

Overall, relative to series 2020-1, we believe some of the 2021-1 pool's characteristics have weakened while others have improved, reflecting the decrease in seasoning and increase in longer term loans. This is partially offset by a decreasing LTV and increase in direct contracts.

Additionally, in our forward-looking view of the economy, and particularly the impact from COVID-19, we expect a continuation of the higher unemployment levels. Based on the historical correlation between credit performance and unemployment, this will likely result in increased losses (see "Economic Research: Staying Home For The Holidays," published Dec. 2, 2020, and "The Potential Effects Of COVID-19 On U.S. Auto Loan ABS," published March 26, 2020). This expectation is factored into our expected CNL for FIAOT 2021-1 of 11.75%-12.25%, which also takes into consideration securitization performance to date and the FIAOT 2021-1's collateral characteristics (see the S&P Global Ratings' Expected Loss section for more information).

Key Ratings Considerations

Based on our review of First Investors' operations, we considered the following factors in rating this transaction:

- Experienced management: The senior management team's average tenure is approximately 16 years with the company, and the middle management team's average tenure is more than 14 years. Furthermore, management has navigated the company successfully through severe industry and economic cycles (including 1996-1998, 2001-2003, 2007-2010, and the current highly competitive period).
- Profitable operations: The company continues to be profitable.
- Verifications: Per management, First Investors conducts verifications on almost all obligors' income, employment, residence, and insurance before funding.
- Diversified business model: First Investors' business model encompasses indirect and direct originations, various alliance channels, portfolio acquisitions, and third-party servicing, which provides the company with a unique perspective on subprime consumers and with a diversified mix of business that has helped it weather difficult economic periods.
- Focus: First Investors focuses on a more narrow credit spectrum than many larger competitors in subprime auto lending.

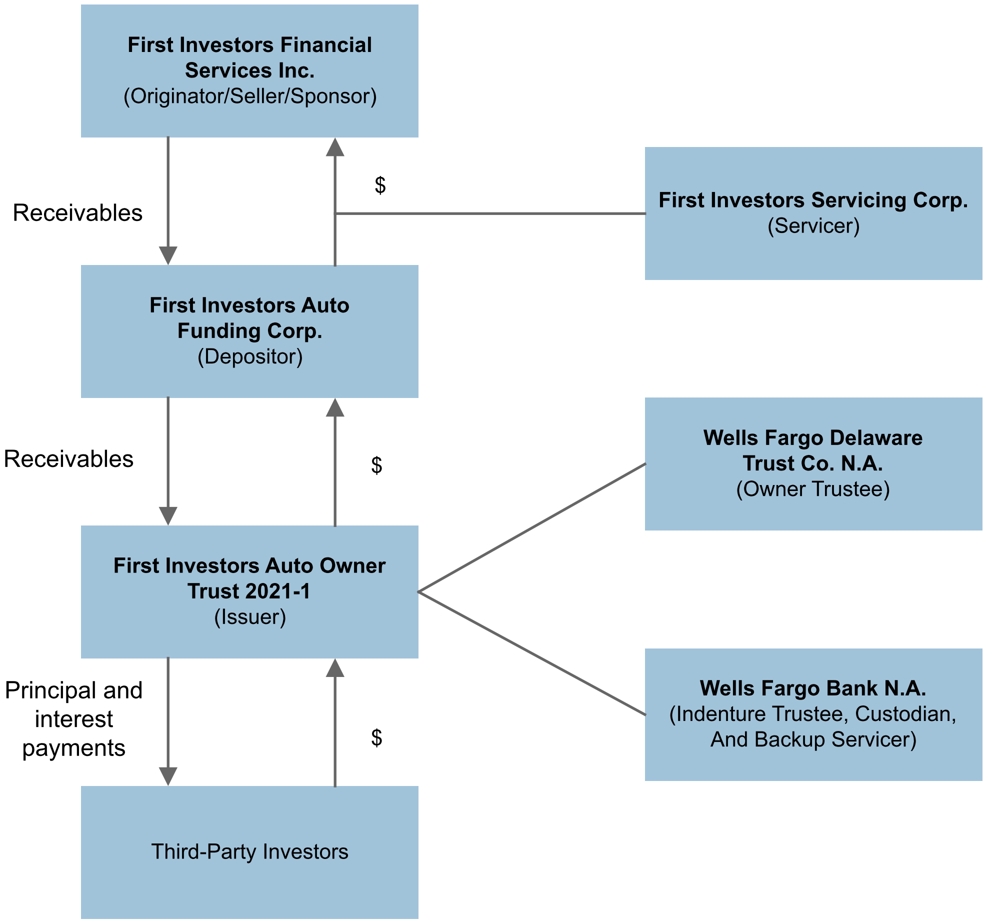
- Ownership: On Oct. 8, 2020, First Investors announced the acquisition of the seller by funds affiliated with Gallatin Point Capital (Gallatin Point). This acquisition closed as of Dec. 31, 2020. The seller's executive management team will remain in place and no changes are expected in the seller's business strategies.

Transaction And Legal Overview

First Investors is the receivables originator. It is an independent consumer finance company that purchases dealer-originated auto loans from selling new and used vehicles (indirect auto loans), and makes auto loans directly to consumers to refinance existing auto loans (direct auto loans).

The transaction is structured as a true sale of the receivables from First Investors, the originator/seller, to First Investors Auto Funding Corp., the depositor and wholly owned bankruptcy-remote special-purpose subsidiary (see chart 1). First Investors Auto Funding Corp. will transfer the receivables to FIAOT 2021-1, a newly formed special-purpose Delaware statutory trust, the issuer of the series notes, who will pledge its interest in the receivables and security interests in the vehicles to the indenture trustee for the noteholders' benefit.

Transaction Structure



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

Transaction Structure

The series 2021-1 transaction will employ a sequential principal payment structure among the class A, B, C, D, E, and F notes. That is, the senior class will be paid before payment is made to the subordinated classes. For example, class A notes will be paid in full before the class B notes receive principal distributions; the class B notes before the class C notes; the class C notes before the class D notes; the class D notes before the class E notes; and the class E notes will be paid in full before the class F notes receive principal distributions. The sequential-pay mechanism builds credit enhancement, on a percentage basis, for the rated notes as the pool amortizes.

The transaction's structure incorporates a 1.50% non-declining reserve account. It has an initial overcollateralization amount of 0.00%, and will build to a target of 2.50% of the current pool balance, subject to a floor of 0.50% of the initial and prefunded pool balance. We expect the pool to generate approximately 11.04% excess spread per year.

Prefunding will be used in this transaction and amount to about 20% of the pool. The subsequent receivables are expected to be transferred into the trust within three months from the closing date. The prefunding criteria characteristics include an original maturity of no more than 72 months, a weighted average annual percentage rate (APR) of at least 14.45%, and a minimum weighted average FICO of 581. At least 45% of the subsequent receivables will be originated through the direct program and no more than 25% with a PTI of greater than or equal to 13.00%.

Payment Structure

Payment distributions

The class A, B, C, D, E, and F notes' issuance amounts will total $231.00 million, and the notes will pay a fixed interest rate. Interest and principal are scheduled to be paid monthly on the 15th of each month or the next business day, beginning February 15, 2021. On each payment date, distributions will be made from available funds according to the payment priority outlined in table 1. In addition, the funds in the reserve account will be available to cover fees, interest shortfalls, parity principal payments, and principal payments that are due on the notes' final maturity date.

Table 1

Payment Waterfall

Priority	Payment
1	To the servicer, the annual 2.00% servicing fee for the preceding month plus any overdue monthly servicing fees for previous months.
2	To the back-up servicer, indenture trustee, custodian, and owner trustee (in its individual capacity), respectively, any unpaid fees and expenses (including attorneys' fees and transition expenses), subject to certain limitations set forth in the transaction documents.
3	To the note payment account, for distribution to the class A noteholders, the class A monthly interest for that payment date, any overdue class A monthly interest for previous payment dates, and interest on any overdue class A monthly interest payable at the interest rate applicable to each class A note.
4	To the note payment account, for distribution to the noteholders, the amount necessary to reduce the class A notes' principal balance to the pool balance (and prefunding account).
5	To the note payment account, the amount necessary to pay the remaining principal balance of any of the class A notes on its final maturity date.
6	To the note payment account, for distribution to the class B noteholders, the class B monthly interest for that payment date, any overdue class B monthly interest for previous payment dates, and interest on any overdue class B monthly interest payable at the interest rate applicable to the class B notes.
7	To the note payment account, for distribution to the noteholders, the amount necessary after giving effect to any payments made under items 4 and 5 above to reduce the class A and B notes' combined principal balance to the pool balance (and prefunding account).
8	To the note payment account, the amount necessary to pay the class B notes' remaining principal balance on the final maturity date.
9	To the note payment account, for distribution to the class C noteholders, the class C monthly interest for that payment date, any overdue class C monthly interest for previous payment dates, and interest on any overdue class C monthly interest payable at the interest rate applicable to the class C notes.

Table 1

Payment Waterfall (cont.)

Priority	Payment
10	To the note payment account, for distribution to the noteholders, the amount necessary after giving effect to any payments made under items 4, 5, 7, and 8 above to reduce the class A, B, and C notes' combined principal balance to the pool balance (and prefunding account).
11	To the note payment account, the amount necessary to pay the class C notes' remaining principal balance on the final maturity date.
12	To the note payment account, for distribution to the class D noteholders, the class D monthly interest for that payment date, any overdue class D monthly interest for previous payment dates, and interest on any overdue class D monthly interest payable at the interest rate applicable to the class D notes.
13	To the note payment account, for distribution to the noteholders, the amount necessary after giving effect to any payments made under items 4, 5, 7, 8, 10, and 11 above to reduce the class A, B, C, and D notes' combined principal balance to the pool balance (and prefunding account).
14	To the note payment account, the amount necessary to pay the class D notes' remaining principal balance on the final maturity date.
15	To the note payment account, for distribution to the class E noteholders, the class E monthly interest for that payment date, any overdue class E monthly interest for previous payment dates, and interest on any overdue class E monthly interest payable at the interest rate applicable to the class E notes.
16	To the note payment account, for distribution to the noteholders, the amount necessary after giving effect to any payments made under items 4, 5, 7, 8, 10, 11, 13, and 14 above to reduce the class A, B, C, D, and E notes' combined principal balance to the pool balance (and prefunding account).
17	To the note payment account, the amount necessary to pay the class E notes' remaining principal balance on the final maturity date.
18	To the note payment account, for distribution to the class F noteholders, the class F monthly interest for that payment date, any overdue class F monthly interest for previous payment dates, and interest on any overdue class F monthly interest payable at the interest rate applicable to the class F notes.
19	To the note payment account, for distribution to the noteholders, the amount necessary after giving effect to any payments made under items 4, 5, 7, 8, 10, 11, 13, 14, 16, and 17 above to reduce the class A, B, C, D, E, and F notes' combined principal balance to the pool balance (and prefunding account).
20	To the note payment account, the amount necessary to pay the class F notes' remaining principal balance on the final maturity date.
21	To the reserve account, the amount required to increase the amount on deposit in the reserve account to the required reserve account amount, if any, for that payment date.
22	To the note payment account for distribution to the noteholders, the accelerated principal amount to build overcollateralization to its target level.
23	To the owner trustee (in its individual capacity), indenture trustee, custodian, and back-up servicer, any other amounts due under the transaction documents.
24	To the trust for disbursement according to the trust agreement, any remaining available funds.

Events Of Default

Any one of the following events will constitute an event of default:

- Failure to make any required interest payment on the controlling class of notes, which remains uncured for five or more business days;
- Failure to make any required principal payment on any class of notes on its final scheduled payment date;

- Failure to observe or perform any material covenant or agreement in the transaction documents, which is uncured for 30 days;
- Any issuer representation or warranty that proves to have been materially incorrect, remaining uncured for 30 days; and
- The trust's bankruptcy, insolvency, receivership, or liquidation.

Payment distributions following event of default

On each payment date following an event of default (other than those relating to a covenant, representation, or warranty breach) after paying certain amounts to the indenture trustee, custodian, owner trustee, servicer, and back-up servicer, available funds will be distributed according to the payment priority outlined in table 2.

Table 2

Payment Waterfall

Priority	Payment
1	The class A note interest to the class A noteholders.
2	The class A principal to the class A noteholders until the class A note balance has been reduced to zero.
3	The class B note interest to the class B noteholders.
4	The class B note principal to the class B noteholders until the class B note balance has been reduced to zero.
5	The class C note interest to the class C noteholders.
6	The class C note principal to the class C noteholders until the class C note balance has been reduced to zero.
7	The class D note interest to the class D noteholders.
8	The class D note principal to the class D noteholders until the class D note balance has been reduced to zero.
9	The class E note interest to the class E noteholders.
10	The class E note principal to the class E noteholders until the class E note balance has been reduced to zero.
11	The class F note interest to the class F noteholders.
12	The class F note principal to the class F noteholders until the class F note balance has been reduced to zero.
13	To the trust for disbursement according to the trust agreement, any remaining available funds.

On each payment date following an event of default relating to a breach of a covenant, representation, or warranty under the indenture and the notes' subsequent acceleration after paying certain amounts to the indenture trustee, custodian, owner trustee, servicer, and back-up servicer, available funds will be distributed according to the payment priority outlined in table 3.

Table 3

Payment Waterfall

Priority	Payment
1	The class A interest to the class A noteholders.
2	Any amount necessary for class A note parity.
3	Any amount necessary for class A legal final maturity.
4	The class B note interest to the class B noteholders.

Table 3

Payment Waterfall (cont.)

Priority	Payment
5	Any amount necessary for class B note parity.
6	Any amount necessary for class B legal final maturity.
7	The class C note interest to the class C noteholders.
8	Any amount necessary for class C note parity.
9	Any amount necessary for class C legal final maturity.
10	The class D note interest to the class D noteholders.
11	Any amount necessary for class D note parity.
12	Any amount necessary for class D legal final maturity.
13	The class E note interest to the class E noteholders.
14	Any amount necessary for class E note parity.
15	Any amount necessary for class E legal final maturity.
16	The class F note interest to the class E noteholders.
17	Any amount necessary for class F note parity.
18	Any amount necessary for class F legal final maturity.
19	Any amount necessary to satisfy the reserve requirement.
20	Principal to class A until paid in full, then to class B until paid in full, then to class C until paid in full, then to class D until paid in full, then to class E until paid in full, and then to class F until paid in full (full turbo to the noteholders).
21	Amounts, if any, due to the owner trustee (in its individual capacity), indenture trustee, custodian, servicer, and back-up servicer under the transaction documents and not paid previously.
22	Any remaining available funds to the depositor account.

Managed Portfolio Performance

As of October 31, 2020, its managed portfolio was $0.90 billion--a 14% decrease year-over-year. We reviewed the trends in some of the key pool characteristics, including PTI, DTI, and LTV ratios for the past 10 years, and we believe that First Investors has not deviated significantly from its historical patterns to originate more loans.

Delinquencies were previously elevated over the 2018 and 2019 fiscal years, reflecting macro-economic factors, an aging portfolio, and a higher proportion of indirect loans in the portfolio. However, for the six months ending Oct. 31, 2020, total 60-plus-day delinquencies decreased to 2.31% from 3.10% for the corresponding period in 2019. Annualized net losses as a percent of the average principal balance outstanding for the six months ended Oct. 31, 2020, decreased to 3.04% from 4.98% a year earlier. This improvement can be partly attributed to the federal stimulus and the unemployment benefits that were disbursed during the COVID-19 pandemic. Additionally, First Investors also implemented tighter underwriting standards during that time.

Table 4

Owned Portfolio

	Six months ended Oct. 31		Fiscal year ended April 30					
	2020	2019	2020	2019	2018	2017	2016	2015
Total contract portfolio (mil. $)	901.212	1,045.206	998.394	1,064.118	1,110.907	1,171.484	1,134.017	1,151.066
Delinquencies (%)(i)								
30-59 days	5.42	6.80	5.01	5.89	5.44	4.54	3.35	2.15
60-89 days	1.59	2.04	1.57	1.68	1.61	1.38	0.80	0.64
90-plus days	0.72	1.06	0.84	0.91	1.00	0.80	0.51	0.51
Total 60-plus days	2.31	3.10	2.42	2.59	2.61	2.18	1.31	1.15
Credit loss								
Average principal balance outstanding (mil. $)	946.950	1,055.932	1,039.522	1,082.331	1,168.500	1,153.654	1,159.678	1,076.840
Net losses (mil. $)	13.915	25.541	52.315	55.475	65.998	57.962	55.410	43.132
Net losses as a % of average principal balance outstanding(ii)	2.94	4.84	5.03	5.13	5.65	5.06	4.78	4.01

(i)The delinquency period is based on the number of days payments are contractually past due. (ii)Annualized.

Pool Analysis

The series 2021-1 statistical pool consists of $167.25 million in automobile loans as of the Nov. 30, 2020, statistical cut-off date. The pool has a weighted average credit bureau score of 581, a weighted average seasoning of approximately four months, and a weighted average APR of 14.67%. Approximately 47.33% of the loans in the pool are from the direct program and correspondingly, the proportion of used vehicles is about 90.42%. The series 2021-1 pool includes approximately 90.46% of loans with original terms 67-72 months, 2.99% with original terms 61-66 months, and 6.55% with original terms of 60 months or less. Overall, the pool is diversified and mostly in line with previous series.

The series 2021-1 pool will comprise of a prefunding account, with a balance of approximately $46.20 million, about 20% of the pool, compared with approximately $41 million for 2020-1, which is expected to be transferred into the trust within three months from the closing date. The selection criteria for initial contracts and subsequent contracts are expected to be the same and, at closing, the collateral pool will have a cut-off date ofDec. 31, 2020, and the collateral characteristics are expected to be materially similar to those of the statistical pool. Table 5 shows the collateral characteristics of First Investors 2021-1's statistical pool, as well as those of First Investors' previous pools.

Table 5

Collateral Comparison(i)

	FIAOT										
	2021-1	**2020-1**	**2019-2**	**2019-1**	**2018-2**	**2018-1**	**2017-3**	**2017-2**	**2017-1**	**2016-2**	**2016-1**
Collateral cut-off date	Nov. 30, 2020	Jan. 31, 2020	Sept. 30 2019	Feb. 28 2019	Oct. 31, 2018	Apr. 30, 2018	Oct. 31, 2017	June 30, 2017	Jan. 31, 2017	Aug. 31, 2016	Jan. 31, 2016
Total collateral balance ($)	167,251,091	120,393,794	179,328,483	125,589,015	165,965,976	132,822,432	129,373,301	202,000,069	200,000,002	230,000,013	170,008,795
No. of receivables	9,099	7,602	9,397	6,590	8,500	6,917	6,199	10,019	9,971	11,052	7,851
Avg. principal balance ($)	18,381	15,837	19,084	19,058	19,525	19,202	20,870	20,162	20,058	20,811	21,654
Prefunding (%)	20.00%	22.0	16.3	20.0	17.0	18.8	22.7	11.0	11.1	0.0	15.0
Weighted average APR (%)	14.67%	14.59	14.52	13.49	13.78	13.76	14.46	13.83	13.64	13.18	13.15
Weighted average original term (mos.)	70.68	69.93	70.00	68.19	69.36	69.48	70.40	70.30	70.18	70.21	70.69
Weighted average remaining (mos.)	66.41	60.62	67.00	65.36	66.69	66.31	69.25	68.06	67.58	68.29	68.95
Seasoning (mos.)	4.28	9.31	3.00	2.83	2.67	3.17	1.15	2.24	2.60	1.92	1.74
Weighted average FICO	581	580	583	595	593	589	586	587	587	587	584
Weighted average LTV (%)	124.08	127.59	127.11	131.06	125.04	125.28	122.41	122.39	122.76	122.59	124.81
New (%)	9.58%	14.66	8.61	8.15	18.11	19.40	31.10	23.29	28.31	26.77	28.89
Used (%)	90.42%	85.34	91.39	91.85	81.89	80.60	68.90	76.71	71.69	73.23	71.11
Original term (%)											
Less than or equal to 60 months	6.55%	8.07	9.31	14.19	10.74	9.90	7.68	7.85	7.55	7.78	4.86
61-66 months	2.99%	6.56	6.79	12.43	13.78	8.27	4.06	4.46	5.66	4.37	6.43
67-72 months	90.46%	85.37	83.90	73.38	75.48	81.83	88.26	87.69	86.79	87.84	88.71
Indirect loan (%)	52.67%	59.92	56.75	35.35	54.12	56.35	77.49	76.95	78.47	80.68	74.44
Direct loan (%)	47.33%	40.08	43.25	64.65	45.88	43.65	22.51	23.05	21.53	19.32	25.56

Table 5

Collateral Comparison(i) (cont.)

	FIAOT										
	2021-1	2020-1	2019-2	2019-1	2018-2	2018-1	2017-3	2017-2	2017-1	2016-2	2016-1
State concentrations (%)											
	TX=12.00	TX=11.85	TX=12.32	TX=12.95	TX=12.36	TX=13.38	TX=14.21	TX=14.41	TX=12.94	TX=13.35	TX=14.26
	GA=7.89	GA=8.47	GA=7.63	CA=9.75	CA=8.42	CA=10.49	CA=9.18	CA=10.43	CA=9.77	CA=10.36	CA=9.59
	CA=7.41	OH=7.20	OH=7.15	GA=7.65	GA=8.36	GA=7.56	GA=9.00	GA=9.06	GA=8.82	GA=8.44	NC=7.73
	OH=7.06	AZ=6.73	IL=6.31	FL=6.00	OH=6.92	OH=7.19	OH=7.11	FL=5.99	NC=6.39	NC=6.99	GA=7.56
	AZ=6.79	CA=6.70	CA=6.18	OH=5.69	AZ=5.77	NC=5.53	NC=6.06	NC=5.46	FL=6.26	FL=6.79	FL=7.42
Initial expected CNL (%)	11.75-12.25	10.75-11.25	10.75-11.25	9.75-10.25	11.75-12.25	11.75-12.25	10.75-11.25	10.25-10.75	9.75-10.25	9.00-9.50	9.25-9.75
Revised expected CNL (%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12.25-12.75	12.00-12.50	11.00-11.50

(i)Statistical pool. Does not include prefunding. All percentages are of the initial receivables balance. FIAOT--First Investors Auto Owner Trust. APR--Annual percentage rate. LTV--Loan to value. CNL--Cumulative net loss. N/A--Not applicable.

The seller is expected to have originated approximately 90% of the contracts sold to the trust on the closing date. The remaining 10% of the contracts will be originated by the third-party originator, WebBank Inc., an FDIC-insured state-chartered industrial bank and other alliance partners. LendingClub Corp. (LendingClub), a Delaware corporation, will act as third-party facilitator for the contracts originated by WebBank Inc. LendingClub facilitates automobile loan contracts to consumers via its online marketplace. Only automobile loan contracts that satisfy First Investors' proprietary credit scorecard and underwriting credit criteria are eligible for sale to First Investors. Once an automobile loan contract is sold to First Investors, LendingClub does not retain or maintain any interest in the sold automobile loan contracts. Similar to First Investors' direct program, the alliance program portfolio consists of refinanced loans, and those contracts are underwritten using similar underwriting criteria and scoring models. Our view of the direct channel performance includes LendingClub collateral.

Securitization Performance And Surveillance

Paid-off transactions

First Investors securitized five bond-insured transactions in 2000-2006, all of which paid off with CNLs ranging from 4.87%-9.43%. The non-bond-insured paid off series, starting from 2011-1, First Investors' first securitization transaction after the recession, are shown in table 6 First Investors' direct program has historically experienced lower losses than its indirect lending program.

Table 6

Paid-off series (%)

Series	Month	CNL	Direct
2011-1	39	6.23	45
2011-2	48	8.11	30
2012-1	47	8.14	29
2012-2	51	9.54	32
2013-1	51	9.14	40
2013-2	53	9.81	37
2013-3	53	10.85	43
2014-1	54	10.82	38
2014-2	55	11.91	35
2014-3	55	11.51	36
2015-1	55	11.10	32
2015-2	59	11.22	27
2016-1	56	11.21	26

CNL--Cumulative net loss.

Outstanding transactions

First Investors has 9 outstanding public FIAOT ABS transactions rated by S&P Global Ratings (see table 7).

Table 7

Collateral Performance (%)

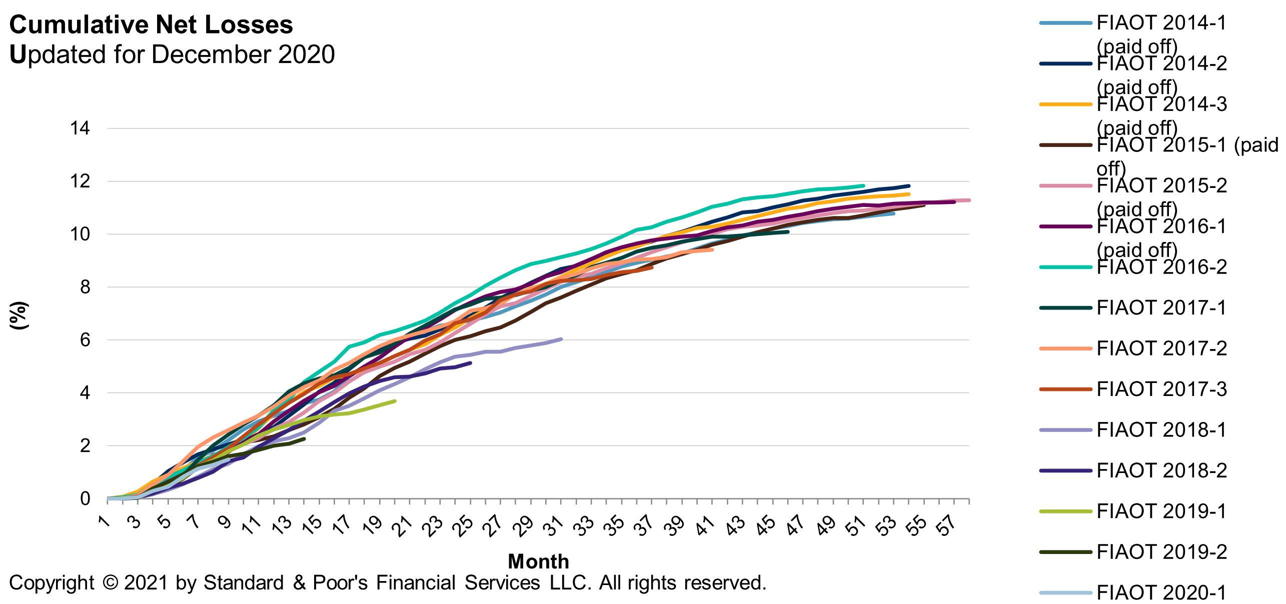
As of the December 2020 distribution date

Series	Month	Pool factor	CNL	60-plus DQ	Initial lifetime CNL exp.	Current lifetime CNL exp.
2016-2	51	13.18	11.83	4.38	9.00-9.50	12.50-13.00
2017-1	46	17.20	10.09	5.29	9.75-10.25	11.25-11.75
2017-2	41	22.11	9.41	4.10	10.25-10.75	11.50-12.00
2017-3	37	26.83	8.74	4.79	10.75-11.25	11.50-12.00
2018-1	31	32.41	6.03	4.23	11.75-12.25	10.50-11.00
2018-2	25	41.45	5.13	3.48	11.75-12.25	11.50-12.00
2019-1	20	48.92	3.69	2.65	9.75-10.25	11.50-12.00
2019-2	14	63.72	2.26	2.76	10.75-11.25	11.00-11.50
2020-1	9	73.29	1.48	2.46	10.75-11.25	11.00-11.50

CNL--Cumulative net loss. N/A--Not applicable

We note that FIAOT 2018-1 and the following series have posted improved performance compared to FIAOT 2017-3 and prior series.

Chart 2



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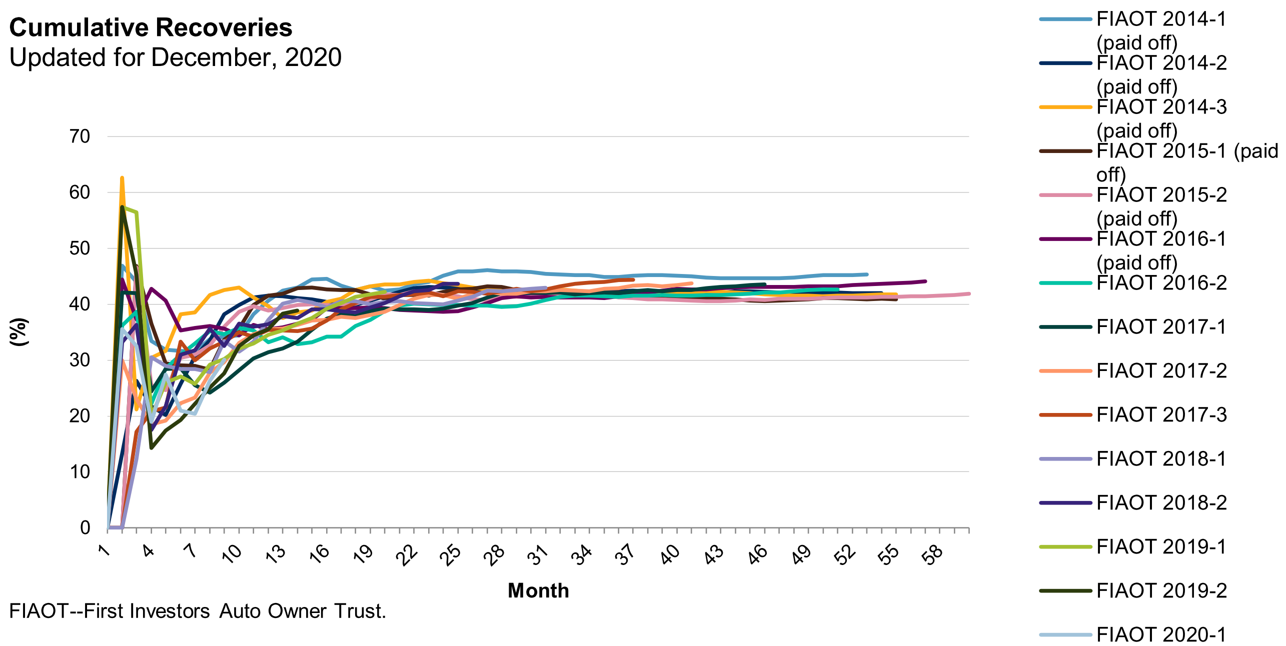
In analyzing the securitization performance, we also examined cumulative gross losses and cumulative recoveries. The 2013 transactions experienced strong recoveries (40%-50%), which we attribute to the strong used vehicle market, as well as consistent and conservative underwriting. Recent transactions starting in 2014 are exhibiting slightly lower recovery rates, which is contributing to the higher CNLs on these pools. In addition, the 2014 transactions had higher LTVs and, since then, First Investors has been strategically reducing maximum LTV ratios.

Chart 3



Since each transaction closed, the credit support for each class has increased as a percentage of the amortizing pool balances and is, in our view, adequate to support the current ratings. We will continue to monitor these transactions' performances to determine if they remain consistent with the assigned ratings or if we believe a rating action is appropriate.

S&P Global Ratings' Expected Loss: 11.75%-12.25%

To derive the base-case loss level for the series 2021-1 transaction, we analyzed First Investors' securitization performance (see table 8), origination static pool data, deal-level collateral characteristics, and the tighter underwriting guidelines implemented by the company in late 2014 and continued tightening in 2017.

First Investors provided quarterly origination static pool net loss data broken out by program type (direct versus indirect) and LTV ratios, or by credit tiers, since 2005. We developed expected net loss projections for each cohort and then weighted these projections by their respective concentrations in the series 2021-1 pool to derive a weighted average CNL range.

While performance improved for the 2009-2013 vintages, losses have started to trend slightly higher for most segments beginning in the first quarter of 2014. In mid-December 2014, First Investors implemented tighter underwriting guidelines, including reducing maximum LTV ratios and expanded verifications. We believe the 2015 origination vintages are benefiting from these actions. In 2017 First Investors improved its underwriting guidelines.

Chart 4a

Total Origination Static Pool Performance-Cumulative Net Losses

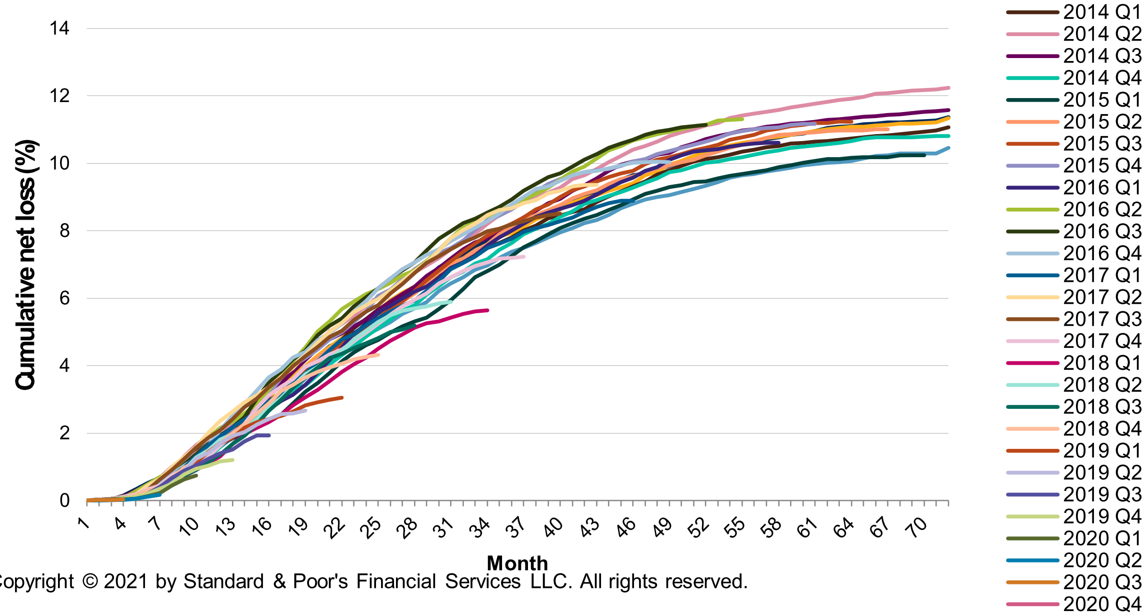


Chart 4b

Direct Origination Static Pool Performance-Cumulative Net Losses

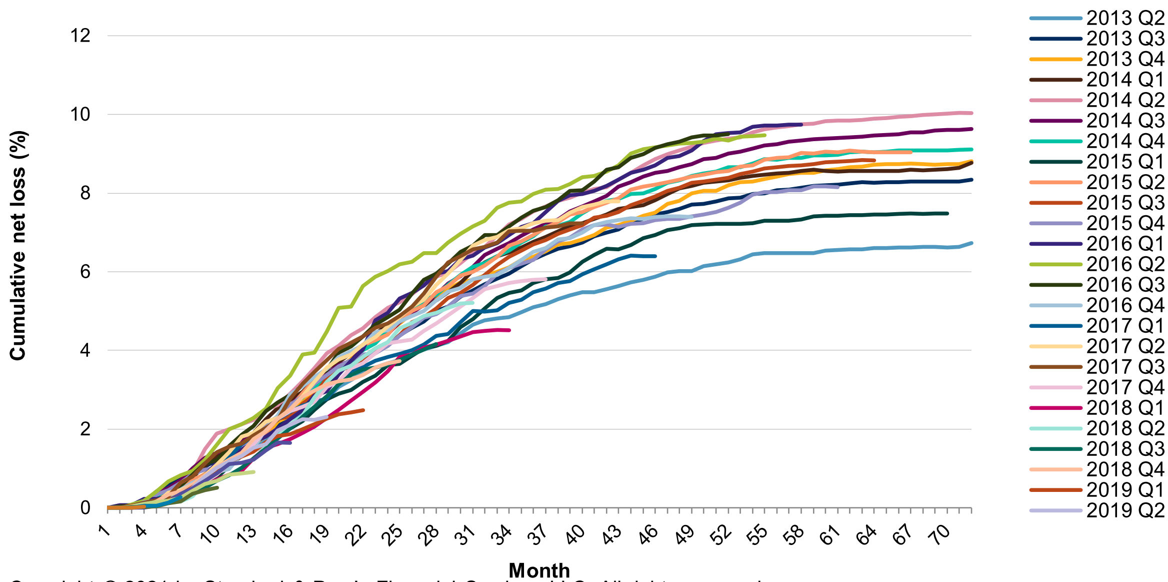
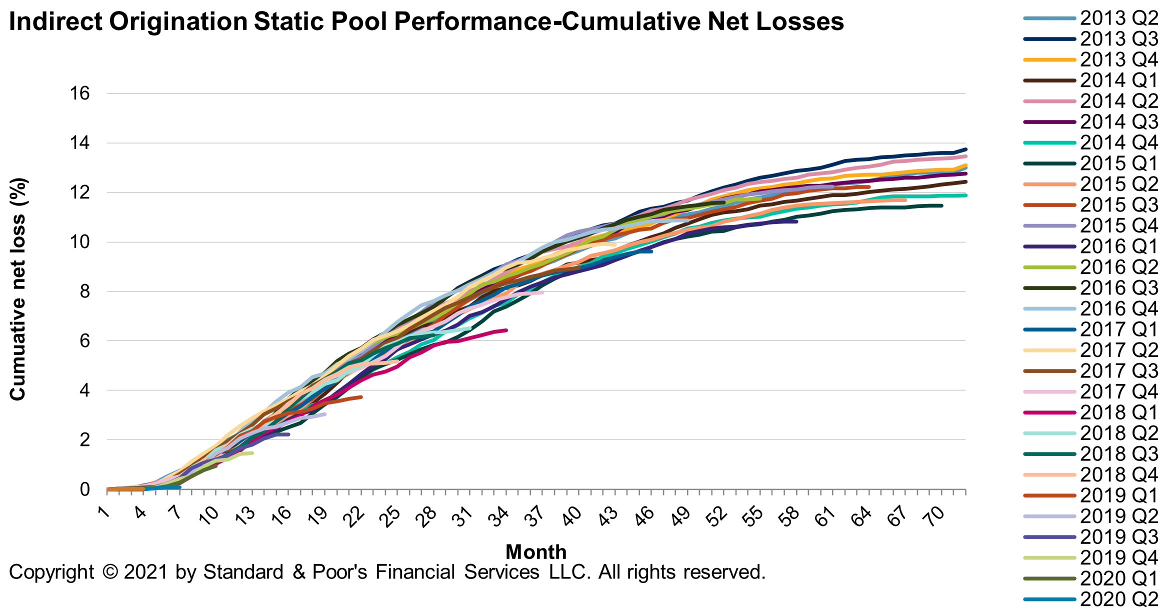


Chart 4c



Based on First Investors' performance data, direct loans have historically experienced lower losses than indirect loans, despite their higher LTV ratios (see table 8 and charts 4a and 4b). On average, direct loans are refinanced six months after the obligor's original purchase date. We attribute the lower losses to this additional seasoning because it allows the originator to assess early stage payment performance and minimizes the fraud or misrepresentation risk surrounding the obligor or original sale process. The percentage of direct loans in the series 2021-1 is 47.33%, which is higher than those for earlier securitization pools (approximately 28% on average for the 2014, 2015, 2016, and 2017 securitizations).

Table 8

Loan Performance

Cohort	Pool composition (%)(i)	Expected loss range (%)
Direct < 130% LTV	23.20	3.75-7.00
Direct >= 130% LTV	22.62	9.00-14.00
Indirect low-risk credit tiers	52.55	10.50-14.75
Indirect high-risk credit tiers	1.63	19.25-24.00
Total (%)	100.00	11.75-12.25

(i)As of the initial cutoff date. LTV--Loan to value ratio.

We considered the series 2021-1 pool's credit quality compared with that of previous pools, origination static pool analysis, managed pool performance, CNL projections for First Investors' outstanding pools, the current macroeconomic conditions, and our forward-looking view of the economy and measures taken to contain and ease the financial dislocation of the COVID-19 pandemic. As a result, we expect the series 2021-1 pool's CNL to be 11.75%-12.25%.

In addition, First Investors does not net the cost of repossession fees from liquidation proceeds for its static pool, managed portfolio, and securitization performance. Although First Investors is reimbursed for these fees as part of its servicing fees, if servicing were to be transferred, the successor servicer would be entitled, per the transaction documents, to net repossession fees from liquidation proceeds, thus reducing recoveries and increasing net losses. Our CNL range for series 2021-1 accounts for these expenses.

Cash Flow Modeling Assumptions And Results

We used the following assumptions to model the series 2021-1 transaction to simulate stress scenarios that we believe are appropriate for the preliminary ratings (see table 9).

Table 9

Cash Flow Assumptions/Results

	Class					
	A	B	C	D	E	F
Front-loaded loss curve						
Scenario (preliminary rating)	AAA (sf)	AA (sf)	A (sf)	BBB (sf)	BB (sf)	B (sf)
Net loss timing (12/24/36/48/60) (%)	30-30-25-15	30-30-25-15	30-30-25-15	30-30-25-15	30-30-25-15	30-30-25-15
ABS voluntary prepayments (%)	1.2	1.2	1.2	1.2	1.2	1.2
Recoveries (%)	40	40	40	40	40	40
Recovery lag (mos.)	4	4	4	4	4	4
Servicing fee (%)	2.00	2.00	2.00	2.00	2.00	2.00
Approximate cumulative net loss break-even level (%)(i)	38.71	33.20	26.62	23.54	20.32	17.16
Back-loaded loss curve						
Scenario (preliminary rating)	AAA (sf)	AA (sf)	A (sf)	BBB (sf)	BB (sf)	B (sf)
Net loss timing (12/24/36/48/60) (%)	20-30-30-15-5	20-30-30-15-5	20-30-30-15-5	20-30-30-15-5	20-30-30-15-5	20-30-30-15-5
ABS voluntary prepayments (%)	1.2	1.2	1.2	1.2	1.2	1.2
Recoveries (%)	40	40	40	40	40	40
Recovery lag (mos.)	4	4	4	4	4	4
Servicing fee (%)	2.00	2.00	2.00	2.00	2.00	2.00

Table 9

Cash Flow Assumptions/Results (cont.)

	Class					
	A	B	C	D	E	F
Approximate cumulative net loss break-even level (%)(i)	38.76	33.41	26.23	22.69	18.26	14.83

(i)The maximum cumulative net losses on the pool that the transaction can withstand without a payment default on the relevant classes of notes. ABS--Absolute prepayment speed.

After applying these stresses in our internal cash flow runs, the break-even results show that each class is enhanced to the degree necessary to withstand a stressed net loss level that is consistent with our preliminary ratings.

Sensitivity Analysis

We used the following assumptions to run a sensitivity analysis to see how losses that are higher than we currently expect could affect the preliminary ratings on the notes (see table 10).

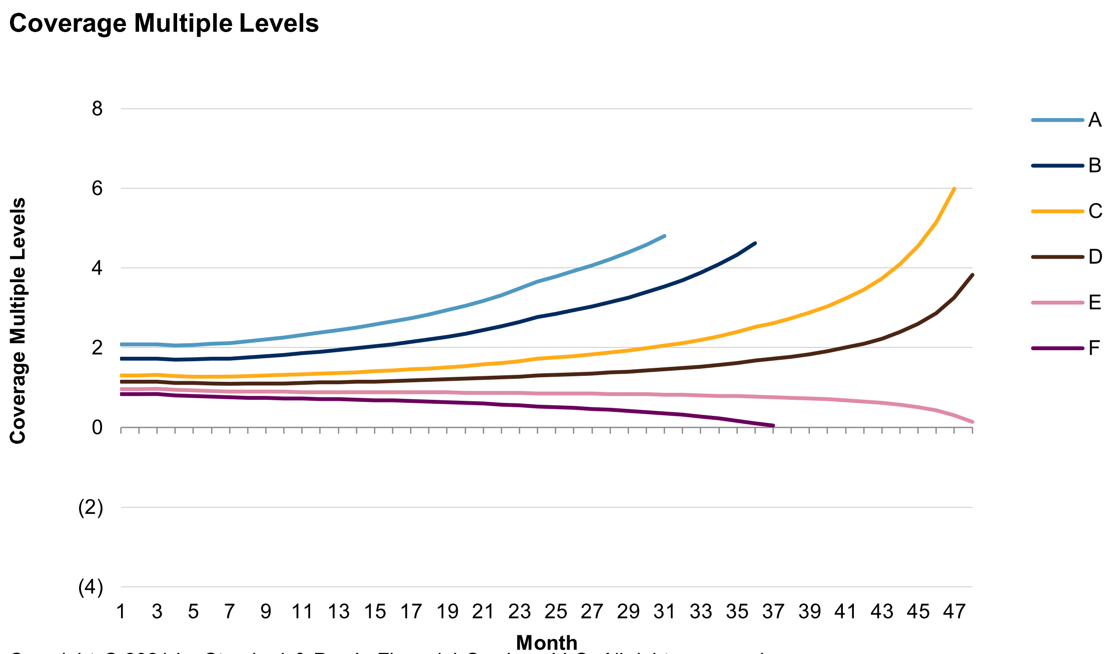
Table 10

Scenario Analysis Summary–-Moderate Loss Scenario

Loss level (multiple)	1.75x base case
Cumulative net loss (%)	21.00
Cumulative net loss timing (12/24/36/48/60) (%)	25/35/20/15/5
ABS voluntary prepayments (%)	1.20
Recoveries (%)	40.00
Recovery lag (mos.)	4
Servicing fee (%)	2.00

ABS--Absolute prepayment speed.

Chart 5



Moderate loss scenario: 21.00% (1.75x cumulative net loss results)

Our sensitivity analysis allows us to simulate a moderate, or 'BBB', loss scenario to determine the degree to which the ratings are susceptible to a negative rating action. Based on this analysis, we have found that the preliminary ratings are consistent with the credit stability limits specified by section A.4 of the Appendix contained in our article, "S&P Global Ratings Definitions," published Jan. 5, 2021.

Legal Final Maturity

We tested the legal final maturity dates on the preliminary rated notes against our criteria. In a zero-loss, zero-prepayment scenario, the tranches were each fully amortized before their respective legal final maturity dates. To accommodate for extensions on the receivables, the legal final maturity date of the longest-dated security (class F) was set by adding twelve months to the tenor of the longest receivable in the pool plus three months for the prefunding period. Furthermore, in the break-even scenario for each respective rating level, we confirmed that there was sufficient credit enhancement to both cover losses and repay the related notes in full by their legal final maturity.

First Investors

First Investors was founded in 1989 by the current president and CEO, Tommy A. Moore Jr. Together with its wholly owned subsidiaries, First Investors is a consumer finance company engaged in originating and holding investment retail installment sales contracts and promissory notes, as well as receivables secured by new and used automobiles and light trucks arising from vehicle sales by manufacturer-authorized franchised dealers (indirect loans) or through a refinancing transaction with the vehicle owner (direct loans). First Investors specializes in lending to consumers with impaired credit profiles. In addition, it purchases receivables in portfolio acquisitions or from other third-party originators and performs third-party servicing and collection activities for unaffiliated parties. First Investors currently operates in 47 states.

First Investors was acquired by FIFS Holdings Corp (FIFSHC) on Oct. 31, 2012, and is currently its indirect wholly owned subsidiary and principal operating entity. FIFSHC is a holding company organized under Delaware law, headquartered in New York. It was previously controlled by Aquiline Capital Partners LLC, a private equity firm focused on financial services. On Oct. 8, 2020, FIFSHC announced the acquisition of the seller by funds affiliated with Gallatin Point. This acquisition closed as of Dec. 31, 2020. The seller's executive management team will remain in place and no changes are expected in the seller's business strategies.

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- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria, May 15, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | General: Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
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- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | ABS: General Methodology And Assumptions For Rating U.S. Auto Loan Securitizations, Jan. 11, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- Economic Research: U.S. Biweekly Economic Roundup: Not much to be Cheerful About, Dec. 5, 2020
- Credit Conditions North America: Some Relief, Some Sizeable Risks, Dec. 3, 2020
- Economic Research: Staying Home for the Holidays, Dec. 2, 2020

- Ten Ratings Raised On Five First Investors Auto Owner Trust; Nine Ratings Affirmed, Nov. 25, 2020
- Economic Research: U.S. Biweekly Economic Roundup: Gains Continue As COVID-19 Restrictions Loom, Nov. 21, 2020
- First Investors Auto Owner Trust Ratings Affirmed On Series 2019-2 And 2020-1; Four Ratings Off CreditWatch, Oct. 30, 2020
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- The Potential Effects of COVID-19 On U.S. Auto Loan ABS, March 26, 2020
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