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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
RULE 13d-2(a)

(Amendment No. 3) (*)

CONSUMER PORTFOLIO SERVICES, INC.

(Name of Issuer)

Common Stock, no par value per share

(Title of Class of Securities)

210502 100

(CUSIP Number)

Arthur E. Levine	with a copy to:
President	Mitchell S. Cohen, Esq.
Levine Leichtman Capital Partners, Inc.	Riordan & McKinzie
335 North Maple Drive, Suite 240	300 South Grand Avenue, 29th Floor
Beverly Hills, California 90025	Los Angeles, California 90071
(310) 275-5335	(213) 629-4824

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

March 15, 2000

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box .

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

(*) The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
	Levine Leichtman Capital Partners II, L.P.

2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
	(a) <input type="checkbox"/>
	(b) <input type="checkbox"/>

3	SEC USE ONLY

4	SOURCE OF FUNDS*
	00 (See Item 3)

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)
	<input type="checkbox"/>

6	CITIZENSHIP OR PLACE OF ORGANIZATION
	California

	7 SOLE VOTING POWER
	-0-

NUMBER OF	8 SHARED VOTING POWER
SHARES	
BENEFICIALLY	4,553,500 (See Item 5)
OWNED BY	-----
EACH	9 SOLE DISPOSITIVE POWER
REPORTING	
PERSON	0
WITH	-----
	10 SHARED DISPOSITIVE POWER
	4,553,500 (See Item 5)

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
	4,553,500 (See Item 5)

12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*
	<input type="checkbox"/>

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
	22.6% (See Item 5)

14	TYPE OF REPORTING PERSON*
	PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
	LLCP California Equity Partners II, L.P.

2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
	(a) <input type="checkbox"/>
	(b) <input type="checkbox"/>

3	SEC USE ONLY

4	SOURCE OF FUNDS*
	00 (See Item 3)

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	<input type="checkbox"/>

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
	22.6% (See Item 5)

14	TYPE OF REPORTING PERSON*
	PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
	Levine Leichtman Capital Partners, Inc.

2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
	(a) <input type="checkbox"/>
	(b) <input type="checkbox"/>

3	SEC USE ONLY

4	SOURCE OF FUNDS*
	00 (See Item 3)

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	-0-

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PERSON	0
WITH	-----
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	4,553,500 (See Item 5)

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
	4,553,500 (See Item 5)

12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*
	<input type="checkbox"/>

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
	22.6% (See Item 5)

14	TYPE OF REPORTING PERSON*
	CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
	Arthur E. Levine

2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
	(a) <input type="checkbox"/>
	(b) <input type="checkbox"/>

3	SEC USE ONLY

4	SOURCE OF FUNDS*
	00 (See Item 3)

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)
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	<input type="checkbox"/>

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
	22.6% (See Item 5)

14	TYPE OF REPORTING PERSON*
	IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
	Lauren B. Leichtman

2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
	(a) <input type="checkbox"/>
	(b) <input type="checkbox"/>

3	SEC USE ONLY

4	SOURCE OF FUNDS*
	00 (See Item 3)

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)
	<input type="checkbox"/>

6	CITIZENSHIP OR PLACE OF ORGANIZATION
	California

	7 SOLE VOTING POWER
	-0-

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	4,553,500 (See Item 5)

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	4,553,500 (See Item 5)

12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*
	<input type="checkbox"/>

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
	22.6% (See Item 5)

14	TYPE OF REPORTING PERSON*
	IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

This Amendment No. 3 (this "Amendment") amends and supplements the Schedule 13D originally filed by or on behalf of the Reporting Persons (as such term is defined in Item 2 below) with the Securities and Exchange Commission (the "Commission") on November 25, 1998 (the "Original Schedule 13D"), as amended by Amendment No. 1 filed with the Commission on April 21, 1999 ("Amendment No. 1"), as further amended by Amendment No. 2 filed with the Commission on June 2, 1999 ("Amendment No. 2"). The Original Schedule 13D, as amended by Amendment No.1 and Amendment No.2, is referred to herein as "Amended Schedule 13D." All capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings ascribed to such terms in Amended Schedule 13D. All Rule citations used in this Amendment are to the rules promulgated under the Securities Exchange Act of 1934, as amended.

ITEM 1. SECURITY AND ISSUER.

(a) Name of Issuer:

Consumer Portfolio Services, Inc., a California corporation (the "Issuer").

(b) Address of Principal Executive Officers of the Issuer:

16355 Laguna Canyon Road, Irvine, CA 92618

(c) Title of Class of Equity Securities:

Common Stock, no par value per share ("Common Stock").

ITEM 2. IDENTITY AND BACKGROUND

This Amendment is being filed pursuant to a Joint Reporting Agreement dated November 19, 1998, a copy of which is attached as EXHIBIT 1 to the Original Schedule 13D, among Levine Leichtman Capital Partners II, L.P., a California limited partnership (the "Partnership"), LLCP California Equity Partners II, L.P., a California limited partnership (the "General Partner"), Levine Leichtman Capital Partners, Inc., a California corporation ("Capital Corp."), Arthur E. Levine ("Mr. Levine") and Lauren B. Leichtman ("Ms. Leichtman" and, together with the Partnership, the General Partner, Capital Corp. and Mr. Levine, the "Reporting Persons").

(a) Partnership.

The Partnership is a limited partnership formed under the laws of the State of California. The address of the principal business or principal office of the Partnership is 335 North Maple Drive, Suite 240, Beverly Hills, California 90210. The principal business of the Partnership is to seek out opportunities to invest in the securities of middle market companies and to acquire, hold, manage and dispose of such securities in connection with growth financings, restructurings, recapitalizations, mergers, acquisitions and buyouts.

(b) General Partner.

The General Partner is the sole general partner of the Partnership. The address of the principal business or principal office of the General Partner is 335 North Maple Drive, Suite 240, Beverly Hills, California 90210. The principal business of the General Partner is to act as the general partner

of the Partnership and to organize and manage the investments made by the Partnership.

(c) Capital Corp.

Capital Corp. is the sole general partner of the General Partner. The address of the principal business or principal office of Capital Corp. is 335 North Maple Drive, Suite 240, Beverly Hills, California 90210. The principal business of Capital Corp. is to act as the general partner of the General Partner and of LLC California Equity Partners, L.P., a California limited partnership, the sole general partner of Levine Leichtman Capital Partners, L.P., a California limited partnership.

(d) Mr. Levine.

Mr. Levine is a director, the President and a shareholder of Capital Corp. The business address of Mr. Levine is 335 North Maple Drive, Suite 240, Beverly Hills, California 90210. The present principal occupation or employment of Mr. Levine is to serve as a director and the President of Capital Corp. Mr. Levine is a citizen of the United States of America. Mr. Levine, together with Ms. Leichtman, are the sole directors and shareholders of Capital Corp.

(e) Ms. Leichtman.

Lauren B. Leichtman is a director, the Chief Executive Officer, Treasurer and Secretary and a shareholder of Capital Corp. The business address of Ms. Leichtman is 335 North Maple Drive, Suite 240, Beverly Hills, California 90210. The present principal occupation or employment of Ms. Leichtman is to serve as a director and the Chief Executive Officer, Treasurer and Secretary of Capital Corp. Ms. Leichtman is a citizen of the United States of America. Ms. Leichtman, together with Mr. Levine, are the sole directors and shareholders of Capital Corp.

During the last five years, no Reporting Person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

Item 3 of Amended Schedule 13D is hereby amended by adding the following to the end of such Item:

On March 15, 2000, the Issuer issued 103,500 shares of Common Stock (the "March 2000 Shares") to the Partnership pursuant to the terms of (a) an Amended and Restated Securities Purchase Agreement dated as of March 15, 2000 ("March 2000 Securities Purchase Agreement"), between the Partnership and the Issuer, a copy of which is attached as EXHIBIT 1 hereto, which amended and restated the Amended Securities Purchase Agreement and the April 1999 Securities Purchase Agreement, and (b) a Waiver Agreement dated as of March 15, 2000 (the "Waiver Agreement"), between the Partnership and the Issuer, a copy of which is attached as EXHIBIT 2 hereto. No funds of the Partnership were used in acquiring the March 2000 Shares. Instead, the consideration for the issuance

of the March 2000 Shares was the waiver by the Partnership of certain defaults and events of default by the Issuer that had occurred under the Amended Securities Purchase Agreement and the April 1999 Securities Purchase Agreement and the completion of the other transactions contemplated by the March 2000 Securities Purchase Agreement.

One of the transactions contemplated by the March 2000 Securities Purchase Agreement was the purchase by the Partnership of a Secured Senior Note Due 2001 dated March 15, 2000, in the principal amount of 16,000,000, a copy of which is attached as EXHIBIT 3 hereto. The source of funds for the purchase of the Secured Senior Note Due 2001 was capital contributions made by the partners of the Partnership in the aggregate amount of \$16,000,000 in response to a Call to Purchase Portfolio Securities dated February 28, 2000. See Items 4 and 6 below for a more detailed discussion of the other transactions completed under the March 2000 Securities Purchase Agreement and related documents.

ITEM 4. PURPOSE OF TRANSACTION.

Item 4 of Amended Schedule 13D is hereby amended by adding the following to the end of such Item:

The Partnership acquired the March 2000 Shares pursuant to the terms of the March 2000 Securities Purchase Agreement and the Waiver Agreement. The Partnership acquired the March 2000 Shares for investment purposes only.

In connection with the acquisition by the Partnership of the March 2000 Shares, the Issuer, Charles E. Bradley, Sr., Charles E. Bradley, Jr. and the Partnership amended and restated the Investor Rights Agreement, as amended by the First Amendment to Investor Rights Agreement dated as of April 15, 1999 (as so amended, the "Amended Investor Rights Agreement"), pursuant to the terms of an Amended and Restated Investor Rights Agreement dated as of March 15, 2000 (the "Amended and Restated Investor Rights Agreement"), a copy of which is attached as EXHIBIT 4 hereto. Pursuant to the Amended and Restated Investor Rights Agreement, the parties thereto amended and restated the investment monitoring, management and other rights granted to the Partnership under the Amended Investor Rights Agreement, including the right of the Partnership to cause the Issuer to appoint or elect a representative of the Partnership as a member of the Board of Directors of the Issuer. As provided in the Amended Investor Rights Agreement, Charles E. Bradley, Sr. and Charles E. Bradley, Jr. have agreed to vote their respective shares of Common Stock in favor of such representative's appointment or election to the Board, and if at any time no Partnership representative is serving on the Board of Directors, the Partnership may exercise observation rights at all meetings of the Board of Directors. Finally, the Partnership and the Issuer will continue to participate jointly in the Operating Committee to review the financial performance and other affairs of the Issuer. See the Amended and Restated Investor Rights Agreement for a more detailed description of the rights granted to the Partnership.

In addition, the Partnership has acquired from time to time in open market transactions 10.50% Participating Equity Notes ("PENS") previously issued by the Issuer. As of March 15, 2000, the Partnership held \$3,614,000 aggregate principal face amount of PENS, consisting of \$614,000 aggregate principal face amount of PENS acquired from time to time during the months of November and December of 1999, and \$3,000,000 principal face amount of PENS acquired on March 16, 2000. Holders of PENS may convert up to 25% of the

principal face amount thereof into shares of Common Stock upon the earliest to occur of (i) April 15, 2004, (ii) the redemption of the Notes at the option of the Issuer and (iii) the redemption of the Notes at the option of the holder as a result of the occurrence of a "Special Redemption Event" (as such term is defined in the PENS). The PENS are not convertible into shares of Common Stock within 60 days. (If the PENS were convertible as of March 15, 2000, the Partnership would have been able to convert its PENS into 89,015 shares of Common Stock (or .44% of the Common Stock then outstanding), assuming a conversion price of \$10.15 per share.) In addition, the Partnership did not acquire the PENS with the purpose or effect of changing or influencing the control of the Issuer (or in connection with or as a participant in any transaction having such purpose of effect). Accordingly, pursuant to Rule 13-3(d)(1)(i), the number of shares of Common Stock into which the PENS would be convertible are not included in the calculation of the number of shares of Common Stock beneficially owned by the Partnership and the other Reporting Persons for purposes of this Schedule 13D. The Partnership may acquire additional PENS from time to time in the future.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

(a) AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON AND PERCENT OF CLASS:

Each Reporting Person is deemed to be the "beneficial owner" (within the meaning of Rule 13d-3(a)) of 4,553,500 shares of Common Stock (1,000 of which may be acquired by the Partnership upon exercise of Warrant No. LLB 5 issued April 15, 1999, and restated upon exercise in part as of May 26, 1999), which constitutes approximately 22.6% of such class. Such percentage is based upon a total of 20,107,501 shares of Common Stock outstanding as of March 15, 2000, and was calculated pursuant to Rule 13d-3(d)(1)(i)(D).

(b) VOTING AND DISPOSITIVE POWER:

The Partnership may be deemed to have (i) sole voting and dispositive power with respect to no shares of Common Stock and (ii) shared voting and dispositive power with all other Reporting Persons with respect to 4,553,500 shares of Common Stock.

By virtue of being the sole general partner of the Partnership, the General Partner may be deemed to have (i) sole voting and dispositive power with respect to no shares of Common Stock and (ii) shared voting and dispositive power with all other Reporting Persons with respect to 4,553,500 shares of Common Stock.

By virtue of being the sole general partner of the General Partner, Capital Corp. may be deemed to have (i) sole voting and dispositive power with respect to no shares of Common Stock and (ii) shared voting and dispositive power with all other Reporting Persons with respect to 4,553,500 shares of Common Stock.

By virtue of being the sole directors, executive officers and shareholders of Capital Corp., each of Mr. Levine and Ms. Leichtman may be deemed to have (i) sole voting and dispositive power with respect to no shares of Common Stock and (ii) shared voting and dispositive power with all other Reporting Persons with respect to 4,553,500 shares of Common Stock.

(c) TRANSACTIONS.

Item 5(c) of Amended Schedule 13D is hereby amended by adding the following to the end of such Item:

As previously described, on March 15, 2000, the Partnership acquired 103,500 shares of Common Stock from the Issuer in a privately negotiated transaction that was consummated in Los Angeles, California. See Items 3, 4 and 5 herein for a more detailed discussion of such transaction.

(d) INTERESTS OF OTHER PERSONS:

Not applicable.

(e) DATE UPON WHICH THE REPORTING PERSON CEASED TO BE THE BENEFICIAL OWNER OF MORE THAN FIVE PERCENT OF CLASS:

Not applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Item 6 of Amended Schedule 13D is hereby amended by adding the following to the end of such Item:

Pursuant to the terms of the March 2000 Securities Purchase Agreement, a copy of which is attached as EXHIBIT 1 hereto, the Waiver Agreement, a copy of which is attached as EXHIBIT 2 hereto, and the agreements, instruments and other documents related thereto or contemplated thereby, among other things: (a) the Partnership waived certain defaults and events of default that occurred under the Amended Securities Purchase Agreement and the April 1999 Securities Purchase Agreement, (b) the Partnership and the Issuer amended and restated the Amended Securities Purchase Agreement and the April 1999 Securities Purchase Agreement into, and as provided in, the March 2000 Securities Purchase Agreement, (c) the Partnership and the Issuer amended and restated the Amended Primary Note and the April 1999 Note into one Amended and Restated Secured Senior Note Due 2003 dated March 15, 2000, in the principal amount of \$30,000,000, a copy of which is attached as EXHIBIT 5 hereto, and (d) the Partnership purchased from the Issuer a Senior Secured Note Due 2001 dated March 15, 2000, in the principal amount of \$16,000,000, a copy of which is attached as EXHIBIT 3 hereto. (In addition, the Issuer granted a first priority security interest in substantially all of the Issuer's assets and properties to secure the payment and performance of the two Secured Senior Notes referred to above.) See the March 2000 Securities Purchase Agreement and the Waiver Agreement for a more detailed discussion of the transactions contemplated therein, respectively.

Pursuant to the Amended and Restated Investor Rights Agreement, a copy of which is attached as EXHIBIT 4 hereto, the parties thereto amended and restated the investment monitoring, management and other rights granted to the Partnership under the Amended Investor Rights Agreement, including the right of the Partnership to cause the Issuer to appoint or elect a representative of the Partnership as a member of the Board of Directors of the Issuer. As provided in the Amended Investor Rights Agreement, Charles E. Bradley, Sr. and Charles E. Bradley, Jr. have agreed to vote their respective shares of Common Stock in favor of such representative's appointment or election to the Board, and if at any time no Partnership representative is serving on the Board of Directors, the Partnership may exercise observation rights at all meetings of the Board of Directors. Finally, the Partnership and the Issuer will continue to participate jointly in the Operating Committee to review the financial

performance and other affairs of the Issuer. See the Amended and Restated Investor Rights Agreement for a more detailed description of the rights granted to the Partnership.

Pursuant to the Amended and Restated Registration Rights Agreement dated as of March 15, 2000, between the Issuer and the Partnership, a copy of which is attached as EXHIBIT 6 hereto, the Partnership and the Issuer amended and restated the registration and other rights set forth in the Registration Rights Agreement dated as of November 17, 1998, as amended by a First Amendment to Registration Rights Agreement dated as of April 15, 1999. Among other things, the Issuer granted demand, piggyback and "Form S-3 registration rights covering (a) all shares of Common Stock issued or issuable upon exercise of the warrants issued by the Issuer to the Partnership and (b) the March 2000 Shares. See the Amended and Restated Registration Rights Agreement for a more detailed description of the registration and other rights granted to the Partnership.

Pursuant to a Termination and Settlement Agreement with Respect to Investment Agreement and Continuing Guaranty dated as of March 15, 2000, among the Issuer, Stanwich Financial Services Corp. ("Stanwich"), Charles E. Bradley, Sr. (CEB Sr.), Charles E. Bradley, Jr. (together with Stanwich and CEB Sr., the "Guarantors") and the Partnership, a copy of which is attached as EXHIBIT 7 hereto, the parties thereto, among other things, terminated the Investment Agreement and Continuing Guaranty (and the Pledge and Security Agreements entered into in connection therewith), the Issuer and the Guarantors released the Partnership from any and all liabilities and obligations based on or related to the Investment Agreement and Continuing Guaranty (and the Pledge and Security Agreements), except as set forth therein, and the Partnership released the Guarantors from any and all liabilities and obligations based on or related to the Investment Agreement and Continuing Guaranty (and the Pledge and Security Agreements), except as set forth therein. See the Termination and Settlement Agreement with Respect to Investment Agreement and Continuing Guaranty for a more detailed description of the transactions completed thereunder.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

- Exhibit 1. Amended and Restated Securities Purchase Agreement dated as of March 15, 2000, between the Partnership and the Issuer.
- Exhibit 2. Waiver Agreement dated as of March 15, 2000, between the Partnership and the Issuer.
- Exhibit 3. Secured Senior Note Due 2001 in the principal amount of \$16,000,000.
- Exhibit 4. Amended and Restated Investor Rights Agreement dated as of March 15, 2000, among the Issuer, Charles E. Bradley, Sr., Charles E. Bradley, Jr. and the Partnership.
- Exhibit 5. Amended and Restated Secured Senior Note Due 2003 in the principal amount of \$30,000,000.
- Exhibit 6. Amended and Restated Registration Rights Agreement dated as of March 15, 2000, between the Partnership and the Issuer.
- Exhibit 7. Termination and Settlement Agreement with Respect to Investment Agreement and Continuing Guaranty dated as of March 15, 2000, among the Issuer, Stanwich Financial Services Corp., Charles E. Bradley, Sr., Charles E. Bradley, Jr. and the Partnership.

[SIGNATURES TO FOLLOW.]

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: March 23, 2000

LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P.,
a California limited partnership

By: LLC California Equity Partners, L.P.,
its General Partner

By: Levine Leichtman Capital Partners, Inc.,
a California corporation, its General
Partner

By: /s/ Arthur E. Levine

Arthur E. Levine
President

LLCP CALIFORNIA EQUITY PARTNERS II, L.P.,
a California limited partnership

By: Levine Leichtman Capital Partners, Inc.,
a California corporation, its General Partner

By: /s/ Arthur E. Levine

Arthur E. Levine
President

LEVINE LEICHTMAN CAPITAL PARTNERS, INC.,
a California corporation

By: /s/ Arthur E. Levine

Arthur E. Levine
President

/s/ Arthur E. Levine

ARTHUR E. LEVINE

/s/ Lauren B. Leichtman

LAUREN B. LEICHTMAN

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (See 18 U.S.C. 1001)

=====

AMENDED AND RESTATED
SECURITIES PURCHASE AGREEMENT

by and between

LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P.,
a California limited partnership,

as Purchaser,

and

CONSUMER PORTFOLIO SERVICES, INC.,
a California corporation,

as Issuer

\$16,000,000 Principal Amount
Secured Senior Note Due 2001
(Term A Note)

\$30,000,000 Principal Amount
Amended and Restated Secured Senior Note Due 2003
(Term B Note)

Dated as of March 15, 2000

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CONSUMER PORTFOLIO SERVICES, INC.

AMENDED AND RESTATED
SECURITIES PURCHASE AGREEMENT

THIS AMENDED AND RESTATED SECURITIES PURCHASE AGREEMENT is entered into as of the 15th day of March 2000 (as amended, supplemented or otherwise modified from time to time, this "Agreement"), by and between LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., a California limited partnership, as purchaser (the "Purchaser"), and CONSUMER PORTFOLIO SERVICES, INC., a California corporation (the "Company"), as issuer.

R E C I T A L S

A. Pursuant to the terms of a Securities Purchase Agreement dated as of November 17, 1998 (the "Original November 1998 Securities Purchase Agreement"), between the Company and the Purchaser, the Company issued and sold to the Purchaser a Senior Subordinated Primary Note dated November 17, 1998, in the original principal amount of \$25,000,000 (the "Original November 1998 Primary Note"), and a Primary Warrant (Warrant No. LL-2) to Purchase 3,450,000 Shares of Common Stock (the "Original November 1998 Primary Warrant").

B. As part of the transactions contemplated by the Original November 1998 Securities Purchase Agreement, and in partial consideration for the purchase by the Purchaser of the Original November 1998 Primary Note, the Company agreed, pursuant to Section 8.21 of the Original November 1998 Securities Purchase Agreement, to enter into the New Senior Credit Facility, pay all ESFR Indebtedness and cause the termination of the ESFR Agreement and the release and reconveyance of all Liens created or existing in favor of the ESFR Agent and/or the ESFR Lenders, all on or prior to December 31, 1999. (The term "New Senior Credit Facility," as defined in the Original November 1998 Securities Purchase Agreement, means a new senior credit facility of the Company (whether a revolving credit facility, a term loan facility or both), the terms and provisions of which are satisfactory to the Purchaser, entered into between the Company (and/or its Subsidiaries) and a syndicate of banks or other financial institutions acceptable to the Purchaser, under which, among other things: (i) all Indebtedness evidenced by such new senior credit facility would constitute Senior Indebtedness; (ii) the Purchaser would be a lender and the Purchaser's principal term commitment would be no less than \$25,000,000; (iii) all Indebtedness under such new senior credit facility would be secured by first priority valid and perfected Liens in favor of the lenders thereunder covering all of the Collateral (as such term is defined in the ESFR Agreement); and (iv) the proceeds of such new senior credit facility would be used in part by the Company to pay in full all outstanding ESFR Indebtedness.) The Company has been unable, prior to the date hereof, to enter into the New Senior Credit Facility

and fulfill its other obligations under Section 8.21 of the Amended November 1998 Securities Purchase Agreement.

C. In addition, as part of the transactions contemplated by the Original November 1998 Securities Purchase Agreement, and in partial consideration for the purchase by the Purchaser of the Original November 1998 Primary Note, the Company further granted to the Purchaser, pursuant to a letter agreement dated as of November 17, 1998 (the "November 1998 Letter Agreement re ESFR"), between the Company and the Purchaser, the right and opportunity to replace the credit facility existing under the ESFR Agreement with a new credit facility that provided sufficient additional funding to repay all outstanding ESFR Indebtedness. If the Purchaser notified the Company that it intends to replace such existing credit facility with such a new credit facility, the Company agreed to cooperate and work with the Purchaser, as requested by the Purchaser, to execute and deliver all such agreements, instruments and other documents, and to take such action or actions, as may be necessary or desirable to cause the establishment of such new credit facility (including, without limitation, paying all outstanding ESFR Indebtedness and causing the termination of the ESFR Agreement and the release and reconveyance of all Liens created or existing in favor of the ESFR Agent and the ESFR Lenders).

D. Pursuant to a First Amendment to Securities Purchase Agreement dated as of April 15, 1999 (the "First Amendment to November 1998 Securities Purchase Agreement"), between the Company and the Purchaser, which amends the Original November 1998 Securities Purchase Agreement, the Company and the Purchaser amended and restated (i) the Original November 1998 Primary Note pursuant to an Amended and Restated Senior Subordinated Primary Note dated as of November 17, 1998, as amended April 15, 1999 (the Original November 1998 Primary Note, as so amended, being referred to as the "Amended November 1998 Primary Note"), and (ii) the Original November 1998 Primary Warrant pursuant to an Amended and Restated Primary Warrant (Warrant No. LLA-1) to Purchase 3,115,000 Shares of Common Stock (the Original November 1998 Primary Warrant, as so amended, being referred to as the "Amended November 1998 Warrant"). The Original November 1998 Securities Purchase Agreement, as amended by the First Amendment to November 1998 Securities Purchase Agreement, is referred to herein as the "Amended November 1998 Securities Purchase Agreement."

E. Concurrent with the closing of the transactions contemplated by the First Amendment to November 1998 Securities Purchase Agreement, the Company and the Purchaser entered into a Securities Purchase Agreement dated as of April 15, 1999 (the "April 1999 Securities Purchase Agreement"), pursuant to which the Company issued and sold to the Purchaser a Senior Subordinated Note in the original principal amount of \$5,000,000 (the "April 1999 Note") and a Warrant (Warrant No. LLB 4) dated April 15, 1999, to Purchase 1,335,000 Shares of Common Stock (the "April 1999 Warrant").

F. The Purchaser has previously exercised in full the Amended November 1998 Primary Warrant (which, among other things, evidenced the shares of Common Stock purchasable upon exercise of the Bridge Warrant) and exercised in part the April 1999 Warrant. The number of Warrant Shares (as such term is defined in the April 1999 Warrant) that remain unexercised are currently represented by a Warrant (Warrant No. LLB 5) issued April 15, 1999, and restated upon exercise in part as of May 26, 1999, to Purchase 1,000 Shares of Common Stock (as amended, supplemented or otherwise modified from time to time, the "Residual Warrant").

G. Certain Defaults and Events of Default under the Amended November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement have occurred since the date that the parties entered into the Original November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement, respectively. The Company has requested that the Purchaser waive the Pre-Closing Date Defaults (including, without limitation, the Company's inability to, among other things, enter into the New Senior Credit Facility on or prior to December 31, 1999, pursuant to Section 8.21 of the Amended November 1998 Securities Purchase Agreement (and Section 8.2 of the April 1999 Securities Purchase Agreement)).

H. The Company wishes to issue and sell to the Purchaser a Secured Senior Note Due 2001 in the principal amount of \$16,000,000 as set forth herein, and the Purchaser is willing to purchase such Secured Senior Note.

I. In recognition of the Company's obligations under Section 8.21 of the Amended November 1998 Securities Purchase Agreement (and Section 8.2 of the April 1999 Securities Purchase Agreement), and the Purchaser's rights under the November 1998 Letter Agreement re ESFR as set forth above, and in consideration of the Purchaser's willingness to waive the Pre-Closing Date Defaults as provided in the Waiver Agreement, the Company and the Purchaser are willing to amend and restate the Amended November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement as provided in this Agreement, and amend and restate the Amended November 1998 Primary Note and the April 1999 Note into one Amended and Restated Secured Senior Note Due 2003 in the principal amount of \$30,000,000, all on the terms and subject to the conditions set forth in this Agreement. The parties acknowledge that this Agreement shall constitute the New Senior Credit Facility in the aggregate principal amount of \$46,000,000, and that the Secured Senior Note Due 2001 and the Amended and Restated Secured Senior Note Due 2003 shall constitute New Senior Credit Facility Notes for purposes of the Amended November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement.

J. In addition, in consideration of the Purchaser's willingness to waive the Pre- Closing Date Defaults, the Company is willing to, among other things, issue to the Purchaser, on or prior to the Closing Date, the March 2000 LLC Shares, all on the terms and subject to the conditions set forth in the Waiver Agreement.

A G R E E M E N T

In consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, on the terms and subject to the conditions set forth in this Agreement and the Related Agreements, the parties agree as follows:

1. DEFINITIONS; DETERMINATIONS.

1.1 Definitions. For the purpose of this Agreement, the following capitalized terms shall have the meanings set forth below (unless otherwise specified, the plural shall mean the singular and vice versa):

"Accrued Default Interest" shall have the meaning set forth in the Waiver Agreement.

"Affiliate" shall mean, when used with reference to any specified Person, (i) any other Person that, directly or indirectly, owns or controls, or has the right to acquire, whether beneficially or of record, or as a trustee, guardian or other fiduciary (other than a commercial bank or trust company), five percent (5%) or more of the Capital Stock of such specified Person having ordinary voting power in the election of directors of such specified Person, (ii) any other Person that, directly or indirectly, controls, is controlled by, is under direct or indirect common control with or is included in the Immediate Family of, such specified Person or any Affiliate of such specified Person, (iii) any executive officer, director, joint venturer, partner or member of such specified Person or any Person included in the Immediate Family of any of the foregoing, (iv) any Dealer, if such Dealer or any Affiliate of such Dealer is included in the Immediate Family of Charles E. Bradley, Sr., Charles E. Bradley, Jr. or any other officer or director of the Company, or (v) any Automobile Contract Debtor, independent contractor, vendor, client or customer of the Company, if such Automobile Contract Debtor, independent contractor, vendor, client or customer, or any Affiliate thereof, is included in the Immediate Family of Charles E. Bradley, Sr., Charles E. Bradley, Jr. or any other officer or director of the Company. For the purposes of this definition, "control," when used with respect to any specified Person, shall mean the power to direct or cause the direction of management or policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and

"controlled" have meanings correlative of the foregoing. Notwithstanding the foregoing, for the purposes of this Agreement and the Related Agreements, neither the Purchaser nor any of its Affiliates, officers, directors, partners or employees shall be deemed to be Affiliates of the Company or of any Affiliate of the Company.

"Agreement" shall have the meaning set forth in the preamble.

"Amended and Restated Investor Rights Agreement" shall mean an Amended and Restated Investor Rights Agreement dated as of the Closing Date, in form and substance satisfactory to the Purchaser, among the Company, Charles E. Bradley, Sr., Charles E. Bradley, Jr. and the Purchaser, amending and restating the Investor Rights Agreement dated as of November 17, 1998, among the Company, Charles E. Bradley, Sr., Charles E. Bradley, Jr., Jeffrey P. Fritz and the Purchaser, as amended by a First Amendment to Investor Rights Agreement dated as of April 1999, as amended, supplemented or otherwise modified from time to time.

"Amended and Restated Registration Rights Agreement" shall mean an Amended and Restated Registration Rights Agreement dated as of the Closing Date, in form and substance satisfactory to the Purchaser, between the Company and the Purchaser, amending and restating the Registration Rights Agreement dated as of November 17, 1998, as amended by a First Amendment to Registration Rights Agreement dated as of April 15, 1999, as amended, supplemented or otherwise modified from time to time.

"Amended November 1998 Primary Note" shall have the meaning set forth in the recitals.

"Amended November 1998 Securities Purchase Agreement" shall have the meaning set forth in the recitals.

"Amended November 1998 Warrant" shall have the meaning set forth in the recitals.

"Amended Stanwich Registration Rights Agreement" shall mean the Consolidated Registration Rights Agreement dated as of November 17, 1998 (the "Stanwich Registration Rights Agreement"), between the Company, Stanwich and Poole, as amended by a First Amendment dated as of the Closing Date.

"Amended Stanwich Subordination Agreement" shall mean the Subordination Agreement dated as of November 17, 1998 (the "Original Stanwich Subordination Agreement"), among Stanwich, Poole, the Purchaser and the Company, as amended by the Amendment to Subordination Agreement dated as of April 15, 1999, among

Stanwich, the Purchaser and the Company (it being understood that such amendment was not intended in any way to affect Poole's obligations under the Original Stanwich Subordination Agreement insofar as they related to Poole), and as further amended by a second amendment to Subordination Agreement dated as of the Closing Date.

"Amount Financed" shall mean, with respect to an Automobile Contract, the aggregate amount advanced under such Automobile Contract 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.

"Applicable Laws" shall mean (i) the applicable provisions of all constitutions, treaties, statutes, laws, rules, regulations and ordinances of any Governmental Authority, including, without limitation, usury laws, the federal Truth-In-Lending Act, the Equal Credit Opportunity Act, the Fair Credit Billing Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Federal Trade Commission Act, the Magnuson-Moss Warranty Act, Regulations B, M and Z of the Federal Reserve Board and any other consumer credit, equal opportunity, disclosure or repossession laws or regulations, laws relating to the discharge of pollutants into the environment and the storage and handling of Hazardous Materials and laws relating to franchise, building, zoning, health, sanitation, safety or labor relations, (ii) any Consents of any Governmental Authority and (iii) any orders, decisions, rulings, judgments or decrees of any Governmental Authority.

"April 1999 Note" shall have the meaning set forth in the recitals.

"April 1999 Note Documents" shall mean, collectively, the April 1999 Securities Purchase Agreement, the April 1999 Note, the April 1999 Warrant, the other Related Agreements (as such term is defined in the April 1999 Securities Purchase Agreement) and any and all other agreements, instruments and other documents contemplated by or relating to the April 1999 Securities Purchase Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"April 1999 Securities Purchase Agreement" shall have the meaning set forth in the recitals.

"April 1999 Warrant" shall have the meaning set forth in the recitals.

"ARC" shall mean Alton Receivables Corp., a California corporation.

"Asset Sale" shall mean any sale, lease, transfer, issuance or other disposition (or series of related sales, leases, transfers, issuances or dispositions) by the Company or any of its Subsidiaries of (i) any shares of Capital Stock of the Company's Subsidiaries, or (ii) any other assets or properties of the Company or such Subsidiaries outside of the ordinary course of business; provided, however, that the term "Asset Sale" shall not include (a) any sales made by the Company in the ordinary course of business of Automobile Contracts through the Company's "flow through" program where the Company sells Automobile Contracts at a price in excess of the consideration paid by the Company therefor, reduced by principal payments received thereon (it being understood, however, that "whole loan" sales made by the Company, the proceeds of which are used to repay indebtedness under any "warehouse" credit facilities shall continue to be deemed to be Asset Sales), (b) sales of Automobile Contracts in securitization transactions of the Company or (c) sales of Automobile Contracts by the Company or any of its Subsidiaries in the following transactions: (A) approximately \$240.0 million principal amount of such contracts to Customized Auto Credit Services, Inc. on or about June 7, 1999, (B) approximately \$45.0 million principal amount of such contracts to Nuwell Credit Corporation on or about August 25, 1999, (C) approximately \$5.4 million principal amount of such contracts to Fairlane Credit LLC on or about August 31, 1999 and (D) approximately \$33.0 million principal amount of such contracts to Crescent Bank and Trust Company on or about August 26 and September 1, 1999.

"Assignee" shall have the meaning set forth in Section 11.4.

"Assignment" shall mean any assignment or other transfer to one or more Persons of any Note (or any interest therein) pursuant to the terms of such Note.

"Automobile Contract" shall mean any installment sale contract for a Financed Vehicle, which sale contract is owned by the Company or any of its Subsidiaries.

"Automobile Contract Debtor" shall mean, with respect to any Automobile Contract, any purchaser or co-purchaser of any Financed Vehicle purchased, or any other Person who owes payments under, such Automobile Contract.

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

"Automobile Security Documents" shall mean all security agreements, chattel mortgages, deeds of trust, mortgages or other security instruments, guaranties, sureties, and all agreements of every type and nature (including a certificate of title) securing the obligations of an Automobile Contract Debtor.

"Bankruptcy Law" shall mean Title 11 of the United States Code (11 U.S.C. Section 101 et seq.) or any similar federal or state law for the relief of debtors, as amended from time to time.

"Board of Directors" shall mean, with respect to any Person, the board of directors (or similar governing body) of such Person.

"Bridge Loan Agreement" shall mean the Bridge Loan Agreement, dated as of November 2, 1998, between the Purchaser and the Company, pursuant to which, on the terms and subject to the conditions set forth therein, the Company issued and sold to the Purchaser the Bridge Note and the Bridge Warrant.

"Bridge Loan Documents" shall mean, collectively, the Bridge Loan Agreement, the Bridge Note, the Bridge Warrant, the Irrevocable Instruction Letter (as such term is defined in the Bridge Loan Agreement), the representation letter dated as of November 2, 1998, delivered by the Company to the Purchaser, the other Related Agreements (as such term is defined in the Bridge Loan Agreement) and any and all agreements, instruments and other documents executed and/or delivered in connection therewith, as the same may be amended, supplemented or otherwise modified from time to time.

"Bridge Note" shall mean the Senior Bridge Note dated November 2, 1998, made payable by the Company to the Purchaser in the principal amount of \$2,500,000.

"Bridge Warrant" shall mean the Bridge Warrant (Warrant No. LL-1) to Purchase 345,000 Shares of Common Stock of the Company, dated November 2, 1998, issued by the Company to the Purchaser under the Bridge Loan Agreement.

"Business Day" shall mean any day except Saturday, Sunday and any day which either is a legal holiday under the laws of the State of California or is a day on which banking institutions located in such state are authorized or obligated to close.

"Capital Expenditures" shall mean, with respect to any period, the aggregate of all expenditures (whether paid in cash or accrued) of the Company and its Subsidiaries made during such period, including all Capital Lease Obligations, for property, plant and equipment (other than repairs), other fixed assets and improvements, or for replacements, substitutions or additions thereto, that are required to be capitalized on the consolidated balance sheet of the Company in accordance with GAAP.

"Capital Lease Obligations" shall mean any obligations of the Company and its Subsidiaries under all leases of real or personal property that are required to be recorded as a capitalized lease on the consolidated balance sheet of the Company and its Subsidiaries in accordance with GAAP.

"Capital Stock" shall mean, with respect to any Person, (i) if such Person is a corporation, any and all shares of capital stock, participations in profits or other equivalents (however designated) or other equity interests of such Person, (ii) if such Person is a limited liability company, any and all membership units or other interests, or (iii) if such Person is a partnership or other entity, any and all partnership or entity units or other interests.

"CARSUSA" shall mean CARSUSA Inc., a California corporation.

"Change in Control" shall have the meaning set forth in Section 6 of the Notes, respectively.

"Closing" shall have the meaning specified in Section 2.4.

"Closing Date" shall have the meaning specified in Section 2.4.

"COBRA" shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, as set forth in Section 4980B of the Code and Part 6 of Title I of ERISA.

"Collateral" shall mean the collateral under the Collateral Documents, however defined.

"Collateral Documents" shall mean, collectively, the Security Agreement, the landlord waivers and consents, the notices of security interest in deposit accounts, the UCC financing statements, the UCC perfection certificate and all other agreements, instruments and documents delivered from time to time in connection therewith or otherwise to secure the Obligations to Purchaser or any other obligations of the Company

or any other Person under this Agreement, the Notes or any other Related Agreement, in each case as amended, restated, supplemental or otherwise modified from time to time.

"Collection Period" shall mean (i) with respect to the first Payment Date, the period commencing at the close of business on the Initial Cut-Off Date and ending at the close business on the last day of the then current month, and (ii) with respect to each subsequent Payment Date, the preceding calendar month. Any amount stated "as of the close of business of the last day of a Collection Period" shall give effect to the following calculations as determined as of the end of the day on such last day: (i) all applications of collections and (ii) all distributions.

"Common Stock" shall mean the common stock, no par value per share, of the Company.

"Company" shall have the meaning set forth in the preamble.

"Company SEC Documents" shall mean all registration statements, prospectuses, reports, schedules, forms, statements and other documents (including all exhibits, schedules and other information included or incorporated by reference therein) which are filed or are required to be filed by the Company (or any of its Subsidiaries) with the SEC under the Securities Act, the Exchange Act or the rules and regulations promulgated thereunder, and all applications, filings, reports and other documents which are filed or are required to be filed by the Company with the Nasdaq or the NYSE.

"Company Stock Plans" shall mean, collectively, the Company's 1991 Stock Option Plan, as amended, and the Company's 1997 Long-Term Incentive Stock Plan.

"Consent" shall mean any consent, approval, authorization, waiver, permit, grant, franchise, license, exemption or order of, any registration, certificate, qualification, declaration or filing with, or any notice to, any Person, including, without limitation, any Governmental Authority.

"Contingent Obligations" shall mean, with respect to any Person, any obligation, direct or indirect, contingent or otherwise, of such Person (i) with respect to any indebtedness or other obligation of another Person, including, without limitation, any direct or indirect guarantee of such indebtedness (other than any endorsement for collection or deposit in the ordinary course of business) or any other direct or indirect obligation, by agreement or otherwise, to purchase or repurchase any such indebtedness or obligation or any security therefor, or to provide funds for the payment or discharge of any such Indebtedness or obligation (whether in the form of loans, advances, stock purchases, capital contributions, dividends or otherwise), letters of credit and

reimbursement obligations for letters of credit, (ii) to provide funds to maintain the financial condition of any other Person, or (iii) otherwise to indemnify or hold harmless the holders of indebtedness or other obligations of another Person against loss in respect thereof. The amount of any Contingent Obligation under clauses (i) and (ii) above shall be the maximum amount guaranteed or otherwise supported by the Contingent Obligation.

"Convertible Securities" shall mean any securities or other obligations issued or issuable by the Company or any other Person that are exercisable or exchangeable for, or convertible into, any Capital Stock of the Company.

"CPSL" shall mean CPS Leasing, Inc., a Delaware corporation.

"CPS Marketing" shall mean CPS Marketing, Inc., a California corporation.

"CPS 123 Corp." shall mean CPS 123 Corp., a Delaware corporation.

"CPSRC" shall mean CPS Receivables Corp., a California corporation.

"CPSRC Shares" shall mean 1,000 shares of common stock, no par value per share, of CPSRC, represented by stock certificate no. 3 and registered in the name of the Company, which shares represent all of the issued and outstanding Capital Stock of CPSRC.

"Cram Down Losses" shall mean, with respect to any Automobile Contract, if a court of appropriate jurisdiction in an insolvency proceeding shall have issued an order reducing the amount owed on an Automobile Contract or otherwise modifying or restructuring Scheduled Payments to be made on an Automobile Contract, an amount equal to such 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 Payments as so modified or restructured. A "Cram Down Loss" shall be deemed to have occurred on the date such order is entered.

"Credit Enhancer" shall mean FSA and/or any other Person which is not an Affiliate of the Company that issues any surety bond, letter of credit or other credit enhancement in connection with any Securitization Transaction in which the Company (or any Subsidiary of the Company) is the issuer.

"Custodian" shall mean any receiver, trustee, assignee, liquidation, sequestrator or similar official under any Bankruptcy Law.

"Cut-Off Date" shall mean the date upon which (i) money received under Automobile Contracts sold in any Securitization Transaction becomes payable to the trustee or similar Person with respect to the relevant Securitization Transaction Documents (including, without limitation, principal prepayments relating to Scheduled Payments), and (ii) all Net Liquidation Proceeds received with respect to such Automobile Contracts.

"Dealer" shall mean any Person that has sold Goods to any Automobile Contract Debtor pursuant to an Automobile Contract.

"Default" shall mean any event or condition which, with the giving of notice or the lapse of time or both, would become an Event of Default.

"Determination Date" shall mean the earlier of (i) the seventh Business Day of each calendar month and (ii) the fifth Business Day preceding the related Payment Date.

"Disclosure Schedules" shall have the meaning specified in the introductory paragraph of Section 3.

"Environmental Laws" shall mean all Applicable Laws relating to Hazardous Materials or the protection of human health or the environment, including all requirements pertaining to reporting, permitting, investigating or remediating releases or threatened releases of Hazardous Materials into the environment, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

"Equity Rights" shall mean any warrants, options or other rights to subscribe for or purchase, or obligations to issue, any Capital Stock of the Company, or any Convertible Securities, or any stock appreciation rights, including, without limitation, the LLCP Warrants and any options or similar rights issued or issuable under any employee stock option plan, pension plan or other employee benefit plan of the Company.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and any successor statute, including the rules and regulations promulgated thereunder, in each case as amended from time to time.

"ERISA Affiliate" shall mean any Person that is or was a member of the controlled group of corporations or trades or businesses (as defined in Sections (b), (c), (m) or (o) of Section 414 of the IRC) of which the Company or any of its Subsidiaries is or was a member at any time within the last six (6) years.

"ESFR Agent" shall mean State Street Bank and Trust Company, as "Agent" for itself and for each other ESFR Lender, and any successor agent under the ESFR Agreement.

"ESFR Agreement" shall mean, collectively, that certain Residual Interest in Securitizations Revolving Credit and Term Loan Agreement, dated as of April 30, 1998, by and among the Company, the ESFR Agent, State Street Bank and Trust Company, as ESFR Lender, The Structured Finance High Yield Fund, LLC, as ESFR Lender, and The Prudential Insurance Company of America, as ESFR Lender, as amended by (i) a letter amendment to the ESFR Agreement, dated November 2, 1998 ("ESFR Amendment No. 1"); (ii) a Second Amendment Agreement dated as of November 17, 1998; (iii) a Third Amendment Agreement and Confirmation of Security Documents dated as of April 15, 1999; (iv) a Loan Amendment and Forbearance Agreement dated as of November 3, 1999; and (v) a Fifth Amendment Agreement and Amendment and Confirmation of Security Documents dated as of February 8, 2000.

"ESFR Indebtedness" shall mean any and all Indebtedness of the Company and its Subsidiaries and other amounts owing under the ESFR Agreement and the ESFR Loan Documents.

"ESFR Lenders" shall mean the "Lenders" under the ESFR Agreement.

"ESFR Loan Documents" shall mean "Loan Documents" as such term is defined under the ESFR Agreement.

"Event of Default" shall have the meaning specified in Section 10.1.

"Excess Cash" shall mean, in any period, all cash released to the Company or any of its Subsidiaries, by way of dividend, payment, distribution or otherwise, during such period in connection with any Securitization Transaction.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as the same shall be in effect at the time.

"Existing Indebtedness" shall have the meaning set forth in Section 3.11(a).

"Existing Liens" shall mean all Liens against the Company, its Subsidiaries or their respective assets and properties existing as of the Closing Date after giving effect to the Lien terminations required under Section 7.22.

"Financed Vehicle" shall mean a new or used automobile, light truck, van or minivan, together with all accessions thereto, securing any Automobile Contract Debtor's indebtedness under an Automobile Contract.

"Financial Statements" shall have the meaning specified in Section 3.10.

"Fiscal Quarter" shall mean any quarter of a Fiscal Year.

"Fiscal Year" shall mean the fiscal year of the Company, which shall be the twelve (12) month period ending on December 31 in each calendar year, or such other period as the Company may designate in writing and the Purchaser may approve in writing.

"FSA" shall mean Financial Security Assurance Inc., a New York stock insurance company.

"FSA Stock Pledge Agreement" shall mean the Stock Pledge Agreement dated as of June 10, 1994, among the Company, FSA and the Trustee, as collateral agent on behalf of Financial Security.

"FSA Warrant" shall mean the Warrant Agreement dated as of November 30, 1998, between the Company and FSA Portfolio Management Inc., as purchaser, together with Warrant Certificate No. 1 dated as of December 4, 1998, which is part of a duly authorized issue of warrants issued pursuant to such Warrant Agreement.

"Fully Diluted Basis" shall mean, at any time, a basis that includes all shares of Capital Stock of the Company issued and outstanding at such time and all additional shares of Capital Stock of the Company which would be issued upon the conversion or exercise of all Equity Rights of the Company outstanding at such time.

"FundCo" shall mean CPS Funding Corp., a California corporation.

"Future Servicing Cash Flows" shall mean, as of any date of determination, the present value on such date of the difference between (i) the cash collected from obligors on Automobile Contracts in each Securitization Transaction and (ii) the sum of (A) principal and interest passed-through on the certificates issued to investors in such Securitization Transaction, (B) a two percent (2%) annual servicing fee and (C) other expenses, including trustee fees, collateral agent fees, standby servicing fees, surety bond premiums and the underwriter's discount.

"GAAP" shall mean generally accepted accounting principles and practices set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, all as in effect on the date hereof, applied on a basis consistent with prior periods.

"Goods" shall mean any new or used automobile or light truck, including equipment sold or financed in connection therewith, or any other item of personal property, each being intended principally for personal or family use by consumers, sold, leased or otherwise encumbered under any Automobile Contract.

"Governmental Authority" shall mean any nation or government, and any state or political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any court, tribunal or arbitrator(s) of competent jurisdiction, and any self-regulatory organization.

"Guarantee" shall mean, with respect to any Person, (i) any guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, of any indebtedness or other obligation of any other Person and (ii) any agreement, direct or indirect, contingent or otherwise, the practical effect of which is to assure in any way the payment or performance (or payment of damages in the event of non-performance) of any indebtedness or other obligation of such other Person, including, without limitation, any indemnification agreement, warranty and agreement to pay amounts drawn down by letters of credit. The amount of a Guarantee shall be deemed to be the maximum amount of the obligation guaranteed for which the guarantor could be held liable under such Guarantee.

"Hazardous Materials" shall mean any substance (i) the presence of which requires investigation or remediation under any Applicable Laws; (ii) that is defined or becomes defined as a "hazardous waste" or "hazardous substance" under any Applicable Laws, including the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); (iii) that is toxic, explosive, corrosive, inflammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous and is or becomes regulated by any Governmental Authority; (iv) the presence of which on any real property causes or threatens to cause a nuisance upon the real property or to adjacent properties or poses or threatens to pose a hazard to any real property or to the health or safety of Persons on or about any real property; or (v) without limitation, that contains gasoline or other petroleum hydrocarbons, polychlorinated biphenyls or asbestos.

"Holder" shall mean any Person (including, without limitation, the Purchaser) in whose name any Note is registered in the register maintained by the Company pursuant to Section 11 of the Notes, respectively.

"Immediate Family" of a Person includes such Person's spouse, and the parents, children and siblings of such Person or his or her spouse and their spouses and other Persons related to the foregoing by blood, adoption or marriage within the second degree of kinship.

"Indebtedness" shall mean, with respect to the Company and its Subsidiaries, without duplication, (i) any indebtedness or obligations, contingent or otherwise, for borrowed money; (ii) all obligations evidenced by bonds, notes, debentures or similar instruments; (iii) all obligations to pay the deferred purchase price of property or services (excluding trade payables incurred in the ordinary course of business that are not overdue by more than sixty (60) days from its due date and that are not being contested in good faith); (iv) all Capital Lease Obligations; (v) all obligations secured by a Lien to which any property or assets owned by the Company or any of its Subsidiaries is subject, whether or not the obligations secured thereby have been assumed by the Company or any such Subsidiaries; (vi) all Contingent Obligations of the Company and its Subsidiaries, whether for letters of credit or bankers' acceptances or otherwise; (vii) all obligations under facilities for the discount or sale of receivables; (viii) the maximum fixed repurchase price of any redeemable stock of the Company and its Subsidiaries; and (ix) all Guarantees of items which would be included within this definition (regardless of whether such items would appear upon such balance sheet); provided, further, that the term "Indebtedness" shall be expanded to include any Indebtedness for Money Borrowed (as such term is defined in the RISRS Indenture or the PENS Indenture) to the extent not already covered by clauses (i) through (ix) above.

"Indemnified Parties" shall have the meaning specified in Section 9.2.

"Initial Cut-Off Date" shall mean the first Cut-Off Date of any Securitization Transaction.

"Insurance Agreement Event of Default" shall mean an "Insurance Agreement Event of Default" as defined in each of the Insurance and Indemnity Agreements among the Company, CPSRC and FSA or other event or condition, however defined, which has a substantially similar meaning to such defined term.

"Intellectual Property" shall mean all intellectual property, including, without limitation, (i) patents, patent registrations, patent applications, patent disclosures and any related continuation, continuation-in-part, divisional, reissue, reexamination, utility,

model and certificate of invention; (ii) trademarks, service marks, trade dress, logos, trade names, domain names and corporate names, and any registrations and applications for registration thereof; (iii) copyrights and registrations and applications for copyrights, including, without limitation, the Company's proprietary scoring and underwriting model; (iv) computer software, data and documentation; (v) trade secrets, know-how, processes and techniques, research and development, works, financial, marketing and business data, pricing and cost information, business and marketing plans, customer and supplier lists and any other confidential information; (vi) all proprietary rights relating to any of the foregoing; and (vii) copies and tangible embodiments thereof.

"Investment and Guaranty Agreement" shall mean that certain Investment Agreement and Continuing Guaranty dated as of April 15, 1999, by and among Stanwich, Charles E. Bradley, Sr., Charles E. Bradley, Jr., the Company and the Purchaser.

"Investments" shall mean, as applied to any Person, (i) any direct or indirect acquisition by such Person of any Capital Stock of any other Person, or all or any substantial part of the business or assets of such other Person, and (ii) any direct or indirect loan, advance or capital contribution by such Person to any other Person (including, without limitation, any Affiliate, officer, director or employee of the Company).

"IRC" shall mean the Internal Revenue Code of 1986, as amended, or any successor statute, and the treasury regulations promulgated thereunder.

"Licenses and Permits" shall mean, collectively, all licenses, franchises, permits, consents, approvals, registrations, certificates and authorizations of all Governmental Authorities necessary to the conduct of the businesses of the Company and its Subsidiaries, including, without limitation, all licenses issued or issuable under the finance laws in each state in which the activities of the Company and its Subsidiaries, respectively, would require such licensing, licenses required for the sale or brokerage of insurance products, compliance with all bonding requirements of any Governmental Authority and any licenses, franchises, permits, consents, approvals, registrations, certificates and authorizations required to be held to comply with or obtain exemptions from the usury laws of any state.

"Lien" shall mean any lien, pledge, mortgage, security interest, charge or encumbrance of any kind (including, without limitation, the interest of a lessor under a Capital Lease having substantially the same economic effect), any agreement to give or refrain from giving any lien, pledge, mortgage, security interest, charge or other encumbrance of any kind, any conditional sale or other title retention agreement, any

lease in the nature thereof and the filing of any financing statement or other similar form of notice under the laws of any jurisdiction.

"LINC" shall mean LINC Acceptance Company, LLC, a Delaware limited liability company, which is involved in the marketing and originating of Automobile Contracts.

"Liquidated Contracts" shall mean any Automobile Contract (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 120 days have elapsed since the date of such repossession or (iii) as to which an Automobile Contract Debtor has failed to make more than 90% of a Scheduled Payment of more than ten dollars for 180 or more days as of the end of a Collection 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 Automobile Contract.

"LLCP Coverage Ratio" shall mean, as of any date, a fraction, expressed as a percentage, the numerator of which shall be equal to the sum of (i) all cash, (ii) all restricted cash (iii) all servicing fees receivable and (iv) all investment in credit enhancements, in each case as shown on the consolidated balance sheet of the Company and its Subsidiaries as of such date, and the denominator of which shall be equal to all Indebtedness outstanding under the Notes as of such date.

"LLCP Representative" shall have the meaning set forth in the Amended and Restated Investor Rights Agreement.

"LLCP Shares" shall mean (i) any and all shares of Common Stock issued or issuable upon exercise of, or otherwise under, any LLCP Warrants (including, without limitation, any Warrant Shares or other shares issued as an "anti-dilution" or other adjustment) and (ii) the March 2000 LLCP Shares.

"LLCP Warrants" shall mean, collectively, the following Equity Rights: (i) the Bridge Warrant; (ii) the Original November 1998 Primary Warrant; (iii) the Amended November 1998 Primary Warrant; (iv) the April 1999 Warrant; and (v) the Residual Warrant.

"Losses" shall have the meaning specified in Section 9.2.

"March 2000 LLCP Shares" shall have the meaning set forth in the Waiver Agreement.

"March 2000 Stanwich Shares" shall have the meaning set forth in the Waiver Agreement.

"Margin Regulations" shall mean Regulations T, U and X of the Board of Governors of the Federal Reserve System, or any successor thereto (the "Federal Reserve Board"), as amended from time to time.

"Margin Stock" shall mean "margin stock" as defined in the Margin Regulations.

"Material Adverse Effect" or "Material Adverse Change" shall mean a material adverse effect on or adverse change in, as the case may be, (i) the business, assets, condition (financial or otherwise), properties, results of operations and prospects of the Company, individually, and the Company and its Subsidiaries (other than LINC or Samco) taken as a whole, or (ii) the ability of the Company, individually, and the Company and its Subsidiaries (other than LINC or Samco) taken as a whole, to perform its or their obligations under this Agreement or any Related Agreements.

"Material Contracts" shall have the meaning set forth in Section 3.13.

"Multiemployer Plan" shall have the meaning set forth in Section 4001(a)(3) of ERISA.

"NAB" shall mean NAB Asset Corporation, a Texas corporation.

"NAB Loans" shall mean any and all loans and advances made by or on behalf of the Company to NAB.

"Nasdaq" shall mean The Nasdaq National Market System or any successor reporting system.

"Net Available Cash" shall mean, with respect to any Asset Sale, all cash payments received from such Asset Sale (including cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption by the Company or any of its Subsidiaries of Indebtedness relating to the property that is the subject of such Asset Sale or received in any other non-cash form), in each case net of (i) all legal, title and recording Tax expenses, commissions and other fees and expenses incurred, and all federal, state and local Taxes required to be accrued as a liability under GAAP, as a consequence of such Asset Sale, and (b) all payments made on any Indebtedness which is secured by any property subject to such Asset Sale, in accordance with the terms of any Lien upon such property, or which must

by its terms or in order to obtain a necessary Consent to such Asset Sale, or under Applicable Laws, be repaid out of the proceeds from such Asset Sale.

"Net Interest Receivable" shall mean, at any date of determination, the net present value as of such date of Future Servicing Cash Flows available to be distributed to the Company by any Subsidiary of the Company in connection with any Securitization Transaction as determined in accordance with Statement of Financial Accounting Standards No. 125 ("SFAS 125"). Future Servicing Cash Flows represent the difference between the coupon rate on the Automobile Contracts and the pass-through rate on the certificates issued to the investors in the securitized pool in excess of a Base Servicing Fee of two percent (2%) and any other continuing costs such as trustee or surety bond premiums. To determine the Net Interest Receivable, the Future Servicing Cash Flows are first estimated using an assumed rate of prepayment that is intended to be conservative relative to historical experience and then discounted as a market rate commensurate with the risk associated with this type of investment. The Net Interest Receivable is then reduced by a credit loss provision based upon historical experience and deemed adequate to cover net losses over the life of the trust. The Net Interest Receivable is subsequently amortized against servicing income on a level-yield basis.

"Net Liquidation Proceeds" shall mean, with respect to any Securitization Transaction, as to any Liquidated Contract, all amounts realized with respect to such Automobile Contract net of (i) reasonable expenses incurred by the Servicer in connection with the collection of such Automobile Contract and the repossession and disposition of the Financed Vehicle and (ii) amounts that are required to be refunded to the Automobile Contract Debtor on such Automobile Contract; provided, however, that "Net Liquidation Proceeds" with respect to any Automobile Contract shall in no event be less than zero.

"New Senior Credit Facility" shall have the meaning set forth in the Amended November 1998 Securities Purchase Agreement.

"New Senior Credit Facility Notes" shall mean, for purposes of the Amended November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement, the Term A Note and the Term B Note.

"NYSE" shall mean The New York Stock Exchange, Inc.

"Norwest" shall mean Norwest Bank Minnesota, National Association.

"Notes" shall mean, collectively, the Term A Note and the Term B Note, and shall also include, where applicable, any additional note or notes issued by the Company in

connection with any Assignments thereof. The term "Note" shall refer to either the Term A Note or the Term B Note, as applicable.

"November 1998 Letter Agreement re ESFR" shall have the meaning set forth in the recitals.

"November 1998 Transaction Documents" shall mean the Bridge Loan Documents, the Original November 1998 Securities Purchase Agreement, the Original November 1998 Primary Note, the November 1998 Primary Warrant, the other Related Agreements (as such term is defined in the November 1998 Securities Purchase Agreement) and any and all agreements, instruments and other documents relating thereto or contemplated thereby, as amended, supplemented or otherwise modified from time to time.

"Obligations to Purchaser" shall mean any and all Indebtedness, claims, liabilities or obligations of the Company and any of its Subsidiaries owing to the Purchaser or any Affiliate of the Purchaser (or any successor, assignee or transferee of the Purchaser or such Affiliate) under or with respect to the November 1998 Transaction Documents, the April 1999 Note Documents, this Agreement, the Notes, the Amended and Restated Registration Rights Agreement, the Amended and Restated Investor Rights Agreement, the Subsidiary Guaranty, the Collateral Documents and the other Related Agreements, the LLCP Shares and any and all agreements, instruments or other documents heretofore or hereafter executed or delivered in connection with any of the foregoing, of whatever nature, character or description, including, without limitation, any claims for rescission or other damages under applicable federal and state securities laws, in each case whether due or not due, direct or indirect, joint and/or several, absolute or contingent, voluntary or involuntary, liquidated or unliquidated, determined or undetermined, now or hereafter existing, amended, renewed, extended, exchanged, restated, refinanced, refunded or restructured, whether or not from time to time decreased or extinguished and later increased, created or incurred, whether for principal, interest, premiums, fees, costs, expenses (including, without limitation, attorneys' fees) or other amounts incurred for administration, collection, enforcement or otherwise, whether or not arising after the commencement of any proceeding under the Bankruptcy Laws (including, without limitation, post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding, and whether or not recovery of any such obligation or liability may be barred by any statute of limitations or such Indebtedness, claim, liability or obligation may otherwise be unenforceable.

"Option Pool" shall mean any Equity Rights to purchase shares of Common Stock which may be granted by the Board of Directors of the Company (or the compensation committee thereof) to directors, officers and key employees of the Company or of any

Affiliate of the Company under a plan adopted or to be adopted by the Board of Directors of the Company or the shareholders of the Company, including, without limitation, the Existing Stock Plans, at an exercise price per share that is not less than the fair market value of the shares of Common Stock as of the date of grant, as determined by the Board of Directors of the Company (or the compensation committee thereof) in good faith and approved (i) in the case of a grant to any officer (other than a senior executive officer) or employee of the Company who is not a member of the Board of Directors of the Company, by a majority vote of the Board of Directors of the Company (or the compensation committee thereof), and (ii) in the case of any grant to a senior executive officer or member of the Board of Directors of the Company, by the unanimous vote of the members of the Board of Directors of the Company (or the compensation committee thereof) who are not being granted or receiving such Equity Rights, unless such grant (and the number of shares of Common Stock issuable upon exercise thereof) is consistent with past grants by the Board of Directors of the Company to such member, in which case by a majority vote of the Board of Directors (or the compensation committee thereof) of the Company.

"Original November 1998 Primary Note" shall have the meaning set forth in the recitals.

"Original November 1998 Primary Warrant" shall have the meaning set forth in the recitals.

"Original November 1998 Securities Purchase Agreement" shall have the meaning set forth in the recitals.

"Payment Date" shall mean, with respect to each Collection Period, the 15th day of the following calendar month or, if such day is not a Business Day, the immediately following Business Day.

"PBGC" shall mean the Pension Benefit Guaranty Corporation.

"PENS" shall mean the "10.50% Participating Equity Notes" due April 15, 2004, issued by the Company in the original principal amount of \$20,000,000 pursuant to a First Supplemental Indenture dated as of April 15, 1997, between the Company and Bankers Trust Company, as trustee thereunder. The PENS is the first series of unsecured subordinated debentures, notes or other evidences of indebtedness to be issued under the PENS Indenture.

"PENS Indenture" shall mean an Indenture, dated as of April 15, 1997, as supplemented by the First Supplemental Indenture, dated as of April 15, 1997, between

the Company and Bankers Trust Company, as trustee thereunder, as in effect on the date hereof or as amended pursuant to Section 8.11(a).

"Permitted Investments" shall mean any one or more of the following:

(i) any direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, all of which mature within three (3) months from the date of acquisition thereof; or

(ii) any interest-bearing demand or time deposits or certificates of deposit that mature no more than thirty (30) days from the date of creation thereof and that are either (a) insured by the Federal Deposit Insurance Corporation or (b) held in any United States commercial bank having general obligations rated at least "AA" or equivalent by Standard & Poor's Rating Group Corporation or Moody's Investors Service, Inc. and having capital and surplus of at least \$500,000,000 or the equivalent.

"Permitted Liens" shall mean:

(i) judgment and attachment Liens in connection with (a) judgments that do not constitute an Event of Default so long as the judgment creditor has not succeeded in the foreclosure thereof and reserves have been established to the extent required by GAAP as in effect at such time and (b) litigation and legal proceedings that are being contested in good faith by appropriate proceedings (or as to which the Company or any of its Subsidiaries, as the case may be, is preparing to promptly initiate in appropriate proceedings) so long as adequate reserves have been established in accordance with GAAP and so long as such Liens do not encumber assets in an aggregate amount (together with the amount of any unstayed judgments against the Company or any of its Subsidiaries) in excess of \$1,000,000;

(ii) Liens for Taxes, assessments or other governmental charges or levies on property of the Company or any of its Subsidiaries if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith by appropriate proceedings, and Liens for personal property Taxes so long as such Liens do not secure an amount in excess of \$20,000;

(iii) pledges or deposits by the Company or any of its Subsidiaries under worker's compensation laws, unemployment insurance laws or similar legislation;

(iv) Liens on the property of the Company or any of its Subsidiaries incurred in the ordinary course of business to secure performance of obligations with respect to statutory or regulatory requirements, performance or return-of- money bonds, surety or indemnity bonds or other obligations of like nature and incurred in a manner consistent with industry practice, in each case which are not incurred in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property (provided that the Company may incur Liens to secure surety or indemnity bonds or other obligations of like nature outside of the ordinary course of business so long as such Liens do not encumber assets in excess of \$350,000 in the aggregate);

(v) Liens imposed by operation of law, such as carriers', warehousemen's and mechanics' Liens, on property of the Company or any of its Subsidiaries arising in the ordinary course of business and securing payment of obligations which are not more than sixty (60) days past due or are being contested in good faith by appropriate proceedings and, if required by GAAP, are appropriately reserved for on the books of the Company or such Subsidiary, as the case may be; and

(vi) utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character;

provided, however, that each of the Liens described in the foregoing clauses (i) through (vi) inclusive shall only constitute a Permitted Lien so long as such Liens do not materially interfere with the conduct of the business of the Company and its Subsidiaries, individually or taken as a whole, or result in a Material Adverse Change.

"Person" shall mean any individual, trustee, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, limited liability partnership, other business entity or Governmental Authority.

"Pledged Stanwich Notes" shall have the meaning set forth in the Amended Stanwich Subordination Agreement.

"Poole" shall mean John G. Poole, an individual and an Affiliate of Stanwich.

"Poole Replacement Note" shall mean the Convertible Subordinated 12.5% Note dated November 16, 1998, in the principal amount of \$1,000,000, made payable by the Company in favor of Poole.

"Pre-Closing Date Defaults" shall have the meaning set forth in the Waiver Agreement.

"Previously Pledged Stanwich Notes" shall have the meaning set forth in the Amended Stanwich Subordination Agreement.

"Pro Forma Closing Balance Sheet" shall have the meaning set forth in Section 3.10(d).

"Purchase Price" shall have the meaning specified in Section 2.2.

"Purchased Contract" shall mean an Automobile Contract purchased as of the close of business on the last day of a Collection Period by the Servicer.

"Purchaser" shall have the meaning set forth in the preamble.

"Real Property" shall mean any real property or "facility" (as defined in the Resource Conversation and Recovery Act (RCRA), 42 U.S.C. Section 6901 et seq.) currently or formerly owned, operated, leased or occupied by the Company and its Subsidiaries.

"Related Agreements" shall mean, collectively, the Notes, the Amended and Restated Registration Rights Agreement, the Amended and Restated Investor Rights Agreement, the Subsidiary Guaranty, the Waiver Agreement, the Collateral Documents, the March 2000 LLCP Shares, the Stanwich-Related Agreements and any and all other agreements, instruments, certificates and documents executed or delivered in connection herewith or therewith, as the same may be amended, supplemented or otherwise modified from time to time.

"Residual Interest In Securitizations" shall mean, at any date of determination, the present value as of such date of the aggregate (without duplication) of the Company's or any Subsidiaries' interest in (i) the Net Interest Receivable relating to all Securitization Transactions, (ii) the Spread Accounts relating to all Securitization Transactions and (iii) any over-collateralized accounts.

"Residual Warrant" shall have the meaning set forth in the recitals.

"Residual Warrant Shares" shall mean any and all shares of Common Stock issued or issuable upon exercise of the Residual Warrant.

"Restricted Payment" shall mean any one or more of the following:

(i) any dividend or other distribution, direct or indirect, on account of any Capital Stock of such Person now or hereafter outstanding;

(ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any Capital Stock of such Person now or hereafter outstanding; and

(iii) any payment or prepayment of principal of, premium, if any, or interest, fees or other charges on or with respect to, and any redemption, purchase, retirement, defeasance, sinking fund or similar payment with respect to any Subordinated Indebtedness (provided that any sinking fund payments required to be made by the Company under the terms of the Existing Indebtedness shall not constitute a Restricted Payment);

provided, however, that the following shall not constitute a Restricted Payment so long as the Company is Solvent and no Default or Event of Default has occurred and is continuing or would occur as a result thereof: (a) any dividend or other distribution, direct or indirect, on account of any Capital Stock of such Person now or hereafter outstanding which is payable solely in shares of Common Stock; (b) any regularly scheduled payments of principal of and/or interest on any Subordinated Indebtedness made in accordance with the terms and provisions of the Subordinated Agreements; (c) any sales or transfers of Automobile Contracts (or pools thereof) between or among the Company and its Subsidiaries in connection with any Securitization Transaction (including, without limitation, any warehousing transactions); (d) any purchases by the Company of its Capital Stock under the Company's Employee Savings (401(k)) Plan; (e) any dividend or other distribution, direct or indirect, on account of any Capital Stock (now or hereafter outstanding) of any of the Company's Subsidiaries to the Company; or (f) the cancellation or acquisition of any Capital Stock of the Company as payment to the Company of the exercise price of any Equity Rights.

"RISRS" shall mean the "Rising Interest Subordinated Redeemable Security Due 2006" issued by the Company in the original principal amount of \$20,000,000, pursuant to a First Supplemental Indenture dated as of December 15, 1995, between the Company and Harris Trust and Savings Bank, as trustee thereunder. The RISRS is the first series of unsecured subordinated debentures, notes or other evidences of indebtedness to be issued under the RISRS Indenture.

"RISRS Indenture" shall mean an Indenture dated as of December 15, 1995, between the Company and Harris Trust and Savings Bank, as trustee, as supplemented by the First Supplemental Indenture, dated as of December 15, 1995, between the Company and Bankers Trust Company, as trustee thereunder, as in effect on the date hereof or as amended pursuant to Section 8.11(a).

"Samco" shall mean Samco Acceptance Corp., a Delaware corporation.

"Scheduled Payment" shall mean, with respect to any Collection Period for any Automobile Contract, the amount set forth in such Automobile Contract as required to be paid by the Automobile Contract Debtor in such Collection Period (without giving effect to deferments of payments or any rescheduling of payments in any insolvency or similar proceedings).

"SEC" shall mean the Securities and Exchange Commission, or any successor agency.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, all as the same shall be in effect at the time.

"Securitization Transaction Documents" shall mean any and all agreements, instruments and other documents now existing or hereafter entered into in connection with the consummation of any Securitization Transaction.

"Securitization Transactions" shall mean any and all transactions, whether now existing or hereafter arising or entered into, involving the pooling and sale of Automobile Contracts by the Company or any of its Subsidiaries, now existing or hereafter arising or entered into, including, without limitation, Alton Grantor Trust 1993-1, Alton Grantor Trust 1993-2, Alton Grantor Trust 1993-3, Alton Grantor Trust 1993-4, CPS Auto Grantor Trust 1994-1, CPS Auto Grantor Trust 1994-2, CPS Auto Grantor Trust 1994-3, CPS Auto Grantor Trust 1994-4, CPS Auto Grantor Trust 1995-1, CPS Auto Grantor Trust 1995-2, CPS Auto Grantor Trust 1995-3, CPS Auto Grantor Trust 1995-4, CPS Auto Grantor Trust 1996-1, FASCO Auto Grantor Trust 1996-1, CPS Auto Grantor Trust 1996-2, CPS Auto Grantor Trust 1996-3, CPS Auto Grantor Trust 1997-1, CPS Auto Grantor Trust 1997-2, CPS Auto Receivables Trust 1997-3, CPS Auto Receivables Trust 1997-4, CPS Auto Receivables Trust 1997-5, CPS Grantor Trust 1998-1, CPS Auto Receivables Trust 1998-2, CPS Auto Receivables Trust 1998-3 and CPS Auto Receivables Trust 1998-4 and any future securitization transaction to which the Company is a party in any capacity.

"Security Agreement" shall mean a Pledge and Security Agreement dated as of the Closing Date, in form and substance satisfactory to the Purchaser, between the Company and the Purchaser.

"Senior Indebtedness" shall mean the principal amount of, premium, if any, and interest on (i) any Indebtedness of the Company, whether now outstanding or hereafter created, incurred, assumed or guaranteed, unless in the instrument creating or evidencing such Indebtedness or pursuant to which such Indebtedness is outstanding it is provided that such Indebtedness is subordinate in right of payment or rights upon liquidation to any other Indebtedness of the Company, and (ii) refundings, renewals, extensions, modifications, restatements, and increases of any such Indebtedness. The term "Senior Indebtedness" shall include any and all Indebtedness and other amounts owing under the Notes.

"Senior Subordinated Indebtedness" shall mean, collectively, the RISRS, the PENS, the Stanwich Indebtedness, the Poole Replacement Note and any other Indebtedness of the Company which ranks pari passu with the RISRS, the PENS and the Stanwich Indebtedness and the Poole Replacement Note; provided, however, that such other Indebtedness is evidenced or governed by provisions that are reasonably satisfactory to the Purchaser, in each case as amended, supplemented, modified, refinanced, renewed, replaced, restructured or exchanged from time to time in accordance with Section 8.11(a).

"Servicer" shall mean the Company, as the servicer of Automobile Contracts, and each successor Servicer.

"Solvent" shall mean, with respect to any Person, that on the date of determination: (i) the present fair saleable value of the assets of such Person will exceed the amount that will be required to pay the probable liability on the existing debts (whether matured or unmatured, liquidated or unliquidated, absolute, fixed or contingent) of such Person as they become absolute and matured; (ii) the sum of the debts (whether matured or unmatured, liquidated or unliquidated, absolute, fixed or contingent) of such Person will not exceed all of the property of such Person at a fair valuation; and (iii) the capital of such Person will not be unreasonably small for such Person to carry on its businesses.

"Spread Accounts" shall mean, with respect to any Securitization Transaction, the named "Spread Account", together with all other cash collateral accounts or other escrow or reserve accounts established and maintained by the trustee for the benefit of the Company, any of its Subsidiaries, certificate holders and/or the Credit Enhancer.

"Stanwich" shall mean Stanwich Financial Services Corp., a Rhode Island corporation or Stanwich Partners, Inc., a Delaware corporation, as applicable.

"Stanwich Commitment Note" shall mean the Subordinated Promissory Note dated September 30, 1999, made by the Company to Stanwich in the principal amount of \$1,500,000.

"Stanwich Debt Documents" shall mean, collectively, all agreements, instruments and other documents, whether now existing or hereafter entered into, evidencing or governing any Stanwich Indebtedness, including, without limitation, (i) the 1997 Stanwich Notes, (ii) the Stanwich Replacement Note, (iii) the Poole Replacement Note, (iv) the Stanwich Debt Restructure Agreement, (v) the Amended Stanwich Subordination Agreement and (vi) the Stanwich Commitment Note, as the same may be amended, supplemented or otherwise modified from time to time in accordance with Section 8.11(a).

"Stanwich Debt Restructure Agreement" shall mean a Debt Restructure Agreement dated as of November 17, 1998, among the Company, Stanwich and Poole.

"Stanwich Indebtedness" shall mean, collectively, any and all Indebtedness of the Company or its Subsidiaries or both owing to Stanwich or any of Stanwich's shareholders, officers, directors, employees or Affiliates (including, without limitation, Poole, but excluding the Company and its Subsidiaries), including Indebtedness owing under the following:

(i) the seven (7) "Partially Convertible Subordinated 9% Notes" dated June 12, 1997 (the "1997 Stanwich Notes"), issued by the Company to Stanwich in the aggregate principal amount of \$15,000,000;

(ii) the Stanwich Replacement Note (which, among other things, supersedes and replaces (A) the Convertible Promissory Note dated August 13, 1998, issued by the Company to Stanwich in the principal amount of \$500,000, (B) the Convertible Promissory Note dated August 21, 1998, issued by the Company to Stanwich in the principal amount of \$425,000, and (C) the Convertible Promissory Note dated September 2, 1998, issued by the Company to Stanwich in the principal amount of \$3,075,000, all as provided in the Stanwich Debt Restructure Agreement);

(iii) the Poole Replacement Note; and

(iv) the Stanwich Commitment Note;

in each of clauses (i) through (iv) above as amended, supplemented, modified, refinanced, renewed, replaced, restructured or exchanged from time to time in accordance with Section 8.11(a).

"Stanwich-Related Agreements" shall mean the Stanwich Debt Agreements, the Amended Stanwich Registration Rights Agreement, the Amended Stanwich Subordination Agreement, the Stanwich Termination and Settlement Agreement and any and all agreements, instruments and documents executed and delivered in connection therewith or from time to time with respect to any Stanwich Indebtedness.

"Stanwich Replacement Note" shall mean the Convertible Subordinated 12.5% Note dated November 16, 1998, in the principal amount of \$4,000,000, made payable by the Company in favor of Stanwich.

"Stanwich Termination and Settlement Agreement" shall have the meaning set forth in Section 5.12(a).

"Subordinated Agreements" shall mean, collectively, the RISRS Indenture, the PENS Indenture, the Stanwich Debt Documents and all other agreements, instruments and other documents evidencing or governing any Indebtedness of the Company or any of its Subsidiaries, whether now existing or hereafter entered into, that expressly provides that such Indebtedness is subordinate in right of payment or rights upon liquidation to any other Indebtedness of the Company, together with any and all related agreements, instruments and other documents between or among the Company, any of its Subsidiaries and/or the Subordinated Lenders, in each case as amended, supplemented or otherwise modified from time to time in accordance with Section 8.11(a).

"Subordinated Indebtedness" shall mean Indebtedness that is not Senior Indebtedness, as such Indebtedness may be refinanced, renewed, replaced, restructured or exchanged from time to time in accordance with Section 8.11(a).

"Subordinated Lenders" shall mean the lenders of Subordinated Indebtedness (including, without limitation, Stanwich and Poole).

"Subsidiary" and "Subsidiaries" shall mean, with respect to any Person, any other Person of which more than fifty percent (50%) of the total voting power of Capital Stock entitled to vote (without regard to the occurrence of any contingency) in the election of directors (or other Persons performing similar functions) are at the time directly or indirectly owned by such first Person. Unless otherwise indicated, the term "Subsidiary" refers to a Subsidiary of the Company.

"Subsidiary Guarantors" shall mean CPSL, CPS Marketing and any other Person that is or becomes a "Guarantor" under the Subsidiary Guaranty.

"Subsidiary Guaranty" shall mean a Joint and Several General and Continuing Guaranty dated as of the Closing Date, in form and substance satisfactory to the Purchaser, duly executed by the Subsidiary Guarantors.

"Systems" shall have the meaning set forth in Section 3.41.

"Tax" or "Taxes" shall mean any present and future income, excise, sales, use, stamp or franchise taxes and any other taxes, fees, duties, levies, withholdings or other charges of any nature whatsoever imposed by any taxing authority, whether federal, state, local or foreign, together with any interest and penalties and additions to tax.

"Term A Note" shall have the meaning specified in Section 2.1.

"Term B Note" shall have the meaning set forth in Section 2.3.

"Termination Event" shall mean (i) the Company, any Benefit Plan or any fiduciary (within the meaning of Section 3(21) of ERISA) of a Benefit Plan being named as a defendant in a lawsuit filed under ERISA; (ii) the Internal Revenue Service giving notice that it intends to revoke the tax-qualified status of any Benefit Plan; (iii) the occurrence of a "Reportable Event" described in Section 4043 of ERISA with respect to a Benefit Plan, regardless of whether the PBGC has waived the notice requirements with respect to such event in its regulations; (iv) the imposition of liability (whether absolute or contingent) as a result of a complete or partial withdrawal from a Multiemployer Plan, if any; (v) the filing of a notice to terminate a Benefit Plan in a distress termination under Section 4041(c) of ERISA; (vi) the institution of proceedings by the PBGC to terminate a Benefit Plan or to appoint a trustee pursuant to Section 4042 of ERISA, or the occurrence of any event or set of circumstances that might reasonably constitute grounds for the PBGC to do either; (vii) the restoration of a plan by the PBGC pursuant to Section 4047 of ERISA; or (viii) the Company's withdrawal from a single-employer plan during the plan year in which it is a substantial employer pursuant to Section 4063 of ERISA.

"Third Party Intellectual Property Rights" shall have the meaning specified in Section 3.22(a).

"Trigger Event" shall have the meaning set forth in any agreement executed in connection with any Securitization Transaction and shall include any other term or definition having substantially the same meaning as "Trigger Event" as defined in any Securitization Transaction Documents.

"UCC" shall mean the Uniform Commercial Code, as adopted and in force in the State of California as from time to time in effect, and the Uniform Commercial Code of any other jurisdiction as required under Division 9103 of the California Commercial Code.

"USAP Audit" shall mean an audit conducted according to the requirements and standards set forth in the Uniform Single Attestation Program promulgated by the Mortgage Bankers Association of America.

"Waiver Agreement" shall mean a Waiver Agreement dated as of the Closing Date, in form and substance satisfactory to the Purchaser, between the Company and the Purchaser.

"WareCo" shall mean CPS Warehouse Corp., a Delaware corporation.

"Warrant Shares" shall mean any and all shares of Common Stock issued or issuable upon exercise of, or otherwise under, any LLCP Warrants.

"Year 2000 Compliant" shall have the meaning set forth in Section 3.41.

1.2 Independence of Covenants. All covenants and agreements under this Agreement shall each be given independent effect so that if a particular action or condition is not permitted by any such covenant, the fact that it would be permitted by another covenant, by an exception thereto, or be otherwise within the limitations thereof, shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

1.3 Determinations. Any determination or calculation contemplated by this Agreement or any Related Agreement that is made by the Purchaser shall be final and conclusive and binding upon the Company in the absence of manifest error.

2. PURCHASE AND SALE OF TERM A NOTE; AMENDED AND RESTATED NOTE.

2.1 Authorization. The Company has authorized the issuance, sale and delivery to the Purchaser of a Secured Senior Note Due 2001 in the principal amount of \$16,000,000, in substantially the form of Exhibit A-1 (as the same may be amended, restated, supplemented, modified, renewed, refinanced or restructured from time to time, the "Term A Note"). The Indebtedness evidenced by the Term A Note, including the payment of principal thereof, and all premium, if any, and interest thereon, shall constitute Senior Indebtedness of the Company and shall rank pari passu in right of payment and rights upon liquidation to the Indebtedness evidenced by the Term B Note.

2.2 Purchase of Term A Note. Subject to the terms and conditions contained herein, and in reliance upon the representations, warranties, covenants and agreements contained herein, at the Closing, the Company shall issue, sell and deliver to the Purchaser, and the Purchaser shall purchase from the Company, the Term A Note. The aggregate purchase price to be paid by the Purchaser for the Term A Note shall be \$16,000,000 (the "Purchase Price"), which will be paid in accordance with Section 2.4.

2.3 Amendment and Restatement. In addition, the Company has authorized the amendment and restatement of the Amended November 1998 Primary Note and the April 1999 Note together in one Amended and Restated Secured Senior Note Due 2003 in the principal amount of \$30,000,000, in substantially the form of Exhibit A-2 (as the same may be amended, restated, supplemented, modified, renewed, refinanced or restructured from time to time, the "Term B Note"). The Indebtedness evidenced by the Term B Note, including the payment of principal thereof, and all premium, if any, and interest thereon, shall constitute Senior Indebtedness of the Company and shall rank pari passu in right of payment and rights upon liquidation to the Indebtedness evidenced by the Term A Note.

2.4 Closing. The closing (the "Closing") of the issuance, sale and delivery of the Term A Note, the amendment and restatement of the Amended November 1998 Primary Note and the April 1999 Note into the Term B Note and the other transactions contemplated by this Agreement shall take place at the offices of Riordan & McKinzie, 300 South Grand Avenue, Suite 2900, Los Angeles, California 90071, on the date hereof or as soon as practicable thereafter immediately following the satisfaction or waiver of the conditions precedent set forth in Section 5 and Section 6 (such date being the "Closing Date"). At the Closing, the Company shall deliver to the Purchaser (a) the Term A Note, duly executed by the Company, against delivery by the Purchaser of the Purchase Price (net of amounts permitted to be withheld pursuant to Section 11.8) by wire transfer in immediately available funds to such bank as the Company may request in writing (which request shall be made in writing at least one (1) Business Day prior to the Closing Date) for credit to an account designated by the Company in such request, and (b) the Term B Note in exchange for the surrender of the Amended November 1998 Primary Note and the April 1999 Note.

2.5 Use of Proceeds. The proceeds to be received by the Company from the sale of the Term A Note hereunder shall be used solely to (a) pay in full all ESFR Indebtedness and (b) pay all costs, fees and expenses associated with the transactions contemplated by this Agreement and the Related Agreements. The Company acknowledges that it will not receive any proceeds from the amendment and restatement of the Amended November 1998 Primary Note and the April 1999 Note and issuance of the Term B Note.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company hereby represents and warrants to the Purchaser that, except as set forth in the disclosure schedules (the "Disclosure Schedules"), the following statements are true and correct as of the date hereof:

3.1 Organization and Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California. The Company has all power and authority, and all Licenses and Permits, necessary to own or lease and operate its properties and assets and to carry on its business as now being conducted and as proposed to be conducted. The Company has the requisite power and authority to enter into this Agreement and each Related Agreement to which it is a party, to issue, sell and deliver the Term A Note to be issued by it hereunder, to amend and restate the Amended November 1998 Primary Note and the April 1999 Note into the Term B Note and to consummate the other transactions contemplated hereby and by the Related Agreements.

3.2 Subsidiaries.

(a) Schedule 3.2 sets forth a true, correct and complete list of all direct and indirect Subsidiaries of the Company, setting forth, as to each Subsidiary, its name, the jurisdiction of its incorporation, the address of its principal executive offices, the number of outstanding shares of its Capital Stock and the number of such outstanding shares owned, directly or indirectly, by the Company. Each Subsidiary is a corporation duly organized, validly existing and, if applicable, in good standing (other than LINC) under the laws of the jurisdiction of its incorporation and has all power and authority, and all Licenses and Permits, necessary to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted. LINC does not conduct any business and is inactive. ARC owns or holds no assets, does not, and will not, conduct any business and is inactive.

(b) All of the outstanding Capital Stock of each Subsidiary has been duly authorized and is validly issued, fully paid and non-assessable, and is owned by the Company or its Subsidiaries as specified in Schedule 3.2, in each case free and clear of any Liens and of any other restrictions (including any restrictions on the right to vote, sell or otherwise dispose of such Capital Stock) except as set forth on Schedule 3.2.

3.3 Qualification. The Company and each of its Subsidiaries (other than LINC) is duly qualified or licensed and in good standing as a "foreign corporation" duly authorized to do business in each jurisdiction in which the character of the properties owned or the nature of the activities conducted makes such qualification or licensing necessary, except where the failure to be so qualified or licensed could not have a Material Adverse Effect.

3.4 Authorization; Binding Obligations. The execution, delivery and performance by the Company of this Agreement and each of the Related Agreements by the Company and its Subsidiaries, the issuance, sale and delivery of the Term A Note, the amendment and restatement of the Amended November 1998 Primary Note and the April 1999 Note into the Term B Note, the grant of the Liens in favor of the Purchaser pursuant to the Security Agreement and the other Collateral Documents and the consummation of the other transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Company or any of its Subsidiaries, as applicable. This Agreement has been duly executed and delivered by the Company and, at the Closing, each of the Related Agreements will be duly executed and delivered by the Company or its Subsidiaries that is a party thereto. This Agreement is, and each Related Agreement will at the time of the Closing be, a legal, valid and binding obligation of the Company or its Subsidiaries that is a party thereto, enforceable against such Person in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability and except as rights of indemnity or contribution may be limited by federal or state securities or other laws or the public policy underlying such laws.

3.5 No Violation; Existing Defaults; Senior Indebtedness.

(a) The execution, delivery and performance by the Company of this Agreement and each of the Related Agreements by the Company and its Subsidiaries, the issuance, sale and delivery of the Term A Note, the amendment and restatement of the Amended November 1998 Primary Note and the April 1999 Note into the Term B Note, the grant of the Liens in favor of the Purchaser pursuant to the Security Agreement and the other Collateral Documents and the consummation of the other transactions contemplated hereby and thereby do not and will not violate or conflict with, or cause a default under, or give rise to a right of termination under, (i) the charter or bylaws of the Company or any of its Subsidiaries, as in effect on the date hereof; (ii) any Applicable Laws; or (iii) any term of any lease, credit agreement, indenture, note, mortgage, instrument or other agreement to which the Company or any of its Subsidiaries is a party or by which any of its or their properties or assets are bound.

(b) Except as set forth in Schedule 3.5(b), neither the Company nor any of its Subsidiaries is in default, breach or violation of (i) its charter or bylaws, as in effect on the date hereof, (ii) any term of any material lease, credit agreement, note, instrument or other agreement (including, without limitation, any agreements executed in connection with any Securitization Transaction) to which it is a party or by which any of its properties or assets are bound or (iii) to the best knowledge of the Company, any Applicable Laws. Without limiting the generality of the foregoing, except as set forth in Schedule 3.5(b), no "default" or "event of default" has occurred and is continuing under any agreement, instrument or other document to which the Company or any of its Subsidiaries is a party which evidences or governs any Indebtedness of

the Company or its Subsidiaries, as the case may be (other than such "defaults" or "events of default" as have been duly waived by the appropriate Person pursuant to waivers which are in effect as of the date hereof).

(c) Immediately following the Closing, the Indebtedness evidenced by the Notes will constitute "Senior Indebtedness" (as such term is defined in the RISRS Indenture, the PENS Indenture and the Stanwich Debt Documents), and there will be no agreement, indenture, instrument or other document to which the Company or any of its Subsidiaries is a party or by which it or they are bound that requires the subordination in right of payment or rights upon liquidation of any Obligations to Purchaser to the repayment of any other Indebtedness of the Company or any of its Subsidiaries.

(d) Except as set forth on Schedule 3.5(d), no Trigger Event has occurred under any agreement executed in connection with any Securitization Transaction nor has any Insurance Agreement Event of Default occurred.

(e) There are no contractual or other restrictions or limitations which prohibit the issuance, sale and delivery by the Company of the Term A Note, or the issuance and delivery by the Company of the Term B Note, as contemplated hereunder, prohibit or restrict any merger, sale of assets or other event which could cause a Change in Control or otherwise prohibit any other financings by the Company, including, without limitation, any public or private debt or equity financings.

3.6 Governmental and Other Third Party Consents. Neither the Company nor any of its Subsidiaries or other Affiliates is required to obtain any Consent in connection with execution, delivery or performance of this Agreement or any Related Agreement, the issuance, sale and delivery of the Term A Note, the amendment and restatement of the Amended November 1998 Primary Note and the April 1999 Note into the Term B Note or the grant of the Liens in favor of the Purchaser, or for the purpose of maintaining in full force and effect any Licenses and Permits, from (a) any Governmental Authority, (b) any trustee, Credit Enhancer, rating agency or other party to any Securitization Transaction in connection with the execution and delivery of this Agreement or any Related Agreement or (c) any other Person, except where the failure to obtain such consent or maintain any such License or Permit, as the case may be, could not have a Material Adverse Effect.

3.7 Capitalization.

(a) Schedule 3.7(a) sets forth a true, correct and complete description of the authorized capital stock of the Company and the number of shares of each class of Capital Stock that is issued and outstanding as of the date hereof. As of the date hereof, (i) 20,107,501 shares of Common Stock were issued and outstanding; (ii) no shares of preferred stock of the Company

were issued and outstanding; (iii) 4,200,000 shares of Common Stock were reserved for issuance under the Company Stock Plans, of which options to purchase 46,250 shares are available for future grants, options to purchase 1,428,400 shares have been exercised and options to purchase 2,725,350 shares are outstanding of which options to purchase no shares are exercisable; (iv) an aggregate of 2,412,228 shares of Common Stock were reserved for issuance upon conversion of the PENS and the Stanwich Indebtedness; and (e) 1,000 shares of Common Stock were reserved for issuance upon exercise of the Residual Warrant. All of the issued and outstanding shares of Capital Stock of the Company have been duly authorized and are validly issued, fully paid and non-assessable, and are free and clear of any Liens and other restrictions (including any restrictions on the right to vote, sell or otherwise dispose of such Capital Stock but excluding any such restrictions under the Amended and Restated Investor Rights Agreement) and of any preemptive or other similar rights to subscribe for or to purchase any such Capital Stock. Except as set forth on Schedule 3.7(a) (which Schedule sets forth a true, correct and complete description of, with respect to each security, title, name of the holder or Person, as applicable, the number of shares of Capital Stock underlying such security, exercise price, expiration date and percentage of shares of such Capital Stock on a Fully Diluted Basis), as of the date hereof, there are: (i) no outstanding Equity Rights; (ii) to the best knowledge of the Company, no voting trusts or other agreements or undertakings with respect to the voting of the Capital Stock of the Company; (iii) no obligations or rights (whether fixed or contingent) on the part of the Company, any of its directors or officers or, to the best knowledge of the Company, any other Person to purchase, repurchase, redeem or "put" any outstanding shares of the Capital Stock of the Company or Equity Rights; and (iv) no agreements to which the Company, any of its directors or officers or, to the best knowledge of the Company, any other Person is a party granting any other Person any rights of first offer or first refusal, registration rights or "drag-along," "tag-along" or similar rights with respect to any transfer of any Capital Stock of the Company or Equity Rights. All shares of Capital Stock of the Company and Equity Rights that have been issued by the Company have been offered, issued and sold in compliance with all applicable federal and state securities laws.

(b) Schedule 3.7(b) sets forth a true, correct and complete description of the authorized capital stock of each Subsidiary of the Company and the number of shares of each class of Capital Stock that is issued and outstanding as of the date hereof. There are no options, warrants or similar rights to purchase or otherwise acquire any shares of Capital Stock of any Subsidiary. All shares of Capital Stock of each Subsidiary that have been issued have been offered, issued and sold in compliance with all applicable federal and state securities laws.

(c) No shares of Capital Stock of the Company will become issuable to any Person (including, without limitation, FSA) pursuant to any "anti-dilution" or other provisions contained in any issued and outstanding Equity Rights on account of the issuance of any LLCP Warrants (or the exercise thereof), the March 2000 LLCP Shares, the March 2000 Stanwich Shares or the application of the "anti-dilution" provisions contained in any LLCP Warrant.

(d) The Company has not incurred, and should not incur, any charges to its statement of operations in connection with any repricing, including, without limitation, that which occurred on or about October 22, 1998, of stock options issued under the Company Stock Plans.

(e) The March 2000 LLC Shares have been duly authorized and, when issued and delivered at or prior to the Closing, will be validly issued, fully paid and nonassessable and will be issued in compliance with Applicable Laws (including, without limitation, applicable federal and state securities laws).

(f) Pursuant to the FSA Stock Pledge Agreement, the Company pledged to FSA, and FSA has a valid first priority security interest in, all of the Company's right, title and interest in and to the CPSRC Shares as security for the full and complete performance of all Obligations (as such term is defined therein).

3.8 Validity and Issuance of Residual Warrant Shares. The Residual Warrant Shares, when issued, delivered and paid for pursuant to the terms of the Residual Warrant, will be duly and validly issued, fully paid and nonassessable.

3.9 Transactions with Affiliates.

(a) Except as set forth in Schedule 3.9, during the period commencing January 1, 1998 and ending December 31, 1999, no shareholder, employee, officer, director or Affiliate of the Company or any of its Subsidiaries or, to the best knowledge of the Company, Affiliate of any such Person, and no member of the Immediate Family of any such Person, has engaged in any transaction or relationship with the Company or any of its Subsidiaries involving amounts in excess of \$60,000 (other than the payment of compensation to such Persons in the ordinary course of business).

(b) Except as set forth in Schedule 3.9, since January 1, 1998, no shareholder, employee, officer, director or Affiliate of the Company or any of its Subsidiaries or, to the best knowledge of the Company, Affiliate of any such Person, and no member of the Immediate Family of any such Person, has engaged in any transaction or relationship with the Company or any of its Subsidiaries (other than the payment of compensation to such Persons in the ordinary course of business).

(c) Schedule 3.9 sets forth a true, complete and accurate description of the terms of each transaction or relationship required to be set forth on Schedule 3.9.

(d) No Subsidiary of the Company loans or advances funds to any of its officers, directors, employees or, if any, minority shareholders.

(e) This Section 3.9 does not apply to transactions or relationships involving (i) sales or transfers of Automobile Contracts (or interests therein) between or among the Company and its Subsidiaries in connection with any Securitization Transaction (including, without limitation, any warehousing transaction), (ii) any Investments disclosed on Schedule 3.11(a)(iii) or (iii) purchases by the Company of Automobile Contracts from CARSUSA, so long as the terms of such purchases are no less favorable to the Company than those that may be obtained from unrelated franchised dealers and are negotiated at arm's length.

3.10 Financial Statements; Disclosure.

(a) The Company has delivered to the Purchaser copies of (i) audited consolidated balance sheets of the Company and its Subsidiaries as of December 31, 1996, 1997 and 1998, and audited consolidated statements of operations, shareholders' equity and changes in financial position or cash flows for each of the three (3) years then ended, together with a report and an unqualified opinion of KPMG LLP, the Company's independent public accountants, (ii) unaudited financial statements of the Company and its Subsidiaries consisting of a balance sheet as of December 31, 1999, and a statement of operations and cash flows for the twelve (12) month period then ended, and (iii) the "monthly board packages," including the unaudited financial information contained therein, for each of the calendar months preceding the calendar month ended February 29, 2000 (the financial statements and information referred to in clauses (i), (ii) and (iii) being collectively referred to as the "Financial Statements"). The Financial Statements have been prepared in accordance with GAAP (except that, with respect to the monthly board packages, the Dealer acquisition fees reflected in the financial statements included therein have not been accounted for in accordance with GAAP) and fairly present the consolidated and consolidating financial position and results of operations of the Company and its Subsidiaries as of the dates and for the periods indicated therein. Except as set forth in Schedule 3.10(a), since December 31, 1999, there has not been any Material Adverse Change.

(b) All financial statements and other financial information not included in the Financial Statements and previously furnished by or on behalf of the Company, its Subsidiaries or any of their representatives or agents to the Purchaser in connection with this Agreement and the transactions contemplated hereby adequately reflect the financial position and results of operations of the Company and its Subsidiaries, as applicable, as of the dates and for the period indicated therein, and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein or therein contained not misleading.

(c) Neither the Company nor any of its Subsidiaries, nor any of its or their officers, directors or other Affiliates (i) is contemplating the filing of a petition under the Bankruptcy Laws, or the liquidation of all or any major portion of its or their assets or properties, or (ii) is aware of any Person contemplating the filing of any petition against the Company or any of its Subsidiaries under the Bankruptcy Laws; provided, however, that the parties acknowledge

that an involuntary petition for bankruptcy under Chapter 7 of the Bankruptcy Laws was filed against LINC on October 29, 1999, in the United States Bankruptcy Court for the District of Connecticut (Case No. 99 51535 AHWS). Neither the Company nor any of its Subsidiaries is contemplating changing its business, as such business is being conducted on the date hereof.

(d) Schedule 3.10(d) sets forth a true, correct and complete copy of a consolidated balance sheet of the Company and its Subsidiaries as of January 31, 2000, as adjusted to give pro forma effect to the consummation of the transactions contemplated by this Agreement as if such transactions had occurred on such date (the "Pro Forma Closing Balance Sheet"), together with footnotes describing the pro forma adjustments and the assumptions underlying the Pro Forma Closing Balance Sheet. The Pro Forma Closing Balance Sheet presents fully and fairly in all material respects the pro forma consolidated financial position of the Company and its Subsidiaries as of January 31, 2000, and properly gives effect to the application of the pro forma adjustments described therein and contemplated herein. All assumptions underlying the Pro Forma Closing Balance Sheet were made in good faith and are reasonable under the circumstances.

(e) Neither the Company nor any of its directors or officers is aware of any fact or circumstance that would cause KPMG LLP, the Company's independent public accountants, to render a qualified opinion with respect to the consolidated financial statements of the Company and its Subsidiaries for the fiscal year ended December 31, 1999.

3.11 Existing Indebtedness; Liens; Investments; Etc.

(a) Schedule 3.11(a) sets forth a true and correct list, and describes, as of the date or dates indicated therein, as applicable:

(i) all Indebtedness of the Company and its Subsidiaries on a consolidated basis (collectively, "Existing Indebtedness") outstanding immediately prior to the Closing Date, showing, as to each Indebtedness, the payee thereof and the total amount outstanding (by principal, interest and other amounts, if applicable);

(ii) (A) all UCC financing statements on file as of the "time of request" set forth therein, respectively, in the States of California, Texas and Virginia, naming the Company as a debtor, and (B) all material pledges and other material Liens on the assets of the Company for which no UCC financing statement has been filed;

(iii) all Investments (other than Investments made under any pooling and servicing agreement or insurance agreement with respect to any Securitization Transaction) of the Company and its Subsidiaries immediately prior to the Closing Date; and

(iv) all Guarantees of the Company and its Subsidiaries existing immediately prior to the Closing Date.

(b) Immediately following the Closing, the Company and its Subsidiaries will not have any Indebtedness, whether accrued, absolute, contingent or otherwise (whether individually or in the aggregate), except for the Indebtedness set forth on Schedule 3.11(b). Without limiting the generality of the foregoing, immediately following the Closing, no Indebtedness or other amounts shall be outstanding under the ESFR Agreement or the ESFR Loan Documents.

(c) The NAB Loans have been indefeasibly paid in full in cash, and there is no outstanding indebtedness owing by NAB to the Company or any of its Subsidiaries or other Affiliates.

(d) There are no amendments to the ESFR Agreement (or any provisions thereof) other than those referred to in clauses (i) through (iv) of the definition thereof.

3.12 Certain Changes. Except as set forth on Schedule 3.12 (which shall be delivered to the Purchaser on March 21, 2000, pursuant to Section 7.21), since December 31, 1999, there has not been:

(a) any damage or destruction to, or loss of, any asset of the Company or any of its Subsidiaries, whether or not covered by insurance, which could have a Material Adverse Effect;

(b) any waiver by the Company or any of its Subsidiaries of a valuable right or of a material debt owed to it, other than those arising in the ordinary course of business in connection with the Company's servicing and collection activities relating to Automobile Contracts;

(c) any satisfaction or discharge of any Lien or payment of any obligation by the Company or any of its Subsidiaries outside of the ordinary course of business;

(d) any material change or amendment to any Automobile Contract, Dealer Agreement or Material Contract by which the Company, any of its Subsidiaries or any of its or their respective properties or assets is bound or subject, other than those arising in the ordinary

course of business in connection with the Company's servicing and collection activities relating to Automobile Contracts;

(e) any material adverse change in the assets, liabilities, condition (financial or otherwise) or operations of the Company or any of its Subsidiaries;

(f) any change in the Contingent Obligations of the Company or any of its Subsidiaries, by way of Guarantees or otherwise, outside of the ordinary course of business;

(g) any declaration or payment of any dividend or other distribution of assets of the Company to its shareholders, or the adoption or consideration of any plan or arrangement with respect thereto;

(h) any resignation or termination of the employment of any director, officer or key employee of the Company or any of its Subsidiaries;

(i) any Investment by the Company or any of its Subsidiaries in the Capital Stock of any Person (provided that the Company shall not be obligated to include on Schedule 3.12 the employee loans and advances provided to the Purchaser pursuant to Section 5.19);

(j) any offer, issuance or sale of any shares of Capital Stock of the Company or any Equity Rights (other than those issued under the Option Pool);

(k) any material change in the Company's credit guidelines and policies, charge-off policies or accounting methods, procedures or policies;

(l) any incurrence of any Indebtedness by the Company or any of its Subsidiaries;

(m) any agreement or commitment to do any of the foregoing;

(n) any deterioration in the quality of the portfolio of Automobile Contracts owned by the Company or any of its Subsidiaries; or

(o) any other event or condition of any character which could have a Material Adverse Effect.

3.13 Material Contracts; Automobile Contracts.

(a) Schedule 3.13(a) (which shall be delivered to the Purchaser on March 21, 2000, pursuant to Section 7.21) sets forth a true and complete list of all material contracts, agreements, commitments or arrangements, whether oral or written, of the Company and any of its Subsidiaries, including, without limitation, all servicing agreements, sub-servicing agreements, leases (whether real property or personal property), pooling and servicing agreements, agreements entered into in connection with any Securitization Transaction, underwriting agreements, dealer affiliation agreements, employment and other agreements with management, joint venture agreements, partnership agreements, agreements, instruments and other documents evidencing Indebtedness (including, without limitation, the ESFR Agreement and the Subordinated Agreements) and all other material agreements and commitments (including, without limitation, all agreements, commitments or arrangements involving, in any instance, any obligation of the Company or any of its Subsidiaries to pay an amount in excess of \$100,000, or the breach or termination of which could have a Material Adverse Effect) (all such contracts, agreements, commitments and arrangements, whether entered into prior to, on or after the Closing Date, being collectively referred to herein as the "Material Contracts").

(b) Each Material Contract is legal, valid, binding and enforceable against the parties thereto in accordance with its terms and is in full force and effect as of the date hereof. The Company and its Subsidiaries (as applicable) and, to the best knowledge of the Company, all third parties to the Material Contracts are in substantial compliance with the terms thereof, and no default or event of default by the Company or, to the best knowledge of the Company, any such third party, exists thereunder which could cause a Material Adverse Effect. Neither the Company nor any of its Subsidiaries is a party to any contract, commitment, license, agreement, obligation or arrangement that restricts it from carrying on its business or any part thereof, or from competing in any line of business or with any other Person.

(c) Each Automobile Contract arose from the sale or lease of Goods, was originated by the Company or any of its Subsidiaries, or by a Dealer or other Person and subsequently purchased by the Company or such Subsidiary, and is a bona fide and valid deferred payment obligation of the Automobile Contract Debtor, providing for the retention of a first lien or security interest in the underlying Goods to secure payment of the obligation evidenced thereby, and is binding and enforceable against the Automobile Contract Debtor in accordance with its terms, and neither the Company nor any of its Subsidiaries knows of any fact which impairs or will impair the validity of any such Automobile Contract, except where the failure of any Automobile Contracts, individually or in the aggregate, to be bona fide, valid, binding or enforceable or the impairment of any Automobile Contracts, individually or in the aggregate, could not have a Material Adverse Effect. The Automobile Contracts and related Automobile Security Documents are free of any claim for credit, deduction, discount, allowance, defense (including the defense of usury), dispute, counterclaim or setoff which, individually or in

the aggregate, could have a Material Adverse Effect. Each Automobile Contract is free of any Lien in favor of any Person other than the Company. Each Automobile Contract correctly sets forth the payment terms between the Company and the Automobile Contract Debtor, including the interest rate applicable thereto, except where the failure to set forth such terms could not result in a Material Adverse Effect. Except as set forth in Schedule 3.13(c) (which shall be delivered to the Purchaser on March 21, 2000, pursuant to Section 7.21), to the best knowledge of the Company, the signatures of all Automobile Contract Debtors are genuine and each Automobile Contract Debtor had the legal capacity to enter into and execute such documents on the date thereof. There is only one original counterpart of the Automobile Contract executed by the Automobile Contract Debtor (with the possible exception of one duplicate original counterpart which, if in existence, is in the Contract Debtor's sole possession).

(d) Schedule 3.13(d) sets forth true and correct portfolio performance reports.

3.14 Trade Accounts Payable. Except to the extent disputed in good faith by the Company, all trade accounts payable of the Company and its Subsidiaries were incurred in the ordinary course of business and are valid. Schedule 3.14 sets forth a true and complete list of all trade accounts payable of the Company and its Subsidiaries as of a recent date, reflecting agings per trade account payable in categories of thirty (30), sixty (60), ninety (90) and more than ninety (90) days after the date of invoice.

3.15 Labor Agreements and Actions. Neither the Company nor any of its Subsidiaries is bound by or subject to any written or oral, express or implied, contract, commitment or arrangement with any labor union, and no labor union has requested or sought to represent any of the employees, representatives or agents of the Company or any such Subsidiaries. There is no strike or other labor dispute, including, without limitation, any unfair labor practice, charge or other proceeding before the National Labor Relations Board, involving the Company pending or, to the best knowledge of the Company, threatened. Neither the Company nor any of its Subsidiaries is aware of any labor organization activity involving the employees of the Company or any of its Subsidiaries, or of any officer or key employee, or any group of officers or key employees, that intends to terminate his or her employment with the Company. The Company has no knowledge of any fact or circumstance which could, with the passage of time or otherwise, cause this representation and warranty to be no longer true and correct. Each of the Company and its Subsidiaries is in compliance with all provisions of the Fair Labor Standards Act and all state wage and hour laws and all workers compensation laws, except where the failure to be in compliance could not have a Material Adverse Effect. The Company is not engaged in any unfair labor practice which has had or could have a Material Adverse Effect.

3.16 Employee Benefit Plans; ERISA. For purposes of this Section 3.16, the term "Company" shall include any Person that is or would be aggregated with the Company under Section 414(b), (c), (m), or (o) of the IRC.

(a) Schedule 3.16 (which shall be delivered to the Purchaser on March 21, 2000, pursuant to Section 7.21) sets forth a true, correct and complete list of:

(i) Each termination or severance agreement involving the Company or its Subsidiaries, on the one hand, and any of its respective employees whose annual compensation is at a base rate equal to or exceeding \$60,000, on the other hand;

(ii) All employee benefit plans, as defined in Section 3(3) of ERISA; and

(iii) All other profit-sharing, bonus, stock option, stock purchase, stock bonus, restricted stock, stock appreciation right, phantom stock, vacation pay, holiday pay, tuition reimbursement, scholarship, severance, dependent care assistance, excess benefit, incentive compensation, salary continuation, supplemental retirement, employee loan or loan guarantee program, split dollar, cafeteria plan, and other compensation arrangements;

in each case maintained or contributed to by the Company for the benefit of its employees (or former employees) and/or their beneficiaries. All of these types of arrangements shall be collectively referred to as "Benefit Plans". An arrangement will not fail to be a Benefit Plan simply because it only covers one individual, or because the Company's obligations under the plan arise by reason of its being a "successor employer" under Applicable Laws. Furthermore, a Voluntary Employees' Beneficiary Association under Section 501(c)(9) of the IRC will be considered a Benefit Plan for this purpose.

(b) All costs of administering and contributions required to be made to each Benefit Plan under the terms of that Benefit Plan, ERISA, the IRC, or any other applicable law have been timely made, and are fully deductible in the year for which they were paid. All other amounts that should be accrued to date as liabilities of the Company under or with respect to each Benefit Plan (including administrative expenses and incurred but not reported claims) for the current plan year of the plan have been recorded on the books of the Company. There will be no liability of the Company (i) with respect to any Benefit Plan that has previously been terminated or (ii) under any insurance policy or similar arrangement procured in connection with any Benefit Plan in the nature of a retroactive rate adjustment, loss sharing arrangement, or other liability arising wholly or partially out of events occurring before the Closing.

(c) Each Benefit Plan has been operated at all times in accordance with its terms, and complies currently, and has complied in the past, both in form and in operation, with all Applicable Laws, including ERISA and the IRC. The Internal Revenue Service has issued a favorable determination letter with respect to each Benefit Plan that is intended to qualify under

Section 401(a) or 501(c)(9) of the IRC, and no event has occurred (either before or after the date of the letter) that would disqualify the plan.

(d) The Company does not maintain any plan that provides (or will provide) medical or death benefits to one or more former employees or independent contractors (including retirees) following termination of employment, other than benefits that are required to be provided under COBRA or any state law continuation coverage or conversion rights. The Company has complied in all material respects with the continuation coverage requirements of COBRA.

(e) There are no investigations, proceedings, lawsuits or claims pending or, to the best knowledge of the Company, threatened relating to any Benefit Plan.

(f) The Company does not have any intention or commitment, whether legally binding or not, to create any additional Benefit Plan, or to modify any existing Benefit Plan so as to increase benefits to participants or the cost of maintaining the plan. The benefits under all Benefit Plans are as represented, and have not been, and will not be increased subsequent to the date documents are provided to the Purchaser except in the ordinary course of business and consistent with competitive business standards. No statement, either oral or written, has been made by the Company (or any agent of the Company) to any Person regarding any Benefit Plan that is not in accordance with the Plan that could have adverse economic consequences to the Purchaser.

(g) None of the persons performing services for the Company have been improperly classified as being independent contractors, leased employees, or as being exempt from the payment of wages for overtime, except where the improper classification could not result in a Material Adverse Effect.

(h) None of the Benefit Plans provide any benefits that (i) become payable or become vested solely as a result of the consummation of this transaction or (ii) would result in excess parachute payments (within the meaning of Section 280G of the IRC), either (A) solely as a result of the consummation of this transaction or (B) as a result of the consummation of this transaction and any actions taken by the Purchaser after the Closing Date. Furthermore, the consummation of this transaction will not require the funding (whether formal or informal) of the benefits under any Benefit Plan (e.g., contributions to a "rabbi trust").

(i) None of the assets of any Benefit Plan that is a "pension plan" within the meaning of Section 3(2) of ERISA are invested in a group annuity contract or other insurance contract that is subject to any surrender charge, interest rate adjustment, or other similar expense upon its premature termination.

(j) No Benefit Plan has any interest in any annuity contract or other investment or insurance contract issued by an insurance company that is the subject of bankruptcy, conservatorship, rehabilitation, or similar proceeding.

(k) With respect to each Benefit Plan that is subject to Title IV of ERISA:

(i) No amount is due or owing from the Company to the PBGC, other than a liability for premiums under Section 4007 of ERISA;

(ii) All premiums have been paid to the PBGC on a timely basis;

(iii) The value, determined on a termination basis using the actuarial assumptions stated in the plan, of all accrued and ancillary benefits (whether or not vested) under each such plan did not exceed, as of the most recent valuation date, and will not exceed as of the Closing Date, the then current fair market value of the assets of the plan; and

(iv) No reportable events (within the meaning of Section 4043 of ERISA) have occurred.

(l) In the case of each Benefit Plan that is subject to IRC Section 412, there is no accumulated funding deficiency (within the meaning of IRC Section 4971), whether or not such deficiency has been waived.

(m) The Company does not contribute to, and is not a participant in, any Multiemployer Plan.

3.17 Taxes.

(a) The Company and each of its Subsidiaries has filed within the required time periods (after giving effect to any permitted extensions) all federal, state and other Tax returns required to have been filed by it or them, and has paid all Taxes which were due and payable by it or them, prior to the date hereof, other than (i) Taxes that are being contested in good faith and for which reserves have been properly established on the Pro Forma Closing Balance Sheet and the internal consolidated balance sheets of the Company in accordance with GAAP and (ii) personal property Taxes not to exceed \$20,000.

(b) The Company and each of its Subsidiaries has withheld and paid all Taxes required to be withheld and paid by it or them in connection with amounts paid or owing to any employee, creditor, shareholder or other third party.

(c) (i) Neither the Company nor any of its Subsidiaries has been advised that any Tax returns have been or are being audited by any Governmental Authority; (ii) there are no agreements, waivers or other arrangements providing for an extension of time with respect to the assessment of any Taxes or deficiency against the Company or any of its Subsidiaries; (iii) there are no actions, suits, proceedings or claims now pending by or against the Company or any of its Subsidiaries in respect of any Taxes or assessments; and (iv) there is no pending or, to the best knowledge of the Company, threatened audit or investigation of the Company or any of its Subsidiaries by any Governmental Authority relating to any Taxes or assessments, or any claims for additional taxes or assessments asserted by any Governmental Authority.

(d) Neither the Company nor any of its Subsidiaries is a party to or bound by any tax sharing, tax indemnity or tax allocation agreement or other similar arrangement.

3.18 Litigation. Except as set forth on Schedule 3.18, and except with respect to Automobile Contracts, there are no (a) actions, suits, proceedings or investigations pending or threatened before any Governmental Authority against or affecting the Company or any of its Subsidiaries or Affiliates or (b) orders, decrees, judgments, injunctions or rulings of any Governmental Authority against the Company or any of its Subsidiaries or Affiliates. All claims pending against the Company or any of its Subsidiaries under or with respect to any Automobile Contracts not disclosed on Schedule 3.18 do not exceed \$500,000 in the aggregate. Such Schedule sets forth, as to each matter identified therein, the names of the parties thereto, the forum for such matter, a summary of the details of the matter, the settlement or other disposition of the matter (including the monetary value of such settlement or other disposition) or, if such matter is still pending, a statement to that effect. There is no action, suit or other proceeding pending or threatened which questions the validity of this Agreement, the Notes or the other Related Agreements or any action taken or to be taken pursuant hereto or thereto, or which could, individually or in the aggregate, have a Material Adverse Effect.

3.19 Governmental Regulation; Margin Stock. Neither the Company nor any of its Subsidiaries is subject to the Investment Company Act of 1940, as amended, or to any Applicable Laws limiting its ability to incur Indebtedness or to create Liens on any of its properties or assets to secure such Indebtedness. Neither the Company nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purposes of purchasing or carrying Margin Stock. The value of all Margin Stock held by the Company and its Subsidiaries constitutes less than 5.0% of the value, as determined in accordance with the Margin Regulations, of all assets of the Company and its Subsidiaries.

3.20 Compliance with Laws; Licenses and Permits. The Company and each of its Subsidiaries is in compliance with all Applicable Laws, except to the extent that non-compliance could not reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, each of the Company, its Subsidiaries and its or their employees, agents and other representatives is in compliance with the Foreign Corrupt Practices Act of 1977, as amended (15 U.S.C. ss.78dd-2 et seq.). Schedule 3.20 (which shall be delivered to the Purchaser on March 21, 2000, pursuant to Section 7.21) sets forth a true, correct and complete list of all material Licenses and Permits held by the Company and each of its Subsidiaries in connection with the ownership of its or their assets or the conduct of its or their businesses (which Schedules shall set forth, with respect to each License and Permit, its name, the issuing Person, the date it was issued and the date of expiration), and such Licenses and Permits constitute all of the Licenses and Permits required under Applicable Laws to own their respective assets or conduct their respective businesses as now conducted and as proposed to be conducted. All of the Licenses and Permits are validly issued and in full force and effect, and the Company and its Subsidiaries have fulfilled and performed in all material respects their obligations with respect thereto and have full power and authority to operate thereunder.

3.21 Title to Properties and Assets; Liens. Each of the Company and its Subsidiaries has good and marketable title to all of its properties and assets (including, without limitation, all shares of Capital Stock owned or held by it), and none of such properties or assets is subject to any Liens except for the Existing Liens and the Permitted Liens. Each of the Company and its Subsidiaries enjoys quiet possession under all leases to which they are parties as lessees, and all of such leases are valid, subsisting and in full force and effect. None of such leases contains any provision restricting the incurrence of indebtedness by the lessee or any unusual or burdensome provision materially adversely affecting the current and proposed operations of the Company and its Subsidiaries. Neither LINC nor Samco has any material assets, properties or operations.

3.22 Intellectual Property.

(a) Each of the Company and its Subsidiaries owns, or is licensed or otherwise possesses legally enforceable rights to use, all Intellectual Property that is used in the conduct of its business as currently conducted and as proposed to be conducted, except where the failure to own, license or possess the same could not have a Material Adverse Effect. Schedule 3.22 (which shall be delivered to the Purchaser on March 21, 2000, pursuant to Section 7.21) lists (i) all patents, patent applications, trademarks, servicemarks, trademark and servicemark applications, copyrights, trade names and domain names owned or held by the Company or any of its Subsidiaries and used in the conduct of its or their businesses, including the jurisdictions in which each such Intellectual Property right has been issued or registered or in which any such application for such issuance or registration has been filed; (ii) all material written licenses, sublicenses and other agreements to which the Company or any of its Subsidiaries is a party and pursuant to which any Person (other than employees of the Company

in the course of their employment) is authorized to use any such Intellectual Property rights; and (iii) all material written licenses, sublicenses and other agreements to which the Company or any of its Subsidiaries is a party and pursuant to which the Company or any of its Subsidiaries is authorized to use any third party patents, trademarks or copyrights, including computer software which are used in the businesses of the Company or the Subsidiaries or which form a part of any product or service of the Company or its Subsidiaries ("Third Party Intellectual Property Rights"), all of which are in full force and effect. The Company has made available to the Purchaser correct and complete copies of all such patents, registrations, applications, licenses and agreements and related documentation, all as amended to date. Neither the Company nor any of its Subsidiaries has agreed to indemnify any Person for or against any infringement, misappropriation or other conflict with respect to any item of Intellectual Property that the Company owns or uses. Neither the Company nor any of its Subsidiaries is a party to any oral license, sublicense or agreement which, if reduced to written form, would be required to be listed in Schedule 3.22 under the terms of this Section 3.22.

(b) Neither the Company nor any of its Subsidiaries will be, as a result of the execution and delivery of this Agreement or the performance of the Company's obligations under this Agreement, in breach of any license, sublicense or other agreement relating to the Intellectual Property or Third Party Intellectual Property Rights.

(c) Neither the Company nor any of its Subsidiaries has been named in any suit, action or other proceeding which involves a claim of infringement of any Intellectual Property rights of any third party. Except as disclosed in Schedule 3.22, the performance of the services offered by the Company and its Subsidiaries do not infringe on any Intellectual Property right of any other Person, and to the best knowledge of the Company, the Intellectual Property rights of the Company and its Subsidiaries are not being infringed by activities, products or services of any third party.

3.23 Brokers; Certain Expenses. Neither the Company nor any of its Subsidiaries has paid or is obligated to pay any fee or commission to any broker, finder, investment banker or other intermediary in connection with this Agreement, any Related Agreement or any of the transactions contemplated hereby or thereby. Neither the Company nor any of its Subsidiaries is bound by any agreement or commitment for the provision of investment banking or financial advisory services with respect to any proposed recapitalization, issuance of debt or equity securities or other transactions involving the Company or any of its Subsidiaries or the provision of any other investment banking or financial advisory services to the Company or any of its Subsidiaries.

3.24 Real Property Leases. Schedule 3.24 (which shall be delivered to the Purchaser on March 21, 2000, pursuant to Section 7.21) sets forth a true and complete list of all real property leases, subleases and licenses pursuant to which the Company or any of its Subsidiaries

is a lessor, lessee, sublessor, sublessee, licensor or licensee of real property, including the term thereof, any extension and renewal options, and the rent payable thereunder. The Company has delivered to the Purchaser correct and complete copies of the same (as amended to date). With respect to each such lease, sublease and license, except as set forth on Schedule 3.24:

(a) Such lease, sublease and license is legal, valid, binding and enforceable against the parties thereto;

(b) no party thereto is in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder;

(c) there are no disputes, oral agreements or forbearance programs in effect;

(d) neither the Company nor any of its Subsidiaries, as the case may be, has assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest therein; and

(e) All parking lots located on any real property subject thereto are in compliance with Applicable Laws, including, without limitation, zoning requirements.

3.25 Powers of Attorney. There are no outstanding powers of attorney granted by or on behalf of the Company or any of its Subsidiaries, other than powers of attorney granted to (a) purchasers of Automobile Contracts from the Company in order to assign or transfer such Contracts to third parties and (b) Persons who repossess Financed Vehicles in order to convey title thereto to third parties.

3.26 Insurance. Schedule 3.26 sets forth a true and complete list of all liability and other insurance policies insuring the Company and its Subsidiaries against losses arising out of or related to the businesses of the Company and its Subsidiaries (and accurately describes the coverage carried and expiration dates of such policies) and all key man life insurance policies owned or maintained by the Company (including, without limitation, the directors and officers liability insurance and key man life insurance policy on the life of Charles E. Bradley, Jr. required to be maintained under Section 7.6). Each of the Company and its Subsidiaries is covered by insurance in scope and amount customary and reasonable for the businesses in which it is engaged and will be so covered after consummation of the transactions contemplated hereby. The insurance policies listed on Schedule 3.26 constitute insurance protection against all liability, claims and risks occurring in the ordinary course of business customarily included within comprehensive liability coverage and at amounts and levels customarily maintained for a business of this type. All such policies are in full force and effect.

3.27 Books and Records. The minute books and other similar records of the Company and its Subsidiaries contain true and complete records of all actions taken at any meetings of the Board of Directors of the Company or any committees thereof and shareholders of the Company and its Subsidiaries and of all written consents executed in lieu of the holding of any such meetings. The books and records of the Company accurately reflect in all respects the assets, liabilities, business, financial condition and results of operations of the Company and have been maintained in accordance with good business, accounting and bookkeeping practices.

3.28 Dealers. Schedule 3.28 (which shall be delivered to the Purchaser on March 21, 2000, pursuant to Section 7.21) sets forth a true and complete list of all Dealers as of the date hereof. No Dealer accounts for more than five percent (5.0%) of the aggregate Amount Financed under Automobile Contracts purchased by the Company during the calendar year ended December 31, 1999.

3.29 Personal Property Leases. Schedule 3.29 (which shall be delivered to the Purchaser on March 21, 2000, pursuant to Section 7.21) sets forth a true and complete list and description of all agreements (or group of related agreements) for the lease of personal property requiring payments by the Company or its Subsidiaries over the remaining life of the lease of \$10,000 or more. Neither the Company nor any of its Subsidiaries has breached any agreement pertaining to, is in default with respect to, or is overdue in payment of, any amounts owing under any agreement for the lease of real property, except where any such breach (or breaches) or default (or defaults), individually or in the aggregate, could not have a Material Adverse Effect. No such lease agreement contains any provisions which restrict or prohibit (a) the issuance and sale of the Term A Note or the amendment and restatement of the Amended November 1998 Primary Note or the April 1999 Note into the Term B Note, (b) any other financings by the Company or any Subsidiaries, including, without limitation any public or private debt or equity financings or (c) other than ordinary restrictions on assignment, any merger, sale of assets or other event which could cause a Change in Control.

3.30 Employment and Agency Agreements. Schedule 3.30 sets forth a true and complete list of all employment, agency, independent contractor or sales representative agreements, compensation agreements, golden parachute agreements and non-competition or non-solicitation agreements to which the Company or any of its Subsidiaries is a party, true and complete copies of which have been provided to the Purchaser. Each such agreement is in writing, is a valid and binding agreement enforceable in accordance with its terms, and no party to any such agreement is in breach of, or in default with respect to, its obligations under such agreement nor is the Company or any of its Subsidiaries aware of any facts or circumstances which might give rise to a breach or default thereunder.

3.31 Solvency. Each of the Company and its Subsidiaries (other than LINC and Samco) is, and immediately following the consummation of the transactions contemplated by

this Agreement each of the Company and its Subsidiaries (other than LINC and Samco) will be, Solvent. Neither the Company nor any of its Subsidiaries will, by virtue of the consummation of the transactions contemplated hereby and by the Related Agreements, incur debts that will be beyond its ability to pay as they mature. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement and the Related Agreements with the intent to hinder, delay or defraud either present or future creditors of the Company or its Subsidiaries.

3.32 Environmental Matters. Neither the Company nor any of its Subsidiaries has ever caused or permitted any Hazardous Materials to be disposed of on or under any Real Property, and no Real Property has ever been used (by the Company and/or any Subsidiary or, to the best knowledge of the Company, by any other Person) as (a) a disposal site or permanent storage site for any Hazardous Materials or (b) a temporary storage site for any Hazardous Materials. Each of the Company or its Subsidiaries has been issued and is in compliance with all material Licenses and Permits relating to environmental matters and necessary or desirable for its business, and has filed all notifications and reports relating to chemical substances, air emissions, underground storage tanks, effluent discharges and Hazardous Materials waste storage, treatment and disposal required in connection with the operation of its businesses, the failure to have or comply with which, individually or in the aggregate, has had or could have a Material Adverse Effect. All Hazardous Materials used or generated by the Company or any of its Subsidiaries or any business merged into or otherwise acquired by the Company or any of its Subsidiaries have been generated, accumulated, stored, transported, treated, recycled and disposed of in compliance with all Environmental Laws, the violation of which has any reasonable likelihood of having a Material Adverse Effect. Neither the Company nor any of its Subsidiaries has any liabilities with respect to Hazardous Materials, and to the best knowledge of the Company, no facts or circumstances exist which could give rise to liabilities with respect to the violation (whether by the Company or any other Person) of any Environmental Laws and/or Hazardous Materials which could have any Material Adverse Effect.

3.33 Public Holding Company; Investment Company. Neither the Company nor any of its Subsidiaries is a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended. The Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

3.34 Depository and Other Accounts. Schedule 3.34 sets forth a true and complete list of all banks and other financial institutions and depositories at which the Company or any of its Subsidiaries maintains (or has caused to be maintained) deposit accounts, spread accounts, yield supplement reserve accounts, operating accounts, trust accounts, trust receivable accounts or other accounts of any kind or nature into which funds of the Company or any of its Subsidiaries

(including funds in which the Company maintain a contingent or residual interest) is deposited from time to time. Such Schedule 3.34 correctly identifies the name and address of each depository, the name in which each account is held, the purpose of the account, the account number, the contact person at such depository and his or her telephone number. The Company will from time to time notify the Purchaser and supplement Schedule 3.34 as new accounts are established within two (2) Business Days thereof.

3.35 Tax Status of Securitization Transactions. None of the trusts created by or on behalf of the Company in connection with any Securitization Transaction is, or will be, classified as an association taxable as a corporation under the IRC or is, or will be, otherwise taxable as a separate entity for federal income tax purposes.

3.36 Burdensome Obligations; Future Expenditures. Neither the Company nor any of its Subsidiaries is a party to or bound by any agreement or contract (including, without limitation, the Material Contracts listed on Schedule 3.13(a)), instrument, deed or lease or is subject to any charter, bylaw or other restriction, commitment or requirement which, in the opinion of its management, is so unusual or burdensome that in the foreseeable future it could have, or cause or create a material risk of having or causing, a Material Adverse Effect. Neither the Company nor any of its Subsidiaries anticipates that the future expenditures, if any, by the Company and its Subsidiaries needed to meet the provisions of any Applicable Laws will be so burdensome as to have or cause, or create a material risk of having or causing, a Material Adverse Effect.

3.37 FSA Indebtedness and Liabilities. None of the Company, any of its Subsidiaries or any trust maintained in connection with any Securitization Transaction occurring prior to the Closing Date has any Indebtedness owing to FSA (or any Affiliate of FSA) pursuant to any agreement, commitment or arrangement to which FSA (or any such Affiliate) is a party, other than Indebtedness incurred in connection with such Securitization Transaction of the type which the Company believes is customarily incurred in connection with similar securitization transactions insured by similarly situated Credit Enhancers, the assets of which consist solely of Automobile Contracts.

3.38 [Intentionally Omitted.]

3.39 Company SEC Documents; Undisclosed Liabilities.

(a) The Company has timely filed all Company SEC Documents which were required to be filed by it with the SEC and the Nasdaq and the NYSE since December 31, 1996. Schedule 3.39 sets forth a true, complete and correct list of all Company SEC Documents required to be filed by the Company since December 31, 1998, the respective dates on which they were filed and a notation to the effect, if true, that such filing was late.

(b) As of their respective dates, the Company SEC Documents complied with the requirements of the Securities Act or the Exchange Act, as the case may be, and none of the Company SEC Documents, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the Company SEC Documents complied as to form, as of their respective dates of filing with the SEC, in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, were prepared in accordance with GAAP (except, in the case of unaudited statements, as permitted by Form 10-Q and the SEC) applied on a consistent basis during the periods involved and fairly present the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Such financial statements reflect appropriate reserves established for all Automobile Contracts and general ledger accounts in accordance with GAAP.

3.40 Listing of Common Stock. The Common Stock is listed for trading solely on the Nasdaq. Except for the RISRS and the PENS which are listed for trading on the NYSE, no Capital Stock or other securities of the Company or any of its Subsidiaries are listed for trading on any other securities exchange or on Nasdaq.

3.41 Year 2000 Compliant. All devices, systems, machinery, information technology, computer software and hardware and other data sensitive technology necessary for the Company and its Subsidiaries to carry on its or their businesses as presently conducted and as contemplated to be conducted in the future (individually and collectively, the "Systems") are Year 2000 Compliant. For purposes of this Agreement, the term "Year 2000 Compliant" shall mean that such Systems are designed to be used prior to, during and after the Gregorian calendar year 2000 A.D. and will operate during each such time period without error relating to date data, specifically including any error relating to, or the product of, date data which represents or references different centuries or more than one century.

3.42 Stanwich-Related Matters.

(a) On or about September 30, 1999, Stanwich purchased from the Company for cash the Stanwich Commitment Note. Since November 17, 1998 (and except as contemplated by the Waiver Agreement), the Company has not issued to Stanwich (or any of its Affiliates) any Stanwich Commitment Warrants (as such term is defined in the Investment and Settlement Agreement) or any other options, warrants or other rights to purchase Common Stock, whether in connection with the purchase by Stanwich of the Stanwich Commitment Note or otherwise.

(b) Other than the Stanwich Indebtedness, no Indebtedness or other amounts are due or payable by the Company to Stanwich or any of Stanwich's shareholders, officers, directors, employees or Affiliates (other than the Company and its Subsidiaries). The definition of Stanwich Debt Documents lists all presently existing agreements, instruments or other documents representing or evidencing any obligation of the Company to pay to Stanwich or any of its Affiliates any Indebtedness or other amounts.

(c) The Stanwich Consulting Agreement dated February 14, 1996, between the Company and Stanwich, has been effectively terminated, and no amounts are owed by the Company or any of its Subsidiaries thereunder.

(d) The Company has fully performed its obligations under Section 6.10 of the April 1999 Securities Purchase Agreement.

3.43 Disclosure. After due inquiry of the directors, executive officers and employees of the Company having knowledge of the matters represented, warranted or stated herein, no representation, warranty or other statement made by or on behalf of the Company, its Subsidiaries or its or their respective representatives and agents to the Purchaser, whether written or oral, whether included in any materials provided to the Purchaser prior to the date hereof or included in this Agreement or any Related Agreement or in any Exhibit or Schedule or in any other document or instrument delivered at any time prior to the Closing, is, or will be, untrue with respect to any material fact or omits, or will omit, to state a material fact necessary in order to make the statement made herein or therein, in light of the circumstances in which such statement was made, not misleading. The information contained in each of the management questionnaires completed by certain officers and directors of the Company and delivered to the Purchaser in connection with the consummation of the transactions contemplated by the Amended November 1998 Securities Purchase Agreement is true and correct.

4. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER. The Purchaser hereby represents and warrants to the Company that the following statements are true and complete as of the date hereof:

4.1 Organization and Good Standing. The Purchaser is a limited partnership formed and validly existing under the laws of the State of California, and has all requisite power and authority to enter into this Agreement and each Related Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby.

4.2 Authorization. The execution, delivery and performance of this Agreement and of each of the Related Agreements to which the Purchaser is a party, and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Purchaser.

4.3 Due Execution and Delivery; Binding Obligations. This Agreement has been duly executed and delivered by the Purchaser. This Agreement is, and at the time of the Closing each Related Agreement to which the Purchaser is a party will be, a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability and except as rights of indemnity or contribution may be limited by federal or state securities or other laws or the public policy underlying such laws.

4.4 No Violation. The execution, delivery and performance by the Purchaser of this Agreement and each Related Agreement to which the Purchaser is a party, and the consummation of the transactions contemplated hereby, do not violate (a) the limited partnership agreement of the Purchaser as in effect on the date hereof, (b) any law, statute, rule or regulation applicable to the Purchaser, (c) any order, ruling, judgment or decree of any Governmental Authority binding on the Purchaser or (d) any term of any material indenture, mortgage, lease, agreement or instrument to which the Purchaser is a party.

4.5 Investment Intent. The Purchaser is acquiring the Term A Note for its own account, for investment purposes, and not with a view to or for sale in connection with any distribution thereof. The Purchaser understands that the Term A Note has not been registered under the Securities Act or registered or qualified under any state securities law in reliance upon specific exemptions therefrom, which exemptions may depend upon, among other things, the bona fide nature of the Purchaser's investment intent as expressed herein.

4.6 Accredited Investor Status. The Purchaser is an "accredited investor" (as such term is defined in Rule 501 of Regulation D under the Securities Act). By reason of its business and financial experience, the Purchaser has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the investment in the Term A Note, has the capacity to protect its own interests and is able to bear the economic risk of such investment. The Purchaser has had an opportunity to review the books and records of the Company and to ask questions of representatives of the Company concerning the terms and conditions of the transactions contemplated by this Agreement.

4.7 Purchaser Consents. The execution and delivery by the Purchaser of this Agreement and each of the Related Agreements to which it is a party, and the consummation by the Purchaser of the transactions contemplated hereby, do not and will not require the Consent of any Governmental Authority or any other Person, other than Consents that have already been obtained or made.

4.8 Brokers. Neither the Purchaser nor any of its Affiliates has paid or is obligated to pay any fee or commission to any broker, finder, investment banker or other intermediary in connection with this Agreement, any Related Agreement or any of the transactions contemplated hereby or thereby.

5. CONDITIONS TO THE OBLIGATIONS OF THE PURCHASER. The obligation of the Purchaser to consummate the transactions contemplated hereby, including, without limitation, to purchase, is subject to the satisfaction, prior to or at the Closing, of the conditions set forth in this Section 5; provided, however, that any or all of such conditions may be waived, in whole or in part, by the Purchaser in its sole and absolute discretion:

5.1 Representations and Warranties; No Default. Each of the representations and warranties made by the Company contained in this Agreement shall be true and correct in all material respects as of the date made, and shall be true and correct in all material respects as of the Closing Date, with the same effect as if made on and as of the Closing Date; each of the covenants, agreements and obligations of the Company under this Agreement to be performed or satisfied by it or them on or prior to the Closing Date shall have been performed or satisfied by it or them on or before the date hereof; and no Default or Event of Default shall exist or result from the issuance and sale of the Term A Note or the other transactions contemplated by this Agreement. The Company shall have delivered to the Purchaser an officers' certificate, signed by the President and Chief Executive Officer and the Chief Financial Officer of the Company, dated as of the Closing Date, to such effect and to the effect that each of the other conditions set forth in this Section 5 has been satisfied and fulfilled.

5.2 Closing and Other Fees. The Company shall have paid to the Purchaser, by wire transfer in immediately available funds to a bank account designated by the Purchaser, a non-refundable, non-accountable closing fee of \$325,000 (which closing fee may be withheld by the Purchaser from the proceeds of the Term A Note and which withholding shall constitute payment in full of the Company's obligation with respect to such closing fee).

5.3 Payment of Accrued Interest. The Company shall have paid to the Purchaser, by wire transfer in immediately available funds to a bank account designated by the Purchaser, all interest on the Amended November 1998 Primary Note and the April 1999 Note that has accrued through and including the Closing Date and remains unpaid, including, without limitation, all Accrued Default Interest (as such term is defined in Section 2.3 of the Waiver Agreement).

5.4 Reimbursement of Fees and Expenses. The Company shall have paid directly to LLC's attorneys, by wire transfer in immediately available funds to a bank account designated by its attorneys, all attorneys' fees and expenses incurred by or on behalf of LLC in connection with the administration, exercise and enforcement of LLC's rights, powers and remedies against

the Company through the date of the Closing Date and the preparation, negotiation, execution and delivery of this Agreement and the Related Agreements.

5.5 Purchase Permitted By Applicable Laws. The consummation of the transactions contemplated by this Agreement shall not be prohibited by or violate any Applicable Laws and shall not subject any party to any Tax, penalty or liability, under or pursuant to any Applicable Laws. Without limiting the generality of the foregoing, the consummation of the transactions contemplated hereby shall otherwise comply with all applicable requirements of federal securities and state securities or "blue sky" laws.

5.6 No Material Adverse Changes. Since December 31, 1999, there shall not have occurred any Material Adverse Change.

5.7 No Injunction or Order. There shall not have been issued any injunction, order, decree or ruling that prohibits or limits any of the transactions contemplated by this Agreement or the Related Agreements, and there shall not be any action, suit, proceeding or investigation pending or, to the best knowledge of the Company, threatened against the Company that (a) draws into question the validity, legality or enforceability of this Agreement or the Related Agreements or the consummation of the transactions contemplated hereby or thereby or (b) might result, in the judgment of the Purchaser, in the imposition of a penalty if the Term A Note were delivered as contemplated hereunder or in any Material Adverse Change.

5.8 Opinions of Counsel. The Purchaser shall have received the following: (a) an opinion letter of Troy & Gould, special counsel to the Company, dated the Closing Date and addressed to the Purchaser, in form and substance satisfactory to the Purchaser and its legal counsel, and (b) an opinion letter of Mark Creatura, Esq., General Counsel to the Company, dated the Closing Date and addressed to the Purchaser, in form and substance satisfactory to the Purchaser and its legal counsel.

5.9 Delivery of Certain Closing Documents. The Company shall have delivered to the Purchaser the following closing documents, each dated as of the Closing Date:

(a) This Agreement, duly executed by the Company, together with the Disclosure Schedules;

(b) The Term A Note, duly executed by the Company;

(c) The Term B Note, duly executed by the Company;

(d) The Amended and Restated Registration Rights Agreement, duly executed by the Company;

(e) The Amended and Restated Investor Rights Agreement, duly executed by the Company, Charles E. Bradley, Sr. and Charles E. Bradley, Jr., and acknowledged by Jeffrey P. Fritz;

(f) The Subsidiary Guaranty, duly executed by the Subsidiary Guarantors;

(g) The Waiver Agreement, duly executed by the Company; and

(h) Such other documents as the Purchaser may request.

5.10 Collateral Documents. The Company shall have delivered to the Purchaser at or prior to the Closing the following collateral documents, each dated as of the Closing Date:

(a) The Security Agreement, duly executed by the Company, together with the exhibits and schedules thereto;

(b) UCC-1 financing statements, naming the Company as debtor, as applicable, duly executed by the Company as requested by the Purchaser;

(c) Original certificates representing or evidencing the Pledged Stock (as such term is defined in the Security Agreement), together with stock powers duly executed by the Company in blank;

(d) Notices of Security Interests in Deposit Accounts, in form and substance satisfactory to the Purchaser, duly executed by the Company with respect to such banks and other financial institutions as designated by the Purchaser;

(e) UCC perfection certificate, in form and substance satisfactory to the Purchaser, duly executed by the Company; and

(f) Such other documents relating to the Collateral as the Purchaser may request.

5.11 Issuance of March 2000 LLC Shares. The Company shall have duly issued and delivered to LLC a certificate, registered in the name of the Purchaser, representing the March 2000 LLC Shares to be issued to LLC pursuant to Section 2.1 of the Waiver Agreement.

5.12 Stanwich-Related Transactions.

(a) Stanwich shall have delivered to the Purchaser at or prior to the Closing the following closing documents:

(i) A second amendment to the Original Stanwich Subordination Agreement dated as of the Closing Date, duly executed by Stanwich, Poole and the Company;

(ii) A first amendment to the Stanwich Registration Rights Agreement dated as of the Closing Date, in form and substance satisfactory to the Purchaser, duly executed by the Company and Stanwich;

(iii) A Termination and Settlement Agreement with respect to Investment and Guaranty Agreement dated as of the Closing Date, in form and substance satisfactory to the Purchaser (the "Stanwich Termination and Settlement Agreement"), duly executed by the Company and each Guarantor (as such term is defined in the Investment and Guaranty Agreement);

(iv) A copy of the Stanwich Commitment Note; and

(v) A Secretary's Certificate of Stanwich, in form and substance satisfactory to the Purchaser, dated as of the Closing Date and duly executed by the Secretary of the Company.

(b) Stanwich, for itself and on behalf of the other Guarantors, shall have paid to LLCPC, by wire transfer in immediately available funds to a bank account designated by LLCPC, a non-refundable, non-accountable waiver fee in the amount of \$150,000, which waiver fee shall be deemed fully earned as of the date of this Agreement.

(c) Stanwich, for itself and on behalf of the other Guarantors, shall have paid directly to LLCPC's attorneys, by wire transfer in immediately available funds to a bank account designated by LLCPC, all attorneys' fees and expenses incurred by or on behalf of LLCPC in connection with the administration, exercise and enforcement of LLCPC's rights, powers and remedies against the Guarantors through the date of this Agreement and the preparation, negotiation, execution and delivery of this Agreement and the other agreements, instruments and other documents contemplated hereby to which the Guarantors (or any Guarantor) is a party or is otherwise bound.

(d) The Company and the Guarantors shall have delivered to the Purchaser a closing certificate, dated as of the Closing Date and in form and substance satisfactory to the Purchaser, duly signed by the President and Chief Financial Officer of the Company, the President of Stanwich and each other Guarantor, to the effect that all of the representations and warranties made by the Company and the Guarantors in the Stanwich Termination and Settlement Agreement shall be true and correct in all material respects as of the date made and are true and correct in all material respects on and as of the Closing Date, with the same effect as if such representations and warranties were made on and as of the Closing Date.

5.13 Delivery of Company Corporate Documents. The Company shall have delivered to the Purchaser at or prior to the Closing the following corporate documents with respect to the Company:

(a) Certified copies of its charter or similar organizational documents as amended through the Closing Date, certified by its Secretary as being in full force and effect as of the Closing Date;

(b) A good standing certificate and, if available, a good standing tax certificate, issued by the Secretary of State of the State of California and the Franchise Tax Board, in each case dated as of a recent practicable date prior to the Closing Date;

(c) Foreign good standing certificates from each jurisdiction in which it is required to be qualified to transact business as a foreign corporation or other entity, in each case dated as of a recent practicable date prior to the Closing Date;

(d) Copies of its bylaws or similar governing document as amended through the Closing Date, certified by its Secretary as being in full force and effect as of the Closing Date;

(e) Resolutions of its Board of Directors approving and authorizing the execution and delivery of this Agreement, the Notes and the other Related Agreements to which it is a party and the consummation of the transactions contemplated thereby, including, without limitation, the issuance and delivery of the March 2000 LLCP Shares and payment of the Accrued Default Interest, certified by its Secretary as being in full force and effect as of the Closing Date;

(f) Incumbency certificates of its officers who are authorized to execute, deliver and perform this Agreement, the Related Agreements and any other agreements, instruments, certificate or other documents required to be executed by it in connection herewith; and

(g) Such other documents as the Purchaser may request.

5.14 Delivery of Subsidiary Corporate Documents. The Company shall have delivered to the Purchaser at or prior to the Closing the following corporate documents with respect to each Subsidiary:

(a) Certified copies of its charter or similar organizational documents as amended through the Closing Date, certified by its Secretary as being in full force and effect as of the Closing Date;

(b) A good standing certificate and, if available, a good standing tax certificate, issued by the Secretary of State of its jurisdiction of incorporation and the state taxing authority of such jurisdiction, in each case dated as of a recent practicable date prior to the Closing Date;

(c) Foreign good standing certificates from each jurisdiction in which it is required to be qualified to transact business as a foreign corporation or other entity, in each case dated as of a recent practicable date prior to the Closing Date;

(d) Copies of its bylaws or similar governing document as amended through the Closing Date, certified by its Secretary as being in full force and effect as of the Closing Date;

(e) Resolutions of its Board of Directors approving and authorizing the execution and delivery of the Related Agreements to which it is a party and the consummation of the transactions contemplated thereby;

(f) Such other documents as the Purchaser may request.

5.15 Repayment of Existing Indebtedness; UCC Termination Statements. Prior to or simultaneously with the Closing:

(a) The Company shall have paid in full all Indebtedness, liabilities and other obligations owing under the ESFR Agreement and Loan Documents (as such term is defined in the ESFR Agreement), and the Company shall have delivered to the Purchaser written evidence of the same;

(b) The Company shall have delivered to the Purchaser UCC termination statements, duly executed by the ESFR Agent and/or the ESFR Lenders fully and effectively releasing any and all Liens securing the Indebtedness, liabilities or other obligations referred to in clause (a) above; and

(c) The ESFR Agent shall have delivered to the Purchaser originals of all Pledged Shares and other Collateral held by the ESFR Agent.

5.16 Insurance. The Company shall deliver to the Purchaser original certificates of liability insurance with respect to the insurance policies required to be maintained by the Company and its Subsidiaries as of the Closing Date pursuant to Section 7.6, (including, without limitation, the directors and officers liability insurance and the key man life insurance policy on the life of Charles E. Bradley, Jr.), together with additional insured and lender's loss payable endorsements in favor of the Purchaser, all in form and substance satisfactory to the Purchaser.

5.17 Third Party Consents. The Company and each of its Subsidiaries shall have obtained all Consents required to be obtained in connection with the transactions contemplated by this Agreement.

5.18 Trade Payables Plan. The Company shall have delivered to the Purchaser at or prior to the Closing a written plan, in form and substance satisfactory to the Purchaser, detailing how the Company intends to repay current trade payables.

5.19 Employee Loans and Advances. The Company shall deliver to the Purchaser at or prior to the Closing Date a certificate, dated as of the Closing Date, duly executed by the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer of the Company, setting forth a true, correct and complete list of all outstanding loans and advances made by the Company or any of its Subsidiaries to any directors or officers of the Company or any of its Subsidiaries, including the dates made, the names of the obligors and the outstanding principal, interest and other amounts due.

5.20 Financial Projections. The Company shall have delivered to the Purchaser an officers' certificate, signed by the Chief Financial Officer of the Company, certifying as to the projected annual balance sheets, income statements and statements of cash flows of the Company and its Subsidiaries, on a consolidated basis, for the three (3) year period ending December 31, 2002. Such officers' certificate shall state that (a) the projections, which shall be attached thereto, have been prepared on a reasonable basis and in good faith by the Company and are believed by the Company to be reasonable, (b) all assumptions underlying such projections were made in good faith and are reasonable under the circumstances and (c) neither the Company nor any of its directors or officers is aware of any facts or information that would lead the Company to believe that such projections are incorrect or misleading in any material respect.

5.21 Documents in Satisfactory Form. All proceedings taken prior to or at the Closing in connection with the issuance and sale of the Term A Note, the amendment and restatement of the Amended November 1998 Securities Purchase Agreement and the April 1999 Note into the Term B Note, the grant of Liens in favor of the Purchaser and the consummation of the other

transactions contemplated hereby, and all papers and other documents relating thereto, shall be in form and substance satisfactory to the Purchaser and its legal counsel, and the Purchaser shall have received copies of such documents and papers, all in form and substance satisfactory to the Purchaser and its counsel, all such documents, where appropriate, to be counterpart originals and/or certified by proper authorities, corporate officials and other Persons. Without limiting the generality of the foregoing, the Company shall have made such arrangements as may be requested by the Purchaser (a) to ensure that the proceeds from the issuance and sale of the Term A Note will be applied in the manner set forth in Section 2.5 and (b) for the direct payment to the Purchaser's third party service providers of the costs and expenses incurred by the Purchaser, as provided in Section 11.10.

6. CONDITIONS TO THE OBLIGATIONS OF THE COMPANY. The obligation of the Company to consummate the transactions contemplated hereby is subject to the satisfaction, prior to the Closing, of the conditions set forth in this Section 6; provided, however, that any or all of such conditions may be waived, in whole or in part, by the Company in its sole and absolute discretion:

6.1 Representations and Warranties. The representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects at and as of the Closing Date after giving effect to the transactions contemplated by this Agreement, as if made on and as of such date, and the Purchaser shall have performed or satisfied all of its covenants and agreements hereunder to be performed or satisfied on or prior to the Closing Date.

6.2 Purchase Permitted By Applicable Laws. The consummation of the transactions contemplated by this Agreement shall not be prohibited by or violate any Applicable Laws and shall not subject any party to any Tax, penalty or liability, under or pursuant to any Applicable Laws, and shall not be enjoined (temporarily or permanently) under, or prohibited by or contrary to, any injunction, order or decree. Without limiting the generality of the foregoing, the consummation of the transactions contemplated hereby shall otherwise comply with all applicable requirements of federal and state securities laws.

6.3 No Material Judgment or Order. There shall not be any judgment, ruling or order of any Governmental Authority which, in the reasonable judgment of the Company, would prohibit the issuance or delivery of the Term A Note or the amendment and restatement of the Amended November 1998 Primary Note and the April 1999 Note into the Term B Note, or subject the Company or its Subsidiaries to any material penalty if the Term A Note were to be delivered hereunder.

6.4 Payment for Term A Note. The Purchaser shall have delivered to the Company the Purchase Price required to be paid by Section 2.3, less the amounts provided for in Section 11.10.

7. AFFIRMATIVE COVENANTS. The Company covenants and agrees that, until all Indebtedness (including, without limitation, all principal of, premium, if any, and interest) and other amounts owing under the Notes shall have been indefeasibly paid in full, the Company shall perform, comply with and observe the covenants set forth in this Section 7, provided that the covenants contained in Section 7.4 (Legal Existence; Compliance with Laws), Section 7.13 (Nasdaq Listing) and Section 7.15 (Securities and Exchange Act Compliance) shall survive the payment of all such Indebtedness and other amounts.

7.1 Payments with Respect to Notes. The Company shall pay all principal of, premium, if any, interest and other amounts due pursuant to the terms of the Notes on the dates and in the manner provided for therein including, without limitation, all mandatory prepayments of principal of and interest on the Notes as specifically required under the terms of the Notes.

7.2 Information Covenants. The Company shall furnish to the Purchaser:

(a) Within ninety (90) days after the end of each fiscal year of the Company, (i) the audited consolidated and consolidating balance sheets of the Company and its Subsidiaries at the end of such year, and (ii) the related audited consolidated and consolidating statements of income, shareholders' equity and cash flows for such fiscal year, setting forth in comparative form with respect to such financial statements figures for the previous fiscal year, all in reasonable detail, together with the opinion thereon of independent public accountants selected by the Company and reasonably satisfactory to the Purchaser (it being understood that the current accountants of the Company are satisfactory to the Purchaser), which opinion shall be unqualified and shall state that such financial statements have been prepared in accordance with GAAP applied on a basis consistent with that of the preceding fiscal year (except for changes, if any, which shall be specified and approved by the Purchaser in advance of the delivery of such opinion) and that the audit by such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards; provided, however, that such accountants' certification may be limited to the consolidated financial statements, in which case the consolidating financial statements shall be certified by the Chief Financial Officer of the Company; provided further, however, that the Company shall not be required to furnish to the Purchaser the information set forth in this clause (a) if the Company is required to file with the SEC, at the time such information is required to be furnished to the Purchaser under this clause (a), the information, documents and other reports required to be filed with the SEC pursuant to Section 13, 14 or 15(d) of the Exchange Act;

(b) Within forty-five (45) days after the end of each of the first three (3) quarterly accounting periods in each fiscal year of the Company, (i) the unaudited consolidated and consolidating balance sheets of the Company and its Subsidiaries as at the end of such period, and (ii) the related unaudited consolidated and consolidating statements of income and cash flows for such period and for the period from the beginning of the current fiscal year to the

end of such period, all in reasonable detail and signed by the Chief Financial Officer of the Company; provided, however, that the Company shall not be required to furnish to the Purchaser the information set forth in this clause (b) if the Company is required to file with the SEC, at the time such information is required to be furnished to the Purchaser under this clause (b), the information, documents and other reports required to be filed with the SEC pursuant to Section 13, 14 or 15(d) of the Exchange Act;

(c) [Intentionally Omitted]

(d) Promptly (but not later than three (3) Business Days) after it becoming available, a copy of the Company's annual USAP Audit;

(e) Promptly (but not later than three (3) Business Days) after their becoming available, copies of all filings by the Company or any of its Subsidiaries, or by any party in connection with any Securitization Transaction, with the SEC, or any periodic or special reports filed with any other Governmental Authority, and copies of any material notices and other material communications from the SEC or from any other Governmental Authority which specifically relate to the Company or any of its Subsidiaries;

(f) Promptly (but not later than three (3) Business Days) upon receipt thereof, copies of all audit reports and management letters, if any, submitted to the Company or any of its Subsidiaries by independent public accountants in connection with each interim or special audit of the books of the Company or any of its Subsidiaries made by such accountants and copies of all financial statements, reports, notices and proxy statements, if any, sent by the Company to its shareholders;

(g) Immediately, notice of: (i) the institution or commencement of any action, suit, proceeding or investigation by or against or affecting the Company, any of its Subsidiaries or any of its or their respective assets, including, without limitation, any action, suit, proceeding or investigation involving the SEC, the Nasdaq or the NYSE; (ii) any litigation or proceeding instituted by or against the Company or any of its Subsidiaries, or any judgment, award, decree, order or determination relating to any litigation or proceeding involving the Company or any of its Subsidiaries; (iii) the imposition or creation of any Lien against any asset of the Company or any of its Subsidiaries; (iv) any reportable event under ERISA, together with a statement of the Chief Executive Officer, Chief Financial Officer and/or Controller of the Company as to the details thereof and a copy of its notice thereof to the PBGC; (v) any known release or threat of release of Hazardous Materials on or onto any Real Property or the incurrence of any expense or loss in connection therewith or upon the Company's obtaining knowledge of any investigation, action or the incurrence of any expense or loss by any Governmental Authority in connection with the containment or removal of any Hazardous Materials for which expense or loss the Company may be liable or potentially responsible (all such notices shall describe the nature of

any lawsuit); provided, however, that no notice shall be required to be given under this clause (g) to disclose (A) the replevin of any Financed Vehicle; (B) the enforcement of the Company's rights under any Automobile Contract; or (C) the commencement of any consumer bankruptcy proceeding with respect to a Financed Vehicle;

(h) Immediately upon receipt or issuance by the Company or any of its Subsidiaries, (i) copies of all covenant compliance certificates, budgets, projections, requests for waivers, notices of default, requests for amendments or other material documents relating to any agreements, instruments or other documents evidencing or governing any Subordinated Indebtedness, (ii) to the extent not inconsistent with any confidentiality provisions, copies of any agreements or other documents to which the Company (or any of its Subsidiaries) and any Credit Enhancer (including, without limitation, FSA or any Affiliate of FSA) are parties and (iii) any agreements, instruments and other material documents relating to any Senior Indebtedness or any warehouse lines of credit entered into by the Company or any of its Subsidiaries;

(i) Together with the information package for each calendar month required to be delivered under clause (j) below (but not later than the twenty fifth day after the end of such month), a certificate of the Chief Financial Officer of the Company, in substantially the form of Exhibit C (a "Compliance Certificate"), setting forth, among other things, the calculations required to establish compliance with the financial covenants set forth in Section 8.15 with respect to such calendar month;

(j) Simultaneously with its delivery to the members of the Board of Directors of the Company, all reports, budgets, materials and other information furnished to such Board members with respect to the Company and its Subsidiaries, including, without limitation, copies of the monthly information package delivered to such Board members, which package shall consist of (i) monthly financial statements; (ii) financial ratio analysis and departmental cost accounting information; (iii) an executive summary with respect to monthly performance; (iv) year-to-date origination information; (v) twelve-month historical origination information; (vi) portfolio performance data; (vii) asset recovery/dealer compliance information; and (viii) stock price performance; and (ix) such additional information as may be included therein; provided, however, that if the information package for any month or the annual operating budget for any fiscal year is not delivered to the Board members with respect to any particular month or fiscal year, as the case may be, the Company shall nonetheless deliver the same to LLCPC within thirty (30) days after the end of such month or not later than thirty (30) days prior to the commencement of such fiscal year, as the case may be; and

(k) Promptly (but not later than five (5) Business Days) after its request, such other information concerning the business, affairs and condition of the Company and its Subsidiaries as the Purchaser may from time to time reasonably request.

7.3 Performance of Related Agreements. The Company shall perform, comply with and observe all of its obligations under the Notes and each other Related Agreement.

7.4 Legal Existence; Compliance with Laws. The Company shall, and shall cause its Subsidiaries to, (a) maintain its corporate existence and business; (b) maintain all properties which are reasonably necessary for the conduct of such business, now or hereafter owned, in good repair, working order and condition; (c) take all actions necessary to maintain and keep in full force and effect all of its Licenses and Permits; and (d) comply in all material respects with all Applicable Laws in respect of the conduct of its business and the ownership of its properties in the states in which it conducts its business; provided, however, that nothing in this Section 7.4 shall be interpreted to restrict or in any manner affect the Company's or any of its Subsidiaries' ability to elect to discontinue any line of business or to discontinue doing business in any state if the Board of Directors of the Company or of such Subsidiary, as the case may be, deems such discontinuance to be in its or their best interests.

7.5 Books, Records and Inspections. The Company shall, and shall cause each of its Subsidiaries to, keep proper books of record and account in which full, true and complete entries in conformity with GAAP and all requirements of Applicable Laws shall be made of all dealings and transactions in relation to its business and activities. If at any time an LLC Representative is not a duly elected and current member of the Board of Directors of the Company, the Company shall, and shall cause each of its Subsidiaries to, permit officers and designated representatives and/or agents of the Purchaser to visit and inspect any of the properties of the Company or such Subsidiaries, to examine the books of account of the Company or such Subsidiaries and to discuss the affairs, finances and accounts of the Company or such Subsidiaries with, and be advised as to the same by, its officers and independent accountants, all at such reasonable times and intervals and to such reasonable extent as the Purchaser may then request.

7.6 Insurance. The Company shall maintain with financially sound and reputable insurers policies of insurance, coverage amounts and related terms and conditions for the Company and its Subsidiaries normally maintained by companies engaged in the same or similar business as the Company against loss or damage and such other policies of insurance and coverage amount as may be reasonably requested by the Purchaser. Such insurance shall include, without limitation, comprehensive general liability, fire and extended coverage, product liability and recall, property damage, workers' compensation, flood insurance (if customarily maintained in locations in which the Company or any of its Subsidiaries is located), earthquake loss insurance, environmental liability insurance, business interruption insurance (either for loss of revenues or for additional expenses) and directors and officers liability insurance as provided in the Amended and Restated Investor Rights Agreement. All insurance covering liability shall name the Purchaser as an additional insured, and all insurance covering property subject to a Lien in favor of the Purchaser shall name the Purchaser as a loss payee and, with respect to any

casualty or loss, provide that the full amount of insurance proceeds shall be payable to the Purchaser. In addition, until the Obligations to Purchaser have been indefeasibly paid, the Company shall maintain a key man life insurance policy on the life of Charles E. Bradley, Jr., the President and Chief Executive Officer of the Company, in an amount equal to \$10,000,000. Such key man life insurance policy shall name the Company as the owner and the Purchaser as the irrevocable beneficiary. Each of the insurance policies required to be maintained under this Section 7.6 shall provide for at least thirty (30) days' prior written notice to the Purchaser of the cancellation or substantial modification thereof.

7.7 Taxes. The Company shall, and shall cause each of its Subsidiaries to, pay and discharge when due all Taxes, except as contested in good faith and by appropriate proceedings if adequate reserves (in the good faith judgment of the management of the Company) have been established with respect thereto.

7.8 ERISA Matters.

(a) The Company shall, and shall cause each of its Subsidiaries to, cause each Benefit Plan to be operated in compliance with the terms of such Benefit Plan and Applicable Law and shall pay and discharge promptly any liability imposed upon it or them pursuant to the provisions of such Benefit Plan and Applicable Law; provided, however, that the Company and its Subsidiaries shall not be required to pay any such liability if (i) the amount, applicability, or validity thereof shall be diligently contested in good faith by appropriate proceedings and (ii) such Person shall have set aside on its books reserves which, in the good faith judgment of the Board of Directors of such Person, are adequate with respect thereto.

(b) The Company shall, and shall cause each of its Subsidiaries to, deliver to the Purchaser promptly, but in no event more than five (5) Business Days after any officer of the Company obtains knowledge of, (i) the Internal Revenue Service's (A) revocation of the tax-qualified status of any Benefit Plan that is a tax-qualified retirement plan, (B) imposition of an excise tax upon the occurrence of a "prohibited transaction" as such term is defined in Section 4975 of the IRC, or (C) disallowance of a deduction (in whole or in part) for a contribution to a Benefit Plan, (ii) the institution of a lawsuit against a Benefit Plan (or a Fiduciary of such plan), or (iii) the United States Department of Labor's imposition of a penalty under Section 502 of ERISA relating to a Benefit Plan, a written notice specifying the nature of such action, what action has been taken, is being taken, or is proposed to be taken with respect thereto, and a copy of any correspondence or other documentation relating to the matter.

7.9 Performance of Servicing Duties; Clean-Up Calls. The Company shall, and shall cause ARC and CPSRC to, comply with the provisions of its charter documents and bylaws and with the terms of the pooling and servicing agreements, instrument and other documents relating to any Securitization Transaction, and perform the duties of servicer in compliance with the

terms thereof. The Company may make "clean up" calls under, or in connection with, any Securitization Transaction at any time or from time to time that the Company has the right to do so.

7.10 Communication with Accountants. So long as no Default or Event of Default shall have occurred and be continuing, the Purchaser shall not communicate directly with the Company's independent certified public accountants without the prior written consent of the Purchaser, which consent shall not be unreasonably withheld. If any Default or Event of Default shall have occurred and be continuing, the Company hereby authorizes its independent certified public accountants to (a) furnish to the Purchaser any and all financial statements and other supporting financial documents, work papers and schedules as the Purchaser may request and (b) discuss with the Purchaser, as often as the Purchaser may reasonably request, the accounts, financial condition, business and affairs of the Company and its Subsidiaries, in each case without the consent of the Company.

7.11 Further Assurances. From time to time after the date hereof, the Company will execute and deliver, and will cause any of its Subsidiaries and any other Persons to execute and deliver, such additional instruments, certificates and documents, and will take all such actions, as the Purchaser may reasonably request, for the purposes of implementing or effectuating the provisions of this Agreement, the Notes or any other Related Agreement or to establish, maintain, perfect or continue the Purchaser's security interests in the Collateral. Upon exercise by the Purchaser of any power, right, privilege or remedy pursuant to this Agreement or any Related Agreement which requires any Consent, the Company will execute and deliver, and will cause any of its Subsidiaries and any other Persons to execute and deliver, all applications, certifications, instruments and other documents and papers that may be required to be obtained for such Consent.

7.12 Future Information. All data, certificates, reports, statements, documents and other information furnished by or on behalf of the Company, any of its Subsidiaries or any of its or their respective representatives or agents to the Purchaser in connection with this Agreement, the Related Agreements or the transactions contemplated hereby and thereby, at the time the information is so furnished, shall not contain any untrue statement of a material fact, shall be complete and correct in all material respects to the extent necessary to give the Purchaser sufficient and accurate knowledge of the subject matter thereof, and shall not omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such information is furnished.

7.13 Nasdaq Listing. The Company shall do or cause to be done all things necessary to maintain the listing of its Common Stock on the Nasdaq (or, if the Company so elects, maintain a listing of its Common Stock for trading on the NYSE).

7.14 CARSUSA Flooring Line. The Company shall not permit, and shall cause its Subsidiaries not to permit, the outstanding balance of the CARSUSA flooring line to exceed \$330,000 at any time. In addition, the Company shall use its reasonable best efforts to reduce the outstanding balance of the CARSUSA flooring line to zero as soon as practicable.

7.15 Securities and Exchange Act Compliance.

(a) The Company shall timely file with the SEC, and provide to the Purchaser concurrently therewith, all Company SEC Documents as are specified in the Exchange Act as being required to be filed by U.S. corporations that are subject to reporting requirements of the Exchange Act. In addition, the Company shall timely file with the Nasdaq and the NYSE and provide to the Purchaser concurrently therewith, all Company SEC Documents required to be filed therewith. Each Company SEC Document to be filed by the Company, when filed with the SEC or the Nasdaq, as the case may be, will comply with all applicable requirements of the Securities Act, the Exchange Act, the Nasdaq rules and the NYSE rules, as applicable, and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company and its Subsidiaries to be included in each Company SEC Document to be filed by the Company will comply as to form, as of the date of its filing with the SEC, with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, will be prepared in accordance with GAAP (except, in the case of unaudited statements, as permitted by the SEC) and will fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments consistent with past practices and consistently applied). Notwithstanding anything to the contrary contained in this Section 7.15, the Company shall not be deemed to be in default of this Section 7.15 if the Company is late in filing any Company SEC Document, provided that (a) such Company SEC Document is filed with the SEC within ten (10) Business Days after the filing was due, shall notify the Purchaser in writing of the late filing and (b) such late filing shall not in any manner adversely affect the Purchaser's right to avail itself of the benefits under Rule 144 promulgated under the Securities Act with respect to the Warrant Shares, and provided further that the Company shall not rely on the grace period in this sentence on more than two (2) occasions during the term of this Agreement.

(b) If the exercise, sale or other disposition of the Residual Warrant pursuant to or in connection with any sale, reorganization, merger or other business combination involving the Company would be subject to the provisions of Section 16(b) of the Exchange Act, then the Company shall pay to Purchaser, prior to or upon the consummation of any such sale, reorganization, merger or other business combination, in lieu of such exercise, sale or disposition and in satisfaction of the Residual Warrant and to the extent of the number of Residual Warrant Shares set forth in clause (ii) below, an amount in cash equal to the product of (i) the difference between the fair value of the consideration to be received for each share of Common Stock pursuant to such sale, reorganization, merger or other business combination and the Warrant Purchase Price (as defined in the Residual Warrant) then in effect, multiplied by (ii) the number of Residual Warrant Shares, the sale or other disposition of which would be subject to the provisions of Section 16(b) of the Exchange Act.

7.16 Additional Subsidiary Guarantors. The Company shall take all such action, and will cause each of its Subsidiaries to take all such action, from time to time as shall be necessary to ensure that all Subsidiaries of the Company (other than "bankruptcy remote special purpose" Subsidiaries) are Subsidiary Guarantors under the Subsidiary Guaranty. Without limiting the generality of the foregoing, if, subject to Section 8.5, the Company or any of its Subsidiaries shall form or acquire any new Subsidiary after the date hereof (or any "bankruptcy remote special purpose" Subsidiary ceases to such a Subsidiary), the Company or such Subsidiary will cause such new Subsidiary (a) to execute and deliver a joinder to the Subsidiary Guaranty, in form and substance satisfactory to the Purchaser, pursuant to which such Subsidiary would become a Subsidiary Guarantor, (b) if such Subsidiary has any Subsidiaries, pledge agreements, together with (i) certificates representing all of the Capital Stock of any Person owned by such Subsidiary, (ii) undated stock powers executed in blank and (iii) such opinions of counsel and such approving certificates of such Subsidiary as the Purchaser may request in respect of complying with any legend on any such certificate or any other matter relating to such shares, (c) such other agreements, instruments, approvals or other documents as may be requested by the Purchaser in order to create, perfect, establish, and maintain the first priority of any Lien in favor of the Purchaser to effect the intent that such Subsidiary shall become bound by all of the terms, covenants and agreements contained in the Related Agreements to which Subsidiary Guarantors are parties and that all property and assets of such Subsidiary shall become Collateral for the Obligations to Purchaser, and (d) opinions of counsel to the Company or such Subsidiary as to such matters as the Purchaser may request. In addition, the Company shall grant to the Purchaser a valid first priority perfected security interest in the Capital Stock of such Subsidiary to secure the Obligations to Purchaser.

7.17 CPSRC Shares. The Company covenants and agrees that, if the security interest granted by the Company to FSA in and to the CPSRC Shares terminates pursuant to Section 18 of the FSA Pledge Agreement or otherwise, it shall (a) immediately notify the Purchaser of such event in writing and (b) within three (3) Business Days following the effective date of termination, (i) grant to the Purchaser a valid, perfected first priority pledge and security interest in and to the CPSRC Shares, free and clear of any Liens of any other Person, on terms and conditions substantially similar to those contained in the Security Agreement, and (ii) deliver to the Purchaser the original certificate or certificates evidencing or representing the CPSRC Shares, together with stock powers duly executed in blank. In addition to, and notwithstanding, the foregoing provisions of this Section 7.17, the Company shall use its reasonable best efforts to obtain from FSA, at such time or times prior to the termination of FSA's security interest in the CPSRC Shares as the Company reasonably believes it has an opportunity to do so, FSA's consent to the grant by the Company to the Purchaser of a valid pledge and security interest in and to the CPSRC Shares, subject only to the security interest of FSA.

7.18 Landlord Consents and Waivers. The Company shall use its best efforts to deliver (or cause to be delivered) to the Purchaser, within one hundred and twenty (120) days following the Closing Date, landlord consents and waivers, in form and substance satisfactory to the Purchaser, executed by the Company's real property lessors or landlords with respect to the business locations that are leased by the Company.

7.19 Delivery of GE Capital Termination Statements. Not later than Thursday, March 23, 2000, the Company shall deliver to the Purchaser each of the UCC termination statements set forth on Schedule 7.19, duly executed by GE Capital Corp. as secured party, terminating the security interests referenced therein, respectively. Such UCC termination statements shall be in proper form for filing with the appropriate Governmental Authority.

7.20 Future Securitization Transactions Subsidiary. The Company covenants and agrees that, with respect to each of its future Securities Transactions, it shall participate and complete each such Securitization Transaction through CPS 123 Corp., which shall be a wholly owned Subsidiary of the Company. In this regard, until such time as the Company initiates the first Securitization Transaction after the date hereof, the Company shall not permit CPS 123 Corp. to enter into any other transaction with any third party or assume or become liable for any liabilities or obligations (except for obligations incurred in connection with its organization), and the Company shall cause CPS 123 Corp. to duly adopt the characteristics of, and become, a "bankruptcy remote special purpose" entity as soon as practicable.

7.21 Delivery of Certain Disclosure Schedules. Not later than Tuesday, March 21, 2000, the Company shall deliver to the Purchaser the following Disclosure Schedules, each of which shall be true, complete and correct as of the Closing Date and as of the date such Disclosure Schedules are delivered to the Purchaser: Schedules 3.12, 3.13(a), 3.13(c), 3.16, 3.20, 3.22, 3.24, 3.28 and 3.29.

7.22 Existing Liens. The Company shall update Schedule 3.11(a)(ii) (Existing Liens) to reflect all Liens existing through the Closing Date and deliver such updated Schedule to the Purchaser not later than Tuesday, March 21, 2000. Such updated Schedule shall contain a true, correct and complete list of all Liens against the Company and its Subsidiaries existing as of the Closing, including all UCC financing statements filed in any state or other jurisdiction, whether in California, Texas, Virginia or otherwise, naming the Company or any Subsidiary as debtor. The Company agrees to use its best efforts to terminate any such listed Lien (including, without limitation, causing any secured party to file a UCC termination statement terminating any such Lien) designated by the Purchaser for termination, which termination shall be effective no later than thirty (30) days after such designation; provided, however, that the Company shall cause the termination of (a) any Lien deemed by the Purchaser to materially adversely affect the rights of the Purchaser in the Collateral or (b) at the request of the Purchaser, any Lien (that does not constitute a Permitted Lien) that secures Indebtedness of \$100,000 or more.

8. NEGATIVE COVENANTS. In addition, the Company covenants and agrees that, until all Indebtedness (including, without limitation, all principal of, premium, if any, and interest) and other amounts owing under the Notes shall have been indefeasibly paid in full, the Company shall perform, comply with and observe the covenants set forth in this Section 8.

8.1 Limitations on Indebtedness. The Company shall not, and shall not permit any of its Subsidiaries to, create, incur, assume or become or remain liable in respect of any Indebtedness, except for:

(a) Obligations to Purchaser;

(b) Existing Indebtedness, including any refinancings, renewals, replacements, restructurings or exchanges thereof, but subject to Section 8.11(a);

(c) Unsecured Subordinated Indebtedness that is expressly made subordinate in right of payment and rights upon liquidation to all Senior Indebtedness, including, without limitation, the Indebtedness evidenced by the Notes, provided that such Indebtedness (i) does not exceed, when taken together with all other Subordinated Indebtedness, the Consolidated Net Worth (as defined in the RISRS Indenture or the PENS Indenture, as the case may be) of the Company at any time outstanding, (ii) does not mature prior to the one (1) year anniversary of

the stated maturity date of the Term B Note; and (iii) is on terms and conditions reasonably satisfactory to the Purchaser;

(d) Indebtedness in the form of Capital Lease Obligations used to finance the acquisition, construction or improvement of assets of the Company or any of its Subsidiaries in an aggregate amount not to exceed \$5,000,000;

(e) Indebtedness incurred by the Company or any of its Subsidiaries in connection with the warehousing of Automobile Contracts in the ordinary course of business, subject to Section 8.11(a); and

(f) Indebtedness of the type described in clause (v) of the definition of the term "Indebtedness," but only to the extent that such Indebtedness is secured by a Permitted Lien.

8.2 Limitations on Liens. The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist, any mortgage, lien, charge or encumbrance on, or security interest in, or pledge of, or conditional sale or other title retention agreement with respect to, any real or personal property (tangible or intangible, now existing or hereafter acquired), except for:

(a) Liens in favor of the Purchaser;

(b) Permitted Liens;

(c) Existing Liens;

(d) Financing statements filed by any Credit Enhancer (including, without limitation, FSA) against the Company or any Subsidiary in connection with any Securitization Transaction;

(e) Any Lien constituting a renewal, extension or replacement of any Existing Lien, provided that the principal amount of any Indebtedness or other obligation secured by such renewal, extension or replacement Lien does not exceed the principal amount of the Indebtedness or other obligation renewed, extended or replaced.

8.3 Limitations on Investments. The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, make or own any Investment, except:

(a) Permitted Investments;

(b) The Investments and Guarantees set forth on Schedule 3.12;

(c) Automobile Contracts;

(d) Investments permitted under Section 8.14; and

(e) Indemnification agreements in favor of Credit Enhancers or underwriters executed in connection with any Securitization Transaction.

8.4 Limitation on Restricted Payments. The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, make any Restricted Payment.

8.5 Subsidiaries; Changes in Business. The Company shall not, and shall not permit any of its Subsidiaries to, create any additional Subsidiaries (provided, however, that the Company may from time to time create wholly owned, "bankruptcy remote special purpose" Subsidiaries for the sole purpose of entering into any Securitization Transaction). The Company shall not, and shall not permit its Subsidiaries to, engage in any business other than the purchasing, selling and servicing of Automobile Contracts.

8.6 Observance of Stanwich Subordination Provisions. The Company shall not make, or cause or permit to be made, any payments in respect of any Stanwich Indebtedness in contravention of any of the subordination provisions applicable to any such Stanwich Indebtedness.

8.7 Environmental Liabilities. The Company shall not, and shall not permit any of its Subsidiaries to, violate any material Environmental Laws or other requirement of law, rule or regulation regarding Hazardous Materials. Without limiting the generality of the foregoing, the Company shall not, and shall not permit any of its Subsidiaries to, dispose of any Hazardous Materials into or onto, or from, any Real Property, nor allow any Lien imposed pursuant to any Environmental Laws to be imposed or to remain on such Real Property, except for Liens being contested in good faith by appropriate proceedings and for which adequate reserves have been established and are being maintained on the books of the Company or its Subsidiaries, as the case may be.

8.8 Amendments to Securitization Transaction Documents. The Company shall not, and shall not permit any of its Subsidiaries to, amend, modify or change (or consent to any such amendment, modification or change), in any manner adverse to the interests of the Purchaser, any of the provisions set forth in the Securitization Transaction Documents without the prior written consent of the Purchaser. Without limiting the generality of the foregoing, the Company shall not, and shall not permit any of its Subsidiaries to, consent or agree, without the prior written

consent of the Purchaser, to any increase in the amount on deposit in any "Spread Accounts" so as to maintain the rating of the related Securitization Transaction.

8.9 Limitations on Transactions with Affiliates. The Company shall not, and shall not permit any of its Subsidiaries to, enter into any transaction with any officer, director, employee or Affiliate of the Company at any time on terms that are less favorable to the Company or such Subsidiary, as the case may be, than those that might be obtained in an arm's length transaction at such time from a Person who is not an officer, director, employee or Affiliate of the Company. Any transaction between the Company, on the one hand, and any Affiliate of the Company, on the other hand, shall be unanimously approved in advance by all of the members of the Board of Directors of the Company who are not interested in the transaction; provided, however, that no such Board approval shall be required with respect to sales of Automobile Contracts made by the Company to its Subsidiaries, or by its Subsidiaries to the Company, in the ordinary course of its business so long as such sales are made on terms that are no less favorable to the Company than those that might be obtained in an arm's length transaction with a Person who is not an Affiliate of the Company. This Section 8.9 shall not apply to (a) any transactions between the Company and CARSUSA, Inc. so long as such transactions are on terms that are no less favorable to the Company than those that might be obtained in an arm's length transaction from a Person who is not an Affiliate or otherwise related to the Company, or (b) compensation payable by the Company to Charles E. Bradley, Sr., the Chairman of the Company, so long as he remains as Chairman of the Board, at a rate not to exceed \$125,000 per annum.

8.10 Restrictions on Fundamental Changes. The Company shall not, and shall not permit any of its Subsidiaries to:

(a) make any change in its business objectives, purposes, structure or operations that could in any way adversely affect the repayment of the Obligations to Purchaser or have a Material Adverse Effect;

(b) amend its charter or bylaws, as applicable;

(c) sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or a significant portion of its assets, other than dispositions of assets in the ordinary course of business consistent with past practice;

(d) enter into any merger, acquisition, consolidation, reorganization or recapitalization; or

(e) liquidate, wind up or dissolve.

8.11 Agreements Affecting Capital Stock and Indebtedness; Amendments to Material Contracts.

(a) The Company shall not, and shall not permit any of its Subsidiaries to, without the prior written consent of the Purchaser, (i) enter into any voting agreement, voting trust, irrevocable proxy or other agreement affecting the voting rights of shares of the Capital Stock of the Company (other than revocable proxies in connection with meetings of shareholders of the Company) or its Subsidiaries, except as contemplated by this Agreement or any Related Agreement; (ii) refinance, renew, replace, restructure or exchange any Existing Indebtedness; or (iii) amend, supplement or otherwise modify, or waive, any term or provision of any agreement, instrument or other document evidencing or governing any Indebtedness of the Company or any of its Subsidiaries (including, without limitation, the RISRS Indenture, the PENS Indenture, any Stanwich Debt Documents or any other Subordinated Agreements).

(b) The Company shall not, and shall not permit any of its Subsidiaries to, cancel or terminate any Material Contract (or consent to or accept any cancellation or termination thereof), amend or otherwise modify any Material Contract or give any consent, waiver or approval thereunder, waive any breach of or default under any Material Contract, or take any action in connection with any Material Contract that would impair the value of the interests or rights of the Company thereunder or that would impair the interest or rights of the Purchaser hereunder or under this Agreement or any Related Agreement.

8.12 Indebtedness to FSA. The Company shall not, and shall not permit any of its Subsidiaries to, have outstanding at any time Indebtedness for the payment of money of any kind or nature (whether matured or unmatured or contingent or non-contingent) to FSA or any Affiliate of FSA pursuant to any agreement to which FSA is a party, other than Indebtedness (whether matured or unmatured or contingent or non-contingent) in connection with any securitization transactions of the type which is consistent with past practice and which the Company reasonably believes is customary in securitization transactions insured by FSA, the assets of which consist solely of Automobile Contracts.

8.13 Payment Restrictions Affecting Certain Subsidiaries. The Company shall not, and shall not permit any of its Subsidiaries (other than "bankruptcy remote special purpose" Subsidiaries formed in connection with any Securitization Transaction) to, enter into or permit to exist any agreement, instrument or other document which, directly or indirectly, prohibits or restricts in any manner, or would have the effect of prohibiting or restricting in any manner, the ability of any such Subsidiary to (a) pay dividends or make other distributions in respect of its Capital Stock owned by the Company or any other such Subsidiary, (b) pay or repay any Indebtedness owed to the Company or any other such Subsidiary, (c) make loans or advances to the Company or (d) transfer any of its properties or assets to the Company or any other such Subsidiary.

8.14 No New Loans and Advances. From and after April 12, 1999, the Company shall not, and shall not permit any of its Subsidiaries to, make any loans or advances to any directors, officers or employees of the Company or any of its Subsidiaries, or renew, refinance or restructure any of such loans or advances or the terms thereof, without the prior written consent of the Purchaser; provided, however, that the Company and its Subsidiaries may make advances for reasonable and incidental business expenses approved in advance by the Chief Financial Officer of the Company and not to exceed \$2,500 in any one (1) month to any employee in the ordinary course of business, all of which shall be repaid within thirty (30) days after the date such loan or advance is made. The Company shall ensure that all loans and advances made by the Company, whether made prior to, on or after the date hereof, are evidenced by a promissory note or other written instrument or agreement (copies of which shall be provided to the Purchaser) which provides for the repayment in full in cash of such loans and advances. In addition, on the last Business Day of each calendar month, commencing April 30, 2000, the Company shall deliver to the Purchaser a certificate, duly signed by the President and Chief Executive Officer and the Chief Financial Officer of the Company, listing all such loans and advances, including the dates made, the names of the obligors and the outstanding principal, interest and other amounts due, and certifying that such list is true, accurate and complete as of the date of such certificate.

8.15 Financial Covenants.

(a) Maximum Capital Expenditures. The Company and its Subsidiaries shall not incur Capital Expenditures during any fiscal year, commencing with the fiscal year ending December 31, 2000, in excess of \$2,000,000.

(b) LLCP Coverage Ratio. Commencing with the calendar month ending March 31, 2000, and for each calendar month thereafter, the Company shall not permit, and cause its Subsidiaries not to permit, the LLCP Coverage Ratio to be less than two hundred percent (200%) at and as of the end of each such calendar month.

8.16 Back-Up Servicer. The Company shall not change its back-up servicer from Norwest without the prior written consent of the Purchaser.

8.17 LINC and Samco Matters. The Company shall not, and shall not permit its Subsidiaries to, transfer any assets or properties to LINC in excess of \$125,000, unless the Company or any such Subsidiary is compelled to do so by a non-appealable written order of a court of competent jurisdiction (and, in such event, the Company will deliver a copy of such order to the Purchaser), and LINC shall continue to conduct no business and remain inactive. In addition, the Company shall not, and shall not permit its Subsidiaries to, transfer any assets or properties to Samco.

9. INDEMNIFICATION.

9.1 Transfer Taxes. The Company shall pay all stamp, transfer and other similar Taxes (together in each case with interest and penalties, if any) payable or determined to be payable in connection with the execution and delivery of this Agreement or the issuance and sale of the Notes and shall hold harmless the Purchaser from and against any and all liabilities with respect to or resulting from any delay in paying, or omission to pay, such Taxes.

9.2 Losses.

(a) Whether or not the transactions contemplated by this Agreement are consummated, the Company shall indemnify and hold harmless the Purchaser, its successors and assigns, and its Affiliates, employees, partners, officers, directors, representatives, agents, attorneys, successors and assigns (the "Indemnified Parties"), from and against any and all losses, claims, damages, liabilities, judgments, expenses and costs, including, without limitation, attorneys' fees and other fees and expenses incurred in, and the costs of preparing for, investigating or defending any matter (collectively, "Losses"), incurred by such Indemnified Party in connection with or arising from:

(i) Any breach of any warranty or the inaccuracy of any representation made by the Company or any of its Subsidiaries in this Agreement or any Related Agreement;

(ii) The failure of the Company or any of its Subsidiaries to fulfill any of its covenants, agreements or undertakings under this Agreement or any Related Agreement (or any other document or instrument executed herewith or pursuant hereto);

(iii) Any breach, violation, Default or Event of Default under the Amended November 1998 Securities Purchase Agreement, the April 1999 Securities Purchase Agreement or any Related Agreement (as such term is defined therein, as applicable), which is based on (A) the failure of the Company or any of its Subsidiaries to pay to the Purchaser or any of its Affiliates any principal, interest, premium, fees, costs, expenses or other amounts (other than the Accrued Default Interest) due or owing at any time prior to the Effective Date or (B) fraud (including, without limitation, intentional misrepresentation and misappropriation of funds) occurring at any time prior to the Closing Date; and

(iv) Any third party actions, suits, proceedings or claims brought against any Indemnified Party in connection with, arising out of or with respect to (A) any other matters arising out of or in connection with the transactions contemplated

by this Agreement, the Notes or any other Related Agreement, any November 1998 Transaction Document or any April 1999 Note Document, or (B) the business, operations or affairs of the Company (including, without limitation, any litigation in which any Company is involved).

(b) The Company shall either pay directly all Losses which it is required to pay hereunder or reimburse any Indemnified Party within ten (10) days after any request for such payment. The obligations of the Company to the Indemnified Parties under this Section 9 shall be separate obligations to each Indemnified Party, and the liability of the Company to such Indemnified Parties hereunder shall not be extinguished solely because any Indemnified Party is not entitled to indemnity hereunder.

(c) The obligations of the Company to the Indemnified Parties under this Section 9 shall survive (i) the repayment of the Notes (whether at maturity, by prepayment or acceleration or otherwise), (ii) any transfer of the Notes or any interest therein, (iii) the termination of this Agreement or any Related Agreement and (iv) the issuance, exercise, assignment and/or sale of the Residual Warrant (or any interest therein) or the sale of any Warrant Shares.

9.3 Indemnification Procedures. Any Person entitled to indemnification under this Section 9 shall (a) give prompt written notice to the Company of any claim with respect to which it seeks indemnification and (b) permit the Company to assume the defense of such claim with counsel selected by the Company and reasonably acceptable to such Person; provided, however, that any Person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person, unless (i) the Company has agreed to pay such fees or expenses; (ii) the Company has failed to notify such Person in writing within ten (10) days of its receipt of such written notice of claim that it will assume the defense of such claim and employ counsel reasonably satisfactory to such Person; or (iii) in the judgment of any such Person, based upon the written advice of counsel, a conflict of interest may exist between such Person and the Company with respect to such claims (in which case, if the Person notifies the Company in writing that such Person elects to employ separate counsel at the expense of the Company, the Company shall not have the right to assume the defense of such claim on behalf of such Person). The Company will not be subject to any liability for any settlement made without its consent (but such consent may not be unreasonably withheld). No Indemnified Party may, without the consent (which consent will not be unreasonably withheld) of the Company, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to the Company of a release from all liability in respect of such claim or litigation.

9.4 Contribution. If the indemnification provided for in this Section 9 is unavailable to the Purchaser or any other Indemnified Party in respect of any Losses, then the Company, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by the Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Company, on the one hand, and such Indemnified Party on the other hand, in connection with the actions, statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and such Indemnified Party on the other hand, shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been taken by, or relates to information supplied by, either the Company or such Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent any such action, statement or omission. The parties agree that it would not be just and equitable if contribution pursuant to this Section 9.4 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

9.5 Costs of Collection. The Company agrees to pay all costs and expenses, including the fees and expenses of any attorneys, accountants and other experts retained by the Holder, which are expended or incurred by the Holder in connection with (a) the enforcement of this Note or the collection of any sums due hereunder, whether or not suit is commenced; (b) any actions for declaratory relief in any way related to this Note; (c) the protection or preservation of any rights of the Holder under this Note; (d) any actions taken by the Holder in negotiating any amendment, waiver, consent or release of or under this Note; (e) any actions taken in reviewing the Company's or any of its Subsidiaries' financial affairs if an Event of Default has occurred or the Holder has determined in good faith that an Event of Default may likely occur, including, without limitation, the following actions: (i) inspect the facilities of the Company and any of its Subsidiaries or conduct audits or appraisals of the financial condition of the Company and any of its Subsidiaries; (ii) have an accounting firm chosen by the Holder review the books and records of the Company and any of its Subsidiaries and perform a thorough and complete examination thereof; (iii) interview the Company's and each of its Subsidiaries' employees, accountants, customers and any other individuals related to the Company or its Subsidiaries which the Holder believes may have relevant information concerning the financial condition of the Company and any of its Subsidiaries; and (iv) undertake any other action which the Holder believes is necessary to assess accurately the financial condition and prospects of the Company and any of its Subsidiaries; (f) the Holder's participation in any refinancing, restructuring, bankruptcy or insolvency proceeding involving the Company, any of its Subsidiaries or any other Affiliate of the Company; (g) verifying, maintaining, or perfecting any security interest or other Lien granted to the Holder in any collateral; (h) any effort by the Holder to protect, assemble, complete,

collect, sell, liquidate or otherwise dispose of any collateral, including in connection with any case under Bankruptcy Law; or (i) any refinancing or restructuring of this Note, including, without limitation, any restructuring in the nature of a "work out" or in any insolvency or bankruptcy proceeding.

10. DEFAULTS AND REMEDIES.

10.1 Events of Default. An "Event of Default" occurs if:

(a) The Company shall (i) fail to pay as and when due (whether at stated maturity, upon acceleration or required prepayment or otherwise) any principal on any Note, or (ii) fail to pay any interest, premium, if any, fees, costs, expenses or other amounts payable under this Agreement, any Note or any other Related Agreement within one (1) Business Day after the date due thereunder; or

(b) (i) The Company shall breach or fail to perform, comply with or observe any agreement, covenant or obligation required to be performed by it under Section 7.1 (Payments with Respect to Notes), clauses (a), (b), (i) or (j) of Section 7.2 (Information Covenants), Section 7.9 (Performance of Servicing Duties; Clean-Up Calls), Section 7.14 (CARSUSA Flooring Line), Section 7.15 (Securities and Exchange Act Compliance), Section 7.22 (Existing Liens), Section 8.1 (Limitations on Indebtedness), Section 8.2 (Limitations on Liens), Section 8.6 (Observance of Stanwich Subordination Provisions), Section 8.10 (Restrictions on Fundamental Changes) and Section 8.15 (Financial Covenants);

(ii) The Company shall breach or fail to perform, comply with or observe any agreement, covenant or obligation required to be performed by it under Section 7.2 (Information Covenants) (other than clauses (a), (b), (i) or (j)), and such breach or failure shall not have been remedied within three (3) Business Days after written notice thereof by the Purchaser to the Company; or

(c) The Company or any of its Subsidiaries shall breach or fail to perform, comply with or observe any agreement, covenant or obligation required to be performed by it under this Agreement or any Related Agreement (other than the agreements, covenants or obligations expressly covered by Sections 11.1(a) and (b)) and such breach or failure shall not have been remedied within thirty (30) days after written notice thereof by the Purchaser to the Company; or

(d) Any representation or warranty made by the Company or any of its Subsidiaries under, relating to or in connection with this Agreement or any Related Agreement shall be false or misleading when made (or deemed made); or

(e) The Company or any of its Subsidiaries (other than LINC or Samco) shall:

(i) default in the payment (whether at stated maturity, upon acceleration or required prepayment or otherwise), beyond any period of grace provided therefor, of any principal of or interest on any other Indebtedness with a principal amount in excess of \$100,000; or

(ii) commit any breach of or default under (other than as provided in Section 10.1(e)(i) above) any term of any agreement, indenture or instrument evidencing or governing any other Indebtedness (other than Capital Lease Obligations) in excess of \$50,000 individually or \$250,000 in the aggregate, if the effect of such breach or default is to cause, or to permit the holder or holders of such other Indebtedness to cause (upon the giving of notice or the passage of time or both), such other Indebtedness to become or be declared due and payable, or required to be prepaid, redeemed, purchased or defeased (or an offer of prepayment, redemption, purchase or defeasance is made) prior to its stated maturity, unless such breach or default has been waived within ten (10) days following such breach or default by the Person or Persons entitled to give such waiver; or

(iii) be in default of any of its lease obligations (whether Capital Lease Obligations or otherwise) in excess of \$500,000 at any time outstanding and the lessor under any defaulted capital lease to which the Company or any of its Subsidiaries is a party shall retake possession of the property leased thereunder or shall initial legal proceedings to repossess (or recover possession of) such leased property; or

(iv) default (which default may or may not be an Insurance Agreement Event of Default) under any of its insurance and/or indemnity agreements with FSA or any other Credit Enhancer and, as a result thereof, (A) FSA or such other Credit Enhancer (I) forecloses on any of its collateral, (II) does not release to the Company, or withholds, funds which are otherwise to be released or distributed to the Company and such funds are not released for a period of thirty-one (31) consecutive days, or (III) otherwise exercises any of its other rights, powers or remedies against the Company or any such Subsidiary with respect thereto, or (B) a default or event of default occurs, beyond any period of grace provided therefor, under any agreement, instrument or other document (other than any Securitization Transaction Document) to which the Company or any such Subsidiary is a party; or

(f) This Agreement or any Related Agreement, or any material provision thereof, shall cease to be of full force and effect for any reason other than in accordance with its terms, or the Company or any of its Subsidiaries or other Affiliates shall repudiate or disavow any of its obligations under or the validity or enforceability of this Agreement or any Related Agreement, or any material provision thereof, including by operation of law or otherwise; or

(g) There shall be commenced against the Company or any of its Subsidiaries (other than LINC or Samco) an involuntary case seeking the liquidation or reorganization of such Person under the Bankruptcy Code or any similar proceeding under any other Applicable Law or an involuntary case or proceeding seeking the appointment of a Custodian or to take possession of all or a substantial portion of its properties or to operate all or a substantial portion of its business, and any of the following events occur: (i) any such Person consents to the institution of the involuntary case or proceeding; (ii) the petition commencing the involuntary case or proceeding is not timely controverted; (iii) the petition commencing the involuntary case or proceeding remains undismissed and unstayed for a period of sixty (60) days; or (iv) an order for relief shall have been issued or entered therein; or

(h) The Company or any of its Subsidiaries (other than LINC or Samco) shall institute a voluntary case seeking liquidation or reorganization under the Bankruptcy Code or any similar proceeding under any other Applicable Law, or shall consent thereto; or shall consent to the conversion of an involuntary case to a voluntary case; or shall file a petition, answer a complaint or otherwise institute any proceeding seeking, or shall consent or acquiesce to the appointment of, a Custodian or to take possession of all or a substantial portion of its property or to operate all or a substantial portion of its business; or shall make a general assignment for the benefit of creditors; or shall generally not pay its debts as they become due; or the Board of Directors of any such Person (or any committee thereof) adopts any resolution or otherwise authorizes action to approve any of the foregoing; or

(i) The Company or any of its Subsidiaries (other than LINC or Samco) shall suffer any money judgments, writs, warrants of attachment or other orders that involve an amount or value in excess of \$100,000, and such judgments, writs, warrants or other orders shall continue unsatisfied and unstayed for a period of thirty (30) days; or

(j) As a result of the current bankruptcy proceeding involving LINC or the insolvency of Samco, as the case may be, a default or event of default occurs under any agreement, instrument or other document to which LINC or Samco, as the case may be, is a party, or any Person to whom LINC or Samco is indebted accelerates such indebtedness, and, as a result, any creditor of LINC or Samco asserts any claim involving the substantive consolidation of the Company or any of its Subsidiaries (other than LINC or Samco) or recovers any indebtedness or other amount in excess of \$500,000 owed by LINC or Samco from the Company or any of its Subsidiaries (other than LINC or Samco); or

(k) There shall occur a Material Adverse Change; or

(l) There shall occur a Change in Control; or

(m) There shall occur any "Special Redemption Event" (as defined in the RISRS Indenture); or

(n) The LLC Representative, if appointed pursuant to Section 1.1 of the Amended and Restated Investor Rights Agreement, shall be removed from the Board of Directors of the Company, or the LLC Representative shall not be elected or appointed to such Board at any future election of directors, and, in each such case, the Company shall not have caused any other individual designated by LLC as the LLC Representative to have been elected or appointed as a member of such Board within five (5) days after the Purchaser shall have designated such other individual (provided, however, that the voluntary resignation of the LLC Representative shall not be deemed to constitute an Event of Default under this clause (n)); or

(o) (i) Any Termination Event shall occur that, when taken together with all other Termination Events that have occurred, could result in a liability to the Company or any ERISA Affiliate in excess of \$100,000; (ii) the Company or any ERISA Affiliate shall have committed a failure described in Section 302(f)(1) of ERISA and the amount determined under Section 302(f)(3) of ERISA is at least \$100,000; (iii) any failure to make full payment (including all required installments) when due of all amounts that, under the provisions of any Benefit Plan or Applicable Law, the Company or any ERISA Affiliate is required to pay as contributions thereto, which would result in a liability to the Company or ERISA Affiliate in excess of \$100,000; or (iv) the Company or any ERISA Affiliate shall have incurred any accumulated funding deficiency in excess of \$100,000, whether or not waived, with respect to any Benefit Plan.

The foregoing Events of Default shall be deemed to have occurred, respectively, and any adjustments in the interest rate under the Notes or other remedies available to the Purchaser hereunder or thereunder shall begin to apply, at the following times:

(i) in the case of the clause (a) above, as of 12:00 p.m. (noon) (Los Angeles time) on the day on which such payment is due but has not been paid;

(ii) in the case of clause (b)(i) above, immediately upon the occurrence of any such breach of failure, or in the case of clause (b)(ii), as of the close of business on such third Business Day, if such breach of failure shall not have been cured by such date;

(iii) in the case of clause (c) above, as of the close of business on such thirtieth day, if such breach or failure shall not have been cured by such date;

(iv) in the case of clause (d) above, as of the close of business on the day on which the Company first became aware, or should have become aware, that such representation or warranty was false or misleading when made;

(v) in the case of clause (e) (i) above, as of the close of business on the day on which such payment of principal or interest is due, or in the case of clause (e) (ii), as of the close of business on the tenth day following such breach or default if such breach or default has not been waived by the Person or Persons entitled to give such waiver, or in the case of (e) (iii), as of the close of business on the day that such lessor retakes possession of the leased property or initiates legal proceedings to repossess, or in the case of (e) (iv) (A), as of the close of business on the date upon which FSA forecloses on its collateral, or as of the close of business on such thirty-first day, or as of the close of business on the date upon which FSA exercises any such rights, powers and remedies, or in the case of (e) (iv) (B), as of the close of business on the day such default or event of default occurs;

(vi) in the case of clause (f) above, as of the close of business on the day such provision ceases to be enforceable or is repudiated or disavowed;

(vii) in the case of clause (i) above, as of the close of business on the last day of such thirty (30) day period if such judgment, writ, warrant or other order remains unsatisfied or unstayed;

(viii) in the case of clauses (g) and (h) above, immediately prior to the occurrence of any of the events enumerated therein;

(ix) in the case of clause (j) above, immediately upon any such claim assertion or recovery;

(x) in the case of clause (k) above, immediately upon the occurrence of the Material Adverse Change occurs;

(xi) in the case of clauses (l) or (m) above, immediately upon the occurrence of the Change in Control or the "Special Redemption Event," as the case may be;

(xii) in the case of clause (n) above, as of the close of business on the last day of such five (5) day period if the Board of Directors shall not have elected or appointed such other LLC Representative to such Board; and

(xiii) in the case of clause (o) above, immediately upon the occurrence of any such events.

10.2 Acceleration. If any Event of Default (other than an Event of Default specified in clause (g) or (h) of Section 10.1) occurs and is continuing, the Purchaser may, by written notice to the Company, declare all outstanding principal of, and accrued and unpaid interest on, the Notes to be due and payable. Upon any such declaration of acceleration, such principal and interest shall become immediately due and payable. If an Event of Default specified in clause (g) or (h) of Section 10.1 occurs, all outstanding principal of, and accrued and unpaid interest on, the Notes shall become immediately due and payable without any declaration or other act on the part of the Purchaser. The Company hereby waives all presentment for payment, demand, protest, notice of protest and notice of dishonor, and all other notices of any kind to which it may be entitled under Applicable Law or otherwise.

10.3 Other Remedies. If any Default or Event of Default shall occur and be continuing, the Purchaser may proceed to protect and enforce its rights and remedies under this Agreement and any Related Agreement by exercising all rights and remedies available under this Agreement, any Related Agreement or Applicable Laws (including, without limitation, the UCC), either by suit in equity or by action at law, or both, whether for the collection of principal of or interest on the Notes, to enforce the specific performance of any covenant or other term contained in this Agreement or any Related Agreement. No remedy conferred in this Agreement upon the Purchaser is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or now or hereafter existing at law or in equity or by statute or otherwise.

10.4 Waiver of Past Defaults. The Purchaser may, by written notice to the Company, waive any Default or Event of Default and its consequences with respect to this Agreement, the Notes or any other Related Agreement; provided, however, that no such waiver will extend to any subsequent or other Default or Event of Default or impair any rights of the Purchaser which may arise as a result of such Default or Event of Default.

11. MISCELLANEOUS.

11.1 Consent to Amendments. No amendment, supplement or other modification to this Agreement or any Related Agreement shall be effective unless the same shall be in writing and signed by the Purchaser, and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if, and only if, the Company shall have obtained the prior written consent of the Purchaser to such action or omission. No course of dealing between the Company or its Subsidiaries, on the one hand, and the Purchaser (or any other Holder), on the other hand, nor any delay in exercising any rights hereunder or under any Note or any other Related Agreement shall operate as a waiver of any rights of the Purchaser (or

any other Holder). Notwithstanding anything to the contrary contained in this Agreement, whenever the Purchaser is required or permitted to give its consent, such consent shall not be unreasonably withheld; provided, however, that the Purchaser may withhold its consent to the taking of any action by the Company, and the Purchaser may request the payment by the Company of a consent fee as a condition to giving its consent, if (a) in the good faith judgment of the Purchaser, such action would, when taken, (i) adversely affect or impair (or threaten to adversely affect or impair) the ability of the Company or any of its Subsidiaries to make any payments under this Agreement, any Note or any other Related Agreement, (ii) materially adversely affect or impair (or threaten to materially adversely affect or impair) the ability of the Company or any of its Subsidiaries to perform its material covenants and obligations thereunder or (iii) adversely affect the Collateral or the perfection, priority, continuation or validity of the Liens therein, or (b) such consent is requested in connection with the matters set forth under Section 8.2 (Limitation on Liens), Section 8.4 (Limitations on Restricted Payments), Section 8.6 (Observance of Stanwich Subordination Provisions), Section 8.9 (Limitations on Transactions with Affiliates) or Section 8.10 (Restrictions on Fundamental Changes).

11.2 Survival of Representations and Warranties; Purchaser Investigation. All representations, warranties, covenants and agreements of the Company contained herein, or made in writing by or on behalf of the Company pursuant hereto or in connection herewith, shall survive the execution and delivery of this Agreement, the issuance, sale and delivery of the Notes, the repayment of the Notes and the due diligence or other investigation of the Company and its Subsidiaries made by and on behalf of the Purchaser. The Company hereby agrees that neither the Purchaser's review of the books and records or condition (financial or otherwise), business, assets, properties, operations or prospects of the Company or any of its Subsidiaries or other Affiliates, nor any other due diligence investigation conducted by or on behalf of the Purchaser, shall be deemed to constitute knowledge by the Purchaser of the existence or absence of any facts or any other matters so as to reduce the Purchaser's right to rely on the accuracy of the representations and warranties of the Company contained in this Agreement or any Related Agreement.

11.3 Entire Agreement. This Agreement, together with the Exhibits and Schedules, the Notes and the other Related Agreements constitute the full and entire agreement and understanding between the Purchaser and the Company relating to the subject matter hereof and thereof, and supersede all prior oral and written, and all contemporaneous oral, agreements and understandings relating to the subject matter hereof. The parties further acknowledge that the investment proposal letter dated February 28, 2000, between the Company and the Purchaser shall be superseded by this Agreement, the Notes and the other Related Agreements.

11.4 Successors and Assigns; Assignments. This Agreement shall inure to the benefit of, and be binding upon, the parties and their respective successors and permitted assigns. The Purchaser may, without the consent of the Company, sell, assign or delegate to one or more Persons (each an "Assignee") all or any part of its right, title and interest in and to this Agreement, the Notes or any other Related Agreement, including, without limitation, all or any part of the Obligations to Purchaser, subject to compliance with applicable federal and state securities laws; provided, however, that, in any privately negotiated transaction involving a sale or assignment by the Purchaser of any such right, title or interest, the Purchaser shall obtain from the Assignee in writing investment intent representations which would be customarily obtained in transactions of such nature; and provided further, however, that the Company may continue to deal solely and directly with the Purchaser in connection with any right, title or interest so assigned until written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Company. If the Purchaser assigns to any Assignee a fifty percent (50.0%) or lesser interest in and to the aggregate principal amount of the Notes then outstanding, any decisions that the Purchaser is entitled to make under this Agreement, the Notes and the other Related Agreements shall be made by the Purchaser, and the Company may continue to deal solely and directly with respect to the Purchaser in connection with the interests so assigned to the Assignee.

11.5 Severability. Any provision of this Agreement which 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 or affecting the validity or enforceability of such provisions in any other jurisdiction.

11.6 Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given if transmitted by telecopier with receipt acknowledged, or upon delivery, if delivered personally or by recognized commercial courier with receipt acknowledged, or upon the expiration of 72 hours after mailing, if mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

(i) If to the Purchaser, at:

Levine Leichtman Capital Partners II, L.P.
c/o Levine Leichtman Capital Partners, Inc.
335 North Maple Drive, Suite 240
Beverly Hills, CA 90210
Attention: Arthur E. Levine, President
Telephone: (310) 275-5335
Facsimile: (310) 275-1441

with a copy to:

Riordan & McKinzie
300 S. Grand Avenue, 29th Floor
Los Angeles, CA 90071
Attention: Mitchell S. Cohen, Esq.
Telecopy: (213) 629-4824

(ii) If to the Company, at:

Consumer Portfolio Services, Inc.
16355 Laguna Canyon Road
Irvine, CA 92618
Attention: Charles E. Bradley, Jr., President
Telephone: (949) 753-6800
Facsimile: (949) 450-3951

with a copy to:

Troy & Gould
1801 Century Park East, Suite 1600
Los Angeles, CA 90067
Attention: Lawrence P. Schnapp, Esq.
Telephone: (310) 553-4441
Facsimile: (310) 201-4746

or at such other address or addresses as the Purchaser or the Company, as the case may be, may specify by written notice given in accordance with this Section 11.6.

11.7 Accounting Terms and Computations. For purposes of this Agreement, (a) all accounting terms used in this Agreement that are not expressly defined herein have the meanings given to them under GAAP, (b) all computations made pursuant to this Agreement or any Related Agreement shall be made in accordance with GAAP and (c) all financial statements and other financial information to be delivered by the Company or any of its Subsidiaries hereunder or under any Related Agreement shall be prepared in accordance with GAAP, except that any interim financial statements or other financial information which are unaudited may be subject to year-end audit adjustments and may omit footnotes.

11.8 Descriptive Headings; Construction and Interpretation. The descriptive headings of this Agreement are for convenience of reference only, do not constitute a part of this Agreement and are not to be considered in construing or interpreting this Agreement. All section, preamble, recital, exhibit, schedule, disclosure schedule, annex, clause and party references are to this Agreement unless otherwise stated. No party, nor its counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions of this Agreement, and all provisions of this Agreement shall be construed in accordance with their fair meaning, and not strictly for or against any party.

11.9 Counterparts. This Agreement may be executed in two or more counterparts and by facsimile, each of which shall be deemed an original, but all of which together shall constitute one instrument.

11.10 Fees and Expenses. The Company shall reimburse the Purchaser for, and shall pay, all actual and estimated out-of-pocket costs and expenses of every type and nature (including, without limitation, fees and expenses of counsel, accounting fees and expenses, fees and expenses related to any due diligence investigation and all other deal-related costs and expenses) incurred by or on behalf of the Purchaser in connection with the preparation, negotiation, execution and delivery of this Agreement, the Notes and the other Related Agreements and the consummation of the transactions contemplated hereby (which costs and expenses may be withheld by the Purchaser from the proceeds to be paid to the Company for the Term A Note) and, as directed by the Purchaser, the Company shall pay directly to the Purchaser's third party service providers all such costs and expenses incurred by the Purchaser (which withholding and direct payment/reimbursement shall constitute payment in full of the Company's obligations to reimburse the Purchaser for such costs and expenses). The Company's reimbursement and other obligations under this Section 11.10 are in addition to the Company's obligations to reimburse and/or pay all fees, costs and expenses of the Purchaser set forth in the Waiver Agreement and the Stanwich Termination and Settlement Agreement and elsewhere in this Agreement, and the Company hereby authorizes the Purchaser to withhold all such costs and expenses.

11.11 Governing Law. IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE (WITHOUT REGARD TO THE CHOICE OF LAW OR CONFLICTS OF LAW PROVISIONS THEREOF) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

11.12 Consent to Jurisdiction and Venue. EACH OF THE COMPANY AND THE PURCHASER HEREBY CONSENTS AND AGREES THAT ALL ACTIONS, SUITS OR OTHER PROCEEDINGS ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OTHER RELATED AGREEMENT SHALL BE TRIED AND LITIGATED IN STATE OR FEDERAL COURTS LOCATED IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH COURTS SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY AND ALL CLAIMS, CONTROVERSIES AND DISPUTES ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE NOTE OR ANY OTHER RELATED AGREEMENT. NOTWITHSTANDING THE FOREGOING, NOTHING CONTAINED IN THIS SECTION 11.9 SHALL PRECLUDE THE PURCHASER FROM BRINGING ANY ACTION, SUIT OR OTHER PROCEEDING IN THE COURTS OF ANY OTHER LOCATION WHERE THE COMPANY PARTIES OR ANY ONE OF THEM OR ANY OF ITS OR THEIR ASSETS OR THE COLLATERAL MAY BE FOUND OR LOCATED OR TO ENFORCE ANY JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE PURCHASER.

EACH OF THE COMPANY AND THE PURCHASER HEREBY (A) IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION, SUIT OR OTHER PROCEEDING COMMENCED IN ANY SUCH COURT, (B) WAIVES ANY RIGHT IT MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR ANY OBJECTION THAT SUCH PERSON MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION OR IMPROPER VENUE AND (C) CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. EACH OF THE COMPANY AND THE PURCHASER HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT OR OTHER PROCESS ISSUED IN ANY SUCH ACTION, SUIT OR OTHER PROCEEDING AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH PARTY AT THE ADDRESS SET FORTH IN SECTION 11.6 (NOTICES) AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF SUCH PERSON'S ACTUAL RECEIPT THEREOF OR FIVE DAYS AFTER DEPOSIT IN THE UNITED STATES MAIL, PROPER POSTAGE PREPAID.

TO THE EXTENT PERMITTED UNDER THE APPLICABLE LAWS OF ANY SUCH JURISDICTION, THE COMPANY HEREBY WAIVES, IN RESPECT OF ANY SUCH ACTION, SUIT OR OTHER PROCEEDING, THE JURISDICTION OF ANY OTHER COURT OR COURTS THAT NOW OR HEREAFTER, BY REASON OF

SUCH PERSON'S PRESENT OR FUTURE DOMICILE, OR OTHERWISE, MAY BE AVAILABLE TO IT.

11.13 Publicity. Each party will consult with the other before issuing, and provide each other the opportunity to review, comment upon and concur with and use reasonable efforts to agree on, any press release or other public statement with respect to the transactions contemplated by this Agreement, and shall not issue any such press release or make such other public announcement prior to such consultation, except as either party may determine is required under Applicable Laws or by obligations pursuant to any listing agreement with any national securities exchange or Nasdaq. The parties agree that the initial press release to be issued with respect to the transactions contemplated by this Agreement shall be in the form heretofore agreed to by the parties.

11.14 Limitation on Liability. No claim shall be made by the Company or any of its Affiliates against the Purchaser, or any Affiliates, partners, directors, officers, employees, agents or representatives of the Purchaser, for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or under any other theory of liability arising out of or related to the transactions contemplated by this Agreement, the Notes, any other Related Agreement, the November 1998 Transaction Documents or the April 1999 Note Documents, or any act, omission or event occurring in connection therewith. The Company hereby waives, releases and agrees not to sue upon any claim for such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

11.15 Amendment and Restatement. This Agreement amends and restates the Amended November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement on and as of the Closing Date, and the Amended November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement shall remain in full force and effect as amended and restated hereby. The Amended November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement, as amended and restated hereby, is hereby ratified and affirmed by the parties in all respects.

11.16 Waiver of Trial by Jury Trial. EACH PARTY HEREBY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR OTHER PROCEEDING ARISING OUT OF, CONNECTED WITH OR RELATED TO THIS AGREEMENT OR ANY RELATED AGREEMENT, OR ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, REGARDLESS OF WHICH PARTY INITIATES SUCH ACTION OR ACTIONS.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

PURCHASER

LEVINE LEICHTMAN CAPITAL PARTNERS, INC.,
a California corporation

On behalf of LEVINE LEICHTMAN CAPITAL
PARTNERS II, L.P., a California limited
partnership

By: /s/ Arthur E. Levine

Arthur E. Levine
President

COMPANY

CONSUMER PORTFOLIO SERVICES, INC.,
a California corporation

By: /s/ Charles E. Bradley, Jr.

Charles E. Bradley, Jr.
President and Chief Executive Officer

By: /s/ James L. Stock

James L. Stock
Senior Vice President and Chief Financial Officer

WAIVER AGREEMENT

THIS WAIVER AGREEMENT is entered into as of the 15th day of March 2000 (this "Agreement"), by and between LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., a California limited partnership ("LLCP"), and CONSUMER PORTFOLIO SERVICES, INC., a California corporation (the "Company").

R E C I T A L S

A. LLCP and the Company are entering to that certain Amended and Restated Securities Purchase Agreement dated of even date herewith (the "Securities Purchase Agreement") pursuant to which, among other things, the Company and LLCP are amending and restating (i) the Amended November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement, as provided therein, and (ii) the Amended November 1998 Primary Note and the April 1999 Note into one Amended and Restated Secured Senior Note Due 2003 in the principal amount of \$30,000,000. Unless otherwise indicated, all capitalized terms used herein shall have the respectively meanings given to them in the Securities Purchase Agreement.

B. Certain Defaults and Events of Default under the Amended November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement have occurred since the date that the parties entered into the Original November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement, including, without limitation, the Existing Defaults (as such term is defined in the First Amendment to the November 1998 Securities Purchase Agreement).

C. The Company has requested that LLCP waive the Pre-Closing Date Defaults (as such term is defined in Section 1) and amend and restate certain agreements, instruments and other documents as more fully described in the Securities Purchase Agreement, and LLCP is willing to do so only on the terms and subject to the conditions set forth in this Agreement, the Securities Purchase Agreement and the Related Agreements.

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. WAIVER OF PRE-CLOSING DATE DEFAULTS BY LLCP.

Effective on and as of the Closing Date, and on the terms and subject to the conditions set forth herein, LLCP waives all breaches, violations, Defaults and Events of Default that have occurred under the Amended November 1998 Securities Purchase Agreement, the April 1999 Securities Purchase Agreement and the Related Agreements (as such term is defined in the Amended November 1998 Securities Purchase Agreement or the April 1999 Securities Purchase Agreement, as the case may be) at any time prior to the Closing Date; provided, however, that the waiver provided for in this Section 1 shall not apply to any breach, violation, Default or Event of Default that is based on (a) the failure of the Company or any of its Subsidiaries to pay to the Purchaser or any of its Affiliates any principal, interest, premium, fees, costs, expenses or other amounts due or owing at any time prior to the Closing Date (provided, however, that LLCP hereby acknowledges that the Company has agreed to pay, and LLCP has agreed to accept, the Accrued Default Interest pursuant to the terms of Section 2.3 and that, if payment of the Accrued Default Interest is made pursuant to Section 2.3, the non-payment of interest at the Default Rate accruing prior to the Closing Date shall be deemed waived pursuant to this Section 1) or (b) fraud (including, without limitation, intentional misrepresentation and misappropriation of funds) occurring at any time prior to the Closing Date. All such breaches, violations, Defaults and Events of Default (other than the breaches, violations, Defaults or Events of Default described in clauses (a) and (b) above) are collectively referred to herein as the "Pre-Closing Date Defaults." In addition, the parties acknowledge and agree that the waiver provided for in this Section 1 is not intended to, and shall not, apply to any breaches, violations, Defaults or Events of Default that occur under the Securities Purchase Agreement or any Related Agreement (as such term is defined in the Securities Purchase Agreement) on or at any time after the Closing Date. LLCP hereby expressly reserves all of its rights, powers and remedies with respect to all such matters and the matters described in clauses (a) and (b) above.

2. OTHER AGREEMENTS.

2.1 Issuance of March 2000 LLCP Shares. As a material inducement to LLCP to waive the Pre-Closing Date Defaults, amend the Amended November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement and enter into the other transactions contemplated by this Agreement and the Securities Purchase Agreement, and as additional consideration to LLCP to do so, the Company shall issue to LLCP, on or prior to the Closing Date, 103,500 duly authorized, validly issued, fully paid and nonassessable shares of Common Stock (the "March 2000 LLCP Shares"), at no cost to LLCP. The parties acknowledge and agree that the March 2000 LLCP Shares shall constitute "Registrable Securities" within the meaning of the Amended and Restated Registration Rights Agreement and, therefore, LLCP (or any subsequently holder thereof) shall be entitled to the rights and benefits under the Amended and Restated Registration Rights Agreement with respect thereto.

2.2 Issuance of Shares to Stanwich. The parties hereby acknowledge and confirm that the Company was and is not obligated to issue to Stanwich, and Stanwich is not entitled to receive, any "Stanwich Commitment Warrants" pursuant to Section 3.1(b)(3) of the Investment and Guaranty Agreement. Notwithstanding the foregoing, as consideration for the purchase by Stanwich, on or about September 30, 1999, of the Stanwich Commitment Note, LLCP hereby consents to the issuance by the Company to Stanwich after the Closing Date, at the discretion of the Company, of not more than 103,500 shares of Common Stock, on terms and conditions that are no more favorable to Stanwich than those applicable to the issuance of the March 2000 LLCP Shares to LLCP (the "March 2000 Stanwich Shares"). Furthermore, LLCP hereby waives (a) its right of first refusal under Section 3.1 of the Amended and Restated Investor Rights Agreement with respect to the March 2000 Stanwich Shares and (b) its right under the Residual Warrant to require an adjustment to the number of Residual Warrant Shares or the Warrant Purchase Price (as such term is defined therein) as a result of the issuance of the March 2000 Stanwich Shares.

2.3 Payment of Default Interest. The parties acknowledge and agree that the aggregate amount of interest that has accrued under the Amended November 1998 Note and the April 1999 Note at the Default Rate (as such term is defined in the Amended November 1998 Note and the April 1999 Note, respectively) with respect to Defaults and Events of Default occurring through the Closing Date is \$300,000 (the "Accrued Default Interest"), and that such aggregate amount remains unpaid as of the date hereof. Accordingly, the Company agrees to pay to LLCP, at or prior to the Closing, all Accrued Default Interest.

2.4 Waiver of Rights Under Residual Warrant. At the request of the Company, and in connection with the consummation of the transactions contemplated by this Agreement, effective on and as of the Closing Date, LLCP hereby (a) waives its right to receive additional shares of Common Stock under Section 3.9 of the Residual Warrant as a result of the occurrence of a Dilutive Issuance (as such term is defined in the Residual Warrant) at any time after the date upon which the Company has fully and indefeasibly paid in full all Indebtedness (including principal of, premium, if any, and interest), fees, expenses and other amounts owing under the Term A Note and the Term B Note, (b) agrees that, for purposes of Section 3.9 of the Residual Warrant, a Dilutive Issuance shall not include (i) any anti-dilution adjustments that may be made pursuant to the terms of the FSA Warrant as a result of each of the transactions called for or contemplated by this Agreement (but only so long as no other Person is entitled to any "anti-dilution" or similar adjustments under any Equity Rights held by such Person as a result thereof) or (ii) the issuance of Common Stock upon exercise of the FSA Warrant, and (c) agrees that the obligation of a successor to the Company under Section 3.5 of the Residual Warrant to explicitly assume the Company's obligations under the Residual Warrant shall not apply in the context of a "Sale Event." The term "Sale Event" means a sale, merger, consolidation or combination involving the Company pursuant to the terms of which (i) cash (and no other type of consideration) is to be received by or distributed to persons who are holders of Common Stock immediately prior to the Sale Event or (ii) persons who are holders of Common Stock

immediately prior to the Sale Event are entitled to receive shares of common stock of a corporation whose common stock is listed for trading on a national securities exchange or the Nasdaq and which, immediately prior to the time that the Sale Event is publicly announced, has a market capitalization in excess of \$500.0 million.

2.5 Indemnification of LLC. Without limiting Section 9.2 of the Securities Purchase Agreement, the Company agrees to indemnify and hold harmless LLC and any other Indemnified Parties from and against any and all Losses arising from, or in connection with, any breach of the representations or warranties made by the Company in this Agreement or in connection with any of the transactions contemplated hereby or the performance of any covenants, agreements or other obligations of the Company contained herein and therein, as provided in Section 9 of the Securities Purchase Agreement.

3. CONDITIONS PRECEDENT.

The effectiveness of the waiver set forth in Section 1 and the other transactions contemplated by this Agreement shall be subject to the condition that each of the conditions precedent set forth in the Securities Purchase Agreement shall be satisfied in the sole judgment of the Purchaser.

4. MISCELLANEOUS PROVISIONS.

4.1 Successors and Assigns; Assignments. This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and permitted assigns. The rights and obligations of the Company may not be assigned or delegated, as the case may be, without the prior written consent of LLC.

4.2 Entire Agreement; Amendments. This Agreement, together with the agreements, instruments and other documents contemplated hereby, constitute the entire agreement and understanding among the parties with respect to the subject matter hereof, and supersede all prior oral and written, and all contemporaneous oral, agreements and understandings relating to the subject matter hereof. This Agreement may not be amended, supplemented or otherwise modified except in a writing signed by the parties.

4.3 Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given if transmitted by telecopier with receipt acknowledged, or upon delivery, if delivered personally or by recognized commercial courier with receipt acknowledged, or upon

the expiration of 72 hours after mailing, if mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

(1) If to LLCP, to:

Levine Leichtman Capital Partners II, L.P.
c/o Levine Leichtman Capital Partners, Inc.
335 North Maple Drive, Suite 240
Beverly Hills, CA 90210
Attention: Arthur E. Levine, President
Telecopier: (310) 275-1441

with a copy to:

Riordan & McKinzie
300 South Grand Avenue, Suite 2900
Los Angeles, CA 90071
Attention: Mitchell S. Cohen, Esq.
Telecopier: (213) 229-8550

(2) If to the Company, to:

Consumer Portfolio Services, Inc.
16355 Laguna Canyon Road
Irvine, CA 92618
Attention: Charles E. Bradley, Jr., President
Telecopier: (949) 450-3951

or at such other address or addresses as any party may specify after the date hereof by written notice given in accordance with this Section 4.3.

4.4 Descriptive Headings, Construction and Interpretation. The descriptive headings of the several paragraphs of this Agreement are for convenience of reference only and do not constitute a part of this Agreement and are not to be considered in construing or interpreting this Agreement. All section, preamble, recital, exhibit, schedule, clause and party references, if any, are to this Agreement unless otherwise stated. No party, nor its counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions of this Agreement, and all provisions of this Agreement shall be construed in accordance with their fair meaning, and not strictly for or against any party.

4.5 Governing Law; Failure or Delay. In all respects, including all matters of construction, validity and performance, this Agreement and the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to principles regarding choice of law or conflicts of laws. No failure or delay by LLC in the exercise of any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any power, right or remedy preclude any other exercise thereof or of any other power, right or remedy.

4.6 Counterparts. This Agreement may be executed in two or more counterparts and by facsimile, each of which shall be an original but all of which taken together shall constitute one and the same instrument.

4.7 Advice of Counsel. Each party acknowledges and agrees that it has received legal advice from counsel of its choice regarding the meaning and legal significance of this Agreement, that it has had an opportunity to ask questions of its legal counsel and that it is satisfied with its legal counsel and the advice received from it.

4.8 Further Assurances. Each party agrees to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable to effectuate the purposes of this Agreement and otherwise to consummate the transactions contemplated hereby.

4.9 Waiver of Trial by Jury. EACH PARTY HEREBY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR OTHER PROCEEDING ARISING OUT OF, CONNECTED WITH OR RELATED TO THIS AGREEMENT, THE SECURITIES PURCHASE AGREEMENT OR ANY OTHER RELATED AGREEMENT, OR ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, REGARDLESS OF WHICH PARTY INITIATES SUCH ACTION OR ACTIONS.

[REST OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized representatives, as of the date first written above.

LLCP

LEVINE LEICHTMAN CAPITAL PARTNERS, INC.,
a California corporation

On behalf of LEVINE LEICHTMAN CAPITAL
PARTNERS II, L.P., a California limited
partnership

By: /s/ Arthur E. Levine

Arthur E. Levine
President

COMPANY

CONSUMER PORTFOLIO SERVICES, INC.,
a California corporation

By: /s/ Charles E. Bradley, Jr.

Charles E. Bradley, Jr.
President and Chief Executive Officer

By: /s/ James L. Stock

James L. Stock
Senior Vice President and Chief Financial Officer

ADDENDUM REGARDING STANWICH

The undersigned has reviewed the Waiver Agreement and understands and acknowledges its terms and conditions.

STANWICH FINANCIAL SERVICES CORP.,
a Rhode Island corporation

By: /s/ Charles E. Bradley, Sr.

Charles E. Bradley, Sr.
President

THE SECURITY REPRESENTED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER ANY APPLICABLE STATE SECURITIES LAW AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE ASSIGNED EXCEPT IN COMPLIANCE WITH THE REGISTRATION REQUIREMENTS OF SUCH ACT AND THE REGISTRATION OR QUALIFICATION REQUIREMENTS OF SUCH STATE SECURITIES LAWS, OR PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION AND QUALIFICATION.

CONSUMER PORTFOLIO SERVICES, INC.

SECURED SENIOR NOTE DUE 2001

\$16,000,000.00

Irvine, California
March 15, 2000

FOR VALUE RECEIVED, CONSUMER PORTFOLIO SERVICES, INC., a California corporation (the "Borrower" or the "Company"), hereby promises to pay to the order of LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., a California limited partnership ("LLCP" or the "Purchaser"), and/or any registered assigns (including LLCP, the "Holder"), the sum of SIXTEEN MILLION DOLLARS (\$16,000,000.00) in immediately available funds and in lawful money of the United States of America, all as provided below. The Indebtedness evidenced by this Note, including principal of, premium, if any, and interest on, and all other amounts owing under this Note, shall constitute Senior Indebtedness of the Company and shall rank pari passu with all Indebtedness evidenced by the Term B Note.

1. Definitions. Unless otherwise indicated, all capitalized terms not defined herein shall have the meanings set forth in the Amended and Restated Securities Purchase Agreement dated of even date herewith (the "Securities Purchase Agreement") between the Company and the Purchaser.

2. Payment of Interest; Default Rate.

(a) Subject to Section 2(b) hereof, the Borrower shall pay interest in cash on the unpaid principal balance of this Note until fully paid at a rate per annum equal to twelve and one-half percent (12.50%). Interest on this Note shall be payable monthly in arrears on the

(Term A Note)

fifteenth day of each calendar month (or portion thereof), commencing on April 15, 2000 (each an "Interest Payment Date"). Interest shall be computed on the basis of the actual number of days elapsed over a 360-day year, including the first day and excluding the last day.

(b) If at any time (i) the Borrower fails to make any payment of principal as and when due (whether at stated maturity, upon acceleration or required prepayment or otherwise), (ii) the Borrower fails to make any payment of interest, premium, if any, fees, costs, expenses or other amounts due hereunder within one (1) Business Day after the date when due, or (iii) any other Default or Event of Default has occurred and is continuing, then, in addition to the rights and remedies available to the Holder under the Securities Purchase Agreement, this Note, the Term A Note, the other Related Agreements and Applicable Laws, the Company shall pay interest in cash on the unpaid principal balance of, premium, if any, and accrued and unpaid interest on this Note at a rate per annum (the "Default Rate") equal to 14.50% from the date on which such Event of Default is deemed to have first occurred (as provided in Section 10.1 of the Securities Purchase Agreement) until such time as such Event of Default is cured or waived.

3. Payments of Principal; Maturity Date. Principal of this Note shall be payable by the Borrower in eleven (11) equal installment payments of \$1,333,333 each, commencing July 15, 2000, and continuing on the 15th day of each calendar month thereafter until May 15, 2001, and one (1) installment payment of \$1,333,337 on June 15, 2001. The outstanding principal balance of this Note, together with all premium, if any, accrued and unpaid interest on, and all other amounts owing under this Note, shall be due and payable on June 15, 2001 (the "Maturity Date").

4. Optional Prepayments.

(a) The Company may not prepay the unpaid principal balance of this Note prior to June 15, 2000. Thereafter, the Company may voluntarily prepay the principal balance of this Note, in whole or in part, at any time in inverse order of maturity without any premium or penalty.

(b) The Borrower shall give the Holder written notice of each voluntary prepayment not less than thirty (30) nor more than ninety (90) days prior to the date of prepayment. Such notice shall specify the principal amount of this Note to be prepaid on such date. Notice of prepayment having been given as aforesaid, a payment in an amount equal to the principal amount of this Note specified in such prepayment notice shall become due and payable on such prepayment date, together with all accrued and unpaid interest on the outstanding principal balance of this Note through and including the date of prepayment.

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5. Mandatory Prepayments. In addition to the mandatory prepayments required to be made by the Company pursuant to Section 6, the Company shall make mandatory prepayments with respect to this Note as follows:

(a) Asset Sale Prepayments. If at any time the Company intends to consummate any Asset Sale, it shall, within ten (10) Business Days prior to the proposed date of consummation, notify the Holder in writing of the proposed Asset Sale (including, without limitation, the subject matter and the material terms thereof and the proposed date of consummation). Promptly following the Holder's receipt of such written notice, the Holder will furnish to the Company a written notice directing the Company either to (i) apply all Net Available Cash derived from such Asset Sale to prepay outstanding Indebtedness under this Note or the Term B Note or (ii) hold such Net Available Cash in a separate interest-bearing account pending further directions from the Holder. If the Holder directs the Company to prepay such Indebtedness pursuant to clause (i) above, the Company shall make such prepayment within three (3) Business Days following the date of consummation of such Asset Sale. Any Net Available Cash held in a separate interest-bearing account pursuant to clause (ii) above shall not be deemed to have been applied as a prepayment to any Indebtedness under this Note unless and until paid to the Holder pursuant to specific directions furnished by the Holder to the Company. This Section 5(a) shall not apply to (A) the sale by the Company of the Capital Stock of CPSL, LINC or Samco; (B) the sale or other disposition of the Company's interest in NAB; or (C) sales of any tangible personal property of the Company that do not exceed \$50,000 in the aggregate in any fiscal year of the Company; provided, however, that in each of clauses (A), (B) and (C), the Company reinvests the proceeds of such sales in the operations of its business.

(b) [Intentionally Omitted]

(c) Mandatory Prepayment From Proceeds of Key-Man Life Insurance. The Company shall apply the proceeds received, within one (1) Business Day after the receipt thereof, from any key-man life insurance policy maintained as required by Section 7.6 of the Securities Purchase Agreement to the prepayment of all amounts owing under this Note. Subject to the last paragraph of this Section 5, any proceeds remaining after such mandatory payment shall be and shall remain the property of the Company.

The mandatory prepayments provided for in this Section 5 shall be paid at 100.0% of the principal amount required to be prepaid, plus premium, if any, and accrued and unpaid interest, all as provided for above. In the event that mandatory prepayments are required to be made under this Note and the Term B Note, such prepayments shall be applied as follows: first, to the payment of all accrued interest on this Note through and including the date of such payment, second, to the prepayment of, in inverse order of maturity, the unpaid principal balance of this Note, third, to all other amounts owing under this Note; fourth, to the payment of all accrued

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interest on the Term B Note, fifth, to the prepayment of the unpaid principal balance of the Term B Note, and sixth, to all other amounts owing under the Term B Note.

6. Change in Control Prepayment. The Holder may require the Borrower to prepay the outstanding principal balance of, premium, if any, accrued and unpaid interest on and all other amounts owing under this Note, in whole or in part as requested by the Holder, at any time during the ninety (90)-day period following the consummation of any transaction which constitutes a Change in Control (as such term is defined below), at the prepayment amounts set forth below. For the purposes of this Note, a "Change in Control" shall mean:

(i) Any transaction or other event (including, without limitation, any merger, consolidation, sale or other transfer of stock or voting rights with respect thereto, issuance of stock, death or other transaction or event) by virtue of which Charles E. Bradley, Jr. fails to own, directly or indirectly through one or more of his Affiliates, at least 1,800,000 shares of Common Stock (as adjusted from time to time, the "Base Bradley Shares"), after giving effect to any shares of Common Stock that may be acquired upon exercise of any Option Rights owned or held by Mr. Bradley as of November 17, 1998, but without giving effect to any stock splits or similar events occurring after November 17, 1998; provided, however, that (A) the Base Bradley Shares shall increase by the number of shares of Common Stock acquired by Mr. Bradley (whether by purchase, exercise of Option Rights granted after November 17, 1998, bequest, inheritance, gift or otherwise) at any time after November 17, 1998, (B) shares of Common Stock owned by Charles E. Bradley, Sr. shall not be deemed to be owned by Mr. Bradley for purposes of this clause (i) (other than shares of Common Stock owned by Charles E. Bradley, Sr. which are subject to certain Option Rights in favor of Mr. Bradley), (C) the Base Bradley Shares shall be reduced by the number of shares of Common Stock held by Stanwich which constitute Base Bradley Shares that are sold or pledged by Stanwich after November 17, 1998, provided that Mr. Bradley does not, directly or indirectly, solicit, initiate, engage in or encourage in any manner whatsoever any discussions, or participate in any other activities, relating to such sale or pledge, (D) the Base Bradley Shares shall be reduced by shares of Common Stock included therein that are subject to Option Rights which expire at any time after November 17, 1998; and (E) the Base Bradley Shares shall not be affected by (x) any shares of Common Stock purchased by Mr. Bradley on the open market after November 17, 1998 or (y) any shares of Common Stock purchased by Mr. Bradley on the open market after November 17, 1998 and thereafter sold by Mr. Bradley on the open market; or

(ii) (A) The termination (whether voluntary or involuntary) of the employment of Charles E. Bradley, Jr. as the President and Chief Executive Officer of the Company with significant daily senior management responsibilities; or (B) the termination (whether voluntary or involuntary) of the employment of James L. Stock as

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the Chief Financial Officer of the Company with significant daily senior management responsibilities; provided that no Change in Control shall be deemed to occur under this clause (ii) (B) if, within ninety (90) days after the termination of the employment of Mr. Stock, the Board of Directors of the Company shall have appointed a new Chief Financial Officer of the Company who is acceptable to the Purchaser; or

(iii) Any sale, lease, transfer, assignment or other disposition of all or substantially all of the assets of the Borrower (excluding assets sold in connection with any asset securitization transaction or whole loan sale in the ordinary course of the Company's business) or any of its Subsidiaries.

In the case of a Change in Control in respect of clauses (i) or (ii) above, the Company shall prepay an amount equal to 101.0% of the principal amount being prepaid, plus accrued and unpaid interest through and including the date of prepayment, and in the case of a Change in Control in respect of clause (iii) above, the Company shall prepay an amount equal to 100.0% of the principal amount being prepaid, plus accrued and unpaid interest through and including the date of prepayment. The Borrower shall notify the Holder of the date on which a Change in Control has occurred within one (1) Business Day after such date and shall, in such notification, inform the Holder of the Holder's right to require the Borrower to prepay this Note as provided in this Section 6 and of the date on which such right shall terminate. If the Holder elects to require the Borrower to prepay this Note pursuant to this Section 6, it shall furnish written notice to the Borrower advising the Borrower of such election and the amount of principal of this Note to be prepaid. The Borrower shall prepay this Note in accordance with this Section 6 and such written notice within one (1) Business Day after its receipt of such written notice.

7. Holder Entitled to Certain Benefits; Collateral. This Note is the Term A Note referred to in, and the Holder is entitled to the rights and benefits of the Purchaser under, the Securities Purchase Agreement, including, without limitation, the right to accelerate the outstanding principal balance of, premium, if any, accrued and unpaid interest on, and all other amounts owing under, this Note upon the occurrence of an Event of Default. This Note also is secured by the "Collateral" referred to in the Collateral Documents and is guaranteed by the Subsidiary Guarantors under the Guaranty.

8. Manner of Payment. Payments of principal, interest and other amounts due under this Note shall be made no later than 12:00 p.m. (noon) (Los Angeles time) on the date when due and in lawful money of the United States of America (by wire transfer in funds immediately available at the place of payment) to such account as the Holder may designate in writing to the Borrower and, if to LLCP, to: Bank of America, Century City, Private Banking, 2049 Century Park East, Los Angeles, California 90067; ABA No. 121000358; Account No. 11546-03239; Attention: Cheryl Stewart (or such other place of payment that LLCP may designate in writing

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to the Borrower). Any payments received after 12:00 p.m. (noon) (Los Angeles time) shall be deemed to have been received on the next succeeding Business Day. Any payments due hereunder which are due on a day which is not a Business Day shall be payable on the first succeeding Business Day and such extension of time shall be included in the computation.

9. Maximum Lawful Rate of Interest. The rate of interest payable under this Note shall in no event exceed the maximum rate permissible under applicable law. If the rate of interest payable on this Note is ever reduced as a result of this Section 9 and at any time thereafter the maximum rate permitted under applicable law exceeds the rate of interest provided for in this Note, then the rate provided for in this Note shall be increased to the maximum rate provided for under applicable law for such period as is required so that the total amount of interest received by the Holder is that which would have been received by the Holder but for the operation of the first sentence of this Section 9.

10. Borrower's Waivers. The Borrower hereby waives presentment for payment, demand, protest, notice of protest and notice of dishonor hereof, and all other notices of any kind to which it may be entitled under applicable law or otherwise.

11. Registration of Note. The Company shall maintain at its principal executive office a register in which it shall register this Note, any Assignments of this Note or any other notes issued hereunder and any other notes issued upon surrender hereof and thereof. At the option of the Holder, this Note may be exchanged for one or more new notes of like tenor in the principal denominations requested by the Holder, and the Company shall, within three (3) Business Days after the surrender of this Note at the Company's principal executive offices, deliver to the Holder such new note or notes. In addition, each Assignment of this Note, in whole or in part, shall be registered on the register immediately following the surrender of this Note at the Company's principal executive offices.

12. Persons Deemed Owners; Participations. Prior to due presentment for registration of any Assignment, the Company may treat the Person in whose name any Note is registered as the owner and Holder of such Note for all purposes whatsoever, and the Company shall not be affected by notice to the contrary. Subject to the preceding sentence, the Holder may grant to any other Person participations from time to time in all or any part of this Note on such terms and conditions as may be determined by the Holder in its sole and absolute discretion, subject to applicable federal and state securities laws. Notwithstanding anything to the contrary contained herein or otherwise, nothing in the Securities Purchase Agreement, this Note or any other Related Agreement or otherwise shall confer upon the participant any rights in the Securities Purchase Agreement or any Related Agreement, and the Holder shall retain all rights with respect to the administration, waiver, amendment, collection and enforcement of, compliance with and consent to the terms and provisions of the Securities Purchase Agreement, this Note or any other Related Agreement.

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In addition, the Holder may, without the consent of the participant, give or withhold its consent or agreement to any amendments to or modifications of the Securities Purchase Agreement, this Note or any other Related Agreement, waive any of the provisions hereof or thereof or exercise or refrain from exercising any other rights or remedies which the Holder may have under the Securities Purchase Agreement, this Note or any other Related Agreement or otherwise. Notwithstanding the foregoing, the Holder will not agree with the Company, without the prior written consent of the participant (which consent shall be given or affirmatively withheld not later than three (3) Business Days after the Holder's written request therefor): (a) to reduce the principal of or rate of interest on this Note or (b) to postpone the date fixed for payment of principal of or interest on the Indebtedness evidenced by this Note. If the participant does not timely reply to the Holder's request for such consent, the participant shall be deemed to have consented to such agreement and the Holder may take such action in such manner as the Holder determines in the exercise of its independent business judgment.

13. Assignment and Transfer. Subject to Applicable Law, the Holder may, at any time and from time to time and without the consent of the Company, assign or transfer to one or more Persons all or any portion of this Note or any portion thereof (but not less than \$500,000 in principal amount in any single assignment (unless such lesser amount represents the entire outstanding principal balance hereof)). Upon surrender of this Note at the Company's principal executive office for registration of any such assignment or transfer, accompanied by a duly executed instrument of transfer, the Company shall, at its expense and within three (3) Business Days of such surrender, execute and deliver one or more new notes of like tenor in the requested principal denominations and in the name of the assignee or assignees and bearing the legend set forth on the face of this Note, and this Note shall promptly be canceled. If the entire outstanding principal balance of this Note is not being assigned, the Company shall issue to the Holder hereof, within three (3) Business Days of the date of surrender hereof, a new note which evidences the portion of such outstanding principal balance not being assigned. If this Note is divided into one or more Notes and is held at any time by more than one Holder, any payments of principal of, premium, if any, and interest or other amounts on this Note which are not sufficient to pay all interest or other amounts due thereunder, shall be made pro rata with respect to all such Notes in accordance with the outstanding principal amounts thereof, respectively.

14. Loss, Theft, Destruction or Mutilation of this Note. Upon receipt of evidence reasonably satisfactory to the Borrower of the loss, theft, destruction or mutilation of this Note and, in the case of any such loss, theft or destruction, upon receipt of an indemnity agreement or other indemnity reasonably satisfactory to the Borrower or, in the case of any such mutilation, upon surrender and cancellation of such mutilated Note, the Borrower shall make and deliver within three (3) Business Days a new Note, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Note.

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15. Costs of Collection. The Borrower agrees to pay all costs and expenses, including the fees and expenses of any attorneys, accountants and other experts retained by the Holder, which are expended or incurred by the Holder in connection with (a) the enforcement of this Note or the collection of any sums due hereunder, whether or not suit is commenced; (b) any actions for declaratory relief in any way related to this Note; (c) the protection or preservation of any rights of the Holder under this Note; (d) any actions taken by the Holder in negotiating any amendment, waiver, consent or release of or under this Note; (e) any actions taken in reviewing the Borrower's or any of its Subsidiaries' financial affairs if an Event of Default has occurred or the Holder has determined in good faith that an Event of Default may likely occur, including, without limitation, the following actions: (i) inspect the facilities of the Borrower and any of its Subsidiaries or conduct audits or appraisals of the financial condition of the Borrower and any of its Subsidiaries; (ii) have an accounting firm chosen by the Holder review the books and records of the Borrower and any of its Subsidiaries and perform a thorough and complete examination thereof; (iii) interview the Borrower's and each of its Subsidiaries' employees, accountants, customers and any other individuals related to the Borrower or its Subsidiaries which the Holder believes may have relevant information concerning the financial condition of the Borrower and any of its Subsidiaries; and (iv) undertake any other action which the Holder believes is necessary to assess accurately the financial condition and prospects of the Borrower and any of its Subsidiaries; (f) the Holder's participation in any refinancing, restructuring, bankruptcy or insolvency proceeding involving the Borrower, any of its Subsidiaries or any other Affiliate of the Borrower; (g) verifying, maintaining, or perfecting any security interest or other Lien granted to the Holder in any collateral; (h) any effort by the Holder to protect, assemble, complete, collect, sell, liquidate or otherwise dispose of any collateral, including in connection with any case under Bankruptcy Law; or (i) any refinancing or restructuring of this Note, including, without limitation, any restructuring in the nature of a "work out" or in any insolvency or bankruptcy proceeding.

16. Extension of Time. The Holder, at its option, may extend the time for payment of this Note, postpone the enforcement hereof, or grant any other indulgences without affecting or diminishing the Holder's right to recourse against the Borrower, which right is expressly reserved.

17. Notations. Before disposing of this Note or any portion thereof, the Holder may make a notation thereon (or on a schedule attached thereto) of the amount of all principal payments previously made by the Company with respect thereto.

18. Governing Law. IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO

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CONTRACTS MADE AND PERFORMED IN THAT STATE (WITHOUT REGARD TO THE CHOICE OF LAW OR CONFLICTS OF LAW PROVISIONS THEREOF) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

19. Captions; Construction and Interpretation. The captions contained in this Note are for convenience of reference only, do not constitute a part of this Note and are not to be considered in construing or interpreting this Note. The Company and the Holder have each been represented by counsel in the negotiation and drafting of this Note, and neither the Company nor the Holder nor their respective counsel shall be deemed the drafter of this Note for purposes of construing the provisions of this Note. All provisions of this Note shall be construed in accordance with their fair meaning, and not strictly for or against the Company or the Holder.

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20. WAIVER OF JURY TRIAL. THE COMPANY AND THE HOLDER (BY ACCEPTANCE THEREOF) HEREBY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR OTHER PROCEEDING BROUGHT TO RESOLVE ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATING TO THIS NOTE, THE SECURITIES PURCHASE AGREEMENT, ANY OTHER RELATED AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, REGARDLESS OF WHICH PARTY INITIATES SUCH ACTION, SUIT OR OTHER PROCEEDING.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered by its duly authorized representatives on the date first above written.

CONSUMER PORTFOLIO SERVICES, INC., a
California corporation

By: /s/ Charles E. Bradley, Jr.

Charles E. Bradley, Jr.
President and Chief Executive Officer

By: /s/ James L. Stock

James L. Stock
Senior Vice President and Chief Financial Officer

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AMENDED AND RESTATED
INVESTOR RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT is entered into as of the 15th day of March 2000 (this "Agreement"), by and among CONSUMER PORTFOLIO SERVICES, INC., a California corporation (the "Company"), CHARLES E. BRADLEY, SR., an individual ("C. E. Bradley, Sr."), CHARLES E. BRADLEY, JR., an individual ("C.E. Bradley, Jr." and, together with C.E. Bradley, Sr., the "Bradleys"), and LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., a California limited partnership ("LLCP").

RECITALS

A. The parties and JEFFREY P. FRITZ, an individual ("Fritz"), entered into that certain Investor Rights Agreement dated as of November 17, 1998, as amended by a First Amendment to Investor Rights Agreement dated as of April 15, 1999 (as so amended, the "Original Investor Rights Agreement"), pursuant to which, among other things, the Company and the Senior Officers (as such term is defined therein) granted to LLCP certain investment monitoring, management, tag-along and other rights and benefits, respectively, all as more fully described therein.

B. The Company and LLCP are entering into that certain Amended and Restated Securities Purchase Agreement dated of even date herewith (the "Securities Purchase Agreement") pursuant to which, among other things, on the date hereof, the Company is issuing and selling to LLCP, and LLCP is purchasing from the Company, a Secured Senior Note Due 2001 in the principal amount of \$16,000,000, and the Company and LLCP are amending and restating the Amended November 1998 Primary Note and the April 1999 Note into one Amended and Restated Secured Senior Note Due 2003 in the principal amount of \$30,000,000, all on the terms and subject to the conditions set forth therein and in the Related Agreements. Unless otherwise indicated, capitalized terms used herein shall have the meanings set forth in the Securities Purchase Agreement.

C. In connection with the transactions contemplated by the Securities Purchase Agreement, the parties wish to amend and restate the Original Investor Rights Agreement on the terms and subject to the conditions set forth herein. The execution and delivery of this Agreement is a condition precedent to the consummation of the transactions contemplated by the Securities Purchase Agreement.

D. In addition, Fritz, who was formerly a Senior Vice President and the Chief Financial Officer of the Company, is currently a party to the Original Investor Rights Agreement. Effective May 31, 1999, Fritz resigned from the Company. Accordingly, the parties and Fritz have agreed to remove Fritz as a party to the Original Investor Rights Agreement, to release him from any and all of his liabilities or obligations thereunder and not to include him as a party to this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements set forth herein, and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby amend and restate the Original Investor Rights Agreement as follows:

1. INVESTMENT MONITORING/MANAGEMENT RIGHTS.

1.1 Election of LLC Representative to Board.

(a) At the written request of LLC from time to time, the Company shall take all such steps (whether corporate or otherwise) as may be required or appropriate to cause any individual designated by LLC to be its representative (the "LLC Representative") on the Board of Directors of the Company (the "Board of Directors") to be duly appointed or elected to the Board of Directors, effective as of the close of business on the fifth day following receipt by the Company of such written request. In addition, at any future election of directors, the Company agrees to nominate the then current LLC Representative (or any other individual designated by LLC) for election as a director and shall otherwise use its best efforts to cause the LLC Representative to be elected to and remain as a member of the Board of Directors unless and until the LLC Representative resigns from the Board of Directors.

(b) In furtherance of the foregoing, each of C.E. Bradley, Sr. and C.E. Bradley, Jr. agree to vote any and all shares of Common Stock as to which he has the right to vote and shall, to the extent he has the power to do so, cause each of his respective Affiliates to vote, all of his, its or their shares of Common Stock as to which such Affiliate has the right to vote, for the election of the LLC Representative at each election of directors; provided, however, that it shall not constitute a violation of this covenant to the extent that a pledgee of any such shares of Common Stock acquires the right to vote such shares pursuant to the terms of any pledge agreement under which such shares have been pledged by C.E. Bradley, Sr., C.E. Bradley, Jr. or any of their respective Affiliates, as the case may be (including, without limitation, the BofA Pledge Agreements (as such term is defined in Section 5.1(d))). In the event of the death or resignation of the LLC Representative at any time, or in the event the LLC Representative shall not be elected to the Board of Directors at any election of directors for any reason, the Company shall, upon request of LLC, promptly (and in any event within five (5)

days of such request), take such steps as may be necessary, including, without limitation, increasing the size of the Board of Directors and filling the resulting vacancy with an LLC Representative, as may be necessary to cause the LLC Representative to become a member of the Board of Directors. To the extent that the Board of Directors delegates any of its duties to an executive committee or other similar committee, the LLC Representative shall, upon request, be elected to such committee.

(c) The agreement to vote provided in this Section 1.1 is intended to constitute an enforceable voting agreement within the scope of Section 706 of the General Corporation Law of the State of California and is coupled with an interest.

1.2 Observation Rights. If, at any time, no LLC Representative is serving on the Board of Directors for any reason, LLC shall receive notice of and be entitled to have one (1) representative and one advisor to such representative (or, at LLC's election, two (2) representatives) attend as observers at all meetings of the Board of Directors and of all committees thereof and at all meetings of the shareholders of the Company. Notice of such meetings shall be given to LLC in the same manner and at the same time as that given to the members of the Board of Directors or such committees (which shall not be less than 48 hours prior to such meeting unless otherwise agreed to by LLC) and at the same time as to the shareholders of the Company, as the case may be. LLC shall be provided with copies of (i) a meeting agenda, if any is prepared, (ii) all information which is provided to the members of the Board of Directors or such committees or to the shareholders of the Company (whether prior to, at, or subsequent to any such meetings), as the case may be, at the same time as such materials are provided to the members of the Board of Directors or such committee or to the shareholders of the Company, as the case may be, and (iii) copies of the minutes of all meetings of the Board of Directors and such committees and of all meetings of shareholders concurrently with the distribution of such minutes to one or more members of the Board of Directors or such committees or shareholders, as the case may be, but in no event later than forty-five (45) days after each such meeting.

1.3 Operating Committee.

(a) The Company shall establish an operating committee (the "Operating Committee") to, among other things, (i) review the monthly operating and capital plan of the Company and its subsidiaries for the next fiscal year, (ii) compare budgeted versus actual performance, and (iii) analyze the Company's capital needs over the 12 months following each meeting. The Operating Committee shall also consider such additional financial matters as the Operating Committee shall deem advisable. The Operating Committee shall not constitute a committee designated by the Board of Directors pursuant to the Company's Bylaws or Section 311 of the California Corporations Code, and shall not have any authority to act in the

name of or on behalf of the Company or any Subsidiary, but the Operating Committee shall have the right to make suggestions and to recommend actions to the Board of Directors or to the Board of Directors of any Subsidiary of the Company or to any committee of any such Board of Directors, either in writing or by attending, through a representative, a meeting of such Board of Directors or such committee.

(b) The Operating Committee shall at all times be comprised of two (2) members of senior management of the Company, who shall be the President and Chief Executive Officer of the Company and the Chief Financial Officer (or principal accounting officer) of the Company, and two (2) members designated by LLC. The President and Chief Executive Officer of the Company and the Chief Financial Officer (or principal accounting officer) of the Company currently are C.E. Bradley, Jr. and James L. Stock, respectively. The Company shall cause other members of its senior management to be available at each meeting of the Operating Committee to review financial information and discuss other matters.

(c) Regular meetings of the Operating Committee shall take place on or about the fourth Wednesday of each month (or the next succeeding Business Day, if the fourth Wednesday is not a Business Day).

(d) The financial statements and other materials to be discussed at each monthly meeting described in Section 1.3(c) will consist of the materials included in the monthly information package delivered by the Company to the members of its Board of Directors and to LLC as provided in Section 8.2(j) of the Securities Purchase Agreement.

1.4 Intentionally Omitted.

1.5 Termination of Rights Under Section 1.1, 1.2 and 1.3. LLC's rights under Sections 1.1, 1.2 and 1.3 shall continue so long as (a) any Indebtedness or other amounts remain outstanding under the Notes or (b) LLC continues to hold, directly or indirectly, five percent (5.0%) or more of the number of shares of Common Stock outstanding; provided, however, that LLC's rights under Sections 1.1, 1.2 and 1.3 shall nevertheless continue for a period of two (2) years after the date upon which all Indebtedness and other amounts under the Notes are paid in full and LLC holds less than five percent (5.0%) of the outstanding shares of Common Stock if LLC informs the Company in writing that it believes in good faith that it is required to retain such rights to qualify as a "venture capital operating company" for purposes of complying with the requirements of ERISA.

1.6 Indemnification and Insurance. The Company shall, to the maximum extent permitted by Applicable Laws, indemnify and hold harmless the LLC Representative, each LLC representative on the Operating Committee, LLC and LLC's employees, general and

limited partners, principals, agents, attorneys, accountants, representatives and Affiliates (collectively, the "LLCP Parties") from all costs, expenses, liabilities, claims, damages and losses, including without limitation, attorneys' fees and the cost of any investigation and preparation incurred in connection therewith (collectively, "Liabilities and Costs"), arising out of or in any way related to the fact that any LLCP Party is or was a director or other agent of the Company or any Subsidiary of the Company, served on the Operating Committee or, while a director or other agent, is or was serving at the request of the Company as a director, officer, employee, trustee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise. Upon request by any LLCP Party, the Company shall advance (within ten (10) Business Days of such request) any and all expenses, including, without limitation, any and all attorneys' fees and the cost of any investigation and preparation incurred in connection with any matter for which such LLCP Party is or may be entitled to indemnification hereunder; provided, that, if and to the extent that a court of competent jurisdiction finally determines that such LLCP Party is not permitted to be indemnified with respect to such matter under Applicable Laws, the Company shall be entitled to reimbursement of any expenses so advanced. The Company shall also indemnify each LLCP Party from and against any and all Liabilities and Costs incurred in connection with any claim or action brought to enforce such LLCP Party's rights under this Section 1.6, or under Applicable Laws or the Company's Articles of Incorporation or Bylaws now or hereafter in effect relating to indemnification, or for recovery under directors' and officers' liability insurance policies maintained by the Company, regardless of whether such LLCP Party is ultimately determined to be entitled to such indemnification or insurance recovery, as the case may be. If for any reason the foregoing indemnification is not available for any reason or is not sufficient to indemnify and hold the LLCP Parties harmless from all such Liabilities and Costs, then the Company shall contribute to the amount of all such Liabilities and Costs paid or payable by any LLCP Party in such proportion as is appropriate to reflect not only the relative benefits received by the Company, on the one hand, and LLCP, on the other hand, but also the relative fault of each, as well as any other equitable considerations. The Company's reimbursement, indemnity and contribution obligations shall be in addition to any liability the Company may otherwise have at law or under any other agreement, including without limitation, the Securities Purchase Agreement, and such obligations shall extend, upon the same terms, to all LLCP Parties. This Section 1.6 shall survive indefinitely the termination of this Agreement. At any time that an LLCP Representative is serving on the Board of Directors, the Company shall maintain in force and effect one or more insurance policies providing at least \$10,000,000 in insurance coverage for director liability, including coverage for claims under federal and state securities laws. The Company represents and warrants to LLCP that it currently maintains in effect one or more insurance policies providing at least \$10,000,000 in insurance coverage for director liability, including, without limitation, coverage for claims arising under federal and state securities laws.

2. TAG ALONG RIGHTS.

2.1 Tag Along Right. Subject to the provisions of Section 2.8, in the event that C.E. Bradley, Jr. or any entity "controlled" by him (within the meaning of the definition of Affiliate in the Securities Purchase Agreement) (each a "Selling Holder") receives a bona fide offer from any Person (the "Buyer") to purchase any shares of Common Stock from such Selling Holder and such Selling Holder desires to sell or otherwise transfer any such shares of Common Stock pursuant to such bona fide offer, then LLCP shall be given an opportunity to sell or otherwise transfer to the Buyer LLCP's Pro Rata Share (determined in accordance with Section 2.2 and Section 3.3) of any shares of Common Stock which the Buyer agrees to purchase held or beneficially owned by LLCP as provided in this Agreement (the "Tag Along Rights").

2.2 TAR Offer. At least fifteen (15) days prior to the consummation of any sale or other transfer by a Selling Holder of any shares of Common Stock, the Selling Holder shall cause the bona fide offer from the Buyer to purchase or otherwise acquire such Selling Holder's shares to be reduced to a writing (the "TAR Offer") and shall deliver to LLCP written notice of the TAR Offer, together with a true copy of the TAR Offer (the "TAR Notice"). Each TAR Offer shall require the Buyer to offer to purchase or otherwise acquire from LLCP, at the same time, at the same price and on the same terms as apply to the sale or other disposition by the Selling Holder to the Buyer and according to the terms and subject to the conditions of this Agreement, not less than the number of LLCP Shares held by LLCP as shall be equal to the product of (i) the total number of shares of Common Stock which the Buyer desires to purchase or otherwise acquire, multiplied by (ii) a fraction, the numerator of which is the total number of LLCP Shares on the date of the TAR Notice and the denominator of which is the total number of shares of Common Stock held on such date by the Selling Holder plus the total number of LLCP Shares. Pursuant to Section 2.4, the Selling Holder may then sell to the Buyer the number of shares of Common Stock remaining after the shares of Common Stock to be sold by LLCP are subtracted from the total number of shares of Common Stock which the Buyer desires to purchase or otherwise acquire. For example, if a Buyer offers to purchase 100,000 shares of Common Stock from C. E. Bradley, Jr., and he desires to accept such offer, then the aggregate number of Shares which LLCP shall be entitled to sell to the Buyer upon the exercise of the Tag Along Rights shall be equal to 100,000, multiplied by the total number of LLCP Shares, divided by the sum of the total number of LLCP Shares plus the total number of shares of Common Stock held by C.E. Bradley, Jr. In no event shall LLCP be required to make any representation or warranty in connection with the sale to any Buyer other than as to organization and authority of LLCP, title to the shares of Common Stock to be sold by LLCP, and the absence of conflict with laws or material agreements of LLCP.

2.3 Acceptance Notice. If LLCP desires to accept the TAR Offer with respect to any LLCP Shares, LLCP shall deliver to the Selling Holder within fifteen (15) days after receipt of the TAR Notice by LLCP, a written notice stating such acceptance of the TAR Offer and setting forth the number of shares of LLCP Shares that LLCP desires to sell to the Buyer (the "Acceptance Notice"). If LLCP does not deliver an Acceptance Notice to the Selling Holder in accordance with the provisions of this Section 2.3, LLCP shall be deemed to have rejected the TAR Offer. The timely delivery of the Acceptance Notice shall constitute LLCP's agreement to sell to the Buyer the lesser of (a) the number of LLCP Shares which LLCP is entitled to sell to the Buyer pursuant to this Section 2 and (b) the number of LLCP Shares which LLCP desires to sell to the Buyer as set forth in the Acceptance Notice. The Acceptance Notice shall also include (i) a written undertaking of LLCP to deliver, at least two (2) Business Days prior to the expected date of the consummation of such sale or other disposition to the Buyer as indicated in the TAR Notice, such documents (including stock assignments and stock certificates, if any) as shall be reasonably required to transfer the LLCP Shares to be sold by LLCP to the Buyer pursuant to the TAR Offer and (ii) a limited power-of-attorney authorizing the Selling Holder to transfer such shares to the Buyer pursuant to the terms of the TAR Offer.

2.4 Consummation. If there is a decrease in the price to be paid by the Buyer for the shares to be purchased from the price set forth in the TAR Offer, which decrease is acceptable to the Selling Holder, or any other material change in terms which are less favorable to the Selling Holder but which are acceptable to the Selling Holder, the Selling Holder shall immediately, but in any event within two (2) Business Days, notify LLCP of such decrease or other change, and LLCP shall have five (5) Business Days from the date of receipt of the notice of such decrease to modify the number of shares of Common Stock it will sell to the Buyer, as previously indicated in the applicable Acceptance Notice, or decline the TAR Offer. If the Selling Holder does not complete any proposed sale or other transfer for any reason, the Selling Holder shall immediately return to LLCP all documents (including stock assignments and stock certificates, if any) and powers-of-attorney which LLCP delivered to the Selling Holder pursuant to this Section 2 or otherwise in connection with such sale or other transfer.

2.5 Closing. The delivery of the stock certificate by the Selling Holder and LLCP to the Buyer in consummation of the sale of shares of Common Stock pursuant to the terms and conditions specified in the TAR Offer, and the payment by the Buyer to the Selling Holder and LLCP in immediately available funds of that portion of the sale proceeds to which the Selling Holder and LLCP are respectively entitled by reason of their participation in such sale shall occur simultaneously at a closing at the principal office of the Company, or such place as the Buyer and the selling parties may agree, at a time and at a date mutually agreeable to the Buyer and the selling parties.

2.6 Subsequent Offering. The exercise or non-exercise of the Tag Along Rights by LLCPC with respect to any sale or transfer shall not affect adversely the right of LLCPC to exercise the Tag Along Rights with respect to any subsequent sale or transfer.

2.7 Prohibited Sale. In the event of any purported sale of shares of Common Stock by C.E. Bradley, Jr. or any of his Affiliates in contravention of this Section 2 (a "Prohibited Transfer"), LLCPC shall have the right to (i) require that the Company, or the Company's transfer agent, not enter such transfer on the books and records of the Company or (ii) sell to the Selling Holder the number of shares of Common Stock equal to the number of LLCPC Shares that LLCPC could have otherwise sold in connection with the sale by the Selling Holder on the following terms and conditions:

(a) The price per share which such shares are to be sold to such Selling Holder shall be equal to the price per share paid to such Selling Holder by the Buyer of such Selling Holder's shares of Common Stock;

(b) LLCPC shall deliver to such Selling Holder within not more than ten (10) business days after receiving notice from such Selling Holder of the Prohibited Transfer, the certificate or certificates representing the shares of Common Stock to be sold, each certificate being properly endorsed for transfer; and

(c) Such Selling Holder, upon receipt of the share certificates delivered pursuant to Section 2.7(b) above, shall within one (1) business day pay in cash (regardless of the form of consideration paid to such Selling Holder by the Buyer) the purchase price therefor, by wire transfer to such account as directed by LLCPC or such other means of payment as is directed by LLCPC, and shall reimburse LLCPC for any additional expenses, including legal fees and expenses, incurred in effecting such purchase and resale.

2.8 Permitted Transfers. Notwithstanding the foregoing, the following transactions shall not be subject to the provisions of this Section 2: (i) sales in a public offering registered under the Securities Act of 1933, as amended (the "Act"); (ii) sales pursuant to Rule 144 or any similar successor rule promulgated under the Act; (iii) sales of shares of Common Stock which do not constitute "restricted securities" as such term is defined in Rule 144(a)(3) to the extent C.E. Bradley, Jr. is not an affiliate of the Company at the time of such sale; (iv) sales effected pursuant to a margin call by a broker holding shares of Common Stock as collateral for a margin account; (v) the pledge of shares pursuant to the terms of a bona fide pledge agreement to secure obligations of C.E. Bradley, Jr., provided that no more than 600,000 shares are subject to pledge at any time (which number shall be reduced by the number of shares sold as permitted by the

following clause (vi)); (vi) sales effected by a bona fide pledgee pursuant to the terms of a pledge agreement permitted under the foregoing clause (v); (vii) sales by the estate of the holder to a spouse or other family member ("Family Member") within one year of the holder's death; (viii) transfers to a trust for the benefit of a Family Member of the transferor, or to an executor, administrator or other personal representative pending distribution to such Family Member or trust; or (ix) by inter vivos transfer to a Family Member of the transferor or to a trust primarily for the transferor's benefit or the benefit of a Family Member of a transferor; provided, however, that the transferee in each of the foregoing clauses (vii), (viii) and (ix) shall be bound by the provisions of this Agreement with respect to such transferred shares and shall, upon request, execute and deliver to LLCP and the Company an instrument, in form and substance reasonably acceptable to LLCP, agreeing to be bound by the provisions of this Agreement with respect to any future transfer. Notwithstanding the foregoing, if C.E. Bradley Jr. sells any shares of Common Stock as contemplated by clauses (i) through (vi) above, the purchaser or transferee of such shares shall not be bound by any obligations under this Agreement.

2.9 Termination of Tag-Along-Rights. The Tag-Along-Rights provided for in this Section 2 shall terminate in their entirety at such time as the number of LLCP Shares owned or held, directly or indirectly, by LLCP is less than three percent (3%) of the total number of shares of Common Stock then outstanding.

2.10 Representation, Warranty and Covenant of C.E. Bradley, Jr. C.E. Bradley, Jr. shall give LLCP written notice within two (2) days in the event that he purchases or otherwise acquires, directly or indirectly, any shares of Common Stock (excluding shares purchased or otherwise acquired by C.E. Bradley, Jr. in the open market) after the date hereof, which shares shall, upon such purchase or other acquisition, be legended as required by Section 5.1 (to the extent required to be so legended pursuant to Section 5.1) and shall immediately become subject to the terms and provisions of this Section 2. C.E. Bradley, Jr. represents and warrants to LLCP that he has not purchased or otherwise acquired, directly or indirectly, any such shares since November 17, 1998.

3. RIGHTS UPON ISSUANCE OF ADDITIONAL SECURITIES.

3.1 Right to Purchase. The Company shall not issue any Common Stock or Equity Rights without first offering in writing to LLCP the right to purchase at the same price applicable to such issuance (which offer must remain open for a period of at least thirty (30) days) an amount of such newly-issued equity securities equal to LLCP's pro rata share of the newly-issued equity securities such that, if LLCP exercised its right to first refusal in full, its pro rata share would not have changed from its Pro Rata Share (as defined below) prior to such issuance.

3.2 Exceptions. Section 3.1 shall not apply to: (i) the issuance of any equity security by the Company pursuant to a public offering registered under the Act, provided such security is listed at the time of issuance on a recognized national securities exchange or on the NASDAQ National Market, (ii) the issuance of Common Stock upon the exercise or conversion of any Equity Rights (A) which are outstanding as of the date of November 17, 1998 or (B) which are issued after November 17, 1998 in compliance with the provisions of this Section 3, (iii) the issuance of the Stanwich Replacement Note and the Poole Replacement Note, and, in each case, the issuance of any securities issued upon the conversion thereof, (iv) the issuance of any Equity Rights granted pursuant to the Option Pool (as such phrase is defined below) or the issuance of Common Stock issued upon the exercise of any such Equity Rights or (v) the issuance of the FSA Warrant, and any shares of Common Stock issued or issuable upon the exercise of the FSA Warrant.

3.3 Definitions. As used in this Section, the following terms shall have the meanings indicated:

(a) "Pro Rata Share" as of a specified date shall mean the percentage equal to the fraction, the numerator of which is the number of shares of Common Stock held by LLC or issuable upon the exercise of Equity Rights held by LLC as of such date and the denominator of which is the sum of (i) the number of shares of Common Stock outstanding as of such date, plus (ii) the number of shares of Common Stock issuable upon the exercise of Equity Rights outstanding as of such date (but only to the extent such Equity Rights are exercisable as of such date).

(b) "Equity Rights granted pursuant to the Option Pool" shall mean any Equity Rights to purchase shares of Common Stock granted by the Company, whether before or after the date of this Agreement, to directors, officers and key employees of the Company or of any affiliate of the Company under a plan adopted or to be adopted by the Board of Directors or the shareholders of the Company, including, without limitation, the Company's 1991 Stock Option Plan, as amended, and the Company Stock Plans, at an exercise price per share that is not less than the fair market value of the shares of Common Stock as of the date of grant, as determined by the Board of Directors in good faith and approved (i) in the case of a grant to any officer (other than a senior executive officer) or employee of the Company who is not a member of the Board of Directors, by a majority vote of the Board of Directors, and (ii) in the case of any grant to a senior executive officer or member of the Board of Directors, by the unanimous vote of the members of the Board of Directors who are not being granted or receiving such Equity Rights, unless such grant (and the number of shares of Common Stock issuable upon exercise thereof) is consistent with past grants by the Company to such member, in which case by a majority vote of the Board of Directors.

3.4 Termination. This Section 3 shall terminate on the earlier to occur of (i) the seventh anniversary date of this Agreement and (ii) the date upon which the number of LLC Shares directly or indirectly held by LLC is less than five percent (5.0%) of the number of shares of Common Stock then outstanding.

4. COVENANTS OF THE BRADLEYS.

4.1 Protection and Use of Confidential Information. Each Bradley severally acknowledges and agrees that, in the course of the performance of his duties for the Company, he has or will come into the possession of confidential information which is valuable to the Company by virtue of the fact that such information is not generally known to the public or to the Company's competitors ("Confidential Information"). The Confidential Information includes, but is not limited to, trade secrets, business records, vendor lists, dealer lists, information concerning financing sources, information concerning employees, information concerning the Company's products and services, technical data, know how, specifications, processes, computations, development work, business plans, financial projections and other internal financial information, pricing information, information concerning the Company's sales and marketing programs, training materials and computer programs and routines. Each Bradley severally agrees that (i) he will not, at any time either during or after his employment with the Company, in any manner, either directly or indirectly divulge, disclose or communicate any Confidential Information to any Person, (ii) he will not use any Confidential Information for his own benefit or for any other purpose other than for the exclusive benefit of the Company and its Subsidiaries, (iii) all Confidential Information is and shall remain the exclusive property of the Company, (iv) upon the termination of his employment with the Company, he will not, without the prior written approval of the Company, keep or remove any books, drawings, documents, records or other written or printed, photographic, encarded, taped, electrostatically or electromagnetically encoded data or information of whatever nature of the Company, and shall immediately return all such material and other Company property in his possession to the Company; provided, however, that the foregoing shall not prohibit any Bradley from disclosing Confidential Information (i) to the extent such Bradley reasonably believes in good faith that the disclosure of such Confidential Information is in the best interests of the Company or otherwise necessary or appropriate to the effective and efficient discharge of such Bradley's duties to the Company or (ii) to the extent such disclosure is required under Applicable Laws or pursuant to the order of a court or other governmental agency.

4.2 Non-Solicitation. Each Bradley severally agrees that during any period during which he is employed by the Company and for a period of five (5) years after termination of such employment, he shall not, directly or indirectly, either for himself or for any other Person, (i) hire or offer employment to or seek to hire or offer employment to, or otherwise engage as an employee or independent contractor (collectively, an "Employment Offer"), any employee of the

Company or any Subsidiary of the Company, or any former employee having been employed by the Company or any Subsidiary of the Company within one year prior to such Employment Offer, or in any other way interfere with the relationship between the Company or any Subsidiary of the Company and any employee of the Company, or (ii) request, advise or encourage any customer, dealer, financing source, client, vendor or other person with whom the Company or any Subsidiary of the Company conducts business to withdraw, curtail, reduce or cancel its business with the Company.

5. MISCELLANEOUS.

5.1 Legends; Definition.

(a) Each certificate representing the shares of Common Stock now or hereafter owned by C.E. Bradley, Jr. shall be endorsed with the following legend and the legend set forth in Section 5.1(b):

THE SALE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF AN AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT BY AND AMONG CONSUMER PORTFOLIO SERVICES, INC., LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., AND THE OTHER PARTIES NAMED THEREIN. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.

(b) Each certificate representing shares of Common Stock now or hereafter owned by C.E. Bradley, Sr. shall be endorsed with the following legend (provided, however, that (i) after the date upon which all Indebtedness and other amounts owing under the Notes shall have been indefeasibly paid in full, (A) C.E. Bradley, Sr. shall not be obligated to endorse such legend on any such certificate and (B) his voting obligations under Section 1.1 shall terminate and (ii) C.E. Bradley, Sr. shall not be obligated to endorse, and may remove, such legend on any certificates which represent in the aggregate no more than 400,000 shares of Common Stock which are sold by him in any calendar year pursuant to any Rule 144 transactions, and the purchaser or transferee of such shares shall not be bound by any obligations under this Agreement):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A VOTING AGREEMENT AS SET FORTH IN AN AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT BY AND AMONG CONSUMER PORTFOLIO SERVICES, INC., LEVINE

LEICHTMAN CAPITAL PARTNERS II, L.P., AND THE OTHER PARTIES NAMED THEREIN. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.

(c) The foregoing notwithstanding, a certificate evidencing shares of Common Stock which were pledged to a third party prior to November 17, 1998, or pursuant to any BofA Pledge Agreement need not be legended as provided in this Section 5.1.

(d) For purposes of this Agreement, the term "BofA Pledge Agreements" shall mean the pledge agreements expected to be entered into by C.E. Bradley, Sr., Stanwich Financial Services Corp ("Stanwich") and Stanwich Partners, Inc. ("SPI"), as pledgors, pursuant to which such pledgors are expected to pledge to Bank of America, National Association, for itself and as agent ("BofA"), the following number of shares of Common Stock in connection with the merger of Stanwich Acquisition Corp. with and into Reunion Industries, Inc. and the relating financial accommodations to be provided by BofA: C.E. Bradley, Sr: 17,000 shares; Stanwich: 553,459 shares; and SPI: 50,832 shares.

5.2 Stock Transfer Records. The Company shall make appropriate notations in its stock transfer records of the restrictions on transfer provided for in this Agreement and shall not record any transfers of capital stock not made in strict compliance with the terms of this Agreement. The Company acknowledges that any such transfer shall constitute an Event of Default under the Securities Purchase Agreement.

5.3 Successors and Assigns. The rights and obligations of LLCP under this Agreement shall be freely assignable in connection with any transfer of the Warrant or any portion thereof or of any shares of Common Stock issued upon the exercise thereof in whole or in part; provided, however, that the rights of LLCP under Section 1 may not be assigned except in connection with any such transfer to an affiliate of LLCP. Any assignee of such rights shall be entitled to all of the benefits of this Agreement as if such assignee were an original party hereto. The rights and obligations of the Bradleys hereunder may only be assigned, and shall automatically be assigned, to any Person who takes and holds such shares through a private transaction other than one in which a TAR Offer was made or by will or by the laws of descent and distribution. Such persons shall be conclusively deemed to have agreed to and be bound by all the terms and provisions of this Agreement.

5.4 Entire Agreement. This Agreement and the other agreements referenced herein or furnished pursuant hereto or thereto or in connection herewith or therewith constitute the full and entire agreement and understanding between the parties relating to the subject matter hereof.

5.5 Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given if transmitted by telecopier with receipt acknowledged, or upon delivery, if delivered personally or by recognized commercial courier with receipt acknowledged, or upon the expiration of 72 hours after mailing, if mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to LLC, to: Levine Leichtman Capital Partners, Inc.
335 North Maple Drive, Suite 240
Beverly Hills, CA 90210
Attention: Arthur E. Levine, President
Telephone: (310) 275-5335
Facsimile: (310) 275-1441

If to any assignee of LLC: At such assignee's address as shown on the books of the Company

If to the Company, to: Consumer Portfolio Services, Inc.
16355 Laguna Canyon Road
Irvine, CA 92618
Attention: Charles E. Bradley, Jr.
Telephone: (949) 753-6800
Facsimile: (949) 753-6805

or at such other address or addresses as LLC, such assignee or the Company, as the case may be, may specify by written notice given in accordance with this Section 5.5.

5.6 Severability. In case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

5.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

5.8 Descriptive Headings, Construction and Interpretation. The descriptive headings of the several paragraphs of this Agreement are for convenience of reference only and do not constitute a part of this Agreement and are not to be considered in construing or interpreting this Agreement. All section, preamble, recital and party references are to this Agreement unless otherwise stated. No party, nor its counsel, shall be deemed the drafter of this Agreement for

purposes of construing the provisions of this Agreement, and all provisions of this Agreement shall be construed in accordance with their fair meaning, and not strictly for or against any party.

5.9 Waivers and Amendments. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally or by course of dealing, but only by a statement in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

5.10 Remedies. In the event that the Company or any Bradley fails to observe or perform any covenant or agreement to be observed or performed under this Agreement, LLCP may proceed to protect and enforce its rights by suit in equity or action at law, whether for specific performance of any term contained in this Agreement or for an injunction against the breach of any such term or in aid of the exercise of any power granted in this Agreement or to enforce any other legal or equitable right of LLCP, or to take any one or more of such actions. The Company agrees to pay all fees, costs, and expenses, including, without limitation, fees and expenses of attorneys, accountants and other experts retained by LLCP, and all fees, costs and expenses of appeals, incurred or expended by LLCP in connection with the enforcement of this Agreement or the collection of any sums due hereunder, whether or not suit is commenced. None of the rights, powers or remedies conferred under this Agreement shall be mutually exclusive, and each such right, power or remedy shall be cumulative and in addition to any other right, power or remedy whether conferred by this Agreement or now or hereafter available at law, in equity, by statute or otherwise.

5.11 Governing Law. IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE (WITHOUT REGARD TO THE CHOICE OF LAW OR CONFLICTS OF LAW PROVISIONS THEREOF) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

5.12 Removal of Fritz as Party. Effective on and as of the Closing Date, Fritz shall no longer be a party to the Original Investor Rights Agreement, as amended and restated by this Agreement, and shall be released from any and all liabilities and obligations which are binding on or applicable to Fritz thereunder. Without limiting the generality of the foregoing, the parties acknowledge and agree that Fritz shall no longer be required to agree or consent to any matters arising under, or with respect to, the Original Investor Rights Agreement, as amended and restated by this Agreement and as further amended, supplemented or otherwise modified from time to time, or be a party to this Agreement.

5.13 Amendment and Restatement; Full Force and Effect. This Agreement amends and restates the Original Investor Rights Agreement on and as of the Closing Date, and the Original Investor Rights Agreement shall remain in full force and effect as amended and restated hereby. The Original Investor Rights Agreement, as amended and restated hereby, is hereby ratified and affirmed by the parties in all respects.

5.14 Waiver of Trial by Jury. EACH PARTY HEREBY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR OTHER PROCEEDING ARISING OUT OF, CONNECTED WITH OR RELATED TO THE SECURITIES PURCHASE AGREEMENT, THIS AGREEMENT OR ANY OTHER RELATED AGREEMENT, OR ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, REGARDLESS OF WHICH PARTY INITIATES SUCH ACTION OR ACTIONS.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

COMPANY: CONSUMER PORTFOLIO SERVICES, INC., a
California corporation

By: /s/ Charles E. Bradley, Jr.

Charles E. Bradley, Jr.
President and Chief Executive Officer

By: /s/ James L. Stock

James L. Stock
Vice President and Chief Financial Officer

LLCP: LEVINE LEICHTMAN CAPITAL PARTNERS, INC.,
a California corporation

On behalf of LEVINE LEICHTMAN CAPITAL
PARTNERS II, L.P., a California limited
partnership

By: /s/ Arthur E. Levine

Arthur E. Levine, President

C.E. BRADLEY, SR.: /s/ Charles E. Bradley, Sr.

Charles E. Bradley, Sr.

C.E. BRADLEY, JR.: /s/ Charles E. Bradley, Jr.

Charles E. Bradley, Jr.

ACKNOWLEDGED AND AGREED for purposes of Section 5.12 of this Agreement:

/s/ Jeffrey P. Fritz

Jeffrey P. Fritz

THE SECURITY REPRESENTED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER ANY APPLICABLE STATE SECURITIES LAW AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE ASSIGNED EXCEPT IN COMPLIANCE WITH THE REGISTRATION REQUIREMENTS OF SUCH ACT AND THE REGISTRATION OR QUALIFICATION REQUIREMENTS OF SUCH STATE SECURITIES LAWS, OR PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION AND QUALIFICATION.

CONSUMER PORTFOLIO SERVICES, INC.

AMENDED AND RESTATED
SECURED SENIOR NOTE DUE 2003

\$30,000,000.00

Irvine, California
Amended and Restated as of March 15, 2000

FOR VALUE RECEIVED, CONSUMER PORTFOLIO SERVICES, INC., a California corporation (the "Borrower" or the "Company"), hereby promises to pay to the order of LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., a California limited partnership ("LLCP" or the "Purchaser"), and/or any registered assigns (including LLCP, the "Holder"), the sum of THIRTY MILLION DOLLARS (\$30,000,000.00) in immediately available funds and in lawful money of the United States of America, all as provided below.

This Amended and Restated Secured Senior Note Due 2003 (this "Note"), which is being issued by the Company in connection with the transactions contemplated by the Amended and Restated Securities Purchase Agreement dated of even date herewith (the "Securities Purchase Agreement") between the Company and the Purchaser, evidences the aggregate Indebtedness and all other amounts owing under (i) that certain Senior Subordinated Primary Note dated November 17, 1998, as amended by an Amended and Restated Senior Subordinated Primary Note dated as of November 17, 1998, as amended April 15, 1999, made payable by the Company to the Purchaser in the principal amount of \$25,000,000.00 ("Amended November 1998 Primary Note"), and (ii) that certain Senior Subordinated Note dated as of April 15, 1999, made payable by the Company to the Purchaser in the principal amount of \$5,000,000 ("April 1999 Note"). This Note amends and restates the Amended November 1998 Primary Note and the April 1999 Note.

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The Indebtedness evidenced by this Note, including principal of, premium, if any, and interest on, and all other amounts owing under this Note, shall constitute Senior Indebtedness of the Company and shall rank pari passu with all Indebtedness evidenced by the Term A Note.

1. Definitions. Unless otherwise indicated, all capitalized terms not defined herein shall have the meanings set forth in the Securities Purchase Agreement.

2. Payment of Interest; Default Rate.

(a) Subject to Section 2(b) hereof, the Borrower shall pay interest in cash on the unpaid principal balance of this Note until fully paid at a rate per annum equal to fourteen and one-half percent (14.50%). Interest on this Note shall be payable monthly in arrears on the fifteenth day of each calendar month (or portion thereof), commencing on April 15, 2000 (each an "Interest Payment Date"). Interest shall be computed on the basis of the actual number of days elapsed over a 360-day year, including the first day and excluding the last day.

(b) If at any time (i) the Borrower fails to make any payment of principal as and when due (whether at stated maturity, upon acceleration or required prepayment or otherwise), (ii) the Borrower fails to make any payment of interest, premium, if any, fees, costs, expenses or other amounts due hereunder within one (1) Business Day after the date when due, or (iii) any other Default or Event of Default has occurred and is continuing, then, in addition to the rights and remedies available to the Holder under the Securities Purchase Agreement, this Note, the Term A Note, the other Related Agreements and Applicable Laws, the Company shall pay interest in cash on the unpaid principal balance of, premium, if any, and accrued and unpaid interest on this Note at a rate per annum (the "Default Rate") equal to 16.50% from the date on which such Event of Default is deemed to have first occurred (as provided in Section 10.1 of the Securities Purchase Agreement) until such time as such Event of Default is cured or waived.

3. Payment of Principal; Maturity Date. The Borrower shall pay in full the entire outstanding principal balance of this Note, together with all premium, if any, accrued and unpaid interest on, and all other amounts owing under this Note, on November 30, 2003 (the "Maturity Date").

4. Optional Prepayments.

(a) The Company may not prepay the unpaid principal balance of this Note prior to October 31, 2000. Thereafter, the Company may voluntarily prepay the principal balance of this Note, in whole or in part, as follows:

(i) at 103.0% of the principal amount being prepaid at any time on or after October 31, 2000, and on or prior to October 31, 2001;

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(ii) at 101.5% of the principal amount being prepaid at any time on or after November 1, 2001 and on or prior to October 31, 2002; and

(iii) at 100.0% of the principal amount being prepaid at any time on or after November 1, 2002.

Each percentage set forth above is referred to herein as a "Prepayment Percentage" applicable to any prepayment. Any prepayment of this Note made under this Section 4 shall also include premium, if any, and all accrued and unpaid interest on the then outstanding principal balance of this Note through and including the date of prepayment.

(b) The Borrower shall give the Holder written notice of each voluntary prepayment not less than thirty (30) nor more than ninety (90) days prior to the date of prepayment. Such notice shall specify the principal amount of this Note to be prepaid on such date. Notice of prepayment having been given as aforesaid, a payment in an amount equal to (i) the Prepayment Percentage applicable to such prepayment, if any, multiplied by (ii) the principal amount of this Note specified in such prepayment notice shall become due and payable on such prepayment date, together with all accrued and unpaid interest on the outstanding principal balance of this Note through and including the date of prepayment.

5. Mandatory Prepayments. In addition to the mandatory prepayments required to be made by the Company pursuant to Section 6, the Company shall make mandatory prepayments with respect to this Note as follows:

(a) Asset Sale Prepayments. If at any time the Company intends to consummate any Asset Sale, it shall, within ten (10) Business Days prior to the proposed date of consummation, notify the Holder in writing of the proposed Asset Sale (including, without limitation, the subject matter and the material terms thereof and the proposed date of consummation). Promptly following the Holder's receipt of such written notice, the Holder will furnish to the Company a written notice directing the Company either (i) to apply all Net Available Cash derived from such Asset Sale to prepay outstanding Indebtedness under this Note or the Term A Note or (ii) hold such Net Available Cash in a separate interest-bearing account pending further directions from the Holder. If the Holder directs the Company to prepay such Indebtedness pursuant to clause (i) above, the Company shall make such prepayment within three (3) Business Days following the date of consummation of such Asset Sale. Any Net Available Cash held in a separate interest-bearing account pursuant to clause (ii) above shall not be deemed to have been applied as a prepayment to any Indebtedness under this Note unless and until paid to the Holder pursuant to specific directions furnished by the Holder to the Company. This Section 5(a) shall not apply to (A) the sale by the Company of the Capital Stock of CPSL, LINC or Samco; (B) the sale or other disposition of the Company's interest in NAB; or (C) sales of any tangible personal property of the Company that do not exceed \$50,000 in the aggregate in any

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fiscal year of the Company; provided, however, that in each of clauses (A), (B) and (C), the Company reinvests the proceeds of such sales in the operations of its business.

(b) Excess Cash Prepayments. For the six (6) month period ending on each of February 28th and August 31st of each fiscal year of the Company, commencing with the six (6) month period ending February 28, 2002, the Company shall prepay the outstanding principal balance of this Note, together with all accrued and unpaid interest thereon, in an amount equal to twenty-five percent (25.0%) of the Excess Cash for such six (6) month period. Such mandatory prepayment shall be due and payable to the Holder not later than thirty (30) days following the end of each six (6) month period, as applicable (the first payment of which shall be due and payable no later than March 30, 2002). Concurrently with the making of such payment, the Company shall deliver to the Holder an officer's certificate, signed by the Chief Financial Officer of the Company, which shows in reasonable detail the calculation of such Excess Cash.

(c) Mandatory Prepayment From Proceeds of Key-Man Life Insurance. The Company shall apply the proceeds received, within one (1) Business Day after the receipt thereof, from any key-man life insurance policy maintained as required by Section 7.6 of the Securities Purchase Agreement to the prepayment of all amounts owing under this Note. Subject to the last paragraph of this Section 5, any proceeds remaining after such mandatory payment shall be and remain the property of the Company.

The mandatory prepayments provided for in this Section 5 shall be paid at 100.0% of the principal amount required to be prepaid, plus premium, if any, and accrued and unpaid interest, all as provided for above. In the event that mandatory prepayments are required to be made under this Note and the Term A Note, such prepayments shall be applied as follows: first, to the payment of all accrued interest on the Term A Note through and including the date of such payment, second, to the prepayment of, in inverse order of maturity, the unpaid principal balance of the Term A Note, third, to all other amounts owing under the Term A Note; fourth, to the payment of all accrued interest on this Note, fifth, to the prepayment of the unpaid principal balance of this Note, and sixth, to all other amounts owing under this Note.

6. Change in Control Prepayment. The Holder may require the Borrower to prepay the outstanding principal balance of, premium, if any, accrued and unpaid interest on and all other amounts owing under this Note, in whole or in part as requested by the Holder, at any time during the ninety (90)-day period following the consummation of any transaction which constitutes a Change in Control (as such term is defined below), at the prepayment amounts set forth below. For the purposes of this Note, a "Change in Control" shall mean:

(i) Any transaction or other event (including, without limitation, any merger, consolidation, sale or other transfer of stock or voting rights with respect thereto, issuance of stock, death or other transaction or event) by virtue of which Charles E.

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Bradley, Jr. fails to own, directly or indirectly through one or more of his Affiliates, at least 1,800,000 shares of Common Stock (as adjusted from time to time, the "Base Bradley Shares"), after giving effect to any shares of Common Stock that may be acquired upon exercise of any Option Rights owned or held by Mr. Bradley as of November 17, 1998, but without giving effect to any stock splits or similar events occurring after November 17, 1998; provided, however, that (A) the Base Bradley Shares shall increase by the number of shares of Common Stock acquired by Mr. Bradley (whether by purchase, exercise of Option Rights granted after November 17, 1998, bequest, inheritance, gift or otherwise) at any time after November 17, 1998, (B) shares of Common Stock owned by Charles E. Bradley, Sr. shall not be deemed to be owned by Mr. Bradley for purposes of this clause (i) (other than shares of Common Stock owned by Charles E. Bradley, Sr. which are subject to certain Option Rights in favor of Mr. Bradley), (C) the Base Bradley Shares shall be reduced by the number of shares of Common Stock held by Stanwich which constitute Base Bradley Shares that are sold or pledged by Stanwich after November 17, 1998, provided that Mr. Bradley does not, directly or indirectly, solicit, initiate, engage in or encourage in any manner whatsoever any discussions, or participate in any other activities, relating to such sale or pledge, (D) the Base Bradley Shares shall be reduced by shares of Common Stock included therein that are subject to Option Rights which expire at any time after November 17, 1998, and (E) the Base Bradley Shares shall not be affected by (x) any shares of Common Stock purchased by Mr. Bradley on the open market after November 17, 1998 or (y) any shares of Common Stock purchased by Mr. Bradley on the open market after November 17, 1998 and thereafter sold by Mr. Bradley on the open market; or

(ii) (A) The termination (whether voluntary or involuntary) of the employment of Charles E. Bradley, Jr. as the President and Chief Executive Officer of the Company with significant daily senior management responsibilities; or (B) the termination (whether voluntary or involuntary) of the employment of James L. Stock as the Chief Financial Officer of the Company with significant daily senior management responsibilities, provided that no Change in Control shall be deemed to occur under this clause (ii) (B) if, within ninety (90) days after the termination of the employment of Mr. Stock, the Board of Directors of the Company shall have appointed a new Chief Financial Officer of the Company who is acceptable to the Purchaser; or

(iii) Any sale, lease, transfer, assignment or other disposition of all or substantially all of the assets of the Borrower (excluding assets sold in connection with an asset securitization transaction or whole loan sale in the ordinary course of the Company's business) or any of its Subsidiaries.

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In the case of a Change in Control in respect of clauses (i) or (ii) above, the Company shall prepay an amount equal to 101.0% of the principal amount being prepaid, plus accrued and unpaid interest through and including the date of prepayment, and in the case of a Change in Control in respect of clause (iii) above, the Company shall prepay an amount equal to 100.0% of the principal amount being prepaid, plus accrued and unpaid interest through and including the date of prepayment. The Borrower shall notify the Holder of the date on which a Change in Control has occurred within one (1) Business Day after such date and shall, in such notification, inform the Holder of the Holder's right to require the Borrower to prepay this Note as provided in this Section 6 and of the date on which such right shall terminate. If the Holder elects to require the Borrower to prepay this Note pursuant to this Section 6, it shall furnish written notice to the Borrower advising the Borrower of such election and the amount of principal of this Note to be prepaid. The Borrower shall prepay this Note in accordance with this Section 6 and such written notice within one (1) Business Day after its receipt of such written notice.

7. Holder Entitled to Certain Benefits; Collateral. This Note is the Term B Note referred to in, and the Holder is entitled to the rights and benefits of the Purchaser under, the Securities Purchase Agreement, including, without limitation, the right to accelerate the outstanding principal balance of, premium, if any, accrued and unpaid interest on, and all other amounts owing under this Note upon the occurrence of an Event of Default. This Note also is secured by the "Collateral" referred to in the Collateral Documents and is guaranteed by the Subsidiary Guarantors under the Guaranty.

8. Manner of Payment. Payments of principal, interest and other amounts due under this Note shall be made no later than 12:00 p.m. (noon) (Los Angeles time) on the date when due and in lawful money of the United States of America (by wire transfer in funds immediately available at the place of payment) to such account as the Holder may designate in writing to the Borrower and, if to LLC, to: Bank of America, Century City, Private Banking, 2049 Century Park East, Los Angeles, California 90067; ABA No. 121000358; Account No. 11546-03239; Attention: Cheryl Stewart (or such other place of payment that LLC may designate in writing to the Borrower). Any payments received after 12:00 p.m. (noon) (Los Angeles time) shall be deemed to have been received on the next succeeding Business Day. Any payments due hereunder which are due on a day which is not a Business Day shall be payable on the first succeeding Business Day and such extension of time shall be included in the computation.

9. Maximum Lawful Rate of Interest. The rate of interest payable under this Note shall in no event exceed the maximum rate permissible under applicable law. If the rate of interest payable on this Note is ever reduced as a result of this Section 9 and at any time thereafter the maximum rate permitted under applicable law exceeds the rate of interest provided for in this Note, then the rate provided for in this Note shall be increased to the maximum rate provided for under applicable law for such period as is required so that the total amount of

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interest received by the Holder is that which would have been received by the Holder but for the operation of the first sentence of this Section 9.

10. Borrower's Waivers. The Borrower hereby waives presentment for payment, demand, protest, notice of protest and notice of dishonor hereof, and all other notices of any kind to which it may be entitled under applicable law or otherwise.

11. Registration of Note. The Company shall maintain at its principal executive office a register in which it shall register this Note, any Assignments of this Note or any other notes issued hereunder and any other notes issued upon surrender hereof and thereof. At the option of the Holder, this Note may be exchanged for one or more new notes of like tenor in the principal denominations requested by the Holder, and the Company shall, within three (3) Business Days after the surrender of this Note at the Company's principal executive offices, deliver to the Holder such new note or notes. In addition, each Assignment of this Note, in whole or in part, shall be registered on the register immediately following the surrender of this Note at the Company's principal executive offices.

12. Persons Deemed Owners; Participations. Prior to due presentment for registration of any Assignment, the Company may treat the Person in whose name any Note is registered as the owner and Holder of such Note for all purposes whatsoever, and the Company shall not be affected by notice to the contrary. Subject to the preceding sentence, the Holder may grant to any other Person participations from time to time in all or any part of this Note on such terms and conditions as may be determined by the Holder in its sole and absolute discretion, subject to applicable federal and state securities laws. Notwithstanding anything to the contrary contained herein or otherwise, nothing in the Securities Purchase Agreement, this Note or any other Related Agreement or otherwise shall confer upon the participant any rights in the Securities Purchase Agreement or any Related Agreement, and the Holder shall retain all rights with respect to the administration, waiver, amendment, collection and enforcement of, compliance with and consent to the terms and provisions of the Securities Purchase Agreement, this Note or any other Related Agreement.

In addition, the Holder may, without the consent of the participant, give or withhold its consent or agreement to any amendments to or modifications of the Securities Purchase Agreement, this Note or any other Related Agreement, waive any of the provisions hereof or thereof or exercise or refrain from exercising any other rights or remedies which the Holder may have under the Securities Purchase Agreement, this Note or any other Related Agreement or otherwise. Notwithstanding the foregoing, the Holder will not agree with the Company, without the prior written consent of the participant (which consent shall be given or affirmatively withheld not later than three (3) Business Days after the Holder's written request therefor): (a) to reduce the principal of or rate of interest on this Note or (b) to postpone the date fixed for payment of principal of or interest on the Indebtedness evidenced by this Note. If the

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participant does not timely reply to the Holder's request for such consent, the participant shall be deemed to have consented to such agreement and the Holder may take such action in such manner as the Holder determines in the exercise of its independent business judgment.

13. Assignment and Transfer. Subject to Applicable Law, the Holder may, at any time and from time to time and without the consent of the Company, assign or transfer to one or more Persons all or any portion of this Note or any portion thereof (but not less than \$500,000 in principal amount in any single assignment (unless such lesser amount represents the entire outstanding principal balance hereof)). Upon surrender of this Note at the Company's principal executive office for registration of any such assignment or transfer, accompanied by a duly executed instrument of transfer, the Company shall, at its expense and within three (3) Business Days of such surrender, execute and deliver one or more new notes of like tenor in the requested principal denominations and in the name of the assignee or assignees and bearing the legend set forth on the face of this Note, and this Note shall promptly be canceled. If the entire outstanding principal balance of this Note is not being assigned, the Company shall issue to the Holder hereof, within three (3) Business Days of the date of surrender hereof, a new note which evidences the portion of such outstanding principal balance not being assigned. If this Note is divided into one or more Notes and is held at any time by more than one Holder, any payments of principal of, premium, if any, and interest or other amounts on this Note which are not sufficient to pay all interest or other amounts due thereunder, shall be made pro rata with respect to all such Notes in accordance with the outstanding principal amounts thereof, respectively.

14. Loss, Theft, Destruction or Mutilation of this Note. Upon receipt of evidence reasonably satisfactory to the Borrower of the loss, theft, destruction or mutilation of this Note and, in the case of any such loss, theft or destruction, upon receipt of an indemnity agreement or other indemnity reasonably satisfactory to the Borrower or, in the case of any such mutilation, upon surrender and cancellation of such mutilated Note, the Borrower shall make and deliver within three (3) Business Days a new note, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Note.

15. Costs of Collection. The Borrower agrees to pay all costs and expenses, including the fees and expenses of any attorneys, accountants and other experts retained by the Holder, which are expended or incurred by the Holder in connection with (a) the enforcement of this Note or the collection of any sums due hereunder, whether or not suit is commenced; (b) any actions for declaratory relief in any way related to this Note; (c) the protection or preservation of any rights of the Holder under this Note; (d) any actions taken by the Holder in negotiating any amendment, waiver, consent or release of or under this Note; (e) any actions taken in reviewing the Borrower's or any of its Subsidiaries' financial affairs if an Event of Default has occurred or the Holder has determined in good faith that an Event of Default may likely occur, including, without limitation, the following actions: (i) inspect the facilities of the Borrower and any of its Subsidiaries or conduct audits or appraisals of the financial condition of the Borrower and any of

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its Subsidiaries; (ii) have an accounting firm chosen by the Holder review the books and records of the Borrower and any of its Subsidiaries and perform a thorough and complete examination thereof; (iii) interview the Borrower's and each of its Subsidiaries' employees, accountants, customers and any other individuals related to the Borrower or its Subsidiaries which the Holder believes may have relevant information concerning the financial condition of the Borrower and any of its Subsidiaries; and (iv) undertake any other action which the Holder believes is necessary to assess accurately the financial condition and prospects of the Borrower and any of its Subsidiaries; (f) the Holder's participation in any refinancing, restructuring, bankruptcy or insolvency proceeding involving the Borrower, any of its Subsidiaries or any other Affiliate of the Borrower; (g) verifying, maintaining, or perfecting any security interest or other Lien granted to the Holder in any collateral; (h) any effort by the Holder to protect, assemble, complete, collect, sell, liquidate or otherwise dispose of any collateral, including in connection with any case under Bankruptcy Law; or (i) any refinancing or restructuring of this Note, including, without limitation, any restructuring in the nature of a "work out" or in any insolvency or bankruptcy proceeding.

16. Extension of Time. The Holder, at its option, may extend the time for payment of this Note, postpone the enforcement hereof, or grant any other indulgences without affecting or diminishing the Holder's right to recourse against the Borrower, which right is expressly reserved.

17. Notations. Before disposing of this Note or any portion thereof, the Holder may make a notation thereon (or on a schedule attached thereto) of the amount of all principal payments previously made by the Company with respect thereto.

18. Governing Law. IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE (WITHOUT REGARD TO THE CHOICE OF LAW OR CONFLICTS OF LAW PROVISIONS THEREOF) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

19. Captions; Construction and Interpretation. The captions contained in this Note are for convenience of reference only, do not constitute a part of this Note and are not to be considered in construing or interpreting this Note. The Company and the Holder have each been represented by counsel in the negotiation and drafting of this Note, and neither the Company nor the Holder nor their respective counsel shall be deemed the drafter of this Note for purposes of construing the provisions of this Note. All provisions of this Note shall be construed in accordance with their fair meaning, and not strictly for or against the Company or the Holder.

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20. WAIVER OF JURY TRIAL. THE COMPANY AND THE HOLDER (BY ACCEPTANCE THEREOF) HEREBY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR OTHER PROCEEDING BROUGHT TO RESOLVE ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATING TO THIS NOTE, THE SECURITIES PURCHASE AGREEMENT, ANY OTHER RELATED AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, REGARDLESS OF WHICH PARTY INITIATES SUCH ACTION, SUIT OR OTHER PROCEEDING.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered by its duly authorized representatives on the date first above written.

CONSUMER PORTFOLIO SERVICES, INC., a
California corporation

By: /s/ Charles E. Bradley, Jr.

Charles E. Bradley, Jr.
President and Chief Executive Officer

By: /s/ James L. Stock

James L. Stock
Senior Vice President and Chief Financial Officer

Agreed to and Accepted by:

LEVINE LEICHTMAN CAPITAL PARTNERS,
INC., a California corporation

On behalf of LEVINE LEICHTMAN CAPITAL
PARTNERS II, L.P., a California limited
partnership

By: /s/ Arthur E. Levine

Arthur E. Levine
President

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AMENDED AND RESTATED
REGISTRATION RIGHTS AGREEMENT

THIS AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT is entered into as of the 15th day of March 2000 (this "Agreement"), by and between LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., a California limited partnership ("LLCP"), and CONSUMER PORTFOLIO SERVICES, INC., a California corporation (the "Company").

R E C I T A L S

A. The parties entered into that certain Registration Rights Agreement dated as of November 17, 1998, as amended by a First Amendment to Registration Rights Agreement dated as of April 15, 1999 (as so amended, the "Original Registration Rights Agreement"), pursuant to which, among other things, the Company granted to LLCP certain registration rights with respect to the Registrable Securities (as such term is defined therein), all as more fully described therein.

B. The Company and LLCP are entering into that certain Amended and Restated Securities Purchase Agreement dated of even date herewith (the "Securities Purchase Agreement") pursuant to which, among other things, on the date hereof, the Company is issuing and selling to LLCP, and LLCP is purchasing from the Company, a Secured Senior Note Due 2001 in the principal amount of \$16,000,000, the Company and LLCP are amending and restating the Amended November 1998 Primary Note and the April 1999 Note into one Amended and Restated Secured Senior Note Due 2003 in the principal amount of \$30,000,000, and the Company is issuing to LLCP the March 2000 LLCP Shares, all on the terms and subject to the conditions set forth therein and in the Related Agreements.

C. In connection with the transactions contemplated by the Securities Purchase Agreement, the parties wish to amend and restate the Original Registration Rights Agreement on the terms and subject to the conditions set forth herein. The execution and delivery of this Agreement is a condition precedent to the consummation of the transactions contemplated by the Securities Purchase Agreement.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby amend and restate the Original Registration Rights Agreement as follows:

1. DEFINITIONS. Unless otherwise indicated herein, all capitalized terms used herein shall have the meanings set forth in the Securities Purchase Agreement. In addition to the capitalized terms defined elsewhere in this Agreement, the following terms shall have the meanings specified below:

"Demanding Holders" shall mean LLCP or, if LLCP does not hold a majority of the Registrable Securities at any time, the holders of a majority of Registrable Securities.

"Demand Registration" shall have the meaning specified in Section 2.1(a).

"FSA Registration Rights Agreement" shall mean the registration rights granted to FSA Portfolio Management Inc. under Section 11 of the FSA Warrant.

"Indemnified Party" shall have the meaning specified in Section 4.3.

"Indemnifying Party" shall have the meaning specified in Section 4.3.

"Inspectors" shall have the meaning specified in Section 3.1(h).

"LLCP Indemnified Party" shall have the meaning specified in Section 4.1.

"Maximum Number of Shares" shall have the meaning specified in Section 2.1(d).

"Piggy-Back Registration" shall have the meaning specified in Section 2.2(a).

"Purchase Agreement" shall have the meaning set forth in the recitals to this Agreement.

"Register", "registered" and "registration" shall mean a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act, and the applicable rules and regulations thereunder, and such registration statement becoming effective.

"Registrable Securities" shall mean, collectively, any and all Shares and any other shares of Common Stock or other securities issued or issuable upon any stock dividend, stock split, recapitalization, merger, consolidation or similar event with respect to the Shares. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (i) a registration statement covering such securities shall have been declared effective under the Securities Act and such securities shall have been sold pursuant to such registration statement, (ii) such securities shall have been distributed to the public pursuant to Rule 144 or Rule 144A (or any successor provisions)

under the Securities Act, (iii) such securities shall have ceased to be outstanding or (iv) such Registrable Securities are sold pursuant to that certain Securities Option Agreement of even date herewith among LLC, Stanwich and the Company.

"Shares" shall mean (i) any and all shares of Common Stock issued or issuable upon exercise of, or otherwise under, any Warrants (including, without limitation, any Warrant Shares or other shares issued as an "anti-dilution" or other adjustment thereunder) and (ii) the March 2000 LLC Shares. The holder of any Warrant or any portion thereof shall be deemed to be the holder of the shares of Common Stock issuable upon exercise of such Warrant and, to the extent such shares of Common Stock constitute Registrable Securities, such holder shall be deemed to be the holder of such Registrable Securities.

"Stanwich Registration Rights Agreement" shall mean that certain Consolidated Registration Rights Agreement dated as of November 17, 1998, between the Company and Stanwich, as amended by a First Amendment dated as of the date hereof.

"Underwriter" shall mean a securities dealer who purchases any Registrable Securities as principal in an underwritten offering and not as part of such dealer's market-making activities.

"Warrant" or "Warrants" shall mean any "LLC Warrant" or "LLC Warrants," as such terms are defined in the Securities Purchase Agreement.

2. REGISTRATION RIGHTS.

2.1 Demand Registration.

(a) Request for Registration. At any time and from time to time, the Demanding Holders may make a written request for registration under the Securities Act of all or part of their Registrable Securities (a "Demand Registration"). Such request for a Demand Registration must specify the number of shares of Registrable Securities proposed to be sold and must also specify the intended method of disposition thereof. Upon any such request, the Demanding Holders shall be entitled to have their Registrable Securities included in the Demand Registration, subject to Section 2.1(d) and the proviso set forth in Section 3.1(a). The Company shall not be obligated to effect more than three (3) Demand Registrations under this Section 2.1(a).

(b) Effective Registration. Except in the case of a withdrawal governed by the last sentence of Section 2.1(e), a registration will not count as a Demand Registration until the registration statement covering the Registrable Securities that are the subject of such Demand

Registration has become effective and the Company has complied with all of its obligations under this Agreement with respect thereto; provided, however, that, after such registration statement has been declared effective, if the offering of Registrable Securities pursuant to such Demand Registration is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Demand Registration will be deemed not to have become effective during the period of such interference.

(c) Underwritten Offering. If the Demanding Holders so elect, the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of an underwritten offering. The Demanding Holders shall select one or more firms of investment bankers to act as the managing Underwriter or Underwriters in connection with such offering and shall select any additional managers to be used in connection with the offering.

(d) Reduction of Offering. If the managing Underwriter or Underwriters for a Demand Registration that is to be an underwritten offering advises the Company and the Demanding Holders, in writing, that the dollar amount or number of shares of Registrable Securities which the Demanding Holders desire to sell, taken together with all other shares of Common Stock or other securities which the Company desires to sell and the shares of Common Stock, if any, as to which registration has been requested pursuant to the piggy-back registration rights under the FSA Registration Rights Agreement and the Stanwich Registration Rights Agreement or which other shareholders of the Company desire to sell, exceeds the maximum dollar amount or number that can be sold in such offering without adversely affecting the proposed offering price, the timing, the distribution method or the probability of success of such offering (the "Maximum Number of Shares"), then the Company shall include in such registration:

(i) first, the Registrable Securities as to which Demand Registration has been requested by the Demanding Holders (pro rata in accordance with the number of shares of Registrable Securities held by each Demanding Holder, regardless of the number of shares of Registrable Securities which such Demanding Holder has requested be included in such registration) that can be sold without exceeding the Maximum Number of Shares;

(ii) second, to the extent the Maximum Number of Shares has not been reached under the foregoing clause (i), the shares of Common Stock for the account of other persons that the Company is obligated to register pursuant to the FSA Registration Rights Agreement and the Stanwich Registration Rights Agreement (to be allocated among the persons requesting inclusion in such registration pursuant to such agreements pro rata in accordance with the number of shares of Common Stock with respect to which such person has the right to request such inclusion under such agreements, regardless of

the number of shares which such person has actually requested be included in such registration) that can be sold without exceeding the Maximum Number of Shares;

(iii) third, to the extent the Maximum Number of Shares has not been reached under the foregoing clauses (i) and (ii), the shares of Common Stock that the Company desires to sell that can be sold without exceeding the Maximum Number of Shares; and

(iv) fourth, to the extent the Maximum Number of Shares has not been reached under the foregoing clauses (i), (ii) and (iii), the shares of Common Stock that other shareholders desire to sell that can be sold without exceeding the Maximum Number of Shares.

(e) Withdrawal. If the Demanding Holders or any of them disapprove of the terms of any underwriting or are not entitled to include all of their Registrable Securities in any offering, such Demanding Holders may elect to withdraw from such offering by giving written notice to the Company and the Underwriter of their request to withdraw prior to the effectiveness of the registration statement. If the Demanding Holders or any of them withdraw from a proposed offering relating to a Demand Registration and, solely as a result of such withdrawal the registration statement is withdrawn prior to being declared effective, such registration shall count as a Demand Registration provided for in Section 2.1(a) unless the withdrawing Demanding Holders pay their pro rata share (based upon the number of shares to be included in such registration statement) of the expenses incurred in connection with such registration statement.

(f) Termination of Demand Registration Rights. LLC's right to request Demand Registrations pursuant to this Section 2.1 shall terminate upon the earlier to occur of (a) the date upon which LLC no longer owns or holds at least five percent (5.0%) of Common Stock then outstanding and (b) the fifth year anniversary of the date upon which all Indebtedness and other amounts owing under the Notes have been indefeasibly paid in full. Notwithstanding the foregoing sentence, LLC's right to request Demand Registrations pursuant to this Section 2.1 shall not terminate as provided above, or shall be reinstated after any such termination, if, at the effective time of termination or thereafter, LLC requests a registration of Registrable Securities on Form S-3 (or any successor form) under Section 2.3 and the Company is then ineligible to use such Form.

2.2 Piggy-Back Registration.

(a) Piggy-Back Rights. If at any time the Company proposes to file a registration statement under the Securities Act with respect to an offering of equity securities, or securities convertible or exchangeable into equity securities, by the Company for its own account or by shareholders of the Company for their account (or by the Company and by shareholders of the Company) other than a registration statement (i) on Form S-4 or S-8 (or any substitute or successor form that may be adopted by the SEC), (ii) filed in connection with an employee stock option or other benefit plan, (iii) for an exchange offer or offering of securities solely to the Company's existing shareholders, or (iv) for a dividend reinvestment plan, then the Company shall (x) give written notice of such proposed filing to the holders of Registrable Securities as soon as practicable but in no event less than 30 days before the anticipated filing date, which notice shall describe the amount and type of securities to be included in such offering, the intended method(s) of distribution, and the name of the proposed managing Underwriter or Underwriters, if any, of the offering; and (y) offer to the holders of Registrable Securities in such notice the opportunity to register such number of shares of Registrable Securities as such holders may request in writing within 15 days following receipt of such notice (a "Piggy-Back Registration"). The Company shall cause such Registrable Securities to be included in such registration and shall use its best efforts to cause the managing Underwriter or Underwriters of a proposed underwritten offering to permit the Registrable Securities requested to be included in a Piggy-Back Registration to be included on the same terms and conditions as any similar securities of the Company and to permit the sale or other disposition of such Registrable Securities in accordance with the intended method of distribution thereof.

(b) Reduction of Offering.

(i) If the managing Underwriter or Underwriters for a Piggy-Back Registration that is to be an underwritten offering of shares for the Company's account advises the Company and the holders of Registrable Securities in writing that the dollar amount or number of shares of Common Stock which the Company desires to sell, taken together with the Registrable Securities as to which registration has been requested hereunder and the shares of Common Stock, if any, as to which registration has been requested pursuant to the piggy-back registration rights under the FSA Registration Rights Agreement or the Stanwich Registration Rights Agreement or which other shareholders of the Company desire to sell, exceeds the Maximum Number of Shares, then the Company shall include in such registration:

(A) first, the shares of Common Stock or other securities that the Company desires to sell that can be sold without exceeding the Maximum Number of Shares;

(B) second, to the extent the Maximum Number of Shares has not been reached under the foregoing clause (A) of this clause (i), the Registrable Securities as to which registration has been requested hereunder and the shares of Common Stock, if any, as to which registration has been requested pursuant to the piggy-back registration rights granted under the FSA Registration Rights Agreement and the Stanwich Registration Rights Agreement (to be allocated among the persons requesting inclusion in such registration pursuant to such agreements pro rata in accordance with the number of shares of Common Stock with respect to which such person has the right to request such inclusion under such agreements, regardless of the number of shares which such person has actually requested be included in such registration) that can be sold without exceeding the Maximum Number of Shares; and

(C) third, to the extent the Maximum Number of Shares has not been reached under the foregoing clauses (A) and (B) of this clause (i), the shares of Common Stock that other shareholders desire to sell that can be sold without exceeding the Maximum Number of Shares.

(ii) If the managing Underwriter or Underwriters for a Piggy-Back Registration that is to be an underwritten offering of shares for the account of persons having demand registration rights under the Stanwich Registration Rights Agreement account advises the Company and the holders of Registrable Securities in writing that the dollar amount or number of shares of Common Stock which such persons desire to sell, taken together with the Registrable Securities as to which registration has been requested hereunder, the shares of Common Stock, if any, as to which registration has been requested pursuant to the piggy-back registration rights under the FSA Registration Rights Agreement and the shares of Common Stock, if any, which the Company or other shareholders of the Company desire to sell, exceeds the Maximum Number of Shares, then the Company shall include in such registration:

(A) first, the shares of Common Stock for the account of persons having demand registration rights under the Stanwich Registration Rights Agreement that can be sold without exceeding the Maximum Number of Shares;

(B) second, to the extent the Maximum Number of Shares has not been reached under clause (A) of this clause (ii), the Registrable Securities as to which registration has been requested by the holders of Registrable Securities hereunder and the shares of Common Stock, if any, as to which registration has been requested pursuant to the piggy-back registration rights granted under the FSA Registration Rights Agreement (to be allocated among the persons requesting inclusion in such registration pursuant to such agreements pro rata in accordance with the number of shares of Common Stock with respect to which such person has the right to request such inclusion

under such agreements, regardless of the number of shares which such person has actually requested be included in such registration) that can be sold without exceeding the Maximum Number of Shares;

(C) third, to the extent the Maximum Number of Shares has not been reached under clauses (A) and (B) of this clause (ii), the shares of Common Stock, if any, that the Company desires to sell that can be sold without exceeding the Maximum Number of Shares; and

(D) fourth, to the extent the Maximum Number of Shares has not been reached under clauses (A), (B) and (C) of this clause (ii), the shares of Common Stock, if any, which other shareholders desire to sell that can be sold without exceeding the Maximum Number of Shares.

(iii) If the managing Underwriter or Underwriters for a Piggy-Back Registration that is to be an underwritten offering of shares for the account of persons having demand registration rights under the FSA Registration Rights Agreement account advises the Company and the holders of Registrable Securities in writing that the dollar amount or number of shares of Common Stock which such persons desire to sell, taken together with the Registrable Securities as to which registration has been requested hereunder, the shares of Common Stock, if any, as to which registration has been requested pursuant to the piggy-back registration rights under the Stanwich Registration Rights Agreement and the shares of Common Stock, if any, which the Company or other shareholders of the Company desire to sell, exceeds the Maximum Number of Shares, then the Company shall include in such registration:

(A) first, the shares of Common Stock for the account of persons having demand registration rights under the FSA Registration Rights Agreement that can be sold without exceeding the Maximum Number of Shares;

(B) second, to the extent the Maximum Number of Shares has not been reached under clause (A) of this clause (iii), the Registrable Securities as to which registration has been requested by the holders of Registrable Securities hereunder and the shares of Common Stock, if any, as to which registration has been requested pursuant to the piggy-back registration rights granted under the Stanwich Registration Rights Agreement (to be allocated among the persons requesting inclusion in such registration pursuant to such agreements pro rata in accordance with the number of shares of Common Stock with respect to which such person has the right to request such inclusion under such agreements, regardless of the number of shares which such person has actually requested be included in such registration) that can be sold without exceeding the Maximum Number of Shares; and

(C) third, to the extent the Maximum Number of Shares has not been reached under clauses (A) and (B) of this clause (iii), the shares of Common Stock, if any, that the Company desires to sell that can be sold without exceeding the Maximum Number of Shares; and

(D) fourth, to the extent the Maximum Number of Shares has not been reached under clauses (A), (B) and (C) of this clause (iii), the shares of Common Stock, if any, which other shareholders desire to sell that can be sold without exceeding the Maximum Number of Shares.

(c) Withdrawal. Any holder of Registrable Securities may elect to withdraw such holder's request for inclusion of Registrable Securities in any Piggy-Back Registration by giving written notice to the Company of such request to withdraw prior to the effectiveness of the registration statement. The Company may also elect to withdraw a registration statement at any time prior to the effectiveness of the registration statement. Notwithstanding any such withdrawal, the Company shall pay all expenses incurred by the holders of Registrable Securities in connection with such Piggy-Back Registration as provided in Section 3.3.

2.3 Registrations on Form S-3. The holders of Registrable Securities may at any time request in writing that the Company register the resale of any or all of such Registrable Securities on Form S-3 (or any similar short-form registration which may be available at such time). Upon receipt of such written request, the Company will promptly give written notice of the proposed registration to all other holders of Registrable Securities, and, as soon as practicable thereafter, effect the registration of all or such portion of such holder's or holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other holder or holders joining in such request as are specified in a written request given within 15 days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration pursuant to this Section 2.3 if (i) the Company is not eligible to use a Form S-3 (or any successor form) to register such Registrable Securities; (ii) the holders propose to effect an underwritten offering, (iii) the holders propose to sell Registrable Securities at an anticipated aggregate price to the public (net of any underwriters' discounts or commissions) of less than \$500,000, (iv) the Company shall furnish to the holders a certificate signed by the Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such Form S-3 registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than 60 days after receipt of the request of the holder or holders under this Section 2.3; provided, however, that in the event the Company elects to exercise such right with respect to any registration, it shall not have the right to exercise such right again prior to the date which is ten months after the date on which the registration statement relating to such deferred registration is declared effective; or (v) the Company has effected four (4) registrations pursuant

to this Section 2.3. The Company shall use its best efforts to maintain each registration statement under this Section 2.3 effective for sixty (60) days or until the Registrable Securities covered thereby have been sold, whichever shall first occur. Registrations effected pursuant to this Section 2.3 shall not be counted as Demand Registrations effected pursuant to Section 2.1.

2.4 Purchase (and Exercise) of Warrants by the Underwriters.

Notwithstanding any other provision of this Agreement to the contrary, in connection with any Demand Registration or Piggy-Back Registration which is to be an underwritten offering, to the extent all or any portion of the Registrable Securities to be included in such registration consist of shares of Common Stock issuable upon exercise of any Warrant or any portion thereof, the holders of such Registrable Securities may require that the Underwriter or Underwriters purchase (and exercise) such Warrant or any portion thereof rather than require the holders of the Registrable Securities to exercise such Warrant or portion thereof in connection with such registration unless the Underwriters inform such holders that such a purchase and exercise of such Warrant will materially and adversely affect the proposed offering. The Company shall take all such action and provide all such assistance as may be reasonably requested by the holders of Registrable Securities to facilitate any such purchase (and exercise) of any Warrant agreed to by the Underwriter or Underwriters, including, without limitation, issuing the Common Stock issuable upon the exercise of such Warrant or any portion thereof to be issued within such time period as will permit the Underwriters to make and complete the distribution contemplated by the underwriting.

3. REGISTRATION PROCEDURES.

3.1 Filings; Information. If and whenever the Company is required to effect the registration of any Registrable Securities under the Securities Act pursuant to Section 2, the Company shall use its best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof as expeditiously as practicable, and in connection with any such request:

(a) Filing Registration Statement. The Company shall, as expeditiously as possible, prepare and file, within sixty (60) days after receipt of a request for a Demand Registration pursuant to Section 2.1, with the SEC a registration statement on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and shall use its best efforts to cause such registration statement to become and remain effective for the period required by Section 3.1(c); provided, however, that the Company shall have the right to defer such registration for up to 60 days if the Company shall furnish to the holders a certificate signed by the Chief Executive Officer of the Company stating that, in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such registration statement to be

effected at such time; provided further, that in the event the Company elects to exercise such right with respect to any registration, it shall not have the right to exercise such right again prior to the date which is twelve (12) months after the date on which the registration statement relating to such deferred registration is declared effective.

(b) Copies. The Company shall, prior to filing a registration statement or prospectus or any amendment or supplement thereto, furnish without charge to the holders of Registrable Securities included in such registration, and such holders' legal counsel, copies of such registration statement as proposed to be filed, each amendment and supplement to such registration statement (in each case including all exhibits thereto and documents incorporated by reference therein), the prospectus included in such registration statement (including each preliminary prospectus), and such other documents as the holders of Registrable Securities included in such registration or legal counsel for any such holder may request in order to facilitate the disposition of the Registrable Securities owned by such holders.

(c) Amendments and Supplements. The Company shall prepare and file with the SEC such amendments, including post-effective amendments, and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and in compliance with the provisions of the Securities Act until all Registrable Securities and other securities covered by such registration statement have been disposed of in accordance with the intended methods of disposition set forth in such registration statement (which period shall not exceed the sum of 120 days plus any period during which any such disposition is interfered with by any stop order, injunction or other order or requirement of the SEC or any governmental agency or court) or such securities have been withdrawn.

(d) Notification. After the filing of the registration statement, the Company shall promptly, and in no event more than two Business Days, notify the holders of Registrable Securities included in such registration statement, and confirm such advice in writing, (i) when such registration statement becomes effective, (ii) when any post-effective amendment to such registration statement becomes effective, (iii) of any stop order issued or threatened by the SEC (and the Company shall take all actions required to prevent the entry of such stop order or to remove it if entered) and (iv) of any request by the SEC for any amendment or supplement to such registration statement or any prospectus relating thereto or for additional information or of the occurrence of an event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of the securities covered by such registration statement, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and promptly make available to the holders of Registrable Securities included in such registration statement any such supplement or amendment; except that before filing with the SEC a registration statement or prospectus or any amendment or supplement

thereto, including documents incorporated by reference, the Company shall furnish to the holders of Registrable Securities included in such registration statement and to the legal counsel for any such holders, copies of all such documents proposed to be filed sufficiently in advance of filing to provide such holders and legal counsel with a reasonable opportunity to review such documents and comment thereon, and the Company shall not file any registration statement or prospectus or amendment or supplement thereto, including documents incorporated by reference to which such holders or legal counsel, shall object on a timely basis in light of the requirements of the Securities Act or any other applicable laws and regulations.

(e) State Securities Laws Compliance. The Company shall use its best efforts to (i) register or qualify the Registrable Securities covered by the registration statement under such securities or blue sky laws of such jurisdictions in the United States as the holders of Registrable Securities included in such registration statement (in light of their intended plan of distribution) may request and (ii) cause such Registrable Securities covered by the registration statement to be registered with or approved by such other governmental agencies or authorities in the United States as may be necessary by virtue of the business and operations of the Company and do any and all other acts and things that may be necessary or advisable to enable the holders of Registrable Securities included in such registration statement to consummate the disposition of such Registrable Securities in such jurisdictions; provided, however, that the Company shall not be required to qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (e), or subject itself to taxation in any such jurisdiction.

(f) Agreements for Disposition. The Company shall enter into customary agreements (including, if applicable, an underwriting agreement in customary form) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities. The representations, warranties and covenants of the Company in any underwriting agreement which are made to or for the benefit of any Underwriters shall also be made to and for the benefit of the holders of Registrable Securities included in such registration statement. No holder of Registrable Securities included in such registration statement shall be required to make any representations or warranties in the underwriting agreement except, if applicable, with respect to such holder's organization, good standing, authority, title to Registrable Securities, lack of conflict of such sale with such holder's material agreements and organizational documents, and with respect to written information relating to such holder that such holder has furnished in writing expressly for inclusion in such registration statement.

(g) Cooperation. The Chief Executive Officer, the President of the Company, the Chief Financial Officer of the Company, any Senior Vice President of the Company and any other members of the management of the Company shall cooperate fully in any offering of Registrable Securities hereunder, which cooperation shall include, without limitation, the preparation of the registration statement with respect to such offering and all other offering

materials and related documents, and participation in meetings with Underwriters, attorneys, accountants and potential investors.

(h) Records. The Company shall make available for inspection by the holders of Registrable Securities included in such registration statement, any Underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other professional retained by any holder of Registrable Securities included in such registration statement or any Underwriter, all financial and other records, pertinent corporate documents and properties of the Company, as shall be necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information requested by any of them in connection with such registration statement.

(i) Opinions and Comfort Letters. The Company shall furnish to each holder of Registrable Securities included in any registration statement a signed counterpart, addressed to such holder, of (i) any opinion of counsel to the Company delivered to any Underwriter and (ii) any comfort letter from the Company's independent public accountants delivered to any Underwriter. In the event no legal opinion is delivered to any Underwriter, the Company shall furnish to each holder of Registrable Securities included in such registration statement, at any time that such holder elects to use a prospectus, an opinion of counsel to the Company to the effect that the registration statement containing such prospectus has been declared effective and that no stop order is in effect.

(j) Earnings Statement. The Company shall comply with all applicable rules and regulations of the SEC and the Securities Act, and make available to its shareholders, as soon as practicable, an earnings statement covering a period of 12 months, beginning within three months after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

(k) Listing. The Company shall use its best efforts to cause all Registrable Securities included in any registration to be listed on such exchanges or otherwise designated for trading in the same manner as similar securities issued by the Company are then listed or designated or, if no such similar securities are then listed or designated, in a manner satisfactory to the holders of a majority of the Registrable Securities included in such registration.

3.2 Obligation to Suspend Distribution. Upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3.1(d) (iv), each holder of Registrable Securities included in any registration shall immediately discontinue disposition of such Registrable Securities pursuant to the registration statement covering such Registrable Securities until such holder receives the supplemented or amended prospectus contemplated by Section 3.1(d) (iv), and, if so directed by the Company, each such holder will deliver to the

Company all copies, other than permanent file copies then in such holder's possession, of the most recent prospectus covering such Registrable Securities at the time of receipt of such notice.

3.3 Registration Expenses. The Company shall pay all expenses incurred in connection with any Demand Registration pursuant to Section 2.1 and any Piggy-Back Registration pursuant to Section 2.2, and all expenses incurred in performing or complying with the Company's obligations under this Section 3, whether or not the registration statement becomes effective, in each case including, but not limited to: (i) all registration and filing fees; (ii) fees and expenses of compliance with securities or blue sky laws (including fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities); (iii) printing expenses; (iv) the Company's internal expenses (including, without limitation, all salaries and expenses of its officers and employees); (v) the fees and expenses incurred in connection with the listing of the Registrable Securities as required by Section 3.1(k); (vi) National Association of Securities Dealers, Inc. fees; (vii) fees and disbursements of counsel for the Company and fees and expenses for independent certified public accountants retained by the Company (including the expenses or costs associated with the delivery of any opinions or comfort letters requested pursuant to Section 3.1(i)); (viii) the fees and expenses of any special experts retained by the Company in connection with such registration; (ix) one-half of the cost for selling stockholder errors and omissions insurance for the benefit of the holders of Registrable Securities included in such registration which the holders of a majority of such Registrable Securities may elect to purchase (with the other one-half of such cost to be paid by the holders of Registrable Securities included in such registration, pro rata in accordance with the number of shares included in such registration), and (x) all fees and expenses incurred by the holders of Registrable Securities included in such registration statement in connection with its participation in such registration, including, without limitation, the fees and expenses of such holders' legal counsel, accountants and other experts. The Company shall have no obligation to pay any underwriting fees, discounts or selling commissions attributable to the Registrable Securities being sold by holders of Registrable Securities, which expenses shall be borne by such holders.

3.4 Information. The holders of Registrable Securities shall provide such information as reasonably requested by the Company in connection with the preparation of any registration statement, including amendments and supplements thereto, in order to effect the registration of any Registrable Securities under the Securities Act pursuant to Sections 2.

4. INDEMNIFICATION AND CONTRIBUTION.

4.1 Indemnification by the Company. The Company agrees to indemnify and hold harmless (i) LLCP (including its general and limited partners), each holder of Registrable Securities and Levine Leichtman Capital Partners, Inc., and (ii) the respective officers, employees, affiliates, directors, partners, members and agents, and each person, if any, who

controls LLC, any holder of Registrable Securities or Levine Leichtman Capital Partners, Inc. within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (each, an "LLCP Indemnified Party"), from and against any loss, claim, damage or liability and any action in respect thereof to which any LLC Indemnified Party may become subject under the Securities Act or the Exchange Act or any other statute or common law, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (a) any untrue statement or alleged untrue statement of a material fact made in connection with the sale of Registrable Securities or shares of Common Stock, whether or not such statement is contained or incorporated by reference in any registration statement or prospectus relating to the Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, (b) any omission or alleged omission to state a material fact required to be stated in any registration statement or prospectus or necessary to make the statements therein not misleading, or (c) any violation by the Company of any Federal, state or common law, rule or regulation applicable to the Company and relating to action required of or inaction by the Company in connection with such registration. The Company also shall promptly, but in no event more than ten Business Days after request for payment, pay directly or reimburse each LLC Indemnified Party for any legal and other expenses incurred by such LLC Indemnified Party in investigating or defending or preparing to defend against any such loss, claim, damage, liability or action. The Company also shall indemnify any Underwriter of the Registrable Securities, their officers, affiliates, directors, partners, members and agents and each person who controls such Underwriters on substantially the same basis as that of the indemnification provided above in this Section 4.1.

The indemnity agreement contained in this Section 4.1 shall not apply to amounts paid in settlement of any such loss, claim, damage or liability or any action in respect thereof if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable to any holder of Registrable Securities included in any registration for any loss, claim, damage, liability or any action in respect thereof to the extent that it arises solely from or is based solely upon and is in conformity with information related to such holder furnished in writing by such holder expressly for use in connection with such registration, nor shall the Company be liable to any holder of Registrable Securities included in any registration for any loss, claim, damage or liability or any action in respect thereof to the extent it arises solely from or is based solely upon (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement or prospectus relating to the Registrable Securities delivered in writing by such holder after the Company had provided written notice to such holder that such registration statement or prospectus contained such untrue statement or alleged untrue statement of a material fact, or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading after the Company had provided written notice to such holder that such registration statement or prospectus contained such omission or alleged omission.

4.2 Indemnification by Holders of Registrable Securities. Each holder of Registrable Securities shall indemnify and hold harmless the Company, its officers, directors, partners, members and agents and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such holder, but solely with reference to information related to such holder furnished in writing by such holder expressly for use in any registration statement or prospectus relating to Registrable Securities of such holder included in any registration, or any amendment or supplement thereto, or any preliminary prospectus. Each holder of Registrable Securities included in any registration hereunder shall also indemnify and hold harmless any Underwriter of such holder's Registrable Securities, their officers, directors, partners, members and agents and each person who controls such Underwriters on substantially the same basis as that of the indemnification of the Company provided in this Section 4.2; provided, however, that in no event shall any indemnity obligation under this Section 4.2 exceed the dollar amount of the net proceeds (after payment of any underwriting fees, discounts or commissions) actually received by such holder from the sale of Registrable Securities which gave rise to such indemnification obligation under such registration statement or prospectus.

4.3 Conduct of Indemnification Proceedings. Promptly after receipt by any person of any notice of any loss, claim, damage or liability or any action in respect of which indemnity may be sought pursuant to Section 4.1 or 4.2, such person (the "Indemnified Party") shall, if a claim in respect thereof is to be made against any other person for indemnification hereunder, notify such other person (the "Indemnifying Party") in writing of the loss, claim damage, liability or action; provided, however, that the failure by the Indemnified Party to notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability which the Indemnifying Party may have to such Indemnified Party hereunder, except to the extent the Indemnifying Party is actually prejudiced by such failure. If the Indemnified Party is seeking indemnification with respect to any claim or action brought against the Indemnified Party, then the Indemnifying Party shall be entitled to participate in such claim or action, and, to the extent that it wishes, jointly with all other Indemnifying Parties, to assume the defense thereof with counsel satisfactory to the Indemnified Party. After notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense of such claim or action, the Indemnifying Party shall not be liable to the Indemnified Party for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that in any action in which both the Indemnified Party and the Indemnifying Party are named as defendants, the Indemnified Party shall have the right to employ separate counsel (but no more than one such separate counsel) to represent the Indemnified Party and its controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Indemnified Party against the Indemnifying Party, with the fees and expenses of such counsel to be paid by such Indemnifying Party if, based upon the written opinion of counsel of such Indemnified Party, representation of both parties by the same counsel would be inappropriate due to actual or potential differing

interests between them. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, consent to entry of judgment or effect any settlement of any claim or pending or threatened proceeding in respect of which the Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such judgment or settlement includes an unconditional release of such Indemnified Party from all liability arising out of such claim or proceeding.

4.4 Contribution. If the indemnification provided for in the foregoing Sections 4.1, 4.2 and 4.3 is unavailable to any Indemnified Party in respect of any loss, claim, damage, liability or action referred to herein, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage, liability or action in such proportion as is appropriate to reflect the relative fault of the Indemnified Parties and the Indemnifying Parties in connection with the actions or omissions which resulted in such loss, claim, damage, liability or action, as well as any other relevant equitable considerations. The relative fault of any Indemnified Party and any Indemnifying Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such Indemnified Party or such Indemnifying Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 4.4 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of any loss, claim, damage, liability or action referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 4.4, no holder of Registrable Securities shall be required to contribute any amount in excess of the dollar amount of the net proceeds (after payment of any underwriting fees, discounts or commissions) actually received by such holder from the sale of Registrable Securities which gave rise to such contribution obligation. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

5. UNDERWRITING AND DISTRIBUTION.

5.1 Rule 144. The Company covenants that it shall file any reports required to be filed by it under the Securities Act and the Exchange Act and shall take such further action as the holders of Registrable Securities may reasonably request, all to the extent required from time to

time to enable such holders to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 or Rule 144A under the Securities Act, as such Rules may be amended from time to time, or any similar Rule or regulation hereafter adopted by the SEC.

5.2 Restrictions on Sale by the Company and Others. The Company agrees (i) not to effect any sale or distribution of any securities similar to those being registered in accordance with Section 2.1, or any securities convertible into or exchangeable or exercisable for such securities, during the 90 days prior to, and during the 120-day period beginning on, the effective date of any Demand Registration (except as part of such Demand Registration to the extent permitted by Section 2.1(d)); and (ii) that any agreement entered into after November 17, 1998, pursuant to which the Company issues or agrees to issue any privately placed securities shall contain a provision under which holders of such securities agree not to effect any sale or distribution of any such securities during the periods described in (i) above, in each case including a sale pursuant to Rule 144 or 144A under the Securities Act (except as part of any such registration, if permitted); provided, however, that the provisions of this Section 5.2 shall not prevent the conversion or exchange of any securities pursuant to their terms into or for other securities and shall not prevent the issuance of securities by the Company under any employee benefit, stock option or stock subscription plans.

6. MISCELLANEOUS.

6.1 Other Registration Rights. The Company represents and warrants that, except as provided in the Stanwich Registration Rights Agreement, no Person has any right to require the Company to register any shares of the Company's Capital Stock for sale or to include shares of the Company's Capital Stock in any registration filed by the Company for the sale of shares of Capital Stock for its own account or for the account of any other Person. From and after November 17, 1998, the Company shall not, without the prior written consent of LLC, (i) enter into any agreement granting any demand registration right (i.e., the right to require the Company to register the sale of any shares of the Company's Capital Stock) other than demand registration rights under the FSA Registration Rights Agreement, (ii) enter into any agreement granting any piggy-back registration right (i.e., the right to require the Company to register the sale of any shares of the Company's Capital Stock in any registration filed by the Company for the sale of shares of Capital Stock for its own account or for the account of any other person) which is inconsistent with, equal to (except pursuant to the FSA Registration Rights Agreement) or superior to any registration rights granted hereunder, or (iii) amend the Stanwich Registration Rights Agreement (or enter into or amend the FSA Registration Rights Agreement at any time) so as to cause the registration rights granted therein to be inconsistent with, equal to or superior to the rights granted to the holders of Registrable Securities hereunder or to otherwise adversely affect the registration rights granted to the holders of Registrable Securities hereunder.

6.2 Successors and Assigns. The rights and obligations of LLCP under this Agreement shall be freely assignable in whole or in part. Each such assignee, by accepting such assignment of the rights of the assignor hereunder shall be deemed to have agreed to and be bound by the obligations of the assignor hereunder. The rights and obligations of the Company hereunder may not be assigned.

6.3 Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given if transmitted by telecopier with receipt acknowledged, or upon delivery, if delivered personally or by recognized commercial courier with receipt acknowledged, or upon the expiration of 72 hours after mailing, if mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to LLCP:

c/o Levine Leichtman Capital Partners, Inc.
335 North Maple Drive, Suite 240
Beverly Hills, CA 90210
Attention: Arthur E. Levine, President
Telephone: (310) 275-5335
Facsimile: (310) 275-1441

If to any assignee of LLCP:

At such assignee's address as shown on the books of the Company.

If to the Company:

Consumer Portfolio Services, Inc.
16355 Laguna Canyon Road
Irvine, CA 92618
Attention: Charles E. Bradley, Jr., President
and Chief Executive Officer
Telephone: (949) 753-6800
Facsimile: (949) 753-6805

or at such other address or addresses as LLCP, such assignee or the Company, as the case may be, may specify by written notice given in accordance with this Section.

6.4 Severability. In case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

6.5 Counterpart. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

6.6 Descriptive Headings, Construction and Interpretation. The descriptive headings of the several paragraphs of this Agreement are for convenience of reference only and do not constitute a part of this Agreement and are not to be considered in construing or interpreting this Agreement. All section, preamble, recital and party references are to this Agreement unless otherwise stated. No party, nor its counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions of this Agreement, and all provisions of this Agreement shall be construed in accordance with their fair meaning, and not strictly for or against any party.

6.7 Waivers and Amendments. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally or by course of dealing, except by a statement in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

6.8 Remedies. In the event that the Company fails to observe or perform any covenant or agreement to be observed or performed under this Agreement, LLCP or any other holder of Registrable Securities may proceed to protect and enforce its rights by suit in equity or action at law, whether for specific performance of any term contained in this Agreement or for an injunction against the breach of any such term or in aid of the exercise of any power granted in this Agreement or to enforce any other legal or equitable right, or to take any one or more of such actions. The Company agrees to pay all fees, costs, and expenses, including, without limitation, fees and expenses of attorneys, accountants and other experts, and all fees, costs and expenses of appeals, incurred by LLCP or any other holder of Registrable Securities in connection with the enforcement of this Agreement or the collection or any sums due hereunder, whether or not suit is commenced. None of the rights, powers or remedies conferred under this Agreement shall be mutually exclusive, and each such right, power or remedy shall be cumulative and in addition to any other right, power or remedy whether conferred by this Agreement or now or hereafter available at law, in equity, by statute or otherwise.

6.9 Governing Law. IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE (WITHOUT REGARD TO

THE CHOICE OF LAW OR CONFLICTS OF LAW PROVISIONS THEREOF) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

6.10 Amendment and Restatement; Full Force and Effect. This Agreement amends and restates the Original Registration Rights Agreement on and as of the Closing Date, and the Original Registration Rights Agreement shall remain in full force and effect as amended and restated hereby. The Original Registration Rights Agreement, as amended and restated hereby, is hereby ratified and affirmed by the parties in all respects.

6.11 Termination of Registration Rights. This Agreement, and the rights and obligations of the parties hereunder, shall terminate on the seventh anniversary of the date hereof; provided, however, that the rights and obligations of the parties under Section 4 (Indemnification and Contribution) shall expressly survive the termination hereof.

6.12 Waiver of Trial by Jury. EACH PARTY HEREBY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR OTHER PROCEEDING ARISING OUT OF, CONNECTED WITH OR RELATED TO THE SECURITIES PURCHASE AGREEMENT, THIS AGREEMENT OR ANY OTHER RELATED AGREEMENT, OR ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, REGARDLESS OF WHICH PARTY INITIATES SUCH ACTION OR ACTIONS.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

LLCP

LEVINE LEICHTMAN CAPITAL PARTNERS, INC.,
a California corporation

On behalf of LEVINE LEICHTMAN CAPITAL
PARTNERS II, L.P., a California limited
partnership

By: /s/ Arthur E. Levine

Arthur E. Levine
President

COMPANY

CONSUMER PORTFOLIO SERVICES, INC.,
a California corporation

By: /s/ Charles E. Bradley, Jr.

Charles E. Bradley, Jr.
President and Chief Executive Officer

By: /s/ James L. Stock

James L. Stock
Senior Vice President and Chief Financial Officer

TERMINATION AND SETTLEMENT AGREEMENT
WITH RESPECT TO
INVESTMENT AGREEMENT AND CONTINUING GUARANTY

THIS TERMINATION AND SETTLEMENT AGREEMENT is entered into as of the 15th day of March 2000 (this "Agreement"), by and among LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P., a California limited partnership ("LLCP"), CONSUMER PORTFOLIO SERVICES, INC., a California corporation (the "Company"), STANWICH FINANCIAL SERVICES CORP., a Rhode Island corporation ("Stanwich"), CHARLES E. BRADLEY, SR., an individual ("CEB"), and CHARLES E. BRADLEY, JR., an individual ("Bradley" and, together with CEB and Stanwich, the "Guarantors").

R E C I T A L S

A. The parties entered into that certain Investment Agreement and Continuing Guaranty dated as of April 15, 1999 (the "Investment and Guaranty Agreement"), pursuant to which, among other things, in order to induce LLCP to waive the Existing Defaults, amend the Amended November 1998 Securities Purchase Agreement and purchase from the Company the April 1999 Note and the April 1999 Warrant, (i) Stanwich agreed to perform the Stanwich Investment Obligation, (ii) the Guarantors jointly and severally guaranteed the Obligations to LLCP and certain other matters and (iii) the Guarantors pledged certain of their assets to LLCP under the Pledge Agreements to secure, among other things, the Obligations to LLCP. Unless otherwise indicated, all capitalized terms used herein shall have the respectively meanings given to them in the Investment and Guaranty Agreement.

B. Pursuant to (i) a Pledge and Security Agreement dated as of April 15, 1999, between Stanwich and LLCP, (ii) a Pledge and Security Agreement dated as of April 15, 1999, between CEB and LLCP, and (iii) a Pledge and Security Agreement dated as of April 15, 1999, between Bradley and LLCP (the Pledge and Security Agreements described in clauses (i) through (iii) are collectively referred to herein as the "Pledge Agreements"), the Guarantors pledged the Collateral (as such term is defined therein, respectively) to secure the payment and performance of, among other things, the Obligations to LLCP.

C. Certain breaches, violations and defaults by the Company and the Guarantors have occurred under the Investment and Guaranty Agreement, including, without limitation, the failure by the Company and Stanwich to comply with Section 3.1 of the Investment and Guaranty Agreement with respect to the Stanwich Investment Obligation.

D. LLCP and the Company are entering to that certain Amended and Restated Securities Purchase Agreement dated of even date herewith (the "Securities Purchase Agreement") pursuant to which, among other things, the Company and LLCP are amending

and restating (i) the Amended November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement, as provided therein, and (ii) the Amended November 1998 Primary Note and the April 1999 Note into one Amended and Restated Secured Senior Note Due 2003 in the principal amount of \$30,000,000. Unless otherwise indicated, all capitalized terms used herein shall have the respectively meanings given to them in the Securities Purchase Agreement.

E. As part of the transactions contemplated by the Securities Purchase Agreement, the Company and the Guarantors have requested that LLCP terminate the Investment and Guaranty Agreement and the Pledge Agreements and release the Guarantors from all liabilities and obligations thereunder, respectively, and LLCP is willing to do so only on the terms and subject to the conditions set forth herein.

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Termination of Investment and Guaranty Agreement. Effective on and as of the Closing Date, the Investment and Guaranty Agreement shall terminate in its entirety and be of no further force or effect, and each of LLCP, the Company and the Guarantors shall have no further liabilities or obligations thereunder.

Section 2. Termination of Pledge Agreements; Release of Pledged Collateral. Effective on and as of the Closing Date, each Pledge Agreement (and the security interest created thereby) shall terminate and be of no further force or effect, and the parties to such Pledge Agreement shall have no further liabilities or obligations thereunder. Within two (2) business days following the Closing Date, LLCP will deliver to the Company, on behalf of each Guarantor, the Pledged Collateral held by LLCP under the Pledge Agreements. In addition, LLCP agrees to execute and deliver to each Guarantor such instruments, termination statements and other documents as such Guarantor may reasonably request (such Guarantor to prepare the same) for the purposes of evidencing the termination of the Pledge Agreement (and the security interest created thereby) to which such Guarantor is a party and of effectuating the release of his or its Pledged Collateral. LLCP represents and warrants to the Guarantors that it has not, on or prior to the date hereof, sold, assigned, pledged or otherwise transferred to any Person (a) any of its rights under any of the Investment and Guaranty Agreement, the Pledge Agreements, the Amended November 1998 Securities Purchase Agreement or the April 1999 Securities Purchase Agreement or (b) any of the

Pledged Collateral, and will not do so on or prior to the Closing Date. The Company shall deliver the Pledged Collateral to the applicable Guarantors promptly after its receipt thereof from LLC.

Section 3. Mutual Releases.

(a) In consideration of the covenants and other agreements set forth herein, effective on and as of the Closing Date, the Company and each Guarantor, on behalf of themselves and on behalf of each of their respective principals, shareholders, officers, directors, employees, agents, representatives, partners, owners, subsidiaries, affiliates, attorneys, predecessors, successors, executors, administrators, heirs and assigns, as applicable (collectively, the "CPS/Guarantor Releasing Parties"), except as provided in Section 3(d), fully release and discharge LLC, Levine Leichtman Capital Partners, Inc. ("LLC Inc.") and each of their respective principals, shareholders, officers, directors, employees, agents, representatives, general partners, limited partners, owners, subsidiaries, Affiliates, attorneys, predecessors, successors, executors, administrators, heirs and assigns (collectively, the "LLC Releasees"), of and from any and all liabilities, claims, demands, obligations, actions, causes of action, damages, costs, expenses (including, without limitation, attorneys' fees) or losses, of whatever nature, character, type or description, whether known or unknown, existing or potential, or suspected or unsuspected, which any CPS/Guarantor Releasing Party now has, owns or holds, or at any time heretofore ever had, owned or held, against LLC, LLC Inc. or any other LLC Releasee, based upon, related to or by reason of any facts or circumstances occurring prior to the Closing Date and relating to the performance by LLC, LLC Inc. or any other LLC Releasee of its or their obligations under the Investment and Guaranty Agreement or the Pledge Agreements or in connection with the transactions contemplated thereby.

(b) In consideration of the covenants and other agreements set forth herein, effective on and as of the Closing Date, LLC, on behalf of itself and on behalf of LLC Inc. and of their principals, shareholders, officers, directors, employees, agents, representatives, general partners, limited partners, owners, subsidiaries, affiliates, attorneys, predecessors, successors, executors, administrators, heirs and assigns, as applicable (collectively, the "LLC Releasing Parties"), except as provided in Section 3(d), fully releases and discharges the Guarantors and their respective principals, shareholders, officers, directors, employees, agents, representatives, partners, owners, attorneys, predecessors, successors, executors, heirs and assigns, if applicable (collectively, the "Guarantor Releasees"), of and from any and all liabilities, claims, demands, obligations, actions, causes of action, damages, costs, expenses (including, without limitation, attorneys' fees) or losses, of whatever nature, character, type or description, whether known or unknown, existing or potential, or suspected or unsuspected, which any LLC Releasing Party now has, owns or holds, or at any time heretofore ever had, owned or held, against any Guarantor Releasee

based upon, related to or by reason of any facts or circumstances occurring prior to the Closing Date and relating to the performance by any Guarantor Releasee of its or his obligations under the Investment and Guaranty Agreement or the Pledge Agreements or in connection with the transactions contemplated thereby. For purposes of clarification, (i) the commitments and other obligations of Stanwich, one of the Guarantor Releasees, under Section 3.1 of the Investment and Guaranty Agreement represent the same commitments and other obligations that Stanwich had or has under Sections 8.24 and 8.25 of the Amended November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement and, therefore, Stanwich shall be deemed to have been released from such same commitments and other obligations under Sections 8.24 and 8.25 of the Amended November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement to the same extent that it is being released from its commitments and other obligations under the Investment and Guaranty Agreement, and (ii) nothing contained in this Agreement or otherwise shall be construed or otherwise deemed to release or otherwise discharge the Company from any of its obligations, liabilities or commitments in any respect under the November 1998 Transaction Documents, the April 1999 Note Documents, the Securities Purchase Agreement, any Related Agreement or any other agreement, instrument or other document related thereto or contemplated thereby.

(c) The CPS/Guarantor Releasing Parties acknowledge that there is a risk that, subsequent to the execution of this Agreement, it, he or they may incur, suffer or sustain additional injury, loss, damage, costs, attorneys' fees, expenses, or any of these, which are in some way caused by an LLC Releasee arising out of the Investment and Guaranty Agreement or the Pledge Agreements or the transactions contemplated thereby, which are unknown or unanticipated at the time this Agreement is signed, or which are not presently capable of being ascertained. In addition, the LLC Releasing Parties acknowledge that there is a risk that, subsequent to the execution of this Agreement, it, he or they may incur, suffer or sustain additional injury, loss, damage, costs, attorneys' fees, expenses, or any of these, which are in some way caused by a Guarantor Releasee arising out of the Investment and Guaranty Agreement or the Pledge Agreements or the transactions contemplated thereby, which are unknown or unanticipated at the time this Agreement is signed, or which are not presently capable of being ascertained. The CPS/Guarantor Releasing Parties, on the one hand, and the LLC Releasing Parties, on the other hand, acknowledge that there is a risk that such damages as are known may become more serious than any of them now expects or anticipates. Nevertheless, the CPS/Guarantor Releasing Parties, on the one hand, and the LLC Releasing Parties, on the other hand, acknowledge that this Agreement has been negotiated and agreed upon in light of those realizations and the CPS/Guarantor Releasing Parties, on the one hand, and the LLC Releasing Parties, on the other hand, hereby expressly waive all rights each may have against any LLC Releasee or Guarantor Releasee, as the case may be, in such unsuspected claims or damages, except as provided in Section 3(d). In doing so, the CPS/Guarantor Releasing Parties, on the one hand, and the LLC

Releasing Parties, on the other hand, acknowledge that they have had the benefit of counsel, has been advised of, understands and knowingly and specifically waives its rights under California Civil Code Section 1542 which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

The CPS/Guarantor Releasing Parties acknowledge that it, he or they are aware that they may hereafter discover facts in addition to, or different from, those which they now know or believe to be true, but it is their intention hereby fully and finally to settle and to release any and all matters, disputes and differences, known or unknown, suspected or unsuspected, which do not exist, may exist or heretofore have existed against any LLC Releasee which arise out of the Investment and Guaranty Agreement and/or the Pledge Agreements. The LLC Releasing Parties acknowledge that it, he or they are aware that they may hereafter discover facts in addition to, or different from, those which they now know or believe to be true, but it is their intention hereby fully and finally to settle and to release any and all matters, disputes and differences, known or unknown, suspected or unsuspected, which do not exist, may exist or heretofore have existed against any Guarantor Releasee which arise out of the Investment and Guaranty Agreement or the Pledge Agreements. In furtherance of this intention, the releases provided for herein shall be and remain in effect as a full and complete general release notwithstanding discovery or existence of any such additional or different facts.

(d) The parties recognize and acknowledge that the releases provided for by the CPS/Guarantor Releasing Parties in Section 4(a) and by the LLC Releasing Parties in Section 4(b) are not intended, and shall not be construed, to release or discharge any LLC Releasee and Guarantor Releasee, respectively, from any liabilities, claims, demands, obligations, actions, causes of action, damages, costs, expenses (including, without limitation, attorneys' fees) or losses, if any, caused by or arising out of (i) the breach or violation by any Guarantor Releasee of its representations and warranties under this Agreement, (ii) the breach or violation by LLC of its representations and warranties in Section 2, (iii) the failure or refusal by any LLC Releasee or Guarantor Releasee, as the case may be, to perform its or his covenants and other obligations required in accordance with the terms and conditions of this Agreement or (iv) fraud (including, without limitation, intentional misrepresentation and misappropriation of funds) on the part of any Guarantor Releasee, whether occurring prior to, on or at any time after the Closing Date.

Section 4. Representations and Warranties. As a material inducement to LLCP to enter into this Agreement and consummate the transactions contemplated hereby, each of the Company and the Guarantors hereby severally, and not jointly, represent and warrant to LLCP the following, all of which representations and warranties shall survive the Closing Date indefinitely:

(a) Power and Enforceability. The Company or such Guarantor has the full right, power and authority to enter into, deliver and perform this Agreement and each of the agreements, instruments and other documents contemplated hereby or relating hereto to which it or he is a party (collectively, the "Investment Agreement Documents"). The execution, delivery and performance of this Agreement and each other Investment Agreement Document to which the Company or such Guarantor, as the case may be, is a party has been duly authorized by all necessary action on the part of the Company or such Guarantor, as the case may be. This Agreement and each other Investment Agreement Document to which the Company or such Guarantor, as the case may be, is a party has been duly authorized, executed and delivered by the Company or such Guarantor, as the case may be, and constitutes the legal, valid and binding obligation of the Company or such Guarantor, as the case may be, enforceable against the Company or such Guarantor, as the case may be, in accordance with its terms.

(b) No Conflicts. The execution, delivery and performance of this Agreement by the Company or such Guarantor, as the case may be, and the consummation of the transactions contemplated hereby, do not and will not (i) violate the charter and bylaws of the Company or Stanwich, as amended through the date hereof, (ii) with respect to the Company, violate any Applicable Laws, except where such violation could not, individually or in the aggregate, have a Material Adverse Effect and would not subject LLCP to liability, (iii) with respect to such Guarantor, violate any material laws, rules or regulations applicable to such Guarantor, (iv) conflict with, result in a breach of, or constitute a default under, any term of any lease, credit agreement, indenture, note, mortgage, instrument or other material agreement to which the Company or such Guarantor, as the case may be, is a party or by which any of the Company's or such Guarantor's properties or assets, as the case may be, are bound or (v) without limiting clause (iv) above, any agreement regarding any other Indebtedness of the Company or such Guarantor, as the case may be, or pursuant to which Material Assets of the Company or such Guarantor, as the case may be, are subject to any Lien.

(c) No Consents. Neither the Company or such Guarantor, as the case may be, nor any of its or his Affiliates is required to obtain the Consent of any Person in connection with the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

Section 5. Indemnification of LLC. As additional consideration for LLC's agreement to waive the Investment and Guaranty Agreement Defaults and terminate the Investment and Guaranty Agreement as provided in this Agreement, the Company and the Guarantors hereby jointly and severally agree to indemnify and hold harmless LLC, LLC Inc. and their respective principals, shareholders, officers, directors, employees, agents, representatives, general partners, limited partners, owners, subsidiaries, Affiliates, attorneys, predecessors, successors, executors, administrators, heirs and assigns (collectively, the "Indemnified Parties"), from and against any and all losses, claims, damages, liabilities, expenses and costs, including, without limitation, attorneys' fees and other fees and expenses incurred in, and the costs of preparing for, investigating or defending any matter (collectively, "Losses"), incurred by such Indemnified Party in connection with or arising from any breach of any warranty or the inaccuracy of any representation made by any Guarantor or the failure of any Guarantor to fulfill any of its covenants, obligations or undertakings under this Agreement or any other agreement, instruments or document contemplated hereby or relating hereto. The Company and the Guarantors shall either pay directly all Losses which it is required to pay hereunder or reimburse any Indemnified Party within ten (10) days after any request for such payment. The obligations of the Company and the Guarantors to the Indemnified Parties under this Section 5 shall be separate obligations to each Indemnified Party, and the liability of the Company and any Guarantor to such Indemnified Parties for which LLC may seek indemnity shall not be extinguished solely because any Indemnified Party is not entitled to indemnity under this Section 5. The indemnification obligations of the Guarantors under this Section 5 shall survive for the period ending one year after all statutes of limitations relevant hereto have expired, including any extensions thereof, and shall be extended as necessary to resolve any indemnification claim by an Indemnified Party asserted prior to that date.

Section 6. Miscellaneous Provisions.

(a) Survival. The representations and warranties of the Company and the Guarantors set forth in this Agreement shall survive the execution and delivery hereof.

(b) Governing Law. In all respects, including all matters of construction, validity and performance, this Agreement and the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to the choice of law or conflicts of law principles thereof.

(c) Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given if transmitted by telecopier with receipt acknowledged, or upon delivery, if delivered personally or by recognized commercial courier with receipt

acknowledged, or upon the expiration of 72 hours after mailing, if mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to LLC, to:

Levine Leichtman Capital Partners II, L.P.
c/o Levine Leichtman Capital Partners, Inc.
335 North Maple Drive, Suite 240
Beverly Hills, CA 90210
Attention: Arthur E. Levine, President
Telecopier: (310) 275-1441

with a copy to:

Riordan & McKinzie
300 South Grand Avenue, Suite 2900
Los Angeles, CA 90071
Attention: Mitchell S. Cohen, Esq.
Telecopier: (213) 229-8550

If to the Company, to:

Consumer Portfolio Services, Inc.
16355 Laguna Canyon Road
Irvine, CA 92618
Attention: Charles E. Bradley, Jr., President
Telecopier: (949) 450-3951

If to any Guarantor, to the address set forth under such Guarantor's signature on the signature pages hereto;

or at such other address or addresses as any party may specify after the date hereof by written notice given in accordance with this Section 6(c).

(d) Further Assurances. Each party agrees to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable to consummate the transactions contemplated by this Agreement.

(e) Counterparts. This Agreement may be executed in any number of counterparts and by facsimile, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

(f) Successors and Assigns; Amendments. This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and permitted assigns. This Agreement may not be amended, supplemented or otherwise modified except in a writing signed by the parties.

(g) Governing Law; Failure or Delay. In all respects, including all matters of construction, validity and performance, this Agreement and the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to principles regarding choice of law or conflicts of laws. No failure or delay by LLC in the exercise of any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any power, right or remedy preclude any other exercise thereof or of any other power, right or remedy.

(h) Entire Agreement. This Agreement constitutes the entire agreement and understanding among the parties with respect to the subject matter hereof and supersedes all prior oral and written, and all contemporaneous oral, agreements and understandings relating to the subject matter hereof.

(i) Advice of Counsel. Each party acknowledges and agrees that it has received legal advice from counsel of its choice regarding the meaning and legal significance of this Agreement, that it has had an opportunity to ask questions of its legal counsel and that it is satisfied with its legal counsel and the advice received from it.

(j) Waiver of Trial by Jury. EACH PARTY HEREBY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR OTHER PROCEEDING ARISING OUT OF, CONNECTED WITH OR RELATED TO THIS AGREEMENT, OR ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED HEREBY, REGARDLESS OF WHICH PARTY INITIATES SUCH ACTION OR ACTIONS.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

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

LLCP

LEVINE LEICHTMAN CAPITAL PARTNERS,
INC., a California corporation

On behalf of LEVINE LEICHTMAN
CAPITAL PARTNERS II, L.P., a California
limited partnership

By: /s/ Arthur E. Levine

Arthur E. Levine
President

COMPANY

CONSUMER PORTFOLIO SERVICES, INC.,
a California corporation

By: /s/ Charles E. Bradley, Jr.

Charles E. Bradley, Jr.
President and Chief Executive Officer

By: /s/ James L. Stock

James L. Stock
Senior Vice President and Chief Financial
Officer

GUARANTORS

STANWICH FINANCIAL SERVICES CORP., a
Rhode Island Corporation

By: /s/ Charles E. Bradley, Sr.

Charles E. Bradley, Sr.
President

Address: c/o Stanwich Partners, Inc.
One Stamford Landing
62 Southfield Avenue
Stanford, CT 06902

CEB

/s/ Charles E. Bradley, Sr.

Charles E. Bradley, Sr.

Address: c/o Stanwich Partners, Inc.
One Stamford Landing
62 Southfield Avenue
Stanford, CT 06902

BRADLEY

/s/ Charles E. Bradley, Jr.

Charles E. Bradley, Jr.

Address: c/o Consumer Portfolio Services, Inc.
16355 Laguna Canyon Road
Irvine, CA 92618