DriveTime®

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Re: Agenda Request – One-Time Option to Elect the Fair Value Option upon Adoption of ASU 2016-13

Dear Mr. Golden and Ms. Cosper:

DriveTime Automotive Group, Inc. is submitting this letter to request that the Financial Accounting Standards Board ("FASB") consider amending the transition guidance in ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* ("ASC 326"), to allow for a one-time option to elect the fair value option ("FVO") in ASC 825, *Financial Instruments*, for financial instruments previously recognized and measured at amortized cost in the period of adoption of ASU 2016-13.

DriveTime Automotive Group, Inc. is the fourth largest used vehicle dealership enterprise based on total unit volume and is the leading used vehicle retailer in the U.S. with a primary focus on the sale of quality used vehicles and related products to the subprime market. DriveTime Automotive Group, Inc.'s consolidated sister company, Bridgecrest Acceptance Corporation (collectively with DriveTime Automotive Group, Inc., referred to herein as the "Company", "our" or "we") is a non-regulated lender that provides auto financing and loan servicing for substantially all vehicles sold by the Company. The Company provides customers with a comprehensive end-to-end solution for their automotive needs, including the sale, financing, and maintenance of their vehicles through the Company's national network of owned and operated dealerships and through the Company's online and digital platforms. Financing is an important component of the Company's integrated business model and product offering since many of the Company's customers have limited ability to obtain financing to acquire a vehicle.

Since the Company's loans are originated with customers on the lower end of the credit spectrum, there is a significant difference between contractually required cash flows and the cash flows we expect to collect. The users of our financial statements are most interested in our expected returns – the amount of cash flows we expect to collect in excess of the loans we originate. We believe applying ASC 326 to our financial instruments will result in financial reporting that does not serve the needs of our users because it will not clearly report our expected returns. Rather, application of ASC 326 to our financial instruments will result in significant losses recognized up front and interest income in later periods that is significantly in excess of our expected returns. This is primarily due to the fact that we would discount the majority of our expected cash flows, under ASC 326, using the effective interest method as opposed to discounting the expected cash flows using a market participant's expected rate of return. We believe that accounting for our financial instruments under the FVO will provide more meaningful information to the users of our financial statements, as the fair value of our financial instruments will be based largely on expected cash flows discounted using a market participant's expected rate of return.

As a result, we are reviewing the possibility of electing the FVO on newly originated financial instruments upon the adoption of ASC 326. We are, however, concerned that electing the FVO for newly originated financial instruments will result in a lack of comparability of our results to prior periods for our users as we transition our balance sheet to the FVO over time. Accordingly, in order to provide our users with comparable financial information upon the adoption of ASC 326, we believe the FASB should amend the transition guidance in ASC 326 to allow for a one-time option to elect the FVO for financial instruments previously recognized and measured at amortized cost in the period of adoption.

Thank you for your consideration of this matter. We would be happy to discuss this matter with you.

Sincerely,

Matthew Peel
Chief Accounting Officer
DriveTime Automotive Group, Inc.