

=====

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2005

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: 1-11416

CONSUMER PORTFOLIO SERVICES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

California
(State or other jurisdiction of
incorporation or organization)

33-0459135
(IRS Employer
Identification No.)

16355 Laguna Canyon Road, Irvine, California
(Address of principal executive offices)

92618
(Zip Code)

REGISTRANT'S TELEPHONE NUMBER: (949) 753-6800

FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST
REPORT: N/A

Indicate by check mark whether the registrant (1) 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 past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as
defined by Rule 12b-2 of the Exchange Act). Yes No

As of July 29, 2005 the registrant had 21,635,228 common shares outstanding.

=====

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES
INDEX TO FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2005

PAGE

PART I. FINANCIAL INFORMATION

Item 1.	Financial Statements	
	Unaudited Condensed Consolidated Balance Sheets as of June 30, 2005 and December 31, 2004.....	3
	Unaudited Condensed Consolidated Statements of Operations for the six-month periods ended June 30, 2005 and 2004	4
	Unaudited Condensed Consolidated Statements of Cash Flows for the six-month periods ended June 30, 2005 and 2004.....	5
	Notes to Unaudited Condensed Consolidated Financial Statements.....	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.....	13
Item 3.	Quantitative and Qualitative Disclosures About Market Risk.....	27
Item 4.	Controls and Procedures.....	27

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings.....	28
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds.....	28
Item 4.	Submission of Matters to a Vote of Security Holders.....	29
Item 6.	Exhibits and Reports on Form 8-K.....	29
	Signatures.....	30
	Certifications.....	31

ITEM 1. FINANCIAL STATEMENTS

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	JUNE 30, 2005	DECEMBER 31, 2004
	-----	-----
ASSETS		
Cash	\$ 15,671	\$ 14,366
Restricted cash	139,630	125,113
Finance receivables	747,150	592,806
Less: Allowance for finance credit losses	(53,303)	(42,615)
	-----	-----
Finance receivables, net	693,847	550,191
Servicing fees receivable	2,905	2,791
Residual interest in securitizations	38,053	50,430
Furniture and equipment, net	1,278	1,567
Deferred financing costs	5,824	5,096
Accrued interest receivable	7,909	6,411
Other assets	8,324	10,634
	-----	-----
	\$ 913,441	\$ 766,599
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	\$ 16,815	\$ 18,153
Warehouse lines of credit	45,315	34,279
Tax liabilities, net	1,796	2,978
Notes payable	308	1,421
Residual interest financing	12,031	22,204
Securitization trust debt	692,020	542,815
Senior secured debt	59,829	59,829
Subordinated renewable notes	957	--
Subordinated debt	14,000	15,000
	-----	-----
	843,071	696,679
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, \$1 par value; authorized 5,000,000 shares; none issued	--	--
Series A preferred stock, \$1 par value; authorized 5,000,000 shares; 3,415,000 shares issued; none outstanding	--	--
Common stock, no par value; authorized 30,000,000 shares; 21,625,478 and 21,471,478 shares issued and outstanding at June 30, 2005 and December 31, 2004, respectively	66,483	66,283
Retained earnings	5,410	5,104
Accumulated other comprehensive loss	(1,202)	(1,017)
Deferred compensation	(321)	(450)
	-----	-----
	70,370	69,920
	-----	-----
	\$ 913,441	\$ 766,599
	=====	=====

SEE ACCOMPANYING NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
REVENUES:				
Interest income	\$ 40,522	\$ 25,722	76,694	46,145
Servicing fees	1,795	3,507	4,060	6,831
Other income	5,459	3,458	8,856	7,233
	47,776	32,687	89,610	60,209
EXPENSES:				
Employee costs	9,701	9,794	20,151	19,447
General and administrative	6,627	6,466	11,766	10,433
Interest	11,948	7,500	22,332	13,412
Provision for credit losses	15,224	6,300	27,536	13,050
Marketing	2,679	1,784	5,479	3,317
Occupancy	850	808	1,632	1,751
Depreciation and amortization	202	209	408	380
	47,231	32,861	89,304	61,790
Income (loss) before income tax expense (benefit)	545	(174)	306	(1,581)
Income tax expense (benefit)	--	--	--	--
Net income (loss)	\$ 545	\$ (174)	\$ 306	\$ (1,581)
Earnings (loss) per share:				
Basic	\$ 0.03	\$ (0.01)	\$ 0.01	\$ (0.08)
Diluted	0.02	(0.01)	0.01	(0.08)
Number of shares used in computing earnings (loss) per share:				
Basic	21,623	21,016	21,576	20,827
Diluted	23,399	21,016	23,451	20,827

SEE ACCOMPANYING NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 306	\$ (1,581)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization of deferred acquisition fees	(5,415)	(2,212)
Amortization of discount on Class B Notes	681	
Depreciation and amortization	408	380
Amortization of deferred financing costs	1,669	1,206
Provision for credit losses	27,536	13,050
Deferred compensation	92	148
Releases of cash from Trusts to Company	13,566	12,140
Net deposits to Trusts to increase Credit Enhancement	(5,923)	(1,344)
Interest income on residual assets	(3,160)	(4,634)
Cash received from residual interest in securitizations	15,537	16,775
Impairment charge against non-auto finance receivable assets	1,882	
Changes in assets and liabilities:		
Payments on restructuring accrual	(716)	(850)
Restricted cash	(22,159)	(2,772)
Other assets	(1,243)	2,705
Accounts payable and accrued expenses	(809)	168
Tax liabilities, net	(1,182)	315
	-----	-----
Net cash provided by operating activities	21,070	33,494
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of finance receivables held for investment	(298,095)	(255,422)
Proceeds received on finance receivables held for investment	132,317	87,287
Purchase of furniture and equipment	(60)	(758)
	-----	-----
Net cash used in investing activities	(165,838)	(168,893)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of residual financing debt		44,000
Proceeds from issuance of securitization trust debt		160,728
Proceeds from issuance of senior secured debt	262,743	25,000
Net proceeds from warehouse lines of credit	957	23,405
Repayment of residual interest financing debt	11,036	(10,201)
Repayment of securitization trust debt	(10,172)	(10,201)
Repayment of senior secured debt	(114,219)	(68,788)
Repayment of subordinated debt		(15,136)
Repayment of notes payable	(1,000)	(20,000)
Repayment of related party debt	(1,113)	(1,253)
Payment of financing costs		(16,500)
Repurchase of common stock	(2,397)	(4,120)
Exercise of options and warrants	(127)	(25)
	365	372
	-----	-----
Net cash provided by financing activities	146,073	117,482
	-----	-----
Increase (decrease) in cash	1,305	(17,917)
Cash at beginning of period	14,366	33,209
	-----	-----
Cash at end of period	\$ 15,671	\$ 15,292
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ 20,878	\$ 12,425
Income taxes	\$ 1,182	\$ 831

SEE ACCOMPANYING NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

CONSUMER PORTFOLIO SERVICES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

Consumer Portfolio Services, Inc. ("CPS") was incorporated in California on March 8, 1991. CPS and its subsidiaries (collectively, the "Company") specialize primarily in purchasing, selling and servicing retail automobile installment sale contracts ("Contracts" or "finance receivables") originated by licensed motor vehicle dealers located throughout the United States ("Dealers") in the sale of new and used automobiles, light trucks and passenger vans. Through its purchases, the Company provides indirect financing to Dealer customers for borrowers with limited credit histories, low incomes or past credit problems ("Sub-Prime Customers"). The Company serves as an alternative source of financing for Dealers, allowing sales to customers who otherwise might not be able to obtain financing. The Company does not lend money directly to consumers. Rather, it purchases installment Contracts from Dealers based on its financing programs (the "CPS Programs").

BASIS OF PRESENTATION

The unaudited Condensed Consolidated Financial Statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America, with the instructions to Form 10-Q and with Article 10 of Regulation S-X of the Securities and Exchange Commission, and include all adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. All such adjustments are, in the opinion of management, of a normal recurring nature. In addition, certain items in prior period financial statements may have been reclassified for comparability to current period presentation. Results for the six-month period ended June 30, 2005 are not necessarily indicative of the operating results to be expected for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted from these Unaudited Condensed Consolidated Financial Statements. These Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

OTHER INCOME

Other Income consists primarily of recoveries on previously charged off MFN contracts, fees paid to the Company by Dealers for certain direct mail services the Company provides, and proceeds from sales of deficiency balances to independent third parties.

STOCK BASED COMPENSATION

As permitted by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), the Company accounts for stock-based employee compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations, whereby stock options are recorded at intrinsic value equal to the excess of the share price over the exercise price at the date of grant. The Company provides the pro forma net (loss), pro forma earnings (loss) per share, and stock based compensation plan disclosure requirements set forth in SFAS No. 123. The Company accounts for repriced options as variable awards.

Compensation cost has been recognized for certain stock options in the Unaudited Condensed Consolidated Financial Statements in accordance with APB Opinion No. 25. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under Statement of Financial Accounting

Standards No. 123 ("SFAS 123"), "Accounting for Stock Based Compensation," the Company's net income (loss) and earnings (loss) per share would have been reduced to the pro forma amounts indicated below.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
(IN THOUSANDS, EXCEPT PER SHARE DATA)				
Net income (loss), as reported	\$ 545	\$ (174)	\$ 306	\$ (1,581)
Stock-based employee compensation expense, fair value method, net of tax	(379)	(209)	(579)	(396)
Previously recorded stock-based employee compensation expense, intrinsic value method, net of tax	22	85	54	86
Pro forma net income (loss).....	<u>\$ 188</u>	<u>\$ (298)</u>	<u>\$ (219)</u>	<u>\$ (1,891)</u>
Net income (loss) per share				
Basic, as reported	\$ 0.03	\$ (0.01)	\$ 0.01	\$ (0.08)
Diluted, as reported	\$ 0.02	\$ (0.01)	\$ 0.01	\$ (0.08)
Pro forma Basic	\$ 0.01	\$ (0.01)	\$ (0.01)	\$ (0.09)
Pro forma Diluted	\$ 0.01	\$ (0.01)	\$ (0.01)	\$ (0.09)

PURCHASES OF COMPANY STOCK

During the six-month periods ended June 30, 2005 and 2004, the Company purchased 29,950 and 6,738 shares, respectively, of its common stock at an average price of \$4.25 and \$3.75, respectively.

NEW ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board ("FASB") published FASB Statement No. 123 (revised 2004), "Share-Based Payment" ("FAS 123(R)" or the "Statement"). FAS 123 (R) requires that the compensation cost relating to share-based payment transactions, including grants of employee stock options, be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. FAS 123(R) permits entities to use any option-pricing model that meets the fair value objective in the Statement. Modifications of share-based payments will be treated as replacement awards with the cost of the incremental value recorded in the financial statements.

During 2005 the SEC amended the effective date of FAS 123(R) which will now require the Company to adopt the Statement beginning January 1, 2006. As of the effective date, the Company will apply the Statement using a modified version of prospective application. Under that transition method, compensation cost is recognized for (1) all awards granted after the required effective date and to awards modified, cancelled, or repurchased after that date and (2) the portion of prior awards for which the requisite service has not yet been rendered, based on the grant-date fair value of those awards calculated for pro forma disclosures under SFAS 123.

The impact of this Statement on the Company in 2006 and beyond will depend upon various factors, among them being our future compensation strategy. The pro forma compensation costs presented (in the table above) and in prior filings for the Company have been calculated using a Black-Scholes option pricing model and may not be indicative of amounts which should be expected in future periods.

(2) FINANCE RECEIVABLES

The following table presents the components of Finance Receivables, net of unearned interest and deferred acquisition fees:

	JUNE 30, 2005	DECEMBER 31, 2004
	-----	-----
(IN THOUSANDS)		
Finance Receivables		
Automobile		
Simple Interest	\$ 693,922	\$ 522,346
Pre-compute, net of unearned interest	70,012	86,932
	-----	-----
Finance Receivables, net of unearned interest ...	763,934	609,278
Less: Unearned acquisition fees and discounts ...	(16,784)	(16,472)
	-----	-----
Finance Receivables	\$ 747,150	\$ 592,806
	=====	=====

The following table presents a summary of the activity for the allowance for credit losses for the six-month periods ended June 30, 2005 and 2004:

	JUNE 30, 2005	JUNE 30, 2004
	-----	-----
(IN THOUSANDS)		
Balance at beginning of period	\$ 42,615	\$ 35,889
Provision for credit losses	26,654	13,050
Charge offs	(21,549)	(14,866)
Recoveries	5,583	4,658
	-----	-----
Balance at end of period	\$ 53,303	\$ 38,731
	=====	=====

(3) RESIDUAL INTEREST IN SECURITIZATIONS

The residual interest in securitizations represents the discounted sum of expected future cash flows from securitization trusts. The following table presents the components of the residual interest in securitizations and are shown at their discounted amounts:

	JUNE 30, 2005	DECEMBER 31, 2004
	-----	-----
(IN THOUSANDS)		
Cash, commercial paper, United States government securities and other qualifying investments (Spread Accounts)	\$ 16,851	\$ 17,776
Receivables from Trusts (NIRs)	7,415	12,483
Overcollateralization	11,222	16,644
Investment in subordinated certificates	2,565	3,527
	-----	-----
Residual interest in securitizations	\$ 38,053	\$ 50,430
	=====	=====

The following table presents estimated remaining undiscounted credit losses included in the fair value estimate of the Residuals as a percentage of the Company's managed portfolio held by non-consolidated subsidiaries subject to recourse provisions:

	JUNE 30, 2005	DECEMBER 31, 2004
	(DOLLARS IN THOUSANDS)	
Undiscounted estimated credit losses	\$ 12,153	\$ 23,588
Managed portfolio held by non-consolidated subsidiaries	162,302	233,621
Undiscounted estimated credit losses as percentage of managed portfolio held by non-consolidated subsidiaries	7.5%	10.1%

The key economic assumptions used in measuring all residual interest in securitizations as of June 30, 2005 and December 31, 2004 are included in the table below. The pre-tax discount rate remained constant from previous periods at 14%, except for certain cash flows from charged off receivables related to the Company's securitizations from 2001 to 2003 where the Company has used a discount rate of 25%, which is also consistent with previous periods.

	JUNE 30, 2005	DECEMBER 31, 2004
Prepayment speed (Cumulative)	20.2% - 36.8%	20.0% - 30.5%
Net credit losses (Cumulative)	12.1% - 20.2%	13.0% - 20.5%

(4) SECURITIZATION TRUST DEBT

The Company has completed a number of securitization transactions that are structured as secured borrowings for financial accounting purposes. The debt issued in these transactions is shown on the Company's Unaudited Condensed Consolidated Balance Sheets as "Securitization Trust Debt," and the components of such debt are summarized in the following table:

SERIES	ISSUE DATE	FINAL SCHEDULED PAYMENT DATE (1)	INITIAL PRINCIPAL	OUTSTANDING PRINCIPAL AT JUNE 30, 2005	OUTSTANDING PRINCIPAL AT DECEMBER 31, 2004	WEIGHTED AVERAGE INTEREST RATE AT JUNE 30, 2005
MFN 2001-A	June 28, 2001	June 15, 2007	\$ 301,000	\$ 980	\$ 3,382	5.07%
TFC 2002-1	March 19, 2002	August 15, 2007	64,552	614	2,574	4.23%
TFC 2002-2	October 9, 2002	March 15, 2008	62,589	4,575	9,152	2.95%
TFC 2003-1	May 20, 2003	January 15, 2009	52,365	11,068	17,703	2.69%
CPS 2003-C	September 30, 2003	March 15, 2010	87,500	41,183	53,456	3.24%
CPS 2003-D	December 16, 2003	October 15, 2010	75,000	38,984	50,722	3.24%
CPS 2004-A	May 5, 2004	October 15, 2010	82,094	52,716	66,737	3.42%
PCR 2004-1	June 24, 2004	March 15, 2010	76,257	34,957	52,633	3.32%
CPS 2004-B	August 2, 2004	February 15, 2011	96,369	68,274	84,185	4.17%
CPS 2004-C	September 30, 2004	April 15, 2011	100,000	78,957	93,071	3.76%
CPS 2004-D	December 21, 2004	December 15, 2011	120,000	102,011	109,200	4.44%
CPS 2005-A	March 31, 2005	October 15, 2011	125,124	127,076	N/A	5.06%
CPS 2005-B	June 29, 2005	February 15, 2012	130,625	130,625	N/A	4.44%
			\$ 1,373,475	\$ 692,020	\$ 542,815	

(1) THE FINAL SCHEDULED PAYMENT DATE REPRESENTS FINAL LEGAL MATURITY OF THE SECURITIZATION TRUST DEBT. SECURITIZATION TRUST DEBT IS EXPECTED TO BECOME DUE AND TO BE PAID PRIOR TO THOSE DATES, BASED ON AMORTIZATION OF THE FINANCE RECEIVABLES PLEDGED TO THE TRUSTS. EXPECTED PAYMENTS, WHICH WILL DEPEND ON THE PERFORMANCE OF SUCH RECEIVABLES, AS TO WHICH THERE CAN BE NO ASSURANCE, ARE \$132.0 MILLION IN 2005, \$240.2 MILLION IN 2006, \$137.0 MILLION IN 2007, \$92.1 MILLION IN 2008, \$64.8 MILLION IN 2009, AND \$25.9 MILLION IN 2010.

All of the securitization trust debt was sold in private placement transactions to qualified institutional buyers. The debt was issued through wholly-owned bankruptcy remote subsidiaries of CPS, TFC or MFN, and is secured by the assets of such subsidiaries, but not by other assets of the Company. Principal and interest payments are guaranteed by financial guaranty insurance policies issued by third party financial institutions.

Certain of the Company's securitization transactions and the warehouse credit facilities contain various financial covenants requiring certain minimum financial ratios and results. Such covenants include maintaining minimum levels of liquidity and net worth and not exceeding maximum leverage levels and maximum financial losses. As of June 30, 2005, the Company was in compliance with all such covenants.

The Company is responsible for the administration and collection of the Contracts. The Securitization Agreements also require certain funds be held in restricted cash accounts to provide additional collateral for the borrowings or to be applied to make payments on the securitization trust debt. As of June 30, 2005, restricted cash under the various agreements totaled approximately \$133.0 million. Interest expense on the securitization trust debt is composed of the stated rate of interest plus amortization of additional costs of borrowing. Additional costs of borrowing include facility fees, insurance and amortization of deferred financing costs. Deferred financing costs related to the securitization trust debt are amortized using a level yield. Accordingly, the effective cost of borrowing of the securitization trust debt is greater than the stated rate of interest.

The wholly-owned, bankruptcy remote subsidiaries of CPS, MFN and TFC were formed to facilitate the above asset-backed financing transactions. Similar bankruptcy remote subsidiaries issue the debt outstanding under the Company's warehouse lines of credit. Bankruptcy remote refers to a legal structure in which it is expected that the applicable entity would not be included in any bankruptcy filing by its parent or affiliates. All of the assets of these subsidiaries have been pledged as collateral for the related debt. All such transactions, treated as secured financings for accounting and tax purposes, are treated as sales for all other purposes, including legal and bankruptcy purposes. None of the assets of these subsidiaries are available to pay other creditors of the Company or its affiliates.

(5) INTEREST INCOME

The following table presents the components of interest income:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
	(IN THOUSANDS)			
Interest on Finance Receivables	38,439	23,511	72,424	40,710
Residual interest income	1,477	1,890	3,160	4,634
Other interest income	606	321	1,110	801
Net interest income	40,522	25,722	76,694	46,145

(6) EARNINGS (LOSS) PER SHARE

Earnings (loss) per share for the three-month and six-month periods ended June 30, 2005 and 2004 were calculated using the weighted average number of shares outstanding for the related period. The following table reconciles the number of shares used in the computations of basic and diluted earnings (loss) per share for the three-month and six-month periods ended June 30, 2005 and 2004:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
	(IN THOUSANDS)			
Weighted average number of common shares outstanding during the period used to compute basic earnings (loss) per share	21,623	21,016	21,576	20,827
Incremental common shares attributable to exercise of outstanding options and warrants	1,776	--	1,875	--
Incremental common shares attributable to convertible debt	--	--	--	--
Weighted average number of common shares used to compute diluted earnings (loss) per share	23,399	21,016	23,451	20,827

If the anti-dilutive effects of common stock equivalents were considered, additional shares included in the diluted earnings (loss) per share calculation for the three-month and six-month periods ended June 30, 2004 would have included an additional 973,000 and 780,000 shares, respectively, attributable to the conversion of certain subordinated debt and 1.8 million shares attributable to the exercise of outstanding options and warrants. No such anti-dilution existed for the three-month and six-month periods ended June 30, 2005.

(7) INCOME TAXES

As of December 31, 2004, the Company had net deferred tax assets of \$9.9 million, which included a valuation allowance of \$43.9 million against gross deferred tax assets of \$53.8 million. There were also offsetting gross deferred tax liabilities of \$9.9 million. Tax liabilities, net, at June 30, 2005 and December 31, 2004 were \$1.8 million and \$3.0 million, respectively. The Company decreased its valuation allowance by the income tax expense for the period to result in no net income tax provision for the three-month and six-month period ended June 30, 2005. The Company has evaluated its deferred tax assets and believes that it is more likely than not that certain deferred tax assets will not be realized due to limitations imposed by the Internal Revenue Code and expected future taxable income.

(8) LEGAL PROCEEDINGS

The Company is routinely involved in various legal proceedings resulting from its consumer finance activities and practices, both continuing and discontinued. The Company believes that there are substantive legal defenses to such claims, and intends to defend them vigorously. There can be no assurance, however, as to the outcome.

(9) EMPLOYEE BENEFITS

The Company sponsors the MFN Financial Corporation Benefit Plan ("the Plan"). Plan benefits were frozen June 30, 2001. The table below sets forth the Plans net periodic benefit cost for the six months ended June 30, 2005 and 2004.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
COMPONENTS OF NET PERIODIC BENEFIT COST				
Service cost	\$ --	\$ --	\$ --	\$ --
Interest Cost	209	206	420	411
Expected return on assets	(260)	(260)	(552)	(520)
Amortization of transition (asset)/obligation	(8)	(9)	(17)	(18)
Amortization of prior service cost	--	--	--	--
Recognized net actuarial loss	42	17	54	34
Net periodic benefit	<u>\$ (17)</u>	<u>\$ (46)</u>	<u>\$ (95)</u>	<u>\$ (93)</u>

(10) COMPREHENSIVE INCOME (LOSS)

The components of comprehensive income (loss) are as follows:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
Net income (loss)	\$ 545	\$ (174)	\$ 306	\$ (1,581)
Minimum pension liability, net of tax	--	--	(185)	--
Comprehensive income (loss)	<u>\$ 545</u>	<u>\$ (174)</u>	<u>\$ 121</u>	<u>\$ (1,581)</u>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Consumer Portfolio Services, Inc. ("CPS," and together with its subsidiaries, the "Company") is a consumer finance company specializing in purchasing, selling and servicing retail automobile installment purchase contracts ("Contracts") originated by licensed motor vehicle dealers ("Dealers") in the sale of new and used automobiles, light trucks and passenger vans. Through its purchases, the Company provides indirect financing to Dealer customers with limited credit histories, low incomes or past credit problems ("Sub-Prime Customers"). The Company serves as an alternative source of financing for Dealers, allowing sales to customers who otherwise might not be able to obtain financing. The Company does not lend money directly to consumers. Rather, it purchases installment Contracts from Dealers.

CPS was incorporated and began its operations in 1991. In March 2002, CPS acquired by merger (the "MFN Merger") MFN Financial Corp. and its subsidiaries. In May 2003, CPS acquired by merger (the "TFC Merger") TFC Enterprises Inc. and its subsidiaries. Both MFN Financial Corp and TFC Enterprises Inc., through their respective subsidiaries, were engaged in businesses substantially similar to that of CPS, and in each merger CPS acquired a portfolio of receivables that had been held by the acquired company. Each merger was accounted for as a purchase. The indirect financing programs of subsidiaries of TFC Enterprises, Inc. were directed principally to members of the United States armed forces. The Company has continued to offer such financing programs (the "TFC Programs") subsequent to the TFC merger, in addition to its other financing programs (the "CPS Programs").

On April 2, 2004, the Company purchased a portfolio of Contracts and certain other assets (the "SeaWest Asset Acquisition") from SeaWest Financial Corporation ("SeaWest"). In addition, the Company was named the successor servicer for three term securitization transactions originally sponsored by SeaWest (the "SeaWest Third Party Portfolio"). The Company does not intend to offer financing programs similar to those previously offered by SeaWest.

SECURITIZATION

GENERALLY

Throughout the periods for which information is presented in this report, the Company has purchased Contracts with the intention of repackaging them in securitizations. All such securitizations have involved identification of specific Contracts, sale of those Contracts (and associated rights) to a special purpose subsidiary of the Company, and issuance of asset-backed securities to fund the transactions. Depending on the structure of the securitization, the transaction may be properly accounted for as a sale of the Contracts, or as a secured financing.

When the transaction is structured as a secured financing, the subsidiary is consolidated with the Company. Accordingly, the sold Contracts and the related securitization trust debt appear as assets and liabilities, respectively, of the Company on its Unaudited Condensed Consolidated Balance Sheet. The Company then periodically (i) recognizes interest and fee income on the receivables (ii) recognizes interest expense on the securities issued in the securitization, and (iii) records as expense a provision for credit losses on the receivables.

When structured as a sale, the subsidiary is not consolidated with the Company. Accordingly, the securitization removes the sold Contracts from the Company's Unaudited Condensed Consolidated Balance Sheet, the asset-backed securities (debt of the non-consolidated subsidiary) do not appear as debt of the Company, and the Company shows as an asset a retained residual interest in the sold Contracts. The residual interest represents the discounted value of what the Company expects to receive from these transactions which includes the excess of future collections on the Contracts over principal and interest due on the asset-backed securities. The residual interest appears on the Company's balance sheet as "Residual interest in securitizations," and the determination of its value is dependent on estimates of the future performance of the sold Contracts.

CHANGE IN POLICY

In August 2003, the Company announced that it would structure its future securitization transactions related to Contracts purchased under the CPS Programs as secured financings for financial accounting purposes. Its subsequent term securitizations of finance receivables have been so structured. Prior to August 2003, the Company had structured its term securitization transactions related to the CPS Programs as sales for financial accounting purposes. In the MFN Merger and in the TFC Merger the Company acquired finance receivables that had been previously securitized in term securitization transactions that were reflected as secured financings. As of June 30, 2005, the Company's Unaudited Condensed Consolidated Balance Sheet included net finance receivables of approximately \$46.2 million and securitization trust debt of \$17.2 million related to finance receivables acquired in the two mergers and the SeaWest Asset Acquisition, out of totals of net finance receivables of approximately \$693.8 million and securitization trust debt of approximately \$692.0 million.

CREDIT RISK RETAINED

Whether a securitization is treated as a secured financing or as a sale for financial accounting purposes, the related special purpose subsidiary may be unable to release excess cash to the Company if the credit performance of the securitized Contracts falls short of pre-determined standards. Such releases represent a material portion of the cash that the Company uses to fund its operations. An unexpected deterioration in the performance of securitized Contracts could therefore have a material adverse effect on both the Company's liquidity and its results of operations, regardless of whether such Contracts are treated as having been sold or as having been financed. For estimation of the magnitude of such risk, it may be appropriate to look to the size of the Company's "managed portfolio," which represents both financed and sold Contracts as to which such credit risk is retained. The Company's managed portfolio as of June 30, 2005 was approximately \$966.2 million (this amount includes \$31.3 million related to the SeaWest Third Party Portfolio on which the Company earns only servicing fees and has no credit risk).

RESULTS OF OPERATIONS

EFFECTS OF CHANGE IN SECURITIZATION STRUCTURE

The Company's decision in the third quarter of 2003 to structure securitization transactions as borrowings secured by receivables for financial accounting purposes, rather than as sales of receivables, has affected and will affect the way in which the transactions are reported. The major effects are these: (i) the finance receivables are shown as assets of the Company on its balance sheet; (ii) the debt issued in the transactions is shown as indebtedness of the Company; (iii) cash deposited to enhance the credit of the securitization transactions ("Spread Accounts") is shown as "Restricted cash" on the Company's balance sheet; (iv) cash collected from borrowers and other sources related to the receivables prior to making the required payments under the Securitization Agreements is also shown as "Restricted cash" on the Company's balance sheet; (v) the servicing fee that the Company receives in connection with such receivables is recorded as a portion of the interest earned on such receivables in the Company's statements of operations; (vi) the Company has initially and periodically recorded as expense a provision for estimated credit losses on the receivables in the Company's statements of operations; and (vii) of scheduled payments on the receivables and on the debt issued in the transactions, the portion representing interest is recorded as interest income and expense, respectively, in the Company's statements of operations.

These changes collectively represent a deferral of revenue and acceleration of expenses, and thus a more conservative approach to accounting for the Company's operations compared to the previous term securitization transactions, which were accounted for as sales at the consummation of the transaction. The changes have resulted in the Company's reporting lower earnings than it would have reported if it had continued to structure its securitizations to require recognition of gain on sale. As a result, reported earnings have been less than they would have been had the Company continued to structure its securitizations to record a gain

At June 30, 2005, the Company was generating income and fees on a managed portfolio with an outstanding principal balance approximating \$966.2 million (this amount includes \$31.3 million related to the SeaWest Third Party Portfolio on which the Company earns only servicing fees), compared to a managed portfolio with an outstanding principal balance approximating \$900.3 million as of June 30, 2004. As the portfolios of Contracts acquired in the MFN Merger, the TFC Merger and the SeaWest Asset Acquisition decrease, the portfolio of Contracts originated under the CPS Programs continues to expand. At June 30, 2005 and 2004, the managed portfolio composition was as follows:

ORIGINATING ENTITY	JUNE 30, 2005		JUNE 30, 2004	
	AMOUNT	%	AMOUNT	%
	(\$ IN MILLIONS)			
CPS	\$ 824.4	85.3%	\$ 614.8	68.3%
TFC	78.6	8.1%	101.1	11.2%
MFN	7.0	0.7%	38.7	4.3%
SeaWest	24.9	2.6%	60.4	6.7%
SeaWest Third Party Portfolio	31.3	3.2%	85.3	9.5%
Total	\$ 966.2	100.0%	\$ 900.3	100.0%

Other income increased \$2.0 million, or 57.9%, to \$5.5 million in the three-month period ended June 30, 2005 from \$3.5 million during the same period a year earlier. The period over period increase resulted primarily from the sale of certain receivables that consisted primarily of charged off receivables acquired in the MFN Merger, the TFC Merger and the SeaWest Asset Acquisition (\$2.4 million), increased revenue on the Company's direct mail products (\$295,000), and fees generated from electronic check payments (\$30,000). This increase was offset in part by decreases in recoveries on MFN Contracts (\$696,000) and decreases in revenue on certain leased property (\$42,000).

EXPENSES. The Company's operating expenses consist primarily of employee costs and other operating expenses, which are incurred as applications and Contracts are received, processed and serviced. Factors that affect margins and net income include changes in the automobile and automobile finance market environments, and macroeconomic factors such as interest rates and the unemployment level.

Employee costs include base salaries, commissions and bonuses paid to employees, and certain expenses related to the accounting treatment of outstanding warrants and stock options, and are one of the Company's most significant operating expenses. These costs (other than those relating to stock options) generally fluctuate with the level of applications and Contracts processed and serviced.

Other operating expenses consist primarily of interest expense, provisions for credit losses, facilities expenses, telephone and other communication services, credit services, computer services (including employee costs associated with information technology support), professional services, marketing and advertising expenses, and depreciation and amortization.

Total operating expenses were \$47.2 million for the three months ended June 30, 2005, compared to \$32.9 million for the same period a year earlier, an increase of \$14.4 million, or 43.7%. The increase is primarily due to increases in provision for credit losses and interest expense, which increased by \$8.9 million and \$4.5 million, or 141.7% and 59.3% respectively. Both interest expense and provision for credit losses are directly impacted by the growth in the Company's portfolio of Contracts held by consolidated affiliates.

Employee costs decreased slightly to \$9.7 million during the three months ended June 30, 2005, representing 20.5% of total operating expenses, from \$9.8 million for the same period a year earlier, or 29.8% of total operating

expenses. The decrease as a percentage of total operating expenses reflects the higher total of operating expenses, primarily a result of the increased provision for credit losses and interest expense.

General and administrative expenses increased slightly by \$161,000, or 2.5% and represented 14.0% of total operating expenses in the three-month period ending June 30, 2005, as compared to the prior year period when general and administrative expenses represented 19.7% of total operating expenses. The decrease as a percentage of total operating expenses reflects the higher operating expenses primarily a result of the provision for credit losses and interest expense. During the three-month period ended June 30, 2005 the Company recognized what management believes will be a one-time, non-cash impairment charge of \$1.9 million against certain non-auto finance receivable assets.

Interest expense for the three month period ended June 30, 2005 increased \$4.5 million, or 59.3%, to \$11.9 million, compared to \$7.5 million in the same period of the previous year. The increase is primarily the result of changes in the amount and composition of securitization trust debt carried on the Company's Consolidated Balance Sheet. Such debt increased as a result of the change in securitization structure implemented beginning in July 2003 (an increase of approximately \$4.9 million), partially offset by the decrease in the balance of the securitization trust debt acquired in the MFN Merger and the TFC Merger (resulting in a decrease of approximately \$469,000 in interest expense).

Marketing expenses increased by \$895,000, or 50.2%, and represented 5.7% of total operating expenses. The increase is primarily due to the increase in Contracts purchased by the Company during the three months ended June 30, 2005 as compared to the prior year period.

Occupancy expenses increased by \$43,000, or 5.3%, and represented 1.9% of total operating expenses.

Depreciation and amortization expenses decreased by \$7,000, or 3.3%, to \$202,000 from \$209,000.

THE SIX MONTHS ENDED JUNE 30, 2005 COMPARED TO THE SIX MONTHS ENDED JUNE, 2004

REVENUES. During the six months ended June 30, 2005, revenues were \$89.6 million, an increase of \$29.4 million, or 48.8%, from the prior year period revenue of \$60.2 million. The primary reason for the increase in revenues is an increase in interest income. Interest income for the six months ended June 30, 2005 increased \$30.5 million, or 66.2%, to \$76.7 million from \$46.1 million in the prior year period. The primary reason for the increase in interest income is the change in securitization structure implemented during the third quarter of 2003 as described above (an increase of \$36.4 million). This increase was partially offset by the decline in the balance of the portfolios of Contracts acquired in the Seawest Asset Acquisition (a decrease of \$886,000), a decline in the balance of the portfolio of Contracts acquired in the MFN Merger (resulting in a decrease of \$2.2 million in interest income), a decline in the balance of the portfolio of Contracts acquired in the TFC Merger (resulting in a decrease of \$1.3 million in interest income) and a decrease in residual interest income (a decrease of \$1.5 million) as a result of the decline in the residual interest in securitizations between the periods presented.

Servicing fees totaling \$4.1 million in the six months ended June 30, 2005 decreased \$2.8 million, or 40.6%, from \$6.8 million in the same period a year earlier. The decrease in servicing fees is the result of the change in securitization structure and the consequent decline in the Company's managed portfolio held by non-consolidated subsidiaries. As a result of the decision to structure future securitizations as secured financings, the Company's managed portfolio held by non-consolidated subsidiaries will continue to decline in future periods, and servicing fee revenue is anticipated to decline proportionately.

Other income increased \$1.6 million, or 22.4%, to \$8.9 million in the six-month period ended June 30, 2005 from \$7.2 million during the same period a year earlier. The period over period increase resulted primarily from the sale of certain receivables that consisted primarily of charged off receivables acquired in the MFN Merger, the TFC Merger and the SeaWest Asset Acquisition (\$2.4

million), increased revenue on the Company's direct mail products (\$771,000), and fees generated from electronic check payments (\$79,000). This increase was offset in part by decreases in recoveries on MFN Contracts (\$1.6 million) and decreases revenue on certain leased property (\$87,000).

EXPENSES. The Company's operating expenses consist primarily of employee costs and other operating expenses, which are incurred as applications and Contracts are received, processed and serviced. Factors that affect margins and net income include changes in the automobile and automobile finance market environments, and macroeconomic factors such as interest rates and the unemployment level.

Employee costs include base salaries, commissions and bonuses paid to employees, and certain expenses related to the accounting treatment of outstanding warrants and stock options, and are one of the Company's most significant operating expenses. These costs (other than those relating to stock options) generally fluctuate with the level of applications and Contracts processed and serviced.

Other operating expenses consist primarily of interest expense, provisions for credit losses, facilities expenses, telephone and other communication services, credit services, computer services (including employee costs associated with information technology support), professional services, marketing and advertising expenses, and depreciation and amortization.

Total operating expenses were \$89.3 million for the six months ended June 30, 2005, compared to \$61.8 million for the same period a year earlier, an increase of \$27.5 million, or 44.5%. The increase is primarily due to increases in provision for credit losses and interest expense, which increased by \$14.5 million and \$8.9 million, or 111.0% and 66.5% respectively. Both interest expense and provision for credit losses are directly impacted by the growth in the Company's portfolio of Contracts held by consolidated affiliates.

Employee costs increased by \$704,000, or 3.6%, to \$20.2 million during the six months ended June 30, 2005, representing 22.6% of total operating expenses, from \$19.4 million for the same period a year earlier, or 31.5% of total operating expenses. The decrease as a percentage of total operating expenses reflects the higher total of operating expenses, primarily a result of the increased provision for credit losses and interest expense.

General and administrative expenses increased \$1.3 million, or 12.8% and represented 13.2% of total operating expenses in the six month period ending June 30, 2005, as compared to the prior year period when general and administrative expenses represented 16.9% of total operating expenses. The decrease as a percentage of total operating expenses reflects the higher operating expenses primarily a result of the provision for credit losses and interest expense. During the six-month period ended June 30, 2005 the Company recognized what management believes will be a one-time, non-cash impairment charge of \$1.9 million against certain non-auto finance receivable assets.

Interest expense for the six-month period ended June 30, 2005 increased \$8.9 million, or 66.5%, to \$22.3 million, compared to \$13.4 million in the same period of the previous year. The increase is primarily the result of changes in the amount and composition of securitization trust debt carried on the Company's Consolidated Balance Sheet. Such debt increased as a result of the change in securitization structure implemented beginning in July 2003 (an increase of approximately \$9.2 million), partially offset by the decrease in the balance of the securitization trust debt acquired in the MFN Merger and the TFC Merger (resulting in a decrease of approximately \$1.1 million in interest expense).

Marketing expenses increased by \$2.2 million, or 65.2%, and represented 6.1% of total operating expenses. The increase is primarily due to the increase in Contracts purchased by the Company during the six months ended June 30, 2005 as compared to the prior year period.

Occupancy expenses decreased by \$118,000, or 6.8%, and represented 1.8% of total operating expenses.

Depreciation and amortization expenses increased by \$28,000, or 7.4%, to \$408,000 from \$380,000.

CREDIT EXPERIENCE

The Company's financial results are dependent on the performance of the Contracts in which it retains an ownership interest. The table below documents the delinquency, repossession and net credit loss experience of all Contracts that the Company was servicing (excluding Contracts from the SeaWest Third Party Portfolio) as of the respective dates shown. Credit experience for CPS, MFN (since the date of the MFN Merger), TFC (since the date of the TFC Merger) and SeaWest (since the date of the SeaWest Asset Acquisition) is shown on a combined basis in the table below. The Company attributes the decrease in delinquencies from December 31, 2004 to June 30, 2005 to charge offs of previously delinquent Contracts and typical seasonality and to charge offs during the six months ended June 30, 2005. The Company attributes the decrease in charge offs during the six-month period ended June 30, 2005 to lower delinquencies during the six months ended June 30, 2005 as compared to delinquencies and charge off levels during the twelve months ended December 31, 2004.

DELINQUENCY EXPERIENCE (1)
CPS, MFN, TFC AND SEAWEST COMBINED

	JUNE 30, 2005		DECEMBER 31, 2004	
	NUMBER OF CONTRACTS	AMOUNT	NUMBER OF CONTRACTS	AMOUNT
(DOLLARS IN THOUSANDS)				
DELINQUENCY EXPERIENCE				
Gross servicing portfolio (1)	85,768	\$ 951,979	83,018	\$ 873,880
Period of delinquency (2)				
31-60 days	1,757	16,824	2,106	19,010
61-90 days	881	7,658	1,069	8,051
91+ days	673	4,958	1,176	7,758
Total delinquencies (2)	3,311	29,440	4,351	34,819
Amount in repossession (3)	958	9,489	1,408	14,090
Total delinquencies and amount in repossession (2)	4,269	\$ 38,929	5,759	\$ 48,909
Delinquencies as a percentage of gross servicing portfolio	3.9 %	3.1 %	5.2 %	4.0 %
Total delinquencies and amount in repossession as a percentage of gross servicing portfolio	5.0 %	4.1 %	6.9 %	5.6 %

(1) ALL AMOUNTS AND PERCENTAGES ARE BASED ON THE AMOUNT REMAINING TO BE REPAYED ON EACH CONTRACT, INCLUDING, FOR PRE-COMPUTED CONTRACTS, ANY UNEARNED INTEREST. THE INFORMATION IN THE TABLE REPRESENTS THE GROSS PRINCIPAL AMOUNT OF ALL CONTRACTS PURCHASED BY THE COMPANY ON AN OTHER THAN FLOW BASIS, INCLUDING CONTRACTS SUBSEQUENTLY SOLD BY THE COMPANY IN SECURITIZATION TRANSACTIONS THAT IT CONTINUES TO SERVICE. THE TABLE DOES NOT INCLUDE CONTRACTS FROM THE SEAWEST THIRD PARTY PORTFOLIO.

(2) THE COMPANY CONSIDERS A CONTRACT DELINQUENT WHEN AN OBLIGOR FAILS TO MAKE AT LEAST 90% OF A CONTRACTUALLY DUE PAYMENT BY THE FOLLOWING DUE DATE, WHICH DATE MAY HAVE BEEN EXTENDED WITHIN LIMITS SPECIFIED IN THE SERVICING AGREEMENTS. THE PERIOD OF DELINQUENCY IS BASED ON THE NUMBER OF DAYS PAYMENTS ARE CONTRACTUALLY PAST DUE. CONTRACTS LESS THAN 31 DAYS DELINQUENT ARE NOT INCLUDED.

(3) AMOUNT IN REPOSSESSION REPRESENTS FINANCED VEHICLES THAT HAVE BEEN REPOSSESSED BUT NOT YET LIQUIDATED.

NET CHARGE-OFF EXPERIENCE (1)
CPS, MFN, TFC AND SEAWEST COMBINED

	JUNE 30, 2005	DECEMBER 31, 2004

(DOLLARS IN THOUSANDS)		
Average servicing portfolio outstanding	\$ 894,045	\$ 796,436
Annualized net charge-offs as a percentage of average servicing portfolio (2)	5.0 %	7.8 %

(1) ALL AMOUNTS AND PERCENTAGES ARE BASED ON THE PRINCIPAL AMOUNT SCHEDULED TO BE PAID ON EACH CONTRACT, NET OF UNEARNED INCOME ON PRE-COMPUTED CONTRACTS. THE INFORMATION IN THE TABLE REPRESENTS ALL CONTRACTS SERVICED BY THE COMPANY (EXCLUDING CONTRACTS FROM THE SEAWEST THIRD PARTY PORTFOLIO).

(2) NET CHARGE-OFFS INCLUDE THE REMAINING PRINCIPAL BALANCE, AFTER THE APPLICATION OF THE NET PROCEEDS FROM THE LIQUIDATION OF THE VEHICLE (EXCLUDING ACCRUED AND UNPAID INTEREST) AND AMOUNTS COLLECTED SUBSEQUENT TO THE DATE OF CHARGE-OFF. JUNE 30, 2005 PERCENTAGE REPRESENTS SIX MONTHS ENDED JUNE 30, 2005, ANNUALIZED. DECEMBER 31, 2004 REPRESENTS TWELVE MONTHS ENDED DECEMBER 31, 2004.

LIQUIDITY AND CAPITAL RESOURCES

The Company's business requires substantial cash to support its purchases of Contracts and other operating activities. The Company's primary sources of cash have been cash flows from operating activities, including proceeds from sales of Contracts, amounts borrowed under various revolving credit facilities (also sometimes known as warehouse credit facilities), servicing fees on portfolios of Contracts previously sold in securitization transactions or serviced for third parties, customer payments of principal and interest on finance receivables, and releases of cash from securitized pools of Contracts in which the Company has retained a residual ownership interest and from the Spread Accounts associated with such pools. The Company's primary uses of cash have been the purchases of Contracts, repayment of amounts borrowed under lines of credit and otherwise, operating expenses such as employee, interest, occupancy expenses and other general and administrative expenses, the establishment of Spread Accounts and initial overcollateralization, if any, and the increase of Credit Enhancement to required levels in securitization transactions, and income taxes. There can be no assurance that internally generated cash will be sufficient to meet the Company's cash demands. The sufficiency of internally generated cash will depend on the performance of securitized pools (which determines the level of releases from those pools and their related Spread Accounts), the rate of expansion or contraction in the Company's managed portfolio, and the terms upon which the Company is able to acquire, sell, and borrow against Contracts.

Net cash provided by operating activities for the six-month period ended June 30, 2005 was \$21.1 million compared to net cash provided by operating activities for the six-month period ended June 30, 2004 of \$33.5 million. Cash from operating activities is generally provided by the net releases from the Company's securitization Trusts held by consolidated subsidiaries and cash received from residual interests in securitizations.

Net cash used in investing activities for the six-month periods ended June 30, 2005 and 2004 was \$165.8 million and \$168.9 million, respectively. Cash used in investing activities has generally related to purchases of Contracts.

Net cash provided by financing activities for the six months ended June 30, 2005 and 2004, was \$146.1 million and \$117.5 million respectively. Cash used or provided by financing activities is primarily attributable to the repayment or issuance of debt.

Contracts are purchased from Dealers for a cash price generally approximating their principal amount, and generate cash flow over a period of years. As a result, the Company has been dependent on warehouse credit facilities to purchase Contracts, and on the availability of cash from outside sources in order to finance its continuing operations, as well as to fund the portion of Contract purchase prices not financed under warehouse credit facilities.

During the six months ended June 30, 2005 the Company operated with \$225 million in warehouse credit capacity, in the form of a \$125 million facility and a \$100 million facility. The first facility provided funding for Contracts purchased under the TFC Programs while both warehouse facilities provided funding for Contracts purchased under the CPS Programs.

The \$125 million warehouse facility was structured to allow the Company to fund a portion of the purchase price of Contracts by drawing against a floating rate variable funding note issued by CPS Warehouse Trust. This facility was established on March 7, 2002, in the maximum amount of \$100 million. Such maximum amount was increased to \$125 million in November 2002. Up to 77.0% of the principal balance of Contracts could have been advanced to the Company under this facility, subject to collateral tests and certain other conditions and covenants. Notes under this facility bore interest at a rate of one-month commercial paper plus 1.50% per annum. This facility was due to expire on April 11, 2006, but the Company elected to terminate it on June 29, 2005.

The Company's other warehouse facility was increased from \$100 million to \$125 million on June 29, 2005 and was further amended to provide funding for Contracts purchased under the TFC Programs in addition to the CPS Programs. The facility is structured to allow CPS to fund a portion of the purchase price of Contracts by drawing against a floating rate variable funding note issued by Page Funding LLC. A financial institution, who is also the controlling party on the facility, purchases the note. Up to 77.0% of the principal balance of Contracts may be advanced to the Company under this facility, subject to collateral tests and certain other conditions and covenants. Notes under this facility accrue interest at a rate of one-month LIBOR plus 1.50% per annum. This facility was entered into on June 30, 2004 and expires on June 30, 2007. The Company and the lender each have annual termination options at each parties sole discretion on each June 30, through 2007, at which time the agreement expires.

For the portfolio owned by consolidated subsidiaries, cash used to increase Credit Enhancement amounts to required levels for the six-month periods ended June 30, 2005 and 2004 was \$5.9 million and \$1.3 million, respectively. Cash released from Trusts and their related Spread Accounts to the Company for the six-month periods ended June 30, 2005 and 2004, was \$13.5 million and \$12.1 million, respectively. Changes in the amount of Credit Enhancement required for term securitization transactions and releases from Trusts and their related Spread Accounts are affected by the relative size, seasoning and performance of the various pools of Contracts securitized that make up the Company's managed portfolio to which the respective Spread Accounts are related. The Company did not make any initial deposits to Spread Accounts or fund initial overcollateralization related to term securitization transactions owned by non-consolidated subsidiaries during the six months ended June 30, 2005 or June 30, 2004.

The acquisition of Contracts for subsequent sale in securitization transactions, and the need to fund Spread Accounts and initial overcollateralization, if any, and increase Credit Enhancement levels when those transactions take place, results in a continuing need for capital. The amount of capital required is most heavily dependent on the rate of the Company's Contract purchases, the advance rate on the warehouse facilities, the required level of initial Credit Enhancement in securitizations, and the extent to which the previously established Trusts and their related Spread Accounts either release cash to the Company or capture cash from collections on securitized Contracts. The Company is limited in its ability to purchase Contracts by its available cash and the capacity of its warehouse facilities. As of June 30, 2005, the Company had unrestricted cash on hand of \$15.7 million and available capacity from its warehouse credit facility of \$66.5 million, subject to collateral availability. The Company's plans to manage its need for liquidity include the completion of additional term securitizations that would provide additional credit availability from the warehouse credit facilities, and matching its levels of Contract purchases to its availability of cash. There can be no assurance that the Company will be able to complete term securitizations on favorable economic terms or that the Company will be able to complete term securitizations at all. If the Company is unable to complete such securitizations, interest income and other portfolio related income would decrease.

The Company's primary means of ensuring that its cash demands do not exceed its cash resources is to match its levels of Contract purchases to its availability of cash. The Company's ability to adjust the quantity of Contracts that it purchases and securitizes will be subject to general competitive conditions and the continued availability of warehouse credit facilities. There can be no assurance that the desired level of Contract acquisition can be maintained or increased. While the specific terms and mechanics of each Spread Account vary among transactions, the Company's Securitization Agreements generally provide that the Company will receive excess cash flows only if the amount of Credit Enhancement has reached specified levels and/or the delinquency, defaults or net losses related to the Contracts in the pool are below certain predetermined levels. In the event delinquencies, defaults or net losses on the Contracts exceed such levels, the terms of the securitization: (i) may require increased Credit Enhancement to be accumulated for the particular pool; (ii) may restrict the distribution to the Company of excess cash flows associated with other pools; or (iii) in certain circumstances, may permit the Note Insurers to require the transfer of servicing on some or all of the Contracts to another servicer. There can be no assurance that collections from the related Trusts will continue to generate sufficient cash.

Certain of the Company's securitization transactions and the warehouse credit facilities contain various financial covenants requiring certain minimum financial ratios and results. Such covenants include maintaining minimum levels of liquidity and net worth and not exceeding maximum leverage levels and maximum financial losses. As of June 30, 2005, the Company was in compliance with all such covenants. In addition, certain securitization and non-securitization related debt contain cross-default provisions, which would allow certain creditors to declare a default if a default were declared under a different facility.

The Securitization Agreements of the Company's term securitization transactions are terminable by the Note Insurers in the event of certain defaults by the Company and under certain other circumstances. Similar termination rights are held by the lender in the other warehouse credit facility. Were a Note Insurer (or the lender in such warehouse facility) in the future to exercise its option to terminate the Securitization Agreements, such a termination would have a material adverse effect on the Company's liquidity and results of operations. The Company continues to receive Servicer extensions on a monthly and/or quarterly basis, pursuant to the Securitization Agreements.

One of the covenants within six of the 20 currently outstanding term securitizations requires that the Company maintain at least two warehouse facilities with aggregate borrowing capacity of at least \$200 million. With the termination of the Company's \$125 million facility as described above, the Company is in breach of such covenant. The Company has until October 27, 2005 to cure such breach prior to it becoming an event of default under the six term securitizations. While the Company is currently in discussions with several parties about an additional facility and believes that it will be successful in obtaining one within the required time frame, there can be no assurances that it will do so. If the Company is unsuccessful in these efforts, the Note Insurer under the six securitizations that include this covenant will have the right to declare an event of default. Remedies available to the Note Insurer in such event include, among other things, transferring the servicing rights to the portfolio that it insures to another servicer and trapping excess cash releases that would otherwise go to the Company. If the Note Insurer would pursue either of these remedies, it would have a material adverse effect on the liquidity and operations of the Company.

CRITICAL ACCOUNTING POLICIES

(a) ALLOWANCE FOR FINANCE CREDIT LOSSES

In order to estimate an appropriate allowance for losses incurred on finance receivables held on the Company's Unaudited Condensed Consolidated Balance Sheet, the Company uses a loss allowance methodology commonly referred to as "static pooling," which stratifies its finance receivable portfolio into separately identified pools. Using analytical and formula-driven techniques, the Company estimates an allowance for finance credit losses, which management believes is adequate for probable credit losses that can be reasonably estimated in its portfolio of finance receivable Contracts. Provision for losses is charged to the Company's Unaudited Consolidated Statement of Operations. Net losses incurred on finance receivables are charged to the allowance. Management evaluates the adequacy of the allowance by examining current delinquencies, the characteristics of the portfolio and the value of the underlying collateral. As conditions change, the Company's level of provisioning and/or allowance may change as well.

(b) TREATMENT OF SECURITIZATIONS

Gain on sale may be recognized on the disposition of Contracts either outright or in securitization transactions. In those securitization transactions that were treated as sales for financial accounting purposes, the Company, or a wholly-owned, consolidated subsidiary of the Company, retains a residual interest in the Contracts that were sold to a wholly-owned, unconsolidated special purpose subsidiary. The Company's securitization transactions include "term" securitizations (the purchaser holds the Contracts for substantially their entire term) and "continuous" or "warehouse" securitizations (which finance the acquisition of the Contracts for future sale into term securitizations).

As of June 30, 2005 and December 31, 2004 the line item "Residual interest in securitizations" on the Company's Unaudited Consolidated Balance Sheet represents the residual interests in certain term securitizations that were accounted for as sales. Warehouse securitizations accounted for as secured financings are accordingly reflected in the line items "Finance receivables" and "Warehouse lines of credit" on the Company's Unaudited Condensed Consolidated Balance Sheet, and the term securitizations accounted for as secured financings are reflected in the line items "Finance receivables" and "Securitization trust debt." The "Residual interest in securitizations" represents the discounted sum of expected future releases from securitization trusts. Accordingly, the valuation of the residual is heavily dependent on estimates of future performance.

(c) INCOME TAXES

The Company and its subsidiaries file consolidated federal income and combined state franchise tax returns. The Company utilizes the asset and liability method of accounting for income taxes, under which deferred income taxes are recognized for the future tax consequences attributable to the differences between the financial statement values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. The Company has estimated a valuation allowance against that portion of the deferred tax asset whose utilization in future periods is not more than likely.

In determining the possible realization of deferred tax assets, future taxable income from the following sources are considered: (a) the reversal of taxable temporary differences; (b) future operations exclusive of reversing temporary differences; and (c) tax planning strategies that, if necessary, would be implemented to accelerate taxable income into periods in which net operating losses might otherwise expire.

FORWARD LOOKING STATEMENTS

This report on Form 10-Q includes certain "forward-looking statements," including, without limitation, the statements or implications to the effect that prepayments as a percentage of original balances will approximate 20.2% to 36.8% cumulatively over the lives of the related Contracts, that net credit losses as a percentage of original balances will approximate 12.1% to 20.2% cumulatively over the lives of the related Contracts. Other forward-looking statements may be identified by the use of words such as "anticipates," "expects," "plans," "estimates," or words of like meaning. As to the specifically identified forward-looking statements, factors that could affect charge-offs and recovery rates include changes in the general economic climate, which could affect the willingness or ability of obligors to pay pursuant to the terms of Contracts, changes in laws respecting consumer finance, which could affect the ability of

the Company to enforce rights under Contracts, and changes in the market for used vehicles, which could affect the levels of recoveries upon sale of repossessed vehicles. Factors that could affect the Company's revenues in the current year include the levels of cash releases from existing pools of Contracts, which would affect the Company's ability to purchase Contracts, the terms on which the Company is able to finance such purchases, the willingness of Dealers to sell Contracts to the Company on the terms that it offers, and the terms on which the Company is able to complete term securitizations once Contracts are acquired. Factors that could affect the Company's expenses in the current year include competitive conditions in the market for qualified personnel, and interest rates (which affect the rates that the Company pays on Notes issued in its securitizations). The statements concerning the Company structuring future securitization transactions as secured financings and the effects of such structures on financial items and on the Company's future profitability also are forward-looking statements. Any change to the structure of the Company's securitization transaction could cause such forward-looking statements not to be accurate. Both the amount of the effect of the change in structure on the Company's profitability and the duration of the period in which the Company's profitability would be affected by the change in securitization structure are estimates. The accuracy of such estimates will be affected by the rate at which the Company purchases and sells Contracts, any changes in that rate, the credit performance of such Contracts, the financial terms of future securitizations, any changes in such terms over time, and other factors that generally affect the Company's profitability.

Additional risk factors, any of which could have a material effect on the Company's performance, are set forth below:

DEPENDENCE ON WAREHOUSE FINANCING. The Company's primary source of day-to-day liquidity is continuous securitization of Contracts, under which it sells or pledges Contracts, as often as once a week, to special-purpose affiliated entities. Such transactions function as a "warehouse" in which Contracts are held. The Company expects to continue to effect similar transactions (or to obtain replacement or additional financing) as current arrangements expire or become fully utilized; however, there can be no assurance that such financing will be obtainable on favorable terms. To the extent that the Company is unable to maintain its existing structure or is unable to arrange new warehouse facilities, the Company may have to curtail Contract purchasing activities, which could have a material adverse effect on the Company's financial condition, results of operations and liquidity. One of the covenants within six of the 20 currently outstanding term securitizations requires that the Company maintain at least two warehouse facilities with aggregate borrowing capacity of at least \$200 million. With the termination of the Company's \$125 million facility as described above, the Company is in breach of such covenant. The Company has until October 27, 2005 to cure such breach prior to it becoming an event of default under the six term securitizations. While the Company is currently in discussions with several parties about an additional facility and believes that it will be successful in obtaining one within the required time frame, there can be no assurances that it will do so. If the Company is unsuccessful in these efforts, the Note Insurer under the six securitizations that include this covenant will have the right to declare an event of default. Remedies available to the Note Insurer in such event include, among other things, transferring the servicing rights to the portfolio that it insures to another servicer and trapping excess cash releases that would otherwise go to the Company. If the Note Insurer would pursue either of these remedies, it would have a material adverse effect on the liquidity and operations of the Company.

DEPENDENCE ON SECURITIZATION PROGRAM. The Company is dependent upon its ability to continue to finance pools of Contracts in term securitizations in order to generate cash proceeds for new purchases. Adverse changes in the market for securitized Contract pools, or a substantial lengthening of the warehousing period, would burden the Company's financing capabilities, could require the Company to curtail its purchase of Contracts, and could have a material adverse effect on the Company. In addition, as a means of reducing the percentage of cash collateral that the Company would otherwise be required to deposit and maintain in Spread Accounts, all of the Company's securitizations since June 1994 have utilized credit enhancement in the form of financial guaranty insurance policies issued by monoline financial guaranty insurers. The Company believes that financial guaranty insurance policies reduce the costs of securitizations relative to alternative forms of credit enhancements available to the Company. No insurer is required to insure Company-sponsored securitizations and there can be no assurance that any will continue to do so. Similarly, there can be no assurance that any securitization transaction will be available on terms acceptable to the Company, or at all. The timing of any securitization transaction is affected by a number of factors beyond the Company's control, any of which could cause substantial delays, including, without limitation, market conditions and the approval by all parties of the terms of the securitization.

RISK OF GENERAL ECONOMIC DOWNTURN. The Company's business is directly related to sales of new and used automobiles, which are affected by employment rates, prevailing interest rates and other domestic economic conditions. Delinquencies, repossessions and losses generally increase during economic slowdowns or recessions. Because of the Company's focus on Sub-Prime Customers, the actual rates of delinquencies, repossessions and losses on such Contracts could be higher under adverse economic conditions than those experienced in the automobile finance industry in general. Any sustained period of economic slowdown or recession could adversely affect the Company's ability to sell or securitize pools of Contracts. The timing of any economic changes is uncertain, and sluggish sales of automobiles and weakness in the economy could have an adverse effect on the Company's business and that of the Dealers from which it purchases Contracts.

DEPENDENCE ON PERFORMANCE OF SECURITIZED CONTRACTS. Under the financial structures the Company has used to date in its term securitizations, certain excess cash flows generated by the Contracts sold in the term securitizations are used to increase overcollateralization or are retained in a Spread Account within the securitization trusts to provide liquidity and credit enhancement. While the specific terms and mechanics of each Spread Account vary among transactions, the Company's Securitization Agreements generally provide that the Company will receive excess cash flows only if the amount of Credit Enhancement has reached specified levels and/or the delinquency or losses related to the Contracts in the pool are below certain predetermined levels. In the event delinquencies and losses on the Contracts exceed such levels, the terms of the securitization: (i) may require increased Credit Enhancement to be accumulated for the particular pool; (ii) may restrict the distribution to the Company of excess cash flows associated with other pools; or (iii) in certain circumstances, may permit the insurers to require the transfer of servicing on some or all of the Contracts to another servicer. Any of these conditions could materially adversely affect the Company's liquidity, financial condition and operations.

CREDITWORTHINESS OF CONSUMERS. The Company specializes in the purchase, sale and servicing of Contracts to finance automobile purchases by Sub-Prime Customers, which entail a higher risk of non-performance, higher delinquencies and higher losses than Contracts with more creditworthy customers. While the Company believes that the underwriting criteria and collection methods it employs enable it to control the higher risks inherent in Contracts with Sub-Prime Customers, no assurance can be given that such criteria and methods will afford adequate protection against such risks. The Company has experienced fluctuations in the delinquency and charge-off performance of its Contracts. In the event that portfolios of Contracts sold and serviced by the Company experience greater defaults, higher delinquencies or higher net losses than anticipated, the Company's income could be negatively affected. A larger number of defaults than anticipated could also result in adverse changes in the structure of the Company's future securitization transactions, such as a requirement of increased cash collateral or other Credit Enhancement in such transactions.

PROBABLE INCREASE IN COST OF FUNDS. The Company's profitability is determined by, among other things, the difference between the rate of interest charged on the Contracts purchased by the Company and the rate of interest payable to purchasers of Notes issued in securitizations. The Contracts purchased by the Company generally bear finance charges close to or at the maximum permitted by applicable state law. The interest rates payable on such Notes are fixed, based on interest rates prevailing in the market at the time of sale. Consequently, increases in market interest rates tend to reduce the "spread" or margin between Contract finance charges and the interest rates required by investors and, thus, the potential operating profits to the Company from the purchase, securitization and servicing of Contracts. Operating profits expected to be earned by the Company on portfolios of Contracts previously securitized are insulated from the adverse effects of increasing interest rates because the interest rates on the related Notes were fixed at the time the Contracts were sold. With interest rates near historical lows as of the date of this report, it is reasonable to expect that interest rates will increase in the near to intermediate term. Any future increases in interest rates would likely increase the interest rates on Notes issued in future term securitizations and could have a material adverse effect on the Company's results of operations and liquidity.

PREPAYMENTS AND CREDIT LOSSES. Gains from the sale of Contracts in the Company's past securitization transactions structured as sales for financial accounting purposes have constituted a significant portion of the revenue of the Company. A portion of the gains is based in part on management's estimates of future prepayments and credit losses and other considerations in light of then-current conditions. If actual prepayments with respect to Contracts occur more quickly than was projected at the time such Contracts were sold, as can occur when

interest rates decline, or if credit losses are greater than projected at the time such Contracts were sold, a charge to income may be required and would be recorded in the period of adjustment. If actual prepayments occur more slowly or if net losses are lower than estimated with respect to Contracts sold, total revenue would exceed previously estimated amounts.

Provisions for credit losses are recorded in connection with the origination and throughout the life of Contracts that are held on the Company's Unaudited Condensed Consolidated Balance Sheet. Such provisions are based on management's estimates of future credit losses in light of then-current conditions. If actual credit losses in a given period exceed the allowance for credit losses, a bad debt expense during the period would be required.

COMPETITION. The automobile financing business is highly competitive. The Company competes with a number of national, local and regional finance companies. In addition, competitors or potential competitors include other types of financial services companies, such as commercial banks, savings and loan associations, leasing companies, credit unions providing retail loan financing and lease financing for new and used vehicles and captive finance companies affiliated with major automobile manufacturers such as General Motors Acceptance Corporation and Ford Motor Credit Corporation. Many of the Company's competitors and potential competitors possess substantially greater financial, marketing, technical, personnel and other resources than the Company. Moreover, the Company's future profitability will be directly related to the availability and cost of its capital relative to that of its competitors. The Company's competitors and potential competitors include far larger, more established companies that have access to capital markets for unsecured commercial paper and investment grade rated debt instruments, and to other funding sources which may be unavailable to the Company. Many of these companies also have long-standing relationships with Dealers and may provide other financing to Dealers, including floor plan financing for the Dealers' purchases of automobiles from manufacturers, which is not offered by the Company. There can be no assurance that the Company will be able to continue to compete successfully.

LITIGATION. Because of the consumer-oriented nature of the industry in which the Company operates and the application of certain laws and regulations, industry participants are regularly named as defendants in class-action litigation involving alleged violations of federal and state laws and regulations and consumer law torts, including fraud. Many of these actions involve alleged violations of consumer protection laws. Although the Company is not involved in any such material consumer protection litigation, a significant judgment against the Company or within the industry in connection with any such litigation, or an adverse outcome in the litigation identified under the caption "Legal Proceedings" in this report and in the Company's most recently filed report on Form 10-K, could have a material adverse effect on the Company's financial condition, results of operations and liquidity.

DEPENDENCE ON DEALERS. The Company is dependent upon establishing and maintaining relationships with unaffiliated Dealers to supply it with Contracts. During the six months ended June 30, 2005, no Dealer accounted for as much as 1.0% of the Contracts purchased by the Company. The Dealer Agreements do not require Dealers to submit a minimum number of Contracts for purchase by the Company. The failure of Dealers to submit Contracts that meet the Company's underwriting criteria would have a material adverse effect on the Company's financial condition, results of operations and liquidity.

GOVERNMENT REGULATIONS. The Company's business is subject to numerous federal and state consumer protection laws and regulations, which, among other things: (i) require the Company to obtain and maintain certain licenses and qualifications; (ii) limit the interest rates, fees and other charges the Company is allowed to charge; (iii) limit or prescribe certain other terms of its Contracts; (iv) require the Company to provide specified disclosures; and (v) regulate certain servicing and collection practices and define its rights to repossess and sell collateral. An adverse change in existing laws or regulations, or in the interpretation thereof, the promulgation of any additional laws or regulations, or the failure to comply with such laws and regulations could have a material adverse effect on the Company's financial condition, results of operations and liquidity.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK

The Company is subject to interest rate risk during the period between when Contracts are purchased from Dealers and when such Contracts become part of a term securitization. Specifically, the interest rates on the warehouse facilities are adjustable while the interest rates on the Contracts are fixed. Historically, the Company's term securitization facilities have had fixed rates of interest. To mitigate some of this risk, the Company has in the past, and intends to continue to, structure certain of its securitization transactions to include pre-funding structures, whereby the amount of Notes issued exceeds the amount of Contracts initially sold to the Trusts. In pre-funding, the proceeds from the pre-funded portion are held in an escrow account until the Company sells the additional Contracts to the Trust in amounts up to the balance of the pre-funded escrow account. In pre-funded securitizations, the Company locks in the borrowing costs with respect to the Contracts it subsequently delivers to the Trust. However, the Company incurs an expense in pre-funded securitizations equal to the difference between the money market yields earned on the proceeds held in escrow prior to subsequent delivery of Contracts and the interest rate paid on the Notes outstanding, the amount as to which there can be no assurance.

There have been no material changes in market risks since December 31, 2004.

ITEM 4. CONTROLS AND PROCEDURES

CPS maintains a system of internal controls and procedures designed to provide reasonable assurance as to the reliability of its published financial statements and other disclosures included in this report. As of the end of the period covered by this report, CPS evaluated the effectiveness of the design and operation of such disclosure controls and procedures. Based upon that evaluation, the principal executive officer (Charles E. Bradley, Jr.) and the principal financial officer (Robert E. Riedl) concluded that the disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, material information relating to CPS that is required to be included in its reports filed under the Securities Exchange Act of 1934. There have been no significant changes in our internal controls over financial reporting during our most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information provided under the caption "Legal Proceedings" in the Company's Annual Report on Form 10-K for the year ended December 31, 2004, is incorporated herein by reference. In addition, the reader should be aware of the following:

As reported in the Company's Annual Report on Form 10-K, Plaintiff Jeremy Henry in June 2004 filed a lawsuit against CPS in the California Superior Court, San Diego County, alleging improper practices related to the notice given after repossession of a vehicle that he purchased. The lawsuit was styled a class action. Plaintiff's motion for class certification was denied in June 2005. Plaintiff may appeal, but CPS believes that it and its subsidiary have a number of defenses that may be asserted with respect to the claims of plaintiff Henry.

The Company is routinely involved in various legal proceedings resulting from its consumer finance activities and practices, both continuing and discontinued. The Company believes that there are substantive legal defenses to such claims, and intends to defend them vigorously. There can be no assurance, however, as to the outcome.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended June 30, 2005, the Company purchased a total of 29,950 shares of its common stock, as described in the following table:

ISSUER PURCHASES OF EQUITY SECURITIES

PERIOD (1)	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS(2)	APPROXIMATE DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
April 2005	--	--	--	1,492,604
May 2005	1,000	\$4.97	1,000	1,487,630
June 2005	28,950	\$4.25	28,950	1,365,320
Total	29,950	\$4.25	29,950	

(1) EACH MONTHLY PERIOD IS THE CALENDAR MONTH.

(2) THE COMPANY ANNOUNCED IN AUGUST 2000 ITS INTENTION TO PURCHASE UP TO \$5 MILLION OF ITS OUTSTANDING SECURITIES, INCLUSIVE OF ANNUAL \$1 MILLION SINKING FUND REDEMPTIONS ON ITS RISING INTEREST REDEEMABLE SUBORDINATED SECURITIES DUE 2006. IN OCTOBER 2002, THE JULY 2000 PROGRAM HAVING BEEN EXHAUSTED, THE COMPANY'S BOARD OF DIRECTORS AUTHORIZED THE PURCHASE OF UP TO AN ADDITIONAL \$5 MILLION OF SUCH SECURITIES, WHICH PROGRAM WAS FIRST ANNOUNCED IN THE COMPANY'S ANNUAL REPORT FOR THE YEAR 2002, FILED ON MARCH 26, 2003. ALL PURCHASES DESCRIBED IN THE TABLE ABOVE WERE UNDER THE PLAN ANNOUNCED IN MARCH 2003, WHICH HAS NO FIXED EXPIRATION DATE.

The Company on August 4, 2005, issued eight-year warrants with respect to 272,000 shares of its common stock, in a transaction exempted from the registration requirements of the Securities Act of 1933 as a transaction not involving a public offering. The warrants are exercisable at \$4.85 per share, and were issued to the lender's nominee in settlement of a claim against the Company that arose out of a loan of \$500,000 made in September 1998. The Company and the claimant dispute whether the loan was to the Company or to Stanwich Financial Services Corp. ("Stanwich"). The Company received in exchange for the warrants an assignment of the lender's claim in bankruptcy against Stanwich, as well as a release of all claims against the Company. Management believes this transaction will not have a material effect on the Company's results of operations or its financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of shareholders of the Company was held on June 2, 2005. At the meeting, each of the seven nominees to the Board of Directors was elected for a one-year term by the shareholders, with votes cast as follows:

NOMINEE	VOTES FOR	VOTES WITHHELD
Charles E. Bradley, Jr.	19,214,965	119,002
E. Bruce Fredrikson	19,315,317	18,650
John E. McConaughy, Jr.	19,114,089	219,878
John G. Poole	19,315,087	18,880
William B. Roberts	19,116,239	217,728
John C. Warner	19,315,087	18,880
Daniel S. Wood	19,106,239	227,728

The shareholders also approved the other proposal placed before the annual meeting. Such proposal was to ratify the appointment of McGladrey & Pullen LLP as independent auditors of the Company for the fiscal year ending December 31, 2005. Votes on such proposal were cast as follows:

RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS	
For	18,679,303
Against	5,605
Abstain	2,100
Broker Non-votes	646,959

ITEM 6. EXHIBITS

(a) The exhibits listed below are filed with this report. The Company disclaims any implication that disclaims any implication that the agreements filed as exhibits 10.1 through 10.5 are other than agreements entered into in the ordinary course of its business.

- 10.1 Amended and Restated Sale and Servicing Agreement dated as of June 29, 2005, by and among Page Funding LLC ("PFLLC"), the Company and Wells Fargo Bank, National Association ("WFBNA").
- 10.2 Annex A to Agreement filed as Exhibit 10.1
- 10.3 Supplement as of June 29, 2005 to Indenture dated as of June 30, 2004 by and among PFLLC, UBS Real Estate Securities, Inc. ("UBSRES") and WFBNA
- 10.4 Amendment dated as of June 29, 2005 to Note Purchase Agreement dated as of June 30, 2004 by and among PFLLC, UBSRES and WFBNA
- 10.5 Amended and Restated Variable Funding Note dated as of June 29, 2005
- 31.1 Rule 13a-14(a) Certification of the Chief Executive Officer of the registrant.
- 31.2 Rule 13a-14(a) Certification of the Chief Financial Officer of the registrant.
- 32 Section 1350 Certifications.*

* These Certifications shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. These Certifications shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the registration statement specifically states that such Certifications are incorporated therein.

SIGNATURES

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

CONSUMER PORTFOLIO SERVICES, INC.
(Registrant)

Date: August 9, 2005

/s/ CHARLES E. BRADLEY, JR.

Charles E. Bradley, Jr.
PRESIDENT AND CHIEF EXECUTIVE OFFICER
(Principal Executive Officer)

Date: August 9, 2005

/s/ ROBERT E. RIEDL

Robert E. Riedl
SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
(Principal Financial Officer)

AMENDED AND RESTATED SALE AND SERVICING AGREEMENT (as amended, supplemented or otherwise modified from time to time, this "AGREEMENT") dated as of June 29, 2005, among PAGE FUNDING LLC, a Delaware limited liability company (the "PURCHASER"), CONSUMER PORTFOLIO SERVICES, INC., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER," respectively), WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (in its capacities as Backup Servicer, the "BACKUP SERVICER" and as Trustee, the "TRUSTEE," respectively).

WHEREAS, the Purchaser, the Servicer, the Seller, the Backup Servicer and the Trustee entered into that Sale and Servicing Agreement dated as of June 30, 2004 (the "ORIGINAL SALE AND SERVICING AGREEMENT"), pursuant to which the Purchaser purchased, from time to time, receivables arising in connection with motor vehicle retail installment sale contracts acquired by the Seller from motor vehicle dealers and independent finance companies; and

WHEREAS, the Purchaser, the Servicer, the Seller, the Backup Servicer, the Trustee and the Noteholder desire to amend and restate the Original Sale and Servicing Agreement as hereinafter set forth.

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

ARTICLE I

DEFINITIONS

SECTION 1.1. DEFINITIONS.

Capitalized terms used in this Agreement and not otherwise defined in this Agreement, shall have the meanings set forth in Annex A attached hereto.

SECTION 1.2. OTHER DEFINITIONAL PROVISIONS.

(a) All terms defined in this Agreement shall have the defined meanings when used in any instrument governed hereby and in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(b) Accounting terms used but not defined or partly defined in this Agreement, in any instrument governed hereby or in any certificate or other document made or delivered pursuant hereto, to the extent not defined, shall have the respective meanings given to them under U.S. generally accepted accounting principles as in effect on the date of this Agreement or any such instrument, certificate or other document, as applicable. To the extent that the definitions of accounting terms in this Agreement or in any such instrument, certificate or other document are inconsistent with the meanings of such terms under U.S. generally accepted accounting principles, the definitions contained in this Agreement or in any such instrument, certificate or other document shall control.

(c) The words "HEREOF," "HEREIN," "HEREUNDER" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(d) Section, Schedule and Exhibit references contained in this Agreement are references to Sections, Schedules and Exhibits in or to this Agreement unless otherwise specified; and the term "INCLUDING" shall mean "INCLUDING WITHOUT LIMITATION."

(e) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

(f) Any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as the same may from time to time be amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments and instruments associated therewith; all references to a Person include its permitted successors and assigns.

SECTION 1.3. CALCULATIONS.

Other than as expressly set forth herein or in any of the other Basic Documents, all calculations of the amount of the Servicing Fee, Backup Servicing Fee and the Trustee Fee shall be made on the basis of a 360-day year consisting of twelve 30-day months. All calculations of the Unused Facility Fee and the Noteholder's Monthly Interest Distributable Amount shall be made on the basis of the actual number of days in the Accrual Period and 360 days in the calendar year. All references to the Principal Balance of a Receivable as of the last day of an Accrual Period shall refer to the close of business on such day.

SECTION 1.4. MATERIAL ADVERSE EFFECT.

Whenever a determination is to be made under this Agreement whether a breach of a representation, warranty or covenant has or could have a material adverse effect on a Receivable or the interest therein of the Purchaser and the Noteholder (or any similar or analogous determination), such determination shall be made by the Noteholder in its sole and reasonable discretion.

ARTICLE II -----

CONVEYANCE OF RECEIVABLES -----

SECTION 2.1. CONVEYANCE OF RECEIVABLES.

(a) In consideration of the Purchaser's delivery to or upon the order of the Seller on any Funding Date of the Purchase Price therefor, the Seller does hereby sell, transfer, assign, set over and otherwise convey to the Purchaser, without recourse (subject to the obligations set forth herein) all right, title and interest of the Seller, whether now existing or hereafter arising, in, to and under:

(i) the Receivables listed in the Schedule of Receivables from time to time;

(ii) all monies received under the Receivables on and after the related Cutoff Date and all Net Liquidation Proceeds received with respect to the Receivables after the related Cutoff Date;

(iii) the security interests in the Financed Vehicles granted by Obligors pursuant to the related Contracts and any other interest of the Seller in such Financed Vehicles, including, without limitation, the certificates of title or, with respect to such Receivables that finance a vehicle in the States listed in Annex B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, with respect to such Financed Vehicles;

(iv) any proceeds from claims on any Receivables Insurance Policies or certificates relating to the Financed Vehicles securing the Receivables or the Obligors thereunder;

(v) all proceeds from recourse against Dealers with respect to the Receivables;

(vi) refunds for the costs of extended service contracts with respect to Financed Vehicles securing the Receivables, refunds of unearned premiums with respect to credit life and credit accident and health insurance policies or certificates covering an Obligor or Financed Vehicle under a Receivable or his or her obligations with respect to a Financed Vehicle and any recourse to Dealers for any of the foregoing;

(vii) the Receivable File related to each Receivable and all other documents that the Seller keeps on file in accordance with its customary procedures relating to the Receivables for Obligor of the Financed Vehicles;

(viii) all amounts and property from time to time held in or credited to the Collection Account or the Lockbox Accounts;

(ix) all property (including the right to receive future Net Liquidation Proceeds) that secures a Receivable that has been acquired by or on behalf of the Purchaser pursuant to a liquidation of such Receivable;

(x) each TFC/MFN Assignment; and

(xi) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, insurance proceeds, condemnation awards, rights to payment of any and every kind and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing.

(b) The Seller shall transfer to the Purchaser the Receivables and the other property and rights related thereto described in PARAGRAPH (a) above only upon the satisfaction of each of the conditions set forth below on or prior to the related Funding Date. In addition to constituting conditions precedent to any purchase hereunder and under each Assignment, the following shall also be conditions precedent to any Advance on any Funding Date under the terms of the Note Purchase Agreement:

(i) the Seller shall have provided the Purchaser, Trustee and the Noteholder with an Addition Notice substantially in the form of EXHIBIT G hereto (which shall include supplements to the Schedule of Receivables) not later than three Business Days prior to such Funding Date and shall have provided any information reasonably requested by any of the foregoing with respect to the Related Receivables;

(ii) the Seller shall, to the extent required by SECTION 4.2 of this Agreement, have deposited in the Collection Account all collections received after the Cutoff Date in respect of the Related Receivables to be purchased on such Funding Date;

(iii) as of each Funding Date, (A) the Seller shall not be insolvent and shall not become insolvent as a result of the transfer of Related Receivables on such Funding Date, (B) the Seller shall not intend to incur or believe that it shall incur debts that would be beyond its ability to pay as such debts mature, (C) such transfer shall not have been made with actual intent to hinder, delay or defraud any Person and (D) the assets of the Seller shall not constitute unreasonably small capital to carry out its business as then conducted;

(iv) the Facility Termination Date shall not have occurred;

(v) the Servicer shall have established one or more Lockbox Accounts acceptable to the Noteholder;

(vi) each of the representations and warranties made by the Seller pursuant to SECTION 3.1 and the other Basic Documents with respect to the Related Receivables to be purchased on such Funding Date shall be true and correct as of the related Funding Date and the Seller shall have performed all obligations to be performed by it hereunder or in any Assignment on or prior to such Funding Date;

(vii) the Seller shall, at its own expense, on or prior to the Funding Date, indicate in its computer files that the Related Receivables to be purchased on such Funding Date have been sold to the Purchaser pursuant to this Agreement or an Assignment, as applicable;

(viii) the Seller shall have taken any action required to maintain (i) the first priority perfected ownership interest of the Purchaser in the Related Receivables and Other Conveyed Property and (ii) the first priority perfected security interest of the Trustee in the Collateral;

(ix) no selection procedures adverse to the interests of the Noteholder shall have been utilized in selecting the Related Receivables to be sold on such Funding Date;

(x) the addition of any such Related Receivables to be purchased on such Funding Date shall not result in a material adverse tax consequence to the Noteholder or the Purchaser;

(xi) the Seller shall have delivered to the Noteholder and the Trustee an Officers' Certificate confirming the satisfaction of each condition precedent specified in this PARAGRAPH (B);

(xii) no Funding Termination Event, Servicer Termination Event, or any event that, with the giving of notice or the passage of time, would constitute a Funding Termination Event or Servicer Termination Event, shall have occurred and be continuing;

(xiii) the Trustee shall have confirmed receipt of the related Receivable File for each Related Receivable included in the Borrowing Base calculation and shall have delivered a copy to the Noteholder of a Trust Receipt with respect to the Receivable Files related to the Related Receivables to be purchased on such Funding Date;

(xiv) the Seller shall have filed or caused to be filed all necessary UCC-1 financing statements (or amendments thereto) necessary to maintain (in each case assuming for purposes of this clause (xiv) that such perfection may be achieved by making the appropriate filings), or taken any other steps necessary to maintain, (1) the first, priority, perfected ownership interest of Purchaser and (2) the first priority, perfected security interest of the Trustee, with respect to the Related Receivables and Other Conveyed Property and the Collateral, respectively to be transferred on such Funding Date;

(xv) the Seller shall have executed and delivered an Assignment in the form of EXHIBIT F; and

(xvi) each of the conditions precedent to such Advance set forth in the Indenture and the Note Purchase Agreement shall have been satisfied.

Unless waived by the Noteholder in writing, the Seller covenants that in the event any of the foregoing conditions precedent are not satisfied with respect to any Related Receivable on the date required as specified above, the Seller will immediately repurchase such Related Receivable from the Purchaser, at a price equal to the Purchase Amount thereof, in the manner specified in SECTION 3.2 and SECTION 4.7. Except with respect to ITEM (xiii) above, the Trustee may rely on the accuracy of the Officers' Certificate delivered pursuant to ITEM (xi) above without independent inquiry or verification.

(c) PAYMENT OF PURCHASE PRICE. In consideration for the sale of the Related Receivables and Other Conveyed Property described in SECTION 2.1(a) or the related Assignment, the Purchaser shall, on each Funding Date on which Related Receivables are transferred hereunder, pay to or upon the order of the Seller the applicable Purchase Price in the following manner: (i) cash in an amount equal to the amount of the Advance received by the Purchaser under the Note on such Funding Date

and (ii) to the extent the Purchase Price for the related Receivables and Other Conveyed Property exceeds the amount of cash described in (i), such excess shall be treated as a capital contribution by the Seller to the Purchaser. On any Funding Date on which funds are on deposit in the Principal Funding Account, the Purchaser may direct the Trustee to withdraw therefrom an amount equal to the lesser of (i) the Purchase Price to be paid to the Seller for Related Receivables and Other Conveyed Property to be conveyed to the Purchaser and pledged to the Trustee on such Funding Date (or a portion thereof) and (ii) the amount on deposit in the Principal Funding Account, and, subject to the satisfaction of the conditions set forth in SECTION 2.1(B) after giving effect to such withdrawal, pay such amount to or upon the order of the Seller in consideration for the sale of the Related Receivables and Other Conveyed Property on such Funding Date.

SECTION 2.2. TRANSFERS INTENDED AS SALES.

It is the intention of the Seller that each transfer and assignment contemplated by this Agreement and each Assignment shall constitute a sale of the Related Receivables and Other Conveyed Property from the Seller to the Purchaser free and clear of all liens and rights of others and it is intended that the beneficial interest in and title to the Related Receivables and Other Conveyed Property shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. In the event that, notwithstanding the intent of the Seller, the transfer and assignment contemplated hereby or by any Assignment is held not to be a sale, this Agreement and each Assignment shall constitute a grant of a security interest in the property referred to in SECTION 2.1 and each Assignment to the Purchaser which security interest has been assigned to the Trustee, acting on behalf of the Noteholder.

SECTION 2.3. FURTHER ENCUMBRANCE OF RECEIVABLES AND OTHER CONVEYED PROPERTY.

(a) Immediately upon the conveyance to the Purchaser by the Seller of the Related Receivables and any item of the related Other Conveyed Property pursuant to SECTION 2.1 and the related Assignment, all right, title and interest of the Seller in and to such Related Receivables and Other Conveyed Property shall terminate, and all such right, title and interest shall vest in the Purchaser.

(b) Immediately upon the vesting of any Related Receivables and the related Other Conveyed Property in the Purchaser, the Purchaser shall have the sole right to pledge or otherwise encumber such Related Receivables and the related Other Conveyed Property. Pursuant to the Indenture, the Purchaser shall grant a security interest in the Collateral to secure the repayment of the Note.

(c) The Trustee shall, at such time as (i) the Facility Termination Date has occurred, (ii) there is no Note outstanding and (iii) all sums due to the Trustee pursuant to the Basic Documents have been paid, release any remaining portion of the Receivables and the Other Conveyed Property to the Purchaser.

ARTICLE III

THE RECEIVABLES

SECTION 3.1. REPRESENTATIONS AND WARRANTIES OF SELLER.

(a) The Seller makes the following representations and warranties as to the Receivables to the Purchaser and to the Trustee for the benefit of the Noteholder on which the Purchaser relies in acquiring the Receivables and on which the Noteholder has relied in purchasing the Note and will rely in paying the Advance Amount to the Purchaser. Such representations and warranties speak as of the Closing Date and as of each Funding Date; PROVIDED that to the extent such representations and warranties relate to the Related Receivables conveyed on any Funding Date, such representations and warranties shall speak as of the related Funding Date, but shall survive the sale, transfer and assignment of such Related Receivables to the Purchaser and the pledge thereof by the Purchaser to the Trustee pursuant to the Indenture.

(i) CHARACTERISTICS OF RECEIVABLES. Each Receivable (1) has been originated in the United States of America by a Dealer for the retail sale of a Financed Vehicle in the ordinary course of such Dealer's business and without any fraud or misrepresentation on the part of the Dealer, such Dealer had all necessary licenses and permits to originate such Receivables in the state where such Dealer was located, has been fully and properly executed by the parties thereto, has been purchased by the Seller, MFN or TFC directly from the Dealer in connection with the sale of Financed Vehicles by the Dealers and has been validly assigned by such Dealer to the Seller, MFN or TFC in accordance with its terms, (2) has created a valid, subsisting, and enforceable first priority perfected security interest in favor of the Seller in the Financed Vehicle, which security interest has been validly assigned by the Seller to the Purchaser and by the Purchaser to the Trustee, (3) contains customary and enforceable provisions such that the rights and remedies of the holder or assignee thereof shall be adequate for realization against the collateral of the benefits of the security including without limitation a right of repossession following a default, (4) provides for level weekly, bi-weekly, semi-monthly or monthly payments that fully amortize the Amount Financed over the original term (except for the last payment, which may be different from the level payment but in no event shall exceed three times such level payment) and yields interest at the Annual Percentage Rate, (5) if such Receivable is a Rule of 78's Receivable, provides for, in the event that such contract is prepaid, a prepayment that fully pays the Principal Balance and includes a full month's interest, in the month of prepayment, at the Annual Percentage Rate, (6) is a Rule of 78's Receivable or a Simple Interest Receivable, (7) was originated by a Dealer to an Obligor and was sold by the Dealer to the Seller, MFN or TFC without any fraud or misrepresentation on the part of such Dealer or the Obligor, (8) is denominated in U.S. dollars and (9) contains no future funding obligation.

(ii) ADDITIONAL RECEIVABLES CHARACTERISTICS. As of the related Funding Date, as applicable:

(A) each Related Receivable that is a CPS Receivable has (1) an original term of 24 to 72 months; (2) an original Amount Financed of at least \$3,000 and not more than \$35,000; and (3) had an APR of at least 8% and not more than 30% (subject to applicable laws);

(B) each Related Receivable that is a TFC Receivable or Clean-up Call Receivable has (1) an original term of 9 to 60 months; (2) an original Amount Financed of at least \$1,000 and not more than \$25,000; (3) had an APR of at least 9.90% and not more than 30% (subject to applicable laws); (4) when originated had an Obligor that was a member of the U.S. armed forces; and (5) no Obligor that has been the subject of a 341 Hearing.

(C) each Related Receivable is not more than 30 days past due with respect to more than 10% of any Scheduled Receivable Payment as of the related Cutoff Date and no funds have been advanced by the Seller, any Dealer or anyone acting on their behalf in order to cause any Related Receivable to satisfy such requirement;

(D) no Related Receivable (other than the Clean-up Call Receivables) has been extended beyond its original term, except in accordance with the applicable Contract Purchase Guidelines regarding deferments or extensions; and

(E) each Related Receivable (other than the Clean-up Call Receivables) satisfies in all material respects the applicable Contract Purchase Guidelines as in effect on the Closing Date or as otherwise amended from time to time (other than the Clean-up Call Receivables); provided, that such amendments do not have a material adverse effect on the Noteholder.

(iii) SCHEDULE OF RECEIVABLES. The information with respect to the Related Receivables set forth in Schedule A to the related Assignment is true and correct in all material respects as of the close of business on the related Cutoff Date, and no selection procedures adverse to the Noteholder have been utilized in selecting the Related Receivables to be sold hereunder.

(iv) COMPLIANCE WITH LAW. Each Related Receivable, the sale of the Financed Vehicle and the sale of any physical damage, credit life and credit accident and health insurance and any extended warranties or service contracts complied at the time the Related Receivable was originated or made and at the execution of the applicable Assignment complies in all material respects with all requirements of applicable Federal, State, and local laws, including, without limitation, Consumer Laws, and regulations thereunder.

(v) NO GOVERNMENT OBLIGOR. None of the Related Receivables are due from the United States of America or any State or from any agency, department, or instrumentality of the United States of America or any State.

(vi) SECURITY INTEREST IN FINANCED VEHICLE. Immediately subsequent to the sale, assignment and transfer thereof to the Purchaser, each Related Receivable shall be secured by a validly perfected first priority security interest in the Financed Vehicle in favor of the Seller as secured party which has been validly assigned to the Purchaser, and such assigned security interest is prior to all other liens upon and security interests in such Financed Vehicle which now exist or may hereafter arise or be created (except, as to priority, for any tax liens or mechanics' liens which may arise after the related Funding Date as a result of an Obligor's failure to pay its obligations, as applicable).

(vii) RECEIVABLES IN FORCE. No Related Receivable has been satisfied, subordinated or rescinded, nor has any related Financed Vehicle been released from the lien granted by the related Receivable in whole or in part.

(viii) NO WAIVER. Except as permitted under SECTION 4.2 and CLAUSE (IX) below, no provision of a Related Receivable has been waived, altered or modified in any respect since its origination. No Related Receivable has been modified as a result of application of the Servicemembers Civil Relief Act, as amended.

(ix) NO AMENDMENTS. Except as permitted under SECTION 4.2, no Related Receivable has been amended, modified, waived or refinanced (other than the Clean-up Call Receivables) except as such Related Receivable may have been amended to grant extensions which shall not have numbered more than (a) one extension of one calendar month in any calendar year or (b) three such extensions in the aggregate and in accordance with the applicable Contract Purchase Guidelines.

(x) NO DEFENSES. No right of rescission, setoff, counterclaim or defense exists or has been asserted or threatened with respect to any Related Receivable. The operation of the terms of any Related Receivable or the exercise of any right thereunder will not render such Related Receivable unenforceable in whole or in part and such Receivable is not subject to any such right of rescission, setoff, counterclaim, or defense.

(xi) NO LIENS. As of the related Cutoff Date, (a) there are no liens or claims existing or which have been filed for work, labor, storage or materials relating to a Financed Vehicle financed under a Related Receivable that shall be liens prior to, or equal or coordinate with, the security interest in the Financed Vehicle granted by the Related Receivable and (b) there is no lien against the Financed Vehicle financed under a Related Receivable for delinquent taxes.

(xii) NO DEFAULT; REPOSSESSION. Except for payment delinquencies continuing for a period of not more than 30 days as of the related Cutoff Date, no default, breach, violation or event permitting acceleration under the terms of any Related Receivable has occurred; and no continuing condition that with notice or the lapse of time would constitute a default, breach, violation or event permitting acceleration

under the terms of any Related Receivable has arisen; and none of the Seller, Mercury, TFCRC IV, TFCRC VI, MFN or TFC shall waive or has waived any of the foregoing (except in a manner consistent with SECTION 4.2) and no Financed Vehicle financed under a Related Receivable shall have been repossessed.

(xiii) INSURANCE; OTHER. (A) Each Obligor under the Related Receivables has obtained an insurance policy covering the Financed Vehicle as of the execution of such Receivable insuring against loss and damage due to fire, theft, transportation, collision and other risks generally covered by comprehensive and collision coverage, and either the Seller, MFN or TFC, as applicable, and its respective successors and assigns are named as loss payee or an additional insured of such insurance policy, such insurance policy is in an amount at least equal to the lesser of (i) the Financed Vehicle's actual cash value or (ii) the remaining Principal Balance of the Related Receivable, and each Related Receivable requires the Obligor to obtain and maintain such insurance naming the Seller, MFN or TFC, as applicable, and its respective successors and assigns as loss payee or an additional insured, (B) each Related Receivable that finances the cost of premiums for credit life and credit accident and health insurance is covered by an insurance policy or certificate of insurance naming the Seller, MFN or TFC, as applicable, as policyholder (creditor) under each such insurance policy and certificate of insurance and (C) as to each Related Receivable that finances the cost of an extended service contract, the respective Financed Vehicle which secures the Related Receivable is covered by an extended service contract. As of the related Cutoff Date, no Financed Vehicle is or had previously been insured under a policy of forced-placed insurance.

(xiv) TITLE. It is the intention of the Seller that each transfer and assignment herein contemplated constitutes a sale of the Related Receivables and the related Other Conveyed Property from the Seller to the Purchaser and that the beneficial interest in and title to such Related Receivables and related Other Conveyed Property not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. No Related Receivable or related Other Conveyed Property has been sold, transferred, assigned, or pledged by the Seller to any Person other than the Purchaser and by the Purchaser to any Person other than the Trustee. Immediately prior to each transfer and assignment herein contemplated, the Seller had good and marketable title to each Related Receivable and related Other Conveyed Property and was the sole owner thereof, free and clear of all liens, claims, encumbrances, security interests, and rights of others, and, immediately upon the transfer thereof to the Purchaser and the concurrent pledge to the Trustee under the Indenture, the Trustee for the benefit of the Noteholder shall have a valid and enforceable security interest in the Collateral, free and clear of all liens, encumbrances, security interests, and rights of others, and such transfer has been perfected under the UCC. No Dealer has a participation in, or other right to receive, proceeds of any Receivable.

(xv) LAWFUL ASSIGNMENT. No Related Receivable has been originated in, or is subject to the laws of, any jurisdiction under which the sale, transfer, and assignment of such Related Receivable under this Agreement or pursuant to transfers of the Note shall be unlawful, void, or voidable. None of the Seller, MFN, Mercury, TFC, TFCRC IV or TFCRC VI has entered into any agreement with any account debtor that prohibits, restricts or conditions the assignment of any portion of the Related Receivables.

(xvi) ALL FILINGS MADE. All filings (including, without limitation, UCC filings or other actions) necessary in any jurisdiction to give: (a) the Purchaser a first priority perfected ownership interest in the Receivables and the Other Conveyed Property, including, without limitation, the proceeds of the Receivables (to the extent that the Purchaser can obtain such first priority perfected security interest pursuant to one or more filings) and (b) the Trustee, for the benefit of the Noteholder, a first priority perfected security interest in the Collateral have been made, taken or performed.

(xvii) RECEIVABLE FILE; ONE ORIGINAL. The Seller has delivered to the Trustee, at the location specified in SCHEDULE B hereto, a complete Receivable File with respect to each Related Receivable, and the Trustee has delivered to the Purchaser and the Noteholder a copy of the Trust Receipt therefor. There is only one original executed copy of each Receivable.

(xviii) CHATTEL PAPER. Each Related Receivable constitutes "TANGIBLE CHATTEL PAPER" under the UCC.

(xix) TITLE DOCUMENTS. (A) If the Related Receivable was originated in a State in which notation of a security interest on the title document of the related Financed Vehicle is required or permitted to perfect such security interest, the title document of the related Financed Vehicle for such Related Receivable shows, or if a new or replacement title document is being applied for with respect to such Financed Vehicle the title document (or, with respect to Related Receivables that finance a vehicle in the States listed in Annex B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States) will be received within 180 days and will show, the Seller (or, in the case of a TFC Receivable, TFC, and, in the case of a Clean-up Call Receivable, MFN or TFC) named as the original secured party under the Related Receivable as the holder of a first priority security interest in such Financed Vehicle, and (B) if the Related Receivable was originated in a State in which the filing of a financing statement under the UCC is required to perfect a security interest in motor vehicles, such filings or recordings have been duly made and show the Seller (or, in the case of a TFC Receivable, TFC, and, in the case of a Clean-up Call Receivable, MFN or TFC) named as the original secured party under the Related Receivable, and in either case, the Trustee has the same rights as such secured party has or would have (if such secured party were still the owner of the Receivable) against all parties claiming an interest in such Financed Vehicle. With respect to each Related Receivable for which the title document has not yet been returned from the Registrar of Titles, the Seller has received written evidence from the related Dealer that such title document showing the Seller (or, in the case of a TFC Receivable, TFC, and, in the case of a Clean-up Call Receivable, MFN or TFC) as first lienholder has been applied for.

(xx) VALID AND BINDING OBLIGATION OF OBLIGOR. Each Related Receivable is the legal, valid and binding obligation in writing of the Obligor thereunder and is enforceable in accordance with its terms, except only as such enforcement may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally, and all parties to such contract had full legal capacity to execute and deliver such contract and all other documents related thereto and to grant the security interest purported to be granted thereby. Each Related Receivable is not subject to any right of set-off by the Obligor.

(xxi) CHARACTERISTICS OF OBLIGORS. As of the date of each Obligor's application for the loan from which each Related Receivable that is a CPS Receivable arises, such Obligor (a) did not have any material past due credit obligations or any personal or real property repossessed or wages garnished within one year prior to the date of such application, unless such amounts have been repaid or discharged through bankruptcy, (b) was not the subject of any Federal, State or other bankruptcy, insolvency or similar proceeding pending on the date of application that has not completed a 341 Hearing, (c) had not been the subject of more than one Federal, State or other bankruptcy, insolvency or similar proceeding, (d) was domiciled in the United States and (e) was not self-employed.

(xxii) POST-OFFICE BOX. On or prior to the next billing period after the related Cutoff Date, the Servicer will notify each Obligor to make payments with respect to its respective Related Receivables after the related Cutoff Date directly to the Post-Office Box, and will provide each Obligor with a monthly statement in order to enable such Obligor to make payments directly to the Post-Office Box.

(xxiii) CASUALTY. No Financed Vehicle financed under a Related Receivable has suffered a Casualty.

(xxiv) NO AGREEMENT TO LEND. The Obligor with respect to each Related Receivable does not have any option under the Receivable to borrow from any person any funds secured by the Financed Vehicle.

(xxv) OBLIGATION TO DEALERS OR OTHERS. The Purchaser and its assignees will assume no obligation to Dealers or other originators or holders of the Related Receivables (including, but not limited to under dealer reserves) as a result of its purchase of the Related Receivables.

(xxvi) NO IMPAIRMENT. Neither Seller nor the Purchaser has done anything to convey any right to any Person that would result in such Person having a right to payments due under any Related Receivables or otherwise to impair the rights of the Purchaser, the Trustee or the Noteholder in any Related Receivable or the proceeds thereof.

(xxvii) RECEIVABLES NOT ASSUMABLE. No Related Receivable is assumable by another Person in a manner which would release the Obligor thereof from such Obligor's obligations to the Purchaser or Seller with respect to such Related Receivable.

(xxviii) SERVICING. The servicing of each Related Receivable and the collection practices relating thereto have been lawful and in accordance with the standards set forth in this Agreement; and other than Seller, TFC and the Back-up Servicer pursuant to the Basic Documents, no other person has the right to service the Receivable.

(xxix) CREATION OF SECURITY INTEREST. This Agreement creates a valid and continuing security interest (as defined in the UCC) in the Receivables and the Other Conveyed Property in favor of the Purchaser, which security interest is prior to all other Liens and is enforceable as such as against creditors of and purchasers from the Seller.

(xxx) PERFECTION OF SECURITY INTEREST IN THE RECEIVABLES AND OTHER CONVEYED PROPERTY. The Seller has caused the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Receivables and the Other Conveyed Property granted to the Purchaser hereunder pursuant to SECTION 2.1 and the related Assignment.

(xxxii) NO OTHER SECURITY INTERESTS. Other than the security interest granted to the Purchaser pursuant to SECTION 2.1 and the related Assignment, the Seller has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Receivables or the Other Conveyed Property, other than such security interests as are released at or before the conveyance thereof. The Seller has not authorized the filing of and is not aware of any financing statements filed against the Seller that include a description of collateral covering any portion of the Receivables and the Other Conveyed Property other than any financing statement relating to the security interest granted to the Purchaser hereunder or that has been terminated or released as to the Receivables and the Other Conveyed Property. The Seller is not aware of any judgment or tax lien filings against the Seller.

(xxxiii) NOTATIONS ON CONTRACTS; FINANCING STATEMENT DISCLOSURE. The Servicer has in its possession copies of all Contracts that constitute or evidence the Receivables. The Contracts that constitute or evidence the Receivables do not have any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than the Purchaser and/or the Trustee for the benefit of the Noteholder. All financing statements filed or to be filed against the Seller in favor of the Purchaser in connection herewith describing the Receivables and the Other Conveyed Property contain a statement to the following effect: "A purchase of or security interest in any collateral described in this financing statement will violate the rights of the secured party."

(xxxiii) RECORDS. On or prior to each Funding Date, the Seller will have caused its records (including electronic ledgers) relating to each Related Receivable to be conveyed by it on such Funding Date to be clearly and unambiguously marked to reflect that such Related Receivable was conveyed by it to the Purchaser.

(xxxiv) COMPUTER INFORMATION. The computer diskette, computer tape or other electronic transmission made available by the Seller to the Purchaser on each Funding Date is, as of the related Cutoff Date, complete and accurate and includes a description of the same Receivables described in SCHEDULE A to the related Assignment.

(xxxv) REMAINING PRINCIPAL BALANCE. As of the related Cutoff Date, each Related Receivable has a remaining Principal Balance of at least \$3,000 and the Principal Balance of each Receivable set forth in Schedule A to the related Assignment is true and accurate in all respects.

SECTION 3.2. REPURCHASE UPON BREACH.

(a) The Seller, the Servicer, the Noteholder or the Trustee, as the case may be, shall inform the other parties to this Agreement promptly, in writing, upon the discovery of any breach of the Seller's representations and warranties made pursuant to SECTION 3.1 (without regard to any limitations therein as to the Seller's knowledge). Unless the breach shall have been cured by the last day of the next Accrual Period following the discovery thereof by the Trustee or receipt by the Trustee of notice from the Seller or the Servicer of such breach, the Seller shall repurchase any Receivable if the value of such Receivable is materially and adversely affected by the breach as of the last day of such next Accrual Period (or, at the Seller's option, the last day of the first Accrual Period following the discovery). In consideration of the purchase of any Receivable, the Seller shall remit the Purchase Amount, in the manner specified in SECTION 5.6. The sole remedy of the Purchaser, the Trustee or the Noteholder with respect to a breach of representations and warranties pursuant to SECTION 3.1 shall be to enforce the Seller's obligation to purchase such Receivables; PROVIDED, HOWEVER, that the Seller shall indemnify the Trustee, the Backup Servicer, the Purchaser and the Noteholder against all costs, expenses, losses, damages, claims and liabilities, including reasonable fees and expenses of counsel, which may be asserted against or incurred by any of them as a result of third party claims arising out of the events or facts giving rise to such breach. Upon receipt of the Purchase Amount in respect of any Defective Receivables and written instructions from the Servicer, the Trustee shall release to the Seller or its designee the related Receivables File and shall execute and deliver all reasonable instruments of transfer or assignment, without recourse, as are prepared by the Seller and delivered to the Trustee and necessary to vest in the Seller or such designee title to such Defective Receivables.

(b) If the Insolvency Event related to a 341 Hearing has not been discharged by the bankruptcy court or other similar court presiding over such Insolvency Event within 90 days of the conveyance of the related Receivable by the Seller to the Purchaser pursuant to SECTION 2.1(a), the Seller shall repurchase such Receivable as of the last day of such next Accrual Period.

SECTION 3.3. CUSTODY OF RECEIVABLES FILES.

(a) In connection with each sale, transfer and assignment of Receivables and related Other Conveyed Property to the Purchaser pursuant to this Agreement and each Assignment, and each pledge thereof by the Purchaser to the Trustee pursuant to the Indenture, the Trustee shall act as custodian of the following documents or instruments in its possession which shall be delivered to the Trustee on or before the Closing Date or the related Funding Date in accordance with SECTION 3.4 (with respect to each Receivable):

(i) The fully executed original of the Receivable (together with any agreements modifying or assigning the Receivable, including without limitation any extension agreements); and

(ii) The original certificate of title in the name of the Obligor with a notation on such certificate of title evidencing the Seller's, MFN's or TFC's security interest therein, or such documents that the Seller shall keep on file, in accordance with its customary procedures, evidencing the security interest of the Seller, MFN or TFC, respectively, in the Financed Vehicle or, if not yet received, a copy of the application therefor showing the Seller or TFC, as applicable, as secured party, or a dealer guarantee of title.

(b) Upon payment in full of any Receivable, the Servicer will notify the Trustee pursuant to a certificate of a Servicing Officer in the form of EXHIBIT C and shall request delivery of the Receivable and Receivable File to the Servicer.

SECTION 3.4. ACCEPTANCE OF RECEIVABLE FILES BY TRUSTEE.

In connection with any Funding Date, the Seller shall cause to be delivered to the Trustee the Receivable Files for the Related Receivables to be purchased not less than four Business Days prior to the related Funding Date. The Trustee declares that it will hold and will continue to hold such files and any amendments, replacements or supplements thereto and all Other Conveyed Property as Trustee, custodian, agent and bailee in trust for the use and benefit of the Noteholder. The Trustee shall within three Business Days after receipt of such files, execute and deliver to the Noteholder, a receipt substantially in the form of EXHIBIT B hereto (a "TRUST RECEIPT") for the Receivable Files received by the Trustee. By its delivery of a Trust Receipt, the Trustee shall be deemed to have (a) acknowledged receipt of the files (or the Receivables) which the Seller has represented are and contain the Receivable Files for the Related Receivables purchased by the Purchaser on the related Funding Date, (b) reviewed such files or Receivables and (c) determined that it has received the items referred to in SECTION 3.3(A)(I) and (II) for each Related Receivable identified in SCHEDULE A to the related Assignment. If in its examination of the files delivered to it by the Seller pursuant to this SECTION 3.4, the Trustee finds that a file for a Receivable has not been received, or that a file is unrelated to the Receivables identified in SCHEDULE A to the related Assignment or that any of the documents referred to in SECTION 3.3(A)(I) or (II) are not contained in a Receivable File, the Trustee shall inform the Purchaser, the Seller and the Noteholder pursuant to an exception report attached to the Trust Receipt as SCHEDULE I of the failure to receive a file with respect to such Receivable (or the failure of any of the aforementioned documents to be included in the Receivable File) or shall return to the Purchaser, as the Seller's designee any file unrelated to a Receivable identified in SCHEDULE A to the related Assignment (it being understood that the Trustee's obligation to review the contents of any Receivable File shall be limited as set forth in the preceding sentence). Unless such defect with respect to such Receivable File shall have been cured by the last day of the next Accrual Period following discovery thereof by the Trustee, the Trustee shall cause the Seller to repurchase any such Receivable as of such last day. In consideration of the purchase of the Receivable, the Seller shall remit the Purchase Amount for such Receivable, in the manner specified in SECTION 5.6. The sole remedy of the Trustee, the Purchaser and the Noteholder with respect to a breach pursuant to this SECTION 3.4 shall be to require the Seller to purchase the applicable Receivables pursuant to this SECTION 3.4; PROVIDED, HOWEVER, that the Seller shall indemnify the Trustee, the Backup Servicer, the Purchaser and the Noteholder against all costs, expenses, losses, damages, claims and liabilities, including reasonable fees and expenses of counsel, which may be asserted against or incurred by any of them as a result of third party claims arising out of the events or facts giving rise to such breach. Upon receipt of the Purchase Amount for a Receivable and written instructions from the Servicer, the Trustee shall release to the Seller or its designee the related Receivable File and shall execute and deliver all reasonable instruments of transfer or assignment, without recourse, as are prepared by the Seller and delivered to the Trustee and are necessary to vest in the Seller or such designee title to the Receivable. The Trustee shall make a list of Receivables for which an application for a certificate of title but not an original certificate of title or, with respect to Receivables that finance a vehicle in the States listed in Annex B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, is included in the Receivable File as of the date of its review of the Receivable Files and deliver a copy of such list to the Servicer and the Noteholder. On the date which is 180 days following the related Funding Date, and monthly thereafter, the Trustee shall inform the

Seller and the other parties to this Agreement and the Noteholder of any Receivable for which the related Receivable File on such date does not include an original certificate of title or, with respect to Financed Vehicles in the States listed in Annex B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, and the Seller shall repurchase any such Receivable as of the last Business Day of the Accrual Period in which the expiration of such 180 days occurs. In consideration of the purchase of the Receivable, the Seller shall remit the Purchase Amount for such Receivable, in the manner specified in SECTION 5.6.

SECTION 3.5. ACCESS TO RECEIVABLE FILES.

The Trustee shall permit the Servicer and Noteholder access to the Receivable Files at all reasonable times during the Trustee's normal business hours. The Trustee shall, within two Business Days of the request of the Servicer or the Noteholder, execute such documents and instruments as are prepared by the Servicer or the Noteholder and delivered to the Trustee, as the Servicer or the Noteholder deems necessary to permit the Servicer, in accordance with its customary servicing procedures, to enforce the Receivable on behalf of the Purchaser and any related insurance policies covering the Obligor, the Receivable or Financed Vehicle so long as such execution in the Trustee's sole discretion does not conflict with this Agreement or the Indenture and will not cause it undue risk or liability. The Trustee shall not be obligated to release any document from any Receivable File unless it receives a release request signed by a Servicing Officer in the form of EXHIBIT C hereto (the "RELEASE REQUEST"). Such Release Request shall obligate the Servicer to return such document(s) to the Trustee when the need therefor no longer exists unless the Receivable shall be liquidated, in which case, the Servicer shall certify in the Release Request that all amounts required to be deposited in the Collection Account with respect to such Receivable have been so deposited.

SECTION 3.6. TRUSTEE TO OBTAIN FIDELITY INSURANCE.

The Trustee shall maintain a fidelity bond in the form and amount as is customary for entities acting as a trustee of funds and documents in respect of consumer contracts on behalf of institutional investors.

SECTION 3.7. TRUSTEE TO MAINTAIN SECURE FACILITIES.

The Trustee shall maintain or cause to be maintained continuous custody of the Receivables Files in secure and fire resistant facilities in accordance with customary standards for such custody.

ARTICLE IV

ADMINISTRATION AND SERVICING OF RECEIVABLES

SECTION 4.1. DUTIES OF THE SERVICER.

The Servicer, as agent for the Purchaser and the Noteholder shall manage, service, administer and make collections on the Receivables with reasonable care, using that degree of skill and attention customary and usual for institutions which service motor vehicle retail installment sale contracts similar to the Receivables and, to the extent more exacting, that the Servicer exercises with respect to all comparable automotive receivables that it services for itself or others. In performing such duties, the Servicer shall comply with its current servicing policies and procedures, as such servicing policies and procedures may be amended from time to time, so long as such amendments will not materially adversely affect the interests of the Noteholder, or otherwise with the prior written consent of the Noteholder (which consent shall not be unreasonably withheld), and notice of such amendments is given to the Noteholder prior to the effectiveness thereof. The Servicer's duties shall include collection and posting of all payments, responding to inquiries of Obligors on such Receivables, investigating delinquencies, sending payment statements to Obligors, reporting tax information to Obligors, accounting for collections, furnishing monthly and annual statements to the Trustee and the Noteholder with respect to distributions. Without limiting the generality of the foregoing, and subject to the servicing standards set forth in this Agreement including, without limitation, the restrictions set forth in SECTION 4.6, the Servicer is authorized and empowered by the Purchaser to execute and deliver, on behalf of itself, the Purchaser or the Noteholder, any and all instruments of satisfaction or cancellation, or partial or full release or discharge, and all other comparable instruments, with respect to such Receivables or to the Financed

Vehicles securing such Receivables and/or the certificates of title or, with respect to Financed Vehicles in the States listed in Annex B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States with respect to such Financed Vehicles. If the Servicer shall commence a legal proceeding to enforce a Receivable, the Purchaser shall thereupon be deemed to have automatically assigned, solely for the purpose of collection, such Receivable to the Servicer. If in any enforcement suit or legal proceeding it shall be held that the Servicer may not enforce a Receivable on the ground that it shall not be a real party in interest or a holder entitled to enforce such Receivable, the Purchaser shall, at the Servicer's expense and direction, take steps to enforce such Receivable, including bringing suit in its name or the name of the Noteholder. The Servicer shall prepare and furnish, and the Trustee shall execute, any powers of attorney and other documents reasonably necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties hereunder.

SECTION 4.2. COLLECTION OF RECEIVABLE PAYMENTS; MODIFICATIONS OF RECEIVABLES; LOCKBOX AGREEMENTS.

(a) Consistent with the standards, policies and procedures required by this Agreement, the Servicer shall make reasonable efforts to collect all payments called for under the terms and provisions of the Receivables as and when the same shall become due and shall follow such collection procedures as it follows with respect to all comparable automotive receivables that it services for itself or others; PROVIDED, HOWEVER, that promptly after the Closing Date (or the related Funding Date, as applicable) the Servicer shall notify each Obligor to make all payments with respect to the Receivables to the applicable Post-Office Box. The Servicer will provide each Obligor with a monthly statement in order to notify such Obligors to make payments directly to the applicable Post-Office Box. The Servicer shall allocate collections between principal and interest in accordance with the customary servicing procedures it follows with respect to all comparable automotive receivables that it services for itself or others and in accordance with the terms of this Agreement. Except as provided below, the Servicer, for as long as the Seller is the Servicer, may grant extensions on a Receivable in accordance with the applicable Contract Purchase Guidelines, if any; PROVIDED, HOWEVER, that the Servicer may not grant (x) more than one (1) extension per calendar year with respect to a CPS Receivable or grant an extension with respect to a CPS Receivable for more than one (1) calendar month or grant more than four (4) extensions in the aggregate with respect to a CPS Receivable and (y) more than two (2) extensions per calendar year with respect to a TFC Receivable or Clean-up Call Receivable or grant an extension with respect to a TFC Receivable or Clean-up Call Receivables for more than one (1) calendar month or grant more than four (4) extensions in the aggregate with respect to a TFC Receivable or Clean-up Call Receivable, in each case without the prior written consent of the Noteholder. In no event shall the principal balance of a Receivable be reduced, except in connection with a settlement in the event the Receivable becomes a Defaulted Receivable. If the Servicer is not the Seller or the Backup Servicer, the Servicer may not make any extension on a Receivable without the prior written consent of the Noteholder. The Servicer may in its discretion waive any prepayment charge, late payment charge or any other similar fees that may be collected in the ordinary course of servicing a Receivable. Notwithstanding anything to the contrary contained herein, the Servicer shall not agree to any alteration of the interest rate on any Receivable or of the amount of any Scheduled Receivable Payment on Receivables, other than to the extent that such alteration is required by applicable law.

(b) The Servicer shall establish each Lockbox Account in the name of the Purchaser for the benefit of the Trustee, acting on behalf of the Noteholder. Pursuant to each Lockbox Agreement, the Trustee has authorized the Servicer to direct dispositions of funds on deposit in the related Lockbox Account to the Collection Account (but not to any other account), and no other Person, except the Lockbox Processor and the Trustee, has authority to direct disposition of funds on deposit in such Lockbox Account. However, each Lockbox Agreement shall provide that the Lockbox Bank will comply with instructions originated by the Trustee relating to the disposition of the funds in the related Lockbox Account without further consent by the Seller, the Servicer or the Purchaser. The Trustee shall have no liability or responsibility with respect to the Lockbox Processor's directions or activities as set forth in the preceding sentence. Each Lockbox Account shall be established pursuant to and maintained in accordance with the related Lockbox Agreement and shall be a demand deposit account initially established and maintained with Bank One, N.A., or at the request of the Noteholder an Eligible Account satisfying clause (i) of the definition thereof; PROVIDED, HOWEVER, that the Trustee shall give the Servicer prior written notice of any change made at the request of the Noteholder in the location of a Lockbox Account. The Trustee shall

establish and maintain each Post-Office Box at a United States Post Office Branch in the name of the Purchaser for the benefit of the Noteholder

(c) Notwithstanding any Lockbox Agreement, or any of the provisions of this Agreement relating to a Lockbox Agreement, the Servicer shall remain obligated and liable to the Purchaser, the Trustee and the Noteholder for servicing and administering the Receivables and the Other Conveyed Property in accordance with the provisions of this Agreement without diminution of such obligation or liability by virtue thereof.

(d) In the event the Seller shall for any reason no longer be acting as the Servicer hereunder, the Backup Servicer or a successor Servicer shall thereupon assume all of the rights and obligations of the outgoing Servicer under each Lockbox Agreement. In such event, the Backup Servicer or a successor Servicer shall be deemed to have assumed all of the outgoing Servicer's interest therein and to have replaced the outgoing Servicer as a party to a Lockbox Agreement to the same extent as if such Lockbox Agreement had been assigned to the Backup Servicer or a successor Servicer, except that the outgoing Servicer shall not thereby be relieved of any liability or obligations on the part of the outgoing Servicer to the Lockbox Bank under such Lockbox Agreement. The outgoing Servicer shall, upon request of the Trustee, but at the expense of the outgoing Servicer, deliver to the Backup Servicer or a successor Servicer all documents and records relating to the Lockbox Agreements and an accounting of amounts collected and held by the Lockbox Bank and otherwise use its best efforts to effect the orderly and efficient assignment of the Lockbox Agreements to the Backup Servicer or a successor Servicer. In the event that the Noteholder shall elect to change the identity of the Lockbox Bank, the Servicer, at its expense, shall cause the Lockbox Bank to deliver, at the direction of the Noteholder, to the Trustee or a successor Lockbox Bank, all documents and records relating to the Receivables and all amounts held (or thereafter received) by the Lockbox Bank (together with an accounting of such amounts) and shall otherwise use its best efforts to effect the orderly and efficient transfer of the Lockbox arrangements.

(e) On each Business Day, pursuant to the Lockbox Agreements, the Lockbox Processor will transfer any payments from Obligor received in the Post-Office Box to the applicable Lockbox Account. The Servicer shall cause the Lockbox Bank to transfer cleared funds from the Lockbox Accounts to the Collection Account. In addition, the Servicer shall remit all payments by or on behalf of the Obligor received by the Servicer with respect to the Receivables (other than Purchased Receivables), all Net Liquidation Proceeds and any amounts remitted to the Servicer by the Hedge Counterparty pursuant to the Hedge Agreement no later than two Business Days following receipt directly (without deposit into any intervening account) into the related Lockbox Account or the Collection Account. The Servicer shall not commingle its assets and funds with those on deposit in the Lockbox Accounts.

SECTION 4.3. REALIZATION UPON RECEIVABLES.

On behalf of the Purchaser and the Noteholder, the Servicer shall use its best efforts, consistent with the servicing procedures set forth herein, to repossess or otherwise convert the ownership of the Financed Vehicle securing any Receivable as to which the Servicer shall have determined eventual payment in full is unlikely. The Servicer shall commence efforts to repossess or otherwise convert the ownership of a Financed Vehicle on or prior to the date that an Obligor has failed to make more than 90% of a Scheduled Receivable Payment thereon in excess of \$10 for 120 days or more; PROVIDED, HOWEVER, that the Servicer may elect not to commence such efforts within such time period if in its good faith judgment it determines either that it would be impracticable to do so or that the proceeds ultimately recoverable with respect to such Receivable would be increased by forbearance. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of automotive receivables, consistent with the standards of care set forth in SECTION 4.2, which may include reasonable efforts to realize upon any recourse to Dealers and selling the Financed Vehicle at public or private sale. The foregoing shall be subject to the provision that, in any case in which the Financed Vehicle shall have suffered damage, the Servicer shall not expend funds in connection with the repair or the repossession of such Financed Vehicle unless it shall determine in its discretion that such repair and/or repossession will increase the proceeds ultimately recoverable with respect to such Receivable by an amount greater than the amount of such expenses.

SECTION 4.4. INSURANCE.

(a) The Servicer, in accordance with the servicing procedures and standards set forth herein, shall require that (i) each Obligor shall have obtained insurance covering the Financed Vehicle, as of the date of the execution of the Receivable, insuring against loss and damage due to fire, theft, transportation, collision and other risks generally covered by comprehensive and collision coverage and each Receivable requires the Obligor to maintain such physical loss and damage insurance naming the Seller and its successors and assigns as an additional insured, (ii) each Receivable that finances the cost of premiums for credit life and credit accident and health insurance is covered by an insurance policy or certificate naming the Seller as policyholder (creditor) and (iii) as to each Receivable that finances the cost of an extended service contract, the respective Financed Vehicle which secures the Receivable is covered by an extended service contract (each, a "RECEIVABLES INSURANCE POLICY").

(b) To the extent applicable, the Servicer shall not take any action which would result in noncoverage under any Receivables Insurance Policy which, but for the actions of the Servicer, would have been covered thereunder. The Servicer, on behalf of the Purchaser, shall take such reasonable action as shall be necessary to permit recovery under each Receivables Insurance Policy. Any amounts collected by the Servicer under any Receivables Insurance Policy, including, without limitation, proceeds thereof, shall be deposited in the Collection Account within two (2) Business Days of receipt.

SECTION 4.5. MAINTENANCE OF SECURITY INTERESTS IN VEHICLES.

(a) Consistent with the policies and procedures required by this Agreement, the Servicer shall take such steps on behalf of the Purchaser as are necessary to maintain perfection of the security interest created by each Receivable in the related Financed Vehicle, including but not limited to obtaining the authorization or execution by the Obligors and the recording, registering, filing, re-recording, re-registering and refiling of all security agreements, financing statements and continuation statements or instruments as are necessary to maintain the security interest granted by the Obligors under the respective Receivables. The Trustee hereby authorizes the Servicer, and the Servicer agrees, to take any and all steps necessary to re-perfect or continue the perfection of such security interest on behalf of the Purchaser and the Noteholder as necessary because of the relocation of a Financed Vehicle or for any other reason. In the event that the assignment of a Receivable to the Purchaser, and the pledge thereof by the Purchaser to the Trustee is insufficient, without a notation on the related Financed Vehicle's certificate of title, or without fulfilling any additional administrative requirements under the laws of the state in which the Financed Vehicle is located, to perfect a security interest in the related Financed Vehicle in favor of the Trustee, each of the Trustee and the Seller hereby agrees that the designation of the Seller or TFC, as applicable, as the secured party on the certificate of title is in respect of the Seller's capacity as Servicer and TFC's capacity as subservicer, as applicable, as agent of the Trustee for the benefit of the Noteholder.

(b) Upon the occurrence of a Servicer Termination Event, the Trustee, and the Servicer shall take or cause to be taken such action as may, in the opinion of counsel to the Trustee, which opinion shall not be an expense of the Trustee, be necessary to perfect or re-perfect the security interests in the Financed Vehicles securing the Receivables in the name of the Trustee on behalf of the Noteholder by amending the title documents of such Financed Vehicles or by such other reasonable means as may, in the opinion of counsel to the Trustee, which opinion shall not be an expense of the Trustee, be necessary or prudent. The Seller hereby agrees to pay all expenses related to such perfection or re-perfection and to take all action necessary therefor. In addition, the Noteholder may instruct the Trustee and the Servicer to take or cause to be taken such action as may, in the opinion of counsel to the Noteholder, be necessary to perfect or re-perfect the security interest in the Financed Vehicles underlying the Receivables in the name of the Trustee on behalf of the Noteholder, including by amending the title documents of such Financed Vehicles or by such other reasonable means as may, in the opinion of counsel to the Noteholder, be necessary or prudent; PROVIDED, HOWEVER, that if the Noteholder

requests that the title documents be amended prior to the occurrence of a Servicer Termination Event, the Trustee or Servicer, as the case may be, shall carry out such action only to the extent that the out-of-pocket expenses of the Servicer or the Trustee, as the case may be, shall be reimbursed by the Noteholder.

SECTION 4.6. ADDITIONAL COVENANTS OF SERVICER.

(a) The Servicer shall not release the Financed Vehicle securing each Receivable from the security interest granted by such Receivable in whole or in part except in the event of payment in full by the Obligor thereunder or repossession or other liquidation of the Financed Vehicle, nor shall the Servicer impair the rights of the Noteholder in such Receivables, nor shall the Servicer amend or otherwise modify a Receivable, except as permitted in accordance with SECTION 4.2.

(b) The Servicer shall obtain and/or maintain all necessary licenses, approvals, authorizations, orders or other actions of any person, corporation or other organization, or of any court, governmental agency or body or official, required in connection with the execution, delivery and performance of this Agreement and the other Basic Documents.

(c) The Servicer shall not make any material changes to its collection policies unless the Noteholder expressly consents in writing prior to such changes (which consent shall not be unreasonably withheld).

(d) The Servicer shall provide written notice to the Noteholder of any default, event of default or servicer termination event under any other warehouse financing facility or securitization that has occurred and which default, event of default or servicer termination shall not have been waived or otherwise cured within the applicable cure period.

SECTION 4.7. PURCHASE OF RECEIVABLES UPON BREACH OF COVENANT.

Upon discovery by any of the Servicer, the Purchaser or the Trustee of a breach of any of the covenants of the Servicer set forth in SECTIONS 4.2(a), 4.4, 4.5 or 4.6, the party discovering such breach shall give prompt written notice to the others; provided, however, that the failure to give any such notice shall not affect any obligation of the Servicer under this SECTION 4.7. Unless the breach shall have been cured by the last day of the next Accrual Period following such discovery, the Servicer shall purchase any Receivable materially and adversely affected by such breach. In consideration of the purchase of such Receivable, the Servicer shall remit the Purchase Amount for such Receivable in the manner specified in SECTION 5.6. The sole remedy of the Trustee, the Purchaser or the Noteholder with respect to a breach of SECTIONS 4.2(a), 4.4, 4.5 or 4.6 shall be to require the Servicer to repurchase Receivables pursuant to this SECTION 4.7; PROVIDED, HOWEVER, that the Servicer shall indemnify the Trustee, the Backup Servicer, the Purchaser and the Noteholder against all costs, expenses, losses, damages, claims and liabilities, including reasonable fees and expenses of counsel, which may be asserted against or incurred by any of them as a result of third party claims arising out of the events or facts giving rise to such breach.

SECTION 4.8. SERVICING FEE.

The "SERVICING FEE" for each Settlement Date shall be equal to the product of one twelfth times the Servicing Fee Percentage times the average of the Aggregate Principal Balance of the Eligible Receivables on the first day of the related Accrual Period and on the last day of such Accrual Period. The Servicing Fee shall also include all late fees, prepayment charges including, in the case of a Rule of 78's Receivable that is prepaid in full, to the extent not required by law to be remitted to the related Obligor, the difference between the Principal Balance of such Rule of 78's Receivable (plus accrued interest to the date of prepayment) and the principal balance of such Receivable computed according to the "Rule of 78's", and other administrative fees or similar charges allowed by applicable law with respect to Receivables, collected (from whatever source) on the Receivables. If the Backup Servicer becomes the successor Servicer, the "Servicing Fee" payable to the Backup Servicer as successor Servicer shall be determined in accordance with the Servicing and Lockbox Processing Assumption Agreement.

SECTION 4.9. SERVICER'S CERTIFICATE.

No later than 12:00 noon New York City time on each Determination Date, the Servicer shall deliver (facsimile delivery being acceptable) to the Trustee, the Rating Agencies, the Noteholder and the Purchaser, a certificate substantially in the form of EXHIBIT A hereto (a "SERVICER'S CERTIFICATE") containing among other things, (i) all information necessary to enable the Trustee to make any withdrawal and deposit required by SECTION 5.5 and to make the distributions required by SECTION 5.7, (ii) all information necessary for the Trustee to send statements to the Noteholder pursuant to SECTION 5.8(b) and 5.9, (iii) a listing of all Purchased Receivables purchased as of the related Accounting Date, identifying the Receivables so purchased, (iv) the calculation of the Borrowing Base, the CPS Borrowing Base, the Clean-up Call Borrowing Base and the TFC Borrowing Base, and (v) all information necessary to enable the Backup Servicer to verify the information specified in SECTION 4.14(b) and to complete the accounting required by SECTION 5.9.

SECTION 4.10. ANNUAL STATEMENT AS TO COMPLIANCE, NOTICE OF SERVICER TERMINATION EVENT.

(a) The Servicer shall deliver to the Purchaser, to the Trustee for delivery to the Noteholder, the Backup Servicer and each Rating Agency, on or before February 28 of each year beginning February 28, 2005, an Officer's Certificate, dated as of December 31 of the preceding year, stating that (i) a review of the activities of the Servicer during the preceding 12-month period (or, in the case of the first such certificate, the period from the initial Cutoff Date to December 31, 2004) and of its performance under this Agreement has been made under such officer's supervision and (ii) to the best of such officer's knowledge, based on such review, the Servicer has fulfilled all its obligations under this Agreement throughout such year (or, in the case of the first such certificate, such shorter period), or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof.

(b) The Servicer shall deliver to the Trustee, the Noteholder, the Backup Servicer and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than two (2) Business Days thereafter, written notice in an Officer's Certificate of any event which with the giving of notice or lapse of time, or both, would become a Servicer Termination Event under SECTION 10.1.

SECTION 4.11. INDEPENDENT ACCOUNTANTS' REPORTS.

The Servicer shall cause a firm of nationally recognized independent certified public accountants (the "INDEPENDENT ACCOUNTANTS"), who may also render other services to the Servicer or to the Purchaser, to deliver to the Trustee, the Backup Servicer, the Noteholder and each Rating Agency, on or before March 31 of each year beginning March 31, 2005, a report dated as of December 31 of the preceding year in form and substance reasonably acceptable to the Noteholder (the "ACCOUNTANTS' REPORT") and reviewing the Servicer's activities during the preceding 12-month period (or, in the case of the first such report, the period from the Cutoff Date with respect to Receivables transferred to the Purchaser on the initial Funding Date to December 31, 2004), addressed to the Board of Directors of the Servicer, to the Trustee, the Backup Servicer and to the Noteholder, to the effect that such firm has examined the financial statements of the Servicer and issued its report therefor and that such examination (1) was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as such firm considered necessary in the circumstances; (2) included tests relating to auto loans serviced for others in accordance with the requirements of the Uniform Single Attestation Program for Mortgage Bankers (the "PROGRAM"), to the extent the procedures in the Program are applicable to the servicing obligations set forth in this Agreement; (3) included an examination of the delinquency and loss statistics relating to the Servicer's portfolio of automobile and light truck installment sale contracts; and (4) except as described in the report, disclosed no exceptions or errors in the records relating to automobile and light truck loans serviced for others that, in the firm's opinion, paragraph four of the Program requires such firm to report. The accountant's report shall further state that (1) a review in accordance with agreed upon procedures was made of two randomly selected Servicer's Certificates; (2) except as disclosed in the report, no exceptions or errors in the Servicer's Certificates were found; and (3) the delinquency and

loss information relating to the Receivables and the stated amount of Liquidated Receivables, if any, contained in the Servicer's Certificates were found to be accurate. In the event such firm requires the Trustee and/or the Backup Servicer to agree to the procedures performed by such firm, the Servicer shall direct the Trustee and/or the Backup Servicer, as applicable, in writing to so agree; it being understood and agreed that the Trustee and/or the Backup Servicer will deliver such letter of agreement in conclusive reliance upon the direction of the Servicer, and neither the Trustee nor the Backup Servicer makes any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures. The Report will also indicate that the firm is independent of the Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

SECTION 4.12. INDEPENDENT ACCOUNTANTS' REVIEW OF RECEIVABLES FILES.

Commencing on September 30, 2004 and, thereafter on each December 31, March 31, June 30 and September 30 (or, with respect to each such date, upon the date of the closing of Seller's next occurring "CPS Auto Receivables Trust" (or similar) term securitization transaction, provided that such review is not made more than 120 days after the immediately preceding review) prior to the Final Scheduled Settlement Date, to the extent that the Invested Amount on any day in the calendar quarter then ending was greater than \$25 million (or such other dates as the Noteholder may determine in its reasonable discretion from time to time by prior written notice to the Seller, the Servicer and the Trustee), the Seller at its own expense shall cause Independent Accountants reasonably acceptable to the Noteholder to conduct a post-funding review of the Seller's compliance with its stated underwriting policies and verify certain characteristics of the Receivables as of each Funding Date. The Independent Accountants shall within ten Business Days complete such physical inspection and limited review and execute and deliver to Seller, the Servicer, the Trustee and the Noteholder a report summarizing the findings, which report shall be delivered in any case within 120 days of the previous report delivered in accordance with this Section 4.12. If such review reveals, in the Noteholder's reasonable opinion, an unsatisfactory number of exceptions, the Noteholder, in its reasonable discretion, may require a full review of a larger sample of the Receivables by the Independent Accounts at the expense of the Seller.

SECTION 4.13. ACCESS TO CERTAIN DOCUMENTATION AND INFORMATION REGARDING RECEIVABLES.

The Servicer shall provide to representatives of the Trustee, the Backup Servicer and the Noteholder reasonable access to the documentation regarding the Receivables. In each case, such access shall be afforded without charge but only upon reasonable request and during normal business hours. Nothing in this Section shall derogate from the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors, and the failure of the Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

SECTION 4.14. VERIFICATION OF SERVICER'S CERTIFICATE.

(a) Concurrently with the delivery by the Servicer of the Servicer's Certificate each month, the Servicer will deliver to the Trustee and the Backup Servicer a computer diskette (or other electronic transmission) in a format acceptable to the Trustee and the Backup Servicer containing information with respect to the Receivables as of the close of business on the last day of the preceding Interest Period which information is necessary for preparation of the Servicer's Certificate. The Backup Servicer shall use such computer diskette (or other electronic transmission) to verify certain information specified in SECTION 4.14(b) contained in the Servicer's Certificate delivered by the Servicer, and the Backup Servicer shall notify the Servicer and the Noteholder of any discrepancies on or before the second Business Day following the Determination Date. In the event that the Backup Servicer reports any discrepancies, the Servicer and the Backup Servicer shall attempt to reconcile such discrepancies by the related Settlement Date, but in the absence of a reconciliation, the Servicer's Certificate shall control for the purpose of calculations and distributions with respect to the related Settlement Date. In the event that the Backup Servicer and the Servicer are unable to reconcile discrepancies with respect to a Servicer's Certificate by the related Settlement Date, the Backup Servicer shall notify the Noteholder thereof in writing and the Servicer shall cause a firm of Independent Accountants, at the Servicer's expense, to audit the Servicer's Certificate and, prior to the fifth day of the following calendar month, reconcile the

discrepancies. The effect, if any, of such reconciliation shall be reflected in the Servicer's Certificate for such next succeeding Determination Date. Other than the duties specifically set forth in this Agreement, the Backup Servicer shall have no obligations hereunder, including, without limitation, to supervise, verify, monitor or administer the performance of the Servicer. The Backup Servicer shall have no liability for any actions taken or omitted by the Servicer. The duties and obligations of the Backup Servicer shall be determined solely by the express provisions of this Agreement and no implied covenants or obligations shall be read into this Agreement against the Backup Servicer.

(b) The Backup Servicer shall review each Servicer's Certificate delivered pursuant to SECTION 4.14(a) and shall:

(i) confirm that such Servicer's Certificate is complete on its face;

(ii) load the computer diskette (which shall be in a format acceptable to the Backup Servicer) received from the Servicer pursuant to SECTION 4.14(A) hereof, confirm that such computer diskette is in a readable form and calculate and confirm the Aggregate Principal Balance of the Receivables for the most recent Settlement Date; and

(iii) confirm that Available Funds, the Noteholder's Principal Distributable Amount, the Noteholder's Interest Distributable Amount, the Servicing Fee, the Backup Servicing Fee, the Trustee Fee, Loss Ratio and Servicer Delinquency Ratio in the Servicer's Certificate are accurate based solely on the recalculation of the Servicer's Certificate.

(c) Within 90 days of the Closing Date, the Backup Servicer will cause an affiliate of the Backup Servicer to data map to its servicing system all servicing/loan file information, including all relevant borrower contact information such as address and phone numbers as well as loan balance and payment information, including comment histories and collection notes. On or before the fifth calendar day of each month, the Servicer will provide to an affiliate of the Backup Servicer an electronic transmission of all servicing/loan information, including all relevant borrower contact information such as address and phone numbers as well as loan balance and payment information, including comment histories and collection notes, and the Backup Servicer will cause such affiliate to review each file to ensure that it is in readable form and verify that the data balances conform to the trial balance reports received from the Servicer. Additionally, the Backup Servicer shall cause such affiliate to store each such file.

SECTION 4.15. RETENTION AND TERMINATION OF SERVICER.

The Servicer hereby covenants and agrees to act as such under this Agreement for an initial term commencing on the Closing Date and ending on September 30, 2004, which term may be extended by the Noteholder for successive quarterly terms ending on each successive December 31, March 31, June 30 and September 30 pursuant to written instructions delivered by the Noteholder to the Servicer and the Trustee (or, at the discretion of the Noteholder exercised pursuant to revocable written standing instructions from time to time to the Servicer and the Trustee, for any specified number of terms greater than one), until such time as the Note has been paid in full (each such notice, including each notice pursuant to standing instructions, which shall be deemed delivered at the end of successive terms for so long as such instructions are in effect, a "SERVICER EXTENSION NOTICE"). The Servicer hereby agrees that, upon its receipt of any such Servicer Extension Notice, the Servicer shall become bound, for the duration of the term covered by such Servicer Extension Notice, to continue as the Servicer subject to and in accordance with the other provisions of this Agreement. The Trustee agrees that if as of the fifteenth day prior to the last day of any term of the Servicer, the Trustee shall not have received any Servicer Extension Notice from the Noteholder, the Trustee shall, within five days thereafter, give written notice of such non-receipt to the Noteholder and the Servicer and the Servicer's term shall not be extended unless an Servicer Extension Notice is received on or before the last day of such term.

SECTION 4.16. FIDELITY BOND.

The Servicer shall maintain a fidelity bond in such form and amount as is customary for entities acting as custodian of funds and documents in respect of consumer contracts on behalf of institutional investors.

SECTION 4.17. LIEN SEARCHES; OPINIONS AS TO TRANSFERS AND SECURITY INTERESTS.

The Servicer shall, on the Closing Date and, thereafter annually on or before each anniversary of the Closing Date, deliver (or cause to be delivered) to the Trustee and the Noteholder an Opinion of Counsel, in form and substance satisfactory to the Noteholder, with respect to (a) the "true sale" nature of the transfers of Receivables and, to the extent applicable, related Other Conveyed Property hereunder and under each related Assignment, (b) the "backup security interest" with respect to the transfers of Receivables and, to the extent applicable, related Other Conveyed Property hereunder and under each related Assignment, (c) the validity of the security interest in connection with the pledge of Collateral to the Trustee under the Indenture on each Funding Date and (d) the perfection and first priority of the transfers and pledges referred to in CLAUSES (a)-(c) above. To the extent each such Opinion of Counsel is in any manner reliant on UCC lien searches, each such UCC lien search shall be dated no earlier than ten Business Days prior to the date of each such related Opinion of Counsel, and shall be accompanied by officer's certificates from the appropriate parties certifying that no filings subsequent to the date of such lien searches have been made. Such Opinion of Counsel shall state, among other things, that, in the opinion of such counsel, either (A) all financing statements and continuation statements have been authorized and filed that are necessary to perfect the interest of the Purchaser and the Trustee in the Receivables, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) no such action shall be necessary to preserve and protect such interest. The Opinion of Counsel referred to in this SECTION 4.17 shall specify any action necessary (as of the date of such opinion) to be taken to preserve and protect such interest.

SECTION 4.18. SUBSERVICING ARRANGEMENTS.

The Servicer may arrange for the subservicing of all or any portion of the Receivables by a subservicer; provided, however, that such subservicing arrangement must provide for the servicing of such Receivables in a manner consistent with the servicing arrangements contemplated hereunder; provided, further, that any such subservicing arrangement with a Person that is not an Affiliate of CPS shall require the prior written consent of the Noteholder. Unless the context otherwise requires, references in this Agreement to actions taken or to be taken by the Servicer in servicing the Receivables include actions taken or to be taken by a subservicer on behalf of the Servicer. Notwithstanding the provisions of any subservicing agreement, any of the provisions of this Agreement relating to agreements or arrangements between the Servicer and a subservicer or reference to actions taken through a subservicer or otherwise, the Servicer shall remain obligated and liable to the Purchaser, the Trustee, the Backup Servicer and the Noteholder for the servicing and administration of the Receivables in accordance with the provisions of this Agreement without diminution of such obligation or liability by virtue of such subservicing agreements or arrangements or by virtue of indemnification from the subservicer and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Receivables. All actions of each subservicer performed pursuant to a subservicing arrangement shall be performed as an agent of the Servicer with the same force and effect as if performed directly by the Servicer. The subservicer under each subservicing arrangement shall be engaged by the Servicer upon terms consistent with the engagement of the Servicer hereunder. Each subservicer shall be simultaneously terminated in the event that the Servicer is terminated hereunder. In addition, if a subservicing arrangement relates to TFC Receivables, the related subservicer may be terminated by the Noteholder upon the occurrence of a TFC Funding Termination Event. The fees paid by the Servicer to the related subservicer under each subservicing arrangement shall not exceed the Servicing Fees paid to the Servicer hereunder.

SECTION 4.19. STATE CONCENTRATION OPINIONS.

If Eligible Receivables originated in any one state exceed 10% of the Aggregate Principal Balance of the Eligible Receivables, the Seller shall deliver to each Rating Agency and the Noteholder an Opinion of Counsel with respect to the security interest in the Financed Vehicles with respect to such state on or prior to the related Funding Date.

ARTICLE V

ACCOUNTS; DISTRIBUTIONS; STATEMENTS TO THE NOTEHOLDER

SECTION 5.1. ESTABLISHMENT OF PLEDGED ACCOUNTS.

(a) The Trustee, on behalf of the Noteholder, shall establish and maintain in its own name an Eligible Account (the "COLLECTION ACCOUNT"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Trustee on behalf of the Noteholder. The Collection Account shall initially be established with the Trustee.

(b) The Trustee, on behalf of the Noteholder, shall establish and maintain in its own name an Eligible Account (the "NOTE DISTRIBUTION ACCOUNT"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Trustee on behalf of the Noteholder. The Note Distribution Account shall initially be established with the Trustee.

(c) The Trustee, on behalf of the Noteholder shall establish and maintain in its own name an Eligible Account (the "PRINCIPAL FUNDING ACCOUNT"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Trustee on behalf of the Noteholder. The Principal Funding Account shall initially be established with the Trustee.

(d) The Trustee, on behalf of the Noteholder shall establish and maintain in its own name an Eligible Account (the "RESERVE ACCOUNT"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Trustee on behalf of the Noteholder. The Reserve Account shall initially be established with the Trustee.

(e) Funds on deposit in the Collection Account, the Principal Funding Account, the Reserve Account and the Note Distribution Account (collectively, the "PLEDGED ACCOUNTS") shall be invested by the Trustee (or any custodian with respect to funds on deposit in any such account) in Eligible Investments selected in writing by the Servicer or, after the resignation or termination of CPS as Servicer, by the Noteholder (pursuant to standing instructions or otherwise). All such Eligible Investments shall be held by or on behalf of the Trustee for the benefit of the Noteholder. Other than as permitted by the Rating Agencies and the Noteholder, funds on deposit in any Pledged Account shall be invested in Eligible Investments that will mature so that such funds will be available at the close of business on the Business Day immediately preceding the following Settlement Date. Funds deposited in a Pledged Account on the day immediately preceding a Settlement Date upon the maturity of any Eligible Investments are not required to be invested overnight. All Eligible Investments will be held to maturity.

(f) All investment earnings of moneys deposited in the Pledged Accounts shall be deposited (or caused to be deposited) by the Trustee in the Collection Account for distribution pursuant to SECTION 5.7(a), and any loss resulting from such investments shall be charged to such account. The Servicer will not direct the Trustee to make any investment of any funds held in any of the Pledged Accounts unless the security interest granted and perfected in such account will continue to be perfected in such investment, in either case without any further action by any Person, and, in connection with any direction to the Trustee to make any such investment, if requested by the Trustee, the Servicer shall deliver to the Trustee an Opinion of Counsel, acceptable to the Trustee, to such effect.

(g) The Trustee shall not in any way be held liable by reason of any insufficiency in any of the Pledged Accounts resulting from any loss on any Eligible Investment included therein except for losses attributable to the Trustee's negligence or bad faith or its failure to make payments on such Eligible Investments issued by the Trustee, in its commercial capacity as principal obligor and not as trustee, in accordance with their terms.

(h) If (i) the Servicer or the Noteholder, as applicable, shall have failed to give investment directions for any funds on deposit in the Pledged Accounts to the Trustee by 1:00 p.m. Eastern Time (or such other time as may be agreed by the Purchaser and Trustee) on any Business Day; or (ii) an Event of Default shall have occurred and be continuing with respect to the Note but the Note shall not have been declared due and payable, or, if the Note shall have been declared due and payable following an Event of Default, amounts collected or receivable from the Receivables and the Other Conveyed Property are being applied as if there had not been such a declaration; then the Trustee shall, to the fullest extent practicable, invest and reinvest funds in the Pledged Accounts in an Eligible Investment described in PARAGRAPH (F) the definition thereof.

(i) The Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Pledged Accounts and in all proceeds thereof (including all Investment Earnings on the Pledged Accounts) and all such funds, investments, proceeds and income shall be part of the Other Conveyed Property. Except as otherwise provided herein, the Pledged Accounts shall be under the sole dominion and control of the Trustee for the benefit of the Noteholder. If at any time any of the Pledged Accounts ceases to be an Eligible Account, the Servicer with the consent of the Noteholder shall within five Business Days establish a new Pledged Account as an Eligible Account and shall transfer any cash and/or any investments to such new Pledged Account. The Servicer shall promptly notify the Rating Agencies, the Trustee and the Noteholder of any change in the location of any of the aforementioned accounts. In connection with the foregoing, the Servicer agrees that, in the event that any of the Pledged Accounts are not accounts with the Trustee, the Servicer shall notify the Trustee and the Noteholder in writing promptly upon any of such Pledged Accounts ceasing to be an Eligible Account.

(j) Notwithstanding anything to the contrary herein or in any other document relating to a Trust Account, the "securities intermediary's jurisdiction" (within the meaning of Section 8-110 of the UCC) or the "bank's jurisdiction" (with the meaning of 9-304 of the UCC) as applicable, with respect to each Pledged Account shall be the State of New York.

(k) With respect to the Pledged Account Property, the Trustee agrees that:

(i) any Pledged Account Property that is held in deposit accounts shall be held solely in an Eligible Account; and, except as otherwise provided herein, each such Eligible Account shall be subject to the exclusive custody and control of the Trustee and the Trustee shall have sole signature authority with respect thereto;

(ii) any Pledged Account Property shall be delivered to the Trustee in accordance with the definition of "DELIVERY"; and

(iii) the Servicer shall have the power, revocable by the Noteholder to instruct the Trustee to make withdrawals and payments from the Pledged Accounts for the purpose of permitting the Servicer and the Trustee to carry out their respective duties hereunder.

SECTION 5.2. [RESERVED].

SECTION 5.3. CERTAIN REIMBURSEMENTS TO THE SERVICER.

The Servicer will be entitled to be reimbursed from amounts on deposit in the Collection Account with respect to an Accrual Period for amounts previously deposited in the Collection Account but later determined by the Servicer to have resulted from mistaken deposits or postings or checks returned for insufficient funds. The amount to be reimbursed hereunder shall be paid to the Servicer on the related Settlement Date pursuant to SECTION 5.7(a)(iv) upon certification by the Servicer of such amounts and the provision of such information to the Trustee and the Noteholder as may be necessary in the opinion of the Noteholder to verify the accuracy of such certification; provided, however, that the Servicer must provide such certification within three months

of it becoming aware of such mistaken deposit, posting or returned check. In the event that the Noteholder has not received evidence satisfactory to it of the Servicer's entitlement to reimbursement pursuant to this Section, the Noteholder shall give the Trustee notice to such effect, following receipt of which the Trustee shall not make a distribution to the Servicer in respect of such amount pursuant to SECTION 5.7, or if prior thereto the Servicer has been reimbursed pursuant to SECTION 5.7, the Trustee shall withhold such amounts from amounts otherwise distributable to the Servicer on the next succeeding Settlement Date.

SECTION 5.4. APPLICATION OF COLLECTIONS.

All collections for each Accrual Period shall be applied by the Servicer as follows:

With respect to each Receivable (other than a Purchased Receivable), payments by or on behalf of the Obligor shall be applied, in the case of a Rule of 78's Receivable, first, to the Scheduled Receivable Payment of such Rule of 78's Receivable and, second, to any late fees accrued with respect to such Rule of 78's Receivable and, in the case of a Simple Interest Receivable, to interest and principal in accordance with the Simple Interest Method.

SECTION 5.5. RESERVE ACCOUNT.

(a) The Reserve Account will be held for the benefit of the Noteholder. On or prior to the Closing Date, the Purchaser shall deposit or cause to be deposited into the Reserve Account an amount equal to the Required Reserve Account Amount. On each Funding Date, the Purchaser shall deposit a portion of the related Advance into the Reserve Account until the amount on deposit in the Reserve Account equals the Required Reserve Account Amount.

(b) In the event that the Servicer's Certificate with respect to any Determination Date shall state that the Available Funds with respect to the related Settlement Date are insufficient to make the payments required to be made on the related Settlement Date pursuant to SECTIONS 5.7(a)(i) through (vi) (such deficiency being a "DEFICIENCY CLAIM AMOUNT"), then on the Deficiency Claim Date, the Trustee shall deliver to the Noteholder and the Servicer, by hand delivery, telex or facsimile transmission, a written notice (a "DEFICIENCY NOTICE") specifying the Deficiency Claim Amount for such Settlement Date. The Trustee shall withdraw an amount equal to such Deficiency Claim Amount from the Reserve Account (to the extent of the funds available on deposit therein) for deposit in the Collection Account on the related Settlement Date and distribution pursuant to SECTIONS 5.7(a)(i) through (vi), as applicable.

(c) Any Deficiency Notice shall be delivered by 10:00 a.m., New York City time, on the Deficiency Claim Date. The amounts distributed to the Trustee pursuant to a Deficiency Notice shall be deposited by the Trustee into the Collection Account pursuant to SECTION 5.6.

(d) Following the Facility Termination Date, all amounts, or any portion thereof, on deposit in the Reserve Account will be deposited into the Collection Account for distribution pursuant to SECTION 5.7.

(e) On any Settlement Date prior to the Facility Termination Date on which, after all distributions required to be made on such Settlement Date pursuant to SECTION 5.7(a) have been made, the amount on deposit in the Reserve Account exceeds the Required Reserve Account Amount, the Trustee shall withdraw such excess and distribute the same to the Purchaser or its designee in accordance with SECTION 5.7(a)(xiii).

SECTION 5.6. ADDITIONAL DEPOSITS.

The Servicer or the Seller, as the case may be, shall deposit or cause to be deposited in the Collection Account the aggregate Purchase Amount with respect to Purchased Receivables. All such deposits shall be made, in immediately available funds, on the Business Day preceding the related Determination Date. On the Deficiency Claim Date, the Trustee shall remit to the Collection Account any amounts withdrawn from the Reserve Account pursuant to SECTION 5.5.

SECTION 5.7. DISTRIBUTIONS.

(a) On each Settlement Date prior to the occurrence and continuance of an Event of Default, the Trustee (based on the information contained in the Servicer's Certificate delivered on the related Determination Date) shall make the following distributions in the following order of priority from amounts on deposit in the Collection Account:

(i) to the Noteholder, any payments from the Hedge Counterparty to the extent they are due and payable in an amount equal to the excess, if any, of the Noteholder's Monthly Interest Distributable Amount over Capped Monthly Interest, in respect of the Noteholder's Interest Distributable Amount;

(ii) to the Hedge Counterparty, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(b) and SECTION 5.5(d) in respect of Hedge Counterparty Scheduled Fees;

(iii) to the Backup Servicer and the Trustee, as applicable, pro rata, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(b) and SECTION 5.5(d), in respect of the Backup Servicing Fee (so long as the Backup Servicer is not acting as successor Servicer), the Trustee Fee, reasonable expenses incurred in connection with transitioning the servicing to the Backup Servicer and all other reasonable out-of-pocket expenses thereof (including counsel fees and expenses) and all unpaid Backup Servicing Fees (so long as the Backup Servicer is not acting as successor Servicer), Trustee Fees, reasonable expenses incurred in connection with transitioning the servicing to the Backup Servicer and all other reasonable out-of-pocket expenses (including counsel fees and expenses) from prior Accrual Periods; PROVIDED, HOWEVER, that expenses payable to each of the Backup Servicer and Trustee pursuant to this CLAUSE (iii), excluding amounts paid to the Backup Servicer in respect of transition expenses, shall be limited to a total of \$25,000 per annum; PROVIDED, FURTHER, that the amount of transition expenses distributed to the Backup Servicer during the term of this Agreement pursuant to this CLAUSE (iii) shall in no case exceed \$50,000 in the aggregate;

(iv) to the Servicer, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(b) and SECTION 5.5(d), in respect of the Servicing Fee and all unpaid Servicing Fees from prior Accrual Periods and all reimbursements to which the Servicer is entitled pursuant to SECTION 5.3;

(v) to the Note Distribution Account, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(b) and SECTION 5.5(d), the remaining Noteholder's Interest Distributable Amount after giving effect to SECTION 5.7(a)(i) hereof;

(vi) to the Note Distribution Account, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(b) and SECTION 5.5(d), the Noteholder's Principal Distributable Amount for such Accrual Period;

(vii) to the Trustee, for deposit in the Reserve Account, from Available Funds, an amount equal to the excess of (A) the Required Reserve Account Amount for such Settlement Date over (B) the amount on deposit in the Reserve Account;

(viii) to the Note Distribution Account, from Available Funds, to the Noteholder in respect of any amounts owed to the Noteholder pursuant to Sections 3.03 and 3.04 of the Note Purchase Agreement;

(ix) to the Noteholder, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(d), the Unused Facility Fee for such Settlement Date;

(x) to the Hedge Counterparty, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(D), in respect of Hedge Counterparty Termination Fees;

(xi) to any successor Servicer from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(d), its servicing fees in excess of the Servicing Fee and, to the extent not previously paid by the predecessor Servicer pursuant to this Agreement, reasonable transition expenses (up to a maximum of \$50,000 in the aggregate over the term of this Agreement) incurred in becoming the successor Servicer;

(xii) to the Backup Servicer and the Trustee, as applicable, pro rata, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(d), in respect of reasonable out-of-pocket expenses thereof (including counsel fees and expenses) and reasonable out-of-pocket expenses (including counsel fees and expenses) from prior Accrual Periods to the extent not paid thereto pursuant to SECTION 5.7(a)(iii) above; and

(xiii) to the Purchaser, the remaining Available Funds, if any, and any amounts deposited in the Collection Account pursuant to SECTION 5.5(d) and any amounts released from the Reserve Account pursuant to SECTION 5.5(e).

(b) In the event that the Collection Account is maintained with an institution other than the Trustee, the Servicer shall instruct and cause such institution to make all deposits and distributions pursuant to SECTION 5.7(a) on the related Settlement Date.

SECTION 5.8. NOTE DISTRIBUTION ACCOUNT.

(a) On each Settlement Date (based solely on the information contained in the Servicer's Certificate), the Trustee shall distribute all amounts on deposit in the Note Distribution Account to the Noteholder in respect of the Note to the extent of amounts due and unpaid on the Note for principal and interest in the following amounts and in the following order of priority:

(i) to the Noteholder, the Noteholder's Interest Distributable Amount; PROVIDED that if there are not sufficient funds in the Note Distribution Account to pay the entire amount then due on the Note, the amount in the Note Distribution Account shall be applied to the payment of such interest pro rata among the Holders of the Note;

(ii) to the Noteholder, in reduction of the Invested Amount, the Noteholder's Principal Distributable Amount to pay principal on the Note until the outstanding principal amount of the Note has been reduced to zero; PROVIDED that if there are not sufficient funds in the Note Distribution Account to pay the entire amount then due on the Note, the amount in the Note Distribution Account shall be applied to the payment of such principal pro rata among the Holders of the Note;

(iii) to the Noteholder, any other amounts due the Noteholder pursuant to the Basic Documents.

(b) On each Settlement Date, the Trustee shall provide or make available electronically (or, upon written request, by first class mail or facsimile) send to the Noteholder the statement or statements provided to the Trustee by the Servicer pursuant to SECTION 5.9 hereof on such Settlement Date; PROVIDED HOWEVER, the Trustee shall have no obligation to provide such information described in this SECTION 5.8(b) until it has received the requisite information from the Servicer.

SECTION 5.9. STATEMENTS TO THE NOTEHOLDER.

(a) On the Determination Date (in accordance with SECTION 4.9), the Servicer shall provide to the Trustee, the Rating Agencies and the Noteholder on the related Record Date a copy of the Servicer's Certificate setting forth at least the following information as to the Note to the extent applicable:

- (i) the amount of such distribution allocable to principal of the Note;
- (ii) the amount of such distribution allocable to interest on or with respect to the Note;
- (iii) the amount, if any, of such distribution payable out of amounts withdrawn from the Reserve Account;
- (iv) the Aggregate Principal Balance as of the close of business on the last day of the preceding Accrual Period;
- (v) the aggregate outstanding principal amount of the Note;
- (vi) the amount of the Servicing Fee paid to the Servicer with respect to the related Accrual Period, and the amount of any unpaid Servicing Fees and the change in such amount from the prior Settlement Date;
- (vii) the amount of each of the Backup Servicing Fee and the Trustee Fee paid to the Backup Servicer and the Trustee as applicable, with respect to the related Accrual Period, and the amount of any unpaid Backup Servicing Fees and Trustee Fees and the change in such amounts from the prior Settlement Date;
- (viii) the Noteholder's Interest Carryover Shortfall and the Noteholder's Principal Carryover Shortfall, if any;
- (ix) the number of Receivables and the aggregate gross amount scheduled to be paid thereon, including unearned finance and other charges, for which the related Obligors are delinquent in making Scheduled Receivable Payments for 31 to 60 days as of the last day of the related Accrual Period;
- (x) the number of Receivables and the aggregate gross amount scheduled to be paid thereon, including unearned finance and other charges, for which the related Obligors are delinquent in making Scheduled Receivable Payments for 31 to 45 days as of the last day of the related Accrual Period; and
- (xi) the amount of aggregate Realized Losses, if any, for the related Accrual Period;
- (xii) the number of, and the aggregate Purchase Amounts for, Receivables, if any, that were repurchased during the related Interest Period and summary information as to losses and delinquencies with respect to the Receivables as of the end of the related Accrual Period; and
- (xiii) the cumulative amount of Realized Losses from the initial Cutoff Date to the last day of the related Accrual Period.

(b) Within 60 days after the end of each calendar year, commencing February 28, 2005, the Servicer shall deliver to the Trustee, and the Trustee shall, provided it has received the necessary information from the Servicer, promptly thereafter furnish to the Noteholder (a) a report (prepared by the Servicer) as to the aggregate of the amounts reported pursuant to subclauses (i), (ii), (vi) and (vii) of SECTION 5.9(a) for such preceding calendar year, and (b) such information as may be reasonably requested by the Noteholder or required by the Code and regulations thereunder, to enable the Noteholder to prepare its Federal and State income tax returns. The obligation of the Trustee set forth in this paragraph shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Servicer to the Noteholder pursuant to any requirements of the Code.

(c) The Trustee may make available to the Noteholder and the Rating Agencies via the Trustee's Internet Website, all statements described herein and, with the consent or at the direction of the Seller, such other information regarding the Note and/or the Receivables as the Trustee may have in its possession, but only with the use of a password provided by the Trustee. The Trustee will make no representation or warranties as to the accuracy or completeness of such documents and will assume no responsibility therefore. The Trustee's Internet Website shall be initially located at WWW.CTSLINK.COM or at such other address as shall be specified by the Trustee from time to time in writing to the Noteholder. In connection with providing access to the Trustee's Internet Website, the Trustee may require registration and the acceptance of a disclaimer. The Trustee shall not be liable for the dissemination of information in accordance with this Agreement.

SECTION 5.10. DIVIDEND OF INELIGIBLE RECEIVABLES.

The Issuer may, on the last day of the month in which any Receivables are sold into a securitization transaction, distribute any Ineligible Receivables to the Seller as a dividend; PROVIDED THAT there is no Borrowing Base Deficiency on such date.

ARTICLE VI

[RESERVED]

ARTICLE VII

THE PURCHASER

SECTION 7.1. REPRESENTATIONS OF PURCHASER.

The Purchaser makes the following representations on which the Noteholder shall be deemed to have relied in purchasing the Note. The representations speak as of the execution and delivery of this Agreement and as of each Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof to the Trustee pursuant to the Indenture.

(a) ORGANIZATION AND GOOD STANDING. The Purchaser has been duly formed and is validly existing as a limited liability company solely under the laws of the state of Delaware and is in good standing under the laws of the State of Delaware, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted, and had at all relevant times, and now has, power, authority and legal right to acquire, own and pledge the Receivables and the Other Conveyed Property pledged to the Trustee.

(b) DUE QUALIFICATION. The Purchaser is duly qualified to do business as a foreign limited liability company in good standing, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business shall require such qualifications.

(c) POWER AND AUTHORITY. The Purchaser has the power (corporate and other) and authority to execute and deliver this Agreement and the other Basic Documents to which it is a party and to carry out its terms and their terms, respectively; the Purchaser has full power and authority to pledge the Collateral to be pledged to the Trustee by it pursuant to the Indenture and has duly authorized such pledge to the Trustee by all necessary corporate action; and the execution, delivery and performance of this Agreement and the Basic Documents to which the Purchaser is a party have been duly authorized by the Purchaser by all necessary action.

(d) VALID SALE; BINDING OBLIGATIONS. This Agreement effects a valid sale of the Receivables and the Other Conveyed Property, enforceable against the Seller and creditors of and purchasers from the Seller, and this Agreement and the other Basic Documents to which the Purchaser is a party, when duly executed and delivered, shall constitute legal, valid and binding obligations of the Purchaser enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) NO VIOLATION. The consummation of the transactions contemplated by this Agreement and the other Basic Documents and the fulfillment of the terms of this Agreement and the other Basic Documents shall not conflict with, result in any breach of any of the terms and provisions of or constitute (with or without notice, lapse of time or both) a default under the Limited Liability Company Agreement of the Purchaser, or any indenture, agreement, mortgage, deed of trust or other instrument to which the Purchaser is a party or by which it is bound, or result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, other than the Basic Documents, or violate any law, order, rule or regulation applicable to the Purchaser of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Purchaser or any of its properties.

(f) NO PROCEEDINGS. There are no proceedings or investigations pending or, to the Purchaser's knowledge, threatened against the Purchaser, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality having jurisdiction over the Purchaser or its properties (A) asserting the invalidity of this Agreement, the Note or any of the Basic Documents, (B) seeking to prevent the issuance of the Note or the consummation of any of the transactions contemplated by this Agreement or any of the Basic Documents, (C) seeking any determination or ruling that might materially and adversely affect the performance by the Purchaser of its obligations under, or the validity or enforceability of, this Agreement or any of the Basic Documents, or (D) relating to the Purchaser and which might adversely affect the federal or state income, excise, franchise or similar tax attributes of the Note.

(g) NO CONSENTS. No consent, approval, authorization or order of or declaration or filing with any governmental authority is required for the issuance or sale of the Note or the consummation of the other transactions contemplated by this Agreement, except such as have been duly made or obtained or as may be required by the Basic Documents.

(h) TAX RETURNS. The Purchaser has filed all federal and state tax returns which are required to be filed and paid all taxes, including any assessments received by it, to the extent that such taxes have become due. Any taxes, fees and other governmental charges payable by the Purchaser in connection with consummation of the transactions contemplated by this Agreement and the other Basic Documents to which the Purchaser is a party and the fulfillment of the terms of this Agreement and the other Basic Documents to which the Purchaser is a party have been paid or shall have been paid at or prior to the Closing Date and as of each Funding Date.

(i) CHIEF EXECUTIVE OFFICE. The chief executive office of the Purchaser is at 16355 Laguna Canyon Road, Irvine, CA 92618.

ARTICLE VIII

THE SELLER

SECTION 8.1. REPRESENTATIONS OF SELLER.

The Seller makes the following representations on which the Purchaser is deemed to have relied in acquiring the Receivables and a which the Noteholder are deemed to have relied in purchasing the Note. The representations speak as of the execution and delivery of this Agreement, as of the Closing Date and as of each Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof by the Purchaser to the Trustee pursuant to the Indenture.

(a) ORGANIZATION AND GOOD STANDING. The Seller has been duly organized and is validly existing as a corporation solely under the laws of the State of California and is in good standing under the laws of the State of California, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted, and had at all relevant times, and now has, power, authority and legal right to acquire, own and sell the Receivables and the Other Conveyed Property transferred to the Purchaser and to perform its other obligations under this Agreement or any other Basic Documents to which it is a party.

(b) DUE QUALIFICATION. The Seller is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the origination, sale and servicing of the Receivables as required by this Agreement) shall require such qualifications.

(c) POWER AND AUTHORITY. The Seller has the power (corporate and other) and authority to execute and deliver this Agreement and the other Basic Documents to which it is a party and to carry out its terms and their terms, respectively; the Seller has full power and authority to sell and assign the Receivables and the Other Conveyed Property to be sold and assigned to and deposited with the Purchaser by it and has duly authorized such sale and assignment to the Purchaser by all necessary corporate action; and the execution, delivery and performance of this Agreement and the Basic Documents to which the Seller is a party have been duly authorized by the Seller by all necessary corporate action.

(d) VALID SALE; BINDING OBLIGATIONS. This Agreement effects a valid sale, transfer and assignment of the Receivables and the Other Conveyed Property to the Purchaser, enforceable against the Seller and creditors of and purchasers from the Seller; and this Agreement and the Basic Documents to which the Seller is a party, when duly executed and delivered, shall constitute legal, valid and binding obligations of the Seller enforceable in accordance with their respective terms, except as enforceability may be limited, by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) NO VIOLATION. The consummation of the transactions contemplated by this Agreement and the Basic Documents and the fulfillment of the terms of this Agreement and the Basic Documents does not conflict with, result in any breach of any of the terms and provisions of or constitute (with or without notice, lapse of time or both) a default under the certificate of incorporation or by-laws of the Seller, or any indenture, agreement, mortgage, deed of trust or other instrument to which the Seller is a party or by which it is bound, or result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, other than the Basic Documents, or violate any law, order, rule or regulation applicable to the Seller of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Seller or any of its properties.

(f) NO PROCEEDINGS. There are no proceedings or investigations pending or, to the Seller's knowledge, threatened against the Seller, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality having jurisdiction over the Seller or its properties (A) asserting the invalidity of this

Agreement, the Note or any of the Basic Documents, (B) seeking to prevent the issuance of the Note or the consummation of any of the transactions contemplated by this Agreement or any of the Basic Documents, (C) seeking any determination or ruling that might materially and adversely affect the performance by the Seller of its obligations under, or the validity or enforceability of, this Agreement or any of the Basic Documents, or (D) relating to the Seller and which might adversely affect the federal or state income, excise, franchise or similar tax attributes of the Note.

(g) NO CONSENTS. No consent, approval, authorization or order of or declaration or filing with any governmental authority is required for the issuance or sale of the Note or the consummation of the other transactions contemplated by this Agreement and the Basic Documents, except such as have been duly made or obtained.

(h) FINANCIAL CONDITION. The Seller has a positive net worth and is able to and does pay its liabilities as they mature. The Seller is not in default under any obligation to pay money to any Person except for matters being disputed in good faith which do not involve an obligation of the Seller on a promissory note. The Seller will not use the proceeds from the transactions contemplated by the Basic Documents to give any preference to any creditor or class of creditors, and this transaction will not leave the Seller with remaining assets which are unreasonably small compared to its ongoing operations.

(i) FRAUDULENT CONVEYANCE. The Seller is not selling the Receivables to the Purchaser with any intent to hinder, delay or defraud any of its creditors; the Seller will not be rendered insolvent as a result of the sale of the Receivables to the Purchaser.

(j) TAX RETURNS. The Seller has filed all material federal and state tax returns which are required to be filed and paid all material taxes, including any assessments received by it, to the extent that such taxes have become due (other than taxes, the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Seller). Any taxes, fees and other governmental charges payable by the Seller in connection with consummation of the transactions contemplated by this Agreement and the other Basic Documents to which the Seller is a party and the fulfillment of the terms of this Agreement and the other Basic Documents to which the Seller is a party have been paid or shall have been paid as of each Funding Date.

(k) CHIEF EXECUTIVE OFFICE. The Seller has more than one place of business, and the chief executive office of the Seller is at 16355 Laguna Canyon Road, Irvine, CA 92618, and its organizational number is 1682500.

(l) CERTIFICATE, STATEMENTS AND REPORTS. The officer's certificates, statements, reports and other documents prepared by Seller and furnished by Seller to the Purchaser, the Trustee or the Noteholder pursuant to this Agreement or any other Basic Document to which it is a party, and in connection with the transactions contemplated hereby or thereby, when taken as a whole, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein not misleading.

(m) LEGAL COUNSEL, ETC. Seller consulted with its own legal counsel and independent accountants to the extent it deems necessary regarding the tax, accounting and regulatory consequences of the transactions contemplated hereby, Seller is not participating in such transactions in reliance on any representations of any other party, their affiliates, or their counsel with respect to tax, accounting and regulatory matters.

(n) NO MATERIAL ADVERSE CHANGE AS OF MARCH 31, 2005. No Material Adverse Change has occurred with respect to the Seller since the end of the quarter reported on in the Seller's Form 10-Q filed with the Commission on May 16, 2005.

(o) NO DEFAULT. The Seller is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in, and is not otherwise in default under (i) any law or statute applicable to it, including, without limitation, any Consumer Law, (ii) any judgment, decree, writ, injunction, order, award or other action of any court or governmental authority or arbitrator or any order, rule or regulation of any federal, state, county, municipal or other governmental or public authority or agency having or asserting jurisdiction over it or any of its properties or (iii) (x) any indebtedness or any instrument or agreement under or pursuant to which any such indebtedness has been, or could be, issued or incurred or (y) any other instrument or agreement to which it is a party or by which it is bound or any of its properties is affected, including, without limitation, the Basic Documents, which either individually or in the aggregate, (A) could reasonably be expected to result in a Material Adverse Change with respect to the Seller, or in any impairment of the right or ability of the Seller to carry on its business substantially as now conducted or (B) could reasonably be expected to materially and adversely affect the Seller's performance of its obligations hereunder, or the validity or enforceability of this Agreement or the Basic Documents.

SECTION 8.2. ADDITIONAL COVENANTS OF THE SELLER.

(a) SALE. The Seller agrees to treat the conveyances hereunder for all purposes (including without limitation tax and financial accounting purposes) as sales on all relevant books, records, tax returns, financial statements and other applicable documents.

(b) NON-PETITION. In the event of any breach of a representation and warranty made by the Purchaser hereunder, the Seller covenants and agrees that it will not take any action to pursue any remedy that it may have hereunder, in law, in equity or otherwise, until a year and a day have passed since the date on which the Note issued by the Purchaser has been paid in full. The Purchaser and the Seller agree that damages will not be an adequate remedy for breach of this covenant and that this covenant may be specifically enforced by the Purchaser, by the Trustee on behalf of the Noteholder.

(c) CHANGES TO CONTRACT PURCHASE GUIDELINES. The Seller covenants that it will not make, or permit to be made, any material changes to the Contract Purchase Guidelines of CPS or TFC, or the classification of Obligors within such programs unless (i) the Noteholder expressly consents in writing prior to such changes (such consent not to be unreasonably withheld) and (ii) after giving effect to any such changes, the Rating Agency Condition is satisfied.

SECTION 8.3. LIABILITY OF SELLER; INDEMNITIES.

Subject to the limitation of remedies set forth in SECTION 3.2 hereof with respect to a breach of any representations and warranties contained in SECTION 3.1 hereof, the Seller shall indemnify the Purchaser, the Backup Servicer, the Trustee, the Noteholder and their respective officers, directors, agents and employees for any liability as a result of the failure of a Receivable to be originated in compliance with all requirements of law and for any breach of any of its representations, warranties or other agreements contained herein.

(a) The Seller shall defend, indemnify, and hold harmless the Purchaser, the Backup Servicer, the Trustee, the Noteholder and their respective officers, directors, agents and employees from and against any and all costs, expenses, losses, damages, claims, and liabilities, arising out of or resulting from the use, ownership, or operation by the Seller, any Affiliate thereof or any of their respective agents or subcontractors, of a Financed Vehicle.

(b) The Seller shall indemnify, defend and hold harmless the Purchaser, the Backup Servicer, the Trustee, the Noteholder and their respective officers, directors, agents and employees from and against any taxes that may at any time be asserted against any such Person with respect to the transactions contemplated in this Agreement and any of the Basic Documents (except any income taxes arising out of fees paid to the Trustee and the Backup Servicer and except any taxes to which the Trustee may otherwise be subject), including without limitation any sales, gross receipts, general corporation, tangible personal property, privilege or license taxes (but, in the case of the Purchaser, not including any taxes asserted with respect to federal or other income taxes arising out of distributions on the Note) and costs and expenses in defending against the same.

(c) The Seller shall indemnify, defend and hold harmless the Purchaser, the Backup Servicer, the Trustee, the Noteholder and their respective officers, directors, agents and employees from and against any loss, liability or expense incurred by reason of (i) the Seller's willful misfeasance, bad faith or negligence in the performance of its duties under this Agreement, or by reason of reckless disregard of its obligations and duties under this Agreement and/or (ii) the Seller's or the Purchaser's violation of Federal or state securities laws in connection with the offering and sale of the Note.

(d) The Seller shall indemnify, defend and hold harmless the Trustee and the Backup Servicer and its officers, directors, employees and agents from and against any and all costs, expenses, losses, claims, damages and liabilities arising out of, or incurred in connection with the acceptance or performance of the trusts and duties set forth herein and in the Basic Documents except to the extent that such cost, expense, loss, claim, damage or liability shall be due to the willful misfeasance, bad faith or negligence (except for errors in judgment) of the Trustee or the Backup Servicer.

Indemnification under this Section shall survive the resignation or removal of the Servicer or the Trustee and the termination of this Agreement or the Indenture, as applicable, and shall include reasonable fees and expenses of counsel and other expenses of litigation. If the Seller shall have made any indemnity payments pursuant to this Section and the Person to or on behalf of whom such payments are made thereafter shall collect any of such amounts from others, such Person shall promptly repay such amounts to the Seller, without interest.

Notwithstanding any provision of this SECTION 8.3 or any other provision of this Agreement, nothing herein shall be construed as to require the Seller to provide any indemnification hereunder or under any other Basic Document for any costs, expenses, losses, claims, damages or liabilities arising out of, or incurred in connection with, credit losses with respect to the Receivables.

SECTION 8.4. MERGER OR CONSOLIDATION OF, OR ASSUMPTION OF THE OBLIGATIONS OF, SELLER.

Seller shall not merge or consolidate with any other person, convey, transfer or lease substantially all its assets as an entirety to another Person, or permit any other Person to become the successor to Seller's business unless, after the merger, consolidation, conveyance, transfer, lease or succession, the successor or surviving entity shall be capable of fulfilling the duties of Seller contained in this Agreement. Any corporation (i) into which Seller may be merged or consolidated, (ii) resulting from any merger or consolidation to which Seller shall be a party, (iii) which acquires by conveyance, transfer, or lease substantially all of the assets of Seller, or (iv) succeeding to the business of Seller, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of Seller under this Agreement and, whether or not such assumption agreement is executed, shall be the successor to Seller under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release Seller from any obligation. Seller shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, the Noteholder and each Rating Agency. Notwithstanding the foregoing, Seller shall not merge or consolidate with any other Person or permit any other Person to become a successor to Seller's business, unless (x) immediately after giving effect to such transaction, no representation or warranty made pursuant to SECTION 8.1 shall have been breached (for purposes hereof, such representations and warranties shall be deemed made as of the date of the consummation of such transaction) and no event that, after notice or lapse of time, or both, would become an Event of Default shall have occurred and be continuing, (y) Seller shall have delivered to the Trustee, the Rating Agencies and the Noteholder an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (z) Seller shall have delivered to the Trustee, the Rating Agencies and the Noteholder an Opinion of Counsel, stating in the opinion of such

counsel, either (A) all financing statements and continuation statements and amendments thereto have been authorized and filed that are necessary to preserve and protect the interest of the Purchaser and the Trustee, respectively, in the Receivables and the Other Conveyed Property and reciting the details of the filings or (B) no such action shall be necessary to preserve and protect such interest.

SECTION 8.5. LIMITATION ON LIABILITY OF SELLER AND OTHERS.

The Seller and any director or officer or employee or agent of the Seller may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person respecting any matters arising under any Basic Document. The Seller shall not be under any obligation to appear in, prosecute or defend any legal action that shall not be incidental to its obligations under this Agreement, and that in its opinion may involve it in any expense or liability.

ARTICLE IX

THE SERVICER

SECTION 9.1. REPRESENTATIONS OF SERVICER.

The Servicer makes the following representations on which the Purchaser is deemed to have relied in acquiring the Receivables and on which the Noteholder is deemed to have relied in purchasing the Note. The representations speak as of the execution and delivery of this Agreement and as of the Closing Date, in the case of Receivables conveyed by the Closing Date, and as of the applicable Funding Date, in the case of Receivables conveyed by such Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof to the Trustee pursuant to the Indenture.

(a) ORGANIZATION AND GOOD STANDING. The Servicer has been duly organized and is validly existing as a corporation and in good standing under the laws of the State of California, with power, authority and legal right to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted, and had at all relevant times, and shall have, power, authority and legal right to acquire, own and service the Receivables.

(b) DUE QUALIFICATION. The Servicer is duly qualified to do business as a foreign corporation in good standing and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the Receivables as required by this Agreement) requires or shall require such qualification except where the failure to so qualify or obtain such licenses or consents could not reasonably be expected to result in a material adverse effect with respect to it or to the Receivables.

(c) POWER AND AUTHORITY. The Servicer has the power and authority to execute and deliver this Agreement and the Basic Documents to which it is a party and to carry out its terms and their terms, respectively, and the execution, delivery and performance of this Agreement and the Basic Documents to which it is a party have been duly authorized by the Servicer by all necessary corporate action.

(d) BINDING OBLIGATION. This Agreement and the Basic Documents to which the Servicer is a party shall constitute legal, valid and binding obligations of the Servicer enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) NO VIOLATION. The consummation of the transactions contemplated by this Agreement and the Basic Documents to which the Servicer is a party, and the fulfillment of the terms of this Agreement and the Basic Documents to which the Servicer is a party, shall not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, the articles of incorporation or bylaws of the Servicer, or any indenture, agreement, mortgage, deed of trust or other instrument to which the Servicer is a party or by which it is bound or any of its

properties are subject, or result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, other than the Basic Documents, or violate any law, order, rule or regulation applicable to the Servicer of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or any of its properties.

(f) NO PROCEEDINGS. There are no proceedings or investigations pending or, to the Servicer's knowledge, threatened against the Servicer, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality having jurisdiction over the Servicer or its properties (A) asserting the invalidity of this Agreement or any of the Basic Documents, (B) seeking to prevent the issuance of the Note or the consummation of any of the transactions contemplated by this Agreement or any of the Basic Documents, or (C) seeking any determination or ruling that might materially and adversely affect the validity or enforceability of this Agreement, the Note or any of the Basic Documents or (D) relating to the Servicer and which might adversely affect the federal or state income, excise, franchise or similar tax attributes of the Note.

(g) NO CONSENTS. No consent, approval, authorization or order of or declaration or filing with any governmental authority is required for the issuance or sale of the Note or the consummation of the other transactions contemplated by this Agreement, except such as have been duly made or obtained.

(h) TAXES. The Servicer has filed all federal and state tax returns which are required to be filed and paid all taxes, including any assessments received by it, to the extent that such taxes have become due (other than taxes, the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Seller). Any taxes, fees and other governmental charges payable by the Servicer in connection with consummation of the transactions contemplated by this Agreement and the other Basic Documents to which the Seller is a party and the fulfillment of the terms of this Agreement and the other Basic Documents to which the Seller is a party have been paid or shall have been paid as of each Funding Date.

(i) CHIEF EXECUTIVE OFFICE. The Servicer hereby represents and warrants to the Trustee that the Servicer's principal place of business and chief executive office is Consumer Portfolio Services, 16355 Laguna Canyon Road, Irvine, California 92618.

SECTION 9.2. LIABILITY OF SERVICER; INDEMNITIES.

(a) The Servicer (in its capacity as such) shall be liable hereunder only to the extent of the obligations in this Agreement specifically undertaken by the Servicer and the representations made by the Servicer in the Basic Documents to which it is a party.

(i) The Servicer shall defend, indemnify and hold harmless the Purchaser, the Trustee, the Backup Servicer, the Noteholder and their respective officers, directors, agents and employees from and against any and all costs, expenses, losses, damages, claims and liabilities, arising out of or resulting from the use, ownership, repossession or operation by the Servicer or any Affiliate or agent or sub-contractor thereof of any Financed Vehicle;

(ii) The Servicer, so long as CPS is the Servicer, shall indemnify, defend and hold harmless the Purchaser, the Trustee, the Backup Servicer, the Noteholder and their respective officers, directors, agents and employees from and against any taxes that may at any time be asserted against any of such parties with respect to the transactions contemplated in this Agreement, including, without limitation, any sales, gross receipts, general corporation, tangible personal property, privilege or license taxes (but not including any federal or other income taxes, including franchise taxes asserted with respect to, and as of the date of, the sale of the Receivables and the Other Conveyed Property to the Purchaser, the pledge thereof to the Trustee or the issuance and original sale of the Note) and costs and expenses in defending against the same;

(iii) The Servicer shall indemnify, defend and hold harmless the Purchaser, the Trustee, the Backup Servicer, the Noteholder and their respective officers, directors, agents and employees from and against any and all costs, expenses, losses, claims, damages, and liabilities to the extent that such cost, expense, loss, claim, damage, or liability arose out of, or was imposed upon the Purchaser, the Trustee, the Backup Servicer or the Noteholder through the negligence, willful misfeasance or bad faith of the Servicer in the performance of its duties under this Agreement or by reason of reckless disregard of its obligations and duties under this Agreement or as a result of a breach of any representation, warranty or other agreement made by the Servicer in this Agreement; and

(iv) The Servicer shall indemnify, defend, and hold harmless the Trustee and the Backup Servicer from and against all costs, expenses, losses, claims, damages, and liabilities arising out of or incurred in connection with the acceptance or performance of the trusts and duties herein contained, except to the extent that such cost, expense, loss, claim, damage or liability: (A) shall be due to the willful misfeasance, bad faith, or negligence (except for errors in judgment) of the Trustee or the Backup Servicer, as applicable or (B) relates to any tax other than the taxes with respect to which the Servicer shall be required to indemnify the Trustee or the Backup Servicer.

(b) Notwithstanding the foregoing, the Servicer shall not be obligated to defend, indemnify, and hold harmless the Noteholder for any losses, claims, damages or liabilities incurred by the Noteholder arising out of claims, complaints, actions and allegations relating to Section 406 of ERISA or Section 4975 of the Code as a result of the purchase or holding of Note by the Noteholder with the assets of a plan subject to such provisions of ERISA or the Code.

(c) For purposes of this SECTION 9.2, in the event of the termination of the rights and obligations of the Servicer (or any successor thereto pursuant to SECTION 9.3) as Servicer pursuant to SECTION 10.1, or a resignation by such Servicer pursuant to this Agreement, such Servicer shall be deemed to be the Servicer pending appointment of a successor Servicer pursuant to SECTION 10.2. The provisions of this SECTION 9.2(c) shall in no way affect the survival pursuant to SECTION 9.2(d) of the indemnification by the Servicer provided by SECTION 9.2(a).

(d) Indemnification under this SECTION 9.2 shall survive the termination of this Agreement and any resignation or removal of the Seller or any successor Servicer as Servicer and shall include reasonable fees and expenses of counsel and expenses of litigation. If the Servicer shall have made any indemnity payments pursuant to this Section and the recipient thereafter collects any of such amounts from others, the recipient shall promptly repay such amounts to the Servicer, without interest.

SECTION 9.3. MERGER OR CONSOLIDATION OF, OR ASSUMPTION OF THE OBLIGATIONS OF THE SERVICER OR BACKUP SERVICER.

(a) The Servicer shall not merge or consolidate with any other Person, convey, transfer or lease all or substantially all of its assets as an entirety to another Person, or permit any other Person to become the successor to the Servicer's business unless, after the merger, consolidation, conveyance, transfer, lease or succession, the successor or surviving entity shall be capable of fulfilling the duties of the Servicer contained in this Agreement. Any corporation (i) into which the Servicer may be merged or consolidated, (ii) resulting from any merger or consolidation to which the Servicer shall be a party, (iii) which acquires by conveyance, transfer, or lease substantially all of the assets of the Servicer, or (iv) succeeding to the business of the Servicer, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of the Servicer under this Agreement and, whether or not such assumption agreement is executed, shall be the successor to the Servicer under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this

Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release the Servicer from any obligation. The Servicer shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, the Noteholder and each Rating Agency. Notwithstanding the foregoing, the Servicer shall not merge or consolidate with any other Person or permit any other Person to become a successor to the Servicer's business, unless (x) immediately after giving effect to such transaction, no representation or warranty made pursuant to SECTION 9.1 shall have been breached (for purposes hereof, such representations and warranties shall be deemed made as of the date of the consummation of such transaction) and no event that, after notice or lapse of time, or both, would become Event of Default shall have occurred and be continuing, (y) the Servicer shall have delivered to the Trustee, the Rating Agencies and the Noteholder an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (z) the Servicer shall have delivered to the Trustee, the Rating Agencies and the Noteholder an Opinion of Counsel, stating in the opinion of such counsel, either (A) all financing statements and continuation statements and amendments thereto have been executed and filed that are necessary to preserve and protect the interest of the Purchaser and the Trustee, respectively, in the Receivables and the Other Conveyed Property and reciting the details of the filings or (B) no such action shall be necessary to preserve and protect such interest.

(b) Any Person (i) into which the Backup Servicer (in its capacity as Backup Servicer or successor Servicer) may be merged or consolidated, (ii) resulting from any merger or consolidation to which the Backup Servicer shall be a party, (iii) which acquires by conveyance, transfer or lease substantially all of the assets of the Backup Servicer, or (iv) succeeding to the business of the Backup Servicer, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of the Backup Servicer under this Agreement and, whether or not such assumption agreement is executed, shall be the successor to the Backup Servicer under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release the Backup Servicer from any obligation.

SECTION 9.4. [RESERVED].

SECTION 9.5. [RESERVED].

SECTION 9.6. SERVICER AND BACKUP SERVICER NOT TO RESIGN.

Subject to the provisions of SECTION 9.3, neither the Servicer nor the Backup Servicer shall resign from the obligations and duties imposed on it by this Agreement as Servicer or Backup Servicer except (i) upon a determination that by reason of a change in legal requirements the performance of its duties under this Agreement would cause it to be in violation of such legal requirements in a manner which would have a material adverse effect on the Servicer or the Backup Servicer, as the case may be, and the Noteholder does not elect to waive the obligations of the Servicer or the Backup Servicer, as the case may be, to perform the duties which render it legally unable to act or to delegate those duties to another Person or, (ii) in the case of the Backup Servicer, upon the prior written consent of the Noteholder. Any such determination permitting the resignation of the Servicer or Backup Servicer shall be evidenced by an Opinion of Counsel to such effect delivered and acceptable to the Trustee and the Noteholder. No resignation of the Servicer shall become effective until the Backup Servicer or an entity acceptable to the Noteholder shall have assumed the responsibilities and obligations of the Servicer. No resignation of the Backup Servicer shall become effective until an entity acceptable to the Noteholder shall have assumed the responsibilities and obligations of the Backup Servicer; provided, however, that in the event a successor Backup Servicer is not appointed within 60 days after the Backup Servicer has given notice of its resignation and has provided the Opinion of Counsel required by this SECTION 9.6, the Backup Servicer may petition a court for its removal.

SECTION 9.7. REPORTING REQUIREMENTS.

(a) The Servicer shall furnish, or cause to be furnished to the Noteholder:

(i) AUDIT REPORT. As soon as available and in any event within 90 days after the end of each fiscal year of the Servicer, a copy of the consolidated balance sheet of the Servicer and its Affiliates as at the end of such fiscal year, together with the related statements of earnings, stockholders' equity and cash flows for such fiscal year, prepared in reasonable detail and in accordance with GAAP certified by Independent Accountants of recognized national standing as shall be selected by the Servicer.

(ii) QUARTERLY STATEMENTS. As soon as available, but in any event within 45 days after the end of each fiscal quarter (except the fourth fiscal quarter) of the Servicer, copies of the unaudited consolidated balance sheet of the Servicer and its Affiliates as at the end of such fiscal quarter and the related unaudited statements of earnings, stockholders' equity and cash flows for the portion of the fiscal year through such fiscal quarter (and as to the statements of earnings for such fiscal quarter) in each case setting forth in comparative form the figures for the corresponding periods of the previous fiscal year, prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and certified by the chief financial or accounting officer of the Servicer as presenting fairly the financial condition and results of operations of the Servicer and its Affiliates (subject to normal year-end adjustments).

ARTICLE X

DEFAULT

SECTION 10.1. SERVICER TERMINATION EVENTS.

For purposes of this Agreement, each of the following shall constitute a "SERVICER TERMINATION EVENT":

(a) Any failure by the Servicer or, for so long as the Seller or an Affiliate of the Purchaser is the Servicer, the Purchaser, to deliver any proceeds or payment required to be so delivered under this Agreement or any other Basic Document that continues unremedied for a period of two Business Days (or one Business Day with respect to payment of Purchase Amounts) after written notice is received by the Servicer from the Trustee or the Noteholder or after discovery of such failure by a Responsible Officer of the Servicer;

(b) Failure by the Servicer to deliver to the Trustee and the Noteholder the Servicer's Certificate 12:00 noon New York City time on the second Business Day after the date such Servicer's Certificate is required to be delivered;

(c) Failure on the part of the Servicer or, for so long as the Seller or an Affiliate of the Purchaser is the Servicer, the Purchaser to duly observe or perform any other covenants or agreements of the Servicer or the Purchaser, as applicable, set forth in this Agreement, which failure (i) materially and adversely affects the rights of the Noteholder and (ii) except for covenants relating to merger and consolidation or preservation of ownership or security interests in the Financed Vehicles, continues unremedied for a period of 30 days after the earlier of knowledge thereof by the Servicer or after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Noteholder;

(d) The occurrence of an Insolvency Event with respect to the Servicer (or, for so long as the Seller or an Affiliate of the Purchaser is the Servicer, the Purchaser);

(e) Any representation, warranty or statement of the Servicer made in this Agreement or any other Basic Document to which it is a party or any certificate, report or other writing delivered pursuant hereto or thereto shall prove to be incorrect in any material respect as of the time when the same shall have been made (excluding, however, any representation or warranty set forth in this Agreement relating to the characteristics of the Receivables), and the incorrectness of such representation, warranty or statement has a material adverse effect on the Purchaser or the Noteholder and, within 30 days after the earlier of knowledge thereof by the Servicer or after written notice thereof shall have been given to the Servicer by the Trustee or the Noteholder the circumstances or condition in respect of which such representation, warranty or statement was incorrect shall not have been eliminated or otherwise cured;

(f) If (i) during any period hereafter commencing April 1 and ending the following September 30, the average of the Servicer Delinquency Ratios for the last day of each of the preceding three Accrual Periods exceeds 6.00%, or (ii) during any period hereafter commencing October 1 and ending the following March 31, the average of the Servicer Delinquency Ratios for the last day of each of the preceding three Accrual Periods exceeds 6.50%;

(g) The Loss Ratio exceeds 8.00%;

(h) The Noteholder shall not have delivered a Servicer Extension Notice pursuant to SECTION 4.15; or

(i) An Event of Default shall have occurred.

In the event that the Servicer, Purchaser or Trustee gains knowledge of the occurrence of a Servicer Termination Event, the Servicer, Purchaser or Trustee, as applicable, shall promptly notify the Noteholder in writing of such occurrence; PROVIDED THAT, the Servicer shall be deemed to satisfy such obligation upon its delivery of an Officer's Certificate in accordance with SECTION 4.10 hereof.

SECTION 10.2. CONSEQUENCES OF A SERVICER TERMINATION EVENT.

If a Servicer Termination Event shall occur and be continuing, the Noteholder by notice given in writing to the Servicer may terminate all of the rights and obligations of the Servicer under this Agreement. The outgoing Servicer shall be entitled to its pro rata share of the Servicing Fee for the number of days in the Accrual Period prior to the effective date of its termination. On or after the receipt by the Servicer of such written notice or upon termination of the term of the Servicer, all authority, power, obligations and responsibilities of the Servicer under this Agreement, whether with respect to the Note or the Receivables and Other Conveyed Property or otherwise, automatically shall pass to, be vested in and become obligations and responsibilities of the Backup Servicer (or such other successor Servicer appointed by the Noteholder under SECTION 10.3); PROVIDED, HOWEVER, that the successor Servicer shall have no liability with respect to any obligation which was required to be performed by the terminated Servicer prior to the date that the successor Servicer becomes the Servicer or any claim of a third party based on any alleged action or inaction of the terminated Servicer. The successor Servicer is authorized and empowered by this Agreement to execute and deliver, on behalf of the terminated Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination, whether to complete the transfer and endorsement of the Receivables and the Other Conveyed Property and related documents to show the Purchaser as lienholder or secured party on the related Lien Certificates, or otherwise. The terminated Servicer agrees to cooperate with the successor Servicer in effecting the termination of the responsibilities and rights of the terminated Servicer under this Agreement, including, without limitation, the transfer to the successor Servicer for administration by it of all cash amounts that shall at the time be held by the terminated Servicer for deposit, or have been deposited by the terminated Servicer, in the Collection Account or thereafter received with respect to the Receivables and the delivery to the successor Servicer of all Receivable Files that shall at the time be held by the terminated Servicer and a computer tape in readable form as of the most recent Business Day containing all information necessary to enable the successor Servicer to service the Receivables and the Other Conveyed Property. All reasonable costs and expenses (including reasonable attorneys' fees) incurred in connection with transferring any Receivable Files to the successor Servicer and amending this Agreement to reflect such succession as Servicer pursuant to this SECTION 10.2 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. In addition, any successor Servicer shall be entitled to payment from the immediate predecessor Servicer for

reasonable transition expenses incurred in connection with acting as successor Servicer, and to the extent not so paid, such payment shall be made pursuant to SECTION 5.7 hereof. Upon receipt of notice of the occurrence of a Servicer Termination Event, the Trustee shall give notice thereof to the Rating Agencies and the Noteholder. If requested by the Noteholder, the successor Servicer shall terminate the Lockbox Agreements and direct the Obligors to make all payments under the Receivables directly to the successor Servicer (in which event the successor Servicer shall process such payments in accordance with SECTION 4.2(e)), or to a lockbox established by the successor Servicer at the direction of the Noteholder, at the successor Servicer's expense. The terminated Servicer shall grant the Trustee, the successor Servicer and the Noteholder reasonable access to the terminated Servicer's premises at the terminated Servicer's expense.

SECTION 10.3. APPOINTMENT OF SUCCESSOR.

(a) On and after the time the Servicer receives a notice of termination pursuant to SECTION 10.2, upon non-extension of the servicing term as referred to in SECTION 4.15, or upon the resignation of the Servicer pursuant to SECTION 9.6, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, in the case of termination, only until the date specified in such termination notice or, if no such date is specified in a notice of termination, until receipt of such notice and, in the case of expiration and non-renewal of the term of the Servicer upon the expiration of such term, and, in the case of resignation, until the later of (x) the date 45 days from the delivery to the Trustee of written notice of such resignation (or written confirmation of such notice) in accordance with the terms of this Agreement and (y) the date upon which the predecessor Servicer shall become unable to act as Servicer, as specified in the notice of resignation and accompanying Opinion of Counsel; PROVIDED, HOWEVER, that the Servicer shall not be relieved of its duties, obligations and liabilities as Servicer until a successor Servicer has assumed such duties, obligations and liabilities. Notwithstanding the preceding sentence, if the Backup Servicer or any other successor Servicer shall not have assumed the duties, obligations and liabilities of Servicer within 45 days of the termination, non-extension or resignation described in this SECTION 10.3, the Servicer may petition a court of competent jurisdiction to appoint any Eligible Servicer as the successor to the Servicer. Pending appointment as successor Servicer, Backup Servicer (or such other Person as shall have been appointed by the Noteholder) shall act as successor Servicer unless it is legally unable to do so, in which event the outgoing Servicer shall continue to act as Servicer until a successor has been appointed and accepted such appointment. In the event of termination of the Servicer, Wells Fargo Bank, National Association, as the Backup Servicer shall assume the obligations of Servicer hereunder on the date specified in such written notice (the "ASSUMPTION DATE") pursuant to the Servicing and Lockbox Processing Assumption Agreement or, in the event that the Noteholder shall have determined that a Person other than the Backup Servicer shall be the successor Servicer in accordance with SECTION 10.2, on the date of the execution of a written assumption agreement by such Person to serve as successor Servicer. Notwithstanding the Backup Servicer's assumption of, and its agreement to perform and observe, all duties, responsibilities and obligations of the Seller as Servicer, or any successor Servicer, under this Agreement arising on and after the Assumption Date, the Backup Servicer shall not be deemed to have assumed or to become liable for, or otherwise have any liability for any duties, responsibilities, obligations or liabilities of (i) the Seller or any other Servicer arising on or before the Assumption Date, whether provided for by the terms of this Agreement, arising by operation of law or otherwise, including, without limitation, any liability for any duties, responsibilities, obligations or liabilities of the Seller or any other Servicer arising on or before the Assumption Date under SECTION 4.7 or 9.2 of this Agreement, regardless of when the liability, duty, responsibility or obligation of the Seller or any other Servicer therefor arose, whether provided by the terms of this Agreement, arising by operation of law or otherwise, or (ii) under SECTION 9.2(a)(ii), (iv) or (v). Notwithstanding the above, if the Backup Servicer shall be legally unable or unwilling to act as Servicer, the Backup Servicer, the Trustee or the Noteholder may petition a court of competent jurisdiction to appoint any Eligible Servicer as the successor to the Servicer. Pending appointment pursuant to the preceding sentence, the Backup Servicer shall act as successor Servicer unless it is legally unable to do so, in which event the outgoing Servicer shall continue to act as Servicer until a successor

has been appointed and accepted such appointment. Subject to SECTION 9.6, no provision of this Agreement shall be construed as relieving the Backup Servicer of its obligation to succeed as successor Servicer upon the termination of the Servicer pursuant to SECTION 10.2, the non-extension of the servicing term as referred to in SECTION 4.15, or the resignation of the Servicer pursuant to SECTION 9.6. If upon the termination of the Servicer pursuant to SECTION 10.2, the non-extension of the servicing term as referred to in SECTION 4.15 or the resignation of the Servicer pursuant to SECTION 9.6, the Noteholder appoints a successor Servicer other than the Backup Servicer, the Backup Servicer shall not be relieved of its duties as Backup Servicer hereunder.

(b) Any successor Servicer shall be entitled to such compensation (whether payable out of the Collection Account or otherwise) as the Servicer would have been entitled to under this Agreement if the Servicer had not resigned or been terminated hereunder.

SECTION 10.4. NOTIFICATION OF TERMINATION AND APPOINTMENT.

Upon any termination of, or appointment of a successor to, the Servicer, the Trustee shall give prompt written notice thereof to the Noteholder and to the Rating Agencies.

SECTION 10.5. WAIVER OF PAST DEFAULTS.

The Noteholder may, waive in writing any default by the Servicer in the performance of its obligations under this Agreement and the consequences thereof. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Termination Event arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

SECTION 10.6. ACTION UPON CERTAIN FAILURES OF THE SERVICER.

In the event that the Trustee shall have knowledge of any failure of the Servicer specified in SECTION 10.1 which would give rise to a right of termination under such Section upon the Servicer's failure to remedy the same after notice, the Trustee shall give notice thereof to the Servicer and the Noteholder. For all purposes of this Agreement (including, without limitation, SECTION 6.2(b) and this SECTION 10.6), the Trustee shall not be deemed to have knowledge of any failure of the Servicer as specified in SECTIONS 10.1(c) through (h) unless notified thereof in writing by the Servicer or the Noteholder. The Trustee shall be under no duty or obligation to investigate or inquire as to any potential failure of the Servicer specified in SECTION 10.1.

SECTION 10.7. CONTINUED ERRORS.

Notwithstanding anything contained herein to the contrary, if the Backup Servicer becomes successor Servicer it is authorized to accept and rely on all of the accounting, records (including computer records) and work of the prior Servicer relating to the Receivables (collectively, the "PREDECESSOR SERVICER WORK Product") without any audit or other examination thereof, and the Backup Servicer as successor Servicer shall have no duty, responsibility, obligation or liability for the acts and omissions of the prior Servicer. If any error, inaccuracy, omission or incorrect or non-standard practice or procedure (collectively, "ERRORS") exist in any Predecessor Servicer Work Product and such Errors make it materially more difficult to service or should cause or materially contribute to the Backup Servicer as successor Servicer making or continuing any Errors (collectively, "CONTINUED ERRORS"), the Backup Servicer as successor Servicer shall have no duty or responsibility, for such Continued Errors; PROVIDED, HOWEVER, that the Backup Servicer as successor Servicer agrees to use its best efforts to prevent further Continued Errors. In the event that the Backup Servicer as successor Servicer becomes aware of Errors or Continued Errors, the Backup Servicer as successor Servicer shall, with the prior consent of the Noteholder use its best efforts to reconstruct and reconcile such data as is commercially reasonable to correct such Errors and Continued Errors and to prevent future Continued Errors. The Backup Servicer as successor Servicer shall be entitled to recover its costs thereby expended in accordance with SECTION 5.7(a)(xi) hereof.

ARTICLE XI

MISCELLANEOUS PROVISIONS

SECTION 11.1. AMENDMENT.

(a) This Agreement may not be waived, amended or otherwise modified except in a writing signed by the parties hereto and the Noteholder.

(b) Promptly after the execution of any such amendment, waiver or consent, the Trustee shall furnish written notification of the substance of such amendment or consent to Rating Agencies.

(c) Prior to the execution of any amendment, waiver or consent to this Agreement the Trustee shall be entitled to receive and rely upon (i) an Opinion of Counsel stating that the execution of such amendment, waiver or consent is authorized or permitted by this Agreement and (ii) if requested by the Noteholder, the Opinion of Counsel referred to in Section 11.2(i).

(d) The Trustee may, but shall not be obligated to, enter into any such amendment, waiver or consent which affects the Trustee's own rights, duties or immunities under this Agreement or otherwise.

(e) Upon the termination of the Seller as Servicer and the appointment of the Backup Servicer as Servicer hereunder, all amendments to the terms of this Agreement specified in the Servicing and Lockbox Processing Assumption Agreement shall become a part of this Agreement, as if this Agreement was amended to reflect such changes in accordance with this SECTION 11.1.

SECTION 11.2. PROTECTION OF TITLE TO PROPERTY.

(a) The Seller, the Purchaser or Servicer or each of them shall authorize, execute (if necessary) and file such financing statements and cause to be authorized, executed (if necessary) and filed such continuation statements, all in such manner and in such places as may be required by law fully to preserve, maintain and protect the interest of the Purchaser and the interests of the Trustee in the Receivables and in the proceeds thereof. The Seller shall deliver (or cause to be delivered) to the Noteholder and the Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing.

(b) None of the Seller, the Purchaser or the Servicer shall change its name, identity, jurisdiction of organization, form of organization or corporate structure in any manner that would, could or might make any financing statement or continuation statement filed in accordance with PARAGRAPH (A) above seriously misleading within the meaning of Section 9-506(a) of the UCC, unless it shall have given the Noteholder and the Trustee at least thirty days' prior written notice thereof and shall have promptly filed appropriate amendments to all previously filed financing statements or continuation statements. Promptly upon such filing, the Purchaser, the Seller or the Servicer, as the case may be, shall deliver an Opinion of Counsel to the Trustee and the Noteholder, in a form and substance reasonably satisfactory to the Noteholder, stating either (A) all financing statements and continuation statements have been authorized, executed and filed that are necessary fully to preserve and protect the interest of the Purchaser and the Trustee in the Receivables, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) no such action shall be necessary to preserve and protect such interest.

(c) Each of the Seller, the Purchaser and the Servicer shall have an obligation to give the Noteholder and the Trustee at least 60 days' prior written notice of any relocation of its chief executive office or a change in its jurisdiction of organization if, as a result of such relocation or change, the applicable provisions of the UCC would require the filing of any amendment of any previously filed financing or continuation statement or of any new financing statement and shall promptly file any such amendment or new financing statement. The Servicer shall at all times be organized under the laws of the United States (or any State thereof), maintain each office from which it shall service Receivables, and its chief executive office and jurisdiction of organization, within the United States of America.

(d) The Servicer shall maintain accounts and records as to each Receivable accurately and in sufficient detail to permit (i) the reader thereof to know at any time the status of such Receivable, including payments and recoveries made and payments owing (and the nature of each) and (ii) reconciliation between payments or recoveries on (or with respect to) each Receivable and the amounts from time to time deposited in the Collection Account in respect of such Receivable.

(e) The Servicer shall maintain its computer systems so that, from and after the time of sale under this Agreement of the Receivables to the Purchaser, the Servicer's master computer records (including any backup archives) that refer to a Receivable shall indicate clearly the interest of the Purchaser in such Receivable and that such Receivable is owned by the Purchaser and pledged to the Trustee. Indication of the Purchaser's and the Trustee's interest in a Receivable shall be deleted from or modified on the Servicer's computer systems when, and only when, the related Receivable shall have been paid in full or repurchased.

(f) If at any time the Seller or the Servicer shall propose to sell, grant a security interest in or otherwise transfer any interest in automotive receivables to any prospective purchaser, lender or other transferee, the Servicer shall give to such prospective purchaser, lender or other transferee computer tapes, records or printouts (including any restored from backup archives) that, if they shall refer in any manner whatsoever to any Receivable, shall indicate clearly that such Receivable has been sold and is owned by the Purchaser and pledged to the Trustee.

(g) The Servicer shall permit the Trustee, the Backup Servicer and the Noteholder and their respective agents upon reasonable notice and at any time during normal business hours to inspect, audit, and make copies of and abstracts from the Servicer's records regarding any Receivable.

(h) Upon request, the Servicer shall furnish to the Noteholder or to the Trustee, within five Business Days, a list of all Receivables (by contract number and name of Obligor) then pledged to the Trustee, together with a reconciliation of such list to the Schedule of Receivables and to each of the Servicer's Certificates furnished before such request indicating removal of Receivables from the lien of the Indenture.

(i) The Servicer shall deliver to the Noteholder and the Trustee:

(i) promptly after the execution and delivery of this Agreement and, if required pursuant to SECTION 11.1, of each amendment, waiver, or consent, an Opinion of Counsel, in form and substance satisfactory to the Noteholder, stating that in the opinion of such counsel, either (A) all financing statements and continuation statements have been authorized, executed and filed that are necessary fully to preserve and protect the interest of the Purchaser and the Trustee in the Receivables and the Opinion Collateral, and reciting the details of such filings or referring to a prior Opinion of Counsel in which such details are given, or (B) no such action shall be necessary to preserve and protect such interest; and

(ii) within 90 days after the beginning of each calendar year beginning with the first calendar year beginning more than three months after the Closing Date, an Opinion of Counsel, dated as of a date during such 90-day period, stating that, the opinion of such counsel, either (a) all financing statements and continuation statement have been authorized, executed and filed that are necessary fully to preserve and

protect the interest of the Purchaser and the Trustee in the Receivables and the Opinion Collateral, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (b) no such action shall be necessary to preserve and protect such interest.

Each Opinion of Counsel referred to in clause (i) or (ii) above shall specify any action necessary (as of the date of such opinion) to be taken in the following year to preserve and protect such interest.

SECTION 11.3. NOTICES.

All demands, notices and communications upon or to the Seller, the Backup Servicer, the Servicer, the Trustee or the Rating Agencies under this Agreement shall be in writing, via facsimile (and confirmed by telephone in the case of facsimiles to Seller, Servicer and Purchaser), personally delivered, or mailed by certified mail, return receipt requested, and shall be deemed to have been duly given upon receipt (a) in the case of the Seller, to Consumer Portfolio Services, Inc., 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: Chief Financial Officer, Telecopy: (888) 577-7923; Telephone: (949) 785-6691; (b) in the case of the Servicer, to Consumer Portfolio Services, Inc., 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: Chief Financial Officer, Telecopy: (888) 577-7923; Telephone: (949) 785-6691; (c) in the case of the Purchaser, to Page Funding LLC, 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: Chief Financial Officer, Telecopy: (888) 577-7923; Telephone: (949) 785-6691; (d) in the case of the Trustee or the Backup Servicer at the Corporate Trust Office, Telecopy: (612) 667-3464; (e) in the case of the Noteholder, to UBS Real Estate Securities Inc., 1285 Avenue of the Americas, 11th Floor, New York, New York 10019, Attention: Reginald DeVilliers, Telecopy: (212)713-7999; Telephone: (212)713-3055; (f) in the case of Moody's, to Moody's Investors Service, Inc., ABS Monitoring Department, 99 Church Street, New York, New York 10007, Telecopy: (212) 533-3850; and (g) in the case of Standard & Poor's Ratings Group, to Standard & Poor's, a Division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041, Attention: Asset Backed Surveillance Department, Telecopy: (212) 438-2649. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Noteholder shall receive such notice.

SECTION 11.4. ASSIGNMENT.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Notwithstanding anything to the contrary contained herein, except as provided in SECTIONS 8.4, 9.3 and this SECTION 11.4 and as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the Purchaser, the Seller or the Servicer without the prior written consent of the Trustee, the Backup Servicer and the Noteholder; provided that the Purchaser will grant all of its right, title and interest herein to the Trustee for the benefit of the Noteholder.

SECTION 11.5. LIMITATIONS ON RIGHTS OF OTHERS.

The provisions of this Agreement are solely for the benefit of the parties hereto and for the benefit of the Noteholder or its assignee, as a third-party beneficiary. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Collateral or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

SECTION 11.6. SEVERABILITY.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.7. SEPARATE COUNTERPARTS.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 11.8. HEADINGS.

The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.9. GOVERNING LAW.

THIS AGREEMENT (OTHER THAN SECTIONS 2.1(A) AND 2.2 HEREOF) SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. SECTIONS 2.1(A) AND 2.2 OF THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES UNDER SUCH SECTION SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.10. ASSIGNMENT TO TRUSTEE.

The Seller hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Purchaser to the Trustee pursuant to the Indenture for the benefit of the Noteholder of all right, title and interest of the Purchaser in, to and under the Receivables and Other Conveyed Property and/or the assignment of any or all of the Purchaser's rights and obligations hereunder to the Trustee.

SECTION 11.11. NONPETITION COVENANTS.

Notwithstanding any prior termination of this Agreement, the Servicer and the Seller shall not, prior to the date which is one year and one day after the Final Scheduled Settlement Date, acquiesce, petition or otherwise invoke or cause the Purchaser to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Purchaser under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Purchaser or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Purchaser.

SECTION 11.12. LIMITATION OF LIABILITY OF TRUSTEE.

Notwithstanding anything contained herein to the contrary, this Agreement has been executed and delivered by Wells Fargo Bank, National Association, not in its individual capacity but solely as Trustee and Backup Servicer and in no event shall Wells Fargo Bank, National Association, have any liability for the representations, warranties, covenants, agreements or other obligations of the Purchaser hereunder or in any of the certificates, notices or agreements delivered pursuant hereto, as to all of which recourse shall be had solely to the assets of the Purchaser.

SECTION 11.13. INDEPENDENCE OF THE SERVICER.

For all purposes of this Agreement, the Servicer shall be an independent contractor and shall not be subject to the supervision of the Purchaser, the Trustee and Backup Servicer with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by this Agreement, the Servicer shall have no authority to act for or represent the Purchaser in any way and shall not otherwise be deemed an agent of the Purchaser.

SECTION 11.14. NO JOINT VENTURE.

Nothing contained in this Agreement (i) shall constitute the Servicer and the Purchaser as members of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, (ii) shall be construed to impose any liability as such on any of them or (iii) shall be deemed to confer on any of them any express, implied or apparent authority to incur any obligation or liability on behalf of the others.

SECTION 11.15. INTENTION OF PARTIES REGARDING DELAWARE SECURITIZATION ACT.

It is the intention of the Purchaser and the Seller that the transfer and assignment of the property contemplated by SECTION 2.1(a) of this Agreement shall constitute a sale of property from the Seller to the Purchaser, conveying good title thereto free and clear of any liens, and the beneficial interest in and title to such assets shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy or similar law. In addition, for purposes of complying with the requirements of the Asset-Backed Securities Facilitation Act of the State of Delaware, 6 Del. C. ss. 2701A, et seq. (the "SECURITIZATION ACT"), each of the parties hereto hereby agrees that:

(a) any property, assets or rights purported to be transferred, in whole or in part, by the Seller to the Purchaser pursuant to this Agreement shall be deemed to no longer be the property, assets or rights of the Seller;

(b) none of the Seller, its creditors or, in any insolvency proceeding with respect to the Seller or the Seller's property, a bankruptcy trustee, receiver, debtor, debtor in possession or similar person, to the extent the issue is governed by Delaware law, shall have any rights, legal or equitable, whatsoever to reacquire (except pursuant to a provision of this Agreement), reclaim, recover, repudiate, disaffirm, redeem or recharacterize as property of the Seller any property, assets or rights purported to be transferred, in whole or in part, by the Seller to the Purchaser pursuant to this Agreement;

(c) in the event of a bankruptcy, receivership or other insolvency proceeding with respect to the Seller or the Seller's property, to the extent the issue is governed by Delaware law, such property, assets and rights shall not be deemed to be part of the Seller's property, assets, rights or estate; and

(d) the transaction contemplated by this Agreement shall constitute a "securitization transaction" as such term is used in the Securitization Act.

SECTION 11.16. SPECIAL SUPPLEMENTAL AGREEMENT.

If any party to this Agreement is unable to sign any amendment or supplement due to its dissolution, winding up or comparable circumstances, then the consent of the Noteholder shall be sufficient to amend this Agreement without such party's signature.

SECTION 11.17. LIMITED RECOURSE.

Notwithstanding anything to the contrary contained in this Agreement, the obligations of the Purchaser hereunder are solely the obligations of the Purchaser, and shall be payable by the Purchaser, solely as provided herein. The Purchaser shall only be required to pay (a) any fees, expenses, indemnities or other liabilities that it may incur hereunder (i) from funds available pursuant to, and in accordance with, the payment priorities set forth in SECTION 5.7(a) and (ii) only to the extent the Purchaser receives additional funds for such purposes or to the extent it has additional funds available (other than funds described in the preceding clause (i)) that would be in excess of amounts that would be necessary to pay the debt and other obligations of the Purchaser incurred in accordance with the Purchaser's limited liability company agreement and all financing documents to which the Purchaser is a party. In addition, no amount owing by the Purchaser hereunder in excess of the liabilities that it is required to pay in accordance with the preceding sentence shall constitute a "claim" (as defined in Section 101(5) of the Bankruptcy Code) against it. No recourse shall be had for the payment of any amount owing hereunder or for the payment of any fee hereunder or any other obligation of, or claim against, the Purchaser arising out of or based upon any provision herein, against any member, employee, officer, agent, director or authorized person of the Purchaser or any Affiliate thereof; PROVIDED, HOWEVER, that the foregoing shall not relieve any such person or entity of any liability they might otherwise have as a result of fraudulent actions or omissions taken by them.

SECTION 11.18. ACKNOWLEDGEMENT OF ROLES.

The parties expressly acknowledge and consent to Wells Fargo Bank, National Association acting in the multiple capacities of Backup Servicer and Trustee. The parties agree that Wells Fargo Bank, National Association in such multiple capacities shall not be subject to any claim, defense or liability arising from its performance in any such capacity based on conflict of interest principles, duty of loyalty principles or other breach of fiduciary duties to the extent that any such conflict or breach arises from the performance by Wells Fargo Bank, National Association of any other such capacity or capacities in accordance with this Agreement or any other Basic Documents to which it is a party.

SECTION 11.19. TERMINATION.

The respective obligations and responsibilities of the Seller, the Purchaser, the Servicer, the Backup Servicer, and the Trustee created hereby shall terminate on the Termination Date; PROVIDED, HOWEVER, in any case there shall be delivered to the Trustee and the Noteholder an Opinion of Counsel that all applicable preference periods under federal, state and local bankruptcy, insolvency and similar laws have expired with respect to the payments pursuant to this SECTION 11.19. The Servicer shall promptly notify the Trustee, the Seller, the Issuer, each Rating Agency and the Noteholder of any prospective termination pursuant to this SECTION 11.19.

SECTION 11.20. SUBMISSION TO JURISDICTION.

ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, OR ANY LEGAL PROCESS WITH RESPECT TO ITSELF OR ANY OF ITS PROPERTY, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

SECTION 11.21. WAIVER OF TRIAL BY JURY.

THE PARTIES HERETO EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY PARTY AGAINST THE OTHER PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. THE PARTIES HERETO EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

SECTION 11.22. PROCESS AGENT.

Each of Purchaser, Seller, Servicer and Trustee agrees that the process by which any proceedings in the State of New York are begun may be served on it by being delivered by certified mail at the chief executive office or corporate trust office, as applicable, or at its registered office for the time being. If such person is not or ceases to be effectively appointed to accept service of process on the Purchaser's, Seller's, Servicer's or Trustee's behalf, the Purchaser, Seller, Servicer or Trustee, as applicable, shall, on the written

demand of the process agent, appoint a further person in the State of New York to accept service of process on its behalf and, failing such appointment within 15 days, the process agent shall be entitled to appoint such a person by written notice to the Purchaser, Seller, Servicer or Trustee, as applicable. Nothing in this sub-clause shall affect the right of the process agent to serve process in any other manner permitted by law.

SECTION 11.23. NO SET-OFF.

Each of the Seller and Servicer agrees that it shall have no right of set-off or banker's lien against, and no right to otherwise deduct from, any funds held in any account described herein or in the Basic Documents for any amount owed to it by the Seller, Servicer or Noteholder.

SECTION 11.24. NO WAIVER; CUMULATIVE REMEDIES.

No failure to exercise and no delay in exercising any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise hereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

SECTION 11.25. MERGER AND INTEGRATION.

Except as specifically stated otherwise herein, this Agreement sets forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement. This Agreement may not be modified, amended, waived or supplemented except as provided herein.

SECTION 11.26. NO NOVATION.

The amendment and restatement of this Agreement shall not be deemed to be a novation or repayment of the outstanding Advances and the security interest of the Trustee in the Collateral shall remain in full force and effect after giving effect to the amendment and restatement of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective duly authorized officers as of the day and the year first above written.

PAGE FUNDING LLC, as Purchaser

By: /s/

CONSUMER PORTFOLIO SERVICES, INC., as Seller

By: /s/

CONSUMER PORTFOLIO SERVICES, INC., as Servicer

By: /s/

WELLS FARGO BANK, NATIONAL ASSOCIATION, not in its individual capacity, but solely as Backup Servicer and Trustee

By: /s/

CONSENTED TO BY:

UBS REAL ESTATE SECURITIES, INC., as Noteholder

By: /s/

By: /s/

ACKNOWLEDGEMENT

- - - - -

TFC, in its capacity as a subservicer with respect to the TFC Receivables hereby acknowledges and agrees to the provisions set forth in Section 4.18 of the foregoing Agreement.

THE FINANCE COMPANY

By: /s/

ANNEX A---DEFINED TERMS

"Accounting Date" means, with respect to any Determination Date or any Settlement Date, the close of business on the day immediately preceding such Determination Date or Settlement Date.

"Accountants' Report" means the report of a firm of nationally recognized independent accountants described in Section 4.11 of the Sale and Servicing Agreement.

"Accrual Period" means, a calendar month; provided that the initial Accrual Period shall be the period from and including the day after the initial Cutoff Date to and including July 31, 2004.

"Act" has the meaning specified in Section 11.3 of the Indenture.

"Addition Notice" means, with respect to any transfer of Receivables to the Purchaser pursuant to Section 2.1 of the Sale and Servicing Agreement, notice of the Seller's election to transfer Receivables to the Purchaser, such notice to designate the related Funding Date and the aggregate principal amount of Receivables to be transferred on such Funding Date, substantially in the form of Exhibit G to the Sale and Servicing Agreement.

"Advance" has the meaning set forth in paragraph 4 of the recitals to the Note Purchase Agreement.

"Advance Amount" means with respect to the Receivables, an amount equal to the least of (i) the excess of the Maximum Invested Amount over the Invested Amount of the Note as of such Funding Date; and (ii) the excess of the Net Borrowing Base (taking into account the amount of the Receivables to be purchased on such Funding Date) over the Invested Amount of the Note as of such Funding Date.

"Advance Rate" as of any day means (a) with respect to each TFC Receivable and each Clean-up Call Receivable, 70.5% minus the Advance Rate Reduction Amount and (b) with respect to each CPS Receivable, the then applicable CPS Advance Rate as reflected on the CPS Advance Rate Matrix.

"Advance Rate Reduction Amount" means, at any time, the excess, if any, of (A) the Cap Rate over (B) the Required Cap Rate, such excess, if any, to be rounded up to the nearest 1/10th of 1 percent.

"Advance Request" has the meaning set forth in Section 6.03(d) of the Note Purchase Agreement.

"Affiliate" of any Person means any Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with such Person. For purposes of this definition, the term "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling", "controlled by" and "under common control with" have meanings correlative to the foregoing.

"Aggregate Collateral Balance" means, as of any date of determination, an amount equal to the sum of (i) (a) the Aggregate Principal Balance of Eligible Receivables over (b) the Excess Concentration Amount, (ii) the face amount of Eligible Investments, and (iii) Available Funds on deposit in the Collection Account.

"Aggregate Principal Balance" means, with respect to any date of determination and with respect to the Receivables, the Eligible Receivables or any specified portion thereof, as the case may be, the sum of the Principal Balances for all Receivables, the Eligible Receivables or any specified portion thereof, as the case may be (other than (i) any Receivable that became a Liquidated Receivable prior to the end of the most recently ended Accrual Period and (ii) any Receivable that became a Purchased Receivable prior to the end of the most recently ended Accrual Period) as of the date of determination.

"Amortization Period" means the period beginning on the Facility Termination Date and ending on the Final Scheduled Settlement Date.

"Amount Financed" means, with respect to a Receivable, the aggregate amount advanced under such Receivable toward the purchase price of the Financed Vehicle and any related costs, including amounts advanced in respect of accessories, insurance premiums, service and warranty contracts, other items customarily financed as part of retail automobile installment sale contracts or promissory notes, and related costs.

"Annual Percentage Rate" or "APR" of a Receivable means the annual percentage rate of finance charges or service charges, as stated in the related Contract.

"Applicable Margin" means (a) with respect to any day prior to the commencement of the Amortization Period, 1.50% and (b) with respect to any day on or after which the Amortization Period commences, the Default Applicable Margin.

"Assignment" means an assignment from the Seller to the Purchaser with respect to the Receivables and Other Conveyed Property to be conveyed by the Seller to the Purchaser on any Funding Date, in substantially the form of Exhibit G to the Sale and Servicing Agreement.

"Assumption Date" has the meaning set forth in Section 10.3(a) of the Sale and Servicing Agreement.

"Authorized Officer" means, with respect to the Servicer or Issuer, any officer or agent acting pursuant to a power of attorney of such Person, who is authorized to act therefor and who is identified on the list of Authorized Officers delivered by such Person to the Trustee and the Note Purchaser on the Closing Date (as such list may be modified or supplemented from time to time thereafter).

"Available Funds" means, for each Settlement Date, the sum of the following amounts with respect to the preceding Accrual Period, without duplication: (i) all collections on the Receivables; (ii) Net Liquidation Proceeds received during the Accrual Period with respect to Liquidated Receivables; (iii) all Purchase Amounts deposited in the Collection Account by the related Determination Date pursuant to Section 5.6 of the Sale and Servicing Agreement; (iv) Investment Earnings for the related Settlement Date; (v) all amounts received pursuant to Receivable Insurance Policies with respect to any Financed Vehicles; (vi) any amounts received by the Purchaser pursuant to the Hedge Agreements; and (vii) the Purchase Price of any Receivable repurchased by the Seller or the Purchaser during such Accrual Period.

"Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended from time to time, and as codified as 11 U.S.C. Section 101 et seq.

"Backup Servicer" means Wells Fargo Bank, National Association in its capacity as Backup Servicer pursuant to the terms of the Servicing and Lockbox Processing Assumption Agreement or such Person as shall have been appointed Backup Servicer pursuant to Section 9.3(b) or 9.6 of the Sale and Servicing Agreement.

"Backup Servicing Fee" means (A) the fee payable to the Backup Servicer so long as the Seller or any successor Servicer (other than the Backup Servicer) is the Servicer, on each Settlement Date in the amount equal to \$1,800 per data transmission received by the Backup Servicer pursuant to Section 4.14 of the Sale and Servicing Agreement and (B) any other amounts payable to the Backup Servicer pursuant to the Fee Schedule

"Basic Documents" means the Indenture, the Sale and Servicing Agreement, the Lockbox Agreements, the Note Purchase Agreement, the Hedge Agreement, the Servicing and Lockbox Processing Assumption Agreement, the Engagement Letter and other documents and certificates delivered in connection therewith.

"Benefit Plan" shall mean an "employee benefit plan", as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA or any "plan" as defined in Section 4975 of the Code.

"Borrowing Base" means, as of any date of determination, an amount equal to the sum of (i) the CPS Borrowing Base, (ii) the lesser of (A) the TFC Borrowing Base and (B) \$25,000,000, (iii) the lesser of (A) the Clean-up Call Borrowing Base and (B) \$10,000,000 and (iv) Available Funds allocable to principal payments made by Obligor (including any Eligible Investments) on deposit in the Collection Account.

"Borrowing Base Certificate" means, with respect to any transfer of Receivables, the certificate of the Servicer setting forth the calculation of the Borrowing Base, substantially in the form of Exhibit A to the Note Purchase Agreement.

"Borrowing Base Deficiency" means, as of any date of determination, the positive excess, if any, of the Invested Amount over the Borrowing Base.

"Business Day" means any (i) day other than a Saturday, a Sunday or other day on which commercial banks located in the states of Minnesota, California or New York are authorized or obligated to be closed and (ii) if the applicable Business Day relates to the determination of LIBOR, a day which is a day described in clause (i) above and which is also a day for trading by and between banks in the London interbank eurodollar market.

"Cap Rate" means, as of any date, the strike rate under the Hedge Agreement then in effect between the Issuer and the Hedge Counterparty.

"Capped Monthly Interest" means with respect to any Settlement Date, the lesser of (A) the Noteholder's Monthly Interest Distributable Amount and (B) the sum of, for each day in the related Accrual Period, the product of (i) the Cap Rate for such day, (ii) the notional amount of the Hedge Agreements for such day and (iii) 1/360.

"Casualty" means, with respect to a Financed Vehicle, the total loss or destruction of such Financed Vehicle.

"Change of Control" means a change resulting when any Unrelated Person or any Unrelated Persons, acting together, that would constitute a Group together with any Affiliates or Related Persons thereof (in each case also constituting Unrelated Persons) shall at any time either (i) Beneficially Own more than 50% of the aggregate voting power of all classes of Voting Stock of the Seller, or (ii) succeed in having sufficient of its or their nominees elected to the Board of Directors of the Seller such that such nominees when added to any existing director remaining on the Board of Directors of the Seller after such election who is an Affiliate or Related Person of such Person or Group, shall constitute a majority of the Board of Directors of the Seller. As used herein, (a) "Beneficially Own" shall mean "beneficially own" as defined in Rule 13d-3 of the Exchange Act, or any successor provision thereto; provided, however, that, for purposes of this definition, a Person shall not be deemed to Beneficially Own securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates until such tendered securities are accepted for purchase or exchange; (b) "Group" shall mean a "group" for purposes of Section 13(d) of the Exchange Act; (c) "Unrelated Person" shall mean at any time any Person other than the Seller or any of its Subsidiaries and other than any trust for any employee benefit plan of the Seller or any of its Subsidiaries; (d) "Related Person" shall mean any other Person owning (1) 5% or more of the outstanding common stock of such Person, or (2) 5% or more of the Voting Stock of such Person; and (e) "Voting Stock" of any Person shall mean the capital stock or other indicia of equity rights of such Person which at the time has the power to vote for the election of one or more members of the Board of Directors (or other governing body) of such Person.

"Clean-up Call Borrowing Base" means, as of any date of determination, an amount equal to the product of (a) the Aggregate Principal Balance of the Clean-up Call Receivables and (b) the applicable Advance Rate; provided that on and after the Clean-up Call Termination Date, the Clean-up Call Borrowing Base shall equal zero.

"Clean-up Call Receivables" means Eligible Receivables that were acquired by the Seller from Mercury, TFCRC IV and TFCRC VI pursuant to clean-up calls from, as applicable, MFN Auto Receivables Trust 2001-A, MFN Auto Receivables 2002-A, TFC Automobile Receivables Trust 2002-1 and TFC Automobile Receivables Trust 2002-2.

"Clean-up Call Termination Date" means January 31, 2006.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act, or any successor provision thereto. The initial Clearing Agency shall be The Depository Trust Company.

"Clearing Agency Participant" means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

"Closing Date" means June 30, 2004.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and Treasury Regulations promulgated thereunder.

"Collateral" has the meaning specified in the Granting Clause of the Indenture.

"Collection Account" means the account designated as such, established and maintained pursuant to Section 5.1 of the Sale and Servicing Agreement.

"Commission" means the United States Securities and Exchange Commission.

"Commitment" means the obligation of the Note Purchaser to make Advances to the Issuer pursuant to the terms of the Note Purchase Agreement and the other Basic Documents.

"Concentration Limits" means with respect to Eligible Receivables:

(i) CPS Receivables originated in any one state except California and Texas shall not at any time represent more than 15% of the Aggregate Principal Balance of the CPS Receivables;

(ii) CPS Receivables originated in California shall not in the aggregate at any time represent more than 20% of the Aggregate Principal Balance of the CPS Receivables;

(iii) CPS Receivables originated in Texas shall not in the aggregate at any time represent more than 20% of the Aggregate Principal Balance of the CPS Receivables;

(iv) CPS Receivables originated in California and Texas shall not in the aggregate at any time represent more than 35% of the Aggregate Principal Balance of the CPS Receivables;

(v) CPS Receivables originated in connection with the financing of used motor vehicles shall not at any time represent more than 90% of the Aggregate Principal Balance of the CPS Receivables;

(vi) CPS Receivables the Obligors of which are the subject of Insolvency Events under Chapter 7 of the Bankruptcy Code and have completed a 341 Hearing shall not at any time represent more than 3% of the Aggregate Principal Balance of the CPS Receivables;

(vii) CPS Receivables owing by Obligors on active duty in the military shall not at any time represent more than 7.5% of the Aggregate Principal Balance of the CPS Receivables;

(viii) CPS Receivables originated by "independent" Dealers shall not at any time represent more than 10% of the Aggregate Principal Balance of the CPS Receivables;

(ix) CPS Receivables originated by Affiliates of rental car companies shall not at any time represent more than 5% of the Aggregate Principal Balance of the CPS Receivables;

(x) CPS Receivables originated under Seller's "First Time Buyer Program" shall not at any time represent more than 10% of the Aggregate Principal Balance of the CPS Receivables;

(xi) CPS Receivables originated under Seller's "Delta Program" shall not at any time represent more than 5% of the Aggregate Principal Balance of the CPS Receivables;

(xii) CPS Receivables originated under Seller's "Standard Program" shall not at any time represent more than 13% of the Aggregate Principal Balance of the CPS Receivables;

(xiii) CPS Receivables originated under the Seller's "Delta Program," "Standard Program" and "First Time Buyer Program" shall not in the aggregate at any time represent more than 20% of the Aggregate Principal Balance of the CPS Receivables;

(xiv) CPS Receivables the Obligors of which shall have an aggregate weighted average credit score that shall not exceed 32.5;

(xv) as of any date, Eligible Receivables with an original term of 66 months shall not exceed 8% and Eligible Receivables with an original term of 72 months shall not exceed 32%;

(xvi) as of any date, the Aggregate Principal Balance of CPS Receivables with an original term greater than 60 months with respect to which the related Financed Vehicle is a used vehicle shall not exceed 60% of the Aggregate Principal Balance of all CPS Receivables with an original term greater than 60 months as of such date;

(xvii) TFC Receivables originated in any one state except California and Georgia shall not at any time represent more than 15% of the Aggregate Principal Balance of the TFC Receivables;

(xviii) TFC Receivables originated in California shall not in the aggregate at any time represent more than 20% of the Aggregate Principal Balance of the TFC Receivables;

(xviii) TFC Receivables originated in Georgia shall not in the aggregate at any time represent more than 20% of the Aggregate Principal Balance of the TFC Receivables;

(xx) TFC Receivables originated in California and Georgia shall not in the aggregate at any time represent more than 35% of the Aggregate Principal Balance of the TFC Receivables;

(xxi) TFC Receivables with respect to which more than 10% of a Scheduled Receivable Payment is more than 31 days contractually delinquent as of the end of the immediately preceding Accrual Period shall not in the aggregate represent more than 10% of the Aggregate Principal Balance of the TFC Receivables;

(xxii) TFC Receivables originated under TFC's "E-1 Program" and "E-2 Program" shall not at any time represent more than 30% of the Aggregate Principal Balance of the TFC Receivables;

(xxiii) TFC Receivables the Obligors of which are currently enlisted in the U.S. Army shall not at any time represent more than 47.5% of the Aggregate Principal Balance of the TFC Receivables; and

(xxiv) TFC Receivables the Obligors of which are currently enlisted in the U.S. Navy shall not at any time represent more than 25% of the Aggregate Principal Balance of the TFC Receivables.

"Consolidated Total Adjusted Equity" of any Person means, with respect to any fiscal quarter, the total shareholders' equity of such Person and its consolidated Subsidiaries that, in accordance with generally accepted accounting principles, is reflected on the consolidated balance sheet of such Person and its consolidated Subsidiaries for such fiscal quarter, minus the aggregate amount of such Person's intangible assets, including without limitation, goodwill, franchises, licenses, patents, trademarks, tradenames, copyrights and service marks.

"Consumer Laws" means federal and State usury laws, the Federal Truth-in-Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Federal Trade Commission Act, the Magnuson-Moss Warranty Act, the Federal Reserve Board's Regulations B and Z, the Servicemembers Civil Relief Act, the Texas Consumer Credit Code, the California Automobile Sales Finance Act, State adaptations of the National Consumer Act and of the Uniform Consumer Credit Code and other federal, State and local consumer credit laws and equal credit opportunity and disclosure laws.

"Contract" means a motor vehicle retail installment sale contract or installment promissory note or security agreement relating to the sale or refinancing of new or used automobiles, light duty trucks, vans or minivans, and other writings related thereto from time to time.

"Contract Purchase Guidelines" means (a) with respect to the CPS Receivables, CPS' established "Contract Purchase Guidelines" and (b) with respect to the TFC Receivables, TFC's established "Contract Purchase Guidelines", in each case as the same may be amended from time to time in accordance with Section 8.2(c) of the Sale and Servicing Agreement.

"Corporate Trust Office" means with respect to the Trustee, the principal office of the Trustee at which at any particular time its corporate trust business shall be administered which office is located at Sixth Street and Marquette Avenue, MAC N9311-161, Minneapolis, Minnesota 55479, or at such other address as the Trustee may designate from time to time by notice to the Note Purchaser, the Servicer, the Issuer, or the principal corporate trust office of any successor Trustee (the address of which the successor Trustee will notify the Note Purchaser).

"CPS" means Consumer Portfolio Services, Inc., a California corporation.

"CPS Advance Rate Matrix" means the following matrix, the results of which reflect the CPS Advance Rate to be used in (a)(i) of the definition of "Advance Rate" herein:

NET SPREAD	WEIGHTED AVERAGE PORTFOLIO REMAINING TERM (IN MONTHS)		
	30 TO 41	42 TO 53	54 OR MORE
8.0% TO 8.9%	69.6	72.6	74.0
9.0% TO 9.9%	70.5	73.7	75.5
10.0% OR HIGHER	71.3	74.8	77.0

"CPS Borrowing Base" means, as of any date of determination, an amount equal to (a) the excess of (i) the Aggregate Principal Balance of the CPS Receivables over (ii) the Excess Concentration Amount for the CPS Receivables multiplied by (b) the applicable Advance Rate.

"CPS Receivables" means Eligible Receivables that were acquired from Dealers by the Seller.

"Cram Down Loss" means, with respect to a Receivable, if a court of appropriate jurisdiction in an insolvency proceeding shall have issued an order reducing the amount owed on a Receivable or otherwise modifying or restructuring Scheduled Receivable Payments to be made on a Receivable, an amount equal to such reduction in the Principal Balance of such Receivable or the reduction in the net present value (using as the discount rate the lower of the contract rate or the rate of interest specified by the court in such order) of the Scheduled Receivable Payments as so modified or restructured. A "Cram Down Loss" shall be deemed to have occurred on the date such order is entered.

"Cutoff Date" means, with respect to a Receivable or Receivables, the date specified as such for such Receivable or Receivables in the Schedule of Receivables attached to the Sale and Servicing Agreement or any Assignment.

"Dealer" means, with respect to a Receivable, the seller of the related Financed Vehicle, who originated and assigned such Receivable to the Seller, which Dealer shall not be an Affiliate of the Seller (including, without limitation, MFN Financial Corporation and TFC Enterprises, Inc.).

"Default" means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

"Default Applicable Margin" means 2.00%.

"Defaulted Receivable" means, with respect to any Receivable as of any date, a Receivable with respect to which: (i) more than 10% of its Scheduled Receivable Payment is more than 90 days past due as of the end of the immediately preceding Accrual Period, (ii) the Servicer has repossessed the related Financed Vehicle (and any applicable redemption or acceleration period has expired) as of the end of the immediately preceding Accrual Period, or (iii) such Receivable has been written off by the Servicer as uncollectible in accordance with the Servicer's policies or the Servicer has determined in good faith that payments thereunder are not likely to be resumed.

"Defective Receivable" means a Receivable that is subject to repurchase pursuant to Section 3.2 or Section 4.7 of the Sale and Servicing Agreement.

"Deficiency Claim Amount" has the meaning set forth in Section 5.5(b) of the Sale and Servicing Agreement.

"Deficiency Claim Date" means, with respect to any Settlement Date, the Business Day immediately preceding such Settlement Date.

"Deficiency Notice" has the meaning set forth in Section 5.5(b) of the Sale and Servicing Agreement.

"Definitive Note" has the meaning specified in Section 2.5(c) to the Indenture.

"Delivery" means, when used with respect to Pledged Account Property:

(i) the perfection and priority of a security interest in such Pledged Account Property which is governed by the law of a jurisdiction which has adopted the 1978 Revision to Article 8 of the UCC (and not the 1994 Revision to Article 8 of the UCC as referred to in (ii) below):

(a) with respect to bankers' acceptances, commercial paper, negotiable certificates of deposit and other obligations that constitute "instruments" within the meaning of Section 9-102(a)(47) of the UCC and are susceptible of physical delivery, transfer thereof to the Trustee or its nominee or custodian by physical delivery to the Trustee or its nominee or custodian endorsed to, or registered in the name of, the Trustee or its nominee or custodian or endorsed in blank, and, with respect to a certificated security (as defined in Section 8-102 of the UCC), transfer thereof (1) by delivery of such certificated security endorsed to, or registered in the name of, the Trustee or its nominee or custodian or endorsed in blank to a financial intermediary (as defined in Section 8-313 of the UCC) and the making by such financial intermediary of entries on its books and records identifying such certificated securities as belonging to the Trustee or its nominee or custodian and the sending by such financial intermediary of a confirmation of the purchase of such certificated security by the Trustee or its nominee or custodian, or (2) by delivery thereof to a "clearing corporation" (as defined in Section 8-102(3) of the UCC) and the making by such clearing corporation of appropriate entries on its books reducing the appropriate securities account of the transferor and increasing the appropriate securities account of a financial intermediary by the amount of such certificated security, the identification by the clearing corporation of the certificated securities for the sole and exclusive account of the financial intermediary, the maintenance of such

certificated securities by such clearing corporation or a "custodian bank" (as defined in Section 8-102(4) of the UCC) or the nominee of either subject to the clearing corporation's exclusive control, the sending of a confirmation by the financial intermediary of the purchase by the Trustee or its nominee or custodian of such securities and the making by such financial intermediary of entries on its books and records identifying such certificated securities as belonging to the Trustee or its nominee or custodian (all of the foregoing, "Physical Property"), and, in any event, any such Physical Property in registered form shall be in the name of the Trustee or its nominee or custodian; and such additional or alternative procedures as may hereafter become appropriate to effect the complete transfer of ownership of any such Pledged Account Property to the Trustee or its nominee or custodian, consistent with changes in applicable law or regulations or the interpretation thereof;

(b) with respect to any security issued by the U.S. Treasury, the Federal Home Loan Mortgage Corporation or by the Federal National Mortgage Association that is a book-entry security held through the Federal Reserve System pursuant to Federal book-entry regulations, the following procedures, all in accordance with applicable law, including applicable Federal regulations and Articles 8 and 9 of the UCC: book-entry registration of such Pledged Account Property to an appropriate book-entry account maintained with a Federal Reserve Bank by a financial intermediary which is also a "depository" pursuant to applicable Federal regulations and issuance by such financial intermediary of a deposit advice or other written confirmation of such book-entry registration to the Trustee or its nominee or custodian of the purchase by the Trustee or its nominee or custodian of such book-entry securities; the making by such financial intermediary of entries in its books and records identifying such book-entry security held through the Federal Reserve System pursuant to Federal book-entry regulations as belonging to the Trustee or its nominee or custodian and indicating that such custodian holds such Pledged Account Property solely as agent for the Trustee or its nominee or custodian; and such additional or alternative procedures as may hereafter become appropriate to effect complete transfer of ownership of any such Pledged Account Property to the Trustee or its nominee or custodian, consistent with changes in applicable law or regulations or the interpretation thereof; and

(c) with respect to any item of Pledged Account Property that is an uncertificated security under Article 8 of the UCC and that is not governed by clause (b) above, registration on the books and records of the issuer thereof in the name of the financial intermediary, the sending of a confirmation by the financial intermediary of the purchase by the Trustee or its nominee or custodian of such uncertificated security, the making by such financial intermediary of entries on its books and records identifying such uncertificated certificates as belonging to the Trustee or its nominee or custodian; or

(ii) the perfection and priority of a security interest in such Pledged Account Property which is governed by the law of a jurisdiction which has adopted the 1994 Revision to Article 8 of the UCC:

(a) with respect to bankers' acceptances, commercial paper, negotiable certificates of deposit and other obligations that constitute "instruments" within the meaning of Section 9-102(a)(47) of the UCC (other than certificated securities) and are susceptible of physical delivery, transfer thereof to the Trustee by physical delivery to the Trustee, indorsed to, or registered in the name of, the Trustee or its nominee or indorsed in blank and such additional or alternative procedures as may hereafter become appropriate to effect the complete transfer of ownership of any such Pledged Account Property to the Trustee free and clear of any adverse claims, consistent with changes in applicable law or regulations or the interpretation thereof;

(b) with respect to a "certificated security" (as defined in Section 8-102(a)(4) of the UCC), transfer thereof:

(1) by physical delivery of such certificated security to the Trustee, provided that if the certificated security is in registered form, it shall be indorsed to, or registered in the name of, the Trustee or indorsed in blank;

(2) by physical delivery of such certificated security in registered form to a "securities intermediary" (as defined in Section 8-102(a)(14) of the UCC) acting on behalf of the Trustee if the certificated security has been specially endorsed to the Trustee by an effective endorsement.

(c) with respect to any security issued by the U.S. Treasury, the Federal Home Loan Mortgage Corporation or by the Federal National Mortgage Association that is a book-entry security held through the Federal Reserve System pursuant to Federal book entry regulations, the following procedures, all in accordance with applicable law, including applicable federal regulations and Articles 8 and 9 of the UCC: book-entry registration of such property to an appropriate book-entry account maintained with a Federal Reserve Bank by a securities intermediary which is also a "depository" pursuant to applicable federal regulations and issuance by such securities intermediary of a deposit advice or other written confirmation of such book-entry registration to the Trustee of the purchase by the securities intermediary on behalf of the Trustee of such book-entry security; the making by such securities intermediary of entries in its books and records identifying such book-entry security held through the Federal Reserve System pursuant to Federal book-entry regulations as belonging to the Trustee and indicating that such securities intermediary holds such book-entry security solely as agent for the Trustee; and such additional or alternative procedures as may hereafter become appropriate to effect complete transfer of ownership of any such Pledged Account Property to the Trustee free of any adverse claims, consistent with changes in applicable law or regulations or the interpretation thereof;

(d) with respect to any item of Pledged Account Property that is an "uncertificated security" (as defined in Section 8-102(a)(18) of the UCC) and that is not governed by clause (c) above, transfer thereof:

(1)(A) by registration to the Trustee as the registered owner thereof, on the books and records of the issuer thereof;

(B) by another Person (not a securities intermediary) who either becomes the registered owner of the uncertificated security on behalf of the Trustee, or having become the registered owner acknowledges that it holds for the Trustee;

(2) the issuer thereof has agreed that it will comply with instructions originated by the Trustee without further consent of the registered owner thereof;

(e) with respect to a "security entitlement" (as defined in Section 8-1 02(a)(17) of the UCC):

(1) if a securities intermediary (A) indicates by book entry that a "financial asset" (as defined in Section 8-102(a)(9) of the UCC) has been credited to the Trustee's "securities account" (as defined in Section 8-501(a) of the UCC), (B) receives a financial asset (as so defined) from the Trustee or acquires a financial asset for the Trustee, and in either case, accepts it for credit to the Trustee's securities account (as so defined), (C) becomes obligated under other law, regulation or rule to credit a financial asset to the Trustee's securities account, or (D) has agreed that it will comply with "entitlement orders" (as defined in Section 8-1 02(a)(8) of the UCC) originated by the Trustee, without further consent by the "entitlement holder" (as defined in Section 8-102(a)(7) of the UCC), of a confirmation of the purchase and the making by such securities intermediary of entries on its books and records identifying as belonging to the Trustee of (I) a specific certificated security in the securities intermediary's possession, (II) a quantity of securities that constitute or are part of a fungible bulk of certificated securities in the securities intermediary's possession, or (III) a quantity of securities that constitute or are part of a fungible bulk of securities shown on the account of the securities intermediary on the books of another securities intermediary;

(f) in each case of delivery contemplated pursuant to clauses (a) through (e) of subsection (ii) hereof, the Trustee shall make appropriate notations on its records, and shall cause the same to be made on the records of its nominees, indicating that such Trust Property which constitutes a security is held in trust pursuant to and as provided in the Sale and Servicing Agreement.

"Determination Date" means, with respect to any Settlement Date, the fourth Business Day immediately preceding such Settlement Date.

"Dollar" means lawful money of the United States.

"Draw Date" means, with respect to any Settlement Date, the third Business Day immediately preceding such Settlement Date.

"Eligible Account" means either (i) a segregated trust account that is maintained with a depository institution acceptable to the Note Purchaser, or (ii) a segregated direct deposit account maintained with a depository institution or trust company organized under the laws of the United States of America, or any of the States thereof, or the District of Columbia, having a certificate of deposit, short-term deposit or commercial paper rating of at least "A-1+" by Standard & Poor's and "P-1" by Moody's and acceptable to the Note Purchaser.

"Eligible Investments" mean book-entry securities, negotiable instruments or securities represented by instruments in bearer or registered form which evidence:

(a) direct obligations of, and obligations fully guaranteed as to the full and timely payment by, the United States of America;

(b) demand deposits, time deposits or certificates of deposit of any depository institution or trust company incorporated under the laws of the United States of America or any State thereof (or any domestic branch of a foreign bank) and subject to supervision and examination by Federal or State banking or depository institution authorities; provided, however, that at the time of the investment or contractual commitment to invest therein, the commercial paper or other short-term unsecured debt obligations (other than such obligations the rating of which is based on the credit of a Person other than such depository institution or trust company) thereof shall be rated "A-1+" by Standard & Poor's and "P-1" by Moody's;

(c) commercial paper that, at the time of the investment or contractual commitment to invest therein, is rated "A-1+" by Standard & Poor's and "P-1" by Moody's;

(d) bankers' acceptances issued by any depository institution or trust company referred to in clause (b) above;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed as to the full and timely payment by, the United States of America or any agency or instrumentality thereof the obligations of which are backed by the full faith and credit of the United States of America, in either case entered into with (i) a depository institution or trust company (acting as principal) described in clause (b) or (ii) a depository institution or trust company whose commercial paper or other short term unsecured debt obligations are rated "A-1+" by Standard & Poor's and "P-1" by Moody's and long term unsecured debt obligations are rated "AAA" by Standard & Poor's and "Aaa" by Moody's;

(f) with the prior written consent of the Note Purchaser, money market mutual funds registered under the Investment Company Act of 1940, as amended, having a rating, at the time of such investment, from each of the Rating Agencies in the highest investment category granted thereby; and

(g) any other investment as may be acceptable to the Note Purchaser, as evidenced by a writing to that effect, as may from time to time be confirmed in writing to the Trustee by the Note Purchaser, so long as the Note Purchaser and the Trustee has received written notification from each Rating Agency that the acquisition of such investment will satisfy the Rating Agency Condition.

Any of the foregoing Eligible Investments may be purchased by or through the Trustee or any of its Affiliates.

"Eligible Receivables" means, as of any date of determination, Receivables (a) with respect to each of which no more than 10% of its Scheduled Receivable Payment is no more than 45 days contractually delinquent as of the end of the immediately preceding Accrual Period, (b) that are not Liquidated Receivables, (c) that are not Repossessed Receivables, (d) that are not Defective Receivables; (e) that are not listed on Schedule A to the Trust Receipt (unless subsequently cured); (f) that have the characteristics set forth in Section 3.1 of the Sale and Servicing Agreement; (g) that have not been in the Borrowing Base for more than twelve months; and (h) on and after the Clean-up Call Termination Date, that are not Clean-up Call Receivables.

"Eligible Servicer" means a Person approved to act as "Servicer" under the Sale and Servicing Agreement by the Note Purchaser.

"Engagement Letter" means the letter agreement dated as of April 27, 2004, entered between CPS and UBS Securities LLC.

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

"Event of Default" has the meaning specified in Section 5.1 of the Indenture.

"Excess Concentration Amount" means the aggregate amount by which (without duplication), the Aggregate Principal Balance of Eligible Receivables sold to the Purchaser hereunder exceeds any of the Concentration Limits; provided, however, that in determining which Receivables to exclude for purposes of complying with any Concentration Limit, the Seller shall exclude Receivables starting with those having the most recent origination dates.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Executive Officer" means, with respect to any corporation, the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Executive Vice President, any Vice President, the Secretary or the Treasurer of such corporation; with respect to any limited liability company, the manager, and with respect to any partnership, any general partner thereof.

"Facility Termination Date" means the earlier of (I) the first to occur of (A) the Scheduled Maturity Date or (B) the date of the occurrence of a Funding Termination Event specified in clauses (iv) through (vii) of the definition thereof, (II) the date of the occurrence of a Funding Termination Event specified in clauses (i) through (iii) of the definition thereof, and (III) any anniversary of the Closing Date to the extent that the Note Purchaser, the Issuer or CPS has delivered notice of termination to the other parties to the Note Purchase Agreement no earlier than 90 days and no later than 30 days prior to such anniversary.

"FDIC" means the Federal Deposit Insurance Corporation.

"Fee Schedule" means that certain notice captioned "Schedule of Fees for CPS - UBS Warehouse" from Wells Fargo Bank, National Association, as acknowledged by the Servicer as of June 30, 2004.

"Final Scheduled Settlement Date" means the Settlement Date occurring on or after the date that is four months after the Facility Termination Date.

"Financed Vehicle" means a new or used automobile, light truck, van or minivan, together with all accessions thereto, securing an Obligor's indebtedness under a Receivable.

"Financial Statements" has the meaning set forth in Section 5.02(e) of the Note Purchase Agreement.

"Funding Date" shall mean the Business Day on which an Advance occurs.

"Funding Termination Event" means the occurrence of any one of the following events, unless waived in writing by the Note Purchaser: (i) an Event of Default; (ii) failure by the Seller or the Servicer to repurchase any Receivable in accordance with the terms of the Sale and Servicing Agreement; (iii) CPS or an Affiliate thereof shall no longer be the Servicer under the Sale

and Servicing Agreement; (iv) CPS is terminated as servicer under any other sale and servicing agreement relating to a term securitization or warehouse financing facility (other than a term securitization or a warehouse financing facility, with respect to which CPS is only in the capacity of a third-party servicer and owns no residual interest therein and the related retail motor vehicle installment sale contracts of which were not originated or purchased by CPS or its Affiliates); (v) failure by the Issuer or the Servicer to accept the proposed assignee in accordance with Section 8.03(c)(iii) of the Note Purchase Agreement; (vi) Charles E. Bradley, Sr. becomes an officer, director or employee of the Seller; and (vii) the shadow assessment of the Notes shall be below BBB by Standard & Poor's or Baa3 by Moody's and the Noteholder shall have declared that a Funding Termination Event has occurred.

"GAAP" means generally accepted accounting principles occasioned by the promulgation of rules, regulations, pronouncements or opinions by the Financial Accounting Standards Board, the American Institute of Certified Public Accountants or the Securities and Exchange Commission (or successors thereto or agencies with similar functions) from time to time.

"Governmental Authority" means the United States of America, any state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory, or administrative functions thereof pertaining thereto.

"Grant" means to mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, assign, transfer, create, grant a lien upon and a security interest in and right of set-off against, deposit, set over and confirm pursuant to the Indenture. A Grant of the Collateral or of any other agreement or instrument shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for principal and interest payments in respect of the Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring proceedings in the name of the granting party or otherwise and generally to do and receive anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Hedge Agreement" means, an interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, and all other agreements or arrangements designed to protect a Person against fluctuations in interest rate, in each case in a notional amount equal to the principal amount of all Advances and in form and substance satisfactory to the Note Purchaser, including but not limited to the master agreement, between the Issuer and a Hedge Counterparty, and all schedules and confirmations in connection therewith; provided that the Rating Agency Condition shall have been satisfied with respect to such Hedge Agreement (other than an interest rate cap agreement).

"Hedge Counterparty" means any entity acceptable to the Note Purchaser and the Issuer that enters into a Hedge Agreement with the Issuer.

"Hedge Counterparty Scheduled Fees" means the fees due and owing to the Hedge Counterparty pursuant to the Hedge Agreement other than the Hedge Counterparty Termination Fees.

"Hedge Counterparty Termination Fees" has the meaning assigned to such term in the Hedge Agreement.

"Holder" or "Noteholder" means the Person in whose name the Note is registered on the Note Register, which shall initially be UBS.

"Indebtedness" means, with respect to any Person at any time, (a) indebtedness or liability of such Person for borrowed money whether or not evidenced by bonds, debentures, notes or other instruments, or for the deferred purchase price of property or services (including trade obligations); (b) obligations of such Person as lessee under leases which should be, in accordance with generally accepted accounting principles, recorded as capital leases; (c) current liabilities of such Person in respect of unfunded vested benefits under plans covered by Title IV of ERISA; (d) obligations issued for or liabilities incurred on the account of such Person; (e) obligations or liabilities of such Person arising under acceptance facilities; (f) obligations of such Person under

any guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person or otherwise to assure a creditor against loss; (g) obligations of such Person secured by any lien on property or assets of such Person, whether or not the obligations have been assumed by such Person; or (h) obligations of such Person under any interest rate or currency exchange agreement.

"Indenture" means the Indenture dated as of June 30, 2004, among the Issuer, UBS, as Noteholder, and Wells Fargo Bank, National Association, as Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Independent" means, when used with respect to any specified Person, that the person (a) is in fact independent of the Issuer, any other obligor upon the Note, the Seller and any Affiliate of any of the foregoing persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions.

"Ineligible Receivable" means any Receivable other than an Eligible Receivable.

"Initial Advance" means, the first Advance that is funded on or after the Closing Date.

"Insolvency Event" means, with respect to a specified Person, (a) the institution of a proceeding or the filing of a petition against such Person seeking the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person's affairs, and such proceeding or petition, decree or order shall remain unstayed or undismissed for a period of 60 consecutive days or an order or decree for the requested relief is earlier entered or issued; or (b) the commencement by such Person of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by, a receiver, liquidator, assignee, custodian, trustee, sequestrator, or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

"Interest Period" means, with respect to the Note and any Settlement Date, the Accrual Period most recently ended as of such Settlement Date.

"Invested Amount" means, with respect to any date of determination, the aggregate principal amount (including all Advance Amounts as of such date) of the Note Outstanding at such date of determination.

"Investment Company Act" has the meaning set forth in Section 5.01 of the Note Purchase Agreement.

"Investment Earnings" means, with respect to any Settlement Date and any Pledged Account, the investment earnings on Pledged Account Property and deposited into such Pledged Account during the related Accrual Period pursuant to Section 5.1(f) of the Sale and Servicing Agreement.

"Issuer" means Page Funding LLC until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein, each other obligor on the Note.

"Issuer Order" and "Issuer Request" means a written order or request signed in the name of the Issuer by any one of its Authorized Officers and delivered to the Trustee.

"LIBOR" means the rate for one-month deposits in U.S. dollars, which rate is determined on a daily basis by the Noteholder by reference to the British Bankers' Association LIBOR Rates on Bloomberg (or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits) on such date (or, if such date is not a Business Day, on the immediately preceding Business Day) at or about 11 a.m. New York City time; provided, however, that if no rate appears on Bloomberg on any date of determination, LIBOR shall mean the rate for one-month deposits in U.S. Dollars which appears on the Telerate Page 3750 on any such date of determination; provided further, that if no rate appears on either Bloomberg or such Telerate Page 3750, on any such date of determination LIBOR shall be determined as follows:

LIBOR will be determined at approximately 11:00 a.m., New York City time, on such day on the basis of (a) the arithmetic mean of the rates at which one-month deposits in U.S. dollars are offered to prime banks in the London interbank market by four (4) major banks in the London interbank market selected by the Noteholder and in a principal amount of not less than \$75,000,000 that is representative for a single transaction in such market at such time, if at least two (2) such quotations are provided, or (b) if fewer than two (2) quotations are provided as described in the preceding clause (a), the arithmetic mean of the rates, as requested by the Noteholder, quoted by three (3) major banks in New York City, selected by the Noteholder, at approximately 11:00 A.M., New York City time, on such day, one-month deposits in United States dollars to leading European banks and in a principal amount of not less than \$75,000,000 that is representative for a single transaction in such market at such time.

"Lien" means a security interest, lien, charge, pledge, equity, or encumbrance of any kind, other than tax liens, mechanics' liens and any liens that attach to the respective Receivable by operation of law as a result of an Obligor's failure to pay an obligation.

"Lien Certificate" means, with respect to a Financed Vehicle, an original certificate of title, certificate of lien or other notification issued by the Registrar of Titles of the applicable state to a secured party which indicates that the lien of the secured party on the Financed Vehicle is recorded on the original certificate of title. In any jurisdiction in which the original certificate of title is required to be given to the obligor, the term "Lien Certificate" shall mean only a certificate or notification issued to a secured party.

"Liquidated Receivable" means any Receivable (i) which has been liquidated by the Servicer through the sale of the Financed Vehicle or (ii) for which the related Financed Vehicle has been repossessed and 90 days have elapsed since the date of such repossession or (iii) as to which an Obligor has failed to make more than 90% of a Scheduled Receivable Payment of more than ten dollars for 120 (or, if the related Financed Vehicle has been repossessed, 210) or more days as of the end of an Accrual Period or (iv) with respect to which proceeds have been received which, in the Servicer's judgment, constitute the final amounts recoverable in respect of such Receivable. For purposes of this definition, a Receivable shall be deemed a "Liquidated Receivable" upon the first to occur of the events specified in items (i) through (iv) of the previous sentence.

"Lockbox Accounts" means the accounts maintained on behalf of the Trustee by the Lockbox Bank pursuant to Section 4.2(b) of the Sale and Servicing Agreement.

"Lockbox Agreement" means (a) in the case of CPS Receivables, the Multiparty Agreement Relating to Lockbox Services, dated as of June 30, 2004, by and among the Lockbox Processor, the Purchaser, the Servicer and the Trustee, and (b) in the case of TFC Receivables and/or Clean-up Call Receivables, the Multiparty Agreement Relating to Lockbox Services, dated as of June 29, 2005, by and among the Lockbox Processor, the Purchaser, the Servicer and the Trustee, in each case, as such agreement may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, unless the Trustee shall cease to be a party thereunder, or such agreement shall be terminated in accordance with its terms, in which event "Lockbox Agreements" shall mean such other agreement(s), in form and substance acceptable to the Noteholder, among the Servicer, the Purchaser, and the Lockbox Processor and any other appropriate parties.

"Lockbox Bank" means as of any date a depository institution named by the Servicer and acceptable to the Noteholder at which each Lockbox Accounts is established and maintained as of such date.

"Lockbox Processor" means Regulus West, LLC and its successors and assigns.

"Loss Ratio" means, as of any date, the average of the loss ratios (expressed as a percentage) for the three Accrual Periods immediately preceding such date, as computed based on the methodology set forth in the Servicer's then most recent report on Form 10-Q or Form 10-K, as applicable, for calculation of net losses on Receivables originated and serviced by the Servicer (excluding receivables acquired in mergers or acquisitions).

"Material Adverse Change" means (a) in respect of any Person, a material adverse change in (i) the business, financial condition, results of operations or properties of such Person or any of its Subsidiaries or Affiliates, or (ii) the ability of such Person to perform its obligations under any of the Basic Documents to which it is a party, (b) in respect of any Receivable, a material adverse change in (i) the value or marketability of such Receivable, or (ii) the probability that amounts now or hereafter due in respect of such Receivable will be collected on a timely basis, in each case in a manner that materially and adversely affects the Noteholder or (c) the ability of the Trustee on behalf of the Noteholder to realize the benefits of the security afforded under the Basic Documents.

"Maximum Invested Amount" means \$125,000,000.

"Mercury" means Mercury Securitization LLC, a Delaware corporation.

"MFN" means any of (i) Mercury Finance Company LLC, a Delaware LLC, and (ii) the direct wholly-owned corporate subsidiaries of MFN Financial Corporation, a Delaware corporation, that acquired MFN Receivables from Dealers and which MFN Receivables were ultimately transferred to MFN Auto Receivables Trust 2001-A or MFN Auto Receivables 2002-A in connection with a securitization.

"MFN Receivables" means Eligible Receivables that are Clean-up Call Receivables acquired by Seller from Mercury pursuant to a TFC/MFN Assignment.

"Moody's" means Moody's Investors Service, Inc., or its successor.

"Net Borrowing Base" means, as of any date of determination, an amount equal to the Borrowing Base less any Available Funds (including any Eligible Investments) on deposit in the Collection Account

"Net Liquidation Proceeds" means, with respect to a Liquidated Receivable, all amounts realized with respect to such Receivable (other than amounts withdrawn from the Reserve Account) net of (i) reasonable expenses incurred by the Servicer in connection with the collection of such Receivable and the repossession and disposition of the Financed Vehicle and the reasonable cost of legal counsel with the enforcement of a Liquidated Receivable and (ii) amounts that are required to be refunded to the Obligor on such Receivable; provided, however, that the Net Liquidation Proceeds with respect to any Receivable shall in no event be less than zero.

"Net Spread" means on any date a rate per annum equal to the difference of the (x) weighted average APR of the CPS Receivables minus (y) the sum of (i) the Servicing Fee Percentage, (ii) the per annum rate used to compute the Backup Servicer's Fee, and (iii) the product of (1) the sum of (a) the Cap Rate, (b) the per annum rate used to compute the Trustee's Fee, (c) the per annum rate used to compute the Hedge Counterparty Scheduled Fees and (d) 1.5% and (2) on the first calculation after the Restatement Effective Date, 75.5%, and thereafter the most recently calculated Advance Rate.

"Note" means the Amended and Restated Floating Rate Variable Funding Note, substantially in the form of the Note set forth in Exhibit A-1 to the Indenture.

"Note Distribution Account" means the account designated as such, established and maintained pursuant to Section 5.1 of the Sale and Servicing Agreement.

"Note Interest Rate" means for any day during the Interest Period the sum of (i) LIBOR for such day and (ii) the Applicable Margin; provided, however, that the Note Interest Rate will in no event be higher than the maximum rate permitted by law.

"Note Paying Agent" means the Trustee or any other Person that meets the eligibility standards for the Trustee specified in Section 6.11 of the Indenture and is authorized by the Issuer to make the payments to and distributions from the Collection Account and the Note Distribution Account, including payment of principal of or interest on the Note on behalf of the Issuer.

"Note Purchase Agreement" means the Note Purchase Agreement dated as of June 30, 2004 among UBS, the Issuer and the Servicer, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Note Purchaser" means UBS and its successors and permitted assigns.

"Note Register" and "Note Registrar" have the respective meanings specified in Section 2.4 of the Indenture.

"Noteholder" means the Person in whose name a Note is registered on the Note Register.

"Noteholder's Interest Carryover Shortfall" means, with respect to any Settlement Date, the excess of the Noteholder's Interest Distributable Amount for the preceding Settlement Date over the amount that was actually deposited in the Note Distribution Account on such preceding Settlement Date on account of the Noteholder's Interest Distributable Amount.

"Noteholder's Interest Distributable Amount" means, with respect to any Settlement Date, the sum of the Noteholder's Monthly Interest Distributable Amount for such Settlement Date and the Noteholder's Interest Carryover Shortfall for such Settlement Date, if any, plus interest on the Noteholder's Interest Carryover Shortfall, to the extent permitted by law, at the Note Interest Rate for the related Interest Period(s), from and including the preceding Settlement Date to, but excluding, the current Settlement Date.

"Noteholder's Monthly Interest Distributable Amount" means, with respect to any Settlement Date, the sum of the product of (i) the Note Interest Rate for each day during such Interest Period, (ii) the Invested Amount for each day during such Interest Period and (iii) 1/360.

"Noteholder's Principal Distributable Amount" means, with respect to any Settlement Date (other than the Final Scheduled Settlement Date) (A) (i) prior to the Facility Termination Date or (ii) upon and after the Facility Termination Date that results upon the occurrence of any event specified in clauses (I) and (III) of the definition thereof, the Borrowing Base Deficiency, if any, and (B) upon and after the Facility Termination Date that results upon the occurrence of any event specified in clause (II) of the definition thereof, the aggregate outstanding principal amount of the Note. The Noteholder's Principal Distributable Amount on the Final Scheduled Settlement Date will equal the aggregate outstanding principal amount of the Note.

"Obligor" on a Receivable means the purchaser or co-purchasers of the Financed Vehicle and any other Person who owes payments under the Receivable.

"Officer's Certificate" means a certificate signed by the chairman of the board, the president, any vice chairman of the board, any vice president, the treasurer, the controller or assistant treasurer or any assistant controller, secretary or assistant secretary of the Seller, the Purchaser or the Servicer, as appropriate.

"Opinion Collateral" has the meaning set forth in Section 3.6(a) of the Indenture.

"Opinion of Counsel" means a written opinion of counsel who may be but need not be counsel to the Purchaser, the Seller or the Servicer, which counsel shall be reasonably acceptable to the Trustee and the Noteholder and which opinion shall be reasonably acceptable in form and substance to the Trustee and to the Noteholder.

"Other Conveyed Property" means all property conveyed by the Seller to the Purchaser pursuant to Sections 2.1 (a)(i) through (x) of the Sale and Servicing Agreement and Section 2 of each Assignment.

"Outstanding" means, as of the date of determination, the Note theretofore authenticated and delivered under the Indenture except:

(i) the Note theretofore canceled by the Note Registrar or delivered to the Note Registrar for cancellation;

(ii) the Note the payment for which money in the necessary amount has been theretofore deposited with the Trustee or any Note Paying Agent in trust for the Holder of the Note (provided, however, that if the Note is to be prepaid, notice of such prepayment has been duly given pursuant to this Indenture, satisfactory to the Trustee); and

(iii) the Note in exchange for or in lieu of another Note which have been authenticated and delivered pursuant to this Indenture unless proof satisfactory to the Trustee is presented that any Note is held by a bona fide purchaser.

"Person" means any individual, corporation, estate, partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or government or any agency or political subdivision thereof.

"Physical Property" has the meaning assigned to such term in the definition of "Delivery" above.

"Pledged Account Property" means the Pledged Accounts, all amounts and investments held from time to time in any Pledged Account (whether in the form of deposit accounts, Physical Property, book-entry securities, uncertificated securities or otherwise), and all proceeds of the foregoing.

"Pledged Accounts" has the meaning assigned thereto in Section 5.1(e) of the Sale and Servicing Agreement.

"Post-Office Box" means each separate post-office box in the name of the Purchaser for the benefit of the Trustee acting on behalf of the Noteholder, established and maintained pursuant to Section 4.2 of the Sale and Servicing Agreement.

"Principal Balance" of a Receivable, as of the close of business on the last day of an Accrual Period, means the Amount Financed minus the sum of the following amounts without duplication: (i) in the case of a Rule of 78's Receivable, that portion of all Scheduled Receivable Payments actually received on or prior to such day allocable to principal using the actuarial or constant yield method; (ii) in the case of a Simple Interest Receivable, that portion of all Scheduled Receivable Payments actually received on or prior to such day allocable to principal using the Simple Interest Method; (iii) any payment of the Purchase Amount with respect to the Receivable allocable to principal; (iv) any Cram Down Loss in respect of such Receivable; and (v) any prepayment in full or any partial prepayment applied to reduce the principal balance of the Receivable.

"Principal Funding Account" has the meaning specified in Section 5.1(c) of the Sale and Servicing Agreement.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Program" has the meaning specified in Section 4.11 of the Sale and Servicing Agreement.

"Purchase Amount" means, on any date with respect to a Defective Receivable, the Principal Balance and all accrued and unpaid interest on the Receivable as of such date (which in the case of a Rule 78's Receivable shall include, without limitation, a full month's interest in the month of purchase at the related APR), after giving effect to the receipt of any moneys collected (from whatever source) on such Receivable, if any, as of such date.

"Purchase Price" means, with respect to each Receivable and related Other Conveyed Property transferred to the Purchaser on the Closing Date or on any Funding Date, an amount equal to the Principal Balance of such Receivable as of the Closing Date or such Funding Date, as applicable.

"Purchased Receivable" means a Receivable purchased as of the close of business on the last day of an Accrual Period by the Servicer pursuant to Section 4.7 of the Sale and Servicing Agreement or repurchased by the Seller pursuant to Section 3.2 or Section 3.4 of the Sale and Servicing Agreement.

"Purchaser" means Page Funding LLC.

"Purchaser Property" means the Receivables and Other Conveyed Property, together with certain monies received after the related Cutoff Date, the Receivables Insurance Policies, the Collection Account (including all Eligible Investments therein and all proceeds therefrom), each Lockbox Account and certain other rights under the Sale and Servicing Agreement.

"Rating Agency" means each of Moody's and Standard & Poor's, and any successors thereof. If no such organization or successor maintains a rating on the Note, "Rating Agency" shall be a nationally recognized statistical rating organization or other comparable Person designated by the Noteholder, notice of which designation shall be given to the Trustee and the Servicer.

"Rating Agency Condition" means, with respect to any action, that each Rating Agency shall have been given 10 days' (or such shorter period as shall be acceptable to each Rating Agency) prior notice thereof and that each of the Rating Agencies shall have notified the Seller, the Servicer, the Note Purchaser and the Trustee in writing that such action will not result in a reduction or withdrawal of the then current rating of the Note.

"Realized Losses" means, with respect to any Receivable that becomes a Liquidated Receivable, the excess of the Principal Balance of such Liquidated Receivable over Net Liquidation Proceeds allocable to principal thereof.

"Receivable" means each retail installment sale contract for a Financed Vehicle which is listed on the Schedule of Receivables and all rights and obligations thereunder, except for Receivables that shall have become Purchased Receivables, and, for the avoidance of doubt, shall include all Related Receivables (other than Related Receivables that shall have become Purchased Receivables).

"Receivable Files" means the documents specified in Section 3.3(a) of the Sale and Servicing Agreement.

"Receivables Insurance Policy" means, with respect to a Receivable, any insurance policy (including the insurance policies described in Section 4.4 of the Sale and Servicing Agreement) benefiting the holder of the Receivable providing loss or physical damage, credit life, credit disability, theft, mechanical breakdown or similar coverage with respect to the Financed Vehicle or the Obligor.

"Record Date" means, with respect to a Settlement Date, the close of business on the day immediately preceding such Settlement Date.

"Registrar of Titles" means, with respect to any state, the governmental agency or body responsible for the registration of, and the issuance of certificates of title relating to, motor vehicles and liens thereon.

"Related Receivables" means, with respect to a Funding Date, the Receivables listed on Schedule A to the applicable Assignment executed and delivered by the Seller with respect to such Funding Date.

"Reposessed Receivable" means a Receivable with respect to which the earlier to occur of (i) the date the Financed Vehicle is actually reposessed and (ii) 30 days after the date the Financed Vehicle is authorized for repossession.

"Required Cap Rate" means as of any date, as calculated on the date of the most recent Hedge Agreement and in any event, on any Determination Date, a rate per annum equal to the quotient of (X) the difference of (A) the weighted average APR of the Receivables minus (B) the sum of (i) 9.0%, (ii) the weighted average Servicing Fee Percentage, (iii) the per annum rate used to compute the Backup Servicing Fee, (iv) the product of (I) the sum of (a) the per annum rate needed to compute the Trustee's Fee and (b) the Applicable Margin, multiplied by (II) the applicable Advance Rate divided by (Y) the applicable Advance Rate; provided that the Required Cap Rate shall not be less than 0%.

"Required Reserve Account Amount" means the greater of (i) the Required Reserve Percentage multiplied by the Aggregate Principal Balance of the Eligible Receivables on such date of determination and (ii) \$500,000.

"Required Reserve Percentage" means 1.5%; provided, however, that upon the occurrence and continuance of a TFC Step-Up Trigger Event, the Required Reserve Percentage with respect to those Eligible Receivables that are TFC Receivables shall be 3.0%; provided, further, and notwithstanding anything to the contrary in the preceding proviso, on any Settlement Date occurring on and after the occurrence of a Funding Termination Event of the type described in (iv) of the definition thereof, the Required Reserve Percentage shall be 3.5%

"Reserve Account" means the account designated as such, established and maintained pursuant to Section 5.5 of the Sale and Servicing Agreement.

"Responsible Officer" means, in the case of the Trustee, the chairman or vice-chairman of the board of directors, the chairman or vice-chairman of the executive committee of the board of directors, the president, vice-president, assistant vice-president or managing director, the secretary, and assistant secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"Restatement Effective Date" means June 29, 2005.

"Rule 144A Information" has the meaning set forth in Section 3.26 of the Indenture.

"Rule of 78's Receivable" means any Receivable under which the portion of a payment allocable to earned interest (which may be referred to in the related retail installment sale contract as an add-on finance charge) and the portion allocable to the Amount Financed is determined according to the method commonly referred to as the "Rule of 78's" method or the "sum of the months' digits" method or any equivalent method.

"Sale and Servicing Agreement" means the Amended and Restated Sale and Servicing Agreement dated as of June 29, 2005, among the Purchaser, CPS, as the Seller and the Servicer, and Wells Fargo Bank, National Association, as the Backup Servicer and the Trustee, as the same may be amended or supplemented from time to time.

"Scheduled Maturity Date" means June 30, 2007, or such later date as the Note Purchaser, the Issuer and CPS have agreed upon in writing prior to June 30, 2007.

"Scheduled Receivable Payment" means, with respect to any Accrual Period for any Receivable, the amount set forth in such Receivable as required to be paid by the Obligor in such Accrual Period. If after the Closing Date, the Obligor's obligation under a Receivable with respect to a Accrual Period has been modified so as to differ from the amount specified in such Receivable (i)

as a result of the order of a court in an insolvency proceeding involving the Obligor, (ii) pursuant to the Servicemembers Civil Relief Act, or (iii) as a result of modifications or extensions of the Receivable permitted by Section 4.2 of the Sale and Servicing Agreement, the Scheduled Receivable Payment with respect to such Accrual Period shall refer to the Obligor's payment obligation with respect to such Accrual Period as so modified.

"Schedule of Receivables" means the schedule of all Receivables purchased by the Purchaser pursuant to the Sale and Servicing Agreement and each Assignment, which is attached as Schedule A to the Sale and Servicing Agreement, as amended or supplemented by each Addition Notice and otherwise from time to time in accordance with the terms of the Sale and Servicing Agreement or the related Assignment.

"Secured Obligations" means all amounts and obligations which the Issuer may at any time owe to, or on behalf of, the Trustee for the benefit of the Noteholder under the Indenture or the Note.

"Secured Parties" means each of the Trustee and the Note Purchaser, in respect of the Secured Obligations.

"Seller" means Consumer Portfolio Services, Inc., and its successors in interest to the extent permitted hereunder.

"Servicer" means Consumer Portfolio Services, Inc., as the servicer of the Receivables, and each successor Servicer pursuant to Section 10.3 of the Sale and Servicing Agreement.

"Servicer Delinquency Ratio" means, as of the end of any Accrual Period, a percentage equal to (i) the aggregate outstanding principal balance as of the end of any Accrual Period of all automobile receivables serviced by the Servicer or any Affiliate thereof (excluding automobile receivables acquired by CPS or its Affiliates in mergers and acquisitions and TFC Managed Receivables) as to which more than 10% of the scheduled receivable payment is more than 30 days contractually delinquent as of the end of the immediately preceding Accrual Period, including all receivables for which the related financed vehicle has been repossessed and the proceeds thereof have not yet been realized by the Servicer divided by (ii) the aggregate outstanding principal balance of all automobile receivables serviced by the Servicer or any Affiliate thereof as of the end of the relevant Accrual Period (excluding automobile receivables acquired by CPS or its Affiliates in mergers and acquisitions and TFC Managed Receivables).

"Servicer Extension Notice" has the meaning specified in Section 4.15 of the Sale and Servicing Agreement.

"Servicer Receipt" has the meaning specified in Section 3.5 of the Sale and Servicing Agreement.

"Servicer Termination Event" means an event specified in Section 10.1 of the Sale and Servicing Agreement.

"Servicer's Certificate" means a certificate completed and executed by a Servicing Officer and delivered pursuant to Section 4.9 of the Sale and Servicing Agreement, substantially in the form of Exhibit A to the Sale and Servicing Agreement.

"Servicing Fee" has the meaning specified in Section 4.8 of the Sale and Servicing Agreement.

"Servicing Fee Percentage" means (a) with respect to the CPS Receivables, 2.50%, and (b) with respect to the TFC Receivables and Clean-up Call Receivables, 3.50%, provided that if Backup Servicer is the Servicer, the Servicing Fee Percentage shall be determined in accordance with Servicing and Lockbox Processing Assumption Agreement.

"Servicing and Lockbox Processing Assumption Agreement" means the Amended and Restated Servicing and Lockbox Processing Assumption Agreement, dated as of June 29, 2005, among CPS, as Seller and Servicer, the Backup Servicer, the Standby Processor and the Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Servicing Officer" means any Person whose name appears on a list of Servicing Officers delivered to the Trustee and the Noteholder, as the same may be amended, modified or supplemented from time to time.

"Settlement Date" means, with respect to each Accrual Period, the 15th day of the following calendar month, or if such day is not a Business Day, the immediately following Business Day, commencing on August 16, 2004.

"Simple Interest Method" means the method of allocating a fixed level payment between principal and interest, pursuant to which the portion of such payment that is allocated to interest is equal to the product of the APR multiplied by the unpaid balance multiplied by the period of time (expressed as a fraction of a year, based on the actual number of days in the calendar month and the actual number of days in the calendar year) elapsed since the preceding payment of interest was made and the remainder of such payment is allocable to principal.

"Simple Interest Receivable" means a Receivable under which the portion of the payment allocable to interest and the portion allocable to principal is determined in accordance with the Simple Interest Method.

"Standard & Poor's" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., or its successor.

"Standby Processor" means Wells Fargo Bank, National Association, in its capacity as Standby Processor under the Servicing and Lockbox Processing Assumption Agreement, and its successors and assigns thereunder in such capacity.

"State" means any one of the 50 states of the United States of America or the District of Columbia.

"Subsidiary" means, with respect to any Person, any corporation, partnership, association or other business entity of which a majority of the outstanding shares of capital stock or other equity interests having ordinary voting power for the election of directors or their equivalent is at the time owned by such Person directly or through one or more Subsidiaries.

"Taxes" has the meaning set forth in Section 3.05 of the Note Purchase Agreement.

"Term" has the meaning set forth in Section 2.05 of the Note Purchase Agreement.

"Termination Date" means the date on which the Trustee shall have received payment and performance of all Secured Obligations and disbursed such payments in accordance with the Basic Documents.

"341 Hearing" means the judicial hearing in which a person subject to a Chapter 7 Insolvency Event has presented his plan of reorganization to the bankruptcy court and all of his creditors.

"TFC" means The Finance Company, a Virginia corporation.

"TFCRC IV" means TFC Receivables Corp. IV, a Delaware corporation.

"TFCRC VI" means TFC Receivables Corp. VI, a Delaware corporation.

"TFC/MFN Assignment" means an assignment in substantially the form attached as Exhibit E to the Sale and Servicing Agreement pursuant to which TFC, Mercury, TFCRC IV or TFCRC VI, as applicable, transfers and conveys TFC Receivables and Clean-up Call Receivables, as applicable, to CPS from time to time.

"TFC Borrowing Base" means, as of any date of determination, an amount equal to (a) the excess of (i) the Aggregate Principal Balance of the TFC Receivables over (ii) the Excess Concentration Amount for the TFC Receivables multiplied by (b) the applicable Advance Rate; provided that on or after the occurrence of a TFC Funding Termination Event, the TFC Borrowing Base shall equal zero.

"TFC Delinquency Ratio" means, at any time of determination for the TFC Managed Receivables, a percentage, equal to the aggregate Principal Balance of the TFC Managed Receivables constituting TFC Delinquent Receivables as of such date of determination divided by the aggregate Principal Balance of all TFC Managed Receivables as of such date of determination.

"TFC Delinquent Receivable" means any TFC Managed Receivable (other than a Defaulted Receivable) with respect to which more than 10% of a Scheduled Receivable Payment is more than 30 days contractually delinquent as of the end of the immediately preceding Accrual Period.

"TFC Funding Termination Event" shall mean the occurrence and continuance of any one or more of the following events: (a) the three-month rolling average TFC Delinquency Ratio for all TFC Managed Receivables exceeds 11.25%; (b) the TFC Three-Month Rolling Average Net Loss Test is breached; or (c) TFC shall no longer be an Affiliate of CPS.

"TFC Managed Receivables" means a Receivable serviced by TFC, whether a TFC Receivable, a Receivable owned by TFC or otherwise.

"TFC Receivables" means Eligible Receivables acquired from Dealers by TFC; provided, however, no Clean-up Call Receivable shall be a TFC Receivable.

"TFC Step Up Trigger Event" shall mean the occurrence and continuance of any one or more of the following events: (a) the three-month rolling average TFC Delinquency Ratio for all TFC Managed Receivables exceeds 10%; or (b) the TFC Three-Month Rolling Average Net Loss Rate, determined as of the last date of the specified month, exceeds (i) 20% in the month of January, (ii) 18% in the month of February, (iii) 17% in the month of March, (iv) 15% in any of the months April through October, (v) 17% in the month of November and (vi) 18% in the month of December.

"TFC Three-Month Rolling Average Net Loss Test" means that for each month specified in the following table, the TFC Three-Month Rolling Average Net Loss Rate, determined as of the last day of such month, does not exceed the "Maximum TFC Three-Month Rolling Average Net Loss Rate" specified by the following table:

MONTH	MAXIMUM TFC THREE-MONTH ROLLING AVERAGE NET LOSS RATE
January	24.00%
February	22.00%
March	20.00%
April	18.00%
May	18.00%
June	18.00%
July	18.00%
August	18.00%
September	18.00%
October	18.00%
November	20.00%
December	22.00%

Conversely if such Maximum Three-Month Rolling Average Net Loss Rate is equaled or exceeded, the TFC Three-Month Rolling Average Net Loss Test shall be breached.

"TFC Three-Month Rolling Average Net Loss Rate" means, as of any date of determination, (x) the sum of the fractions, expressed as a percentage (annualized) for each of the three most recently ended Accrual Periods, the numerator of which is the amount of gross charge-offs of TFC Managed Receivables (less liquidation proceeds and recoveries) and the denominator of which is the average outstanding aggregate principal amount of the TFC Managed Receivables during such Accrual Period divided by (y) three.

"Trust Estate" means all money, instruments, rights and other property that are subject or intended to be subject to the lien and security interest of the Indenture for the benefit of the Noteholder (including all Collateral Granted to the Trustee), including all proceeds thereof.

"Trust Receipt" means a trust receipt in substantially the form of Exhibit B to the Sale and Servicing Agreement.

"Trustee" means Wells Fargo Bank, National Association, a national banking association, not in its individual capacity but as trustee under the Indenture, or any successor trustee under the Indenture.

"Trustee Fee" means (A) the fee payable to the Trustee on each Settlement Date in an amount equal to the greater of \$2,000 and (b) one-twelfth of 0.04% of the aggregate outstanding principal amount of the Note on the first day of the related Accrual Period, and (B) any other amounts payable to the Trustee pursuant to the Fee Schedule, including Custodial Fees.

"UBS" means UBS Real Estate Securities Inc.

"UCC" means the Uniform Commercial Code as in effect in the relevant jurisdiction, as amended from time to time.

"Unused Facility Fee" has the meaning set forth in Section 3.02 of the Note Purchase Agreement.

"Weighted Average Portfolio Remaining Term" means, as of any date of determination, the weighted average remaining term of the CPS Receivables.

SUPPLEMENTAL INDENTURE NO. 2

SUPPLEMENTAL INDENTURE No. 2 (this "Supplemental Indenture"), dated as of June 29, 2005, among Page Funding, LLC (the "Issuer") and Wells Fargo Bank, National Association (the "Trustee"), as Trustee, amending that certain Indenture dated as of June 30, 2004 (the "Indenture"), among the Issuer, UBS Real Estate Securities Inc. (the "Noteholder") and the Trustee.

WHEREAS, pursuant to Section 9.2(a) of the Indenture and on the terms and conditions set forth herein, the Issuer and the Trustee desire to amend the Indenture as provided herein and the Noteholder desires to evidence its consent to this Supplemental Indenture.

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, the Issuer and the Trustee hereby agree as follows:

Section 1. Defined Terms. As used in this Supplemental Indenture capitalized terms have the same meanings assigned thereto in the Indenture.

Section 2. Amendment of Granting Clause. The "Granting Clause" of the Indenture is hereby amended as follows:

(A) The words "Lockbox Account" in clause (h) of the Granting Clause are hereby deleted and replaced with the words "Lockbox Accounts".

(B) Clause (m) of the Granting Clause (as reflected in the Indenture immediately prior to this Supplemental Indenture) shall be clause (n) upon the effectiveness of this Supplemental Indenture; and

(C) Clause (m) of the Granting Clause (as reflected in the Indenture upon the effectiveness of this Supplemental Indenture) shall read as follows:

"(m) each TFC/MFN Assignment; and".

Section 3. Amendment of Section 3.10(a)(vii). Section 3.10(a)(vii) of the Indenture is hereby deleted in its entirety and replaced with the following:

"(vii) the Issuer shall have given the Noteholder written notice of such consolidation or merger at least 10 Business Days prior to the consummation of such action and shall have received the prior written approval of the Noteholder to such consolidation or merger and the Issuer or the Person (if other than the Issuer) formed by or surviving such consolidation or merger has a net worth, immediately after such consolidation or merger, that is (a) greater than zero and (b) not less than the net worth of the Issuer immediately prior to giving effect to such consolidation or merger."

Section 4. Amendment of Section 5.1(a)(xi). Section 5.1(a)(xi) of the Indenture is hereby deleted in its entirety and replaced with the following:

"(xi) a notice of termination with respect to any Lockbox Agreement shall have been delivered, or a termination of any Lockbox Agreement shall have otherwise occurred, and a replacement Lockbox Bank acceptable to the Noteholder shall not have executed a Lockbox Agreement in form and substance satisfactory to the Noteholder within 30 days of such notice;"

Section 5. Amendment of Section 5.4(iii). Section 5.4(iii) of the Indenture is hereby amended by deleting the words "Issuer Secured Parties" and replacing such words with "Noteholder."

Section 6. Amendment of Article V. Article V of the Indenture is hereby amended by adding the following Section 5.17 to such Article:

"Section 5.17. Consequences of TFC Funding Termination Event. Upon a responsible officer of the Issuer having notice or actual knowledge thereof, the Issuer agrees to give the Trustee, the Noteholder and the Rating Agencies prompt written notice of any TFC Funding Termination Event. Upon the occurrence and continuation of a TFC Funding Termination Event, the Noteholder may terminate CPS and TFC as the Servicer and subservicer, respectively, of the TFC Receivables, and direct the Trustee to sell the TFC Receivables or any portion thereof or rights or interest therein, at one or more public or private sales (including, without limitation, the sale of the TFC Receivables in connection with a securitization thereof) called and conducted in any manner permitted by applicable law. The proceeds of any such sale shall be applied first, to cure any Borrowing Base Deficiency, second, to reimburse the Trustee for any amounts to which it is entitled under this Indenture, and, third, any remaining amounts shall be distributed to CPS. Upon the occurrence of a TFC Funding Termination Event, no future Advance may be made with respect to a TFC Receivable or a Clean-up Call Receivable."

Section 7. Amendment of Section 6.10(c). Section 6.10(c) of the Indenture is hereby amended by deleting the word "invest" and replacing such word with "vest".

Section 8. Amendment of Section 8.2 . Section 8.2 of the Indenture is hereby amended by adding the following new clause (c):

(c) The Trustee shall, upon the order of the Noteholder, release such portion of the Trust Estate as may be specified by such Noteholder in writing, and shall thereafter execute and deliver such instruments prepared by the Servicer as may be necessary to release the lien of the Trustee in such assets of the Trust Estate upon the conditions precedent set forth in such order.

Section 9. Amendment to Section Annex A-1. Annex A-1 is hereby deleted and replaced with Exhibit A attached hereto. Upon the effectiveness of this Supplemental Indenture, the Issuer shall, upon the cancellation and return of the outstanding Variable Funding Note, issue a new Variable Funding Note in the form of Annex A-1 as amended by this Supplemental Indenture, which Variable Funding Note shall be the "Note" for all purposes of the Indenture on and after the effectiveness of this Supplemental Indenture.

Section 10. Effectiveness. This Supplemental Indenture shall be effective from and after the date hereof.

Section 11. Governing Law. THIS SUPPLEMENTAL INDENTURE SHALL BE CONSTRUED IN ACCORDANCE WITH, AND THIS SUPPLEMENTAL INDENTURE AND ALL MATTERS ARISING OUT OF OR RELATING IN ANY WAY TO THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

Section 12. Severability; Counterparts. This Supplemental Indenture may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. Any provisions of this Supplemental Indenture which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 13. Captions. The captions in this Supplemental Indenture are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Supplemental Indenture as of the date first written above.

PAGE FUNDING, LLC

By: /s/

WELLS FARGO BANK, NATIONAL
ASSOCIATION, not in its individual
capacity, but solely in its
capacity as Trustee

By: /s/

CONSENTED TO BY:

UBS REAL ESTATE SECURITIES INC.,
as Noteholder

By: /s/

AMENDMENT NO. 1 TO
NOTE PURCHASE AGREEMENT

AMENDMENT NO. 1 TO NOTE PURCHASE AGREEMENT (this "Amendment"), dated as of June 29, 2005, among Page Funding LLC (the "Issuer"), Consumer Portfolio Services, Inc. (the "Servicer") and UBS Real Estate Securities Inc. (the "Note Purchaser"), amending that certain Note Purchase Agreement dated as of June 30, 2004 (the "Note Purchase Agreement"), among the Issuer, the Servicer and the Note Purchaser.

WHEREAS, pursuant to Section 9.01 of the Note Purchase Agreement and on the terms and conditions set forth herein, the parties hereto desire to amend the Note Purchase Agreement as provided herein.

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Defined Terms. As used in this Amendment capitalized terms have the same meanings assigned thereto in the Note Purchase Agreement.

Section 2. Amendment of Section 1.01. Section 1.01 of the Note Purchase Agreement is hereby amended by deleting the following clause:

"In addition, the following terms shall have the following meaning and definitions of such terms are applicable to the singular as well as the plural form of such terms and to the masculine as well as the feminine:"

Section 3. Amendment of Section 2.05. Section 2.05 of the Note Purchase Agreement is hereby amended by deleting the words "or such later date as the Note Purchaser, and the Issuer may agree in writing, in their sole discretion."

Section 4. Amendment of Section 6.03. Section 6.03 of the Note Purchase Agreement is hereby amended as follows:

(A) Clause (l) is hereby amended by deleting "9.0%" and replacing it with "8.0%".

(B) Clause (n) (as reflected in the Note Purchase Agreement immediately prior to this Amendment) shall be clause (o) upon the effectiveness of this Amendment.

(C) Clause (n) (as reflected in the Note Purchase Agreement upon the effectiveness of this Amendment) shall read as follows:

"(n) if any TFC Receivables are being purchased in connection with such Advance, no TFC Funding Termination Event shall have occurred."

Section 5. Amendment of Section 8.03. Section 8.03(a) of the Note Purchase Agreement is hereby amended by inserting the clause, "except as otherwise provided by Section 4.18 of the Sale and Servicing Agreement," after the words "provided, however," in the first sentence thereof.

Section 6. Effectiveness. This Amendment shall be effective from and after the date hereof.

Section 7. Governing Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH, AND THIS AMENDMENT AND ALL MATTERS ARISING OUT OF OR RELATING IN ANY WAY TO THIS AMENDMENT SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

Section 8. Severability; Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9. Captions. The captions in this Amendment are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first written above.

PAGE FUNDING LLC

By: /s/

CONSUMER PORTFOLIO SERVICES, INC.

By: /s/

UBS REAL ESTATE SECURITIES INC.

By: /s/

AMENDED AND RESTATED
VARIABLE FUNDING NOTE

REGISTERED

up to \$125,000,000

No. A-1

SEE REVERSE FOR CERTAIN CONDITIONS

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING THE NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT IT IS AN INSTITUTIONAL INVESTOR THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT AND THAT SUCH NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (1) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE) OR AN AFFILIATE OF THE ISSUER, (2) A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (3) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION; PROVIDED, THAT THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER.

TRANSFERS OF THIS NOTE ARE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE INDENTURE. EXCEPT AS OTHERWISE PROVIDED IN SECTION 2.5 OF THE INDENTURE, THIS NOTE MAY BE TRANSFERRED, SOLD, OR PLEDGED, IN WHOLE BUT NOT IN PART, ONLY TO (I) THE ISSUER OR AN AFFILIATE OF THE ISSUER OR (II)(A) AN INSTITUTIONAL ACCREDITED INVESTOR THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT IT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACTING FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE INSTITUTIONAL ACCREDITED INVESTORS UNLESS THE HOLDER IS A BANK ACTING IN ITS FIDUCIARY CAPACITY) OR (B) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON WHOM THE TRANSFEROR REASONABLY BELIEVES AFTER DUE INQUIRY IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A), ACTING FOR ITS OWN

ACCOUNT, OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE, OR TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, UNLESS SUCH SALE, PLEDGE, OR OTHER TRANSFER IS OTHERWISE MADE IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AND SUBJECT TO INCREASES AND DECREASES AS SET FORTH HEREIN AND IN THE INDENTURE. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

PAGE FUNDING LLC

AMENDED AND RESTATED
VARIABLE FUNDING NOTE

PAGE FUNDING LLC, a Delaware limited liability company (herein referred to as the "Issuer"), for value received, hereby promises to pay to UBS REAL ESTATE SECURITIES INC., a Delaware corporation (the "Noteholder"), or its registered assigns, the principal sum of up to ONE HUNDRED TWENTY-FIVE MILLION DOLLARS (\$125,000,000.00) or, if less, the aggregate unpaid principal amount outstanding hereunder (whether or not shown on the schedule attached hereto (or such electronic counterpart maintained by the Trustee)), which amount shall be payable in the amounts and at the times set forth in Section 2.8(b) of the Indenture. The Issuer will pay interest on Advances under this Note at the Note Interest Rate. Such interest on Advances shall be due and payable on each Settlement Date until the principal of this Note is paid or made available for payment, to the extent funds will be available from the Collection Account processed from and including the preceding Settlement Date to but excluding each such Settlement Date in respect of (a) an amount equal to interest accrued for the related Interest Period, which will be equal to the sum of the products, for each day during the related Interest Period, of (i) the Note Interest Rate for such date during the Interest Period and (ii) the Aggregate Principal Balance as of the close of business on such date divided by 360, plus (b) an amount equal to the amount of any accrued and unpaid Note Interest Carryover Shortfall with respect to prior Interest Periods, with interest on the amount of such Note Interest Carryover Shortfall at the Note Interest Rate for the first Business Day of the related Interest Period. Prior to the Scheduled Maturity Date and unless an Event of Default or a Funding Termination Event specified in clauses (i) through (iii) of the definition thereof shall have occurred, the Issuer shall only be required to make interest payments on the Invested Amount of the Note to the holder hereof; provided that the Issuer may, at its option, prepay the Invested Amount of the Note, in whole or in part, at any time and without premium or penalty pursuant to Section 10.1 of the Indenture. Following the occurrence of an Event of Default or a Funding Termination Event specified in clauses (i) through (iii) of the definition thereof, the Noteholder may declare the Invested Amount of this Note to be immediately due and payable at par, together with accrued interest thereon, in accordance with Section 5.2 of the Indenture. Principal of and interest on this Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. This Note does not represent an interest in, or an obligation of, the Servicer or any affiliate of the Servicer other than the Issuer.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits,

obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Servicer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: Wells Fargo Bank, National Association, 6th & Marquette, MAC N9311-161, Minneapolis, Minnesota 55479, Attention: Corporate Trust Services -- Asset Backed Administration. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Note shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or be valid or obligatory for any purpose.

[Signature page follows.]

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: June __, 2005

PAGE FUNDING LLC

By: /s/

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is the Note issued under the within-mentioned Indenture.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, not in its individual
capacity, but solely as Trustee

By: /s/

REVERSE OF THE NOTE

This Note is the duly authorized Note of the Issuer, designated as its Amended and Restated Variable Funding Note (herein called the "Note"), issued under (i) the Indenture dated as of June 30, 2004 (such Indenture, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, is herein called the "Indenture"), among the Issuer, UBS Real Estate Securities Inc. (the "Noteholder"), and Wells Fargo Bank, National Association, a national banking association, as trustee (the "Trustee", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee and the Note Purchaser. The Note is subject to all terms of the Indenture. All terms used in this Note that are defined in the Indenture, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, shall have the meanings assigned to them in or pursuant to the Indenture, as so amended, supplemented or otherwise modified.

"Settlement Date" means, with respect to each Accrual Period, the 15th day of the following calendar month, or if such day is not a Business Day, the immediately following Business Day, commencing on August 16, 2004.

As described above, the entire unpaid principal amount of this Note shall be due and payable on the Final Scheduled Settlement Date. Notwithstanding the foregoing, if an Event of Default or a Funding Termination Event specified in clauses (i) through (iii) of the definition thereof shall have occurred and be continuing then, in certain circumstances, principal on the Note may be paid earlier, as described in the Indenture.

Payments of interest on this Note due and payable on each Settlement Date, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any prepayments, to the extent not in full payment of this Note, shall be made by wire transfer to the Holder of record of this Note (or any predecessor Note) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Note (or any predecessor Note) effected by any payments made on any date shall be binding upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon. Final payment of principal (together with any accrued and unpaid interest) on this Note will be paid to the Noteholder only upon presentation and surrender of this Note at the Corporate Trust Office for cancellation by the Trustee.

The Issuer shall pay interest on overdue installments of interest at the Note Interest Rate to the extent lawful.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Note may be registered on the Note Register upon surrender of this Note for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Note of authorized

denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

The Noteholder, by acceptance of the Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Trustee or the Issuer on the Note or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Issuer or the Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director or employee of the Issuer or the Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Trustee or of any successor or assign of the Issuer or the Trustee in its individual capacity, except (a) as any such Person may have expressly agreed (it being understood that the Trustee has no such obligations in its individual capacity) and (b) any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity; provided, however, that nothing contained herein shall be taken to prevent recourse to, and enforcement against, the assets of the Issuer for any and all liabilities, obligations and undertakings contained in the Indenture or in this Note, subject to Section 6.7 of the Indenture.

The Noteholder, by acceptance of the Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder will not institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Note, the Indenture or the Basic Documents.

Prior to the due presentment for registration of transfer of this Note, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name the Note (as of the day of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not the Note be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

It is the intent of the Issuer and the Noteholder that, for Federal, state and local income and franchise tax purposes, the Note will evidence indebtedness of the Issuer secured by the Collateral. The Noteholder, by the acceptance of the Note, agrees to treat the Note for Federal, state and local income and franchise tax purposes as indebtedness of the Issuer.

The Indenture permits in certain circumstances, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holder of the Note under the Indenture at any time by the Issuer with the consent of the Holder of the Note. The Indenture also contains provisions permitting the Holder of the Note to waive compliance by the Issuer with certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of the Note (or any predecessor Note) shall be conclusive and binding upon such Holder and upon all future Holders of the Note and of the Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon the Note.

The Indenture also permits the Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of the Holder of the Note.

The term "Issuer" as used in this Note includes any successor to the Issuer under the Indenture.

The Note is issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

The Note and the Indenture shall be construed in accordance with the law of the State of New York, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such law.

No reference herein to the Indenture and no provision of the Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on the Note at the times, place, and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable U.S. withholding taxes.

CERTIFICATION

I, Charles E. Bradley, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consumer Portfolio Services, 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)) 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) 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
 - (c) 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.

Date: August 9, 2005

/s/ CHARLES E. BRADLEY, JR.

Chief Executive Officer

CERTIFICATION

I, Robert E. Riedl, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consumer Portfolio Services, 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)) 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) 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
 - (c) 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.

Date: August 9, 2005

/s/ ROBERT E. RIEDL

Chief Financial Officer

CERTIFICATION 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 on Form 10-Q of Consumer Portfolio Services, Inc. (the "Company") for the quarterly period ended June 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Charles E. Bradley, Jr., as Chief Executive Officer of the Company, and Robert E. Riedl, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CHARLES E. BRADLEY, JR.

Charles E. Bradley, Jr.
Chief Executive Officer
August 9, 2005

/s/ ROBERT E. RIEDL

Robert E. Riedl
Chief Financial Officer
August 9, 2005

This certification accompanies each Report pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of ss.18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.