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

FORM 10-K

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006
COMMISSION FILE NUMBER: 0-51027

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

CALIFORNIA	33-0459135
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
16355 LAGUNA CANYON ROAD, IRVINE, CALIFORNIA (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	92618 (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (949) 753-6800

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, no par value	The Nasdaq Stock Market LLC (Global Market)

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes [ ] No [X]

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ] Accelerated filer [X] Non-accelerated filer [ ]

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

The aggregate market value of the 13,522,700 shares of the registrant's common stock held by non-affiliates, based upon the closing price of the registrant's common stock of $6.71 per share reported by Nasdaq as of June 30, 2006, was approximately $90,737,317. For purposes of this computation, a registrant sponsored pension plan and all directors, executive officers, and beneficial owners of 10 percent or more of the registrant's common stock are deemed to be affiliates. Such determination is not an admission that such plan, directors, executive officers, and beneficial owners are, in fact, affiliates of the registrant. The number of shares of the registrant's Common Stock outstanding on February 27, 2007, was 21,530,054.

DOCUMENTS INCORPORATED BY REFERENCE

The proxy statement for registrant's 2007 annual shareholders meeting is incorporated by reference into Part III hereof.

PART I

ITEM 1. BUSINESS

OVERVIEW

We are a specialty finance company engaged in purchasing and servicing retail automobile contracts originated primarily by franchised automobile dealers and, to a lesser extent, by select independent dealers in the United States in the sale of new and used automobiles, light trucks and passenger vans. Through our automobile contract purchases, we provide indirect financing to the customers of dealers, who have limited credit histories, low incomes or past credit problems, who we refer to as sub-prime customers. We serve as an alternative source of financing for dealers, facilitating sales to customers who otherwise might not be able to obtain financing from traditional sources, such as commercial banks, credit unions and the captive finance companies affiliated with major automobile manufacturers. We generally do not lend money directly to consumers. Rather, we purchase automobile contracts from dealers under several different financing programs. We are headquartered in Irvine, California, where all credit and underwriting functions are centralized. We service our automobile contracts from our California headquarters and from three servicing branches in Virginia, Florida and Illinois.

We direct our marketing efforts to dealers, rather than to consumers. We establish relationships with dealers through our employee marketing representatives who contact a prospective dealer to explain our automobile contract purchase programs, and thereafter provide dealer training and support services. The marketing representatives are obligated to represent our financing program exclusively. Our marketing representatives present the dealer with a marketing package, which includes our promotional material containing the terms offered by us for the purchase of automobile contracts, a copy of our standard-form dealer agreement, and required documentation relating to automobile contracts. As of December 31, 2006, we had 94 marketing representatives and we were a party to dealer agreements with over 8,600 dealers in 48 states. Approximately 90% of these dealers are franchised new car dealers that sell both new and used cars and the remainder are independent used car dealers. For the year ended December 31, 2006, approximately 87% of the automobile contracts purchased under our programs consisted of financing for used cars and 13% consisted of financing for new cars, as compared to 81% financing for used cars and 19% for new cars in the year ended December 31, 2005.

We purchase automobile contracts with the intention of financing them on a long-term basis through securitizations. Securitizations are transactions in which we sell a specified pool of contracts to a special purpose entity of ours, which in turn issues asset-backed securities to fund the purchase of the pool of contracts from us. Depending on the structure of the securitization, the transaction may, for financial accounting purposes, be treated as a sale of the contracts or as a secured financing. From inception through the third quarter of 2003, we generated revenue primarily from the gains recognized on the sale or securitization of automobile contracts, servicing fees earned on automobile contracts sold, interest earned on residual interests and interest on finance receivables. However, since the third quarter of 2003, we have structured our securitizations to be treated as secured financings rather than as sales of automobile contracts for financial accounting purposes. By accounting for these securitizations as secured financings, the contracts and asset-backed notes issued remain on our balance sheet with the interest income of the contracts in the trust and the related financing costs reflected over the life of the underlying pool of contracts.

We were incorporated and began our operations in March 1991. From inception through December 31, 2006, we have purchased a total of approximately $7.1 billion of automobile contracts from dealers. In addition, we obtained a total of approximately $605.0 million of automobile contracts in our 2002, 2003 and 2004 acquisitions, as described below. Our total managed portfolio, net of unearned interest on pre-computed automobile contracts, grew to approximately $1,565.9 million at December 31, 2006 from $1,122.0 million at December 31, 2005, $906.9 million as of December 31, 2004 and $743.5 million as of December 31, 2003.

HISTORICAL ACQUISITIONS

In March 2002, we acquired MFN Financial Corporation and its subsidiaries, or MFN, in a merger, which we refer to as the MFN merger. In May 2003, we acquired TFC Enterprises, Inc. and its subsidiaries, or TFC, in a second merger, which we refer to as the TFC merger. We acquired $381.8 million of automobile contracts in the MFN merger, and $152.1 million in the TFC merger. MFN and TFC were engaged in businesses similar to that of ours. MFN ceased acquiring automobile contracts in March 2002, while TFC continues to acquire automobile contracts under its TFC programs. Automobile contracts purchased by TFC during the year ended December 31, 2006 accounted for less than 4% of our total purchases during the year. In April 2004, we acquired $74.9 million in automobile contracts from SeaWest Financial Corporation and its subsidiaries. In addition, we were named servicer of approximately $111.8 million of automobile contracts that SeaWest had previously securitized, and which we do not own. We sometimes refer to those non-owned contracts as the SeaWest third-party portfolio.

SUB-PRIME AUTO FINANCE INDUSTRY

Automobile financing is the second largest consumer finance market in the United States. The automobile finance industry can be divided into two principal segments: a prime credit market and a sub-prime credit market. Traditional automobile finance companies, such as commercial banks, savings institutions, credit unions and captive finance companies of automobile manufacturers, generally lend to the most creditworthy, or so-called prime, borrowers. The sub-prime automobile credit market, in which we operate, provides financing to less creditworthy borrowers, at higher interest rates.

Historically, traditional lenders have not serviced the sub-prime market or have done so through programs that were not consistently available. Independent companies specializing in sub-prime automobile financing and subsidiaries of larger financial services companies currently compete in this segment of the automobile finance market, which we believe remains highly fragmented, with no single company having a dominant position in the market.

OUR OPERATIONS

Our automobile financing programs are designed to serve sub-prime customers, who generally have limited credit histories, low incomes or past credit problems. Because we serve customers who are unable to meet certain credit standards, we incur greater risks, and generally receive interest rates higher than those charged in the prime credit market. We also sustain a higher level of credit losses because we provide financing in a relatively high risk market.

ORIGINATIONS

When a retail automobile buyer elects to obtain financing from a dealer, the dealer takes a credit application to submit to its financing sources. Typically, a dealer will submit the buyer's application to more than one financing source for review. We believe the dealer's decision to choose a financing source is based primarily on: (i) the monthly payment; (ii) the purchase price offered for the contract; (iii) timeliness, consistency and predictability of response; (iv) funding turnaround time; and (v) any conditions to purchase. Dealers can send credit applications to us via the Internet or fax. For the year ended December 31, 2006, we received approximately 81% of all applications through DealerTrack (the industry leading dealership application aggregator), 9% via our website and 10% via fax. Our automated application decisioning system produced our response within minutes to about 88% of those applications.

Upon receipt of information from a dealer, our proprietary automated decisioning system orders a credit report to document the buyer's credit history. If, upon review by the automated decisioning systems, or in some cases, one of our credit analysts, it is determined that the automobile contract meets our underwriting criteria, or would meet such criteria with modification, we request and review further information and supporting documentation and, ultimately, decide whether to approve the automobile contract for purchase. When presented with an application, we attempt to notify the dealer within one hour as to whether we would purchase the related automobile contract.

Dealers with which we do business are under no obligation to submit any automobile contracts to us, nor are we obligated to purchase any automobile contracts from them. During the year ended December 31, 2006, no dealer accounted for more than 1% of the total number of automobile contracts we purchased. Automobile contracts purchased by TFC after the TFC merger under the TFC programs are purchased with a dealer marketing strategy that is similar to that of ours as described above, except that the marketing efforts are directed at independent used car dealers and the vehicle purchasers we are looking for are enlisted personnel of the U.S. Armed Forces. The following table sets forth the geographical sources of the automobile contracts purchased by us (based on the addresses of the customers as stated on our records) during the years ended December 31, 2006 and 2005.

	Contracts Purchased During the Year Ended (1)			
	December 31, 2006		December 31, 2005	
	Number	Percent (2)	Number	Percent (2)
Texas	7,004	10.9%	4,734	10.7%
California	5,887	9.2%	3,981	9.0%
Florida	5,100	7.9%	3,151	7.1%
Ohio	4,758	7.4%	3,311	7.5%
Pennsylvania	3,642	5.7%	2,732	6.2%
Illinois	2,950	4.6%	2,188	4.9%
North Carolina	2,864	4.5%	2,003	4.5%
Michigan	2,791	4.3%	1,883	4.2%
Louisiana	2,755	4.3%	2,268	5.1%
New York	2,732	4.3%	1,617	3.6%
Kentucky	2,180	3.4%	1,851	4.2%
Maryland	2,107	3.3%	1,933	4.4%
Virginia	1,678	2.6%	1,379	3.1%
New Jersey	1,543	2.4%	667	1.5%
Other States	16,210	25.2%	10,678	24.1%
Total	64,201	100.0%	44,376	100.0%

(1) AUTOMOBILE CONTRACTS PURCHASED BY TFC AFTER THE TFC MERGER ARE NOT INCLUDED BECAUSE SUCH PURCHASES ACCOUNTED FOR LESS THAN 10% OF THE TOTAL PURCHASES DURING THE YEAR.
(2) PERCENTAGES MAY NOT TOTAL TO 100.0% DUE TO ROUNDING.

We purchase automobile contracts under our programs from dealers at a price generally equal to the total amount financed under the automobile contracts, adjusted for an acquisition fee, which may either increase or decrease the automobile contract purchase price paid by us. The amount of the acquisition fee, and whether it results in an increase or decrease to the automobile contract purchase price, is based on the perceived credit risk of and, in some cases, the interest rate on the automobile contract. For the years ended December 31, 2006, 2005 and 2004, the average acquisition fee charged per automobile contract purchased under our programs was $241, $150 and $226, respectively, or 1.6%, 1.0% and 1.6%, respectively, of the amount financed.

We offer seven different financing programs to our dealership customers, and price each program according to the relative credit risk. We offer programs covering a wide band of the credit spectrum. Our upper credit tier products, which are our Preferred, Super Alpha, Alpha Plus and Alpha programs accounted for approximately 78% and 82% of our new contract originations in 2006 and 2005, respectively, in each case measured by aggregate amount financed.

The following table identifies the credit program, sorted from highest to lowest credit quality, under which we purchased automobile contracts during the years ended December 31, 2006, 2005 and 2004.

	Contracts Purchased (1) During the Year Ended					
	December 31, 2006		December 31, 2005		December 31, 2004	
	AMOUNT FINANCED	PERCENT (2)	AMOUNT FINANCED	PERCENT (2)	AMOUNT FINANCED	PERCENT (2)
	(dollars in thousands)					
Preferred	$ 30,700	3.1%	$ 13,735	2.1%	$ 6,273	1.5%
Super Alpha	120,118	12.2%	78,030	11.8%	34,134	8.3%
Alpha Plus	178,371	18.1%	135,926	20.6%	70,786	17.3%
Alpha	444,775	45.0%	314,444	47.6%	233,521	57.1%
Standard	85,190	8.6%	67,293	10.2%	36,561	8.9%
Mercury / Delta	77,481	7.8%	20,346	3.1%	9,988	2.4%
First Time Buyer	50,893	5.2%	30,329	4.6%	17,655	4.3%
	$ 987,528	100.0%	$ 660,103	100.0%	$ 408,918	100.0%

(1) AUTOMOBILE CONTRACTS PURCHASED BY TFC AFTER THE TFC MERGER ARE NOT INCLUDED BECAUSE SUCH PURCHASES ACCOUNTED FOR LESS THAN 10% OF THE TOTAL PURCHASES DURING THE YEAR.
(2) PERCENTAGES MAY NOT TOTAL TO 100.0% DUE TO ROUNDING.

We attempt to control misrepresentation regarding the customer's credit worthiness by carefully screening the automobile contracts we purchase, by establishing and maintaining professional business relationships with dealers, and by including certain representations and warranties by the dealer in the dealer agreement. Pursuant to the dealer agreement, we may require the dealer to repurchase any automobile contract in the event that the dealer breaches our representations or warranties. There can be no assurance, however, that any dealer will have the willingness or the financial resources to satisfy our repurchase obligations to us.

In addition to our purchases of installment contracts from dealers, we purchased in 2006 an immaterial number of vehicle purchase money loans, evidenced by promissory notes and security agreements. A non-affiliated lender originated all such loans directly to vehicle purchasers, and sold the loans to us. We plan to begin financing vehicle purchases by direct loans to consumers in 2007, on terms similar to those that we offer through dealers, though without a down payment requirement. There can be no assurance as to the extent to which we will in fact make any such loans, nor as to their future performance.

UNDERWRITING

To be eligible for purchase by us, an automobile contract must have been originated by a dealer that has entered into a dealer agreement to sell automobile contracts to us. The automobile contract must be secured by a first priority lien on a new or used automobile, light truck or passenger van and must meet our underwriting criteria. In addition, each automobile contract requires the customer to maintain physical damage insurance covering the financed vehicle and naming us as a loss payee. We may, nonetheless, suffer a loss upon theft or physical damage of any financed vehicle if the customer fails to maintain insurance as required by the automobile contract and is unable to pay for repairs to or replacement of the vehicle or is otherwise unable to fulfill his or her obligations under the automobile contract.

We believe that our underwriting criteria enable us to evaluate effectively the creditworthiness of sub-prime customers and the adequacy of the financed vehicle as security for an automobile contract. The underwriting criteria include standards for price, term, amount of down payment, installment payment and interest rate; mileage, age and type of vehicle; principal amount of the automobile contract in relation to the value of the vehicle; customer income level, employment and residence stability, credit history and debt service ability, as well as other factors. Specifically, the underwriting guidelines for our CPS programs generally limit the maximum principal amount of a purchased automobile contract to 115% of wholesale book value in the case of used vehicles or to 115% of the manufacturer's invoice in the case of new vehicles, plus, in each case, sales tax, licensing and, when the customer purchases such additional items, a service contract or a credit life or disability policy. We generally do not finance vehicles that are more than eight model years old or have in excess of 85,000 miles. Under most of our programs, the maximum term of a purchased contract is 72 months; a shorter maximum term may be applicable based on the mileage and age of the vehicle. Automobile contracts with the maximum term of 72 months may be purchased if the customer is among the more creditworthy of our obligors and the vehicle is generally not more than two model years old and has less than 45,000 miles. Automobile contract purchase criteria are subject to change from time to time as circumstances may warrant. Upon receiving the vehicle and customer information with the customer's application, our underwriters verify the customer's employment, residency, and credit information by contacting various parties noted on the customer's application, credit information bureaus and other sources. In addition, prior to purchasing an automobile contract, we contact each customer by telephone to confirm that the customer understands and agrees to the terms of the related automobile contract. During this "welcome call," we also ask the customer a series of open ended questions about his application and the contract to uncover any potential misrepresentations.

CREDIT SCORING. We use a proprietary scoring model to assign each automobile contract a "credit score" at the time the application is received from the dealer and the customer's credit information is retrieved from the credit reporting agencies. The credit score is based on a variety of parameters including the customer's credit history, employment and residence stability, income, and monthly payment amount,. Our score also considers the loan-to-value ratio and the age and mileage of the vehicle. We have developed the credit score utilizing statistical risk management techniques and historical performance data from our managed portfolio. We believe this improves our allocation of credit evaluation resources, and more effectively manages the risk inherent in the sub-prime market.

CHARACTERISTICS OF CONTRACTS. All of the automobile contracts purchased by us are fully amortizing and provide for level payments over the term of the automobile contract. All automobile contracts may be prepaid at any time without penalty. The average original principal amount financed, under the CPS programs and in the year ended December 31, 2006, was $15,382, with an average original term of 63 months and an average down payment amount of 12.3%. Based on information contained in customer applications for this 12-month period, the retail purchase price of the related automobiles averaged $15,667 (which

excludes tax, license fees and any additional costs such as a maintenance contract), the average age of the vehicle at the time the automobile contract was purchased was 3 years, and our customers averaged approximately 38 years of age, with approximately $40,440 in average annual household income and an average of 5 years history with his or her current employer. Because our TFC programs are directed towards enlisted military personnel, contracts purchased under the TFC programs tend to have smaller balances and the purchasers are generally younger and have lower incomes.

DEALER COMPLIANCE. The dealer agreement and related assignment contain representations and warranties by the dealer that an application for state registration of each financed vehicle, naming us as secured party with respect to the vehicle, was effected at the time of sale of the related automobile contract to us, and that all necessary steps have been taken to obtain a perfected first priority security interest in each financed vehicle in favor of us under the laws of the state in which the financed vehicle is registered.

SERVICING AND COLLECTION

We currently service all automobile contracts that we own as well as those automobile contracts that are included in portfolios that we have sold to off balance sheet securitization trusts or in the SeaWest third party portfolio. We organize our servicing activities based on the tasks performed by our personnel. Our servicing activities consist of mailing monthly billing statements; collecting, accounting for and posting of all payments received; responding to customer inquiries; taking all necessary action to maintain the security interest granted in the financed vehicle or other collateral; investigating delinquencies; communicating with the customer to obtain timely payments; repossessing and liquidating the collateral when necessary; collecting deficiency balances; and generally monitoring each automobile contract and the related collateral. We are typically entitled to receive a base monthly servicing fee between 2.5% and 3.5% per annum computed as a percentage of the declining outstanding principal balance of the non-charged-off automobile contracts in the securitization pools. The servicing fee is included in interest income for on balance sheet financings.

COLLECTION PROCEDURES. We believe that our ability to monitor performance and collect payments owed from sub-prime customers is primarily a function of our collection approach and support systems. We believe that if payment problems are identified early and our collection staff works closely with customers to address these problems, it is possible to correct many of problems before they deteriorate further. To this end, we utilize pro-active collection procedures, which include making early and frequent contact with delinquent customers; educating customers as to the importance of maintaining good credit; and employing a consultative and customer service approach to assist the customer in meeting his or her obligations, which includes attempting to identify the underlying causes of delinquency and cure them whenever possible. In support of our collection activities, we maintain a computerized collection system specifically designed to service automobile contracts with sub-prime customers and similar consumer obligations.

With the aid of our automatic dialer, as well as manual efforts made by collection staff, we attempt to make telephonic contact with delinquent customers from one to 15 days after their monthly payment due date, depending on our proprietary behavioral assessment of the customer's likelihood of payment during early stages of delinquency. Using coded instructions from a collection supervisor, the automatic dialer will attempt to contact customers based on their physical location, stage of delinquency, size of balance or other parameters. If the automatic dialer obtains a "no answer" or a busy signal, it records the attempt on the customer's record and moves on to the next call. If a live voice answers the automatic dialer's call, the call is transferred to a waiting collector as the customer's pertinent information is simultaneously displayed on the collector's workstation. The collector then inquires of the customer the reason for the delinquency and when we can expect to receive the payment. The collector will attempt to get the customer to make a promise for the delinquent payment for a time generally not to exceed one week from the date of the call. If the customer makes such a promise, the account is routed to a promise queue and is not contacted until the outcome of the promise is known. If the payment is made by the promise date and the account is no longer delinquent, the account is routed out of the collection system. If the payment is not made, or if the payment is made, but the account remains delinquent, the account is returned to the queue for subsequent contacts.

If a customer fails to make or keep promises for payments, or if the customer is uncooperative or attempts to evade contact or hide the vehicle, a supervisor will review the collection activity relating to the account to determine if repossession of the vehicle is warranted. Generally, such a decision will occur between the 45th and 90th day past the customer's payment due date, but could occur sooner or later, depending on the specific circumstances. At the time the vehicle is repossessed we will stop accruing interest in this automobile contract, and reclassify the remaining automobile contract balance to other assets. In addition we will apply a specific reserve to this automobile contract so that the net balance represents the estimated fair value less costs to sell.

If we elect to repossess the vehicle, we assign the task to an independent local repossession service. Such services are licensed and/or bonded as required by law. When the vehicle is recovered, the repossessor delivers it to a wholesale automobile auction, where it is kept until sold. Financed vehicles that have been repossessed are generally resold by us through unaffiliated automobile auctions, which are attended principally by car dealers. Net liquidation proceeds are applied to the customer's outstanding obligation under the automobile contract. Such proceeds usually are insufficient to pay the customer's obligation in full, resulting in a deficiency. In many cases we will continue to contact our customers to recover all or a portion of this deficiency for up to several years after charge-off.

Once an automobile contract becomes greater than 90 days delinquent, we do not recognize additional interest income until the borrower under the automobile contract makes sufficient payments to be less than 90 days delinquent. Any payments received by a borrower that are greater than 90 days delinquent are first applied to accrued interest and then to principal reduction.

We generally charge off the balance of any contract by the earlier of the end of the month in which the automobile contract becomes five scheduled installments past due or, in the case of repossessions, the month that the proceeds from the liquidation of the financed vehicle are received by us or if the vehicle has been in repossession inventory for more than three months. In the case of repossession, the amount of the charge-off is the difference between the outstanding principal balance of the defaulted automobile contract and the net repossession sale proceeds.

CREDIT EXPERIENCE

Our financial results are dependent on the performance of the automobile contracts in which we retain an ownership interest. The tables below document the delinquency, repossession and net credit loss experience of all automobile contracts that we are servicing (excluding contracts from the SeaWest third party portfolio) as of the respective dates shown. Credit experience for us, MFN (since the date of the MFN merger), TFC (since the date of the TFC merger) and SeaWest (since the date of the SeaWest asset acquisition) is shown on a combined basis in the table below.

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

	DECEMBER 31, 2006		DECEMBER 31, 2004		DECEMBER 31, 2005	
	NUMBER OF CONTRACTS	AMOUNT	NUMBER OF CONTRACTS	AMOUNT	NUMBER OF CONTRACTS	AMOUNT
DELINQUENCY EXPERIENCE			(DOLLARS IN THOUSANDS)			
Gross servicing portfolio (1)	126,574	$1,568,329	95,689	$1,116,534	83,018	$ 873,880
Period of delinquency (2)						
31-60 days	3,275	37,328	2,367	24,047	2,106	19,010
61-90 days	1,367	14,903	1,057	10,156	1,069	8,051
91+ days	1,035	10,301	1,031	7,946	1,176	7,758
Total delinquencies (2)	5,677	62,532	4,455	42,149	4,351	34,819
Amount in repossession (3)	2,148	24,135	1,335	13,531	1,408	14,090
Total delinquencies and amount in repossession (2)	7,825	$ 86,667	5,790	$ 55,680	5,759	$ 48,909
Delinquencies as a percentage of gross servicing portfolio	4.5 %	4.0 %	4.7 %	3.8 %	5.2 %	4.0 % %
Total delinquencies and amount in repossession as a percentage of gross servicing portfolio	6.2 %	5.5 %	6.1 %	5.0 %	6.9 %	5.6 % %
EXTENSION EXPERIENCE						
Contracts with One Extension (4)	12,318	$ 128,386	10,602	$ 95,412	9,661	$ 86,138
Contracts with Two or More Extensions (4)	3,183	24,978	4,575	29,428	4,383	23,659
Total Contracts with Extensions	15,501	$ 153,364	15,177	$ 124,840	14,044	$ 109,797

(1) ALL AMOUNTS AND PERCENTAGES ARE BASED ON THE AMOUNT REMAINING TO BE REPAID ON EACH AUTOMOBILE CONTRACT, INCLUDING, FOR PRE-COMPUTED AUTOMOBILE CONTRACTS, ANY UNEARNED INTEREST. THE INFORMATION IN THE TABLE REPRESENTS THE GROSS PRINCIPAL AMOUNT OF ALL AUTOMOBILE CONTRACTS WE PURCHASED, INCLUDING AUTOMOBILE CONTRACTS WE SUBSEQUENTLY SOLD IN SECURITIZATION TRANSACTIONS THAT WE CONTINUE TO SERVICE. THE TABLE DOES NOT INCLUDE THE SEAWEST THIRD PARTY PORTFOLIO (AUTOMOBILE CONTRACTS THAT WE SERVICE ON BEHALF OF SEAWEST SECURITIZATIONS, BUT DO NOT OWN).

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

(3) AMOUNT IN REPOSSESSION REPRESENTS THE CONTRACT BALANCE ON FINANCED VEHICLES THAT HAVE BEEN REPOSSESSED BUT NOT YET LIQUIDATED. THIS AMOUNT IS NOT NETTED WITH THE SPECIFIC RESERVE TO ARRIVE AT THE ESTIMATED ASSET VALUE LESS COSTS TO SELL.

(4) THE AGING CATEGORIES SHOWN IN THE TABLES REFLECT THE EFFECT OF EXTENSIONS.

EXTENSIONS

We may offer a customer an extension, under which the customer agrees with us to move past due payments to the end of the automobile contract term. In such cases the customer must sign an agreement for the extension, and may pay a fee representing partial payment of accrued interest. Our policies, and contractual arrangements for our warehouse and securitization transactions, limit the number of extensions that may be granted. In general, a customer may arrange for an extension no more than once every 12 months, not to exceed four extensions over the life of the contract.

If a customer is granted such an extension, the date next due is advanced. Subsequent delinquency aging classifications would be based on the future payment performance of the automobile contract.

	YEAR ENDED DECEMBER 31,		
	2006	2005	2004
	(DOLLARS IN THOUSANDS)		
CPS, MFN, TFC and SeaWest Combined			
Average servicing portfolio outstanding.....	$ 1,367,935	$ 966,295	$ 796,436
Net charge-offs as a percentage of average servicing portfolio (2).....	4.5 %	5.3 %	7.8 %

(1) ALL AMOUNTS AND PERCENTAGES ARE BASED ON THE PRINCIPAL AMOUNT SCHEDULED TO BE PAID ON EACH AUTOMOBILE CONTRACT, NET OF UNEARNED INCOME ON PRE-COMPUTED AUTOMOBILE CONTRACTS. THE INFORMATION IN THE TABLE REPRESENTS ALL AUTOMOBILE CONTRACTS SERVICED BY US, EXCLUDING THE SEAWEST THIRD PARTY PORTFOLIO (AUTOMOBILE CONTRACTS ORIGINATED BY SEAWEST FOR WHICH WE ARE THE SERVICER BUT HAVE NO EQUITY INTEREST).

(2) NET CHARGE-OFFS INCLUDE THE REMAINING PRINCIPAL BALANCE, AFTER THE APPLICATION OF THE NET PROCEEDS FROM THE LIQUIDATION OF THE VEHICLE (EXCLUDING ACCRUED AND UNPAID INTEREST) AND AMOUNTS COLLECTED SUBSEQUENT TO THE DATE OF CHARGE-OFF, INCLUDING SOME RECOVERIES WHICH HAVE BEEN CLASSIFIED AS OTHER INCOME IN THE ACCOMPANYING FINANCIAL STATEMENTS.

SECURITIZATION OF AUTOMOBILE CONTRACTS

We purchase automobile contracts with the intention of financing them on a long-term basis through securitizations. All such securitizations have involved identification of specific automobile contracts, sale of those automobile contracts (and associated rights) to a special purpose subsidiary, and issuance of asset-backed securities to fund the transactions. Upon the securitization of a portfolio of automobile contracts, we retain the obligation to service the contracts, and receive a monthly fee for doing so. We have been a regular issuer of asset-backed securities since 1994, completing 43 securitizations totaling over $5.0 billion through December 31, 2006. Depending on the structure of the securitization, the transaction may be treated as a sale of the automobile contracts or as a secured financing for financial accounting purposes. Since the third quarter of 2003, we have structured our securitizations as secured financings rather than as sales of contracts.

When structured to be treated as a secured financing, the subsidiary is consolidated and, accordingly, the automobile contracts and the related securitization trust debt appear as assets and liabilities, respectively, on our consolidated balance sheet. We then recognize interest income on the contracts and interest expense on the securities issued in the securitization and record as expense a provision for probable credit losses on the contracts.

When structured to be treated as a sale, the subsidiary is not consolidated. Accordingly, the securitization removes the sold automobile contracts from our consolidated balance sheet, the related debt does not appear as our debt, and our consolidated balance sheet shows, as an asset, a retained residual interest in the sold automobile contracts. The residual interest represents the discounted value of what we expect will be the excess of future collections on the automobile contracts over principal and interest due on the asset-backed securities. That residual interest appears on our consolidated balance sheet as "residual interest in securitizations," and the determination of its value is dependent on our estimates of the future performance of the sold automobile contracts.

Prior to a securitization transaction, we fund our automobile contract purchases primarily with proceeds from warehouse credit facilities. As of December 31, 2006, we had $400 million in warehouse credit capacity, in the form of two $200 million facilities. Both warehouse credit facilities provide funding for automobile contracts purchased under the CPS programs, while one facility also provides funding for automobile contracts purchased under the TFC programs. Up to 83% of the principal balance of the automobile contracts may be advanced to us under these facilities, subject to collateral tests and certain other conditions and covenants. Subsequent to year-end, we amended our warehouse facilities to permit issuance of subordinated debt to additional lenders. The result is to increase the effective advance rate to as high as 93%. Long-term financing for the automobile contract purchases is achieved through securitization transactions and the proceeds from such securitization transactions are used primarily to repay the warehouse credit facilities.

In a securitization and in our warehouse credit facilities, we are required to make certain representations and warranties, which are generally similar to the representations and warranties made by dealers in connection with our purchase of the automobile contracts. If we breach any of our representations or warranties, we will be obligated to repurchase the automobile contract at a price equal to the principal balance plus accrued and unpaid interest. We may then be entitled under the terms of our dealer agreement to require the selling dealer to repurchase the contract at a price equal to our purchase price, less any principal payments made by the customer. Subject to any recourse against dealers, we will bear the risk of loss on repossession and resale of vehicles under automobile contracts that we repurchase.

Whether a securitization is treated as a secured financing or as a sale for financial accounting purposes, the related special purpose subsidiary may be unable to release excess cash to us if the credit performance of the securitized automobile contracts falls short of pre-determined standards. Such releases represent a material portion of the cash that we use to fund our operations. An unexpected deterioration in the performance of securitized automobile contracts could therefore have a material adverse effect on both our liquidity and results of operations, regardless of whether such automobile contracts are treated as having been sold or as having been financed. For estimation of the magnitude of such risk, it may be appropriate to look to the size of our "managed portfolio," which represents both financed and sold automobile contracts as to which such credit risk is retained. Our managed portfolio as of December 31, 2006 was approximately $1.6 billion (this amount includes $3.8 million related to the SeaWest third party portfolio, on which we earn only servicing fees and have no credit risk).

COMPETITION

The automobile financing business is highly competitive. We compete with a number of national, regional and local finance companies with operations similar to ours. In addition, competitors or potential competitors include other types of financial services companies, such as commercial banks, savings and loan associations, leasing companies, credit unions providing retail loan financing and lease financing for new and used vehicles, and captive finance companies affiliated with major automobile manufacturers such as General Motors Acceptance Corporation, Ford Motor Credit Corporation, Chrysler Finance Corporation and Nissan Motors Acceptance Corporation. Many of our competitors and potential competitors possess substantially greater financial, marketing, technical, personnel and other resources than we do. Moreover, our future profitability will be directly related to the availability and cost of our capital in relation to the availability and cost of capital to our competitors. Our competitors and potential competitors include far larger, more established companies that have access to capital markets for unsecured commercial paper and investment grade-rated debt instruments and to other funding sources that may be unavailable to us. Many of these companies also have long-standing relationships with dealers and may provide other financing to dealers, including floor plan financing for the dealers' purchase of automobiles from manufacturers, which we do not offer.

We believe that the principal competitive factors affecting a dealer's decision to offer automobile contracts for sale to a particular financing source are the purchase price offered for the automobile contracts, the reasonableness of the financing source's underwriting guidelines and documentation requests, the predictability and timeliness of purchases and the financial stability of the funding source. While we believe that we can obtain from dealers sufficient automobile contracts for purchase at attractive prices by consistently applying reasonable underwriting criteria and making timely purchases of qualifying automobile contracts, there can be no assurance that we will do so.

REGULATION

Several federal and state consumer protection laws, including the federal Truth-In-Lending Act, the federal Equal Credit Opportunity Act, the federal Fair Debt Collection Practices Act and the Federal Trade Commission Act, regulate the extension of credit in consumer credit transactions. These laws mandate certain disclosures with respect to finance charges on automobile contracts and impose certain other restrictions on dealers. In many states, a license is required to engage in the business of purchasing automobile contracts from dealers. In addition, laws in a number of states impose limitations on the amount of finance charges that may be charged by dealers on credit sales. The so-called Lemon Laws enacted by various states provide certain rights to purchasers with respect to automobiles that fail to satisfy express warranties. The application of Lemon Laws or violation of such other federal and state laws may give rise to a claim or defense of a customer against a dealer and its assignees, including us and purchasers of automobile contracts from us. The dealer agreement contains representations by the dealer that, as of the date of assignment of automobile contracts, no such claims or defenses have been asserted or threatened with respect to the automobile contracts and that all requirements of such federal and state laws have been complied with in all material respects. Although a dealer would be obligated to repurchase automobile contracts that involve a breach of such warranty, there can be no assurance that the dealer will have the financial resources to satisfy our repurchase obligations. Certain of these laws also regulate our servicing activities, including our methods of collection.

Although we believe that we are currently in material compliance with applicable statutes and regulations, there can be no assurance that we will be able to maintain such compliance. The past or future failure to comply with such statutes and regulations could have a material adverse effect upon us. Furthermore, the adoption of additional statutes and regulations, changes in the interpretation and enforcement of current statutes and regulations or the expansion of our business into jurisdictions that have adopted more stringent regulatory requirements than those in which we currently conduct business could have a material adverse effect upon us. In addition, due to the consumer-oriented nature of the industry in which we operate and the application

of certain laws and regulations, industry participants are regularly named as defendants in litigation involving alleged violations of federal and state laws and regulations and consumer law torts, including fraud. Many of these actions involve alleged violations of consumer protection laws. A significant judgment against us or within the industry in connection with any such litigation could have a material adverse effect on our financial condition, results of operations or liquidity.

EMPLOYEES

As of December 31, 2006, we had 789 employees. The breakdown of the employees is as follows: 6 are senior management personnel, 420 are collections personnel, 168 are automobile contract origination personnel, 113 are marketing personnel (94 of whom are marketing representatives), 56 are operations and systems personnel, and 26 are administrative personnel. We believe that our relations with our employees are good. We are not a party to any collective bargaining agreement.

ITEM 1A. RISK FACTORS

Our business, operating results and financial condition could be adversely affected by any of the following specific risks. The trading price of our common stock could decline due to any of these risks and other industry risks, and you could lose all or part of your investment. In addition to the risks described below, we may encounter risks that are not currently known to us or that we currently deem immaterial, which may also impair our business operations and your investment in our common stock.

RISKS RELATED TO OUR BUSINESS

WE REQUIRE A SUBSTANTIAL AMOUNT OF CASH TO SERVICE OUR SUBSTANTIAL DEBT.

To service our existing substantial indebtedness, we require a significant amount of cash. Our ability to generate cash depends on many factors, including our successful financial and operating performance. Our financial and operational performance depends upon a number of factors, many of which are beyond our control. These factors include, without limitation:

- the economic and competitive conditions in the asset-backed securities market;
- the performance of our current and future automobile contracts;
- the performance of our residual interests from our securitizations and warehouse credit facilities;
- any operating difficulties or pricing pressures we may experience;
- our ability to obtain credit enhancement for our securitizations;
- our ability to establish and maintain dealer relationships;
- the passage of laws or regulations that affect us adversely;
- our ability to compete with our competitors; and
- our ability to acquire and finance automobile contracts.

Depending upon the outcome of one or more of these factors, we may not be able to generate sufficient cash flow from operations or obtain sufficient funding to satisfy all of our obligations. If we were unable to pay our debts, we would be required to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring our indebtedness or selling additional equity capital. These alternative strategies might not be feasible at the time, might prove inadequate or could require the prior consent of our secured and unsecured lenders.

WE NEED SUBSTANTIAL LIQUIDITY TO OPERATE OUR BUSINESS.

We have historically funded our operations principally through internally generated cash flows, sales of debt and equity securities, including through securitizations and warehouse credit facilities, borrowings under senior subordinated debt agreements and sales of subordinated notes. However, we may not be able to obtain sufficient funding for our future operations from such sources. If we were unable to access the capital markets or obtain other acceptable financing, our results of operations, financial condition and cash flows would be materially and adversely affected. We require a substantial amount of cash liquidity to operate our business. Among other things, we use such cash liquidity to:

- acquire automobile contracts;
- fund overcollateralization in warehouse credit facilities and securitizations;
- pay securitization fees and expenses;
- fund spread accounts in connection with securitizations;
- satisfy working capital requirements and pay operating expenses; and
- pay interest expense.

OUR RESULTS OF OPERATIONS WILL DEPEND ON OUR ABILITY TO SECURE AND MAINTAIN ADEQUATE CREDIT AND WAREHOUSE FINANCING ON FAVORABLE TERMS.

We depend on warehouse credit facilities to finance our purchases of automobile contracts. Our business strategy requires that these warehouse credit facilities continue to be available to us from the time of purchase or origination of an automobile contract until it is financed through a securitization.

Our primary sources of day-to-day liquidity are our warehouse credit facilities, in which we sell and contribute automobile contracts, as often as twice a week, to affiliated special-purpose entities, where they are "warehoused" until they are securitized, at which time funds advanced under one or more warehouse credit facilities are repaid from the proceeds of the securitizations. The special-purpose entities obtain the funds to purchase these contracts by pledging the contracts to a trustee for the benefit of warehouse lenders, who advance funds to our affiliated special-purpose entities based on the dollar amount of the contracts pledged. We depend substantially on two warehouse credit facilities: (i) a $200 million warehouse credit facility, which we established in November 2005 and, unless earlier renewed or terminated upon the occurrence of certain events, which will expire in November 2007; and (ii) a $200 million warehouse credit facility, which we established in June 2004 and which, unless renewed or earlier terminated upon the occurrence of certain events, will expire in June 2007. Each of these facilities may be renewed by mutual agreement between the lender and us. These warehouse credit facilities will remain available to us only if, among other things, we comply with certain financial covenants contained in the documents governing these facilities. These warehouse credit facilities may not be available to us in the future and we may not be able to obtain other credit facilities on favorable terms to fund our operations.

If we were unable to arrange new warehousing or other credit facilities or renew our existing warehouse credit facilities when they come due, our results of operations, financial condition and cash flows would be materially and adversely affected.

OUR RESULTS OF OPERATIONS WILL DEPEND ON OUR ABILITY TO SECURITIZE OUR PORTFOLIO OF AUTOMOBILE CONTRACTS.

We are dependent upon our ability to continue to finance pools of automobile contracts in securitizations in order to generate cash proceeds for new purchases of automobile contracts. We have historically depended on securitizations of automobile contracts to provide permanent financing of those contracts. By "permanent financing" we mean financing that extends to cover the full term during which the underlying contracts are outstanding. By contrast, our warehouse credit facilities permit us to borrow against the value of such receivables only for limited periods of time. Our past practice and future plan has been and is to repay loans made to us under our warehouse credit facilities with the proceeds of securitizations. There can be no assurance that any securitization transaction will be available on terms acceptable to us, or at all. The timing of any securitization transaction is affected by a number of factors beyond our control, any of which could cause substantial delays, including, without limitation:

- market conditions;
- the approval by all parties of the terms of the securitization;
- the availability of credit enhancement on acceptable terms; and
- our ability to acquire a sufficient number of automobile contracts for securitization.

Adverse changes in the market for securitized pools of automobile contracts may result in our inability to securitize automobile contracts and may result in a substantial extension of the period during which our automobile contracts are financed through our warehouse credit facilities, which would burden our financing capabilities, could require us to curtail our purchase of, or find an alternative source of financing for, such automobile contracts and would have a material adverse effect on our results of operations.

OUR RESULTS OF OPERATIONS WILL DEPEND ON CASH FLOWS FROM OUR RESIDUAL INTERESTS IN OUR SECURITIZATION PROGRAM AND OUR WAREHOUSE CREDIT FACILITIES.

When we finance our automobile contracts through securitizations and warehouse credit facilities, we receive cash and a residual interest in the assets financed. Those financed assets are owned by the special-purpose subsidiary that is formed for the related securitization. This residual interest represents the right to receive the future cash flows to be generated by the automobile contracts in excess of (i) the interest and principal paid to investors on the indebtedness issued in connection with the financing (ii) the costs of servicing the contracts and (iii) certain other costs incurred in connection with completing and maintaining the securitization or warehouse credit facility. We sometimes refer to these future cash flows as "excess spread cash flows."

Under the financial structures we have used to date in our securitizations and warehouse credit facilities, excess spread cash flows that would otherwise be paid to the holder of the residual interest are first used to increase overcollateralization or are retained in a spread account within the securitization trusts or the warehouse facility to provide liquidity and credit enhancement for the related securities.

While the specific terms and mechanics vary among transactions, our securitization and warehousing agreements generally provide that we will receive excess spread cash flows only if the amount of overcollateralization and spread account balances have reached specified levels and/or the delinquency, defaults or net losses related to the contracts in the automobile contract pools are below certain predetermined levels. In the event delinquencies, defaults or net losses on contracts exceed these levels, the terms of the securitization or warehouse credit facility:

- may require increased credit enhancement, including an increase in the amount required to be on deposit in the spread account, to be accumulated for the particular pool;
- may restrict the distribution to us of excess spread cash flows associated with other securitized or warehoused pools; and
- in certain circumstances, may permit affected parties to require the transfer of servicing on some or all of the securitized or warehoused contracts from us to an unaffiliated servicer.

We typically retain or sell residual interests or use them as collateral to borrow cash. In any case, the future excess spread cash flow received in respect of the residual interests is integral to the financing of our operations. The amount of cash received from residual interests depends in large part on how well our portfolio of securitized and warehoused automobile contracts performs. If our portfolio of securitized and warehoused automobile contracts has higher delinquency and loss ratios than expected, then the amount of money realized from our retained residual interests, or the amount of money we could obtain from the sale or other financing of our residual interests, would be reduced, which could have an adverse effect on our operations, financial condition and cash flows.

IF WE ARE UNABLE TO OBTAIN CREDIT ENHANCEMENT FOR OUR SECURITIZATIONS OR OUR WAREHOUSE CREDIT FACILITIES UPON FAVORABLE TERMS, OUR RESULTS OF OPERATIONS WOULD BE IMPAIRED.

In our securitizations, we typically utilize credit enhancement in the form of one or more financial guaranty insurance policies issued by financial guaranty insurance companies. Each of these policies unconditionally and irrevocably guarantees certain interest and principal payments on the senior classes of the securities issued in our securitizations. These guarantees enable these securities to achieve the highest credit rating available. This form of credit enhancement reduces the costs of our securitizations relative to alternative forms of credit enhancement currently available to us. None of such financial guaranty insurance companies is required to insure future securitizations. As we pursue future securitizations, we may not be able to obtain:

- credit enhancement in any form from financial guaranty insurance companies or any other provider of credit enhancement on terms acceptable to us, or at all; or
- similar ratings for senior classes of securities to be issued in future securitizations.

If We Were Unable to Obtain Such Enhancements or Such Ratings, We Would Expect To Incur Increased Interest Expense, Which Would adversely Affect Our Results of Operations.

IF WE ARE UNABLE TO SUCCESSFULLY COMPETE WITH OUR COMPETITORS, OUR RESULTS OF OPERATIONS MAY BE IMPAIRED.

The automobile financing business is highly competitive. We compete with a number of national, regional and local finance companies. In addition, competitors or potential competitors include other types of financial services companies, such as commercial banks, savings and loan associations, leasing companies, credit unions providing retail loan financing and lease financing for new and used vehicles and captive finance companies affiliated with major automobile manufacturers such as General Motors Acceptance Corporation and Ford Motor Credit Corporation. Many of our competitors and potential competitors possess substantially greater financial, marketing, technical, personnel and other resources than we do, including greater access to capital markets for unsecured commercial paper and investment grade rated debt instruments, and to other funding sources which may be unavailable to us. Moreover, our future profitability will be directly related to the availability and cost of our capital relative to that of our competitors. Many of these companies also have long-standing relationships with automobile dealers and may provide other financing to dealers, including floor plan financing for the dealers' purchases of automobiles from manufacturers, which we do not offer. There can be no assurance that we will be able to continue to compete successfully and, as a result, we may not be able to purchase contracts from dealers at a price acceptable to us, which could result in reductions in our revenues or the cash flows available to us.

IF OUR DEALERS DO NOT SUBMIT A SUFFICIENT NUMBER OF SUITABLE AUTOMOBILE CONTRACTS TO US FOR PURCHASE, OUR RESULTS OF OPERATIONS MAY BE IMPAIRED.

We are dependent upon establishing and maintaining relationships with a large number of unaffiliated automobile dealers to supply us with automobile contracts. During the year ended December 31, 2006, no dealer accounted for more than 1.0% of the contracts we purchased. The agreements we have with dealers to purchase contracts do not require dealers to submit a minimum number of contracts for purchase. The failure of dealers to submit contracts that meet our underwriting criteria could result in reductions in our revenues or the cash flows available to us, and, therefore, could have an adverse effect on our results of operations.

IF A SIGNIFICANT NUMBER OF OUR AUTOMOBILE CONTRACTS PREPAY OR EXPERIENCE DEFAULTS, OUR RESULTS OF OPERATIONS MAY BE IMPAIRED.

We specialize in the purchase and servicing of contracts to finance automobile purchases by sub-prime customers, those who have limited credit history, low income, or past credit problems. Such contracts entail a higher risk of non-performance, higher delinquencies and higher losses than contracts with more creditworthy customers. While we believe that our pricing of the automobile contracts and the underwriting criteria and collection methods we employ enable us to control, to a degree, the higher risks inherent in contracts with sub-prime customers, no assurance can be given that such pricing, criteria and methods will afford adequate protection against such risks. We have in the past experienced fluctuations in the delinquency and charge-off performance of our contracts.

If automobile contracts that we purchase or service are prepaid or experience defaults to a greater extent than we have anticipated, this could materially and adversely affect our results of operations, financial condition, cash flows and liquidity. Our results of operations, financial condition, cash flows and liquidity, depend, to a material extent, on the performance of automobile contracts that we purchase, warehouse and securitize. A portion of the automobile contracts acquired by us will default or prepay. In the event of payment default, the collateral value of the vehicle securing an automobile contract realized by us in a repossession will most likely not cover the outstanding principal balance on that contract and the related costs of recovery. We maintain an allowance for credit losses on automobile contracts held on our balance sheet, which reflects our estimates of probable credit losses that can be reasonably estimated for securitizations that are accounted for as financings and warehoused contracts. If the allowance is inadequate, then we would recognize the losses in excess of the allowance as an expense and our results of operations could be adversely affected. In addition, under the terms of our warehouse credit facilities, we are not able to borrow against defaulted automobile contracts, including contracts that are, at the time of default, funded under our warehouse credit facilities, which will reduce the overcollateralization of those warehouse credit facilities and possibly reduce the amount of cash flows available to us.

Our servicing income can also be adversely affected by prepayment of, or defaults under, automobile contracts in our non-consolidated servicing portfolio. Our contractual servicing revenue is based on a percentage of the outstanding principal balance of the automobile contracts in our servicing portfolio. If automobile contracts are prepaid or charged off, then our servicing revenue will decline, while our servicing costs may not decline proportionately. In addition unexpected levels of defaults or losses may trigger changes in the terms applicable to our securitizations and warehouse credit facilities, which could adversely affect our cash flows, our revenues, or both.

The value of our residual interest in the securitized assets in each securitization treated as a sale for financial accounting purposes (securitizations entered into prior to the beginning of the third quarter of 2003) reflects our estimate of expected future credit losses and prepayments for the automobile contracts included in that securitization. If actual rates of credit loss or prepayments, or both, on such automobile contracts exceed our estimates, the value of our residual interest and the related cash flow would be impaired, and we would be required to record an impairment charge, which would reduce our earnings. We periodically review our credit loss and prepayment assumptions relative to the performance of the securitized automobile contracts and to market conditions. Our results of operations and liquidity could be adversely affected if actual credit loss or prepayment levels on securitized automobile contracts substantially exceed anticipated levels.

Higher credit losses than anticipated could also result in adverse changes in the structure of future securitization transactions, such as a requirement of increased cash collateral or other credit enhancement in such transactions.

IF WE LOSE SERVICING RIGHTS ON OUR PORTFOLIO OF AUTOMOBILE CONTRACTS, OUR RESULTS OF OPERATIONS WILL BE IMPAIRED.

We are entitled to receive servicing fees only while we act as servicer under the applicable sale and servicing agreements governing our warehouse facilities and securitizations. Under such agreements, we may be terminated as servicer upon the occurrence of certain events, including:

- our failure generally to observe and perform covenants and agreements applicable to us;
- certain bankruptcy events involving us; or
- the occurrence of certain events of default under the documents governing the facilities.

The loss of our servicing rights could materially and adversely affect our results of operations, financial condition and cash flows. Our results of operations, financial condition and cash flows, would be materially and adversely affected if we were to be terminated as servicer with respect to a material portion of the automobile contracts for which we are receiving servicing fees.

IF WE LOSE KEY PERSONNEL, OUR RESULTS OF OPERATIONS MAY BE IMPAIRED.

Our management team averages eleven years of service with us. Charles E. Bradley, Jr., our President and CEO, has been our President since our formation in 1991. Our future operating results depend in significant part upon the continued service of our key senior management personnel, none of whom is bound by an employment agreement. Our future operating results also depend in part upon our ability to attract and retain qualified management, technical, sales and support personnel for our operations. Competition for such personnel is intense. We cannot assure you that we will be successful in attracting or retaining such personnel. The loss of any key employee, the failure of any key employee to perform in his or her current position or our inability to attract and retain skilled employees, as needed, could materially and adversely affect our results of operations, financial condition and cash flows.

IF WE FAIL TO COMPLY WITH REGULATIONS, OUR RESULTS OF OPERATIONS MAY BE IMPAIRED.

Failure to materially comply with all laws and regulations applicable to us could materially and adversely affect our ability to operate our business. Our business is subject to numerous federal and state consumer protection laws and regulations, which, among other things:

- require us to obtain and maintain certain licenses and qualifications;
- limit the interest rates, fees and other charges we are allowed to charge;
- limit or prescribe certain other terms of our automobile contracts;
- require specific disclosures to our customers;
- define our rights to repossess and sell collateral; and
- maintain safeguards designed to protect the security and confidentiality of customer information.

We believe that we are in compliance in all material respects with all such laws and regulations, and that such laws and regulations have had no material adverse effect on our ability to operate our business. However, we may be materially and adversely affected if we fail to comply with:

- applicable laws and regulations;
- changes in existing laws or regulations;
- changes in the interpretation of existing laws or regulations; or
- any additional laws or regulations that may be enacted in the future.

IF WE EXPERIENCE UNFAVORABLE LITIGATION RESULTS, OUR RESULTS OF OPERATIONS MAY BE IMPAIRED.

Unfavorable outcomes in any of our current or future litigation proceedings could materially and adversely affect our results of operations, financial conditions and cash flows. As a consumer finance company, we are subject to various consumer claims and litigation seeking damages and statutory penalties based upon, among other things, disclosure inaccuracies and wrongful repossession, which could take the form of a plaintiff's class action complaint. We, as the assignee of finance contracts originated by dealers, may also be named as a co-defendant in lawsuits filed by consumers principally against dealers. We are also subject to other litigation common to the automobile industry and businesses in general. The damages and penalties claimed by consumers and others in these types of matters can be substantial. The relief requested by the plaintiffs varies but includes requests for compensatory, statutory and punitive damages.

While we intend to vigorously defend ourselves against such proceedings, there is a chance that our results of operations, financial condition and cash flows could be materially and adversely affected by unfavorable outcomes.

IF WE EXPERIENCE PROBLEMS WITH OUR ORIGINATIONS, ACCOUNTING OR COLLECTION SYSTEMS, OUR RESULTS OF OPERATIONS MAY BE IMPAIRED.

We are dependent on our receivables originations, accounting and collection systems to service our portfolio of automobile contracts. Such systems are vulnerable to damage or interruption from natural disasters, power loss, telecommunication failures, terrorist attacks, computer viruses and other events. A significant number of our systems are not redundant, and our disaster recovery planning is not sufficient for every eventuality. Our systems are also subject to break-ins, sabotage and intentional acts of vandalism by internal employees and contractors as well as third parties. Despite any precautions we may take, such problems could result in interruptions in our services, which could harm our reputation and financial condition. We do not carry business interruption insurance sufficient to compensate us for losses that may result from interruptions in our service as a result of system failures. Such systems problems could materially and adversely affect our results of operations, financial conditions and cash flows.

WE HAVE SUBSTANTIAL INDEBTEDNESS.

We have and will continue to have a substantial amount of indebtedness. At December 31, 2006, we had approximately $1,586.0 million of debt outstanding. Such debt consisted primarily of $1,443.0 million of securitization trust debt, and also included $73.0 million of warehouse indebtedness, $31.4 million of residual interest financing, $25.0 million owed to a related party, and $13.6 million owed under a subordinated notes program. We are also currently offering the subordinated notes to the public on a continuous basis, and such notes have maturities that range from three months to ten years.

Our substantial indebtedness could adversely affect our financial condition by, among other things:

- increasing our vulnerability to general adverse economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations payments on our indebtedness, thereby reducing amounts available for working capital, capital expenditures and other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors that have less debt; and
- limiting our ability to borrow additional funds.

Although we believe we are able to service and repay such debt, there is no assurance that we will be able to do so. If we do not generate sufficient operating profits, our ability to make required payments on our debt would be impaired. Further, our ability to repay when due the $25.0 million owed to a related party is dependent on our ability to obtain replacement financing prior to its May 2007 maturity, or to extend the maturity date. Failure to pay that debt when due could have a material adverse effect.

BECAUSE WE ARE SUBJECT TO MANY RESTRICTIONS IN OUR EXISTING CREDIT FACILITIES AND SECURITIZATION TRANSACTIONS, OUR ABILITY TO PAY DIVIDENDS OR ENGAGE IN SPECIFIED TRANSACTIONS MAY BE IMPAIRED.

The terms of our existing credit facilities and our outstanding debt impose significant operating and financial restrictions on us and our subsidiaries and require us to meet certain financial tests. These restrictions may have an adverse effect on our business activities, results of operations and financial condition. These restrictions may also significantly limit or prohibit us from engaging in certain transactions, including the following:

- incurring or guaranteeing additional indebtedness;
- making capital expenditures in excess of agreed upon amounts;
- paying dividends or other distributions to our stockholders or redeeming, repurchasing or retiring our capital stock or subordinated obligations;
- making investments;
- creating or permitting liens on our assets or the assets of our subsidiaries;
- issuing or selling capital stock of our subsidiaries;
- transferring or selling our assets;
- engaging in mergers or consolidations;
- permitting a change of control of our company;
- liquidating, winding up or dissolving our company;
- changing our name or the nature of our business, or the names or nature of the business of our subsidiaries; and
- engaging in transactions with our affiliates outside the normal course of business.

These restrictions may limit our ability to obtain additional sources of capital, which may limit our ability to generate earnings. In addition, the failure to comply with any of the covenants of our existing credit facilities or to maintain certain indebtedness ratios would cause a default under one or more of our credit facilities or our other debt agreements that may be outstanding from time to time. A default, if not waived, could result in acceleration of the related indebtedness, in which case such debt would become immediately due and payable. A continuing default or acceleration of one or more of our credit facilities or any other debt agreement, would likely cause a default under other debt agreements that otherwise would not be in default, in which case all such related indebtedness could be accelerated. If this occurs, we may not be able to repay our debt or borrow sufficient funds to refinance our indebtedness. Even if any new financing is available, it may not be on terms that are acceptable to us or it may not be sufficient to refinance all of our indebtedness as it becomes due.

In addition, the transaction documents for our securitizations restrict our securitization subsidiaries from declaring or making payment to us of (i) any divided or other distribution on or in respect of any shares of their capital stock, or (ii) any payment on account of the purchase, redemption, retirement or acquisition of any option, warrant or other right to acquire shares of their capital stock unless (in each case) at the time of such declaration or payment (and after giving effect thereto) no amount payable under any transaction document with respect to the related securitization is then due and owing, but unpaid. These restrictions may limit our ability to receive distributions in respect of the residual interests from our securitization facilities, which may limit our ability to generate earnings.

RISKS RELATED TO GENERAL FACTORS

IF THE ECONOMY OF ALL OR CERTAIN REGIONS OF THE UNITED STATES SLOWS OR ENTERS INTO A RECESSION, OUR RESULTS OF OPERATIONS MAY BE IMPAIRED.

Our business is directly related to sales of new and used automobiles, which are sensitive to employment rates, prevailing interest rates and other domestic economic conditions. Delinquencies, repossessions and losses generally increase during economic slowdowns or recessions. Because of our focus on sub-prime customers, the actual rates of delinquencies, repossessions and losses on our automobile contracts could be higher under adverse economic conditions than those experienced in the automobile finance industry in general, particularly in the states of Texas, California, Ohio, Florida, Pennsylvania and Louisiana, states in which our automobile contracts are geographically concentrated. Any sustained period of economic slowdown or recession could adversely affect our ability to acquire suitable contracts, or to securitize pools of such contracts. The timing of any economic changes is uncertain, and weakness in the economy could have an adverse effect on our business and that of the dealers from which we purchase contracts and result in reductions in our revenues or the cash flows available to us.

OUR RESULTS OF OPERATIONS MAY BE IMPAIRED AS A RESULT OF NATURAL DISASTERS.

Our automobile contracts are geographically concentrated in the states of Texas, California, Ohio, Florida, Pennsylvania, and Louisiana. Several of such states are particularly susceptible to natural disasters: earthquake in the case of California, and hurricanes and flooding in the states of Florida, Texas and Louisiana. Natural disasters, in those states or others, could cause a material number of our vehicle purchasers to lose their jobs, or could damage or destroy vehicles that secure our automobile contracts. In either case, such events could result in our receiving reduced collections on our automobile contracts, and could thus result in reductions in our revenues or the cash flows available to us.

IF AN INCREASE IN INTEREST RATES RESULTS IN A DECREASE IN OUR CASH FLOW FROM EXCESS SPREAD, OUR RESULTS OF OPERATIONS MAY BE IMPAIRED.

Our profitability is largely determined by the difference, or "spread," between the effective interest rate received by us on the automobile contracts that we acquire and the interest rates payable under our warehouse credit facilities and on the asset-backed securities issued in our securitizations.

Several factors affect our ability to manage interest rate risk. Specifically, we are subject to interest rate risk during the period between when automobile contracts are purchased from dealers and when such contracts are sold and financed in a securitization. Interest rates on our warehouse credit facilities are adjustable while the interest rates on the automobile contracts are fixed. Therefore, if interest rates increase, the interest we must pay to the lenders under our warehouse credit facilities is likely to increase while the interest realized by us from those warehoused automobile contracts remains the same, and thus, during the warehousing period, the excess spread cash flow received by us would likely decrease. Additionally, contracts warehoused and then securitized during a rising interest rate environment may result in less excess spread cash flow realized by us under those securitizations as,

historically, our securitization facilities pay interest to security holders on a fixed rate basis set at prevailing interest rates at the time of the closing of the securitization, which may be several months after the securitized contracts were originated and entered the warehouse, while our customers pay fixed rates of interest on the contracts, set at the time they purchase the underlying vehicles. A decrease in excess spread cash flow could adversely affect our earnings and cash flow.

To mitigate, but not eliminate, the short-term risk relating to interest rates payable by us under the warehouse facilities, we generally hold automobile contracts in the warehouse credit facilities for less than four months. To mitigate, but not eliminate, the long-term risk relating to interest rates payable by us in securitizations, we have in the past, and intend to continue to, structure some of our securitization transactions to include pre-funding structures, whereby the amount of securities issued exceeds the amount of contracts initially sold into the securitization. In pre-funding, the proceeds from the pre-funded portion are held in an escrow account until we sell the additional contracts into the securitization in amounts up to the balance of the pre-funded escrow account. In pre-funded securitizations, we effectively lock in our borrowing costs with respect to the contracts we subsequently sell into the securitization. However, we incur an expense in pre-funded securitizations equal to the difference between the money market yields earned on the proceeds held in escrow prior to subsequent delivery of contracts and the interest rate paid on the securities issued in the securitization. The amount of such expense may vary. Despite these mitigation strategies, an increase in prevailing interest rates would cause us to receive less excess spread cash flows on automobile contracts, and thus could adversely affect our earnings and cash flows.

THE EFFECTS OF TERRORISM AND MILITARY ACTION MAY IMPAIR OUR RESULTS OF OPERATIONS.

The long-term economic impact of the events of September 11, 2001, possible future terrorist attacks or other incidents and related military action, or current or future military action by United States forces in Iraq and other regions, could have a material adverse effect on general economic conditions, consumer confidence, and market liquidity in the United States. No assurance can be given as to the effect of these events on the performance of our automobile contracts. Any adverse impact resulting from these events could materially affect our results of operations, financial condition and cash flows. In addition, activation of a substantial number of U.S. military reservists or members of the National Guard may significantly increase the proportion of contracts whose interest rates are reduced by the application of the Servicemembers' Civil Relief Act, which provides, generally, that an obligor who is covered by that act may not be charged interest on the related contract in excess of 6% annually during the period of the obligor's active duty.

RISKS RELATED TO OUR COMMON STOCK

OUR COMMON STOCK IS THINLY-TRADED.

Our stock is thinly-traded, which means investors will have limited opportunities to sell their shares of common stock in the open market. Limited trading of our common stock also contributes to more volatile price fluctuations. Because there historically has been low trading volume in our common stock, there can be no assurance that our stock price will not decline as additional shares are sold in the public market. As of December 31, 2006, all of our directors and executive officers and a related party beneficially owned 8,449,114 shares of our common stock, or approximately 28%.

WE DO NOT INTEND TO PAY DIVIDENDS ON OUR COMMON STOCK.

We have never declared or paid any cash dividends on our common stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Even if we were to change our intention, the terms of our secured debt prohibit us from paying any dividends to our shareholders without the consent of the holder of such secured debt, which may be withheld in its sole discretion. See "Dividend Policy. "

FORWARD-LOOKING STATEMENTS

Discussions of certain matters contained in this report may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Exchange Act, and as such, may involve risks and uncertainties. These forward-looking statements relate to, among other things, expectations of the business environment in which we operate, projections of future performance, perceived opportunities in the market and statements regarding our mission and vision. You can generally identify forward-looking statements as statements containing the words "will," "would," "believe," "may," "could," "expect," "anticipate," "intend," "estimate," "assume" or other similar expressions. Our actual results, performance and achievements may differ materially from the results, performance and achievements expressed or implied in such forward-looking statements. The discussion under "Risk Factors" identifies some of the factors that might cause such a difference, including the following:

- changes in general economic conditions;
- changes in interest rates;
- our ability to generate sufficient operating and financing cash flows;
- competition;
- level of future provisioning for receivables losses; and
- regulatory requirements.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Actual results may differ from expectations due to many factors beyond our ability to control or predict, including those described herein, and in documents incorporated by reference in this report. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

We undertake no obligation to publicly update any forward-looking information. You are advised to consult any additional disclosure we make in our periodic reports filed with the SEC. See "Where You Can Find More Information" and "Documents Incorporated by Reference."

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTY

The Company's headquarters are located in Irvine, California, where it leases approximately 115,000 square feet of general office space from an unaffiliated lessor. The annual base rent was approximately $1.9 million through October 2003, and increased to $2.1 million for the following five years. In addition to base rent, the Company pays the property taxes, maintenance and other expenses of the premises.

In March 1997, the Company established a branch collection facility in Chesapeake, Virginia. The Company leases approximately 28,000 square feet of general office space in Chesapeake, Virginia, at a base rent that is currently $489,228 per year, increasing to $501,542 over a 10-year term.

The remaining two regional servicing centers occupy a total of approximately 51,000 square feet of leased space in Maitland, Florida; and Hinsdale, Illinois. The termination dates of such leases range from 2008 to 2010.

ITEM 3. LEGAL PROCEEDINGS

STANWICH LITIGATION. CPS was for some time a defendant in a class action (the "Stanwich Case") brought in the California Superior Court, Los Angeles County. The original plaintiffs in that case were persons entitled to receive regular payments (the "Settlement Payments") under out-of-court settlements reached with third party defendants. Stanwich Financial Services Corp. ("Stanwich"), an affiliate of the former chairman of the board of directors of CPS, is the entity that was obligated to pay the Settlement Payments. Stanwich defaulted on its payment obligations to the plaintiffs and in June 2001 filed for reorganization under the Bankruptcy Code, in the federal bankruptcy court in Connecticut. At December 31, 2004, CPS was a defendant only in a cross-claim brought by one of the other defendants in the case, Bankers Trust Company, which asserted a claim of contractual indemnity against CPS.

CPS subsequently settled the cross-claim of Bankers Trust by payment of $3.24 million, in February 2005. Pursuant to that settlement, the court has dismissed the cross-claim, with prejudice.

In November 2001, one of the defendants in the Stanwich Case, Jonathan Pardee, asserted claims for indemnity against the Company in a separate action, which is now pending in federal district court in Rhode Island. The Company has filed counterclaims in the Rhode Island federal court against Mr. Pardee, and has filed a separate action against Mr. Pardee's Rhode Island attorneys, in the same court. The litigation between Mr. Pardee and CPS is stayed, awaiting resolution of an adversary action brought against Mr. Pardee in the bankruptcy court, which is hearing the bankruptcy of Stanwich.

CPS has reached an agreement in principle with the representative of creditors in the Stanwich bankruptcy to resolve the adversary action. Under the agreement in principle, CPS would pay the bankruptcy estate $625,000 and abandon its claims against the estate, while the estate would abandon its adversary action against Mr. Pardee. A hearing to consider that agreement is scheduled for

March 2007. If approved, CPS expects that the agreement will result in (i) limitation of its exposure to Mr. Pardee to no more than some portion of his attorneys fees incurred and (ii) stays in Rhode Island being lifted, causing those cases to become active again. There can be no assurance as to these expectations nor as to whether the court will approve the proposed agreement.

The reader should consider that an adverse judgment against CPS in the Rhode Island case for indemnification, if in an amount materially in excess of any liability already recorded in respect thereof, could have a material adverse effect on our financial condition.

OTHER LITIGATION. On June 2, 2004, Delmar Coleman filed a lawsuit in the circuit court of Tuscaloosa, Alabama, alleging that plaintiff Coleman was harmed by an alleged failure to refer, in the notice given after repossession of her vehicle, to the right to purchase the vehicle by tender of the full amount owed under the retail installment contract. Plaintiff seeks damages in an unspecified amount, on behalf of a purported nationwide class. CPS removed the case to federal bankruptcy court, and filed a motion for summary judgment as part of its adversary proceeding against the plaintiff in the bankruptcy court. The federal bankruptcy court granted the plaintiff's motion to send the matter back to Alabama state court. CPS appealed that ruling to the federal district court. That court ordered the bankruptcy court to decide whether the plaintiff has standing to pursue her claims, and, if standing is found, to reconsider its remand decision. The matter is currently pending before the bankruptcy court. Although we believe that we have one or more defenses to each of the claims made in this lawsuit, no discovery has yet been conducted and the case is still in its earliest stages. Accordingly, there can be no assurance as to its outcome.

In June 2004, Plaintiff Jeremy Henry filed a lawsuit against the Company in the California Superior Court, San Diego County, alleging improper practices related to the notice given after repossession of a vehicle that he purchased. Plaintiff's motion for a certification of a class has been denied, and is the subject of an appeal now before the California Court of Appeal. Irrespective of the outcome of that appeal, as to which there can be no assurance, the Company has a number of defenses that may dispose of the claims of plaintiff Henry.

In August and September 2005, two plaintiffs represented by the same law firm filed substantially identical lawsuits in the federal district court for the northern district of Illinois, each of which purports to be a class action, and each of which alleges that CPS improperly accessed consumer credit information. CPS has reached agreements in principle to settle these cases. One of the settlements has received final approval from the court and the other has received preliminary approval. Notice of the settlements has been sent to the class.

The Company has recorded a liability as of December 31, 2006 that it believes represents a sufficient allowance for legal contingencies. Any adverse judgment against the Company, if in an amount materially in excess of the recorded liability, could have a material adverse effect on the financial position of the Company.

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

No matters were submitted to our shareholders during the fourth quarter of 2006.

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

CHARLES E. BRADLEY, JR., 47, has been our President and a director since our formation in March 1991, and was elected Chairman of the Board of Directors in July 2001. In January 1992, Mr. Bradley was appointed Chief Executive Officer. From April 1989 to November 1990, he served as Chief Operating Officer of Barnard and Company, a private investment firm. From September 1987 to March 1989, Mr. Bradley, Jr. was an associate of The Harding Group, a private investment banking firm. Mr. Bradley does not currently serve on the board of directors of any other publicly-traded companies.

MARK A. CREATURA, 47, has been Senior Vice President - General Counsel since October 1996. From October 1993 through October 1996, he was Vice President and General Counsel at Urethane Technologies, Inc., a polyurethane chemicals formulator. Mr. Creatura was previously engaged in the private practice of law with the Los Angeles law firm of Troy & Gould Professional Corporation, from October 1985 through October 1993.

JEFFREY P. FRITZ, 47, has been Senior Vice President - Chief Financial Officer since April 2006. He was Senior Vice President - Accounting from August 2004 through March 2006. He served as a consultant to us from May 2004 to August 2004. Previously, he was the Chief Financial Officer of SeaWest Financial Corp. from February 2003 to May 2004, and the Chief Financial Officer of AFCO Auto Finance from April 2002 to February 2003. He practiced public accounting with Glenn M. Gelman & Associates from March 2001 to April 2002 and was Chief Financial Officer of Credit Services Group, Inc. from May 1999 to November 2000. He previously served as our Chief Financial Officer from our inception through May 1999.

CURTIS K. POWELL, 50, has been Senior Vice President - Contract Origination since June 2001. Previously, he was our Senior Vice President - Marketing, from April 1995. He joined us in January 1993 as an independent marketing representative until being appointed Regional Vice President of Marketing for Southern California in November 1994. From June 1985 through January 1993, Mr. Powell was in the retail automobile sales and leasing business.

ROBERT E. RIEDL, 43, has been Senior Vice President - Chief Investment Officer since April 2006. Mr. Riedl was Senior Vice President - Chief Financial Officer from August 2003 until assuming his current position. Mr. Riedl joined the Company as Senior Vice President - Risk Management in January 2003. Previously, Mr. Riedl was a Principal at Northwest Capital Appreciation ("NCA"), a middle market private equity firm, from 2000 to 2002. For a year prior to joining Northwest Capital, Mr. Riedl served as Senior Vice President for one of NCA's portfolio companies, SLP Capital. Mr. Riedl was an investment banker for ContiFinancial Services Corporation from 1995 until joining SLP Capital in 1999.

CHRISTOPHER TERRY, 39, has been Senior Vice President - Servicing since May 2005, and prior to that was Senior Vice President - Asset Recovery since January 2003. He joined us in January 1995 as a loan officer, held a series of successively more responsible positions, and was promoted to Vice President - Asset Recovery in June 1999. Mr. Terry was previously a branch manager with Norwest Financial from 1990 to October 1994.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's Common Stock is traded on the Nasdaq Global Market, under the symbol "CPSS." The following table sets forth the high and low sale prices as reported by Nasdaq for the Company's Common Stock for the periods shown.

	HIGH	LOW
January 1 - March 31, 2005	5.50	4.26
April 1 - June 30, 2005	5.38	3.50
July 1 - September 30, 2005	5.45	4.14
October 1 - December 31, 2005	6.50	4.82
January 1 - March 31, 2006	8.50	5.30
April 1 - June 30, 2006	8.84	6.04
July 1 - September 30, 2006	7.53	5.08
October 1 - December 31, 2006	7.46	5.30

As of February 5, 2007, there were 77 holders of record of the Company's Common Stock. To date, the Company has not declared or paid any dividends on its Common Stock. The payment of future dividends, if any, on the Company's Common Stock is within the discretion of the Board of Directors and will depend upon the Company's income, its capital requirements and financial condition, and other relevant factors. The instruments governing the Company's outstanding debt place certain restrictions on the payment of dividends. The Company does not intend to declare any dividends on its Common Stock in the foreseeable future, but instead intends to retain any cash flow for use in the Company's operations.

The table below presents information regarding outstanding options to purchase the Company's Common Stock as of December 31, 2006:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	5,352,199	$ 4.11	624,261
Equity compensation plans not approved by security holders	--	--	--
Total	5,352,199	$ 4.11	624,261

ISSUER PURCHASES OF EQUITY SECURITIES IN THE FOURTH QUARTER

Period(1)	Total Number of Shares Purchased	Average Price Paid per Share	Total number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	Approximate dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
October 2006	113,667	$ 6.15	113,667	$ 1,807,692
November 2006	152,028	7.12	152,028	713,481
December 2006	74,300	6.64	74,300	213,277
Total	339,995	$ 6.69	339,995	

(1) EACH MONTHLY PERIOD IS THE CALENDAR MONTH.
(2) OUR BOARD OF DIRECTORS HAS AUTHORIZED THE PURCHASE OF UP TO $5 MILLION OF OUR OUTSTANDING SECURITIES, WHICH PROGRAM WAS FIRST ANNOUNCED IN OUR ANNUAL REPORT FOR THE YEAR 2002, FILED ON MARCH 26, 2003. ALL PURCHASES DESCRIBED IN THE TABLE ABOVE WERE UNDER THE PLAN ANNOUNCED IN MARCH 2003, WHICH HAS NO FIXED EXPIRATION DATE. ON FEBRUARY 8, 2007, THE BOARD OF DIRECTOR'S AUTHORIZED THE PURCHASE OF AN ADDITIONAL $5 MILLION OF OUR SECURITIES, CONTINGENT UPON CONSENT FROM THE RELATED PARTY SENIOR SECURED LENDER.

ITEM 6. SELECTED FINANCIAL DATA

The following table presents our selected consolidated financial data and operating data as of and for the dates indicated. The data under the captions "Statement of Operations Data" and "Balance Sheet Data" have been derived from our audited and unaudited consolidated financial statements. The remainder is derived from other records of ours.

You should read the selected consolidated financial data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited and unaudited financial statements and notes thereto that are included in this report.

(dollars in thousands, except per share data)	As of and For the Year Ended December 31, 2006	2005	2004	2003	2002
Statement of Operations Data					
Revenues:					
Interest income	$ 263,566	$ 171,834	$ 105,818	$ 58,164	$ 48,644
Servicing fees	2,894	6,647	12,480	17,058	14,621
Net gain on sale of contracts	--	--	--	10,421	21,518
Other income	12,403	15,216	14,394	19,343	13,605
Total revenues	278,863	193,697	132,692	104,986	98,388
Expenses:					
Employee costs	38,483	40,384	38,173	37,141	37,778
General and administrative	42,011	39,285	33,936	31,581	31,549
Interest expense	93,112	51,669	32,147	23,861	23,925
Provision for credit losses	92,057	58,987	32,574	11,390	--
Impairment loss on residual assets (1)	--	--	11,750	4,052	5,074
Total expenses	265,663	190,325	148,580	108,025	98,326
Income (loss) before income tax benefit	13,200	3,372	(15,888)	(3,039)	62
Income tax benefit	(26,355)	--	--	(3,434)	(2,934)
Extraordinary item, unallocated negative goodwill	--	--	--	--	17,412
Net income (loss)	$ 39,555	$ 3,372	$ (15,888)	$ 395	$ 20,408
Earnings (loss) per share before extraordinary item-basic	$ 1.82	$ 0.16	$ (0.75)	$ 0.02	$ 0.15
Earnings (loss) per share before extraordinary item-diluted	$ 1.64	$ 0.14	$ (0.75)	$ 0.02	$ 0.14
Earnings (loss) per share-basic	$ 1.82	$ 0.16	$ (0.75)	$ 0.02	$ 1.03
Earnings (loss) per share-diluted	$ 1.64	$ 0.14	$ (0.75)	$ 0.02	$ 0.97
Pre-tax income (loss) per share-basic (2)	$ 0.61	$ 0.16	$ (0.75)	$ (0.15)	$ 0.00
Pre-tax income (loss) per share-diluted (3)	$ 0.55	$ 0.14	$ (0.75)	$ (0.14)	$ 0.00
Weighted average shares outstanding-basic	21,759	21,627	21,111	20,263	19,902
Weighted average shares outstanding-diluted	24,052	23,513	21,111	21,578	20,987
BALANCE SHEET DATA					
Total assets	$ 1,728,341	$ 1,155,144	$ 766,599	$ 492,470	$ 285,448
Cash and cash equivalents	14,215	17,789	14,366	33,209	32,942
Restricted cash and equivalents	193,001	157,662	125,113	67,277	18,912
Finance receivables, net	1,401,414	913,576	550,191	266,189	84,592
Residual interest in securitizations	13,795	25,220	50,430	111,702	127,170
Warehouse lines of credit	72,950	35,350	34,279	33,709	--
Residual interest financing	31,378	43,745	22,204	--	--
Securitization trust debt	1,442,995	924,026	542,815	245,118	71,630
Long-term debt	38,574	58,655	74,829	102,465	103,572
Shareholders' equity	111,512	73,589	69,920	82,160	82,574

(dollars in thousands, except per share data)	As of and For the Year Ended December 31, 2006	2005	2004	2003	2002
CONTRACT PURCHASES/SECURITIZATIONS					
Automobile contract purchases	$ 1,019,018	$ 691,252	$ 447,232	$ 357,320	$ 463,253
Automobile contract acquisitions (4)	--	--	74,901	152,143	380,000
Automobile contracts securitized - structured as sales	--	--	--	254,436	418,059
Automobile contracts securitized - structured as secured financings	957,681	674,421	479,369	140,288	--
MANAGED PORTFOLIO DATA					
Contracts held by consolidated subsidiaries	$ 1,527,285	$ 1,000,597	$ 619,794	$ 315,598	$ 117,075
Contracts held by non-consolidated subsidiaries	34,850	103,130	233,621	425,534	478,136
SeaWest third party portfolio (5)	3,770	18,018	53,463	--	
Total managed portfolio	$ 1,565,905	$ 1,121,745	$ 906,878	$ 741,132	$ 595,211
Average managed portfolio	1,376,781	997,697	861,262	662,382	524,286
Weighted average fixed effective interest rate (total managed portfolio) (6)	18.5%	18.6%	19.2%	19.7%	20.4%
Core operating expense (% of average managed portfolio) (7)	5.8%	8.0%	8.4%	10.4%	13.2%
Allowance for loan losses	$ 79,380	$ 57,728	$ 42,615	$ 35,889	$ 25,828
Allowance for loan losses (% of total contracts held by consolidated subsidiaries)	5.2%	5.8%	6.9%	11.4%	22.1%
Total delinquencies (6) (8)	4.0%	3.8%	4.0%	4.7%	4.6%
Total delinquencies and repossessions (6) (8)	5.5%	5.0%	5.6%	6.2%	6.4%
Net charge-offs (6) (9)	4.5%	5.3%	7.8%	6.8%	8.6%

(1) THE IMPAIRMENT LOSS WAS RELATED TO OUR ANALYSIS AND ESTIMATE OF THE EXPECTED ULTIMATE PERFORMANCE OF OUR PREVIOUSLY SECURITIZED POOLS THAT WERE HELD BY OUR NON-CONSOLIDATED SUBSIDIARIES AND THE RESIDUAL INTEREST IN SECURITIZATIONS. THE IMPAIRMENT LOSS WAS A RESULT OF THE ACTUAL NET LOSS AND PREPAYMENT RATES EXCEEDING OUR PREVIOUS ESTIMATES FOR THE AUTOMOBILE CONTRACTS HELD BY OUR NON-CONSOLIDATED SUBSIDIARIES.

(2) INCOME (LOSS) BEFORE INCOME TAX BENEFIT DIVIDED BY WEIGHTED AVERAGE SHARES OUTSTANDING-BASIC. INCLUDED FOR ILLUSTRATIVE PURPOSES BECAUSE SOME OF THE PERIODS PRESENTED INCLUDE SIGNIFICANT INCOME TAX BENEFITS WHILE OTHER PERIODS HAVE NEITHER INCOME TAX BENEFIT NOR EXPENSE.

(3) INCOME (LOSS) BEFORE INCOME TAX BENEFIT DIVIDED BY WEIGHTED AVERAGE SHARES OUTSTANDING-DILUTED. INCLUDED FOR ILLUSTRATIVE PURPOSES BECAUSE SOME OF THE PERIODS PRESENTED INCLUDE SIGNIFICANT INCOME TAX BENEFITS WHILE OTHER PERIODS HAVE NEITHER INCOME TAX BENEFIT NOR EXPENSE.

(4) REPRESENTS AUTOMOBILE CONTRACTS NOT PURCHASED DIRECTLY FROM DEALERS, BUT ACQUIRED AS A RESULT OF OUR ACQUISITIONS OF MFN IN 2002, TFC IN 2003 AND OF CERTAIN ASSETS OF SEAWEST IN 2004.

(5) RECEIVABLES RELATED TO THE SEAWEST THIRD PARTY PORTFOLIO, ON WHICH WE EARN ONLY A SERVICING FEE.

(6) EXCLUDES RECEIVABLES RELATED TO THE SEAWEST THIRD PARTY PORTFOLIO.

(7) TOTAL EXPENSES EXCLUDING PROVISION FOR CREDIT LOSSES, INTEREST EXPENSE AND IMPAIRMENT LOSS ON RESIDUAL ASSETS.

(8) FOR FURTHER INFORMATION REGARDING DELINQUENCIES AND THE MANAGED PORTFOLIO, SEE THE TABLE CAPTIONED "DELINQUENCY EXPERIENCE," IN ITEM 1, PART I OF THIS REPORT AND THE NOTES TO THAT TABLE.

(9) NET CHARGE-OFFS INCLUDE THE REMAINING PRINCIPAL BALANCE, AFTER THE APPLICATION OF THE NET PROCEEDS FROM THE LIQUIDATION OF THE VEHICLE (EXCLUDING ACCRUED AND UNPAID INTEREST) AND AMOUNTS COLLECTED SUBSEQUENT TO THE DATE OF THE CHARGE-OFF, INCLUDING SOME RECOVERIES WHICH HAVE BEEN CLASSIFIED AS OTHER INCOME IN THE ACCOMPANYING FINANCIAL STATEMENTS. FOR FURTHER INFORMATION REGARDING CHARGE-OFFS, SEE THE TABLE CAPTIONED "NET CHARGE-OFF EXPERIENCE," IN ITEM I, PART I OF THIS REPORT AND THE NOTES TO THAT TABLE.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our consolidated financial statements and notes thereto and other information included or incorporated by reference herein.

OVERVIEW

We are a specialty finance company engaged in purchasing and servicing new and used retail automobile contracts originated primarily by franchised automobile dealerships and to a lesser extent by select independent dealers of used automobiles in the United States. We serve as an alternative source of financing for dealers, facilitating sales to sub-prime customers, who have limited credit history, low income or past credit problems and who otherwise might not be able to obtain financing from traditional sources. We are headquartered in Irvine, California and have three additional servicing branches in Virginia, Florida and Illinois.

On March 8, 2002, we acquired MFN Financial Corporation and its subsidiaries in a merger. On May 20, 2003, we acquired TFC Enterprises, Inc. and its subsidiaries in a second merger. Each merger was accounted for as a purchase. MFN Financial Corporation and its subsidiaries and TFC Enterprises, Inc. and its subsidiaries were engaged in businesses similar to ours: buying automobile contracts from dealers and servicing those automobile contracts. MFN Financial Corporation and its subsidiaries ceased acquiring automobile contracts in May 2002; TFC continues to acquire automobile contracts under its "TFC Programs," which provide financing exclusively for vehicle purchases by members of the United States Armed Forces.

On April 2, 2004, we purchased a portfolio of automobile contracts and certain other assets from SeaWest Financial Corporation and its subsidiaries. In addition, we were named the successor servicer of three term securitization transactions originally sponsored by SeaWest. We do not offer financing programs similar to those previously offered by SeaWest.

From inception through June 2003, we generated revenue primarily from the gains recognized on the sale or securitization of automobile contracts, servicing fees earned on automobile contracts sold, interest earned on residuals interests retained in securitizations, and interest earned on finance receivables. Since July 2003, we have not recognized any gains from the sale of automobile contracts. Instead, since July 2003 our revenues have been derived from interest on finance receivables and, to a lesser extent, servicing fees and interest earned on residual interests in securitizations.

SECURITIZATION AND WAREHOUSE CREDIT FACILITIES

GENERALLY

Throughout the periods for which information is presented in this report, we have purchased automobile contracts with the intention of financing them on a long-term basis through securitizations, and on an interim basis through our warehouse credit facilities. All such financings have involved identification of specific automobile contracts, sale of those automobile contracts (and associated rights) to one of our special-purpose subsidiaries, and issuance of asset-backed securities to fund the transactions. Depending on the structure, these transactions may be accounted for under generally accepted accounting principles as sales of the automobile contracts or as secured financings.

When structured to be treated as a secured financing for accounting purposes, the subsidiary is consolidated with us. Accordingly, the sold automobile contracts and the related debt appear as assets and liabilities, respectively, on our consolidated balance sheet. We then periodically: (i) recognize interest and fee income on the contracts, (ii) recognize interest expense on the securities issued in the transaction, and (iii) record as expense a provision for credit losses on the contracts.

When structured to be treated as a sale for accounting purposes, the assets and liabilities of the special-purpose subsidiary are not consolidated with us. Accordingly, the transaction removes the sold automobile contracts from our consolidated balance sheet, the related debt does not appear as our debt, and our consolidated balance sheet shows, as an asset, a retained residual interest in the sold automobile contracts. The residual interest represents the discounted value of what we expect will be the excess of future collections on the automobile contracts over principal and interest due on the asset-backed securities. That residual interest appears on our consolidated balance sheet as "residual interest in securitizations," and the determination of its value is dependent on our estimates of the future performance of the sold automobile contracts.

CHANGE IN POLICY

Beginning in the third quarter of 2003, we began to structure our securitization transactions so that they would be treated for financial accounting purposes as secured financings, rather than as sales. All subsequent securitizations of automobile contracts have been so structured. Prior to the third quarter of 2003, we had structured our securitization transactions to be treated as sales of automobile contracts for financial accounting purposes. In our acquisitions of MFN and TFC, we acquired automobile contracts that these companies had previously securitized in securitization transactions that were treated as secured financings for financial accounting purposes. As of December 31, 2006, our consolidated balance sheet included net finance receivables of $1.9 million related to automobile contracts acquired in the two mergers, out of totals of net finance receivables of $1,401.4 million.

CREDIT RISK RETAINED

Whether a sale of automobile contracts in connection with a securitization or warehouse credit facility is treated as a secured financing or as a sale for financial accounting purposes, the related special-purpose subsidiary may be unable to release excess cash to us if the credit performance of the related automobile contracts falls short of pre-determined standards. Such releases represent a material portion of the cash that we use to fund our operations. An unexpected deterioration in the performance of such automobile contracts could therefore have a material adverse effect on both our liquidity and our results of operations, regardless of whether such automobile contracts are treated for financial accounting purposes as having been sold or as having been financed. For estimation of the magnitude of such risk, it may be appropriate to look to the size of our "managed portfolio," which represents both financed and sold automobile contracts as to which such credit risk is retained. Our managed portfolio as of December 31, 2006 was approximately $1,565.9 million (this amount includes $3.8 million of automobile contracts securitized by SeaWest, on which we earn only servicing fees and have no credit risk).

CRITICAL ACCOUNTING POLICIES

We believe that our accounting policies related to (a) Allowance for Finance Credit Losses, (b) Residual Interest in Securitizations and Gain on Sale of Automobile Contracts and (c) Income Taxes are the most critical to understanding and evaluating our reported financial results. Such policies are described below.

ALLOWANCE FOR FINANCE CREDIT LOSSES

In order to estimate an appropriate allowance for losses to be incurred on finance receivables, we use a loss allowance methodology commonly referred to as "static pooling," which stratifies our finance receivable portfolio into separately identified pools based on the period of origination. Using analytical and formula driven techniques, we estimate an allowance for finance credit losses, which we believe is adequate for probable credit losses that can be reasonably estimated in our portfolio of automobile contracts. Provision for losses is charged to our consolidated statement of operations. Net losses incurred on finance receivables are charged to the allowance. We evaluate the adequacy of the allowance by examining current delinquencies, the characteristics of the portfolio, prospective liquidation values of the underlying collateral and general economic and market conditions. As circumstances change, our level of provisioning and/or allowance may change as well.

RESIDUAL INTEREST IN SECURITIZATIONS AND GAIN ON SALE OF AUTOMOBILE CONTRACTS

In transactions prior to the third quarter of 2003, we recognized gain on sale on the disposition of automobile contracts either outright, in securitization transactions, and in certain of our warehouse credit facilities. In those securitization transactions and in the warehousing transactions that were treated as sales for financial accounting purposes, we, or one of our wholly-owned, consolidated subsidiaries, retain a residual interest in the automobile contracts that were sold to a wholly-owned, unconsolidated special purpose subsidiary.

The line item "residual interest in securitizations" on our consolidated balance sheet represents the residual interests in securitizations completed prior to the third quarter of 2003. This line represents the discounted sum of expected future cash flows from these securitization trusts. Accordingly, the valuation of the residual interest is heavily dependent on estimates of future performance of the automobile contracts included in the securitizations.

We structured all subsequent securitizations and warehouse credit facilities as secured financings. The warehouse credit facilities are accordingly reflected in the line items "Finance receivables" and "Warehouse lines of credit" on our consolidated balance sheet, and the securitizations are reflected in the line items "Finance receivables" and "Securitization trust debt."

The key economic assumptions used in measuring all residual interests as of December 31, 2006 and December 31, 2005 are included in the table below. We have used an effective pre-tax discount rate of 14% per annum except for certain collections from charged off receivables related to our securitizations executed from 2001 through the second quarter of 2003. With respect to collections from such charged off receivables, we have used a discount rate of 25% per annum.

	12/31/2006	12/31/2005
Prepayment Speed (Cumulative).....	22.7% - 32.5%	22.2% - 35.8%
Net Credit Losses (Cumulative).....	11.8% - 15.4%	11.9% - 20.2%

Key economic assumptions and the sensitivity of the fair value of residual cash flows to immediate 10% and 20% adverse changes in those assumptions as of December 2006 are as follows:

	DECEMBER 31, 2006 (DOLLARS IN THOUSANDS)
Carrying amount/fair value of residual interest in securitizations...	$ 13,795
Weighted average life in years.....	1.49
Prepayment Speed Assumption (Cumulative).....	22.7% - 32.5%
Estimated Fair value assuming 10% adverse change.....	$ 13,774
Estimated Fair value assuming 20% adverse change.....	13,754
Expected Net Credit Losses (Cumulative).....	11.8% - 15.4%
Estimated Fair value assuming 10% adverse change.....	$ 13,661
Estimated Fair value assuming 20% adverse change.....	13,539
Residual Cash Flows Discount Rate (Annual).....	14.0% - 25.0%
Estimated Fair value assuming 10% adverse change.....	$ 13,648
Estimated Fair value assuming 20% adverse change.....	13,505

These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on 10% and 20% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another (for example, increases in market rates may result in lower prepayments and increased credit losses), which could magnify or counteract the sensitivities.

Our residual interest is attributable to receivables originated and securitized prior to the third quarter of 2003. Consequently, these receivables are nearing the end of their contractual terms and, we believe, have already incurred a substantial portion of the losses that they will likely incur in total. Moreover, the terms of the securitizations provide us the option to repurchase the underlying receivables from the trust and retire the related bonds. Such repurchases are referred to as "clean-ups". When a clean-up takes place, we purchase the underlying receivables and record them on our balance sheet and remove that portion of the residual interest that is attributable to the trust that is terminated when the related bonds are retired. We often conduct such clean-ups as the terms of the securitizations permit including two each in 2005 and 2006, and one since December 31, 2006. A portion of our residual interest represents future cash flows from recoveries on charges offs from clean-up securitizations and will remain on our balance sheet for some time even after the clean-up of the final transaction until those particular cash flows are realized.

Our term securitization structure has generally been as follows:

We sell automobile contracts we acquire to a wholly-owned special purpose subsidiary, which has been established for the limited purpose of buying and reselling our automobile contracts. The special-purpose subsidiary then transfers the same automobile contracts to another entity, typically a statutory trust. The trust issues interest-bearing asset-backed securities, in a principal amount equal to or less than the aggregate principal balance of the automobile contracts. We typically sell these automobile contracts to the trust at face value and without recourse, except that representations and warranties similar to those provided by the dealer to us are provided by us to the trust. One or more investors purchase the asset-backed securities issued by the trust; the proceeds from the sale of the asset-backed securities are then used to purchase the automobile contracts from us. We may retain or sell subordinated

asset-backed securities issued by the trust or by a related entity. We purchase external credit enhancement in the form of a financial guaranty insurance policy, guaranteeing timely payment of interest and ultimate payment of principal on the senior asset-backed securities, from an insurance company. In addition, we structure our securitizations to include internal credit enhancement for the benefit of the insurance company and the investors (i) in the form of an initial cash deposit to an account ("spread account") held by the trust, (ii) in the form of overcollateralization of the senior asset-backed securities, where the principal balance of the senior asset-backed securities issued is less than the principal balance of the automobile contracts, (iii) in the form of subordinated asset-backed securities, or (iv) some combination of such internal credit enhancements. The agreements governing the securitization transactions require that the initial level of internal credit enhancement be supplemented by a portion of collections from the automobile contracts until the level of internal credit enhancement reaches specified levels, which are then maintained. The specified levels are generally computed as a percentage of the principal amount remaining unpaid under the related automobile contracts. The specified levels at which the internal credit enhancement is to be maintained will vary depending on the performance of the portfolios of automobile contracts held by the trusts and on other conditions, and may also be varied by agreement among us, our special purpose subsidiary, the insurance company and the trustee. Such levels have increased and decreased from time to time based on performance of the various portfolios, and have also varied from one transaction to another. The agreements governing the securitizations generally grant us the option to repurchase the sold automobile contracts from the trust when the aggregate outstanding balance of the automobile contracts has amortized to a specified percentage of the initial aggregate balance.

The prior securitizations that were treated as sales for financial accounting purposes differ from those treated as secured financings in that the trust to which our special-purpose subsidiaries sold the automobile contracts met the definition of a "qualified special-purpose entity" under Statement of Financial Accounting Standards No. 140 ("SFAS 140"). As a result, assets and liabilities of those trusts are not consolidated into our consolidated balance sheet.

Our warehouse credit facility structures are similar to the above, except that (i) our special-purpose subsidiaries that purchase the automobile contracts pledge the automobile contracts to secure promissory notes that they issue, (ii) no increase in the required amount of internal credit enhancement is contemplated, and (iii) we do not purchase financial guaranty insurance. During 2006 the maximum advance under our warehouse lines increased from 80% to 83% of the aggregate principal balance of eligible automobile contracts. In January 2007, one of our warehouse lines was further amended to provide for an advance of up to 93% of the aggregate principal balance of eligible automobile contracts. The other warehouse line was similarly amended in February 2007.

Upon each sale of automobile contracts in a transaction structured as a secured financing for financial accounting purposes, whether a term securitization or a warehouse financing, we retain on our consolidated balance sheet the related automobile contracts as assets and record the asset-backed notes issued in the transaction as indebtedness.

Under the prior securitizations and warehouse credit facilities structured as sales for financial accounting purposes, we removed from our consolidated balance sheet the automobile contracts sold and added to our consolidated balance sheet (i) the cash received, if any, and (ii) the estimated fair value of the ownership interest that we retained in the automobile contracts sold in the transaction. That retained or residual interest consisted of (a) the cash held in the spread account, if any, (b) overcollateralization, if any, (c) subordinated asset-backed securities retained, if any, and (d) receivables from the trust, which include the net interest receivables. Net interest receivables represent the estimated discounted cash flows to be received from the trust in the future, net of principal and interest payable with respect to the asset-backed notes, the premium paid to the insurance company, and certain other expenses. The excess of the cash received and the assets we retained over the carrying value of the automobile contracts sold, less transaction costs, equaled the net gain on sale of automobile contracts we recorded. Until the maturity of these transactions, our consolidated balance sheet will reflect both securitization transactions structured as sales and others structured as secured financings.

With respect to transactions structured as sales for financial accounting purposes, we allocate our basis in the automobile contracts between the asset-backed securities sold and the residual interests retained based on the relative fair values of those portions on the date of the sale. We recognize gains or losses attributable to the change in the fair value of the residual interests, which are recorded at estimated fair value. We are not aware of an active market for the purchase or sale of interests such as the residual interests; accordingly, we determine the estimated fair value of the residual interests by discounting the amount of anticipated cash flows that we estimate will be released to us in the future (the cash out method), using a discount rate that we believe is appropriate for the risks involved. The anticipated cash flows include collections from both current and charged off receivables. We have used an effective pre-tax discount rate of 14% per annum, except for certain collections from charged off receivables related to our securitizations executed from 2001 through the second quarter of 2003. With respect to collections from such charged off receivables, we have used a discount rate of 25% per annum.

We receive periodic base servicing fees for the servicing and collection of the automobile contracts. (Under our current securitization structure, such servicing fees are included in interest income from the automobile contracts). In addition, we are entitled to the cash flows from the trusts that represent collections on the automobile contracts in excess of the amounts required to pay principal and interest on the asset-backed securities, base servicing fees, and certain other fees and expenses (such as trustee and custodial fees). Required principal payments on the notes are generally defined as the payments sufficient to keep the principal balance of such notes equal to the aggregate principal balance of the related automobile contracts (excluding those automobile contracts that have been charged off), or a pre-determined percentage of such balance. Where that percentage is less than 100%, the related securitization agreements require accelerated payment of principal until the principal balance of the asset-backed securities is reduced to the specified percentage. Such accelerated principal payment is said to create overcollateralization of the asset-backed notes.

If the amount of cash required for payment of fees, expenses, interest and principal exceeds the amount collected during the collection period, the shortfall is withdrawn from the spread account, if any. If the cash collected during the period exceeds the amount necessary for the above allocations, and there is no shortfall in the related spread account or the required overcollateralization level, the excess is released to us. If the spread account and overcollateralization is not at the required level, then the excess cash collected is retained in the trust until the specified level is achieved. Although spread account balances are held by the trusts on behalf of our special-purpose subsidiaries as the owner of the residual interests (in the case of securitization transactions structured as sales for financial accounting purposes) or the trusts (in the case of securitization transactions structured as secured financings for financial accounting purposes), we are restricted in use of the cash in the spread accounts. Cash held in the various spread accounts is invested in high quality, liquid investment securities, as specified in the securitization agreements. The interest rate payable on the automobile contracts is significantly greater than the interest rate on the asset-backed notes. As a result, the residual interests described above historically have been a significant asset of ours. In determining the value of the residual interests, we must estimate the future rates of prepayments, delinquencies, defaults, default loss severity, and recovery rates, as all of these factors affect the amount and timing of the estimated cash flows. We estimate prepayments by evaluating historical prepayment performance of comparable automobile contracts. We estimate recovery rates of previously charged off receivables using available historical recovery data. We estimate defaults and default loss severity using available historical loss data for comparable automobile contracts and the specific characteristics of the automobile contracts we purchased. In valuing the residuals as of December 31, 2006, we estimate that charge-offs as a percentage of the original principal balance will approximate 15.5% to 19.4% cumulatively over the lives of the related automobile contracts, with recovery rates approximating 3.6% to 4.2% of the original principal balance and prepayment estimates of approximately 22.7% to 32.5% cumulatively over the lives of the related automobile contracts.

For securitizations that were structured as a sale for financial accounting purposes, we recognize interest income on the balance of the residual interests. In addition, we would recognize as gain additional revenue from the residual interests if the actual performance of the automobile contracts were better than our estimate of the value of the residual interest. If the actual performance of the automobile contracts were worse than our estimate, then a downward adjustment to the carrying value of the residuals and a related impairment charge would be required. In a securitization structured as a secured financing for financial accounting purposes, interest income is recognized when accrued under the terms of the related automobile contracts and, therefore, presents less potential for fluctuations in performance when compared to the approach used in a transaction structured as a sale for financial accounting purposes.

In all of our term securitizations and warehouse credit facilities, whether treated as secured financings or as sales, we have sold the automobile contracts (through a subsidiary) to the securitization entity. The difference between the two structures is that in securitizations that are treated as secured financings we report the assets and liabilities of the securitization trust on our consolidated balance sheet. Under both structures, recourse to us by holders of the asset-backed securities and by the trust, for failure of the automobile contract obligors to make payments on a timely basis, is limited to the automobile contracts included in the securitizations or warehouse credit facilities, the spread accounts and our retained interests in the respective trusts.

INCOME TAXES

We and our subsidiaries file a consolidated federal income tax return and combined or stand-alone state franchise tax returns for certain states. We utilize the asset and liability method of accounting for income taxes, under which deferred income taxes are recognized for the future tax consequences attributable to the differences between the financial statement values of existing assets and liabilities and their respective tax bases. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

As part of the both the MFN Merger and the TFC Merger, we acquired certain net operating losses and built-in loss assets. During each period since the MFN Merger through the third quarter of 2006, we have identified the types and amounts of temporary differences and the nature and amount of each type of operating loss and tax credit carryforward as well as the length of the carryforward period. Moreover, we considered various positive and negative evidence to ascertain, based on the weight of that evidence, if a valuation allowance against the certain components of deferred tax assets was appropriate. Through the third quarter of 2006, based on our analysis of both positive and negative evidence pertaining to the realization of deferred tax assets, we had determined that it was not more than likely that a significant amount of the deferred tax assets would be realized in the future. As a result, we maintained a significant valuation allowance against those available deferred tax assets.

However, as of December 31, 2006 our review of both positive and negative evidence pertaining to the realization of deferred tax assets suggests to us that it is now more than likely that we will realize a substantial portion of deferred tax assets. A significant portion of the deferred tax assets is attributable to the mergers and is limited as to the annual amount and the number of future periods that it can be realized. Consequently, we considered our history of cumulative taxable income since our inception in the evaluation of positive and negative evidence. Other significant components of our deferred tax asset are not limited as to their annual amount and timeframe for realization as they have resulted from our recent history of taxable income substantially in excess of our net income. As a result, we have released that portion of the valuation allowance that represents the portion of deferred tax assets that we believe are more likely than not to be realized. We continue to maintain a valuation allowance against that portion of the deferred tax asset whose utilization in future periods is not more than likely.

In determining the possible realization of deferred tax assets, we consider future taxable income from future operations exclusive of reversing temporary differences and tax planning strategies that, if necessary, would be implemented to accelerate taxable income into periods in which net operating losses might otherwise expire.

RESULTS OF OPERATIONS

EFFECTS OF CHANGE IN SECURITIZATION STRUCTURE

Our decision in the third quarter of 2003 to structure securitization transactions as secured financings for financial accounting purposes, rather than as sales, has affected and will affect the way in which the transactions are reported. The major effects are these: (i) the automobile contracts are shown as assets on our balance sheet; (ii) the debt issued in the transactions is shown as indebtedness; (iii) cash deposited in the spread accounts to enhance the credit of the securitization transactions is shown as "Restricted cash" on our balance sheet; (iv) cash collected from automobile purchasers and other sources related to the automobile contracts prior to making the required payments under the securitization agreements is also shown as "Restricted cash" on our balance sheet; (v) the servicing fee that we receive in connection with such contracts is recorded as a portion of the interest earned on such contracts in our statements of operations; (vi) we have initially and periodically recorded as expense a provision for estimated credit losses on the contracts in our statements of operations; and (vii) portions of scheduled payments on the contracts and on the debt issued in the transactions representing interest are recorded as interest income and expense, respectively, in our statements of operations.

These changes collectively represent a deferral of revenue and acceleration of expenses, and thus a more conservative approach to accounting for our operations compared to the previous securitization transactions, which were accounted for as sales at the consummation of the transaction. As a result of the changes, we initially reported lower earnings than we would have reported if we had continued to structure our transactions to require recognition of gain on sale. It should also be noted that growth in our portfolio of receivables resulted in an increase in expenses in the form of provision for credit losses, and initially had a negative effect on net earnings. Our cash availability and cash requirements should be unaffected by the change in structure.

Since the third quarter of 2003, we have conducted 18 term securitizations. Of these 18, 14 were quarterly securitizations of automobile contracts that we purchased from automobile dealers under our regular programs. In addition, in March 2004 and November 2005, we completed securitizations of our retained interests in other securitizations that we and our affiliates previously sponsored. The debt from the March 2004 transaction was repaid in August 2005. Also, in June 2004, we completed a securitization of automobile contracts purchased in the SeaWest asset acquisition and under our TFC programs. Further, in December 2005, we completed a securitization that included automobile contracts purchased under the TFC programs, automobile contracts purchased under the CPS programs and automobile contracts we repurchased upon termination of prior securitizations of our MFN and TFC subsidiaries. All such securitizations since the third quarter of 2003 have been structured as secured financings.

COMPARISON OF OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2006 WITH THE YEAR ENDED DECEMBER 31, 2005

REVENUES. During the year ended December 31, 2006, revenues were $278.9 million, an increase of $85.2 million, or 44.0%, from the prior year revenue of $193.7 million. The primary reason for the increase in revenues is an increase in interest income. Interest income for the year ended December 31, 2006 increased $91.7 million, or 53.4%, to $263.6 million from $171.8 million in the prior year. The primary reason for the increase in interest income is the increase in finance receivables held by consolidated subsidiaries (resulting in an increase of $102.4 million in interest income). This increase was partially offset by the decline in the balance of the portfolios of automobile contracts we acquired in the MFN, TFC and SeaWest transactions (in the aggregate, resulting in a decrease of $10.9 million in interest income). In addition, interest income on our residual asset increased by $318,000.

Servicing fees totaling $2.9 million in the year ended December 31, 2006 decreased $3.8 million, or 56.5%, from $6.6 million in the prior year. The decrease in servicing fees is the result of the change in securitization structure and the consequent decline in our managed portfolio held by non-consolidated subsidiaries. As a result of the decision to structure future securitizations as secured financings, our managed portfolio held by non-consolidated subsidiaries will continue to decline in future periods, and servicing fee revenue is anticipated to decline proportionately. As of December 31, 2006 and 2005, our managed portfolio owned by consolidated vs. non-consolidated subsidiaries and other third parties was as follows:

	December 31, 2006		December 31, 2005	
	Amount	%	Amount	%
Total Managed Portfolio	($ in millions)			
Owned by Consolidated Subsidiaries	$ 1,527.3	97.5%	$ 1,000.6	89.2%
Owned by Non-Consolidated Subsidiaries	34.8	2.2%	103.1	9.2%
SeaWest Third Party Portfolio	3.8	0.2%	18.0	1.6%
Total	$ 1,565.9	100.0%	$ 1,121.7	100.0%

At December 31, 2006, we were generating income and fees on a managed portfolio with an outstanding principal balance of $1,565.9 million (this amount includes $3.8 million of automobile contracts securitized by SeaWest, on which we earn only servicing fees), compared to a managed portfolio with an outstanding principal balance of $1,121.7 million as of December 31, 2005. As the portfolios of automobile contracts acquired in the MFN Merger, TFC Merger, and SeaWest transaction decrease, the portfolio of automobile contracts that we purchased directly from automobile dealers continues to expand. At December 31, 2006 and 2005, the managed portfolio composition was as follows:

	December 31, 2006		December 31, 2005	
	Amount	%	Amount	%
Originating Entity	($ in millions)			
CPS	$ 1,496.5	95.6%	$ 1,017.3	90.7%
TFC	60.9	3.9%	68.6	6.1%
MFN	0.2	0.0%	2.5	0.2%
SeaWest	4.5	0.3%	15.3	1.4%
SeaWest Third Party Portfolio	3.8	0.2%	18.0	1.6%
Total	$ 1,565.9	100.0%	$ 1,121.7	100.0%

Other income decreased $2.8 million, or 18.5%, to $12.4 million in the year ended December 31, 2006 from $15.2 million during the prior year. The year over year decrease is the result of a variety of factors. Current year other income includes $1.2 million resulting from an increase in the carrying value of our residual interest in securitizations. The carrying value was increased primarily as a result of the underlying receivables having incurred fewer losses than we had previously estimated. The prior year period included proceeds of $2.4 million from the sale of certain charged off receivables acquired in the MFN, TFC and SeaWest acquisitions. In addition, we experienced decreases in recoveries on MFN and certain other automobile contracts (a decrease of $638,000) compared to the same prior year and decreased revenue on our direct mail services (a decrease of $752,000). These direct mail services are provided to our dealers and consist of customized solicitations targeted to prospective vehicle purchasers, in proximity to the dealer, who appear to meet our credit criteria. We also experienced increases in convenience fees charged to obligors for certain transaction types (an increase of $690,000).

EXPENSES. Our operating expenses consist primarily of provisions for credit losses, interest expense, employee costs and general and administrative expenses. Provisions for credit losses and interest expense are significantly affected by the volume of automobile contracts we purchased during a period and by the outstanding balance of finance receivables held by consolidated subsidiaries. Employee costs and general and administrative expenses are incurred as applications and automobile contracts are received, processed and serviced. Factors that affect margins and net income include changes in the automobile and automobile finance market environments, and macroeconomic factors such as interest rates and the unemployment level.

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

Other operating expenses consist primarily of facilities expenses, telephone and other communication services, credit services, computer services, marketing and advertising expenses, and depreciation and amortization.

Total operating expenses were $265.7 million for the year ended December 31, 2006, compared to $190.3 million for the prior year, an increase of $75.3 million, or 39.6%. The increase is primarily due to increases in provision for credit losses and interest expense, which increased by $33.1 million and $41.4 million, or 56.1% and 80.2%, respectively. Both interest expense and provision for credit losses are directly affected by the growth in our portfolio of automobile contracts held by consolidated affiliates.

Employee costs decreased slightly to $38.5 million during the year ended December 31, 2006, representing 14.5% of total operating expenses, from $40.4 million for the prior year, or 21.2% of total operating expenses. During the year ended December 31, 2006, we deferred $2.9 million of direct employee costs associated with the purchase of automobile contracts in the period, in accordance with Statement of Financial Accounting Standard No. 91, Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases (SFAS 91). Prior to 2006, we have not deferred and amortized such costs as our analyses indicated that the effect of such deferral and amortization would not have been material. However, due to continued increases in volumes of automobile contract purchases and refinements in our methodology to measure direct costs associated with automobile contract purchases, our estimate of direct costs has increased, resulting in the need to defer such costs and amortize them over the lives of the related automobile contracts as an adjustment to the yield in accordance with SFAS 91. The decrease as a percentage of total operating expenses reflects the higher total of operating expenses, primarily a result of the increased provision for credit losses and interest expense.

General and administrative expenses increased slightly to $23.2 million and represented 8.7% of total operating expenses in the year ending December 31, 2006, as compared to the prior year when general and administrative expenses represented 12.1% of total operating expenses. The decrease as a percentage of total operating expenses reflects the higher operating expenses primarily a result of the provision for credit losses and interest expense.

Interest expense for the year ended December 31, 2006 increased $41.4 million, or 80.2%, to $93.1 million, compared to $51.7 million in the previous year. The increase is primarily the result of changes in the amount and composition of securitization trust debt carried on our consolidated balance sheet. Interest on securitization trust debt increased by $40.5 million in 2006 compared to the prior year. We also experienced increases in warehouse interest expense and residual interest financing interest expenses of $2.7 million and $2.7 million, respectively. A portion of the increase in interest expense can also be attributed to a gradual increase in market interest rates during 2006. Increases in interest expense for securitization trust debt, warehouse and residual interest financing were somewhat offset by a decrease of $4.5 million in interest expense for subordinated debt.

Marketing expenses consist primarily of commission-based compensation paid to our employee marketing representatives and increased by $2.0 million, or 16.9%, to $14.0 million, compared to $12.0 million in the previous year and represented 5.3% of total operating expenses. The increase is primarily due to the increase in automobile contracts we purchased during the year ended December 31, 2006 as compared to the prior year. During the year ended December 31, 2006, we purchased 66,504 automobile contracts aggregating $1,019.0 million, compared to 46,666 automobile contracts aggregating $691.3 million in the prior year.

Occupancy expenses increased by $583,000 or 17.1%, to $4.0 million compared to $3.4 million in the previous year and represented 1.5% of total operating expenses.

Depreciation and amortization expenses increased by $10,000, or 1.3%, to $800,000 from $790,000 in the previous year.

During the year ended December 31, 2006, we recorded an income tax benefit of $41.8 million related to the reversal of a portion of the valuation allowance against deferred tax assets, offset by current income tax paid or currently payable of $20.2 million, less $4.8 million in deferred tax benefit. As of December 31, 2006, we had remaining deferred tax assets of $64.1 million, partially offset by a valuation allowance of $9.4 million related to federal and state net operating losses and other timing differences, leaving a net deferred tax asset of $54.7 million.

COMPARISON OF OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2005 WITH THE YEAR ENDED DECEMBER 31, 2004

REVENUES. During the year ended December 31, 2005, revenues were $193.7 million, an increase of $61.0 million, or 46.0%, from the prior year revenue of $132.7 million. The primary reason for the increase in revenues is an increase in interest income. Interest income for the year ended December 31, 2005 increased $66.0 million, or 62.4%, to $171.8 million in 2005 from $105.8 million in 2004. The primary reason for the increase in interest income is the growth of the finance receivables held by consolidated subsidiaries on our balance sheet. During 2005, we purchased $691.3 million of automobile contracts and increased our balance of receivables held by consolidated subsidiaries to $1,000.6 million at December 31, 2005 from $619.8 million at December 31, 2004, an increase of 61.4%. Offsetting the increase in interest income were decreases in the balance of receivables acquired in the MFN, TFC and SeaWest transactions, which resulted in decreases in interest income of $1.8 million, $2.0 million and $2.6 million, respectively.

Servicing fees totaling $6.6 million in the year ended December 31, 2005 decreased $5.8 million, or 46.7%, from $12.5 million in the same period a year earlier. The decrease in servicing fees is the result of the change in securitization structure and the consequent decline in our managed portfolio held by non-consolidated subsidiaries, and the decrease in the balance of automobile contracts originated by SeaWest for which we receive only servicing fees. As a result of the decision to structure future securitizations as secured financings, our managed portfolio held by non-consolidated subsidiaries will continue to decline in future periods, and servicing fee revenue is anticipated to decline proportionately. As of December 31, 2005 and 2004, our managed portfolio owned by consolidated vs. non-consolidated subsidiaries and other third parties was as follows:

	December 31, 2005		December 31, 2004	
	Amount	%	Amount	%
Total Managed Portfolio	($ in millions)			
Owned by Consolidated Subsidiaries	$ 1,000.6	89.2%	$ 619.8	68.3%
Owned by Non-Consolidated Subsidiaries	103.1	9.2%	233.6	25.8%
SeaWest Third Party Portfolio	18.0	1.6%	53.5	5.9%
Total	$ 1,121.7	100.0%	$ 906.9	100.0%

At December 31, 2005, we were generating income and fees on a managed portfolio with an outstanding principal balance of $1,121.7 million (this amount includes $18.0 million of automobile contracts securitized by SeaWest, on which we earn only servicing fees), compared to a managed portfolio with an outstanding principal balance of $906.9 million as of December 31, 2004. As the portfolios of automobile contracts acquired in the MFN, TFC and SeaWest transactions decrease, the portfolio of automobile contracts that we purchased directly from automobile dealers continues to expand. At December 31, 2005 and 2004, the managed portfolio composition was as follows:

	December 31, 2005		December 31, 2004	
	Amount	%	Amount	%
Originating Entity	($ in millions)			
CPS	$ 1,017.3	90.7%	$ 706.8	77.9%
TFC	68.6	6.1%	89.4	9.9%
MFN	2.5	0.2%	17.8	2.0%
SeaWest	15.3	1.4%	39.4	4.3%
SeaWest Third Party Portfolio	18.0	1.6%	53.5	5.9%
Total	$ 1,121.7	100.0%	$ 906.9	100.0%

Other income increased $822,000, or 5.7%, to $15.2 million during 2005 from $14.4 million in 2004. During 2005, other income included $2.4 million from the sale of charged off receivables acquired in the MFN, TFC, and SeaWest transactions, compared to no such proceeds in 2004. Recoveries on MFN receivables decreased by $3.1 million to $4.9 million in 2005, compared to $8.0 million in 2004. Other income associated with direct mail services increased by $765,000 to $4.5 million in 2005, compared to $3.8 million in 2004. These direct mail services are provided to our dealers and represent direct mail products which consist of customized solicitations targeted to prospective vehicle purchasers, in proximity to the dealer, who are likely to meet our credit criteria.

EXPENSES. Total operating expenses were $190.3 million for 2005, compared to $148.6 million for 2004. The increase is primarily due to a $26.4 million increase, or 81.1% in the provision for credit losses to $59.0 million during the 2005 period as compared to $32.6 million in the 2004 period. Interest expense increased by $19.5 million to $51.7 million from $32.1 million in 2004, an increase of 60.7%. The increase is primarily the result of the amount of securitization trust debt carried on our consolidated balance sheet, which increased along with the growth of our portfolio of finance receivables. The increase was somewhat offset by the decrease in securitization trust debt acquired in the MFN and TFC transactions. For 2005, the provision for credit losses and interest expense represented 31.0% and 27.1%, respectively, of total operating expenses, compared to 21.9% and 21.6% in 2004.

Employee costs increased to $40.4 million, or 5.8% during 2005, representing 21.2% of total operating expenses, from $38.2 million for 2004, or 25.7% of total operating expenses. The decrease as a percentage of total operating expenses reflects the higher total of operating expenses, primarily a result of the increased provision for credit losses and interest expense.

General and administrative expenses increased slightly to $23.1 million, or 12.1% of total operating expenses, in 2005, as compared to $21.3 million, or 14.3% of total operating expenses, in 2004. The decrease as a percentage of total operating expenses reflects the higher operating expenses primarily a result of the increased provision for credit losses and interest expense. During the year ended December 31, 2005, we recognized what we believe will be a one-time, non-cash impairment charge of $1.9 million against certain assets other than finance receivables.

In December 2005, the Compensation Committee of the Board of Directors approved accelerated vesting of all the outstanding stock options we issued. Options to purchase 2,113,998 shares of our common stock, which would otherwise have vested from time to time through 2010, became immediately exercisable as a result of the acceleration of vesting. The decision to accelerate the vesting of the options was made primarily to reduce non-cash compensation expenses that would have been recorded in our income statement in future periods upon the adoption of Financial Accounting Standards Board Statement No. 123R, Share-Based Payment, in January 2006. We estimate that approximately $3.5 million of future non-cash compensation expense was eliminated as a result of the acceleration of vesting.

At the time of the acceleration of vesting, we accounted for our stock options in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. Consequently, the acceleration of vesting resulted in non-cash compensation charge of $427,000 for the year ended December 31, 2005.

For 2005, we recognized no impairment loss on our residual interest in securitizations compared to $11.8 million in 2004. In 2004, such impairment loss related to our analysis and estimate of the expected ultimate performance of our previously securitized pools that are held by non-consolidated subsidiaries and the residual interest in securitizations. The impairment loss was a result of the actual net loss and prepayment rates exceeding our previous estimates for the automobile contracts held by non-consolidated subsidiaries.

Marketing expenses increased by $3.7 million, or 43.9%, to $12.0 million, compared to $8.3 million in the same period of the previous year and represented 6.3% of total operating expenses. The increase is primarily due to the increase in automobile contracts we purchased during the year ended December 31, 2005.

Occupancy expenses decreased by $120,000, or 3.4%, to $3.4 million, compared to $3.5 million in the same period of the previous year and represented 1.8% of total operating expenses. The decrease is primarily due to the closure and sub-leasing during 2005 of certain facilities acquired in the MFN and TFC transactions.

Depreciation and amortization expenses remained essentially unchanged at $790,000 for 2005, compared to $785,000 for 2004, and represented 0.4% of total operating expenses.

We would have recorded income tax expense of $1.4 million for the year ended December 31, 2005, but the income tax expense was offset primarily by a $1.4 million decrease in the valuation allowance that we had established to offset our deferred tax assets.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

Our business requires substantial cash to support purchases of automobile contracts and other operating activities. Our primary sources of cash have been cash flows from operating activities, including proceeds from sales of automobile contracts, amounts borrowed under our warehouse credit facilities, servicing fees on portfolios of automobile contracts previously sold in securitization transactions or serviced for third parties, customer payments of principal and interest on finance receivables, fees for origination of automobile contracts, and releases of cash from securitized portfolios of automobile contracts in which we have retained a residual ownership interest and from the spread accounts associated with such pools. Our primary uses of cash have been the purchases of automobile contracts, repayment of amounts borrowed under warehouse credit facilities and otherwise, operating expenses such as employee, interest, occupancy expenses and other general and administrative expenses, the establishment of spread accounts and initial overcollateralization, if any, and the increase of credit enhancement to required levels in securitization transactions, and income taxes. There can be no assurance that internally generated cash will be sufficient to meet our cash demands. The sufficiency of internally generated cash will depend on the performance of securitized pools (which determines the level of releases from those portfolios and their related spread accounts), the rate of expansion or contraction in our managed portfolio, and the terms upon which we are able to purchase, sell, and borrow against automobile contracts.

Net cash provided by operating activities for the years ended December 31, 2006, 2005 and 2004 was $57.1 million, $36.7 million and $10.0 million, respectively. Cash from operating activities is generally provided by net income from our operations. The increase in 2006 vs. 2005, and 2005 vs. 2004, is due in part to our increased net earnings before the significant increase in the provision for credit losses.

Net cash used in investing activities for the years ended December 31, 2006, 2005 and 2004, was $568.4 million, $411.7 million, and $314.1 million, respectively. Cash used in investing activities generally relates to purchases of automobile contracts. Purchases of finance receivables held for investment were $1,019.0 million, $691.3 million and $506.0 million in 2006, 2005 and 2004, respectively.

Net cash provided by financing activities for the year ended December 31, 2006, was $507.7 million compared with $378.4 million for the year ended December 31, 2005 and $285.3 million for the year ended December 31, 2004. Cash used or provided by financing activities is primarily attributable to the issuance or repayment of debt. We issued $1,003.6 million of securitization trust debt in 2006 as compared to $662.4 million in 2005 and $474.7 million in 2004.

We purchase automobile contracts from dealers for a cash price approximating their principal amount, adjusted for an acquisition fee which may either increase or decrease the automobile contract purchase price. Those automobile contracts generate cash flow, however, over a period of years. As a result, we have been dependent on warehouse credit facilities to purchase automobile contracts, and on the availability of cash from outside sources in order to finance our continuing operations, as well as to fund the portion of

automobile contract purchase prices not financed under revolving warehouse credit facilities. As of December 31, 2006, we had $400 million in warehouse credit capacity, in the form of two $200 million facilities. One $200 million facility provides funding for automobile contracts purchased under the TFC Programs while both warehouse facilities provide funding for automobile contracts purchased under the CPS Programs. On June 29, 2005, we terminated a third facility in the amount of $125 million, which we had utilized to fund automobile contracts under the CPS and TFC Programs.

The first of two warehouse facilities mentioned above is structured to allow us to fund a portion of the purchase price of automobile contracts by drawing against a floating rate variable funding note issued by our consolidated subsidiary Page Three Funding, LLC. This facility was established on November 15, 2005, and expires on November 14, 2007, although it is renewable with the mutual agreement of the parties. On November 8, 2006 the facility was increased from $150 million to $200 million and the advance was increased to 83% from 80% of eligible contracts, subject to collateral tests and certain other conditions and covenants. Notes under this facility accrue interest at a rate of one-month LIBOR plus 2.00% per annum. At December 31, 2006, $45.2 million was outstanding under this facility.

The second of two warehouse facilities is similarly structured to allow us to fund a portion of the purchase price of automobile contracts by drawing against a floating rate variable funding note issued by our consolidated subsidiary Page Funding LLC. This facility was entered into on June 30, 2004. On June 29, 2005 the facility was increased from $100 million to $125 million and further amended to provide for funding for automobile contracts purchased under the TFC programs, in addition to our CPS programs. The available credit under the facility was increased again to $200 million on August 31, 2005. In April 2006, the terms of this facility were amended to allow advances to us of up to 80% of the principal balance of automobile contracts that we purchase under our CPS programs, and of up to 70% of the principal balance of automobile contracts that we purchase under our TFC programs, in all events subject to collateral tests and certain other conditions and covenants. On June 30, 2006, the terms of this facility were amended to allow advances to us of up to 83% of the principal balance of automobile contracts that we purchase under our CPS programs, in all events subject to collateral tests and certain other conditions and covenants. Notes under this facility accrue interest at a rate of one-month LIBOR plus 2.00% per annum. The lender has annual termination options at its sole discretion on each June 30 through 2007, at which time the agreement expires. At December 31, 2006, $27.8 million was outstanding under this facility.

The balance outstanding under these warehouse facilities generally will increase as we purchase additional automobile contracts, until we effect a securitization utilizing automobile contracts warehoused in the facilities, at which time the balance outstanding will decrease.

We securitized $957.7 million of automobile contracts in four private placement transactions during the year ended December 31, 2006, as compared to $674.4 million of automobile contracts in five private placement transactions during the year ended December 31, 2005. All of these transactions were structured as secured financings and, therefore, resulted in no gain on sale. In March 2004, one of our wholly-owned bankruptcy remote consolidated subsidiaries issued $44.0 million of asset-backed notes secured by its retained interest in eight term securitization transactions. The notes had an interest rate of 10.0% per annum and a final maturity in October 2009 and were required to be repaid from the distributions on the underlying retained interests. In connection with the issuance of the notes, we incurred and capitalized issuance costs of $1.3 million. We repaid the notes in full in August 2005. In November 2005, we completed a similar securitization whereby a wholly-owned bankruptcy remote consolidated subsidiary of ours issued $45.8 million of asset-backed notes secured by its retained interest in 10 term securitization transactions. These notes, which bear interest at a blended interest rate of 8.70% per annum and have a final maturity in July 2011, are required to be repaid from the distributions on the underlying residual interests. In connection with the issuance of the notes, we incurred and capitalized issuance costs of $915,000.

In December 2006 we entered into a $35 million residual credit facility that is secured by our retained interests in more recent term securitizations. This facility, which bears interest at LIBOR plus 6.125%, allows for new borrowings over a two-year period and then amortizes over a five-year period. At December 31, 2006, there was $12.2 million outstanding under this facility and was secured by our retained interests in six term securitization transactions.

Cash released from trusts and their related spread accounts to us related to the portfolio owned by consolidated subsidiaries for the years ended December 31, 2006, 2005 and 2004 was $16.5 million, $23.1 million and $21.4 million, respectively. Changes in the amount of credit enhancement required for term securitization transactions and releases from trusts and their related spread accounts are affected by the structure of the credit enhancement and the relative size, seasoning and performance of the various pools of automobile contracts securitized that make up our managed portfolio to which the respective spread accounts are related. The trend in our recent securitizations has been towards credit enhancements that require a lower proportion of spread account cash and a greater proportion of over-collateralization. This trend has led to somewhat lower levels of restricted cash and releases from trusts relative to the size of our managed portfolio.

The acquisition of automobile contracts for subsequent sale in securitization transactions, and the need to fund spread accounts and initial overcollateralization, if any, and increase credit enhancement levels when those transactions take place, results in a continuing need for capital. The amount of capital required is most heavily dependent on the rate of our automobile contract purchases, the required level of initial credit enhancement in securitizations, and the extent to which the previously established trusts and their related spread accounts either release cash to us or capture cash from collections on securitized automobile contracts. We may be limited in our ability to purchase automobile contracts due to limits on our capital. As of December 31, 2006, we had unrestricted cash on hand of $14.2 million and available capacity from our warehouse credit facilities of $327.0 million. Warehouse capacity is subject to the availability of suitable automobile contracts to serve as collateral and of sufficient cash to fund the portion of such automobile contracts purchase price not advanced under the warehouse facilities. Our plans to manage the need for liquidity include the completion of additional securitizations that would provide additional credit availability from the warehouse credit facilities, and matching our levels of automobile contract purchases to our availability of cash. There can be no assurance that we will be able to complete securitizations on favorable economic terms or that we will be able to complete securitizations at all. If we are unable to complete such securitizations, we may be unable to purchase automobile contracts and interest income and other portfolio related income would decrease.

Our primary means of ensuring that our cash demands do not exceed our cash resources is to match our levels of automobile contract purchases to our availability of cash. Our ability to adjust the quantity of automobile contracts that we purchase and securitize will be subject to general competitive conditions and the continued availability of warehouse credit facilities. There can be no assurance that the desired level of automobile contract purchases can be maintained or increased. While the specific terms and mechanics of each spread account vary among transactions, our securitization agreements generally provide that we will receive excess cash flows only if the amount of credit enhancement has reached specified levels and/or the delinquency, defaults or net losses related to the automobile contracts in the pool are below certain predetermined levels. In the event delinquencies, defaults or net losses on the automobile contracts exceed such levels, the terms of the securitization: (i) may require increased credit enhancement to be accumulated for the particular pool; (ii) may restrict the distribution to us of excess cash flows associated with other pools; or (iii) in certain circumstances, may permit the insurers to require the transfer of servicing on some or all of the automobile contracts to another servicer. There can be no assurance that collections from the related trusts will continue to generate sufficient cash.

Certain of our securitization transactions and the warehouse credit facilities contain various financial covenants requiring certain minimum financial ratios and results. Such covenants include maintaining minimum levels of liquidity and net worth and not exceeding maximum leverage levels and maximum financial losses. In addition, certain securitization and non-securitization related debt contain cross-default provisions that would allow certain creditors to declare a default if a default occurred under a different facility.

The agreements under which we receive periodic fees for servicing automobile contracts in securitizations are terminable by the respective insurance companies upon defined events of default, and, in some cases, at the will of the insurance company. Were an insurance company in the future to exercise its option to terminate such agreements, such a termination could have a material adverse effect on our liquidity and results of operations, depending on the number and value of the terminated agreements. Our note insurers continue to extend our term as servicer on a monthly and/or quarterly basis, pursuant to the servicing agreements. CONTRACTUAL OBLIGATIONS

The following table summarizes our material contractual obligations as of December 31, 2006 (dollars in thousands):

	PAYMENT DUE BY PERIOD (1)				
	TOTAL	LESS THAN 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
Long Term Debt (2)	$38,619	$30,887	$ 6,309	$ 1,318	$ 105
Operating Leases	$ 7,066	$ 3,892	$ 2,970	$ 204	$ --

(1) SECURITIZATION TRUST DEBT, IN THE AGGREGATE AMOUNT OF $1,443.0 MILLION AS OF DECEMBER 31, 2006, IS OMITTED FROM THIS TABLE BECAUSE IT BECOMES DUE AS AND WHEN THE RELATED RECEIVABLES BALANCE IS REDUCED. EXPECTED PAYMENTS, WHICH WILL DEPEND ON THE PERFORMANCE OF SUCH RECEIVABLES, AS TO WHICH THERE CAN BE NO ASSURANCE, ARE $472.3 MILLION IN 2007, $342.2 MILLION IN 2008, $261.3 MILLION IN 2009, $191.4 MILLION IN 2010, $128.3 MILLION IN 2011, AND

$47.5 MILLION IN 2012. RESIDUAL INTEREST FINANCING, OF $31.4 MILLION AS OF DECEMBER 31, 2006, IS ALSO OMITTED FROM THIS TABLE BECAUSE IT BECOMES DUE AS AND WHEN THE RELATED RESIDUAL INTEREST AND SPREAD ACCOUNT BALANCES ARE REDUCED. EXPECTED PAYMENTS, WHICH WILL DEPEND ON THE PERFORMANCE OF THE RELATED RECEIVABLES, AS TO WHICH THERE CAN BE NO ASSURANCE, ARE $11.0 MILLION IN 2007, $7.6 MILLION IN 2008 AND $12.8MILLION IN 2009.

(2) LONG-TERM DEBT INCLUDES SENIOR SECURED DEBT, SUBORDINATED DEBT, SUBORDINATED RENEWABLE NOTES AND NOTES PAYABLE.

WAREHOUSE CREDIT FACILITIES

The terms on which credit has been available to us for purchase of automobile contracts have varied over the three years 2004-2006 and through December 31, 2006, as shown in the following summary of our warehouse credit facilities:

FACILITY IN USE FROM NOVEMBER 2000 TO FEBRUARY 2004. In November 2000, we (through our subsidiary CPS Funding LLC) entered into a floating rate variable note purchase facility under which up to $75.8 million of notes could be outstanding at any time subject to collateral tests and other conditions. We used funds derived from this facility to purchase automobile contracts under the CPS programs, which were pledged to secure the notes. The collateral tests and other conditions generally allowed us to borrow up to approximately 72.5% of the principal balance of the automobile contracts. Notes issued under this facility bore interest at one-month LIBOR plus 0.75% per annum, plus a premium to an insurance company. This facility expired on February 21, 2004.

FACILITY IN USE FROM MARCH 2002 TO JUNE 2005. In March 2002, we (through our subsidiary CPS Warehouse Trust) entered into a second floating rate variable note purchase facility, under which up to $125.0 million of notes could be outstanding at any time, subject to collateral tests and other conditions. We used funds derived from this facility to purchase automobile contracts under the CPS programs and the TFC programs, which were pledged to secure the notes. The collateral tests and other conditions generally allowed us to borrow up to approximately 73% of the principal balance of the automobile contracts purchased under the CPS programs. Notes issued under this facility bore interest at commercial paper plus 1.18% per annum, plus a premium to a financial guarantor. During November 2004, this facility was amended to allow us to borrow up to approximately 70% of the principal balance of automobile contracts purchased under the TFC programs. This facility was due to expire on April 11, 2006, but we elected to terminate it on June 29, 2005.

FACILITY IN USE FROM MAY 2003 TO JUNE 2004. In connection with the TFC merger in May 2003, we (through our subsidiary TFC Warehouse I LLC) entered into a third floating rate variable note purchase facility, under which up to $25.0 million of notes could be outstanding at any time, subject to collateral tests and other conditions. We used funds derived from this facility to purchase automobile contracts under the TFC programs, which were pledged to secure the notes. The collateral tests and other conditions generally allowed us to borrow up to approximately 71% of the principal balance of the automobile contracts. Notes issued under this facility bore interest at LIBOR plus 1.75% per annum, plus a premium to a financial guarantor. This facility expired on June 24, 2004.

FACILITY IN USE FROM JUNE 2004 TO PRESENT. In June 2004, we (through our subsidiary Page Funding LLC) entered into a floating rate variable note purchase facility. Up to $200.0 million of notes may be outstanding under this facility at any time subject to certain collateral tests and other conditions. We use funds derived from this facility to purchase automobile contracts under the CPS programs and TFC programs, which are pledged to secure the notes. The collateral tests and other conditions generally allow us to borrow up to approximately 93% of the principal balance of automobile contracts that we purchase under our CPS programs, and of up to 70% of the principal balance of automobile contracts that we purchase under our TFC programs. Notes issued under this facility bear interest at one-month LIBOR plus 2.00% per annum. The balance of notes outstanding related to this facility at December 31, 2006 was $27.8 million.

FACILITY IN USE FROM NOVEMBER 2005 TO PRESENT. In November 2005, we (through our subsidiary Page Three Funding LLC) entered into a floating rate variable note purchase facility. Up to $200 million of notes may be outstanding under this facility at any time subject to certain collateral tests and other conditions. We use funds derived from this facility to purchase automobile contracts under the CPS programs, which are pledged to secure the notes. The collateral tests and other conditions generally allow us to borrow up to approximately 93.0% of the principal balance of the automobile contracts. Notes issued under this facility bear interest at one-month LIBOR plus 2.00% per annum. The balance of notes outstanding related to this facility at December 31, 2006 was $45.2 million.

CAPITAL RESOURCES

Approximately $25.0 million of long-term debt matures in May 2007. We plan to repay our long-term debt from a combination of the following: (i) additional proceeds from the offering of subordinated renewable notes; (ii) a possible transaction similar to the financings that we undertook in March 2004 and November 2005, where we issued notes secured by our residual interests in securitizations; and (iii) possible senior secured financing similar to our existing outstanding senior secured financing. There can be no assurance that we will be able to complete these transactions. Securitization trust debt is repaid from collections on the related receivables, and becomes due in accordance with its terms as the principal amount of the related receivables is reduced. Although the securitization trust debt also has alternative maximum maturity dates, those dates are significantly later than the dates at which repayment of the related receivables is anticipated, and at no time in our history have any of our sponsored asset-backed securities reached those alternative maximum maturities.

The acquisition of automobile contracts for subsequent transfer in securitization transactions, and the need to fund spread accounts and initial overcollateralization, if any, when those transactions take place, results in a continuing need for capital. The amount of capital required is most heavily dependent on the rate of our automobile contract purchases, the required level of initial credit enhancement in securitizations, and the extent to which the trusts and related spread accounts either release cash to us or capture cash from collections on securitized automobile contracts. We plan to adjust our levels of automobile contract purchases so as to match anticipated releases of cash from the trusts and related spread accounts with our capital requirements.

CAPITALIZATION

Over the period from January 1, 2004 through December 31, 2006 we have managed our capitalization by issuing and restructuring debt as summarized in the following table:

	YEAR ENDED DECEMBER 31,		
	2006	2005	2004
	(Dollars in thousands)		
RESIDUAL INTEREST FINANCING:			
Beginning balance	$ 43,745	$ 22,204	$ --
Issuances	13,667	45,800	44,000
Payments	(26,034)	(24,259)	(21,796)
Ending balance	$ 31,378	$ 43,745	$ 22,204
SECURITIZATION TRUST DEBT:			
Beginning balance	$ 924,026	$ 542,815	$ 245,118
Issuances	1,003,645	662,350	474,720
Payments	(484,676)	(281,139)	(177,023)
Ending balance	$ 1,442,995	$ 924,026	$ 542,815
SENIOR SECURED DEBT, RELATED PARTY:			
Beginning balance	$ 40,000	$ 59,829	$ 49,965
Issuances	--	--	25,000
Payments	(15,000)	(19,829)	(15,136)
Ending balance	$ 25,000	$ 40,000	$ 59,829
SUBORDINATED DEBT:			
Beginning balance	$ 14,000	$ 15,000	$ 35,000
Payments	(14,000)	(1,000)	(20,000)
Ending balance	$ --	$ 14,000	$ 15,000
SUBORDINATED RENEWABLE NOTES:			
Beginning balance	$ 4,655	$ --	$ --
Issuances	9,985	4,685	--
Payments	(1,068)	(30)	--
Ending balance	$ 13,572	$ 4,655	$ --
RELATED PARTY DEBT:			
Beginning balance	$ --	$ --	$ 17,500
Non-cash conversion	--	--	(1,000)
Payments	--	--	(16,500)
Ending balance	$ --	$ --	$ --

RESIDUAL INTEREST FINANCING. In March 2004, one of our wholly-owned bankruptcy remote consolidated subsidiaries issued $44.0 million of asset-backed notes secured by our retained interests in eight term securitization transactions. We repaid the notes in full in August 2005. In November 2005, we completed a similar securitization in which a wholly-owned bankruptcy remote consolidated subsidiary of ours issued $45.8 million of asset-backed notes secured by our retained interests in 10 term securitization transactions. These notes have a final maturity in July 2011, and are required to be repaid from the distributions on the underlying retained interests. In December 2006, we entered into a $35 million residual credit facility that is secured by our retained interests in more recent term securitizations. This facility, which bears interest at LIBOR plus 6.125%, allows for new borrowings over a two-year period and then amortizes over a five-year period.

SECURITIZATION TRUST DEBT. Since the third quarter of 2003, we have for financial accounting purposes, treated securitizations of automobile contracts as secured financings, and the asset-backed securities issued in such securitizations remain on our balance sheet as securitization trust debt.

SENIOR SECURED DEBT. Since 1998, we have entered into a series of financing transactions with Levine Leichtman.

SUBORDINATED DEBT. In April 1997, we issued $20.0 million in subordinated participating equity notes due April 2004, which we retired in the second quarter of 2004. In 1995, we issued $20.0 million of Rising Interest Subordinated Redeemable Securities, or RISRS, due 2006. The RISRS included a

sinking fund in their terms, and we repaid in the first quarter of 2006 the $14.0 million that remained outstanding. In May 2003, in connection with the acquisition of TFC, we assumed $6.3 million in principal amount of subordinated debt that TFC had outstanding. We amortized this debt monthly and repaid it in full in June 2005.

SUBORDINATED RENEWABLE NOTES DEBT. In June 2005, we began issuing registered subordinated renewable notes in an ongoing offering to the public. Upon maturity, the notes are automatically renewed for the same term as the maturing notes, unless we elect not to have the notes renewed or unless the investor notifies us within 15 days after the maturity date for his notes that he wants his notes repaid. Renewed notes bear interest at the rate we are offering at that time to other investors with similar aggregate note portfolios. Based on the terms of the individual notes, interest payments may be required monthly, quarterly, annually or upon maturity.

RELATED PARTY DEBT. In June 1997 we borrowed $15.0 million from Stanwich Financial Services Corp., or Stanwich, which was an affiliated corporation at that time. This debt was due in 2004 and we repaid it in the second quarter of 2004. During 1999 we borrowed another $1.5 million from Stanwich, which we also repaid in the second quarter of 2004. During 1998 we borrowed $1.0 million from one of our directors. In the second quarter of 2004, our indebtedness to that director was converted, in accordance with its terms, into common stock at the rate of $3.00 per share.

We must comply with certain affirmative and negative covenants related to debt facilities, which require, among other things, that we maintain certain financial ratios related to liquidity, net worth, capitalization, investments, acquisitions, restricted payments and certain dividend restrictions. As a result of waivers and amendments to covenants related to securitization and non-securitization related debt throughout 2004 and 2005, we were in compliance with all such covenants as of December 31, 2006. In addition, certain securitization and non-securitization related debt contain cross-default provisions that would allow certain creditors to declare default if a default occurred under a different facility.

FORWARD-LOOKING STATEMENTS

This report on Form 10-K includes certain "forward-looking statements," including, without limitation, the statements or implications to the effect that prepayments as a percentage of original balances will approximate 22.7% to 32.5% cumulatively over the lives of the related Contracts, that charge-offs as a percentage of original balances will approximate 15.5% to 19.4% cumulatively over the lives of the related Contracts, with recovery rates approximating 3.6% to 4.2% of original principal balances. Other forward-looking statements may be identified by the use of words such as "anticipates," "expects," "plans," "estimates," or words of like meaning. As to the specifically identified forward-looking statements, factors that could affect charge-offs and recovery rates include changes in the general economic climate, which could affect the willingness or ability of obligors to pay pursuant to the terms of Contracts, changes in laws respecting consumer finance, which could affect the ability of the Company to enforce rights under Contracts, and changes in the market for used vehicles, which could affect the levels of recoveries upon sale of repossessed vehicles. Factors that could affect the Company's revenues in the current year include the levels of cash releases from existing pools of Contracts, which would affect the Company's ability to purchase Contracts, the terms on which the Company is able to finance such purchases, the willingness of Dealers to sell Contracts to the Company on the terms that it offers, and the terms on which the Company is able to complete term securitizations once Contracts are acquired. Factors that could affect the Company's expenses in the current year include competitive conditions in the market for qualified personnel, and interest rates (which affect the rates that the Company pays on Notes issued in its securitizations). The statements concerning the Company structuring future securitization transactions as secured financings and the effects of such structures on financial items and on the Company's future profitability also are forward-looking statements. Any change to the structure of the Company's securitization transaction could cause such forward-looking statements not to be accurate. Both the amount of the effect of the change in structure on the Company's profitability and the duration of the period in which the Company's profitability would be affected by the change in securitization structure are estimates. The accuracy of such estimates will be affected by the rate at which the Company purchases and sells Contracts, any changes in that rate, the credit performance of such Contracts, the financial terms of future securitizations, any changes in such terms over time, and other factors that generally affect the Company's profitability.

NEW ACCOUNTING PRONOUNCEMENTS

In February 2006, the FASB issued FASB Statement No. 155, "Accounting for Certain Hybrid Instruments". This statement amends the guidance in FASB Statements No. 133, "Accounting for Derivative Instruments and Hedging Activities", and No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". Statement 155 allows financial instruments that have embedded derivatives to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder

elects to account for the whole instrument on a fair value basis. The Statement also amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. Statement 155 is effective for all financial instruments acquired or issued after January 1, 2007. The Company does not believe the adoption of this statement will have a material effect on the Company's financial position or operations.

In March 2006, the FASB issued FASB Statement No. 156, "Accounting for the Servicing of Financial Assets an Amendment to FASB Statement No. 140" (FAS 156). With respect to the accounting for separately recognized servicing assets and servicing liabilities, this statement: (1) requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a specific types of servicing contracts identified in the statement, (2) requires that all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable, (3) permits an entity to choose subsequent measurement methods for each class of separately recognized servicing assets and servicing liabilities, (4) permits a one-time reclassification of available-for-sale securities to trading securities by entities with recognized servicing rights at the initial adoption of this statement, and (5) requires a separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities. FAS 156 will be effective for the Company on January 1, 2007. The Company is currently in the process of evaluating the effects of this Standard, but does not believe it will have a significant effect on its financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS 157 is effective for the Company on January 1, 2008. The Company is in the process of evaluating SFAS No. 157 but does not believe it will have a significant effect on its financial position or results of operations.

In February 2007, the FASB issued SFAS 159, THE FAIR VALUE OPTION FOR FINANCIAL ASSETS AND FINANCIAL LIABILITIES-INCLUDING AN AMENDMENT OF FASB STATEMENT NO. 115. SFAS 159 permits an entity to choose to measure many financial instruments and certain other items at fair value. Most of the provisions of SFAS 159 are elective, however, the amendment to SFAS 115, ACCOUNTING FOR CERTAIN INVESTMENTS IN DEBT AND EQUITY SECURITIES, applies to all entities with available for sale or trading securities. SFAS 159 is elective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. SFAS 159 was recently issued and we are currently assessing the financial impact the Statement will have on our financial statements.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 clarifies when tax benefits should be recorded in financial statements, requires certain disclosures of uncertain tax matters and indicates how any tax reserves should be classified in a balance sheet. FIN 48 is effective for the Company in the first quarter of 2007. The Company is currently analyzing the effects of the adoption of FIN 48 but currently does not anticipate that the adoption will have a significant impact on its financial condition or results of operations.

OFF-BALANCE SHEET ARRANGEMENTS Prior to July 2003, the Company structured its securitization transactions to meet the accounting criteria for sales of finance receivables. In this structure the notes issued by the Company's special purpose subsidiary do not appear as debt on the Company's consolidated balance sheet. See Critical Accounting Policies for a detailed discussion of the Company's securitization structure.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK

The Company is subject to interest rate risk during the period between when Contracts are purchased from Dealers and when such Contracts become part of a term securitization. Specifically, the interest rates on the warehouse facilities are adjustable while the interest rates on the Contracts are fixed. Historically, the Company's term securitization facilities have had fixed rates of interest. To mitigate some of this risk, the Company has in the past, and intends to continue to, structure certain of its securitization transactions to

include pre-funding structures, whereby the amount of Notes issued exceeds the amount of Contracts initially sold to the Trusts. In pre-funding, the proceeds from the pre-funded portion are held in an escrow account until the Company sells the additional Contracts to the Trust in amounts up to the balance of the pre-funded escrow account. In pre-funded securitizations, the Company locks in the borrowing costs with respect to the Contracts it subsequently delivers to the Trust. However, the Company incurs an expense in pre-funded securitizations equal to the difference between the money market yields earned on the proceeds held in escrow prior to subsequent delivery of Contracts and the interest rate paid on the Notes outstanding, the amount as to which there can be no assurance.

The following table provides information on the Company's interest rate-sensitive financial instruments by expected maturity date as of December 31, 2006:

	2007	2008	2009	2010	2011	THEREAFTER	FAIR VALUE
				(In thousands)			
Assets:							
Finance receivables(1)	$ 482,482	$ 373,299	$ 283,485	$ 210,631	$ 142,636	$ 34,752	$1,527,285
Weighted average fixed effective interest rate	18.45%	18.46%	18.42%	18.40%	18.40%	18.53%	
LIABILITIES:							
Warehouse lines of credit	72,950	--	--	--	--	--	72,950
Weighted average variable effective interest rate	7.35%	--	--	--	--	--	--
Residual interest financing	10,947	7,649	12,782	--	--	--	31,378
Weighted average fixed effective interest rate	8.70%	--	--	--	--	--	--
Securitization trust debt	472,287	342,185	261,307	191,413	128,308	47,498	1,441,881
Weighted average fixed effective interest rate	5.18%	5.29%	5.43%	5.60%	5.75%	5.91%	
Senior secured debt	25,000	--	--	--	--	--	25,000
Fixed interest rate	11.75%	--	--	--	--	--	--
Subordinated renewable notes	5,843	2,937	3,371	467	851	105	13,574
Weighted average fixed effective interest rate	8.38%	9.86%	11.06%	10.23%	11.17%	9.71%	

(1) BASED ON SCHEDULED PAYMENTS OF FINANCE RECEIVABLES AND EXCLUDING SUCH COMPONENTS AS DEFERRED ORIGINATIONS COSTS AND DEFERRED ACQUISITION FEES.

Much of the information used to determine fair value is highly subjective. When applicable, readily available market information has been utilized. However, for a significant portion of the Company's financial instruments, active markets do not exist. Therefore, considerable judgments were required in estimating fair value for certain items. The subjective factors include, among other things, the estimated timing and amount of cash flows, risk characteristics, credit quality and interest rates, all of which are subject to change. Since the fair value is estimated as of the dates shown in the table, the amounts that will actually be realized or paid at settlement or maturity of the instruments could be significantly different.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

This report includes Consolidated Financial Statements, notes thereto and an Independent Auditors' Report, at the pages indicated below, in the "Index to Financial Statements." Certain unaudited quarterly financial information is included in the Notes to Consolidated Financial Statements, as Note 17.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES. Under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, management of the Company has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act") as of December 31, 2006 (the "Evaluation Date"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective (i) to ensure that information required to be disclosed by us in reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission; and (ii) to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to our management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

The certifications of the Company's Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act have been filed as Exhibits 31.1 and 31.2 to this report.

INTERNAL CONTROL. Management's Report on Internal Control over Financial Reporting is included in this Annual Report, immediately below. During the fiscal quarter ended December 31, 2006, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING. Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation.

Management, with the participation of the Chief Executive and Chief Financial Officers, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2006. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control -- Integrated Framework. Based on this assessment, management, with the participation of the Chief Executive and Chief Financial Officers, believes that, as of December 31, 2006, the Company's internal control over financial reporting is effective based on those criteria.

Management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006, has been audited by McGladrey & Pullen, LLP, the independent registered public accounting firm that also audited the Company's consolidated financial statements. McGladrey & Pullen's attestation report on management's assessment of the Company's internal control over financial reporting appears below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Consumer Portfolio Services, Inc.
Irvine, California

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that Consumer Portfolio Services, Inc. maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in INTERNAL CONTROL--INTEGRATED FRAMEWORK issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Consumer Portfolio Services' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Consumer Portfolio Services, Inc. maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on criteria established in INTERNAL CONTROL--INTEGRATED FRAMEWORK issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also in our opinion, Consumer Portfolio Services, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in INTERNAL CONTROL--INTEGRATED FRAMEWORK issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 10-K of Consumer Portfolio Services, Inc. and our report dated March 8, 2007 expressed an unqualified opinion.

/s/ McGladrey & Pullen, LLP
McGladrey & Pullen, LLP

Irvine, California
March 8, 2007

ITEM 9B. OTHER INFORMATION

Not Applicable

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding directors of the registrant is incorporated by reference to the registrant's definitive proxy statement for its annual meeting of shareholders to be held in 2007 (the "2007 Proxy Statement"). The 2007 Proxy Statement will be filed not later than April 30, 2006. Information regarding executive officers of the registrant appears in Part I of this report, and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference to the 2007 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated by reference to the 2007 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference to the 2007 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Incorporated by reference to the 2007 Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The financial statements listed below under the caption "Index to Financial Statements" are filed as a part of this report. No financial statement schedules are filed as the required information is inapplicable or the information is presented in the Consolidated Financial Statements or the related notes. Separate financial statements of the Company have been omitted as the Company is primarily an operating company and its subsidiaries are wholly owned and do not have minority equity interests held by any person other than the Company in amounts that together exceed 5% of the total consolidated assets as shown by the most recent year-end Consolidated Balance Sheet.

The exhibits listed below are filed as part of this report, whether filed herewith or incorporated by reference to an exhibit filed with the report identified in the parentheses following the description of such exhibit. Unless otherwise indicated, each such identified report was filed by or with respect to the registrant.

Exhibit Number	Description ("**" indicates compensatory plan or agreement.)
2.1	Agreement and Plan of Merger, dated as of November 18, 2001, by and among the Registrant, CPS Mergersub, Inc. and MFN Financial Corporation. (Exhibit 2.1 to Form 8-K filed on November 19, 2001 by MFN Financial Corporation)
3.1	Restated Articles of Incorporation (Exhibit 3.1 to Form S-2, No. 333-121913)
3.2	Amended and Restated Bylaws (Exhibit 3.2 to Form 8-K filed August 8, 2006)
4.1	Instruments defining the rights of holders of long-term debt of certain consolidated subsidiaries of the registrant are omitted pursuant to the exclusion set forth in subdivisions (b)(iv)(iii)(A) and (b)(v) of Item 601 of Regulation S-K (17 CFR 229.601). The registrant agrees to provide copies of such instruments to the United States Securities and Exchange Commission upon request.
4.2	Form of Indenture re Renewable Unsecured Subordinated Notes ("RUS Notes"), (Exhibit 4.1 to Form S-2, no. 333-121913)
4.2.1	Form of RUS Notes (Exhibit 4.2 to Form S-2, no. 333-121913)
4.5	Third Amended and Restated Securities Purchase Agreement ("3rd SPA") dated as of January 29, 2004, between the registrant and Levine Leichtman Capital Partners II, L.P. ("LLCP") (Exhibit 99.16 to the Schedule 13D filed by LLCP with respect to the registrant on February 3, 2004)
4.5.1	Amendment to the 3rd SPA, dated as of March 25, 2004. (Exhibit 99.22 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
4.5.2	Amendment to the 3rd SPA, dated as of April 2, 2004. (Exhibit 99.23 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
4.5.3	Amendment to the 3rd SPA, dated as of May 28, 2004. (Exhibit 99.25 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
4.5.4	Amendment to the 3rd SPA, dated as of June 25, 2004. (Exhibit 99.29 to the Schedule 13D filed by LLCP with respect to the registrant on June 29, 2004)
4.5.5	Amendment to the 3rd SPA, dated as of May 26, 2006. (Exhibit 4.5.5 to the to Form 10-Q filed August 11, 2006)
4.6	Amended and Restated Secured Senior Note due December 15, 2005 (Exhibit 99.18 to the Schedule 13D filed by LLCP with respect to the registrant on February 3, 2004)
4.6.1	Amendment to Amended and Restated Secured Senior Note due December 15, 2005 (Exhibit 4.6.1 to Form 10-Q filed August 11, 2006)
4.7	11.75% Secured Senior Note Due 2006 (Exhibit 99.26 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
4.7.1	Amendment dated May 26, 2006 to the preceding 11.75% Secured Senior Note Due 2006, extending the maturity thereof. (Exhibit 4.7.1 to the to Form 10-Q filed August 11, 2006)

Exhibit Number	Description ("**" indicates compensatory plan or agreement.)
4.8	11.75% Secured Senior Note Due 2006 (Exhibit 99.30 to the Schedule 13D filed by LLCP with respect to the registrant on June 29, 2004)
4.8.1	Amendment dated May 26, 2006 to the preceding 11.75% Secured Senior Note Due 2006, extending the maturity thereof. (Exhibit 4.8.1 to the to Form 10-Q filed August 11, 2006)
4.16	Form of Indenture, dated as of September 1, 2006, respecting notes issued by CPS Auto Receivables Trust 2006-C (exhibit 4 to Form 8-K filed by the registrant on September 29, 2006)
4.17	Indenture dated as of December 1, 2006, respecting notes issued by CPS Auto Receivables Trust 2006-D (exhibit 4.17 to Form 8-K filed by the registrant on September 29, 2006)
4.18	Sale and Servicing Agreement dated as of December 1, 2006, related to notes issued by CPS Auto Receivables Trust 2006-D (exhibit 4.18 to Form 8-K filed by the registrant on September 29, 2006.)
10.1	1991 Stock Option Plan & forms of Option Agreements thereunder (Exhibit 10.19 to Form S-2, no. 333-121913) **
10.2	1997 Long-Term Incentive Stock Plan ("1997 Plan") (Exhibit 10.20 to Form S-2, no. 333-121913) **
10.2.1	Form of Option Agreement under 1997 Plan (Exhibit 10.2.1 to Form 10-K filed March 13, 2006) **
10.3	Lease Agreement re Chesapeake Collection Facility (Exhibit 10.11 to registrant's Form 10-K filed March 31, 1997)
10.4	Lease of Headquarters Building (Exhibit 10.22 to registrant's Form 10-Q filed Nov. 14, 1997)
10.5	Third Amended & Restated Sale and Servicing Agreement dated February 14, 2007 by and among Page Funding LLC ("PFLLC"), the registrant and Wells Fargo Bank, N.A. ("WFBNA") (filed herewith)
10.6	Second Amended & Restated Indenture dated as of February 14, 2007 by and between PFLLC and WFBNA (filed herewith)
10.8	Second Amended & Restated Note Purchase Agreement dated as of February 14, 2007 by and among PFLLC, UBS Real Estate Securities Inc. and WFBNA (filed herewith)
10.10	Amended & Restated Sale and Servicing Agreement dated as of January 12, 2007, among Page Three Funding LLC ("P3FLLC"), the registrant and WFBNA (filed herewith)
10.11	Amended & Restated Indenture dated as of January 12, 2007 between P3FLLC and WFBNA (filed herewith)
10.12	Amended & Restated Note Purchase Agreement dated as of January 12, 2007 among P3FLLC, the registrant and Bear, Stearns International Limited (filed herewith)
10.14	2006 Long-Term Equity Incentive Plan (Appendix A to the registrant's proxy statement for its 2006 annual meeting of shareholder's, filed on Schedule 14A on May 19, 2006)**
10.14.1	Form of Option Agreement under the 2006 Long-Term Equity Incentive Plan (filed herewith)**
14	Registrant's Code of Ethics for Senior Financial Officers (Exhibit 14 to Form 10-K filed March 13, 2006)
21	List of subsidiaries of the registrant (filed herewith)
23.1	Consent of McGladrey & Pullen, LLP (filed herewith)
31.1	Rule 13a-14(a) certification by chief executive officer (filed herewith)
31.2	Rule 13a-14(a) certification by chief financial officer (filed herewith)
32	Section 1350 certification (filed herewith)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONSUMER PORTFOLIO SERVICES, INC. (REGISTRANT)

March 9, 2007 By: /s/ CHARLES E. BRADLEY, JR.

Charles E. Bradley, Jr., PRESIDENT

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

March 9, 2007 /s/ CHARLES E. BRADLEY, JR.

Charles E. Bradley, Jr., DIRECTOR, PRESIDENT AND CHIEF EXECUTIVE OFFICER (PRINCIPAL EXECUTIVE OFFICER)

March 9, 2007 /s/ E. BRUCE FREDRIKSON

E. Bruce Fredrikson, DIRECTOR

March 9, 2007 /s/ JOHN E. MCCONNAUGHY, JR.

John E. McConnaughy, Jr., DIRECTOR

March 9, 2007 /s/ JOHN G. POOLE

John G. Poole, DIRECTOR

March 9, 2007 /s/ BRIAN J. RAYHILL

Brian J. Rayhill, DIRECTOR

March 9, 2007 /s/ WILLIAM B. ROBERTS

William B. Roberts, DIRECTOR

March 9, 2007 /s/ JOHN C. WARNER

John C. Warner, DIRECTOR

March 9, 2007 /s/ DANIEL S. WOOD

Daniel S. Wood, DIRECTOR

March 9, 2007 /s/ JEFFREY P. FRITZ

Jeffrey P. Fritz, SR. VICE PRESIDENT AND CHIEF FINANCIAL OFFICER (PRINCIPAL ACCOUNTING OFFICER)

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Consumer Portfolio Services, Inc.
Irvine, California

We have audited the consolidated balance sheets of Consumer Portfolio Services, Inc. and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of operations, comprehensive income (loss), retained earnings and cash flows for each of the three years in the period ended December 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Consumer Portfolio Services, Inc. and subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As described in Note 9 to the consolidated financial statements, the Company adopted Financial Accounting Standards Board Statement No. 123(R), "SHARE-BASED PAYMENT" in 2006.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Consumer Portfolio Services, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2006, based on criteria established in INTERNAL CONTROL--INTEGRATED FRAMEWORK ISSUED BY THE COMMITTEE OF SPONSORING ORGANIZATIONS OF THE TREADWAY COMMISSION (COSO) and our report dated March 8, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of Consumer Portfolio Services, Inc.'s internal control over financial reporting and an unqualified opinion on the effectiveness of Consumer Portfolio Services Inc.'s internal control over financial reporting.

/s/ McGladrey & Pullen, LLP
McGladrey & Pullen, LLP

Irvine, California
March 8, 2007

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	DECEMBER 31, 2006	DECEMBER 31, 2005
ASSETS		
Cash and cash equivalents	$ 14,215	$ 17,789
Restricted cash and equivalents	193,001	157,662
Finance receivables	1,480,794	971,304
Less: Allowance for finance credit losses	(79,380)	(57,728)
Finance receivables, net	1,401,414	913,576
Residual interest in securitizations	13,795	25,220
Furniture and equipment, net	824	1,079
Deferred financing costs	12,702	8,596
Deferred tax assets, net	54,669	7,532
Accrued interest receivable	17,043	10,930
Other assets	20,678	12,760
	$ 1,728,341	$ 1,155,144
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	$ 20,590	$ 19,568
Warehouse lines of credit	72,950	35,350
Income taxes payable	10,297	--
Notes payable	45	211
Residual interest financing	31,378	43,745
Securitization trust debt	1,442,995	924,026
Senior secured debt, related party	25,000	40,000
Subordinated renewable notes	13,574	4,655
Subordinated debt	--	14,000
	1,616,829	1,081,555
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, $1 par value; authorized 5,000,000 shares; none issued	--	--
Series A preferred stock, $1 par value; authorized 5,000,000 shares; none issued	--	--
Common stock, no par value; authorized 30,000,000 shares; 21,504,688 and 21,687,584 shares issued and outstanding at December 31, 2006 and December 31, 2005, respectively	64,438	66,748
Additional paid in capital, warrants	794	794
Retained earnings	48,031	8,476
Accumulated other comprehensive loss	(1,751)	(2,429)
	111,512	73,589
	$ 1,728,341	$ 1,155,144

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED DECEMBER 31,		
	2006	2005	2004
REVENUES:			
Interest income	$ 263,566	$ 171,834	$ 105,818
Servicing fees	2,894	6,647	12,480
Other income	12,403	15,216	14,394
	278,863	193,697	132,692
EXPENSES:			
Employee costs	38,483	40,384	38,173
General and administrative	23,197	23,095	21,293
Interest	87,510	44,148	25,876
Interest, related party	5,602	7,521	6,271
Provision for credit losses	92,057	58,987	32,574
Impairment loss on residual asset	--	--	11,750
Marketing	14,031	12,000	8,338
Occupancy	3,983	3,400	3,520
Depreciation and amortization	800	790	785
	265,663	190,325	148,580
Income (loss) before income tax benefit	13,200	3,372	(15,888)
Income tax (benefit)	(26,355)	--	--
Net income (loss)	$ 39,555	$ 3,372	$ (15,888)
Earnings (loss) per share:			
Basic	$ 1.82	$ 0.16	$ (0.75)
Diluted	1.64	0.14	(0.75)
Number of shares used in computing earnings (loss) per share:			
Basic	21,759	21,627	21,111
Diluted	24,052	23,513	21,111

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	2006	2005	2004
Net income (loss)	$ 39,555	$ 3,372	$ (15,888)
Other comprehensive income (loss):			
Minimum pension liability, net of tax	678	(1,412)	1,409
Comprehensive income (loss)	$ 40,233	$ 1,960	$ (14,479)

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(DOLLARS IN THOUSANDS)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital, Warrants	Retained Earnings	Accumulated Other Comprehensive Loss	Deferred Compensation	Total
Balance at December 31,2003	20,589	$ 64,397	$ --	$ 20,992	$ (2,426)	$ (803)	$ 82,160
Common stock issued upon exercise of options, including tax benefit	575	1,079	--	--	--	--	1,079
Common stock issued upon conversion of debt	333	1,000	--	--	--	--	1,000
Purchase of common stock	(26)	(111)	--	--	--	--	(111)
Pension benefit obligation	--	--	--	--	1,409	--	1,409
Deferred compensation on stock options	--	(82)	--	--	--	82	--
Amortization of stock compensation	--	--	--	--	--	271	271
Net loss	--	--	--	(15,888)	--	--	(15,888)
Balance at December 31, 2004	21,471	66,283	--	5,104	(1,017)	(450)	69,920
Common stock issued upon exercise of options, including tax benefit	415	1,311	--	--	--	--	1,311
Purchase of common stock	(199)	(1,040)	--	--	--	--	(1,040)
Pension benefit obligation	--	--	--	--	(1,412)	--	(1,412)
Valuation of warrants issued	--	--	794	--	--	--	794
Deferred compensation on stock options	--	194	--	--	--	(194)	--
Amortization of stock compensation	--	--	--	--	--	644	644
Net income	--	--	--	3,372	--	--	3,372
Balance at December 31, 2005	21,687	66,748	794	8,476	(2,429)	--	73,589
Common stock issued upon exercise of options, including tax benefit	553	2,254	--	--	--	--	2,254
Purchase of common stock	(735)	(4,808)	--	--	--	--	(4,808)
Pension benefit obligation	--	--	--	--	678	--	678
Stock-based compensation	--	244	--	--	--	--	244
Net income	--	--	--	39,555	--	--	39,555
Balance at December 31, 2006	21,505	$ 64,438	$ 794	$ 48,031	$ (1,751)	$ --	$ 111,512

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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

(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	2006	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 39,555	$ 3,372	$ (15,888)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Reversal of restructuring accrual	--	--	(1,287)
Impairment loss (gain) on residual asset	(1,200)	--	11,750
Amortization of deferred acquisition fees	(11,912)	(10,851)	(6,725)
Amortization of discount on Class B Notes	3,005	1,486	588
Depreciation and amortization	800	790	785
Amortization of deferred financing costs	6,580	3,296	3,479
Provision for credit losses	92,057	58,987	32,574
Share based compensation	244	644	271
Releases of cash from Trusts to Company	16,530	23,074	21,357
Net deposits to Trusts to increase Credit Enhancement	--	--	(2,858)
Interest income on residual assets	(5,656)	(5,338)	(4,633)
Cash received from residual interest in securitizations	18,282	30,548	54,154
Impairment charge against non-auto finanace receivable assets	--	1,882	--
Changes in assets and liabilities:			
Payments on restructuring accrual	(633)	(1,425)	(1,969)
Restricted cash and equivalents	(51,868)	(55,623)	(76,336)
Accrued interest receivable	(6,113)	(4,519)	(3,510)
Other assets	(8,051)	(1,059)	(1,905)
Deferred tax assets, net	(47,138)	(7,532)	--
Accounts payable and accrued expenses	12,629	(1,050)	109
Net cash provided by operating activities	57,111	36,682	9,956
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of finance receivables held for investment	(1,019,018)	(691,252)	(505,977)
Purchases of note receivable	--	--	(2,799)
Proceeds received on finance receivables held for investment	451,037	279,730	196,126
Purchase of furniture and equipment	(412)	(166)	(1,408)
Net cash used in investing activities	(568,393)	(411,688)	(314,058)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of securitization trust debt	1,003,645	662,350	474,720
Proceeds from issuance of senior secured debt, related party	--	--	25,000
Proceeds from issuance of other debt	23,652	50,485	44,000
Net proceeds from warehouse lines of credit	37,599	1,071	570
Repayment of securitization trust debt	(487,681)	(282,625)	(177,611)
Repayment of senior secured debt, related party	(15,000)	(19,829)	(15,137)
Repayment of related party debt	--	--	(16,500)
Repayment of other debt	(41,266)	(26,498)	(43,705)
Payment of financing costs	(10,687)	(6,796)	(7,046)
Repurchase of common stock	(4,808)	(1,040)	(111)
Exercise of options and warrants	1,555	1,311	1,079
Excess tax benefit related to option exercises	699	--	--
Net cash provided by financing activities	507,708	378,429	285,259
Increase (decrease) in cash and cash equivalents	(3,574)	3,423	(18,843)
Cash and cash equivalents at beginning of period	17,789	14,366	33,209
Cash and cash equivalents at end of period	$ 14,215	$ 17,789	$ 14,366

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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

(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	2006	2005	2004
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	$ 81,628	$ 45,929	$ 28,228
Income taxes	10,219	9,377	420
Supplemental disclosure of non-cash investing and financing activities:			
Conversion of related party debt to common stock	--	--	(1,000)
Pension benefit obligation, net	(678)	1,412	(1,409)
Value of warrants issued	--	794	--

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

Consumer Portfolio Services, Inc. ("CPS") was incorporated in California on March 8, 1991. CPS and its subsidiaries (collectively, the "Company") specialize in purchasing, selling and servicing retail automobile installment sale contracts ("Contracts") originated by licensed motor vehicle dealers ("Dealers") located throughout the United States. Dealers located in Texas, California, Florida and Ohio represented 10.9%, 9.2%, 7.9% and 7.4%, respectively of Contracts purchased during 2006 compared with 10.7%, 9.0%, 7.1% and 7.5%, respectively in 2005. No other state had a concentration in excess of 7.0%. The Company specializes in Contracts with obligors who generally would not be expected to qualify for traditional financing, such as that provided by commercial banks or automobile manufacturers' captive finance companies.

The Company is subject to various regulations and laws as they relate to the extension of credit in consumer credit transactions. Although the Company believes it is currently in material compliance with these regulation and laws, there can be no assurance that the Company will be able to maintain such compliance. Failure to comply with such laws and regulations could have a material adverse effect on the Company.

ACQUISITIONS

On March 8, 2002, the Company acquired MFN Financial Corporation and its subsidiaries in a merger (the "MFN Merger"). On May 20, 2003, the Company acquired TFC Enterprises, Inc. and its subsidiaries in a second merger (the "TFC Merger"). Each merger was accounted for as a purchase. MFN Financial Corporation and its subsidiaries ("MFN") and TFC Enterprises, Inc. and its subsidiaries ("TFC") were engaged in businesses similar to that of the Company: buying Contracts from Dealers, financing those Contracts through securitization transactions, and servicing those Contracts. MFN ceased acquiring Contracts in March 2002; TFC continues to acquire Contracts under its "TFC Programs."

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

PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements include the accounts of Consumer Portfolio Services, Inc. and its wholly-owned subsidiaries, certain of which are Special Purpose Subsidiaries ("SPS"), formed to accommodate the structures under which the Company purchases and securitizes its Contracts. The Consolidated Financial Statements also include the accounts of CPS Leasing, Inc., an 80% owned subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash equivalents consist of cash on hand and due from banks and money market accounts. The Company's cash is primarily deposited at three financial institutions. The Company maintains cash due from banks in excess of the bank's insured deposit limits. The Company does not believe it is exposed to any significant credit risk on these deposits. As part of certain financial covenants related to debt facilities, the Company is required to maintain a minimum unrestricted cash balance.

FINANCE RECEIVABLES, NET OF UNEARNED INCOME

Finance receivables are presented at cost. All Finance receivable Contracts are held for investment and include automobile installment sales contracts on which interest is pre-computed and added to the amount financed. The interest on such Contracts is included in unearned finance charges. Unearned finance charges are amortized using the interest method over the contractual term of the receivables. Generally, payments received on finance receivables are restricted to certain securitized pools, and the related Contracts cannot be resold. Finance receivables are charged off pursuant to the controlling documents of certain securitized pools, generally before they become contractually delinquent five payments. Contracts that are deemed uncollectible prior to the maximum delinquency period are charged off immediately. Management may authorize an extension of payment terms if collection appears likely during the next calendar month.

The Company's portfolio of finance receivables consists of smaller-balance homogeneous Contracts that are collectively evaluated for impairment on a portfolio basis. The Company reports delinquency on a contractual basis. Once a Contract becomes greater than 90 days delinquent, the Company does not recognize additional interest income until the borrower under the Contract makes sufficient payments to be less than 90 days delinquent. Any payments received by a borrower that is greater than 90 days delinquent is first applied to accrued interest and then to principal reduction.

ALLOWANCE FOR FINANCE CREDIT LOSSES

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

CHARGE OFF POLICY

Delinquent Contracts for which the related financed vehicle has been repossessed are generally charged off at the earliest of the month in which the proceeds from the sale of the financed vehicle were received, the month in which 90 days have passed from the date of repossession or the month in which the Contract becomes 210 days past due (see Repossessed and Other Assets below). The amount charged off is the remaining principal balance of the Contract, after the application of the net proceeds from the liquidation of the financed vehicle. With respect to delinquent Contracts for which the related financed vehicle has not been repossessed, the remaining principal balance thereof is generally charged off no later than the end of the month that the Contract becomes 120 days past due for CPS Program receivables, and no later than the end of the month that the Contract becomes 180 days past due for other receivables.

CONTRACT ACQUISITION FEES AND ORIGINATIONS COSTS

Upon purchase of a Contract from a Dealer, the Company generally charges or advances the Dealer an acquisition fee. For Contracts securitized in pools which were structured as sales for financial accounting purposes, the acquisition fees associated with Contract purchases were deferred until the Contracts were securitized, at which time the deferred acquisition fees were recognized as a component of the gain on sale.

For Contracts purchased and securitized in pools which are structured as secured financings for financial accounting purposes, dealer acquisition fees and deferred originations costs are reduced against the carrying value of finance receivables and are accreted into earnings as an adjustment to the yield over the life of the Contract using the interest method.

REPOSSESSED AND OTHER ASSETS

If a customer fails to make or keep promises for payments, or if the customer is uncooperative or attempts to evade contact or hide the vehicle, a supervisor will review the collection activity relating to the account to determine if repossession of the vehicle is warranted. Generally, such a decision will occur between the 45th and 90th day past the customer's payment due date, but could occur sooner or later, depending on the specific circumstances. At the time the vehicle is repossessed the Company will stop accruing interest on this Contract, and reclassify the remaining Contract balance to other assets at its estimated fair value less costs to sell. Included in other assets in the accompanying balance sheets are repossessed vehicles pending sale of $10.1 million and $4.2 million at December 31, 2006 and 2005, respectively.

Included in Other Assets are non-finance receivable assets totaling $1.8 million as of December 31, 2006, net of a valuation allowance of $1.9 million. The valuation allowance was established in 2005 and is included in general and administrative expenses in the Company's Consolidated Statement of Operations. Included in the $1.9 million valuation allowance is $900,000 associated with related party receivables.

TREATMENT OF SECURITIZATIONS

Prior to July 2003, dispositions of Contracts in securitization transactions were structured as sales for financial accounting purposes, therefore, gain on sale was recognized on those securitization transactions in which the Company, or a wholly-owned, consolidated subsidiary of the Company, retained a residual interest in the Contracts that were sold to a wholly-owned, unconsolidated special purpose subsidiary. These securitization transactions included "term" securitizations (the purchaser held the Contracts for substantially their entire term) and "warehouse" securitizations (which financed the acquisition of the Contracts for future sale into term securitizations).

The line item "Residual interest in securitizations" on the Company's Consolidated Balance Sheet represents the residual interests in term securitizations completed prior to July 2003. This line represents the discounted sum of expected future cash flows from these securitization trusts. Since the residual interest is attributable to receivables originated and securitized prior to the third quarter of 2003, these receivables are nearing the end of their contractual terms. Moreover, the terms of the securitizations provide the Company the option to repurchase the underlying receivables from the trust and retire the related bonds. Such repurchases are referred to as "clean-ups". When a clean-up takes place, the Company purchases the underlying receivables and records them on the balance sheet and removes that portion of the residual interest that is attributable to the trust that is terminated when the related bonds are retired. The Company conducts such clean-ups as the terms of the securitizations permit including two each in 2005 and 2006, and one since December 31, 2006. A portion of the residual interest represents future cash flows from recoveries on charge offs from clean-up securitizations and will remain on the balance sheet for some time, even after the clean-up of the final transaction, until those particular cash flows are realized.

All subsequent securitizations were structured as secured financings. The warehouse securitizations are accordingly reflected in the line items "Finance receivables" and "Warehouse lines of credit" on the Company's Consolidated Balance Sheet, and the term securitizations are reflected in the line items "Finance receivables" and "Securitization trust debt."

The Company's term securitization structure has generally been as follows:

The Company sells Contracts it acquires to a wholly-owned Special Purpose Subsidiary ("SPS"), which has been established for the limited purpose of buying and reselling the Company's Contracts. The SPS then transfers the same Contracts to another entity, typically a statutory trust ("Trust"). The Trust issues interest-bearing asset-backed securities ("Notes"), in a principal amount equal to or less than the aggregate principal balance of the Contracts. The Company typically sells these Contracts to the Trust at face value and without recourse, except that representations and warranties similar to those provided by the Dealer to the Company are provided by the Company to the Trust. One or more investors purchase the Notes issued by the Trust (the "Noteholders"); the proceeds from the sale of the Notes are then used to purchase the Contracts from the Company. The Company may retain or sell subordinated Notes issued by the Trust. The Company purchases a financial guaranty insurance policy, guaranteeing timely payment of interest and ultimate payment of principal on the senior Notes, from an insurance company (a "Note Insurer"). In addition, the Company provides "Credit Enhancement" for the benefit of the Note Insurer and the Noteholders in three forms: (1) an initial cash deposit to a bank account (a "Spread Account") held by the Trust, (2) overcollateralization of the Notes, where the principal balance of the Notes issued is less than the principal balance of the Contracts, and (3) in the form of subordinated Notes. The agreements governing the securitization transactions (collectively referred to as the "Securitization Agreements") require that the initial level of Credit Enhancement be supplemented by a portion of collections from the Contracts until the level of Credit Enhancement reaches specified, levels which are then maintained. The specified levels are generally computed as a percentage of the principal amount remaining unpaid under the related Contracts. The specified levels at which the Credit Enhancement is to be maintained will vary depending on the performance of the portfolios of Contracts held by the Trusts and on other conditions, and may also be varied by agreement among the Company, the SPS, the Note Insurers and the trustee. Such levels have increased and decreased from time to time based on performance of the various portfolios, and have also varied by Securitization Agreement. The Securitization Agreements generally grant the Company the option to repurchase the sold Contracts from the Trust (i.e., a "clean-up call") when the aggregate outstanding balance of the Contracts has amortized to a specified percentage of the initial aggregate balance.

The Company's warehouse securitization structures are similar to the above, except that (i) the SPS that purchases the Contracts pledges the Contracts to secure promissory notes that it issues, (ii) no increase in the required amount of Credit Enhancement is contemplated, and (iii) the Company does not purchase financial guaranty insurance. Upon each sale of Contracts in a securitization structured as a secured financing, the Company retains on its Consolidated Balance Sheet the Contracts securitized as assets and records the Notes issued in the transaction as indebtedness of the Company.

Under the prior securitizations structured as sales for financial accounting purposes, the Company removed from its Consolidated Balance Sheet the Contracts sold and added to its Consolidated Balance Sheet (i) the cash received, if any, and (ii) the estimated fair value of the ownership interest that the Company retains in Contracts sold in the securitization. That retained or residual interest (the "Residual") consists of (a) the cash held in the Spread Account, if any, (b) overcollateralization, if any, (c) subordinated Notes retained, if any, and (d) receivables from the Trust, which include the net interest receivables ("NIRs"). NIRs represent the estimated discounted cash flows to be received from the Trust in the future, net of principal and interest payable with respect to the Notes, the premium paid to the Note Insurer, and certain other expenses. Until the maturity of these transactions, the Company's Consolidated Balance Sheet will reflect securitization transactions structured both as sales and as secured financings.

The Company recognizes gains or losses attributable to the change in the estimated fair value of the Residuals. Gains in fair value are recognized in the income statement with losses being recorded as an impairment loss in the income statement. The Company is not aware of an active market for the purchase or sale of interests such as the Residuals; accordingly, the Company determines the estimated fair value of the Residuals by discounting the amount of anticipated cash flows that it estimates will be released to the Company in the future (the cash out method), using a discount rate that the Company believes is appropriate for the risks involved. The anticipated cash flows include collections from both current and charged off receivables. The Company has used an effective pre-tax discount rate of 14% per annum, except for certain collections from charged off receivables related to the Company's securitizations in 2001 and later, for which the Company has used a discount rate of 25%.

The Company receives periodic base servicing fees for the servicing and collection of the Contracts. In addition, the Company is entitled to the cash flows from the Trusts that represent collections on the Contracts in excess of the amounts required to pay principal and interest on the Notes, the base servicing fees, and the premium paid to the Note Insurer, and certain other fees (such as trustee and custodial fees). Required principal payments on the Notes are generally defined as the payments sufficient to keep the principal balance of the Notes equal to the aggregate principal balance of the related Contracts (excluding those Contracts that have been charged off), or a pre-determined percentage of such balance. Where that percentage is less than 100%, the related Securitization Agreements require accelerated payment of principal until the principal balance of the Notes is reduced to the specified percentage. Such accelerated principal payment is said to create "overcollateralization" of the Notes.

If the amount of cash required for payment of fees, interest and principal exceeds the amount collected during the collection period, the shortfall is withdrawn from the Spread Account, if any. If the cash collected during the period exceeds the amount necessary for the above allocations, and there is no shortfall in the related Spread Account or other form of Credit Enhancement, the excess is released to the Company. If the total Credit Enhancement amount is not at the required level, then the excess cash collected is retained in the Trust until the specified level is achieved. Cash in the Spread Accounts is restricted from use by the Company. Cash held in the various Spread Accounts is invested in high quality, liquid investment securities, as specified in the Securitization Agreements. In determining the value of the Residuals, the Company must estimate the future rates of prepayments, delinquencies, defaults, default loss severity, and recovery rates, as all of these factors affect the amount and timing of the estimated cash flows. The Company's estimates are based on historical performance of comparable Contracts.

Following a securitization that is structured as a sale for financial accounting purposes, interest income is recognized on the balance of the Residuals. In addition, the Company will recognize as a gain additional revenue from the Residuals if the actual performance of the Contracts is better than the Company's estimate of the value of the residual. If the actual performance of the Contracts were worse than the Company's estimate, then a downward adjustment to the carrying value of the Residuals and a related impairment charge would be required. In a securitization structured as a secured financing for financial accounting purposes, interest income is recognized when accrued under the terms of the related Contracts and, therefore, presents less potential for fluctuations in performance when compared to the approach used in a transaction structured as a sale for financial accounting purposes.

In all the Company's term securitizations, whether treated as secured financings or as sales, the Company has transferred the receivables (through a subsidiary) to the securitization trust. The difference between the two structures is that in securitizations that are treated as secured financings the Company reports the assets and liabilities of the securitization trust on its consolidated balance sheet. Under both structures the noteholders' and the related securitization trusts' recourse to the Company for failure of the contract obligors to make payments on a timely basis is limited to the Company's finance receivables, spread accounts and residuals.

SERVICING

The Company considers the contractual servicing fee received on its managed portfolio held by non-consolidated subsidiaries to be equal to adequate compensation. As a result, no servicing asset or liability has been recognized. Servicing fees received on its managed portfolio held by non-consolidated subsidiaries are reported as income when earned. Servicing fees received on its managed portfolio held by consolidated subsidiaries are included in interest income when earned. Servicing costs are charged to expense as incurred. Servicing fees receivable, which are included in Other Assets in the accompanying balance sheets, represent fees earned but not yet remitted to the Company by the trustee.

FURNITURE AND EQUIPMENT

Furniture and equipment are stated at cost net of accumulated depreciation. The Company calculates depreciation using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Assets held under capital leases and leasehold improvements are amortized over the lesser of the estimated useful lives of the assets or the related lease terms. Amortization expense on assets acquired under capital lease is included with depreciation expense on Company owned assets.

IMPAIRMENT OF LONG-LIVED ASSETS AND LONG-LIVED ASSETS TO BE DISPOSED OF

Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

OTHER INCOME

Other Income consists primarily of recoveries on previously charged off MFN Contracts, fees paid to the Company by Dealers for certain direct mail services the Company provides, refunds of sales taxes paid by obligors under the Contracts, and, in 2005, $2.7 million in proceeds from sales of previously charged off Contracts to independent third parties. The recoveries on previously charged off MFN Contracts relate to Contracts that were acquired in the MFN acquisition. These recoveries totaled $4.3 million, $4.9 million and $8.0 million for the years ended December 31, 2006, 2005 and 2004, respectively. Included in Other Income for the year ended December 31, 2006 is a gain recognized on the Residual interest in securitizations in the amount of $1.2 million.

EARNINGS PER SHARE

The following table illustrates the computation of basic and diluted earnings (loss) per share:

	2006	2005	2004
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Numerator:			
Numerator for basic and diluted earnings (loss) per share	$ 39,555	$ 3,372	$ (15,888)
Denominator:			
Denominator for basic earnings (loss) per share - weighted average number of common shares outstanding during the year	21,760	21,627	21,111
Incremental common shares attributable to exercise of outstanding options and warrants	2,292	1,886	--
Denominator for diluted earnings (loss) per share	24,052	23,513	21,111
Basic earnings (loss) per share	$ 1.82	$ 0.16	$ (0.75)
Diluted earnings (loss) per share	$ 1.64	$ 0.14	$ (0.75)

Incremental shares of 950,000, 639,000 and 1.8 million related to stock options have been excluded from the diluted earnings (loss) per share calculation for the year ended December 31, 2006, 2005 and 2004, respectively, because the impact is anti-dilutive.

DEFERRAL AND AMORTIZATION OF DEBT ISSUANCE COSTS

Costs related to the issuance of debt are deferred and amortized using the interest method over the contractual or expected term of the related debt.

INCOME TAXES

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

PURCHASES OF COMPANY STOCK

The Company records purchases of its own common stock at cost and treats the shares as retired.

STOCK OPTION PLAN

Effective January 1, 2006, the Company adopted SFAS No. 123 (revised), "Share-Based Payment" (SFAS 123(R)) utilizing the modified prospective approach. Under the modified prospective approach, Employee Costs include all share based payments granted subsequent to January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). Prior periods were not restated to reflect the impact of adopting the new standard.

Prior to the adoption of SFAS 123(R) we accounted for stock-based employee compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations, whereby stock options are recorded at intrinsic value equal to the excess of the share price over the exercise price at the date of grant. For the periods prior to the adoption of SFAS 123(R) we have provided the pro forma net income (loss), pro forma earnings (loss) per share, and stock based compensation plan disclosure requirements set forth in SFAS No. 123.

In December 2005, the Compensation Committee of the Board of Directors approved accelerated vesting of all the outstanding stock options issued by the Company. Options to purchase 2,113,998 shares of the Company's common stock, which would otherwise have vested from time to time through 2010, became immediately exercisable as a result of the acceleration of vesting. The decision to accelerate the vesting of the options was made primarily to reduce non-cash compensation expenses that would have been recorded in the Company's income statement upon the adoption of SFAS 123(R) in January 2006. The Company estimates that approximately $3.5 million of future non-cash compensation expense was eliminated as a result of the acceleration of vesting.

At the time of the acceleration of vesting, the Company accounted for its stock options in accordance with Accounting Principals Board Opinion No. 25, Accounting for Stock Issued to Employees. Consequently, the acceleration of vesting resulted in non-cash compensation charge of $427,000 for the year ended December 31, 2005.

The per share weighted-average fair value of stock options granted during the years ended December 31, 2006, 2005 and 2004, was $3.39, $3.07, and $2.30, respectively. That fair value was estimated using the Black-Scholes option-pricing model using the weighted average assumptions noted in the following table. The Company estimates the expected life of each option as the average of the vesting period and the contractual life of the option. The volatility estimate is based on the historical volatility of the Company's stock over the period that equals the expected life of the option. Volatility assumptions ranged from 34% to 50% for 2006, 51% to 63% for 2005 and 47% to 64% for 2004. The risk-free interest rate is based on the yield on a US Treasury bond with a maturity comparable to the expected life of the option. The dividend yield is estimated to be zero based on the Company's intention not to issue dividends for the foreseeable future.

	YEAR ENDED DECEMBER 31,		
	2006	2005	2004
Expected life (years).....	5.69	6.50	6.50
Risk-free interest rate.....	4.80%	4.32%	4.48%
Volatility.....	47%	57%	55%
Expected dividend yield.....	-	-	-

Prior to the adoption of SFAS 123(R) on January 1, 2006, compensation cost had been recognized for certain stock options in the Consolidated Financial Statements in accordance with APB Opinion No. 25. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock Based Compensation," the Company's net income (loss) and earnings (loss) per share would have been adjusted to the pro forma amounts indicated below.

	YEAR ENDED DECEMBER 31,	
	2005	2004
	(IN THOUSANDS, EXCEPT PER SHARE DATA)	
Net income (loss)		
As reported	$ 3,372	$ (15,888)
Pro forma	(648)	(16,808)
Earnings (loss) per share - basic		
As reported	$ 0.16	$ (0.75)
Pro forma	(0.03)	(0.80)
Earnings (loss) per share - diluted		
As reported	$ 0.14	$ (0.75)
Pro forma	(0.03)	(0.80)

NEW ACCOUNTING PRONOUNCEMENTS

In February 2006, the FASB issued FASB Statement No. 155, "Accounting for Certain Hybrid Instruments". This statement amends the guidance in FASB Statements No. 133, "Accounting for Derivative Instruments and Hedging Activities", and No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". Statement 155 allows financial instruments that have embedded derivatives to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder elects to account for the whole instrument on a fair value basis. The Statement also amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. Statement 155 is effective for all financial instruments acquired or issued after January 1, 2007. The Company does not believe the adoption of this statement will have a material effect on the Company's financial position or operations.

In March 2006, the FASB issued FASB Statement No. 156, "Accounting for the Servicing of Financial Assets an Amendment to FASB Statement No. 140" (FAS 156). With respect to the accounting for separately recognized servicing assets and servicing liabilities, this statement: (1) requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a specific types of servicing contracts identified in the statement, (2) requires that all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable, (3) permits an entity to choose subsequent measurement methods for each class of separately recognized servicing assets and servicing liabilities, (4) permits a one-time reclassification of available-for-sale securities to trading securities by entities with recognized servicing rights at the initial adoption of this statement, and (5) requires a separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities. FAS 156 will be effective for the Company on January 1, 2007. The Company is currently in the process of evaluating the effects of this Standard, but does not believe it will have a significant effect on its financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS 157 is effective for the Company on January 1, 2008, with early adoption permitted. The Company is in the process of evaluating SFAS No. 157 but does not believe it will have a significant effect on its financial position or results of operations.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 clarifies when tax benefits should be recorded in financial statements, requires certain disclosures of uncertain tax matters and indicates how any tax reserves should be classified in a balance sheet. FIN 48 is effective for the Company in the first quarter of 2007. The Company is currently analyzing the effects of the adoption of FIN 48 but currently does not anticipate that the adoption will have a significant impact on its financial condition or results of operations.

In February 2007, the FASB issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an Amendment of FASB Statement No. 115". SFAS 159 permits an entity to choose to measure many financial instruments and certain other items at fair value. Most of the provisions of SFAS 159 are elective, however, the amendment to SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities", applies to all entities with available for sale or trading securities. SFAS 159 is elective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. SFAS 159 was recently issued and we are currently assessing the financial impact the Statement will have on our financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of income and expenses during the reported periods. Specifically, a number of estimates were made in connection with determining an appropriate allowance for finance credit losses, valuing the Residuals, accreting discounts and acquisition fees, amortizing deferred costs and the recording of deferred tax assets. These are material estimates that could be susceptible to changes in the near term and, accordingly, actual results could differ from those estimates.

RECLASSIFICATION

Certain amounts for the prior years have been reclassified to conform to the current year's presentation with no impact on previously reported earnings or shareholders' equity.

(2) RESTRICTED CASH

Restricted cash comprised the following components:

	DECEMBER 31,	
	2006	2005
	(IN THOUSANDS)	
Securitization trust accounts	$ 192,851	$ 157,492
Note purchase facility reserve	--	20
Other	150	150
Total restricted cash	$ 193,001	$ 157,662

Certain of the Company's operating agreements require that the Company establish cash reserves for the benefit of the other parties to the agreements, in case those parties are subject to any claims or exposure.

(3) FINANCE RECEIVABLES

The following table presents the components of Finance Receivables, net of unearned interest:

	DECEMBER 31, 2006	DECEMBER 31, 2005
Finance Receivables	(IN THOUSANDS)	
Automobile		
Simple Interest	$ 1,474,126	$ 933,510
Pre-compute, net of unearned interest	29,251	54,693
Finance Receivables, net of unearned interest	1,503,377	988,203
Less: Unearned acquisition fees and discounts	(22,583)	(16,899)
Finance Receivables	$ 1,480,794	$ 971,304

Finance receivables totaling $12.2 million and $5.1 million at December 31, 2006 and 2005, respectively, have been placed on non-accrual status as a result of their delinquency status.

The following table presents a summary of the activity for the allowance for credit losses, for the years ended December 31, 2006, 2005 and 2004:

	DECEMBER 31,		
	2006	2005	2004
	(IN THOUSANDS)		
Balance at beginning of year	$ 57,728	$ 42,615	$ 35,889
Provision for credit losses	92,057	58,987	32,574
Charge-offs	(88,335)	(55,978)	(34,636)
Recoveries	17,930	12,104	8,788
Balance at end of year	$ 79,380	$ 57,728	$ 42,615

(4) RESIDUAL INTEREST IN SECURITIZATIONS

The following table presents the components of the residual interest in securitizations and shown at their discounted amounts:

	DECEMBER 31,	
	2006	2005
	(IN THOUSANDS)	
Cash, commercial paper, United States government securities and other qualifying investments (Spread Accounts)	$ 9,987	$ 12,748
Receivables from Trusts (NIRs) and recoveries of previously charged-off receivables	808	5,798
Overcollateralization	3,000	6,674
Residual interest in securitizations	$ 13,795	$ 25,220

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

	DECEMBER 31,		
	2006	2005	2004
	(DOLLARS IN THOUSANDS)		
Undiscounted estimated credit losses	$ 1,759	$ 5,724	$ 23,588
Managed portfolio held by non-consolidated subsidiaries	34,850	103,130	233,621
Undiscounted estimated credit losses as a percentage of managed portfolio held by non-consolidated subsidiary	5.05%	5.55%	10.10%

The key economic assumptions used in measuring all residual interest in securitizations as of December 31, 2006 and 2005 are included in the table below. The pre-tax discount rate remained constant at 14%, except for certain cash flows from charged off receivables related to the Company's securitizations from 2001 to 2003 where the Company has used a discount rate of 25%. The Company assumes that it will exercise it's clean-up option to repurchase the underlying receivables and retire the related bonds prior to the contractual maturity of the bonds.

	2006	2005
Prepayment speed (Cumulative)	22.7% - 32.5%	22.2% - 35.8%
Net credit losses (Cumulative)	11.8% - 15.4%	11.9% - 20.2%

Static pool losses are calculated by summing the actual and projected future credit losses and dividing them by the original balance of each pool of assets.

Key economic assumptions and the sensitivity of the current fair value of residual cash flows to immediate 10% and 20% adverse changes in those assumptions are as follows:

Carrying amount/fair value of residual interest in securitizations	$13,795
Weighted average life in years	1.49
Prepayment Speed Assumption (Cumulative)	22.7% - 32.5%
Estimated fair value assuming 10% adverse change	$13,774
Estimated fair value assuming 20% adverse change	13,754
Expected Net Credit Losses (Cumulative)	11.8% - 15.4%
Estimated fair value assuming 10% adverse change	$13,661
Estimated fair value assuming 20% adverse change	13,539
Residual Cash Flows Discount Rate (Annual)	14.0% - 25.0%
Estimated fair value assuming 10% adverse change	$13,648
Estimated fair value assuming 20% adverse change	13,505

These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on 10% and 20% percent variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another (for example, increases in market rates may result in lower prepayments and increased credit losses), which could magnify or counteract the sensitivities.

The following table summarizes the cash flows received from (paid to) the Company's unconsolidated securitization Trusts:

	FOR THE YEAR ENDED DECEMBER 31,		
	2006	2005	2004
	(IN THOUSANDS)		
Releases of cash from Spread Accounts	$ 5,565	$ 7,420	$ 17,175
Servicing Fees received	2,435	4,490	13,631
Net deposits to increase Credit Enhancement	--	--	(2,106)
Purchase of delinquent or foreclosed assets	(9,068)	(22,682)	(44,473)
Repurchase of trust assets	(8,064)	(9,658)	--

(5) FURNITURE AND EQUIPMENT

The following table presents the components of furniture and equipment:

	DECEMBER 31,	
	2006	2005
	(IN THOUSANDS)	
Furniture and fixtures	$ 3,846	$ 3,780
Computer equipment	5,107	4,815
Leasing assets	673	673
Leasehold improvements	666	666
Other fixed assets	71	17
	10,363	9,951
Less: accumulated depreciation and amortization	(9,539)	(8,872)
	$ 824	$ 1,079

Depreciation expense totaled $667,000, $654,000 and $660,000 for the years ended December 31, 2006, 2005 and 2004, respectively.

(6) RESTRUCTURING ACCRUALS

MFN MERGER

In connection with the MFN Merger, the Company subsequently terminated the MFN origination activities and consolidated certain activities of MFN. In connection therewith, the Company recognized certain liabilities related to the costs to exit these activities and terminate the affected employees of MFN. These activities include service departments such as accounting, finance, human resources, information technology, administration, payroll and executive management. Of these liabilities recognized at the merger date in the amount of $6.2 million, only the accrual related to facility closures remained outstanding as of December 31, 2006 and 2005 in the amounts of $366,000 and $545,000, respectively.

TFC MERGER

In connection with the TFC Merger, the Company consolidated certain activities of CPS and TFC. As a result of this consolidation, the Company recognized certain liabilities related to the costs to integrate and terminate affected employees of TFC. These activities include service departments such as accounting, finance, human resources, information technology, administration, payroll and executive management. The total liabilities recognized by the Company at the time of the merger were $4.5 million. As of December 31, 2006, none of these liabilities remain outstanding compared with $454,000 outstanding as of December 31, 2005.

(7) SECURITIZATION TRUST DEBT

The Company has completed a number of securitization transactions that are structured as secured borrowings for financial accounting purposes. The debt issued in these transactions is shown on the Company's consolidated balance sheets as "Securitization trust debt," and the components of such debt are summarized in the following table:

SERIES	FINAL SCHEDULED PAYMENT DATE (1)	RECEIVABLES PLEDGED AT DECEMBER 31, 2006	INITIAL PRINCIPAL	OUTSTANDING PRINCIPAL AT DECEMBER 31, 2006	OUTSTANDING PRINCIPAL AT DECEMBER 31, 2005	WEIGHTED AVERAGE INTEREST RATE AT DECEMBER 31, 2006
		(DOLLARS IN THOUSANDS)				
TFC 2003-1	January 2009	$ -	$ 52,365	$ -	$ 6,557	-
CPS 2003-C	March 2010	15,473	87,500	14,815	30,550	3.57%
CPS 2003-D	October 2010	15,829	75,000	15,191	29,688	3.91%
CPS 2004-A	October 2010	21,519	82,094	21,608	40,225	4.32%
PCR 2004-1	March 2010	9,727	76,257	8,097	22,873	4.00%
CPS 2004-B	February 2011	29,338	96,369	29,437	52,704	4.17%
CPS 2004-C	April 2011	35,565	100,000	35,480	61,779	4.24%
CPS 2004-D	December 2011	48,239	120,000	47,384	82,801	4.44%
CPS 2005-A	October 2011	66,157	137,500	62,610	110,021	5.19%
CPS 2005-B	February 2012	75,747	130,625	70,933	113,194	4.80%
CPS 2005-C	May 2012	122,947	183,300	117,434	173,509	5.19%
CPS 2005-TFC	July 2012	48,481	72,525	45,444	72,525	5.75%
CPS 2005-D	July 2012	102,915	145,000	100,615	127,600	5.63%
CPS 2006-A	November 2012	197,493	245,000	195,822	N/A	5.27%
CPS 2006-B	January 2013	227,149	257,500	224,478	N/A	6.31%
CPS 2006-C	July 2013	236,834	247,500	236,139	N/A	5.65%
CPS 2006-D (2)	August 2013	148,506	220,000	217,508	N/A	5.61%
		$ 1,401,919	$ 2,328,535	$ 1,442,995	$ 924,026	

(1) THE FINAL SCHEDULED PAYMENT DATE REPRESENTS FINAL LEGAL MATURITY OF THE SECURITIZATION TRUST DEBT. SECURITIZATION TRUST DEBT IS EXPECTED TO BECOME DUE AND TO BE PAID PRIOR TO THOSE DATES, BASED ON AMORTIZATION OF THE FINANCE RECEIVABLES PLEDGED TO THE TRUSTS. EXPECTED PAYMENTS, WHICH WILL DEPEND ON THE PERFORMANCE OF SUCH RECEIVABLES, AS TO WHICH THERE CAN BE NO ASSURANCE, ARE $472.3 MILLION IN 2007, $342.2 MILLION IN 2008, $261.3 MILLION IN 2009, $191.4 MILLION IN 2010, $128.3 MILLION IN 2011, AND $47.5 MILLION IN 2012.

(2) RECEIVABLES PLEDGED AT DECEMBER 31, 2006 EXCLUDES APPROXIMATELY $70.3 MILLION IN CONTRACTS DELIVERED TO THE TRUST IN JANUARY 2007 PURSUANT TO A PRE-FUNDING STRUCTURE.

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

The terms of the various Securitization Agreements related to the issuance of the securitization trust debt require that certain delinquency and credit loss criteria be met with respect to the collateral pool, and require that the Company maintain minimum levels of liquidity and net worth and not exceed maximum leverage levels and maximum financial losses. The Company was in compliance with all such covenants as of December 31, 2006.

The Company is responsible for the administration and collection of the Contracts. The Securitization Agreements also require certain funds be held in restricted cash accounts to provide additional collateral for the borrowings or to be applied to make payments on the securitization trust debt. As of December 31, 2006, restricted cash under the various agreements totaled approximately $192.9 million. Interest expense on the securitization trust debt is composed of the stated rate of interest plus amortization of additional costs of borrowing. Additional costs of borrowing include facility fees, insurance premiums, and amortization of transaction costs. Deferred financing costs related to the securitization trust debt are amortized using the interest method. Accordingly, the effective cost of borrowing of the securitization trust debt is greater than the stated rate of interest.

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

(8) DEBT

The terms of the Company's significant debt outstanding at December 31, 2006 and 2005 are summarized below:

	December 31,	
	2006	2005
	(IN THOUSANDS)	
RESIDUAL INTEREST FINANCING Notes secured by the Company's residual interests in securitizations. The notes outstanding at December 31, 2005, with a remaining balance of $19.2 million at December 31, 2006, were issued in November 2005 with issuance costs of $915,000. They are secured by 10 securitizations, bear interest at a blended rate of 8.70% per annum and have a final maturity of July 2011. Of the notes outstanding at December 31, 2006, $12.2 million are secured by retained interests in six more recent securitizations. These notes were issued in December 2006 with issuance costs of $437,500, bear interest at 6.125% over LIBOR and have a final maturity of December 2013.	$31,378	$43,745

	December 31, 2006	December 31, 2005
	(IN THOUSANDS)	
SENIOR SECURED DEBT, RELATED PARTY Notes payable to Levine Leichtman Capital Partners II, L.P. ("LLCP"). The notes consists of separate term notes that each bear interest at 11.75% per annum, require monthly interest payments and are due in May 2007, after having been amended from higher rates and earlier maturities. The Company incurred issuance and amendment fees aggregating $1.3 million in relation to these notes. The notes are secured by all assets of the Company that are not pledged to securitization debt or residual interest debt and are the last in a series of borrowings from LLCP that have taken place since November 1998, which have also included the issuances to LLCP of warrants to purchase the Company's common stock. As of December 31, 2006 and 2005, a warrant to purchase 1,000 shares of common stock at $.01 per share remained outstanding and will expire in April 2009.	$25,000	$40,000
SUBORDINATED DEBT Notes bearing interest at 12.50% per annum at December 31, 2005. The Company incurred issuance costs of $1.1 million when the notes were issued in December 1995 and repaid at their maturity date in January 2006.	--	$14,000
SUBORDINATED RENEWABLE NOTES Notes bearing interest ranging from 6.15% to 13.85%, with a weighted average rate of 9.84%, and with maturities from January 2007 to December 2016 with a weighted average maturity of September 2008. The Company began issuing the notes in June 2005 and incurred issuance costs of $250,000. Payments are made monthly, quarterly, annually or upon maturity based on the terms of the individual notes.	$13,574	$4,655
	$69,952	$102,400

The costs incurred in conjunction with the above debt are recorded as deferred financing costs on the accompanying balance sheets and is more fully described in Note 1.

The Company must comply with certain affirmative and negative covenants related to debt facilities, which require, among other things, that the Company maintain certain financial ratios related to liquidity, net worth, capitalization and maximum financial losses. Further covenants include matters relating to investments, acquisitions, restricted payments and certain dividend restrictions.

The following table summarizes the contractual and expected maturity amounts of debt as of December 31, 2006:

CONTRACTUAL MATURITY DATE	RESIDUAL INTEREST FINANCING (1)	SENIOR SECURED DEBT	RENEWABLE SUBORDINATED NOTES	TOTAL
		(IN THOUSANDS)		
2007	$ 10,947	$ 25,000	$ 5,842	$ 41,789
2008	7,649	-	2,938	10,587
2009	12,782	-	3,371	16,153
2010	-	-	467	467
2011	-	-	851	851
Thereafter	-	-	105	105
	$ 31,378	$ 25,000	$ 13,574	$ 69,952

- ----------

(1) THE CONTRACTUAL MATURITY DATE FOR THE RESIDUAL INTEREST FINANCING IS JULY 2011. THE NOTES ARE EXPECTED TO BE PAID PRIOR TO THAT DATE, BASED ON THE AMORTIZATION OF THE RELATED SECURITIZATIONS. SINCE THE AMORTIZATION OF THE RELATED SECURITIZATIONS IS BASED ON THE PERFORMANCE OF THE UNDERLYING FINANCE RECEIVABLES, THERE CAN BE NO ASSURANCE AS TO THE EXACT TIMING OF PAYMENTS.

(9) SHAREHOLDERS' EQUITY

COMMON STOCK

Holders of common stock are entitled to such dividends as the Company's Board of Directors, in its discretion, may declare out of funds available, subject to the terms of any outstanding shares of preferred stock and other restrictions. In the event of liquidation of the Company, holders of common stock are entitled to receive, pro rata, all of the assets of the Company available for distribution, after payment of any liquidation preference to the holders of outstanding shares of preferred stock. Holders of the shares of common stock have no conversion or preemptive or other subscription rights and there are no redemption or sinking fund provisions applicable to the common stock.

The Company is required to comply with various operating and financial covenants defined in the agreements governing the warehouse lines of credit, senior debt, and subordinated debt. The covenants restrict the payment of certain distributions, including dividends (See Note 8.).

Included in compensation expense for the years ended December 31, 2006, 2005, and 2004, is $244,000, $644,000, and $271,000 related to the amortization of deferred compensation expense and valuation of stock options.

STOCK PURCHASES

During 2000, the Company's Board of Directors authorized the Company to purchase up to $5 million of Company securities. In October 2002, the Board of Directors authorized the purchase of an additional $5 million of outstanding debt or equity securities. In October 2004, the Board of Directors authorized the purchase of an additional $5.0 million of outstanding debt or equity securities. As of December 31, 2006, the Company had purchased $5.0 million in principal amount of the debt securities, and $9.8 million of its common stock, representing 3,101,046 shares.

OPTIONS AND WARRANTS

In July 1997, the Company adopted and its shareholders approved the 1997 Long-Term Incentive Plan (the "1997 Plan") pursuant to which the Company's Board of Directors may grant stock options, restricted stock and stock appreciation rights to employees, directors or employees of entities in which the Company has a controlling or significant equity interest. Options that have been granted under the 1997 Plan have been granted at an exercise price equal to (or greater than) the stock's fair market value at the date of the grant, with terms of 10 years and vesting generally over five years. Subsequent amendments to the 1997 Plan have increased the aggregate maximum 6,900,000 shares.

In 2006, the Company adopted and its shareholders approved the CPS 2006 Long-Term Equity Incentive Plan (the "2006 Plan") pursuant to which the Company's Board of Directors, or a duly-authorized committee thereof, may grant stock options, restricted stock, restricted stock units and stock appreciation rights to employees of the Company or its subsidiaries, to directors of the Company, and to individuals acting as consultants to the Company or its subsidiaries. The maximum number of shares that may be subject to awards under the 2006 Plan is 1,500,000. Options that have been granted under the 2006 Plan have been granted at an exercise price equal to (or greater than) the stock's fair market value at the date of the grant, with terms of 10 years and vesting generally over five years.

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment, revised 2004" ("SFAS 123R"), prospectively for all option awards granted, modified or settled after January 1, 2006, using the modified prospective method. Under this method, the Company recognizes compensation costs in the financial statements for all share-based payments granted subsequent to January 1, 2006 based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). Results for prior periods have not been restated.

For the year ended December 31, 2006, the Company recorded stock-based compensation costs in the amount of $244,000. As of December 31, 2006, unrecognized stock-based compensation costs to be recognized over future periods equaled $3.2 million. This amount will be recognized as expense over a weighted-average period of 4.6 years.

At December 31, 2006, the aggregate intrinsic value of options outstanding and exercisable was $12.8 million and $13.2 million, respectively. The total intrinsic value of options exercised was $2.2 million, $1.3 million, and $1.6 million for the years ended December 31, 2006, 2005, and 2004, respectively. New shares were issued for all options exercised during the years ended December 31, 2006 and 2005. At December 31, 2006, there were a total of 582,131 additional shares available for grant under the 2006 Plan and the 1997 Plan.

Stock option activity for the year ended December 31, 2006 are as follows:

	NUMBER OF SHARES (IN THOUSANDS)	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL TERM
Options outstanding at the beginning of period	4,864	$ 3.38	N/A
Granted	1,055	6.82	N/A
Exercised	(553)	2.77	N/A
Forefeited	(14)	5.22	N/A
Options outstanding at the end of period	5,352	$ 4.11	7.22 years
Options exercisable at the end of period	4,297	$ 3.45	6.58 years

The per share weighted average fair value of stock options granted whose exercise price was equal to the market price of the stock on the grant date during the years ended December 31, 2006, 2005 and 2004, was $3.39, $2.77, and $2.30, respectively.

The per share weighted average fair value and exercise price of stock options granted whose exercise price was above the market price of the stock on the grant date during the year ended December 31, 2005 was $3.61 and $6.00, respectively. The Company did not issue any stock options above the market price of the stock during the years ended December 31, 2006 and 2004.

The Company did not issue any stock options with an exercise price below the market price of the stock on the grant date.

On November 17, 1998, in conjunction with the issuance of a $25.0 million subordinated promissory note to an affiliate of LLCP, the Company issued warrants to purchase up to 3,450,000 shares of common stock at $3.00 per share, exercisable through November 30, 2005. In April 1999, in conjunction with the issuance of $5.0 million of an additional subordinated promissory note to an affiliate of LLCP, the Company issued additional warrants to purchase 1,335,000 shares of the Company's common stock at $0.01 per share to LLCP. As part of the purchase agreement, the existing warrants to purchase 3,450,000 shares at $3.00 per share were exchanged for warrants to purchase 3,115,000 shares at a price of $0.01 per share. The aggregate value of the warrants, $12.9 million, which is comprised of $3.0 million from the original warrants issued in November 1998 and $9.9 million from the repricing and additional warrants issued in April 1999, is reported as deferred interest expense to be amortized over the expected life of the related debt, five years. As of December 31, 2006 and 2005, 1,000 warrants remained unexercised which expire in April 2009. Such warrants and the 4,449,000 shares of common stock issued, upon the exercise of such warrants, have not been registered for public sale. However, the holder has the right to require the Company register the warrants and common stock for public sale in the future.

The Company on August 4, 2005, issued six-year warrants with respect to 272,000 shares of its common stock, in a transaction exempted from the registration requirements of the Securities Act of 1933 as a transaction not involving a public offering. The warrants are exercisable at $4.85 per share, and were issued to the lender's nominee in settlement of a claim against the Company that arose out of a loan of $500,000 made in September 1998. The Company and the claimant dispute whether the loan was to the Company or to Stanwich Financial Services Corp. ("Stanwich"). The Company received in exchange for the warrants an assignment of the lender's claim in bankruptcy against Stanwich, as well as a release of all claims against the Company. The Company estimated the value of the warrants to be $794,000 using a Black-Scholes model, assuming a risk-free interest rate of 3.41%, a six year life and stock price volatility of 63%. The Company included the value of the warrant, net of a previously recorded accrual of $500,000, in general & administrative expense for the year ended December 31, 2005.

(10) INTEREST INCOME

The following table presents the components of interest income:

	YEAR ENDED DECEMBER 31,		
	2006	2005	2004
	(IN THOUSANDS)		
Interest on Finance Receivables	$251,609	$163,552	$ 99,701
Residual interest income	5,656	5,338	4,634
Other interest income	6,301	2,944	1,483
Net interest income	$263,566	$171,834	$105,818

As a result of the uncertainty of collection of the residual assets, the Company ceased accruing interest on the residual assets from May 2004 through December 2004. In January 2005, the Company resumed accretion of interest on the residual assets after it determined that there was no longer any significant uncertainty as to the collection of the assets.

(11) INCOME TAXES

Income taxes consist of the following:

	YEAR ENDED DECEMBER 31,		
	2006	2005	2004
	(IN THOUSANDS)		
Current:			
Federal	$ 19,036	$ 5,340	$ 712
State	1,193	1,687	862
	20,229	7,027	1,574
Deferred:			
Federal	(9,660)	(3,537)	(5,859)
State	4,877	(2,114)	(2,282)
Change in valuation allowance	(41,801)	(1,376)	6,567
	(46,584)	(7,027)	(1,574)
Income tax benefit	$ (26,355)	$ --	$ --

The Company's effective tax expense/(benefit) for the years ended December 31, 2006, 2005 and 2004, differs from the amount determined by applying the statutory federal rate of 35% to income (loss) before income taxes as follows:

	YEAR ENDED DECEMBER 31,		
	2006	2005	2004
	(IN THOUSANDS)		
Expense (benefit) at federal tax rate	$ 4,620	$ 1,180	$ (5,561)
State taxes, net of federal income tax benefit	5,585	(277)	(1,015)
Other adjustments to tax reserve	5,136	--	--
Effect of change in state tax rate	486	--	--
Valuation allowance	(41,801)	(1,376)	6,567
Other	(381)	473	9
	$ (26,355)	$ --	$ --

The tax effected cumulative temporary differences that give rise to deferred tax assets and liabilities as of December 31, 2006 and 2005 are as follows:

	DECEMBER 31,	
	2006	2005
	(IN THOUSANDS)	
DEFERRED TAX ASSETS:		
Finance receivables	$ 30,777	$ 20,303
Accrued liabilities	1,297	2,415
Furniture and equipment	524	359
NOL carryforwards and BILs	30,682	34,863
Pension Accrual	--	1,632
Other	846	(21)
Total deferred tax assets	64,126	59,551
Valuation allowance	(9,361)	(51,162)
	54,765	8,389
DEFERRED TAX LIABILITIES:		
NIRs	--	(857)
Pension Accrual	(96)	--
Total deferred tax liabilities	(96)	(857)
Net deferred tax asset	$ 54,669	$ 7,532

As part of the MFN and TFC Mergers, CPS acquired certain net operating losses and built-in loss assets. Moreover, both MFN and TFC have undergone an ownership change for purposes of Internal Revenue Code ("IRC") Section 382. In general, IRC Section 382 imposes an annual limitation on the ability of a loss corporation (that is, a corporation with a net operating loss ("NOL") carryforward, credit carryforward, or certain built-in losses ("BILs")) to utilize its pre-change NOL carryforwards or BILs to offset taxable income arising after an ownership change. The Company has a valuation allowance of $9.4 million against MFN's deferred tax assets, as it is not more than likely that these amounts will be realized in the future. The Company has no valuation allowance against the TFC deferred tax assets, as it is more than likely that these amounts will be realized in the future.

In determining the possible future realization of deferred tax assets, the Company considers the taxes paid in the current and prior years that may be available to recapture as well as future taxable income from the following sources: (a) reversal of taxable temporary differences; (b) future operations exclusive of reversing temporary differences; and (c) tax planning strategies that, if necessary, would be implemented to accelerate taxable income into years in which net operating losses might otherwise expire. As a result of the Company's analysis of all available evidence, both positive and negative as of the end of the fourth quarter of 2006, it was considered more likely than not that a full valuation allowance for deferred tax assets was not required, resulting in the reversal of a portion of the valuation allowance previous recorded against deferred tax assets and generating a $41.8 million tax benefit recorded in the statement of operations. As of December 31, 2006, we believe it is more likely than not that the amount of the deferred tax assets recorded on our balance sheet as a result of the partial release of the valuation allowance will ultimately be recovered. As of December 31, 2006, a valuation allowance of approximately $9.4 million remained recorded against the deferred tax assets. However, should there be a change in our ability to recover our deferred tax assets, our tax provision would increase in the period in which we determine that recovery is not more than likely.

As of December 31, 2006, the Company has net operating loss carryforwards for federal and state income tax purposes of $17.4 million (all of which is subject to annual IRC 382 limitations) and $20.3 million, respectively, which are available to offset future taxable income, if any, subject to annual IRC Section 382 limitations, through 2021 and 2012-2013, respectively.

The statute of limitations on certain of the Company's tax returns are open and the returns could be audited by the various tax authorities. From time to time, there may be differences in opinions with respect to the tax treatment accorded to certain transactions. When, and if, such differences occur and become probable and estimable, such amounts will be recognized.

The Company's tax returns for the years 2003 and 2004 are currently under examination by the California Franchise Tax Board. The Company does not expect that the results of this examination will have a material effect on its financial condition or results of operations.

(12) RELATED PARTY TRANSACTIONS

LOANS TO OFFICERS TO EXERCISE CERTAIN STOCK OPTIONS

During 2002, the Company's Board of Directors approved a program under which officers of the Company would be advanced amounts sufficient to enable them to exercise certain of their outstanding options. Such loans were available for a limited period of time, and available only to exercise previously repriced options. The loans bear interest at a rate of 5.50% per annum, and are due in 2007. At December 31, 2006 and 2005, there was $407,000 and $434,000, respectively outstanding related to these loans. Such amounts have been recorded as contra-equity within common stock in the Shareholders' Equity section of the Company's Consolidated Balance Sheet.

(13) COMMITMENTS AND CONTINGENCIES

LEASES

The Company leases its facilities and certain computer equipment under non-cancelable operating leases, which expire through 2010. Future minimum lease payments at December 31, 2006, under these leases are due during the years ended December 31 as follows:

	AMOUNT
	(IN THOUSANDS)
2007	$ 3,892
2008	2,518
2009	452
2010	204
Total minimum lease payments	$ 7,066

Rent expense for the years ended December 31, 2006, 2005 and 2004, was $3.9 million, $3.4 million, and $3.5 million, respectively.

The Company's facility leases contain certain rental concessions and escalating rental payments, which are recognized as adjustments to rental expense and are amortized on a straight-line basis over the terms of the leases.

During 2006, 2005 and 2004, the Company received $194,000, $482,000 and $385,000, respectively, of sublease income, which is included in occupancy expense. Future minimum sublease payments totaled $31,000 at December 31, 2006.

LITIGATION

STANWICH LITIGATION. CPS was for some time a defendant in a class action (the "Stanwich Case") brought in the California Superior Court, Los Angeles County. The original plaintiffs in that case were persons entitled to receive regular payments (the "Settlement Payments") under out-of-court settlements reached with third party defendants. Stanwich Financial Services Corp. ("Stanwich"), an affiliate of the former chairman of the board of directors of CPS, is the entity that was obligated to pay the Settlement Payments. Stanwich defaulted on its payment obligations to the plaintiffs and in June 2001 filed for reorganization under the Bankruptcy Code, in the federal bankruptcy court in Connecticut. At December 31, 2004, CPS was a defendant only in a cross-claim brought by one of the other defendants in the case, Bankers Trust Company, which asserted a claim of contractual indemnity against CPS.

CPS subsequently settled the cross-claim of Bankers Trust by payment of $3.24 million, in February 2005. Pursuant to that settlement, the court has dismissed the cross-claim, with prejudice.

In November 2001, one of the defendants in the Stanwich Case, Jonathan Pardee, asserted claims for indemnity against the Company in a separate action, which is now pending in federal district court in Rhode Island. The Company has filed counterclaims in the Rhode Island federal court against Mr. Pardee, and has filed a separate action against Mr. Pardee's Rhode Island attorneys, in the same court. The litigation between Mr. Pardee and CPS is stayed, awaiting resolution of an adversary action brought against Mr. Pardee in the bankruptcy court, which is hearing the bankruptcy of Stanwich.

CPS has reached an agreement in principle with the representative of creditors in the Stanwich bankruptcy to resolve the adversary action. Under the agreement in principle, CPS would pay the bankruptcy estate $625,000 and abandon its claims against the estate, while the estate would abandon its adversary action against Mr. Pardee. A hearing to consider that agreement is scheduled for March 2007. If approved, CPS expects that the agreement will result in (i) limitation of its exposure to Mr. Pardee to no more than some portion of his attorneys fees incurred and (ii) stays in Rhode Island being lifted, causing those cases to become active again. There can be no assurance as to these expectations nor as to whether the court will approve the proposed agreement.

The reader should consider that an adverse judgment against CPS in the Rhode Island case for indemnification, if in an amount materially in excess of any liability already recorded in respect thereof, could have a material adverse effect.

OTHER LITIGATION. On June 2, 2004, Delmar Coleman filed a lawsuit in the circuit court of Tuscaloosa, Alabama, alleging that plaintiff Coleman was harmed by an alleged failure to refer, in the notice given after repossession of her vehicle, to the right to purchase the vehicle by tender of the full amount owed under the retail installment contract. Plaintiff seeks damages in an unspecified amount, on behalf of a purported nationwide class. CPS removed the case to federal bankruptcy court, and filed a motion for summary judgment as part of its adversary proceeding against the plaintiff in the bankruptcy court. The federal bankruptcy court granted the plaintiff's motion to send the matter back to Alabama state court. CPS appealed that ruling to the federal district court. That court ordered the bankruptcy court to decide whether the plaintiff has standing to pursue her claims and, if standing is found, to reconsider its remand decision. The matter is currently pending before the bankruptcy court. Although we believe that we have one or more defenses to each of the claims made in this lawsuit, no discovery has yet been conducted and the case is still in its earliest stages. Accordingly, there can be no assurance as to its outcome.

In June 2004, Plaintiff Jeremy Henry filed a lawsuit against the Company in the California Superior Court, San Diego County, alleging improper practices related to the notice given after repossession of a vehicle that he purchased. Plaintiff's motion for a certification of a class has been denied, and is the subject of an appeal now before the California Court of Appeal. Irrespective of the outcome of that appeal, as to which there can be no assurance, the Company has a number of defenses that may dispose of the claims of plaintiff Henry.

In August and September 2005, two plaintiffs represented by the same law firm filed substantially identical lawsuits in the federal district court for the northern district of Illinois, each of which purports to be a class action, and each of which alleges that CPS improperly accessed consumer credit information. CPS has reached agreements in principle to settle these cases. One of the settlements has received final approval from the court and the other has received preliminary approval. Notice of the settlements has been sent to the class.

The Company has recorded a liability as of December 31, 2006 that it believes represents a sufficient allowance for legal contingencies. Any adverse judgment against the Company, if in an amount materially in excess of the recorded liability, could have a material adverse effect on the financial position of the Company. The Company is involved in various other legal matters arising in the normal course of business. Management believes that any liability as a result of those matters would not have a material effect on the Company's financial position.

(14) EMPLOYEE BENEFITS

The Company sponsors a pretax savings and profit sharing plan (the "401(k) Plan") qualified under Section 401(k) of the Internal Revenue Code. Under the 401(k) Plan, eligible employees are able to contribute up to 15% of their compensation (subject to stricter limitation in the case of highly compensated employees). The Company may, at its discretion, match 100% of employees' contributions up to $1,500 per employee per calendar year. The Company's contributions to the 401(k) Plan were $520,000, $439,000 and $409,000 for the year ended December 31, 2006, 2005 and 2004, respectively.

The Company also sponsors the MFN Financial Corporation Pension Plan ("the Plan"). The Plan benefits were frozen June 30, 2001.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106 and 132(R)" ("SFAS No. 158"). SFAS No. 158 requires an employer that sponsors one or more single-employer defined benefit plans to (a) recognize the overfunded or underfunded status of a benefit plan in its statement of financial position, (b) recognize as a component of other

comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost pursuant to SFAS No. 87, "Employers' Accounting for Pensions", or SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", (c) measure defined benefit plan assets and obligations as of the date of the employer's fiscal year-end, and (d) disclose in the notes to financial statements additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation. SFAS No. 158 was adopted by the Company in the fourth quarter of 2006. The adoption did not have a significant impact on the Company's financial position or results of operations. The disclosure requirements of this standard are included herein.

The following tables set forth the plan's benefit obligations, fair value of plan assets, and amounts recognized at December 31, 2006 and 2005:

	DECEMBER 31,	
	2006	2005
	(IN THOUSANDS)	
CHANGE IN PROJECTED BENEFIT OBLIGATION		
Projected benefit obligation, beginning of year	$ 15,799	$ 13,683
Service cost	--	--
Interest cost	876	845
Actuarial (gain) loss	(494)	1,867
Benefits paid	(725)	(596)
Projected benefit obligation, end of year	$ 15,456	$ 15,799

The accumulated benefit obligation for the plan was $15.5 million and $15.8 million at December 31, 2006 and 2005, respectively.

CHANGE IN PLAN ASSETS		
Fair value of plan assets, beginning of year	$ 13,812	$ 13,287
Return on assets	1,770	973
Employer contribution	900	207
Expenses	(61)	(59)
Benefits paid	(725)	(596)
Fair value of plan assets, end of year	$ 15,696	$ 13,812

	DECEMBER 31,	
	2006	2005
	(IN THOUSANDS)	
BENEFIT OBLIGATION RECOGNIZED IN OTHER COMPREHENSIVE INCOME		
Net loss (gain)	$ (1,223)	$ 2,044
Prior service cost (credit)	--	--
Amortization of prior service cost	--	--
Net amount recognized in other comprehensive income	$ (1,223)	$ 2,044

ADDITIONAL INFORMATION

Weighted average assumptions used to determine benefit obligations and cost at December 31, 2006 and 2005 were as follows:

WEIGHTED AVERAGE ASSUMPTIONS USED TO DETERMINE BENEFIT OBLIGATIONS		
Discount rate	5.88%	5.50%
WEIGHTED AVERAGE ASSUMPTIONS USED TO DETERMINE NET PERIODIC BENEFIT COST		
Discount rate	5.50%	5.50%
Expected return on plan assets	8.50%	8.50%

The Company's overall expected long-term rate of return on assets is 8.50% per annum as of December 31, 2006. The expected long-term rate of return is based on the weighted average of historical returns on individual asset categories, which are described in more detail below.

	DECEMBER 31,	
	2006	2005
	(IN THOUSANDS)	
AMOUNTS RECOGNIZED ON CONSOLIDATED BALANCE SHEET		
Other assets	$ 240	$ --
Other liabilities	--	(1,987)
Net amount recognized	$ 240	$ (1,987)
AMOUNTS RECOGNIZED IN ACCUMULATED OTHER COMPREHENSIVE INCOME CONSISTS OF:		
Net loss (gain)	$ 2,838	$ 4,071
Unrecognized transition asset	--	(10)
Net amount recognized	$ 2,838	$ 4,061
COMPONENTS OF NET PERIODIC BENEFIT COST		
Interest Cost	$ 876	$ 845
Expected return on assets	(1,149)	(1,104)
Amortization of transition asset	(10)	(35)
Amortization of net loss	179	48
Net periodic benefit cost	$ (104)	$ (246)
UNFUNDED ACCUMULATED BENEFIT OBLIGATION AT YEAR-END		
Projected Benefit Obligation	$ N/A	$ 15,799
Accumulated Benefit Obligation	N/A	15,799
Fair Value of Plan Assets	N/A	13,812

The weighted average asset allocation of the Company's pension benefits at December 31, 2006 and 2005 were as follows:

WEIGHTED AVERAGE ASSET ALLOCATION AT YEAR-END

ASSET CATEGORY		
Equity securities	79%	75%
Debt securities	21%	25%
Total	100%	100%

CASH FLOWS

EXPECTED BENEFIT PAYOUTS	
2007	$ 552
2008	604
2009	608
2010	625
2011	699
Years 2012 - 2016	4,281
Anticipated Contributions in 2007	$ -

The Company's investment policies and strategies for the pension benefits plan utilize a target allocation of 70% equity securities and 30% fixed income securities. The Company's investment goals are to maximize returns subject to specific risk management policies. The Company addresses risk management and diversification by the use of a professional investment advisor and several sub-advisors which invest in domestic and international equity securities and domestic fixed income securities. Each sub-advisor focuses its investments within a specific sector of the equity or fixed income market. For the sub-advisors focused on the equity markets, the sectors are differentiated by the market capitalization and the relative valuation of the underlying issuer. For the sub-advisors focused on the fixed income markets, the sectors are differentiated by the credit quality and the maturity of the underlying fixed income investment. The investments made by the sub-advisors are readily marketable and can be sold to fund benefit payment obligations as they become payable.

(15) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following summary presents a description of the methodologies and assumptions used to estimate the fair value of the Company's financial instruments. Much of the information used to determine fair value is highly subjective. When applicable, readily available market information has been utilized. However, for a significant portion of the Company's financial instruments, active markets do not exist. Therefore, considerable judgments were required in estimating fair value for certain items. The subjective factors include, among other things, the estimated timing and amount of cash flows, risk characteristics, credit quality and interest rates, all of which are subject to change. Since the fair value is estimated as of December 31, 2006 and 2005, the amounts that will actually be realized or paid at settlement or maturity of the instruments could be significantly different. The estimated fair values of financial assets and liabilities at December 31, 2006 and 2005, were as follows:

	DECEMBER 31,			
	2006		2005	
FINANCIAL INSTRUMENT	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
	(IN THOUSANDS)			
Cash and cash equivalents	$ 14,215	$ 14,215	$ 17,789	$ 17,789
Restricted cash and equivalents	193,001	193,001	157,662	157,662
Finance receivables, net	1,401,414	1,401,414	913,576	913,576
Residual interest in securitizations	13,795	13,795	25,220	25,220
Accrued interest receivable	17,043	17,043	10,930	10,930
Note receivable and accrued interest	2,371	2,371	2,178	2,178
Warehouse lines of credit	72,950	72,950	35,350	35,350
Notes payable	45	45	211	211
Accrued interest payable	3,870	3,870	1,971	1,971
Residual interest financing	31,378	31,378	43,745	43,745
Securitization trust debt	1,442,995	1,441,881	924,026	914,901
Senior secured debt	25,000	25,000	40,000	40,000
Subordinated renewable notes	13,574	13,574	4,655	4,655
Subordinated debt	--	--	14,000	14,000

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The carrying value equals fair value.

FINANCE RECEIVABLES, NET

The carrying value approximates fair value because the related interest rates are estimated to reflect current market conditions for similar types of instruments.

RESIDUAL INTEREST IN SECURITIZATIONS

The fair value is estimated by discounting future cash flows using credit and discount rates that the Company believes reflect the estimated credit, interest rate and prepayment risks associated with similar types of instruments.

ACCRUED INTEREST RECEIVABLE AND PAYABLE

The carrying value approximates fair value because the related interest rates are estimated to reflect current market conditions for similar types of instruments.

NOTE RECEIVABLE

The fair value is estimated by discounting future cash flows using credit and discount rates that the Company believes reflect the estimated credit and interest rate risks associated with similar types of instruments.

WAREHOUSE LINES OF CREDIT, NOTES PAYABLE, RESIDUAL INTEREST FINANCING, AND SENIOR SECURED DEBT AND SUBORDINATED RENEWABLE NOTES

The carrying value approximates fair value because the related interest rates are estimated to reflect current market conditions for similar types of secured instruments.

SECURITIZATION TRUST DEBT

The fair value is estimated by discounting future cash flows using interest rates that the Company believes reflect the current market rates.

SUBORDINATED DEBT

The fair value is based on a market quote.

(16) LIQUIDITY

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

Net cash provided by operating activities for the years ended December 31, 2006, 2005 and 2004 was $57.1 million, $36.7 million and $10.0 million, respectively. Cash from operating activities is generally provided by net income from our operations. The increase in 2006 vs. 2005, and 2005 vs. 2004, is due in part to our increased net earnings before the significant increase in the provision for credit losses.

Net cash used in investing activities for the years ended December 31, 2006, 2005 and 2004, was $568.4 million, $411.7 million, and $314.1 million, respectively. Cash used in investing activities generally relates to purchases of automobile contracts. Purchases of finance receivables held for investment were $1,019.0 million, $691.3 million and $506.0 million in 2006, 2005 and 2004, respectively.

Net cash provided by financing activities for the year ended December 31, 2006, was $507.7 million compared with $378.4 million for the year ended December 31, 2005 and $285.3 million for the year ended December 31, 2004. Cash used or provided by financing activities is primarily attributable to the issuance or repayment of debt. We issued $1,003.6 million of securitization trust debt in 2006 as compared to $662.4 million in 2005 and $474.7 million in 2004.

We purchase automobile contracts from dealers for a cash price approximating their principal amount, adjusted for an acquisition fee which may either increase or decrease the automobile contract purchase price. Those automobile contracts generate cash flow, however, over a period of years. As a result, we have been dependent on warehouse credit facilities to purchase automobile contracts, and on the availability of cash from outside sources in order to finance our continuing operations, as well as to fund the portion of automobile contract purchase prices not financed under revolving warehouse credit facilities. As of December 31, 2006, we had $400 million in warehouse credit capacity, in the form of two $200 million facilities. One $200 million facility provides funding for automobile contracts purchased under the TFC Programs while both warehouse facilities provide funding for automobile contracts purchased under the CPS Programs. On June 29, 2005, we terminated a third facility in the amount of $125 million, which we had utilized to fund automobile contracts under the CPS and TFC Programs.

The first of two warehouse facilities mentioned above is structured to allow us to fund a portion of the purchase price of automobile contracts by drawing against a floating rate variable funding note issued by our consolidated subsidiary Page Three Funding, LLC. This facility was established on November 15, 2005, and expires on November 14, 2007, although it is renewable with the mutual agreement of the parties. On November 8, 2006 the facility was increased from $150 million to $200 million and the advance was increased to 83% from 80% of eligible contracts, subject to collateral tests and certain other conditions and covenants. Notes under this facility accrue interest at a rate of one-month LIBOR plus 2.00% per annum. At December 31, 2006, $45.2 million was outstanding under this facility.

The second of two warehouse facilities is similarly structured to allow us to fund a portion of the purchase price of automobile contracts by drawing against a floating rate variable funding note issued by our consolidated subsidiary Page Funding LLC. This facility was entered into on June 30, 2004. On June 29, 2005 the facility was increased from $100 million to $125 million and further amended to provide for funding for automobile contracts purchased under the TFC programs, in addition to our CPS programs. The available credit under the facility was increased again to $200 million on August 31, 2005. In April 2006, the terms of this facility were amended to allow advances to us of up to 80% of the principal balance of automobile contracts that we purchase under our CPS programs, and of up to 70% of the principal balance of automobile contracts that we purchase under our TFC programs, in all events subject to collateral tests and certain other conditions and covenants. On June 30, 2006, the terms of this facility were amended to allow advances to us of up to 83% of the principal balance of automobile contracts that we purchase under our CPS programs, in all events subject to collateral tests and certain other conditions and covenants. Notes under this facility accrue interest at a rate of one-month LIBOR plus 2.00% per annum. The lender has annual termination options at its sole discretion on each June 30 through 2007, at which time the agreement expires. At December 31, 2006, $27.8 million was outstanding under this facility.

The balance outstanding under these warehouse facilities generally will increase as we purchase additional automobile contracts, until we effect a securitization utilizing automobile contracts warehoused in the facilities, at which time the balance outstanding will decrease.

We securitized $957.7 million of automobile contracts in four private placement transactions during the year ended December 31, 2006, as compared to $674.4 million of automobile contracts in five private placement transactions during the year ended December 31, 2005. All of these transactions were structured as secured financings and, therefore, resulted in no gain on sale. In March 2004, one of our wholly-owned bankruptcy remote consolidated subsidiaries issued $44.0 million of asset-backed notes secured by its retained interest in eight term securitization transactions. The notes had an interest rate of 10.0% per annum and a final maturity in October 2009 and were required to be repaid from the distributions on the underlying retained interests. In connection with the issuance of the notes, we incurred and capitalized issuance costs of $1.3 million. We repaid the notes in full in August 2005. In November 2005, we completed a similar securitization whereby a wholly-owned bankruptcy remote consolidated subsidiary of ours issued $45.8 million of asset-backed notes secured by its retained interest in 10 term securitization transactions. These notes, which bear interest at a blended interest rate of 8.70% per annum and have a final maturity in July 2011, are required to be repaid from the distributions on the underlying residual interests. In connection with the issuance of the notes, we incurred and capitalized issuance costs of $915,000.

In December 2006 we entered into a $35 million residual credit facility that is secured by our retained interests in more recent term securitizations. This facility, which bears interest at LIBOR plus 6.125%, allows for new borrowings over a two-year period and then amortizes over a five-year period. At December 31, 2006, there was $12.2 million outstanding under this facility and was secured by our retained interests in six term securitization transactions.

Cash released from trusts and their related spread accounts to us related to the portfolio owned by consolidated subsidiaries for the years ended December 31, 2006, 2005 and 2004 was $16.5 million, $23.1 million and $21.4 million, respectively. Changes in the amount of credit enhancement required for term securitization transactions and releases from trusts and their related spread accounts are affected by the structure of the credit enhancement and the relative size, seasoning and performance of the various pools of automobile contracts securitized that make up our managed portfolio to which the respective spread accounts are related. The trend in our recent securitizations has been towards credit enhancements that require a lower proportion of spread account cash and a greater proportion of over-collateralization. This trend has led to somewhat lower levels of restricted cash and releases from trusts relative to the size of our managed portfolio.

The acquisition of automobile contracts for subsequent sale in securitization transactions, and the need to fund spread accounts and initial overcollateralization, if any, and increase credit enhancement levels when those transactions take place, results in a continuing need for capital. The amount of capital required is most heavily dependent on the rate of our automobile contract purchases, the required level of initial credit enhancement in securitizations, and the extent to which the previously established trusts and their related spread accounts either release cash to us or capture cash from collections on securitized automobile contracts. We may be limited in our ability to purchase automobile contracts due to limits on our capital. As of December 31, 2006, we had unrestricted cash on hand of $14.2 million and available capacity from our warehouse credit facilities of $327.0 million. Warehouse capacity is subject to the availability of suitable automobile contracts to serve as collateral and of sufficient cash to fund the portion of such automobile contracts purchase price not advanced under the warehouse facilities. Our plans to manage the need for liquidity include the completion of additional securitizations that would provide additional credit availability from the warehouse credit facilities, and matching our levels of automobile contract purchases to our availability of cash. There can be no assurance that we will be able to complete securitizations on favorable economic terms or that we will be able to complete securitizations at all. If we are unable to complete such securitizations, we may be unable to purchase automobile contracts and interest income and other portfolio related income would decrease.

Our primary means of ensuring that our cash demands do not exceed our cash resources is to match our levels of automobile contract purchases to our availability of cash. Our ability to adjust the quantity of automobile contracts that we purchase and securitize will be subject to general competitive conditions and the continued availability of warehouse credit facilities. There can be no assurance that the desired level of automobile contract purchases can be maintained or increased. While the specific terms and mechanics of each spread account vary among transactions, our securitization agreements generally provide that we will receive excess cash flows only if the amount of credit enhancement has reached specified levels and/or the delinquency, defaults or net losses related to the automobile contracts in the pool are below certain predetermined levels. In the event delinquencies, defaults or net losses on the automobile contracts exceed such levels, the terms of the securitization: (i) may require increased credit enhancement to be accumulated for the particular pool; (ii) may restrict the distribution to us of excess cash flows associated with other pools; or (iii) in certain circumstances, may permit the insurers to require the transfer of servicing on some or all of the automobile contracts to another servicer. There can be no assurance that collections from the related trusts will continue to generate sufficient cash.

Certain of our securitization transactions and the warehouse credit facilities contain various financial covenants requiring certain minimum financial ratios and results. Such covenants include maintaining minimum levels of liquidity and net worth and not exceeding maximum leverage levels and maximum financial losses. In addition, certain securitization and non-securitization related debt contain cross-default provisions that would allow certain creditors to declare a default if a default occurred under a different facility.

The agreements under which we receive periodic fees for servicing automobile contracts in securitizations are terminable by the respective insurance companies upon defined events of default, and, in some cases, at the will of the insurance company. Were an insurance company in the future to exercise its option to terminate such agreements, such a termination could have a material adverse effect on our liquidity and results of operations, depending on the number and value of the terminated agreements. Our note insurers continue to extend our term as servicer on a monthly and/or quarterly basis, pursuant to the servicing agreements.

(17) SELECTED QUARTERLY DATA (UNAUDITED)

	QUARTER ENDED MARCH 31,	QUARTER ENDED JUNE 30,	QUARTER ENDED SEPTEMBER 30,	QUARTER ENDED DECEMBER 31,
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
2006				
Revenues	$ 58,024	$ 67,233	$ 73,713	$ 79,893
Income before income taxes	1,790	2,627	4,265	4,518
Net income	1,790	2,627	4,265	30,873
Income per share:				
Basic	$ 0.08	$ 0.12	$ 0.20	$ 1.43
Diluted	0.07	0.11	0.18	1.30
2005				
Revenues	$ 41,833	$ 47,776	$ 49,374	$ 54,714
Income (loss) before income taxes	(239)	545	1,398	1,668
Net income (loss)	(239)	545	1,398	1,668
Income (loss) per share:				
Basic	$ (0.01)	$ 0.03	$ 0.06	$ 0.08
Diluted	(0.01)	0.02	0.06	0.07

EXHIBIT 10.5

THIRD AMENDED AND RESTATED SALE AND SERVICING AGREEMENT

AMONG

PAGE FUNDING LLC, AS
PURCHASER AND ISSUER,

CONSUMER PORTFOLIO SERVICES, INC. AS
SELLER AND SERVICER,

AND

WELLS FARGO BANK, NATIONAL ASSOCIATION,

AS
BACKUP SERVICER AND TRUSTEE,

DATED AS OF
FEBRUARY 14, 2007

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

THIRD AMENDED AND RESTATED SALE AND SERVICING AGREEMENT (this "AGREEMENT") dated as of February 14, 2007, among PAGE FUNDING LLC, a Delaware limited liability company (in its capacities as Purchaser, the "PURCHASER" and as Issuer, the "ISSUER"), CONSUMER PORTFOLIO SERVICES, INC., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER," respectively), WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (in its capacities as Backup Servicer, the "BACKUP SERVICER" and as Trustee, the "TRUSTEE," respectively).

WHEREAS, the Purchaser desires to purchase, from time to time, portfolios of receivables arising in connection with motor vehicle retail installment sale contracts acquired by Consumer Portfolio Services, Inc., from motor vehicle dealers and independent finance companies;

WHEREAS, the Purchaser intends to finance such purchases by issuing Class A Notes and Class B Notes, each of which shall be secured by, among other assets, the Receivables and the Other Conveyed Property, pursuant to the Indenture (as defined below);

WHEREAS, the Seller is willing to sell such Receivables and the Other Conveyed Property to the Purchaser from time to time;

WHEREAS the Servicer is willing to service all such Receivables; and

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

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

ARTICLE I

DEFINITIONS

SECTION 1.1 DEFINITIONS. Capitalized terms used in this Agreement and not otherwise defined in this Agreement, shall have the meanings set forth in Annex A attached hereto.

SECTION 1.2 OTHER DEFINITIONAL PROVISIONS.

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

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

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

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

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

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

SECTION 1.3. CALCULATIONS. Other than as expressly set forth herein or in any of the other Basic Documents, all calculations of the amount of the Servicing Fee, Backup Servicing Fee and the Trustee Fee shall be made on the basis of a 360-day year consisting of twelve 30-day months. All calculations of the Class A Unused Facility Fee, the Class A Noteholders' Monthly Interest Distributable Amount and the Class B Noteholders' Monthly Interest Distributable Amount shall be made on the basis of the actual number of days in the Accrual Period and 360 days in the calendar year. All references to the Principal Balance of a Receivable as of the last day of an Accrual Period shall refer to the close of business on such day.

ARTICLE II

CONVEYANCE OF RECEIVABLES

SECTION 2.1. CONVEYANCE OF RECEIVABLES.

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

(i) the Receivables listed in Schedule A to each Assignment executed and delivered by the Seller on such Funding Date;

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

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

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

(v) all proceeds from recourse against Dealers or Consumer Lenders with respect to the Receivables and all other rights (but none of the obligations) of the Seller arising out of or with respect to the Receivables under any agreements with Dealers or Consumer Lenders;

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

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

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

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

(x) the proceeds from any Servicer's errors and omissions policy or fidelity bond, to the extent such proceeds relate to any Receivable, Financed Vehicle or other Collateral;

(xi) each TFC Assignment; and

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

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

(i) the Seller shall have provided the Purchaser, Trustee, the applicable Note Purchaser and the applicable Noteholders with an Addition Notice substantially in the form of EXHIBIT G hereto (which shall include a supplement to the Schedule of Receivables) not later than three (3) Business Days prior to such Funding Date and shall have provided any information reasonably requested by any of the foregoing with respect to the Issuer, the Servicer and the Related Receivables;

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

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

(iv) if such Funding Date is a Class A Funding Date, the Class A Facility Termination Date shall not have occurred;

(v) if such Funding Date is a Class B Funding Date, the Class B Facility Termination Date shall not have occurred;

(vi) the Servicer shall have established one or more Lockbox Accounts acceptable to the Controlling Note Purchaser;

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

(viii) the Seller shall, at its own expense, on or prior to the Funding Date, indicate in its computer files that the Related Receivables to be purchased on such Funding Date have been sold to the Purchaser pursuant to this Agreement or an Assignment, as applicable, and have been pledged by the Purchaser to the Trustee for the benefit of the Note Purchasers and the Noteholders under the Indenture;

(ix) the Seller shall have taken all action required to maintain (A) the first priority perfected ownership interest of the Purchaser in the Related Receivables and Other Conveyed Property, (B) subject to the terms and provisions of the Intercreditor Agreement, the first priority perfected security interest of the Trustee in the Collateral for the benefit of the Note Purchasers and the Noteholders, (C) the first priority perfected security interest of the Trustee in the Pledged Subordinate Securities for the benefit of the Class B Note Purchasers and the Class B Noteholders, and (D) subject to the terms and provisions of the Intercreditor Agreement, the second priority perfected security interest of the Bear Indenture Trustee in the UBS Cross Collateral (subject only to the Lien granted pursuant to Granting Clause I of the Indenture) for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents;

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

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

(xii) the Seller shall have delivered to each Noteholder, the applicable Note Purchaser and the Trustee an Officers' Certificate confirming the satisfaction of each condition precedent specified in this paragraph (b);

(xiii) if such Funding Date is a Class A Funding Date, no Class A Funding Termination Event, Servicer Termination Event, or any event that, with the giving of notice or the passage of time, or both, would constitute a Class A Funding Termination Event or Servicer Termination Event, shall have occurred and be continuing;

(xiv) if such Funding Date is a Class B Funding Date, no Class B Funding Termination Event, Servicer Termination Event, or any event that, with the giving of notice or the passage of time, or both, would constitute a Class B Funding Termination Event or Servicer Termination Event, shall have occurred and be continuing;

(xv) the Trustee shall have confirmed receipt of the related Receivable File for each Related Receivable included in the applicable Borrowing Base calculation and shall have delivered an original Trust Receipt to the Controlling Note Purchaser and a copy thereof to the applicable Noteholders and the other Note Purchasers with respect to the Receivable Files related to the Related Receivables to be purchased on such Funding Date;

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

(xvii) the Seller shall have filed or caused to be filed all necessary UCC-l financing statements (or amendments thereto) necessary to maintain (in each case assuming for purposes of this clause (xvii) that such perfection may be achieved by making the appropriate filings), and taken any other steps necessary to maintain, (A) the first priority perfected security interest of the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders, with respect to the Pledged Subordinate Securities and (B) subject to the terms and provisions of the Intercreditor Agreement, the second priority perfected security interest of the Bear Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents, with respect to the UBS Cross Collateral (subject only to the Lien created pursuant to Granting Clause I of the Indenture);

(xviii) the Seller shall have executed and delivered an Assignment in the form of EXHIBIT F with respect to such Related Receivables and the Other Conveyed Property related thereto;

(xix) each of the conditions precedent to such Advance set forth in this Agreement, the Indenture and the applicable Note Purchase Agreement shall have been satisfied;

(xx) if such Funding Date is a Class A Funding Date, such Class A Funding Date shall not occur in the same calendar week as any prior Class A Funding Date;

(xxi) if such Funding Date is a Class B Funding Date, such Class B Funding Date shall also be a Class A Funding Date and no more than two Class B Funding Dates shall occur during any one calendar month; and

(xxii) if such Funding Date is a Class B Funding Date, such Class B Funding Date shall not be a funding date for the Class B notes issued under the Bear Warehouse Facility.

Unless waived by the Controlling Note Purchaser (or the Class B Note Purchasers, in the case of ITEM (v), ITEM (ix)(C) AND (D), ITEM (xiv), ITEM (xvii)(A) AND (B), ITEM (xxi) and ITEM (xxii) above) in writing, the Seller covenants that in the event any of the foregoing conditions precedent are not satisfied with respect to any Related Receivable on the date required as specified above, the Seller will immediately repurchase such Related Receivable from the Purchaser, at a price equal to the Purchase Amount thereof, in the manner specified in SECTION 3.2 and SECTION 4.7. Except with respect to ITEM (xvi) above, the Trustee may rely on the accuracy of the Officers' Certificate delivered pursuant to ITEM (xii) above without independent inquiry or verification.

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

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

SECTION 2.2. TRANSFERS INTENDED AS SALES. It is the intention of the Seller and the Purchaser that each transfer and assignment contemplated by this Agreement and each Assignment shall constitute a sale of the Related Receivables and Other Conveyed Property from the Seller to the Purchaser free and clear of all liens and rights of others and it is intended that the beneficial interest in and title to the Related Receivables and Other Conveyed Property shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. In the event that, notwithstanding the intent of the Seller and the Purchaser, the transfer and assignment contemplated hereby or by any Assignment is held not to be a sale, this Agreement and each Assignment shall constitute a security agreement under applicable law and the Seller hereby grants to the Purchaser a security interest in the Receivables and Other Conveyed Property, which security interest has been assigned to the Trustee, acting on behalf of the Noteholders and Note Purchasers.

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

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

(b) Immediately upon the vesting of any Related Receivables and the related Other Conveyed Property in the Purchaser, the Purchaser shall have the sole right to pledge or otherwise encumber such Related Receivables and the related Other Conveyed Property. Pursuant to the Indenture, (i) subject to the terms and provisions of the Intercreditor Agreement, the Purchaser shall grant a security interest in the Collateral to secure the repayment of the Notes, the other Secured Obligations and any and all other amounts due and owing to the Note Purchasers and the Noteholders pursuant to the Basic Documents, (ii) the Purchaser shall grant a security interest in the Pledged Subordinate Securities to secure the repayment of the Class B Notes, the other Secured Obligations and any and all other amounts due and owing, in each case, to the Class B Note Purchasers and the Class B Noteholders pursuant to the Basic Documents, and (iii) subject to the terms and provisions of the Intercreditor Agreement, the Purchaser shall grant a second priority security interest in the UBS Cross Collateral to secure the repayment of the Class B notes and any and all other amounts due and owing, in each case, to the Class B note purchasers and the Class B noteholders under the Bear Basic Documents pursuant to the Bear Basic Documents, subject only to the Lien Granted pursuant to Granting Clause I of the Indenture.

(c) The Trustee shall, at such time as (i) each Facility Termination Date has occurred, (ii) the payment in full of the Secured Obligations has occurred, (iii) each Note Purchase Agreement shall have been terminated pursuant to its terms, (iv) there are no Notes Outstanding, (v) all sums due to the Trustee, the Note Purchasers and the Noteholders pursuant to the Basic Documents and all sums due to the Bear Indenture Trustee, the Class B note purchasers and the Class B noteholders under the Bear Basic Documents have been paid in full, and (vi) all other conditions precedent under the Indenture shall have been satisfied, release any remaining portion of the Collateral, the Pledged Subordinate Securities and the UBS Cross Collateral to the Purchaser.

ARTICLE III

THE RECEIVABLES

SECTION 3.1. REPRESENTATIONS AND WARRANTIES OF SELLER. (a) The Seller makes the following representations and warranties as to the Receivables to the Purchaser, to the Trustee for the benefit of the Note Purchasers and the Noteholders, to each Note Purchaser and to each Noteholder, on which the Purchaser relies in acquiring the Receivables, on which the Trustee relies in accepting a pledge of the Receivables under the Indenture, on which the Noteholders have relied in purchasing the Notes and on which each Note Purchaser will rely in paying the Advance Amounts to the Purchaser. Such representations and warranties speak as of the Class A Closing Date (with respect to the Class A Note Purchaser and the Class A Noteholders) and the Class B Closing Date (with respect to the Class B Note Purchasers and the Class B Noteholders) and as of each Funding Date; PROVIDED that to the extent such representations and warranties relate to the Receivables conveyed on any Funding Date, such representations and warranties shall speak as of the related Funding Date, but shall survive the sale, transfer and assignment of the Receivables to the Purchaser and the pledge thereof by the Purchaser hereunder to the Trustee pursuant to the Indenture.

(i) CHARACTERISTICS OF RECEIVABLES. Each Receivable (1) is evidenced either by (i) a retail installment sale contract or (ii) an installment promissory note and security agreement; (2) if such Receivable is evidenced by a retail installment sale contract, has been originated in the United States of America by a Dealer for the retail sale of a Financed Vehicle in the ordinary course of such Dealer's business and without any fraud or misrepresentation on the part of the Dealer, such Dealer had all necessary licenses and permits to originate such Receivables in the state where such Dealer was located, has been fully and properly executed by the parties thereto, has been purchased by the Seller or TFC, as applicable, directly from the Dealer in connection with the sale of Financed Vehicles by the Dealer and has been validly assigned without any intervening assignments by such Dealer to the Seller or TFC, as applicable, in accordance with its terms; (3) if such Receivable is evidenced by an installment promissory note and security agreement, has been originated in the United States of America by a Consumer Lender in the ordinary course of such Consumer Lender's business and without any fraud or misrepresentation on the part of such Consumer Lender or the Dealer, and such Consumer Lender had all necessary licenses and permits to originate such Receivable in the State where such Receivable was originated and where such Consumer Lender was located, and such Receivable has been fully and properly executed by the parties thereto, has been purchased by the Seller directly from the Consumer Lender (if the Consumer Lender is not the Seller) in connection with the sale of Financed Vehicles by the Dealer and has been validly assigned by such Consumer Lender without any intervening assignments by such Consumer Lender to the Seller (if the Consumer Lender is not the Seller); (4) has created a valid, subsisting, and enforceable first priority perfected security interest in favor of the Seller, TFC or the Consumer Lender, as applicable, in the Financed Vehicle, which security interest has been validly assigned by the Seller or TFC, as applicable, to the Purchaser or by the Consumer Lender to the Seller (if the Consumer Lender is not the Seller) and by the Seller to the Purchaser, as applicable, and by the Purchaser to the Trustee; (5) contains customary and enforceable provisions such that the rights and remedies of the holder or assignee thereof shall be adequate for realization against the collateral of the benefits of the security including without limitation a right of repossession following a default; (6) provides for level weekly, bi-weekly, semi-monthly or monthly payments that fully amortize the Amount Financed over the original term (except for the last payment, which may be different from the level payment but in no event shall exceed three times such level payment) and yields interest at the Annual Percentage Rate; (7) is a Rule of 78's Receivable or a Simple Interest Receivable; (8) if such Receivable is a Rule of 78's Receivable, provides for, in the event that such contract is prepaid, a prepayment that fully pays the Principal Balance and includes a full month's interest, in the month of prepayment, at the APR of the Receivable; (9) if such Receivable is a Simple Interest Receivable, provides, in the case of prepayment, for the full payment of the Principal Balance thereof plus accrued interest through the date of prepayment based

on the APR of the Receivable; (10) if such Receivable is evidenced by a retail installment sale contract, was originated by a Dealer to an Obligor and was sold by the Dealer to the Seller or TFC, as applicable, or if such Receivable is evidenced by an installment promissory note and security agreement, was originated by a Consumer Lender to an Obligor and, if not originated by the Seller, has been sold by such Consumer Lender to the Seller, in each case without any fraud or misrepresentation on the part of the Seller, TFC, such Consumer Lender, such Dealer or the related Obligor; (11) is denominated in U.S. dollars; and (12) contains no obligation to lend more money to the related Obligor in the future.

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

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

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

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

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

(E) each Related Receivable satisfies in all material respects the applicable Contract Purchase Guidelines as in effect on the Class A Closing Date or as otherwise amended from time to time; provided, that such amendments do not have a material adverse effect on the Noteholders or the Note Purchasers.

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

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

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

(vi) NO FLEET SALES. None of the Receivables have been included in a "fleet" sale (i.e., a sale to any single Obligor of more than five Financed Vehicles).

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

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

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

(x) NO AMENDMENTS. Except as permitted under Section 4.2, no Related Receivable has been amended, modified, waived or refinanced except as such Related Receivable may have been amended in accordance with the Servicing Guidelines.

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

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

(xiii) NO DEFAULT; REPOSSESSION. Except for payment delinquencies described in Section 3.1(a)(ii)(C) hereof, no default, breach, violation or event permitting acceleration under the terms of any Related Receivable has occurred; and no continuing condition that with notice or the lapse of time, or both, would constitute a default, breach, violation or event permitting acceleration under the terms of any Related Receivable has arisen; and neither the Seller nor TFC shall waive or has waived any of the foregoing (except in a manner consistent with SECTION 4.2) and no Financed Vehicle financed under a Related Receivable shall have been repossessed.

(xiv) INSURANCE; OTHER. (A) Each Obligor under the Related Receivables has obtained an insurance policy covering the Financed Vehicle as of the execution of such Receivable insuring against loss and damage due to fire, theft, transportation, collision and other risks generally covered by comprehensive and collision coverage, and either the Seller or TFC,. as applicable, and its respective successors and assigns are named the loss payee or an additional insured of such insurance policy, such insurance policy is in an amount at least equal to the lesser of (i) the Financed Vehicle's actual cash value or (ii) the remaining Principal Balance of the Related Receivable, and each Related Receivable requires the Obligor to obtain and maintain such insurance naming either the Seller or TFC, as applicable, and its respective successors and assigns as loss payee or an

additional insured, (B) each Related Receivable that finances the cost of premiums for credit life and credit accident and health insurance is covered by an insurance policy or certificate of insurance naming either the Seller or TFC, as applicable, as policyholder (creditor) under each such insurance policy and certificate of insurance and (C) as to each Related Receivable that finances the cost of an extended service contract, the respective Financed Vehicle which secures the Related Receivable is covered by an extended service contract. As of the related Cutoff Date, no Financed Vehicle is or had previously been insured under a policy of forced-placed insurance.

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

(xvi) LAWFUL ASSIGNMENT; NO CONSENT REQUIRED. No Related Receivable has been originated in, or is subject to the laws of, any jurisdiction under which the sale, transfer, and assignment of such Related Receivable under this Agreement or the pledge of such Related Receivable under the Indenture or pursuant to transfers of the Notes shall be unlawful, void, or voidable. Neither the Seller nor TFC has entered into any agreement with any account debtor that prohibits, restricts or conditions the assignment of any portion of the Related Receivables. For the validity of such sales, transfers, assignments and pledges, no consent by any Dealer, Consumer Lender, Obligor or any other Person is required under any agreement or applicable law.

(xvii) ALL FILINGS MADE. All filings (including, without limitation, UCC filings or other actions) necessary in any jurisdiction to give: (a) the Purchaser a first priority perfected ownership interest in the Receivables and the Other Conveyed Property, including, without limitation, the proceeds of the Receivables (to the extent that the Purchaser can obtain such first priority perfected security interest pursuant to one or more filings), (b) subject to the terms and provisions of the Intercreditor Agreement, the Trustee, for the benefit of the Noteholders and the Note Purchasers, a first priority perfected security interest in the Collateral, (c) the Trustee, for the benefit of the Class B Note Purchasers and the Class B Noteholders, a first priority perfected security interest in the Pledged Subordinate Securities, and (d) subject to the terms and provisions of the Intercreditor Agreement, the Bear Indenture Trustee, for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents, a second priority perfected security interest in the UBS Cross Collateral (subject only to the Lien granted pursuant to Granting Clause I of the Indenture), have been made, taken or performed.

(xviii) RECEIVABLE FILE; ONE ORIGINAL. The Seller has delivered to the Trustee, at the location specified in SCHEDULE B hereto, a complete Receivable File with respect to each Related Receivable, and the Trustee has delivered an original Trust Receipt therefor to the Controlling Note Purchaser and a copy thereof to the Purchaser, the other Note Purchasers and the Noteholders. There is only one original executed copy of each Receivable. The Servicer has in its possession all other relevant documents with respect to the Receivables, including without limitation the related credit application and verification of insurance.

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

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

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

(xxii) CHARACTERISTICS OF OBLIGORS. As of the date of each Obligor's application for credit from which the Related Receivable that is a CPS Receivable arises, such Obligor (a) did not have any material past due credit obligations or any personal or real property repossessed or wages garnished within one year prior to the date of such application, unless such amounts have been repaid or discharged through bankruptcy, (b) was not the subject of any Federal, State or other bankruptcy, insolvency or similar proceeding pending on the date of application that has not been discharged, (c) had not been the subject of more than one Federal, State or other bankruptcy, insolvency or similar proceeding that has not completed a Section 341 Meeting, (d) was domiciled in the United States and (e) was not self-employed. During the period from the date of each Obligor's application for financing of the Financed Vehicle from which the related Receivable arises to the applicable Funding Date, no Obligor is or has been the subject of any Federal, State or other bankruptcy, insolvency or similar proceeding that has not completed a Section 341 Meeting.

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

(xxiv) CASUALTY AND IMPOUNDING. No Financed Vehicle financed under a Related Receivable has suffered a Casualty and the Seller has not received any notice that any Financed Vehicle has been impounded.

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

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

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

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

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

(xxx) CREATION OF SECURITY INTEREST. This Agreement creates a valid and continuing security interest (as defined in the UCC) in the Receivables and the Other Conveyed Property in favor of the Purchaser, which security interest is prior to all other Liens (other than the Liens of the Trustee and the Bear Indenture Trustee under the Indenture) and is enforceable as such as against creditors of and purchasers from the Seller. The Indenture creates a valid and continuing security interest (as defined in the UCC) in (x) subject to the terms and provisions of the Intercreditor Agreement, the Collateral in favor of the Trustee for the benefit of the Noteholders and the Note Purchasers, which security interest is prior to all other Liens, (y) the Pledged Subordinate Securities in favor of the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders, which security interest is prior to all other Liens, and (z) subject to the terms and provisions of the Intercreditor Agreement, the UBS Cross Collateral in favor of the Bear Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents, which security interest is prior to all Liens, other than the Lien created pursuant to Granting Clause I of the Indenture, and such security interests are, in each case, enforceable as such as against creditors of and purchasers from the Issuer.

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

(xxxii) PERFECTION OF SECURITY INTEREST IN TRUST ESTATE. The Purchaser has caused the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect (i) the first priority security interest in the Receivables and the other Collateral granted to the Trustee for the benefit of the Noteholders and the Note Purchasers pursuant to Granting Clause I of the Indenture; (ii) the security interest in the Pledged Subordinate Securities granted to the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers pursuant to Granting Clause II of the Indenture, and (iii) the security interest in the UBS Cross Collateral granted to the Bear Indenture Trustee for the benefit of the Class B noteholders and the Class B note purchasers under the Bear Basic Documents pursuant to Granting Clause III of the Indenture.

(xxxiii) PERFECTION OF SECURITY INTERESTS IN FINANCED VEHICLES. The Seller has taken all steps necessary to perfect its security interest against the Obligors in the Financed Vehicles securing the Receivables and such security interest has been validly assigned by the Seller to the Purchaser and pledged by the Purchaser to the Trustee for the benefit of the Noteholders and the Note Purchasers.

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

(xxxv) NO OTHER SECURITY INTERESTS - PURCHASER. Other than (A) the security interest in the Collateral granted to the Trustee for the benefit of the Noteholders and Note Purchasers pursuant to Granting Clause I of the Indenture, (B) the security interest in the Pledged Subordinate Securities granted to the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders pursuant to Granting Clause II of the Indenture, and (C) the security interest in the UBS Cross Collateral granted to the Bear Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents pursuant to Granting Clause III of the Indenture, the Purchaser has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral, the Pledged Subordinate Securities or the UBS Cross Collateral. The Purchaser has not authorized the filing of and is not aware of any financing statements filed against the Purchaser that include a description of collateral covering any portion of the Collateral, the Pledged Subordinate Securities or the UBS Cross Collateral other than any financing statement relating to the security interests described in the preceding clauses (A), (B) and (C), or a security interest that has been terminated or released with respect to the Collateral, the Pledged Subordinate Securities or the UBS Cross Collateral. The Purchaser is not aware of any judgment or tax lien filings against the Purchaser.

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

(xxxvii) RECORDS. On or prior to each Funding Date, the Seller will have caused its records (including electronic ledgers) relating to each Related Receivable to be conveyed by it on such Funding Date to be clearly and unambiguously marked to reflect that such Related Receivable was conveyed by it to the Purchaser and pledged by the Purchaser to the Trustee for the benefit of the Noteholders and the Note Purchasers.

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

(xxxix) NO MFN OR SEAWEST RECEIVABLES. None of the Related Receivables was originated by MFN, SeaWest or any of their respective Subsidiaries.

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

(xli) DELIVERY OF RECEIVABLE FILES. A complete Receivable File (other than, if applicable, a certificate of title missing from the related Receivable File as described in SECTION 3.4(B)) with respect to each Receivable has been, prior to the Funding Date, delivered to the Trustee at the location listed in SCHEDULE B hereof.

(xlii) FULL AMOUNT ADVANCED. The full amount of each Receivable has been advanced to each Obligor, and there are no requirements for future advances thereunder.

(xliii) ILLINOIS RECEIVABLES. (a) The Seller does not own a substantial interest in the business of a Dealer within the meaning of Illinois Sales Finance Agency Act Rules and Regulations, Section 160.230(1) and (b) with respect to each Receivable originated in the State of Illinois, (i) the printed or typed portion of the related Form of Receivable complies with the requirements of 815 ILCS 375/3(b) and (ii) the Seller has not, and for so long as such Receivable is outstanding shall not, place or cause to be placed on the related Financed Vehicle any collateral protection insurance in violation of 815 ILCS 180/10.

(xliv) CALIFORNIA RECEIVABLES. Each Receivable originated in the State of California has been, and at all times during the term of the Sale and Servicing Agreement will be, serviced by the Servicer in compliance with Cal. Civil Code ss. 2981, et seq.

(xlv) CONSUMER LENDERS. Each Consumer Lender has obtained all necessary licenses and approvals in all jurisdictions in which the origination and purchase of installment promissory notes and security agreements and the sale thereof to the Seller (if the Seller is not the Consumer Lender) requires or shall require such licenses or approvals, except where the failure to obtain such licenses or approvals would not result in a Material Adverse Effect or have a material adverse effect on the value or marketability of any Receivable (including, without limitation, the enforceability or collectibility of any Receivable).

SECTION 3.2. REPURCHASE UPON BREACH; SECTION 341 MEETING(a) . The Seller, the Servicer, any Noteholder, any Note Purchaser or the Trustee, as the case may be, shall inform the other parties to this Agreement and the Note Purchasers promptly, in writing, upon the discovery of any breach of the Seller's representations and warranties made pursuant to SECTION 3.1 with respect to a Receivable (without regard to any limitations therein as to the Seller's knowledge). Unless the breach shall have been cured by the last day of the next Accrual Period following the discovery thereof by the Trustee or receipt by the Trustee of notice from the Seller, the Servicer, any Noteholder or any Note Purchaser of such breach, the Seller shall repurchase any Receivable if the value of such Receivable is materially and adversely affected by the breach as of the last day of such next Accrual Period (or, at the Seller's option, the last day of the first Accrual Period following the discovery). In consideration of the purchase of any Receivable, the Seller shall remit the Purchase Amount, in the manner specified in SECTION 5.6. The sole remedies of the Purchaser, the Trustee, the Note Purchasers or the Noteholders with respect to any Receivables as to which a breach of representations and warranties pursuant to SECTION 3.1 has occurred shall be to enforce the Seller's obligation to purchase such Receivables and the indemnity provided by SECTION 8.3(a) . Upon receipt of the Purchase Amount in respect of any Defective Receivables and written instructions from the Servicer, the Trustee shall release to the Seller or its designee the related Receivable File and shall execute and deliver all reasonable instruments

of transfer or assignment, without recourse, as are prepared by the Seller and delivered to the Trustee and necessary to vest in the Seller or such designee title to such Defective Receivables. The parties hereto hereby acknowledge that the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall each have the right to enforce directly against the Seller the Seller's repurchase and indemnity obligations pursuant to this SECTION 3.2 and SECTION 8.3.

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

SECTION 3.3. CUSTODY OF RECEIVABLE FILES AND PLEDGED SUBORDINATE SECURITIES.

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

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

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

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

(c) If a Class B Borrowing Base Deficiency would exist upon the release of Receivables under Article X of the Indenture in connection with a Securitization Transaction, the Issuer shall pledge the related Pledged Subordinate Securities to the Trustee, for the benefit of the Class B Noteholders and the Class B Note Purchasers pursuant to Granting Clause II of the Indenture, the Issuer shall deliver such Pledged Subordinate Securities to the Trustee on the related Securitization Closing Date and the Trustee shall act as custodian of such Pledged Subordinate Securities. Each Pledged Subordinate Security delivered to the Trustee pursuant to this subparagraph (c) shall be endorsed in blank by the record holder thereof with a medallion-guaranteed signature. By virtue of its delivery of any Pledged Subordinate Securities to the Trustee on a Securitization Closing Date pursuant to this Section 3.3(c), the Issuer shall be deemed to have confirmed, for the benefit of the Class B Note Purchasers and the Class B Noteholders, that, as of such Securitization Closing Date, the representations and warranties with respect to each such Pledged Subordinate Security set forth in the Basic Documents are true and correct in all material respects. In addition, the Issuer shall deliver or shall cause to be delivered to the Class B Note Purchasers and the Class B Noteholders all true sale opinions issued by counsel to CPS in connection with any Securitization Transaction for which Pledged Subordinate Securities are delivered to the Trustee pursuant to this Section 3.3(c) (which true sale opinions shall either be addressed to the Class B Note Purchasers and the Class B Noteholders or shall specifically authorize their reliance thereon). Upon delivery of any such Pledged Subordinate Securities to the Trustee in the manner provided herein and upon the Trustee's acknowledgment of receipt thereof, such Pledged Subordinate Securities shall become subject to the Lien created by Granting Clause II of the Indenture. The Trustee shall release any such Pledged Subordinate Securities upon the prepayment of the related Class B Invested Amount in accordance with Section 10.1 of the Indenture.

SECTION 3.4. ACCEPTANCE OF RECEIVABLE FILES BY TRUSTEE; MISSING CERTIFICATES OF TITLE (a) In connection with any Funding Date, the Seller shall cause to be delivered to the Trustee the Receivable Files for the Related Receivables to be purchased on such Funding Date not less than four Business Days prior to the related Funding Date. The Trustee declares that it will hold and will continue to hold such files and any amendments, replacements or supplements thereto and all Other Conveyed Property as Trustee, custodian, agent and bailee in trust for the use and benefit of the Noteholders and the Note Purchasers. The Trustee shall within three Business Days after receipt of such files, execute and deliver to the Controlling Noteholder a receipt substantially in the form of EXHIBIT B hereto (a "TRUST RECEIPT") for the Receivable Files received by the Trustee and a copy thereof to the other Note Purchasers and the Noteholders. By its delivery of a Trust Receipt, the Trustee shall be deemed to have (a) acknowledged receipt of the files (or the Receivables) which the Seller has represented are and contain the Receivable Files for the Related Receivables to be purchased by the Purchaser on the related Funding Date as indicated on Schedule A to the Addition Notice, (b) reviewed such files or Receivables and (c) determined that it has received the items referred to in SECTION 3.3(A)(I) and (II) for each Related Receivable identified on Schedule A to the Addition Notice, except, in each case, as may otherwise be noted in Schedule I to the Trust Receipt. Unless such defect noted on Schedule I of the related Trust Receipt with respect to such Receivable to be transferred on the related Funding Date shall have been cured by the Seller or waived by the Controlling Note Purchaser, in its sole and absolute discretion, and the Trustee shall have executed a Trust Receipt reflecting that such Receivable is no longer on Schedule I thereto prior to 11 a.m. New York time on the related Funding Date, the Purchaser shall not purchase such Receivable from the Seller on such Funding Date. The Trustee shall return to, or otherwise handle at the direction of, the Seller those files relating to any Receivable not so purchased on a Funding Date and any file unrelated to a Receivable identified in Schedule A to the related Addition Notice (it being understood that the Trustee's obligation to review the contents of any Receivable File shall be limited as set forth in the preceding sentence).

(b) The Trustee shall make a list of Receivables for which an application for a certificate of title but not an original certificate of title or, with respect to Receivables that finance a vehicle in the States listed in ANNEX B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, is included in the Receivable File as of the date of its review of the Receivable Files and deliver a copy of such list to the Servicer, each Noteholder and each Note Purchaser. On the date which is 180 days following the related Funding Date, and monthly thereafter, the Trustee shall inform the Seller, the Purchaser, each Noteholder and each Note Purchaser of any Receivable for which the related Receivable File on such date does not include an original certificate of title or, with respect to Financed Vehicles in the States listed in ANNEX B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, and the Seller shall repurchase any such Receivable as of the last Business Day of the Accrual Period in which the expiration of such 180 days occurs. In consideration of the purchase of the Receivable, the Seller shall remit the Purchase Amount for such Receivable, in the manner specified in SECTION 5.6. Upon receipt of the Purchase Amount for a Receivable and written instructions from the Servicer, the Trustee shall release to the Seller or its designee the related Receivable File and shall execute and deliver all reasonable instruments of transfer or assignment, without recourse, as are prepared by the Seller and delivered to the Trustee and are necessary to vest in the Seller or such designee title to the Receivable.

(c) For those Receivable Files that do not contain an original certificate of title or, with respect to Receivables that finance a vehicle in the States listed in ANNEX B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, upon receipt of such original title documents, the Seller shall promptly deliver or cause to be delivered to the Trustee such original title documents to the Trustee to place in the applicable Receivable File.

SECTION 3.5. ACCESS TO RECEIVABLE FILES AND PLEDGED SUBORDINATE SECURITIES. The Trustee shall permit the Servicer, the Note Purchasers and the Noteholders access to the Receivable Files and the Pledged Subordinate Securities at all reasonable times during the Trustee's normal business hours. The Trustee shall, within two Business Days of the request of the Servicer, any Note Purchaser or

any Noteholder, execute such documents and instruments as are prepared by the Servicer, such Note Purchaser or such Noteholder and delivered to the Trustee, as the Servicer, such Note Purchaser or such Noteholder deems necessary to permit the Servicer, in accordance with its customary servicing procedures, to enforce the Receivable on behalf of the Purchaser and any related insurance policies covering the Obligor, the Receivable or Financed Vehicle so long as such execution in the Trustee's sole discretion does not conflict with the Indenture or any other Basic Document and will not cause it undue risk or liability. The Trustee shall not release any document from any Receivable File unless it receives a release request signed by a Servicing Officer in the form of EXHIBIT C hereto (the "RELEASE REQUEST"); PROVIDED, HOWEVER, if a Servicer Termination Event or Event of Default shall have occurred and is continuing, the Trustee shall not release any such Receivable File to the Servicer without the prior written consent of the Controlling Note Purchaser. Such Release Request shall obligate the Servicer to return such document(s) to the Trustee when the need therefor no longer exists unless the Receivable shall be liquidated, in which case, the Servicer shall certify in the Release Request that all amounts required to be deposited in the Collection Account with respect to such Receivable have been so deposited. Each Release Request delivered to the Trustee pursuant to this SECTION 3.5 shall be forwarded by the Servicer to the Controlling Note Purchaser electronically or by facsimile within one (1) Business Day of delivery to the Trustee together with a list of all Receivables to be released by the Trustee pursuant to such Release Request.

SECTION 3.6. TRUSTEE TO OBTAIN FIDELITY INSURANCE. The Trustee shall maintain a fidelity bond in the form and amount as is customary for entities acting as a trustee of funds and documents in respect of consumer contracts on behalf of institutional investors.

SECTION 3.7. TRUSTEE TO MAINTAIN SECURE FACILITIES. The Trustee shall maintain or cause to be maintained continuous custody of the Receivable Files and the Pledged Subordinate Securities in secure and fire resistant facilities segregated from any other receivables or securities of the Seller, the Purchaser or any of their Affiliates in accordance with customary standards for such custody.

ARTICLE IV

ADMINISTRATION AND SERVICING OF RECEIVABLES

SECTION 4.1. DUTIES OF THE SERVICER. The Servicer, as agent for the Purchaser, the Note Purchasers and the Noteholders, shall manage, service, administer and make collections on the Receivables with reasonable care, using that degree of skill and attention customary and usual for institutions that service motor vehicle retail installment sale contracts or installment promissory note and security agreements similar to the Receivables and, to the extent more exacting, that the Servicer exercises with respect to all comparable automotive receivables that it services for itself or others. In performing such duties, the Servicer shall comply with its current servicing policies and procedures, as such servicing policies and procedures may be amended from time to time, so long as such amendments will not materially adversely affect the interests of any Note Purchaser or any Noteholder, or otherwise with the prior written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class (which consent shall not be unreasonably withheld), and notice of such amendments is given to each Note Purchaser and each Noteholder affected thereby prior to the effectiveness thereof. The Servicer's duties shall include, without limitation, collection and posting of all payments, responding to inquiries of Obligors on such Receivables, investigating delinquencies, sending payment statements to Obligors, reporting tax information to Obligors, accounting for collections, furnishing monthly and annual statements to the Trustee and the Noteholders with respect to distributions. Without limiting the generality of the foregoing, and subject to the servicing standards set forth in this Agreement including, without limitation, the restrictions set forth in SECTION 4.6, the Servicer is authorized and empowered by the Purchaser to execute and deliver, on behalf of itself, the Purchaser, the Note Purchasers and the Noteholders, any and all instruments of satisfaction or cancellation, or partial or full release or discharge, and all other comparable instruments, with respect to such Receivables or to the Financed Vehicles securing such Receivables and/or the certificates of title or, with respect to Financed Vehicles in the States listed in ANNEX B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States with respect to such Financed Vehicles. If the Servicer shall commence a legal proceeding to enforce a Receivable, the Purchaser shall thereupon be deemed to have automatically assigned, solely for the purpose of collection, such Receivable to the Servicer. If in any enforcement suit or legal proceeding it shall be held that the Servicer may not enforce a Receivable on the ground that it shall not be a real party in interest or a holder entitled to enforce such Receivable, the Purchaser shall, at the Servicer's expense and direction, take steps to enforce such Receivable, including bringing suit in its name or the name of one or more Note Purchasers or Noteholders. The Servicer shall prepare and furnish, and the Trustee shall execute, any powers of attorney and other documents reasonably necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties hereunder.

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

(a) Consistent with the standards, policies and procedures required by this Agreement, the Servicer shall make reasonable efforts to collect all payments called for under the terms and provisions of the Receivables as and when the same shall become due and shall follow such collection procedures as it follows with respect to all comparable automotive receivables that it services for itself or others; PROVIDED, -------- HOWEVER, that promptly after the Class A Closing Date (or the related Funding Date, as applicable), but in ------- no event more than 30 days thereafter, the Servicer shall notify each Obligor to make all payments with respect to the Receivables to the applicable Post-Office Box. The Servicer will provide each Obligor with a monthly statement in order to notify such Obligors to make payments directly to the applicable Post-Office Box. The Servicer shall allocate collections between principal and interest in accordance with the customary servicing procedures it follows with respect to all comparable automotive receivables that it services for itself or others and in accordance with the terms of this Agreement. Except as provided below, the Servicer, for as long as the Seller is the Servicer, may grant extensions on a Receivable in accordance with the applicable Contract Purchase Guidelines, if any; PROVIDED, HOWEVER, that the Servicer -------- ------- may not grant (x) more than one (1) extension per calendar year with respect to a CPS Receivable or grant an extension with respect to a CPS Receivable for more than one (1) calendar month or grant more than four (4) extensions in the aggregate with respect to a CPS Receivable and (y) more than two (2) extensions per calendar year with respect to a TFC Receivable or grant an extension with respect to a TFC Receivable for more than one (1) calendar month or grant more than four (4) extensions in the aggregate with respect to a TFC Receivable, in each case without the prior written consent of the Controlling Note Purchaser (which shall not be unreasonably withheld). In no event shall the principal balance of a Receivable be reduced, except in connection with a settlement in the event the Receivable becomes a Defaulted Receivable. If the Servicer is not the Seller or the Backup Servicer, the Servicer may not make any extension on a Receivable without the prior written consent of the Controlling Note Purchaser (which consent shall not unreasonably be withheld). The Servicer may in its discretion waive any prepayment charge, late payment charge or any other similar fees that may be collected in the ordinary course of servicing a Receivable. Notwithstanding anything to the contrary contained herein, the Servicer shall not agree to any alteration of the interest rate on any Receivable or of the amount of any Scheduled Receivable Payment on Receivables, other than to the extent that such alteration is required by applicable law.

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

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

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

(e) On each Business Day, pursuant to the Lockbox Agreements, the Lockbox Processor will transfer any payments from Obligors received in the Post-Office Boxes to the applicable Lockbox Account. Within two (2) Business Days of receipt of funds into a Lockbox Account, the Servicer shall cause the Lockbox Bank to transfer cleared funds from such Lockbox Account to the Collection Account. In addition, the Servicer shall remit all payments by or on behalf of the Obligors received by the Servicer with respect to the Receivables (other than Purchased Receivables) and all Net Liquidation Proceeds no later than two (2) Business Days following receipt directly (without deposit into any intervening account) into the related Lockbox Account or the Collection Account. The Servicer shall not commingle its assets and funds with those on deposit in the Lockbox Accounts.

SECTION 4.3. REALIZATION UPON RECEIVABLES. On behalf of the Purchaser, the Trustee, the Note Purchasers and the Noteholders, the Servicer shall use its best efforts, consistent with the servicing procedures set forth herein, to repossess or otherwise convert the ownership of the Financed Vehicle securing any Receivable as to which the Servicer shall have determined eventual payment in full is unlikely. The Servicer shall commence efforts to repossess or otherwise convert the ownership of a Financed Vehicle on or prior to the date that an Obligor has failed to make more than 90% of a Scheduled Receivable Payment thereon in excess of $10 for 120 days or more; PROVIDED, HOWEVER, that the Servicer may elect not to commence such efforts within such time period if in its good faith judgment it determines either that it would be impracticable to do so or that the proceeds ultimately recoverable with respect to such Receivable would be increased by forbearance. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of automotive receivables, consistent with the standards of care set forth in Section 4.2, which may include reasonable efforts to realize upon any recourse to Dealers or Consumer Lenders (if such Consumer Lender is not the Seller) and selling the Financed Vehicle at public or private sale. The foregoing shall be subject to the provision that, in any case in which the Financed Vehicle shall have suffered damage, the Servicer shall not expend funds in connection with the repair or the repossession of such Financed Vehicle unless it shall determine in its discretion exercised in good faith that such repair and/or repossession will increase the proceeds ultimately recoverable with respect to such Receivable by an amount greater than the amount of such expenses.

SECTION 4.4. INSURANCE.

(a) The Servicer, in accordance with the servicing procedures and standards set forth herein, shall require that (i) each Obligor shall have obtained insurance covering the Financed Vehicle, as of the date of the execution of the Receivable, insuring against loss and damage due to fire, theft, transportation, collision and other risks generally covered by

comprehensive and collision coverage and each Receivable requires the Obligor to maintain such physical loss and damage insurance naming the Seller and its successors and assigns as an additional insured, (ii) each Receivable that finances the cost of premiums for credit life and credit accident and health insurance is covered by an insurance policy or certificate naming the Seller as policyholder (creditor) and (iii) as to each Receivable that finances the cost of an extended service contract, the respective Financed Vehicle which secures the Receivable is covered by an extended service contract (each, a "RECEIVABLES INSURANCE POLICY").

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

SECTION 4.5. MAINTENANCE OF SECURITY INTERESTS IN VEHICLES.

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

(b) Upon the occurrence and continuance of a Servicer Termination Event, the Trustee and the Servicer shall take or cause to be taken such action as may, in the opinion of counsel to the Trustee, which opinion shall be an expense of the Servicer and shall not be an expense of the Trustee, be necessary to perfect or re-perfect the security interests in the Financed Vehicles securing the Receivables in the name of the Trustee on behalf of the Noteholders and the Note Purchasers by amending the title documents of such Financed Vehicles or by such other reasonable means as may, in the opinion of counsel to the Trustee, which opinion shall be an expense of the Servicer and shall not be an expense of the Trustee, be necessary or prudent.

(c) The Seller hereby agrees to pay all expenses related to such perfection or re-perfection in accordance with clauses (a) and (b) above and to take all action necessary therefor. In addition, the Controlling Note Purchaser or the Trustee may instruct the Servicer to take or cause to be taken, and the Servicer shall take or cause to be taken, such action as may, in the judgment of the Trustee or the Note Purchaser, be necessary to perfect or re-perfect the security interest in the Financed Vehicles underlying the Receivables in the name of the Trustee on behalf of the Noteholders and the Note Purchasers, including by amending the title documents of such Financed Vehicles or by such other reasonable means as may, in the judgment of the Trustee or the Controlling Note Purchaser, be necessary or prudent; PROVIDED, HOWEVER, that if the Controlling Note Purchaser or the Trustee requests that the title documents be amended prior to the occurrence of a Servicer Termination Event, the Servicer shall carry out such action only to the extent that the out-of-pocket expenses of the Servicer shall be reimbursed by the Note Purchasers or the Noteholders, respectively, on a PRO RATA basis (based upon the applicable outstanding Invested Amounts).

SECTION 4.6. ADDITIONAL COVENANTS OF SERVICER.

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

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

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

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

(e) The Servicer shall reimburse each Note Purchaser and each Noteholder for any and all fees or expenses that such Note Purchaser or such Noteholder, as applicable, pay to a bank arising out of a return of payments from the Purchaser or the Seller deposited for collection by or for the benefit of such Note Purchaser or such Noteholder, as applicable.

(f) The Servicer will not (i) create, incur or suffer to exist, or agree to create, incur or suffer to exist, or consent to cause or permit in the future (upon the happening of a contingency or otherwise) the creation, incurrence or existence of any lien, security interest, charge, pledge, equity, encumbrance or restriction on transferability of the Receivables and the Other Conveyed Property except (x) for the lien in favor of the Trustee for the benefit of the Noteholders and the Note Purchasers and the restrictions on transferability imposed by this Agreement or any other Basic Document or (y) with respect to any portion of the Receivables and the Other Conveyed Property released in a manner permitted by the Basic Documents from the lien in favor of the Trustee for the benefit of the Noteholders and the Note Purchasers, or (ii) sign or file under the UCC of any jurisdiction any financing statement which names the Seller, the Servicer or the Purchaser as a debtor, or sign any security agreement authorizing any secured party thereunder to file such financing statement, with respect to the Receivables and Other Conveyed Property, except in each case any such instrument solely securing the rights and preserving the lien of the Trustee for the benefit of the Noteholders and the Note Purchasers.

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

SECTION 4.8. SERVICING FEE. The "SERVICING FEE" for each Settlement Date shall be equal to the product of one-twelfth times the Servicing Fee Percentage times the average of the Aggregate Principal Balance of the Eligible Receivables on the first day of the related Accrual Period and on the last day of such Accrual Period. The Servicing Fee shall also include all late fees, prepayment charges including, in the case of a Rule of 78's Receivable that is prepaid in full, to the extent not required by law to be remitted to the related Obligor, the difference between the Principal Balance of such Rule of 78's Receivable (plus accrued interest to the date of prepayment) and the principal balance of such Receivable computed according to the "Rule of 78's", and other administrative fees or similar charges allowed by applicable law with respect to Receivables, collected (from whatever source) on the Receivables. If the Backup Servicer becomes the successor Servicer, the "Servicing Fee" payable to the Backup Servicer as successor Servicer shall be determined in accordance with the Servicing Assumption Agreement.

SECTION 4.9. SERVICER'S CERTIFICATE. No later than 12:00 noon New York City time on each Determination Date, the Servicer shall deliver (in computer-readable format reasonably acceptable to each such Person) to the Trustee, each Note Purchaser, the Backup Servicer and the Purchaser, a certificate substantially in the form of EXHIBIT A hereto (a "SERVICER'S CERTIFICATE") containing among other things, (i) all information necessary to enable the Trustee to make the distributions required by SECTION 5.7, (ii) all information necessary for the Trustee to send statements to the Noteholders and the Note Purchasers pursuant to SECTION 5.8(B) and 5.9, (iii) a listing of all Purchased Receivables purchased as of the related Accounting Date, identifying the Receivables so purchased, (iv) the calculation of the Class A Borrowing Base (including the CPS Borrowing Base and the TFC Borrowing Base) and the Class B Borrowing Base, in each case as of the last day of the related Accrual Period and (v) all information necessary to enable the Backup Servicer to verify the information specified in SECTION 4.14(B) and to complete the accounting required by SECTION 5.9. In addition to the information set forth in the preceding sentence, each Servicer's Certificate shall also contain the following information: (a) whether a Servicer Termination Event or any other Funding Termination Event has occurred; (b) the Servicer Delinquency Ratio as of the end of the Related Accrual Period; (c) the Servicer Loss Ratio as of such Determination Date; (d) so long as the Servicer is CPS, a certification that the Servicer is in compliance with the financial covenants contained in Sections 10.1(i), (j), (k) and (l) of this Agreement; and (e) such other information reasonably requested by any Note Purchaser or any Noteholder. The Servicer shall deliver to the Trustee, the Noteholders, the Note Purchasers, the Backup Servicer and the Purchaser a hard copy (which may be a facsimile) of any such Servicer's Certificate upon request of such Person.

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

(a) The Servicer shall deliver to the Purchaser, to the Trustee, the Note Purchasers and to the Noteholders and the Backup Servicer, on or before February 28 of each year beginning February 28, 2007 (in the case of the Class A Note Purchaser and the Class A Noteholders) or February 28, 2008 (in the case of each Class B Note Purchaser and the Class B Noteholders), an Officer's Certificate, dated as of December 31 of the preceding year, stating that (i) a review of the activities of the Servicer during the preceding 12-month period (or in the case of the first such certificate for the Class B Note Purchasers and the Class B Noteholders, the period from the initial Cutoff Date for the first Class B Funding Date to December 31, 2007) and of its performance under this Agreement has been made under such officer's supervision and (ii) to the best of such officer's knowledge, based on such review, the Servicer has fulfilled all its obligations under this Agreement throughout such year (or, in the case of the first such certificate, such shorter period), or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof.

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

SECTION 4.11. INDEPENDENT ACCOUNTANTS' REPORTS. The Servicer shall cause a firm of nationally recognized independent certified public accountants (the "INDEPENDENT ACCOUNTANTS"), who may also render other services to the Servicer or to the Purchaser, to deliver to the Trustee, the Backup Servicer, the Note

Purchasers and the Noteholders, on or before March 31 of each year beginning March 31, 2007, a report dated as of December 31 of the preceding year in form and substance reasonably acceptable to the Note Purchasers (the "ACCOUNTANTS' REPORT") and reviewing the Servicer's activities during the preceding 12-month period, addressed to the Board of Directors of the Servicer, to the Trustee, the Backup Servicer, the Note Purchasers and the Noteholders, to the effect that such firm has examined the financial statements of the Servicer and issued its report therefor and that such examination (1) was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as such firm considered necessary in the circumstances; (2) included tests relating to auto loans serviced for others in accordance with the requirements of the Uniform Single Attestation Program for Mortgage Bankers (the "PROGRAM"), to the extent the procedure in the Program are applicable to the servicing obligations set forth in this Agreement; (3) included an examination of the delinquency and loss statistics relating to the Servicer's portfolio of automobile and light truck installment sale contracts and promissory notes and security agreements; and (4) except as described in the report, disclosed no exceptions or errors in the records relating to automobile and light truck loans serviced for others that, in the firm's opinion, paragraph four of the Program requires such firm to report. The accountant's report shall further state that (1) a review in accordance with agreed upon procedures was made of two randomly selected Servicer's Certificates; (2) except as disclosed in the report, no exceptions or errors in the Servicer's Certificates were found; and (3) the delinquency and loss information relating to the Receivables and the stated amount of Liquidated Receivables, if any, contained in the Servicer's Certificates were found to be accurate. In the event such firm requires the Trustee and/or the Backup Servicer to agree to the procedures performed by such firm, the Servicer shall direct the Trustee and/or the Backup Servicer, as applicable, in writing to so agree; it being understood and agreed that the Trustee and/or the Backup Servicer will deliver such letter of agreement in conclusive reliance upon the direction of the Servicer, and neither the Trustee nor the Backup Servicer makes any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures. The Report will also indicate that the firm is independent of the Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

SECTION 4.12. INDEPENDENT ACCOUNTANTS' REVIEW OF RECEIVABLE FILES. Commencing on March 31, 2007 and, thereafter on each June 30, September 30, December 31 and March 31 (or, with respect to each such date, upon the date of the closing of Seller's next occurring "CPS Auto Receivables Trust" (or similar) term securitization transaction, provided that such review is not made more than 120 days after the immediately preceding review) prior to the Class A Final Scheduled Settlement Date, to the extent that the Class A Invested Amount on any day in the calendar quarter then ending was greater than $25 million (or such other dates as the Controlling Note Purchaser may determine in its reasonable discretion from time to time by prior written notice to the Seller, the Servicer and the Trustee), the Seller at its own expense shall cause Independent Accountants reasonably acceptable to the Controlling Note Purchaser to conduct a post-funding review of the Seller's compliance with its stated underwriting policies and verify certain characteristics of the Receivables as of each Funding Date. The Independent Accountants shall within ten Business Days complete such physical inspection and limited review and execute and deliver to Seller, the Servicer, the Trustee, each Note Purchaser and each Noteholder a report summarizing the findings, which report shall be delivered in any case within 120 days of the previous report delivered in accordance with this Section 4.12. If such review reveals, in the Controlling Note Purchaser's reasonable opinion, an unsatisfactory number of exceptions, the Controlling Note Purchaser, in its reasonable discretion, may require a full review of a larger sample of the Receivables by the Independent Accountants at the expense of the Seller.

SECTION 4.13. ACCESS TO CERTAIN DOCUMENTATION AND INFORMATION REGARDING RECEIVABLES. The Servicer shall provide to representatives of the Trustee, the Backup Servicer, each Note Purchaser and each Noteholder reasonable access to the documentation regarding the Receivables. In each case, such access shall be afforded without charge but only upon reasonable request and during normal business hours. Nothing in this Section shall derogate from the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors, and the failure of the Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

SECTION 4.14. VERIFICATION OF SERVICER'S CERTIFICATE.

(a) Concurrently with the delivery by the Servicer of the Servicer's Certificate each month, the Servicer will deliver to the Trustee and the Backup Servicer and each Note Purchaser a computer diskette (or other electronic transmission) in a format acceptable to the Trustee and the

Backup Servicer containing information with respect to the Receivables as of the close of business on the last day of the preceding Accrual Period which information is necessary for preparation of the Servicer's Certificate. The Backup Servicer shall use such computer diskette (or other electronic transmission) to verify certain information specified in SECTION 4.14(b) contained in the Servicer's Certificate delivered by the Servicer, and the Backup Servicer shall notify the Servicer, the Note Purchasers and the Noteholders of any discrepancies on or before the second Business Day following the Determination Date. In the event that the Backup Servicer reports any discrepancies, the Servicer and the Backup Servicer shall attempt to reconcile such discrepancies by the related Settlement Date, but in the absence of a reconciliation, the Servicer's Certificate shall control for the purpose of calculations and distributions pursuant to clauses (i) through (xi) of Section 5.7(a) hereof and clauses (i) through (iii) of Section 5.7(b) hereof, in each case with respect to the related Settlement Date. No payments shall be made to the Deposit Account pursuant to clause (xii) of Section 5.7(a) hereof or clause (iv) of Section 5.7(b) hereof, in each case until any discrepancies shall have been reconciled. In the event that the Backup Servicer and the Servicer are unable to reconcile discrepancies with respect to a Servicer's Certificate by the related Settlement Date, the Backup Servicer shall notify the Note Purchasers and the Noteholders of such discrepancy in writing and the Servicer shall cause a firm of Independent Accountants, at the Servicer's expense, to audit the Servicer's Certificate and, prior to the fifth day of the following calendar month, reconcile the discrepancies. The effect, if any, of such reconciliation shall be reflected in the Servicer's Certificate for such next succeeding Determination Date. Other than the duties specifically set forth in this Agreement, the Backup Servicer shall have no obligations hereunder, including, without limitation, to supervise, verify, monitor or administer the performance of the Servicer. The Backup Servicer shall have no liability for any actions taken or omitted by the Servicer. The duties and obligations of the Backup Servicer shall be determined solely by the express provisions of this Agreement and no implied covenants or obligations shall be read into this Agreement against the Backup Servicer.

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

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

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

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

(c) Within 30 days of the effective date of any renewal of the Term of the Class A Commitment pursuant to Section 2.05 of the Class A Note Purchase Agreement, the Backup Servicer will cause an affiliate of the Backup Servicer to data map to its servicing system all servicing/loan file information, including all relevant borrower contact information such as address and phone numbers as well as loan balance and payment information, including comment histories and collection notes. On or before the fifth calendar day of each month, the Servicer will provide to an affiliate of the Backup Servicer and to each Note Purchaser an electronic transmission of all servicing/loan information, including all relevant borrower contact information such as address and phone numbers as well as loan balance and payment information, including comment histories and collection notes, and the Backup Servicer will cause such affiliate to review each file to ensure that it is in readable form and verify that the data balances conform to the trial balance reports received from the Servicer. Additionally, the Backup Servicer shall cause such affiliate to store each such file.

SECTION 4.15. RETENTION AND TERMINATION OF SERVICER. The Servicer hereby covenants and agrees to act as such under this Agreement for monthly terms commencing on the Class A Closing Date, with the most recent of such terms commencing as of the date hereof and ending on February 28, 2007, which term may be extended by the Controlling Note Purchaser for successive monthly terms pursuant to written instructions delivered by the Controlling Note Purchaser to the Servicer and the Trustee (or, at the discretion of the Controlling Note Purchaser exercised pursuant to revocable written standing instructions from time to time to the Servicer and the Trustee, for any specified number of terms greater than one), until such time as the Notes, all other Secured Obligations and any and all other amounts due and payable to the Note Purchasers and the Noteholders pursuant to the Basic Documents have been paid in full (each such notice, including each notice pursuant to standing instructions, which shall be deemed delivered at the end of successive terms for so long as such instructions are in effect, a "SERVICER EXTENSION NOTICE"). The Servicer hereby agrees that, upon its receipt of any such Servicer Extension Notice or other extension of its term as Servicer, the Servicer shall become bound, for the duration of the term covered by such Servicer Extension Notice or for the monthly term, as applicable, to continue as the Servicer subject to and in accordance with the other provisions of this Agreement. The Trustee agrees that if as of the Business Day succeeding the Settlement Date occurring during any term of the Servicer, the Trustee shall not have received any Servicer Extension Notice as of such date, the Trustee shall, within five days thereafter, give written notice of such non-receipt to each Note Purchaser and the Servicer and the Servicer's term shall not be extended unless a Servicer Extension Notice is received on or before the last day of such term. The Controlling Note Purchaser shall have no liability to the other Note Purchasers or the Noteholders arising out of or relating to any renewal or non-renewal of the term of the Servicer pursuant to this Section 4.15.

SECTION 4.16. ERRORS AND OMISSIONS POLICY AND FIDELITY BOND. The Servicer shall maintain an errors and omissions insurance policy and a fidelity bond in such form and amount as is customary for comparable servicers engaged in the business of servicing motor vehicle receivables.

SECTION 4.17. SUBSERVICING ARRANGEMENTS. The Servicer may arrange for the subservicing of all or any portion of the Receivables by a subservicer; provided, however, that such subservicing arrangement must provide for the servicing of such Receivables in a manner consistent with the servicing arrangements contemplated hereunder; provided, further, that any such subservicing arrangement with a Person that is not an Affiliate of CPS shall require the prior written consent of the Controlling Note Purchaser and prior written notice to the Class B Note Purchasers. Unless the context otherwise requires, references in this Agreement to actions taken or to be taken by the Servicer in servicing the Receivables include actions taken or to be taken by a subservicer on behalf of the Servicer. Notwithstanding the provisions of any subservicing agreement, any of the provisions of this Agreement relating to agreements or arrangements between the Servicer and a subservicer or reference to actions taken through a subservicer or otherwise, the Servicer shall remain obligated and liable to the Purchaser, the Trustee, the Backup Servicer, the Note Purchasers and the Noteholders for the servicing and administration of the Receivables in accordance with the provisions of this Agreement without diminution of such obligation or liability by virtue of such subservicing agreements or arrangements or by virtue of indemnification from the subservicer and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Receivables. All actions of each subservicer performed pursuant to a subservicing arrangement shall be performed as an agent of the Servicer with the same force and effect as if performed directly by the Servicer. The subservicer under each subservicing arrangement shall be engaged by the Servicer upon terms consistent with the engagement of the Servicer hereunder. Each subservicer shall be simultaneously terminated in the event that the Servicer is terminated hereunder. In addition, if a subservicing arrangement relates to TFC Managed Receivables, the related subservicer may be terminated by the Controlling Note Purchaser upon the occurrence of a TFC Funding Termination Event. The fees paid by the Servicer to the related subservicer under each subservicing arrangement shall not exceed the Servicing Fees paid to the Servicer hereunder.

ARTICLE V

ACCOUNTS; DISTRIBUTIONS; STATEMENTS TO THE NOTEHOLDERS

SECTION 5.1. ESTABLISHMENT OF PLEDGED ACCOUNTS.

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

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

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

(d) Funds on deposit in the Collection Account, the Note Distribution Account and the Principal Funding Account (collectively, the "PLEDGED ACCOUNTS") shall be invested by the Trustee (or any custodian with respect to funds on deposit in any such account) in Eligible Investments selected in writing by the Servicer or, after the resignation or termination of CPS as Servicer, by the Controlling Note Purchaser (pursuant to standing instructions or otherwise) or, with respect to Eligible Investments related solely to the Class B Available Funds, the Class B Note Purchasers. All such Eligible Investments shall be held by or on behalf of the Trustee for the benefit of the applicable Noteholders and the applicable Note Purchasers. Other than as permitted by the Controlling Note Purchaser, funds on deposit in any Pledged Account shall be invested in Eligible Investments that will mature so that such funds will be available at the close of business on the Business Day immediately preceding the following Settlement Date. Funds deposited in a Pledged Account on the day immediately preceding a Settlement Date upon the maturity of any Eligible Investments are not required to be invested overnight. All Eligible Investments will be held to maturity. Notwithstanding anything herein to the contrary, none of the Class A Note Purchaser or the Class A Noteholders shall have any right, title or interest in, or any right to direct the Trustee with respect to, any Class B Available Funds (or Eligible Investments or Investment Earnings related thereto) on deposit from time to time in the Pledged Accounts.

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

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

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

(h) The Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Pledged Accounts and in all proceeds thereof (including all Investment Earnings on the Pledged Accounts) and all such funds, investments, proceeds and income shall be part of the Other Conveyed Property and the Collateral, except that any such funds, investments, proceeds and income that relate to the Class B Available Funds shall be solely part of the Additional Class B Collateral. Except as otherwise provided herein, the Pledged Accounts shall be under the sole dominion and control of the Trustee for the benefit of the Noteholders and the Note Purchasers; provided, however, that none of the Class A Note Purchaser or the Class A Noteholders shall have any right, title or interest in any Class B Available Funds (or Eligible Investments or Investment Earnings related thereto) on deposit from time to time in the Pledged Accounts. If at any time any of the Pledged Accounts ceases to be an Eligible Account, the Trustee with the consent of the Controlling Note Purchaser shall within five Business Days establish a new Pledged Account as an Eligible Account and shall transfer any cash and/or any investments from the Pledged Account that is no longer an Eligible Account to such new Pledged Account. The Trustee shall promptly notify the Servicer, each Note Purchaser and each Noteholder of any change in the location of any of the aforementioned accounts. In connection with the foregoing, the Trustee agrees that, in the event that any of the Pledged Accounts are not accounts with the Trustee, the Trustee shall notify the Servicer, each Note Purchaser and each Noteholder in writing promptly upon any of such Pledged Accounts ceasing to be an Eligible Account.

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

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

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

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

(iii) except as provided in clause (iv) below, the Servicer shall have the power, revocable by the Controlling Note Purchaser, to instruct the Trustee to make withdrawals and payments from the Pledged Accounts for the purpose of permitting the Servicer and the Trustee to carry out their respective duties hereunder; and

(iv) the Servicer shall have the power, revocable by the Class B Note Purchasers, to instruct the Trustee to make withdrawals and payments of Class B Available Funds from the Pledged Accounts for the purpose of permitting the Servicer and the Trustee to carry out their respective duties hereunder.

SECTION 5.2. ESTABLISHMENT OF DEPOSIT ACCOUNT

The Trustee shall establish and maintain the Deposit Account in the name of CPS. The Deposit Account shall be established with the Trustee as the Deposit Account Bank (as defined in the Account Control Agreement) and governed and maintained in accordance with the provisions of the Account Control Agreement. All distributions made by the Issuer, the Purchaser, the Seller or the Servicer to CPS in respect of CPS's equity interest in the Issuer shall be deposited directly into the Deposit Account. Amounts on deposit in the Deposit Account shall be invested by the Trustee (or any custodian with respect to funds on deposit in any such account) in Eligible Investments selected in writing by CPS (pursuant to standing instructions or otherwise). All investment earnings of moneys deposited in the Deposit Account shall be held in the Deposit Account until withdrawn by CPS (unless otherwise provided pursuant to Section 2 of the Account Control Agreement) or, upon foreclosure, the party entitled thereto pursuant to the Account Control Agreement, and any loss resulting from such investments shall be charged to the Deposit Account.

SECTION 5.3. CERTAIN REIMBURSEMENTS TO THE SERVICER. The Servicer will be entitled to be reimbursed from amounts on deposit in the Collection Account with respect to an Accrual Period for amounts previously deposited in the Collection Account but later determined by the Servicer to have resulted from mistaken deposits or postings or checks returned for insufficient funds. The amount to be reimbursed hereunder shall be paid to the Servicer on the related Settlement Date pursuant to SECTION 5.7(A)(II) upon certification by the Servicer of such amounts prior to such Settlement Date and the provision of such information to the Trustee and the Note Purchasers prior to such Settlement Date as may be necessary in the opinion of the Controlling Note Purchaser to verify the accuracy of such certification; provided, however, that the Servicer must provide such certification within three months of it becoming aware of such mistaken deposit, posting or returned check. In the event that the Controlling Note Purchaser has not received evidence satisfactory to it of the Servicer's entitlement to reimbursement pursuant to this Section prior to such Settlement Date, the Controlling Note Purchaser shall give the Trustee notice to such effect, following receipt of which the Trustee shall not make a distribution to the Servicer in respect of such amount pursuant to SECTION 5.7, or if prior thereto the Servicer has been reimbursed pursuant to SECTION 5.7, the Trustee shall withhold such amounts from amounts otherwise distributable to the Servicer on the next succeeding Settlement Date.

SECTION 5.4. APPLICATION OF COLLECTIONS. All collections for each Accrual Period shall be applied by the Servicer as follows:

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

SECTION 5.5. [RESERVED].

SECTION 5.6. DEPOSITS INTO THE COLLECTION ACCOUNT. The Servicer, the Issuer, the Purchaser or the Seller, as the case may be, shall each deposit or cause to be deposited in the Collection Account (i) the Available Funds and the Class B Available Funds, and (ii) any amounts due the Trustee, any Noteholder, any Note Purchaser, the Backup Servicer, the Purchaser (in each case, to the extent not paid directly thereto) in respect of any indemnification obligation of the Servicer, the Issuer, the Purchaser or the Seller under the Basic Documents.

SECTION 5.7. DISTRIBUTIONS.

(a) On each Settlement Date prior to the acceleration of the Notes following an Event of Default, the Trustee (based on the information contained in the Servicer's Certificate delivered on the related Determination Date) shall make the following distributions (without duplication) in the following order of priority from the Available Funds on deposit in the Collection Account:

(i) to the Backup Servicer and the Trustee, as applicable, pro rata, in respect of the Backup Servicing Fee (so long as the Backup Servicer is not acting as successor Servicer), the Trustee Fee, reasonable expenses incurred in connection with transitioning the servicing to the Backup Servicer and all other reasonable out-of-pocket expenses thereof (including counsel fees and expenses) and all unpaid Backup Servicing Fees (so long as the Backup Servicer

is not acting as successor Servicer), Trustee Fees, reasonable expenses incurred in connection with transitioning the servicing to the Backup Servicer and all other reasonable out-of-pocket expenses (including counsel fees and expenses) from prior Accrual Periods; PROVIDED, HOWEVER, that expenses payable to each of the Backup Servicer and Trustee pursuant to this clause (i), excluding amounts paid to the Backup Servicer in respect of transition expenses, shall be limited to a total of $25,000 per annum (calculated from July 1, 2006 to June 30, 2007, and each succeeding 364-day period to the extent the Term of the Class A Notes is extended pursuant to the Class A Note Purchase Agreement); PROVIDED, FURTHER, that the amount of transition expenses distributed to the Backup Servicer during the term of this Agreement pursuant to this clause (i) shall in no case exceed $50,000 in the aggregate;

(ii) to the Servicer in respect of the Servicing Fee and all unpaid Servicing Fees from prior Accrual Periods and all reimbursements to which the Servicer is entitled pursuant to SECTION 5.3 and an amount, not to exceed $35,000 per annum, for payment to the taxing authority of the State of Texas on behalf of the Issuer for any Texas franchise or similar tax due and owing by the Issuer (or with respect to the Receivables) and not timely paid by the Servicer in accordance with Section 9.1(m);

(iii) to the Note Distribution Account, the Class A Noteholders' Interest Distributable Amount for such Accrual Period and the Class A Unused Facility Fee for such Settlement Date;

(iv) to the Note Distribution Account, the Class A Noteholders' Principal Distributable Amount (including without limitation that portion thereof arising out of any Class A Margin Call) for such Settlement Date;

(v) to the Note Distribution Account, any and all other fees, expenses, indemnity payments (to the extent not paid directly) and all other amounts owing to the Class A Note Purchaser and/or any Class A Noteholder under the Basic Documents;

(vi) to the Note Distribution Account, the Class B Noteholders' Interest Distributable Amount for such Accrual Period;

(vii) to the Note Distribution Account, the Class B Noteholders' Principal Distributable Amount (including without limitation that portion thereof arising out of any Class B Margin Call) for such Settlement Date;

(viii) to the Servicer for payment to the taxing authority of the State of Texas on behalf of the Issuer for any Texas franchise or similar tax due and owing by the Issuer (or with respect to the Receivables), the amount, if any, to be paid to such taxing authority after giving effect to the distribution pursuant to clause (ii) above and not timely paid by the Servicer in accordance with Section 9.1(m);

(ix) to any successor Servicer, its servicing fees in excess of the Servicing Fee and, to the extent not previously paid by the predecessor Servicer pursuant to this Agreement, reasonable transition expenses (up to a maximum of $50,000 in the aggregate over the term of this Agreement) incurred in becoming the successor Servicer;

(x) to the Backup Servicer and the Trustee, as applicable, pro rata, in respect of reasonable out-of-pocket expenses thereof (including counsel fees and expenses) and reasonable out-of-pocket expenses (including counsel fees and expenses) from prior Accrual Periods to the extent not paid thereto pursuant to SECTION 5.7(A)(I) above;

(xi) to the Note Distribution Account, the Class B Commitment Fee and all other fees, expenses, indemnity payments (to the extent not

paid directly) and all other amounts owing to a Class B Note Purchaser and/or any Class B Noteholder under the Basic Documents and a Class B note purchaser and/or any Class B noteholder under the Bear Basic Documents (including without limitation, all Bear Secured Obligations); and

(xii) to the Deposit Account, the remaining amount, if any; provided that no amounts shall be paid to the Issuer pursuant to this priority (xii) until any amounts owed to any Noteholder and any Note Purchaser pursuant to the Basic Documents and any Class B noteholder and any Class B note purchaser under the Bear Basic Documents have been paid in full and any discrepancies in the Servicer's Certificate shall have been reconciled pursuant to Section 4.14(a) hereof.

(b) On each Settlement Date prior to the acceleration of the Notes following an Event of Default, the Trustee (based on the information contained in the Servicer's Certificate delivered on the related Determination Date) shall make the following distributions (without duplication) in the following order of priority from the Class B Available Funds on deposit in the Collection Account:

(i) to the Note Distribution Account, the Class B Noteholders' Interest Distributable Amount for such Accrual Period, to the extent not previously distributed pursuant to Section 5.7(a)(vi);

(ii) to the Note Distribution Account, the Class B Noteholders' Principal Distributable Amount (including without limitation that portion thereof arising out of any Class B Margin Call) for such Settlement Date, to the extent not previously distributed pursuant to Section 5.7(a)(vii);

(iii) to the Note Distribution Account, the Class B Commitment Fee and all other fees, expenses, indemnity payments (to the extent not paid directly) and all other amounts owing to a Class B Note Purchaser and/or any Class B Noteholder under the Basic Documents and a Class B note purchaser and/or any Class B noteholder under the Bear Basic Documents (including without limitation, all Bear Secured Obligations), to the extent not previously distributed pursuant to Section 5.7(a)(xi); and

(iv) to the Deposit Account, any remaining amounts; provided that no amounts shall be paid to the Issuer pursuant to this priority (iv) until any amounts owed to any Class B Noteholder and any Class B Note Purchaser pursuant to the Basic Documents and any Class B noteholder and any Class B note purchaser under the Bear Basic Documents have been paid in full and any discrepancies in the Servicer's Certificate shall have been reconciled pursuant to Section 4.14(a) hereof.

(c) Following an acceleration of the Notes after an Event of Default, any money or property that the Trustee collects pursuant to Article V of the Indenture shall be paid pursuant to Section 5.6(a) of the Indenture; provided, however, that Available Funds and Class B Available Funds shall be applied in the order of priority specified in SECTION 5.7(a) and SECTION 5.7(b) above, respectively.

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

SECTION 5.8. NOTE DISTRIBUTION ACCOUNT.

(a) On each Settlement Date (based solely on the information contained in the Servicer's Certificate), the Trustee shall distribute all Available Funds on deposit in the Note Distribution Account to the Noteholders in respect of the Notes to the extent of amounts due and unpaid on the Notes for principal and interest, and to the Note Purchasers and the Noteholders in respect of other amounts due and owing under the Basic Documents (and the Class B note purchasers and the Class B noteholders in respect of amounts due and owing under the Bear Basic Documents, as applicable), in the following amounts and in the following order of priority (without duplication):

(i) to the Class A Noteholders, the Class A Noteholders' Interest Distributable Amount and the Class A Unused Facility Fee; PROVIDED that if there are not sufficient Available Funds in the Note Distribution Account to pay the entire Class A Noteholders' Interest Distributable Amount and Class A Unused Facility Fee then due on the Class A Notes, the amount in the Note Distribution Account shall be applied to the payment of such Class A Noteholders Interest Distributable Amount and the Class A Unused Facility Fee, pro rata, among the Holders of the Class A Notes;

(ii) to the Class A Noteholders, in reduction of the Class A Invested Amount, the Class A Noteholders' Principal Distributable Amount (including without limitation that portion thereof arising out of any Class A Margin Call) to pay principal on the Class A Notes until the outstanding principal amount of the Class A Notes has been reduced to zero; PROVIDED that if there are not sufficient Available Funds remaining in the Note Distribution Account after application of clause (i) above to pay the entire Class A Noteholders' Principal Distributable Amount (including without limitation that portion thereof arising out of any Class A Margin Call) then due on the Class A Notes, the Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class A Noteholders' Principal Distributable Amount (including without limitation that portion thereof arising out of any Class A Margin Call), pro rata, among the Holders of the Class A Notes;

(iii) sequentially, to the Class A Note Purchaser and the Class A Noteholders, in that order, any other amounts due the Class A Note Purchaser and the Class A Noteholders, respectively, pursuant to any of the Basic Documents; PROVIDED that if there are not sufficient Available Funds remaining in the Note Distribution Account after application of clauses (i) and (ii) above to pay all of the other amounts due to the Class A Note Purchaser and the Class A Noteholders, respectively, pursuant to the Basic Documents, the Available Funds remaining in the Note Distribution Account shall be applied to the payment of such other amounts first, to the Class A Note Purchaser, until the amounts due and owing to the Class A Note Purchaser have been reduced to zero, and thereafter, pro rata among the Holders of the Class A Notes;

(iv) to the Class B Noteholders, the Class B Noteholders' Interest Distributable Amount; PROVIDED that if there are not sufficient Available Funds remaining in the Note Distribution Account after application of clauses (i) through (iii) above to pay the entire Class B Noteholders' Interest Distributable Amount then due on the Class B Notes, the Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class B Noteholders' Interest Distributable Amount pro rata among the Holders of the Class B Notes;

(v) to the Class B Noteholders, in reduction of the Class B Invested Amount, the Class B Noteholders' Principal Distributable Amount (including without limitation that portion thereof arising out of any Class B Margin Call) to pay principal on the Class B Notes until the outstanding principal amount of the Class B Notes has been reduced to zero; PROVIDED that if there are not sufficient Available Funds remaining in the Note Distribution Account after application of clauses (i) through (iv) above to pay the entire Class B Noteholders' Principal Distributable Amount (including without limitation that portion thereof arising out of any Class B Margin Call) then due on the Class B Notes, the Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class B Noteholders' Principal Distributable Amount (including without limitation that portion thereof arising out of any Class B Margin Call) pro rata among the Holders of the Class B Notes;

(vi) to each Class B Note Purchaser, its respective pro rata portion of the Class B Commitment Fee; PROVIDED that if there are not sufficient Available Funds remaining in the Note Distribution Account after application of clauses (i) through (v) above to pay the entire amount of the Class B Commitment Fee, the Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class B Commitment Fee pro rata among the Class B Note Purchasers; and

(vii) sequentially, to each Class B Note Purchaser and the Class B Noteholders (or each Class B note purchaser and the Class B noteholders under the Bear Basic Documents, as applicable), in that order, any other amounts due each Class B Note Purchaser and the Class B Noteholders (or each Class B note purchaser and the Class B noteholders under the Bear Basic Documents, as applicable), respectively, pursuant to any of the Basic Documents and the Bear Basic Documents (including, without limitation, the Bear Secured Obligations); PROVIDED that if there are not sufficient Available Funds remaining in the Note Distribution Account after application of clauses (i) through (vi) above to pay all of the other amounts due to the Class B Note Purchaser and the Class B Noteholders (or each Class B note purchaser and the Class B noteholders under the Bear Basic Documents, as applicable), respectively, pursuant to the Basic Documents and the Bear Basic Documents, the Available Funds remaining in the Note Distribution Account shall be applied to the payment of such other amounts FIRST, pro rata to each Class B Note Purchaser, until the amounts due and owing to each Class B Note Purchaser have been reduced to zero, SECOND, pro rata among the Holders of the Class B Notes, until the amounts due and owing to each Class B Noteholder have been reduced to zero, THIRD, pro rata to each Class B note purchaser under the Bear Basic Documents until the amounts due and owing to each Class B note purchaser thereunder have been reduced to zero, and FOURTH, pro rata, among the Class B noteholders under the Bear Basic Documents, until the amounts due and outstanding thereunder have been reduced to zero.

(b) On each Settlement Date (based solely on the information contained in the Servicer's Certificate), the Trustee shall distribute all Class B Available Funds on deposit in the Note Distribution Account to the Class B Noteholders in respect of the Class B Notes to the extent of amounts due and unpaid on the Class B Notes for principal and interest, and to the Class B Note Purchasers and the Class B Noteholders in respect of other amounts due and owing under the Basic Documents, and to the Class B note purchasers and the Class B noteholders in respect of other amounts due and owing under the Bear Basic Documents (including without limitation, the Bear Secured Obligations), in the following amounts and in the following order of priority (without duplication):

(i) to the Class B Noteholders, the Class B Noteholders' Interest Distributable Amount, to the extent not distributed pursuant to Section 5.8(a)(iv); PROVIDED that if there are not sufficient Class B Available Funds in the Note Distribution Account to pay the entire Class B Noteholders' Interest Distributable Amount then due on the Class B Notes, the Class B Available Funds in the Note Distribution Account shall be applied to the payment of such Class B Noteholders' Interest Distributable Amount pro rata among the Holders of the Class B Notes;

(ii) to the Class B Noteholders, in reduction of the Class B Invested Amount, the Class B Noteholders' Principal Distributable Amount (including without limitation that portion thereof arising out of any Class B Margin Call), to the extent not distributed pursuant to Section 5.8(a)(v), to pay principal on the Class B Notes until the outstanding principal amount of the Class B Notes has been reduced to zero; PROVIDED that if there are not sufficient Class B Available Funds remaining in the Note Distribution Account after application of clause (i) above to pay the entire Class B Noteholders' Principal Distributable Amount (including without limitation that portion thereof arising out of any Class B Margin Call) then due on the Class B Notes, the Class B Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class B Noteholders' Principal Distributable Amount (including without limitation that portion thereof arising out of any Class B Margin Call) pro rata among the Holders of the Class B Notes;

(iii) to each Class B Note Purchaser, its respective pro rata portion of the Class B Commitment Fee, to the extent not distributed pursuant to Section 5.8(a)(vi); PROVIDED that if there are not sufficient Class B Available Funds remaining in the Note Distribution Account after application of clauses (i) and (ii) above to pay the entire amount of the Class B Commitment Fee, the Class B Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class B Commitment Fee pro rata among the Class B Note Purchasers; and

(iv) sequentially, to each Class B Note Purchaser and the Class B Noteholders (or each Class B note purchaser and the Class B noteholders under the Bear Basic Documents, as applicable), in that order, any other amounts due each Class B Note Purchaser and the Class B Noteholders (or each Class B note purchaser and the Class B noteholders under the Bear Basic Documents, as applicable), respectively, pursuant to any of the Basic Documents and the Bear Basic Documents (including without limitation, the Bear Secured Obligations), to the extent not previously distributed pursuant to Section 5.8(a)(vii); PROVIDED that if there are not sufficient Class B Available Funds remaining in the Note Distribution Account after application of clauses (i) through (iii) above to pay all of the other amounts due to the Class B Note Purchaser and the Class B Noteholders (or each Class B note purchaser and the Class B noteholders under the Bear Basic Documents, as applicable), respectively, pursuant to the Basic Documents and the Bear Basic Documents, the Class B Available Funds remaining in the Note Distribution Account shall be applied to the payment of such other amounts FIRST, pro rata to each Class B Note Purchaser, until the amounts due and owing to each Class B Note Purchaser have been reduced to zero, SECOND, pro rata among the Holders of the Class B Notes, until the amounts due and owing to each Class B Noteholder have been reduced to zero, THIRD, pro rata to each Class B note purchaser under the Bear Basic Documents until the amounts due and owing to each Class B note purchaser thereunder have been reduced to zero, and FOURTH, pro rata, among the Class B noteholders under the Bear Basic Documents, until the amounts due and outstanding thereunder have been reduced to zero.

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

SECTION 5.9. STATEMENTS TO NOTEHOLDERS. (a) On the Determination Date (in accordance with Section 4.9), the Servicer shall provide to the Trustee, the Note Purchasers and the Noteholders on the related Record Date a copy of the Servicer's Certificate setting forth at least the following information as to the Notes to the extent applicable in the form attached hereto as EXHIBIT A:

(i) the amount of such distribution allocable to principal of each class of Notes;

(ii) the amount of such distribution allocable to interest on or with respect to each class of Notes;

(iii) the Aggregate Principal Balance as of the close of business on the last day of the preceding Accrual Period;

(iv) the Class A Invested Amount and the Class B Invested Amount;

(v) the amount of the Servicing Fee paid to the Servicer with respect to the related Accrual Period, and the amount of any unpaid Servicing Fees and the change in such amount from the prior Settlement Date;

(vi) (A) the amount of each of the Backup Servicing Fee and the Trustee Fee paid to the Backup Servicer and the Trustee as applicable, with respect to the related Accrual Period, (B) the amount of any unpaid Backup Servicing Fees and Trustee Fees and the change in such amounts from the prior Settlement Date, (C) the amount of all expenses paid to the Trustee and the Backup Servicer, with respect to the related Accrual Period, and (D) the difference between the maximum per annum amount payable to the Trustee and Backup Servicer in respect of expenses (other than servicing transition expenses) as set forth in Section 5.7(a)(i) and the amount paid to the Backup Servicer and Trustee year-to-date (to and including the related Settlement Date) in respect of such expenses;

(vii) the Class A Noteholders' Interest Carryover Shortfall, the Class A Noteholders' Principal Carryover Shortfall, the Class B Noteholders' Interest Carryover Shortfall, and the Class B Noteholders' Principal Carryover Shortfall, if any;

(viii) the number of Receivables and the aggregate gross amount scheduled to be paid thereon, including unearned finance and other charges, for which the related Obligors are delinquent in making Scheduled Receivable Payments for (a) 31 to 45 days and (b) 46 days or more, in each case as of the last day of the related Accrual Period;

(ix) the amount of aggregate Realized Losses, if any, for the related Accrual Period;

(x) the number of, and the aggregate Purchase Amounts for, Receivables, if any, that were repurchased during the related Interest Period and summary information as to losses and delinquencies with respect to the Receivables as of the end of the related Accrual Period;

(xi) the amount of any Texas Franchise Tax due and owing by the Issuer to the taxing authority of the State of Texas on or prior to the related Settlement Date or paid by the Servicer on behalf of the Issuer since the prior Settlement Date;

(xii) the cumulative amount of Realized Losses from the initial Cutoff Date to the last day of the related Accrual Period; and

(xiii) the Servicer Delinquency Ratio as of the end of the related Accrual Period and the Servicer Loss Ratio as of the related Determination Date.

(b) Within 60 days after the end of each calendar year, commencing February 28, 2007, the Servicer shall deliver to the Trustee, and the Trustee shall, provided it has received the necessary information from the Servicer, promptly thereafter furnish to each Noteholder (a) a report (prepared by the Servicer) as to the aggregate of the amounts reported pursuant to subclauses (i), (ii), (v) and (vi) of Section 5.9(a) for such preceding calendar year, and (b) such information as may be reasonably requested by any Noteholder or required by the Code and regulations thereunder, to enable such Noteholder to prepare its Federal and State income tax returns. The obligation of the Trustee set forth in this paragraph shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Servicer to such Noteholder pursuant to any requirements of the Code.

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

SECTION 5.10. DIVIDEND OF INELIGIBLE RECEIVABLES. The Issuer may on the last day of the month in which any Receivables are sold into a securitization transaction distribute any Ineligible Receivables to the Seller as a dividend, free of the deemed security interest referred to in Section 2.2 hereof; PROVIDED THAT there is no Borrowing Base Deficiency immediately after such dividend.

ARTICLE VI

[RESERVED]

ARTICLE VII

THE PURCHASER

SECTION 7.1. REPRESENTATIONS OF PURCHASER. The Purchaser makes the following representations on which the Noteholders shall be deemed to have relied in purchasing the Notes and the applicable Note Purchasers shall have been deemed to have relied in making each Advance. The representations speak as of the execution and delivery of this Agreement and as of each Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof to the Trustee for the benefit of the Note Purchasers and the Noteholders pursuant to the Indenture.

(a) ORGANIZATION AND GOOD STANDING. The Purchaser has been duly formed and is validly existing as a limited liability company solely under the laws of the state of Delaware and is in good standing under the laws of the State of Delaware, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted, and had at all relevant times, and now has, power, authority and legal right to acquire, own and pledge the Receivables and the Other Conveyed Property pledged to the Trustee for the benefit of the Note Purchasers and the Noteholders and to enter into and perform its other obligations under this Agreement and each other Basic Document to which it is a party.

(b) DUE QUALIFICATION. The Purchaser is duly qualified to do business as a foreign limited liability company in good standing, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business (including, without limitation, (i) the purchase of Receivables from CPS, (ii) the pledge of Collateral to the Trustee for the benefit of the Note Purchasers and the Noteholders pursuant to Granting Clause I of the Indenture, (iii) the pledge of the Pledged Subordinate Securities to the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders pursuant to Granting Clause II of the Indenture, (iv) the pledge of the UBS Cross Collateral to the Bear Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents pursuant to Granting Clause III of the Indenture, and (v) the performance of its other obligations under this Agreement and each other Basic Document) shall require such qualifications.

(c) POWER AND AUTHORITY. The Purchaser has the power (limited liability company and other) and authority, and has all material government licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being conducted, to execute and deliver this Agreement and the other Basic Documents to which it is a party and to carry out its terms and their terms, respectively; the Purchaser has full power and authority to pledge (x) the Collateral to be pledged to the Trustee for the benefit of the Note Purchasers and the Noteholders by it pursuant to Granting Clause I of the Indenture, (y) the Pledged Subordinate Securities to be pledged to the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders by it pursuant to Granting Clause II of the Indenture, and (z) the UBS Cross Collateral to be pledged to the Bear Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents by it pursuant to Granting Clause III of the Indenture, and has duly authorized such pledges to the Trustee and the Bear Indenture Trustee, as applicable, for the benefit of the applicable Persons by all necessary corporate action; and the execution, delivery and performance of this Agreement and the Basic Documents to which the Purchaser is a party have been duly authorized by the Purchaser by all necessary action.

(d) VALID SALE. BINDING OBLIGATIONS. (A) This Agreement effects a valid sale of the Receivables and the Other Conveyed Property, enforceable against the Seller and creditors of and purchasers from the Seller, (B) Granting Clause I of the Indenture constitutes a valid pledge of the Collateral which constitutes a first priority perfected security interest in the Collateral, subject to the terms and provisions of the Intercreditor Agreement, in favor of the Trustee for the benefit of the Noteholders and

the Note Purchasers, (C) Granting Clause II of the Indenture constitutes a valid pledge of the Pledged Subordinate Securities which constitutes a first priority perfected security interest in the Pledged Subordinate Securities in favor of the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers, and (D) Granting Clause III of the Indenture constitutes a valid pledge of the UBS Cross Collateral, subject to the terms and provisions of the Intercreditor Agreement, which constitutes a second priority perfected security interest in the UBS Cross Collateral (subject only to the Lien Granted pursuant to Granting Clause I of the Indenture) in favor of the Bear Indenture Trustee for the benefit of the Class B noteholders and the Class B note purchasers under the Bear Basic Documents, in each case enforceable against the Issuer and creditors of and purchasers from the Issuer, and this Agreement and the other Basic Documents to which the Purchaser is a party, when duly executed and delivered, shall constitute legal, valid and binding obligations of the Purchaser enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law.

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

(f) NO PROCEEDINGS. There are no proceedings or investigations pending or, to the Purchaser's knowledge after due inquiry, threatened against the Purchaser, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality having jurisdiction over the Purchaser or its properties (A) asserting the invalidity of this Agreement, any class of Notes or any of the Basic Documents, (B) seeking to prevent the issuance of any class of Notes or the consummation of any of the transactions contemplated by this Agreement or any of the Basic Documents, (C) seeking any determination or ruling that might materially and adversely affect the performance by the Purchaser of its obligations under, or the validity or enforceability of, this Agreement or any of the Basic Documents or otherwise have a Material Adverse Effect or result in a Material Adverse Change in respect of the Receivables or the business, operations, financial condition, properties, assets or prospects of Purchaser, or (D) relating to the Purchaser, the Collateral, the Pledged Subordinate Securities or the UBS Cross Collateral and which might adversely affect the federal or State income, excise, franchise or similar tax attributes of the Notes.

(g) NO CONSENTS. The Purchaser is not required to obtain the consent of any other Person and no consent, approval, authorization or order of or declaration or filing with any governmental authority is required for conduct of the Purchaser's business, the issuance or sale of the Notes or the consummation of the other transactions contemplated by this Agreement and the other Basic Documents, except such as have been duly made or obtained or as may be required by the Basic Documents.

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

(i) OTHER OBLIGATIONS. The Purchaser is not in default in the performance, observance or fulfillment of any obligation, covenant or condition in any of the Basic Documents to which it is a party or in any other agreement or instrument to which it is a party or by which it is bound the result of which would have a Material Adverse Effect or result in a Material Adverse Change.

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

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

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

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

(n) ERISA. The Purchaser does not maintain any Plans, and the Purchaser agrees to notify each Note Purchaser in advance of forming any Plans. Neither the Issuer nor any Affiliate of the Purchaser (other than MFN under the MFN Financial Corporation Pension Plan and CPS under its defined contribution (401(k)) plan) has any obligations or liabilities with respect to any Plans or Multiemployer Plans, nor have any such Persons had any obligations or liabilities with respect to any such Plans during the five year period prior to the date this representation is made or deemed made. The Purchaser will give notice to each Note Purchaser and each Noteholder if at any time it or any Affiliate has any obligations or liabilities with respect to any Plan or Multiemployer Plan. All Plans maintained by the Purchaser or any Affiliate are in substantial compliance with all applicable laws (including ERISA). The Purchaser is not an employer under any Multiemployer Plan.

(o) COMPLIANCE WITH LAWS. The Purchaser has complied and will comply in all material respects with all applicable laws, rules, regulations, judgments, agreements, decrees and orders with respect to its business and properties.

ARTICLE VIII

THE SELLER

SECTION 8.1. REPRESENTATIONS OF SELLER. The Seller makes the following representations on which the Purchaser shall be deemed to have relied in acquiring the Receivables, the Noteholders shall be deemed to have relied in purchasing the Notes and the applicable Note Purchasers shall have been deemed to have relied in making each Advance. The representations speak as of the

execution and delivery of this Agreement, as of the Closing Date and as of each Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof by the Purchaser to the Trustee for the benefit of the Noteholders and the Note Purchasers pursuant to the Indenture.

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

(b) DUE QUALIFICATION. The Seller is duly qualified to do business as a foreign corporation in good standing and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including, without limitation, the origination or purchase of motor vehicle retail installment sale contracts or installment promissory note and security agreements, the sale of the Receivables to the Purchaser hereunder, the servicing of the Receivables as required by this Agreement, and its other obligations hereunder and under the other Basic Documents) requires or shall require such qualification except where the failure to so qualify or obtain such licenses or consents would not result in a Material Adverse Effect or a Material Adverse Change.

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

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

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

(f) NO PROCEEDINGS. There are no proceedings or investigations pending or, to the Seller's knowledge, threatened against the Seller, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality having jurisdiction over the Seller or its properties (A) asserting the invalidity of this Agreement or any of the Basic Documents, (B) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Agreement or

any of the Basic Documents, or (C) seeking any determination or ruling that might materially and adversely affect the performance by the Seller of its obligations under, or the validity or enforceability of, this Agreement or any of the other Basic Documents or otherwise have a Material Adverse Effect or result in a Material Adverse Change in respect of the Seller or (D) relating to the Seller or the Receivables or Other Conveyed Property and which might adversely affect the federal or State income, excise, franchise or similar tax attributes of the Notes.

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

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

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

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

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

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

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

(n) NO MATERIAL ADVERSE CHANGE AS OF SEPTEMBER 30, 2006. No Material Adverse Change has occurred with respect to the Seller since the end of the quarter reported on in the Seller's Form 10-Q filed with the Commission on October 27, 2006.

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

(p) OTHER OBLIGATIONS. The Seller is not in default in the performance, observance or fulfillment of any obligation, covenant or condition in any of the Basic Documents to which it is a party or in any agreement or instrument to which it is a party or by which it is bound the result of which would have a Material Adverse Effect or result in a Material Adverse Change.

(q) ERISA. The Seller does not maintain any Plans (other than its defined contribution (401(k)) plan and the MFN Financial Corporation Pension Plan), and the Seller agrees to notify each Note Purchaser in advance of forming any Plans. Neither the Seller nor any Affiliate of the Seller (other than MFN under the MFN Financial Corporation Pension Plan) has any obligations or liabilities with respect to any Plans or Multiemployer Plans, nor have any such Persons had any obligations or liabilities with respect to any such Plans during the five year period prior to the date this representation is made or deemed made. The Seller will give notice to each Note Purchaser and each Noteholder if at any time it or any Affiliate has any obligations or liabilities with respect to any Plan or Multiemployer Plan. All Plans maintained by the Seller or any Affiliate are in substantial compliance with all applicable laws (including ERISA). The Seller is not an employer under any Multiemployer Plan.

(r) COMPLIANCE WITH LAWS. The Seller has complied and will comply in all material respects with all applicable laws, rules, regulations, judgments, agreements, decrees and orders with respect to its business and properties.

SECTION 8.2. ADDITIONAL COVENANTS OF THE SELLER.

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

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

(c) CHANGES TO CONTRACT PURCHASE GUIDELINES. The Seller covenants that it will not make any material credit-related changes to the Contract Purchase Guidelines or allow any material credit-related changes to TFC's Contract Purchase Guidelines without the prior written consent of the Controlling Note Purchaser (which consent shall not unreasonably be withheld). The Seller covenants to provide prompt prior written notice to each Note Purchaser upon any material change made to the Seller's or TFC's Contract Purchase Guidelines.

(d) COOPERATION. If an Event of Default shall have occurred and be continuing, Seller shall cooperate with and provide all information and access requested by the Trustee, any Note Purchaser and/or any Noteholder in connection with any actions taken pursuant to SECTION 5.4 of the Indenture.

(e) CONSENTS TO WAIVERS, AMENDMENTS OR MODIFICATIONS OF BASIC DOCUMENTS. The Seller shall not consent to any waiver, amendment or modification of the Basic Documents that could reasonably be expected to have a Material Adverse Effect on any Note Purchaser or any Noteholder without the prior written consent of (i) the Controlling Noteholder and the Majority Noteholders of the Highest Priority Class or (ii) if any such waiver, amendment or modification relates solely to the Pledged Subordinate Securities, without the prior written consent of the Class B Note Purchasers and the Class B Majority Noteholders, or (iii) if any such waiver, amendment or modification relates solely to the application of proceeds from the UBS Cross Collateral, without the prior written consent of the Class B note purchasers and the Class B majority noteholders under the Bear Basic Documents.

(f) OTHER LIENS OR INTERESTS. Except for the conveyances hereunder and any other Lien created under any Basic Document, the Seller will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any lien on any interest therein, including, without limitation, any lien levied upon the Conveyed Property by the State of Texas (or any taxing authority or governmental agency of the State of Texas) as a result of the non-payment of any Texas Franchise Tax, and the Seller shall defend the right, title, and interest of the Purchaser in, to and under the Receivables and the other Conveyed Property against all claims of third parties claiming through or under the Seller.

SECTION 8.3. LIABILITY OF SELLER; INDEMNITIES.

(a) The Seller shall indemnify the Purchaser, the Backup Servicer, the Trustee, each Noteholder, each Note Purchaser and their respective officers, directors, agents and employees for any liability as a result of the failure of a Receivable to be originated in compliance with all requirements of law and for any breach of any of its representations, warranties, covenants or other agreements contained herein.

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

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

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

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

(f) The Seller shall indemnify, defend and hold harmless the Purchaser, the Backup Servicer, the Trustee, each Noteholder, each Note Purchaser and their respective officers, directors, agents and employees from and against any and all costs, expenses, losses, claims, damages and liabilities arising out of or relating to the failure of a Receivable to be originated in compliance with all requirements of law, including without limitation all Consumer Laws, and for any breach of any of the Seller's representations and warranties, covenants or other agreements contained herein (including, without limitation, the representations contained in SECTION 3.1 hereof) or in any other Basic Document to which the Seller is a party.

Indemnification under this Section shall survive the resignation or removal of the Servicer or the Trustee and the termination of this Agreement and the other Basic Documents and shall include reasonable fees and expenses of counsel and other expenses of litigation. These indemnity obligations shall be in addition to any obligation that the Seller may otherwise have under applicable law, hereunder or under any other Basic Document. If the Seller shall have made any indemnity payments pursuant to this Section and the Person to or on behalf of whom such payments are made thereafter shall collect any of such amounts from others, such Person shall promptly repay such amounts to the Seller, without interest.

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

SECTION 8.4. MERGER OR CONSOLIDATION OF, OR ASSUMPTION OF THE OBLIGATIONS OF, SELLER. Seller shall not merge or consolidate with any other person, convey, transfer or lease substantially all its assets as an entirety to another Person, or permit any other Person to become the successor to Seller's business unless, after the merger, consolidation, conveyance, transfer, lease or succession, the successor or surviving entity shall be capable of fulfilling the duties of Seller contained in this Agreement and the other Basic Documents to which it is a party. Any corporation or other Person (i) into which Seller may be merged or consolidated, (ii) resulting from any merger or consolidation to which Seller shall be a party, (iii) which acquires by conveyance, transfer, or lease substantially all of the assets of Seller, or (iv) succeeding to the business of Seller, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of Seller under this Agreement and the other Basic Documents to which it is a party and, whether or not such assumption agreement is executed, shall be the successor to Seller under this Agreement and the other Basic Documents to which it is a party without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release Seller from any obligation. Seller shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, each Note Purchaser and each Noteholder. Notwithstanding the foregoing, Seller shall not merge or consolidate with any other Person or permit any other Person to become a successor to Seller's business, unless (x) immediately after giving effect to such transaction, no representation or warranty made pursuant to SECTION 8.1 shall have been breached (for purposes hereof, such representations and warranties shall be deemed made as of the date of the consummation of such transaction) and no event that, after notice or lapse of time, or both, would become an Event of Default shall have occurred and be continuing, (y) Seller shall have delivered to the Trustee, each Note Purchaser and each Noteholder an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (z) Seller shall have delivered to the Trustee, each Note Purchaser and each Noteholder an Opinion of Counsel, stating in the opinion of such counsel, either (A) all financing statements and continuation statements and amendments thereto have been authorized and filed that are necessary to preserve and protect the interest of the Purchaser and the Trustee for the benefit of the Noteholders and the Note Purchasers in the Opinion Collateral and reciting the details of the filings or (B) no such action shall be necessary to preserve and protect such interest.

SECTION 8.5. [RESERVED].

SECTION 8.6. REPORTING REQUIREMENTS. (a) The Seller shall furnish, or cause to be furnished to each Noteholder and each Note Purchaser:

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

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

(b) For so long as Seller is subject to the reporting requirements of Section 13(a) of the Exchange Act, its filing of the annual and quarterly reports required under said act, on a timely basis, shall be deemed compliance with this Section 8.6.

ARTICLE IX

THE SERVICER

SECTION 9.1. REPRESENTATIONS AND COVENANTS OF SERVICER. The Servicer (and the Backup Servicer, in the case of clause (j) below) makes the following representations and covenants on which the Purchaser shall be deemed to have relied in acquiring the Receivables, on which the Noteholders shall be deemed to have relied in purchasing the Notes and on which the applicable Note Purchasers shall be deemed to have relied in making each Advance. The representations speak as of the execution and delivery of this Agreement and as of the Closing Date, in the case of Receivables conveyed by the Closing Date, and as of the applicable Funding Date, in the case of Receivables conveyed by such Funding Date, and the representations and covenants shall survive the sale of the Receivables to the Purchaser and the pledge thereof to the Trustee for the benefit of the Noteholders and the Note Purchasers pursuant to the Indenture.

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

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

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

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

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

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

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

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

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

(j) DATA MAPPING. Neither the Servicer nor the Backup Servicer is aware of any fact that would cause such Person reasonably to believe that the Servicer's servicing data cannot be mapped from the Servicer's system to the Backup Servicer's system.

(k) CHANGES TO SERVICING GUIDELINES. The Servicer covenants that it will not make any material changes to the Servicing Guidelines prior to the Termination Date without the prior written consent of the Controlling Note Purchaser (which consent shall not unreasonably be withheld) and prior written notice to each Class B Note Purchaser.

(l) COOPERATION. If an Event of Default shall have occurred and be continuing, Servicer shall cooperate with and provide all information and access reasonably requested by the Trustee, any Note Purchaser or any Noteholder in connection with any actions taken pursuant to SECTION 5.4 of the Indenture.

(m) TEXAS FRANCHISE TAX. The Servicer agrees to make timely payment, when due, of any Texas Franchise Tax that may be imposed, assessed or levied by the taxing authority of the State of Texas on or in respect of the Conveyed Property, the Seller, the Servicer, the Purchaser or the Issuer.

SECTION 9.2. LIABILITY OF SERVICER; INDEMNITIES.

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

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

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

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

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

(v) The Servicer shall indemnify, defend and hold harmless the Purchaser, the Backup Servicer, the Trustee, each Noteholder, each Note Purchaser and their respective officers, directors, agents and employees from and against any and all costs, expenses, losses, claims, damages and liabilities arising out of or relating to the failure of a Receivable to be serviced in compliance with all requirements of law, including without limitation all Consumer Laws, and for any breach of any of the Servicer's representations and warranties, covenants or other agreements contained herein or in any other Basic Document to which the Servicer is a party.

(vi) The Servicer, so long as CPS is the Servicer, shall indemnify, defend and hold harmless the Purchaser, the Trustee, the Backup Servicer, each Noteholder, each Note Purchaser and their respective officers, directors, agents and employees from and against any Texas Franchise Tax asserted against any of such parties with respect to the transactions contemplated in this Agreement and the other Basic Documents and costs and expenses in defending against the same.

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

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

(d) Indemnification under this SECTION 9.2 shall survive the termination of this Agreement and the other Basic Documents and any resignation or removal of CPS or any successor Servicer as Servicer and shall include reasonable fees and expenses of counsel and expenses of litigation. These indemnity obligations shall be in addition to any obligation that the Servicer may otherwise have under applicable law, hereunder or under any other Basic Document. If the Servicer shall have made any indemnity payments pursuant to this Section and the recipient thereafter collects any of such amounts from others, the recipient shall promptly repay such amounts to the Servicer, without interest.

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

(a) The Servicer shall not merge or consolidate with any other Person, convey, transfer or lease all or substantially all of its assets as an entirety to another Person, or permit any other Person to become the successor to the Servicer's business unless, after the merger, consolidation, conveyance, transfer, lease or succession, the successor or surviving entity shall be capable of fulfilling the duties of the Servicer contained in this Agreement and the other Basic Documents to which it is a party. Any corporation or other Person (i) into which the Servicer may be merged or consolidated, (ii) resulting from any merger or consolidation to which the Servicer shall be a party, (iii) which acquires by conveyance, transfer, or lease substantially all of the assets of the Servicer, or (iv) succeeding to the business of the Servicer, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of the Servicer under this Agreement and the other Basic Documents to which it is a party and, whether or not such assumption agreement is executed, shall be the successor to the Servicer under this Agreement and the other Basic Documents to which it is a party without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release the Servicer from any obligation. The Servicer shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, each Note Purchaser and each Noteholder. Notwithstanding the

foregoing, the Servicer shall not merge or consolidate with any other Person or permit any other Person to become a successor to the Servicer's business, unless (x) immediately after giving effect to such transaction, no representation or warranty made pursuant to SECTION 9.1 shall have been breached (for purposes hereof, such representations and warranties shall be deemed made as of the date of the consummation of such transaction) and no event that, after notice or lapse of time, or both, would become Event of Default shall have occurred and be continuing, (y) the Servicer shall have delivered to the Trustee, each Note Purchaser and each Noteholder an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (z) the Servicer shall have delivered to the Trustee, each Note Purchaser and each Noteholder an Opinion of Counsel, stating in the opinion of such counsel, either (A) all financing statements and continuation statements and amendments thereto have been executed and filed that are necessary to preserve and protect the interest of the Purchaser and the Trustee for the benefit of the Noteholders and the Note Purchasers in the Opinion Collateral and reciting the details of the filings or (B) no such action shall be necessary to preserve and protect such interest.

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

SECTION 9.4. [RESERVED]

SECTION 9.5. DELEGATION OF DUTIES. The Servicer may at any time delegate duties under this Agreement to sub-contractors who are in the business of servicing automotive receivables with the prior written consent of the Controlling Note Purchaser; PROVIDED, HOWEVER, that no such delegation or subcontracting of duties by the Servicer shall relieve the Servicer of its responsibility with respect to such duties.

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

ARTICLE X

DEFAULT

SECTION 10.1. SERVICER TERMINATION EVENTS. For purposes of this Agreement and the other Basic Documents, each of the following shall constitute a "SERVICER TERMINATION EVENT":

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

(b) Failure by the Servicer to deliver, or cause to be delivered, to each Noteholder, each Note Purchaser, the Trustee and the Backup Servicer, any Servicer's Certificate by 12:00 noon New York City time on the second Business Day after the date on which such Servicer's Certificate is required to be delivered;

(c) Failure by the Servicer or, for so long as the Seller or an Affiliate of the Purchaser is the Servicer, the Purchaser, to perform or observe any term, covenant or agreement of the Servicer or the Purchaser, as applicable, set forth in this Agreement or any other Basic Document (other than any term, covenant or agreement referred to in another subparagraph of this SECTION 10.1), which failure (i) materially and adversely affects the rights of the Controlling Note Purchaser or the Noteholders of the Highest Priority Class and (ii) except for covenants relating to merger and consolidation or preservation of ownership or security interests in the Financed Vehicles, continues unremedied for a period of 30 days after the earlier of knowledge thereof by the Servicer or after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Controlling Note Purchaser or a Noteholder of the Highest Priority Class;

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

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

(f) The three-month rolling average Servicer Loss Ratio exceeds (1) 7.50% during the Accrual Periods from May to October or (2) 8.25% during the Accrual Periods from November to April;

(g) The Controlling Note Purchaser shall not have delivered a Servicer Extension Notice pursuant to SECTION 4.15;

(h) An Event of Default shall have occurred (so long as CPS is Servicer);

(i) The three-month rolling average Servicer Delinquency Ratio exceeds (A) 6.00% during the Accrual Periods from April to September or (B) 6.50% during the Accrual Periods from October to March;

(j) The Servicer fails to maintain minimum Consolidated Total Adjusted Equity of $60,000,000 as of the end of any fiscal quarter;

(k) The Servicer exceeds a maximum leverage ratio (total liabilities less all non-recourse debt/Consolidated Total Adjusted Equity) of six times as of the end of any fiscal quarter; and

(l) The Servicer fails to maintain cash and cash equivalents of at least $8.5 million as of the end of any calendar month.

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

SECTION 10.2. CONSEQUENCES OF A SERVICER TERMINATION EVENT OR NON-EXTENSION OF TERM OF SERVICER. If a Servicer Termination Event shall occur and be continuing, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, by notice given in writing to the Backup Servicer, each other Noteholder, each other Note Purchaser and the Servicer, may terminate all of the rights and obligations of the Servicer under this Agreement. The outgoing Servicer shall be entitled to its pro rata share of the Servicing Fee for the number of days in the Accrual Period prior to the effective date of its termination. On or after the receipt by the Servicer of such written notice or upon non-extension of the servicing term as referred to in SECTION 4.15, all authority, power, obligations and responsibilities of the Servicer under this Agreement, whether with respect to the Notes or the Receivables and Other Conveyed Property or otherwise, automatically shall pass to, be vested in and become obligations and responsibilities of the Backup Servicer (or such other successor Servicer appointed by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class under SECTION 10.3); PROVIDED, HOWEVER, that the successor Servicer shall have no liability with respect to any obligation which was required to be performed by the outgoing Servicer prior to the date that the successor Servicer becomes the Servicer or any claim of a third party based on any alleged action or inaction of the outgoing Servicer, which obligations and claims shall remain those of the outgoing Servicer. The successor Servicer is authorized and empowered by this Agreement to execute and deliver, on behalf of the outgoing Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination, whether to complete the transfer and endorsement of the Receivables and the Other Conveyed Property and related documents to show the Purchaser as lienholder or secured party on the related Lien Certificates, or otherwise. The outgoing Servicer agrees to cooperate with the successor Servicer in effecting the termination of the responsibilities and rights of the outgoing Servicer under this Agreement, including, without limitation, the transfer to the successor Servicer for administration by it of all cash amounts that shall at the time be held by the outgoing Servicer for deposit, or have been deposited by the outgoing Servicer, in the Collection Account or thereafter received with respect to the Receivables and the delivery to the successor Servicer of all Receivable Files that shall at the time be held by the outgoing Servicer and a computer tape in readable form as of the most recent Business Day containing all information necessary to enable the successor Servicer to service the Receivables and the Other Conveyed Property. All reasonable costs and expenses (including reasonable attorneys' fees) incurred in connection with transferring any Receivable Files to the successor Servicer and amending this Agreement to reflect such succession as Servicer pursuant to this SECTION 10.2 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. In addition, any successor Servicer shall be entitled to payment from the immediate predecessor Servicer for reasonable transition expenses incurred in connection with acting as successor Servicer, and to the extent not so paid, such payment shall be made pursuant to SECTION 5.7 hereof. Upon receipt of notice of the occurrence of a Servicer Termination Event or the non-extension of the Servicer's term, the Trustee shall give notice thereof to each Noteholder and each Note Purchaser. If requested by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, the successor Servicer shall terminate the Lockbox Agreement and direct the Obligors to make all payments under the Receivables directly to the successor Servicer (in which event the successor Servicer shall process such payments in accordance with SECTION 4.2(E)), or to a lockbox established by the successor Servicer at the direction of the Controlling Note Purchaser, at the successor Servicer's expense. The outgoing Servicer shall grant the Trustee, the successor Servicer, each Note Purchaser and each Noteholder reasonable access to the outgoing Servicer's premises at the outgoing Servicer's expense.

SECTION 10.3. APPOINTMENT OF SUCCESSOR.

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

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

SECTION 10.4. NOTIFICATION TO THE NOTEHOLDERS AND NOTE PURCHASERS. Upon any termination of, or appointment of a successor to, the Servicer, the Trustee shall give prompt written notice thereof to each Noteholder and each Note Purchaser.

SECTION 10.5. WAIVER OF PAST DEFAULTS. The Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class may waive in writing any default by the Servicer in the performance of its obligations under this Agreement and the consequences thereof. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Termination Event arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

SECTION 10.6. ACTION UPON CERTAIN FAILURES OF THE SERVICER. In the event that the Trustee shall have knowledge of any failure of the Servicer specified in SECTION 10.1 that would give rise to a right of termination under such Section upon the Servicer's failure to remedy the same after notice, the Trustee shall give notice thereof to the Servicer, each Note Purchaser and each Noteholder. For all purposes of this Agreement (including, without limitation, this SECTION 10.6), the Trustee shall not be deemed to have knowledge of any failure of the Servicer as specified in SECTIONS 10.1(C) through (H) unless notified thereof in writing by the Servicer, any Note Purchaser or any Noteholder. The Trustee shall be under no duty or obligation to investigate or inquire as to any potential failure of the Servicer specified in SECTION 10.1.

SECTION 10.7. CONTINUED ERRORS. Notwithstanding anything contained herein to the contrary, if the Backup Servicer becomes successor Servicer it is authorized to accept and rely on all of the accounting, records (including computer records) and work of the prior Servicer relating to the Receivables (collectively, the "PREDECESSOR SERVICER WORK PRODUCT") without any audit or other examination thereof, and the Backup Servicer as successor Servicer shall have no duty, responsibility, obligation or liability for the acts and omissions of the prior Servicer. If any error, inaccuracy, omission or incorrect or non-standard practice or procedure (collectively, "ERRORS") exist in any Predecessor Servicer Work Product and such Errors make it materially more difficult to service or should cause or materially contribute to the Backup Servicer as successor Servicer making or continuing any Errors (collectively, "CONTINUED ERRORS"), the Backup Servicer as successor Servicer shall have no duty or responsibility for such Continued Errors; PROVIDED, HOWEVER, that the Backup Servicer as successor Servicer agrees to use its best efforts to prevent further Continued Errors. In the event that the Backup Servicer as successor Servicer becomes aware of Errors or Continued Errors, the Backup Servicer as successor Servicer shall, with the prior consent of the Controlling Note Purchaser, use its best efforts to reconstruct and reconcile such data as is commercially reasonable to correct such Errors and Continued Errors and to prevent future Continued Errors. The Backup Servicer as successor Servicer shall be entitled to recover its costs thereby expended in accordance with SECTIONS 5.7(A)(I) and 5.7(A)(X) hereof.

ARTICLE XI

MISCELLANEOUS PROVISIONS

SECTION 11.1. AMENDMENT.

(a) This Agreement may not be waived, amended or otherwise modified except in a writing signed by the parties hereto, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class; PROVIDED, HOWEVER, that, no such amendment shall, without the prior written consent of each Note Purchaser and each Noteholder, (i) modify or have the effect of modifying Sections 5.7 or 5.8 or this SECTION 11.1 or (ii) eliminate or materially alter any party's delivery or notice obligations to the Noteholders; PROVIDED, FURTHER, that no such waiver, amendment or modification shall, without the prior written consent of the affected Note Purchaser and each Noteholder of a class of Notes affected thereby:

(i) change the date of payment of any installment of principal of or interest on a class of Notes or any other amount owed by the Issuer, the Purchaser, the Servicer or the Seller under the Basic Documents, or reduce the Percentage Interest of the Notes, the interest rate thereon, change the provision of this Agreement relating to the application of collections on, or the proceeds of the sale of, the Collateral, the Pledged Subordinate Securities or, subject to the terms and provisions of the Intercreditor Agreement, the UBS Cross Collateral to payment of principal of or interest on a class of Notes or any other amount owed by the Issuer, the Purchaser, the Servicer or the Seller under the Basic Documents, or change any place of payment where, or the coin or currency in which, a class of Notes or the interest thereon or any other amount owed by the Issuer, the Purchaser, the Seller or the Servicer under the Basic Documents is payable;

(ii) impair the right to institute suit for the enforcement of the provisions of this Agreement requiring the application of funds available therefor, as provided in SECTION 5.8, to the payment of any such amount due on a class of Notes or any other amount owed by the Issuer, the Purchaser, the Servicer or the Seller under the Basic Documents on or after the respective due dates thereof;

(iii) reduce the Percentage Interest, the consent of the Holders of which is required for any such amendment, waiver or modification, or eliminate the requirement that the applicable Note Purchaser consent thereto, or the consent of the Holders of which or the applicable Note Purchaser is required for any waiver of compliance with certain provisions of this Agreement or certain defaults hereunder and their consequences provided for in this Agreement;

(iv) modify or alter the provisions of the proviso to the definition of the term "OUTSTANDING";

(v) modify any provision of this Section or to provide that certain additional provisions of this Agreement or the other Basic Documents cannot be modified or waived without the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class; or

(vi) modify any of the provisions of this Agreement in such manner as to affect the calculation of the amount or timing of any payment of (x) interest or principal due on a class of Notes on any Settlement Date (including the calculation of any of the individual components of such calculation) or (y) any amount due to any Note Purchaser from the Issuer, the Purchaser, the Servicer or the Seller under the Basic Documents.

(b) Prior to the execution of any amendment, waiver or consent to this Agreement the Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such amendment, waiver or consent is authorized or permitted by this Agreement and the Opinion of Counsel referred to in SECTION 11.2(I)(I).

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

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

SECTION 11.2. PROTECTION OF TITLE TO PROPERTY.

(a) The Seller, the Purchaser, the Issuer or the Servicer or each of them shall authorize, execute (if necessary) and file such financing statements and cause to be authorized, executed (if necessary) and filed such continuation statements, all in such manner and in such places and take such other action as may be required by law fully to preserve, maintain and protect the interest of the Purchaser and the interests of (i) subject to the terms and provisions of the Intercreditor Agreement, the

Trustee for the benefit of the Noteholders and the Note Purchasers in the Collateral and in the proceeds thereof, (ii) the Class B Note Purchasers and the Class B Noteholders in the Pledged Subordinate Securities and in the proceeds thereof, and (iii) subject to the terms and provisions of the Intercreditor Agreement, the Bear Indenture Trustee in the UBS Cross Collateral and the proceeds thereof for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents. The Seller shall deliver (or cause to be delivered) to each Noteholder, each Note Purchaser and the Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing.

(b) None of the Seller, the Purchaser, the Issuer or the Servicer shall change its name, identity, jurisdiction of organization, form of organization or corporate structure in any manner that would, could or might make any financing statement or continuation statement filed in accordance with PARAGRAPH (A) above seriously misleading within the meaning of Section 9-506(a) of the UCC, unless it shall have given each Noteholder, each Note Purchaser and the Trustee at least thirty (30) days' prior written notice thereof and shall have promptly filed appropriate amendments to all previously filed financing statements or continuation statements. Promptly upon such filing, the Purchaser, the Seller, the Issuer or the Servicer, as the case may be, shall deliver an Opinion of Counsel to the Trustee, each Note Purchaser, each Noteholder and the Bear Indenture Trustee, in a form and substance reasonably satisfactory to the Controlling Note Purchaser, stating either (A) all financing statements and continuation statements have been authorized, executed and filed that are necessary fully to preserve and protect the interest of the Purchaser and (i) subject to the terms and provisions of the Intercreditor Agreement, the Trustee for the benefit of the Noteholders and the Note Purchasers in the Collateral and the proceeds thereof, (ii) the Class B Noteholders and the Class B Note Purchasers in the Pledged Subordinate Securities and the proceeds thereof, and (iii) subject to the terms and provisions of the Intercreditor Agreement, the Bear Indenture Trustee in the UBS Cross Collateral and the proceeds thereof for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) no such action shall be necessary to preserve and protect such interest.

(c) Each of the Seller, the Purchaser, the Issuer and the Servicer shall have an obligation to give each Noteholder, each Note Purchaser and the Trustee at least 60 days' prior written notice of any relocation of its chief executive office or a change in its corporate structure, jurisdiction of organization or name and shall file amendments, continuation statements and new financing statements if, as a result of such relocation or change, the applicable provisions of the UCC would require the filing of any amendment of any previously filed financing or continuation statement or of any new financing statement to fully preserve and protect the interest of the Purchaser and (i) subject to the terms and provisions of the Intercreditor Agreement, the Trustee on behalf of the Noteholders and the Note Purchasers in the Collateral and the proceeds thereof, (ii) the Class B Noteholders and the Class B Note Purchasers in the Pledged Subordinate Securities and the proceeds thereof, and (iii) subject to the terms and provisions of the Intercreditor Agreement, the Bear Indenture Trustee in the UBS Cross Collateral and the proceeds thereof for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents. The Servicer shall at all times be organized under the laws of the United States (or any State thereof) and maintain its chief executive office and jurisdiction of organization, within the United States of America.

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

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

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

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

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

(i) The Servicer shall deliver to each Note Purchaser, each Noteholder and the Trustee:

(i) promptly after the execution and delivery of this Agreement and, if required pursuant to SECTION 11.1, of each amendment, waiver, or consent, an Opinion of Counsel, in form and substance satisfactory to the Controlling Note Purchaser and (to the extent such Opinion of Counsel relates to Opinion Collateral consisting of Pledged Subordinate Securities) the Class B Note Purchasers and (to the extent such Opinion of Counsel relates to Opinion Collateral consisting of UBS Cross Collateral) the Class B note purchasers under the Bear Basic Documents, stating that in the opinion of such counsel, either (A) all financing statements and continuation statements have been authorized, executed and filed that are necessary fully to preserve and protect the interest of the Purchaser and the Trustee for the benefit of the applicable Noteholders and the applicable Note Purchasers in the Opinion Collateral, and reciting the details of such filings or referring to a prior Opinion of Counsel in which such details are given, or (B) no such action shall be necessary to preserve and protect such interest; and

(ii) within 90 days after the beginning of each calendar year beginning with the first calendar year beginning more than three months after the Closing Date, an Opinion of Counsel, dated as of a date during such 90-day period, stating that, the opinion of such counsel, either (a) all financing statements and continuation statement have been authorized, executed and filed that are necessary fully to preserve and protect the interest of the Purchaser and the Trustee for the benefit of the applicable Noteholders and the applicable Note Purchasers in the Receivables and the Opinion Collateral, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (b) no such action shall be necessary to preserve and protect such interest.

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

Subject to SECTION 4.5, the Seller hereby authorizes the Controlling Note Purchaser, the Trustee and their respective agents to file such financing statements and continuation statements and take such other actions as the Controlling Note Purchaser or the Trustee may deem advisable in connection with the security interest granted by the Seller pursuant to SECTION 2.2 to the extent permitted by applicable law. Any such financing statements and continuation statements shall be prepared by the Issuer or the Controlling Note Purchaser.

SECTION 11.3. NOTICES. All demands, notices and communications upon or to the Seller, the Backup Servicer, the Servicer, the Purchaser, the Trustee, the Backup Servicer, any Note Purchaser or any Noteholder under this Agreement shall be in writing, via facsimile (with telephonic confirmation of receipt), personally delivered, or mailed by certified mail, return receipt requested, and shall be deemed to have been duly given upon receipt (a) in the case of the

Seller, to Consumer Portfolio Services, Inc., 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: General Counsel, Telecopy: (888) 577-7923; (b) in the case of the Servicer, to Consumer Portfolio Services, Inc., 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: General Counsel, Telecopy: (888) 577-7923; (c) in the case of the Purchaser, to Page Funding LLC, 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: General Counsel, Telecopy: (888) 577-7923; (d) in the case of the Trustee or the Backup Servicer at the Corporate Trust Office; (e) in the case of the initial Class A Noteholder and the Class A Note Purchaser, to UBS Real Estate Securities Inc., 1285 Avenue of the Americas, 11th Floor, New York, New York, 10019; Attn: Reginald deVilliers; Telephone: (212) 713-3055; Telecopy: (212) 713-7999; (f) in the case of the initial Class B Noteholders and the Class B Note Purchasers, to The Patriot Group, LLC, One Thorndal Circle, Darien, CT 06820, Attention: Bruce Katz, Telecopy (203) 656-4483; and to Waterfall Eden Fund, LP, 1185 Avenue of the Americas, 18th Floor, New York, NY 10036; Attention: Jack Ross; Telecopy: (212) 843-8909; and (g) in the case of any subsequent Noteholders, at the address reflected on the Note Register. Any Note Purchaser may deliver to the Noteholders any notices, reports, Servicer's Certificates or any other documentation delivered to such Note Purchaser hereunder or under any other Basic Document, but is under no obligation to so deliver such documentation and shall not be liable for the content thereof. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Noteholders or Note Purchasers shall receive such notice.

SECTION 11.4. ASSIGNMENT. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Notwithstanding anything to the contrary contained herein, except as provided in SECTIONS 8.4, 9.3 and this SECTION 11.4 and as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the Purchaser, the Seller, the Issuer or the Servicer without the prior written consent of the Trustee, the Backup Servicer, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class; PROVIDED HOWEVER THAT, notwithstanding the foregoing, the Issuer may pledge all of its right, title and interest herein to the Trustee for the benefit of the Noteholders and the Note Purchasers without the prior written consent of the Trustee, the Backup Servicer, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class.

SECTION 11.5. LIMITATIONS ON RIGHTS OF OTHERS. The provisions of this Agreement are solely for the benefit of the parties hereto and for the benefit of each Note Purchaser and each Noteholder as a third-party beneficiary. Except as provided in the following sentence, nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Collateral, the Pledged Subordinate Securities or the UBS Cross Collateral or under or in respect of this Agreement or any covenants, conditions or provisions contained herein. Notwithstanding the foregoing, each of the Bear Indenture Trustee, each Class B note purchaser and each Class B noteholder under the Bear Basic Documents shall be deemed to be a third-party beneficiary with respect to this Agreement to the same extent as if it was a party hereto, subject to the terms of the Intercreditor Agreements.

SECTION 11.6. SEVERABILITY. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.7. SEPARATE COUNTERPARTS. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Any signature page to this Agreement containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the effect of delivery of an original manually signed signature page.

SECTION 11.8. HEADINGS. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.9. GOVERNING LAW. THIS AGREEMENT (OTHER THAN SECTIONS 2.1(A) AND 2.2 HEREOF) SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. SECTIONS 2.1(A) AND 2.2 OF THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES UNDER SUCH SECTIONS SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.10. ASSIGNMENT TO TRUSTEE. The Seller hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Purchaser to the Trustee pursuant to the Indenture for the benefit of the Noteholders and the Note Purchasers of all right, title and interest of the Purchaser in, to and under the Receivables and Other Conveyed Property and/or the assignment of any or all of the Purchaser's rights and obligations hereunder to the Trustee for the benefit of the Noteholders and the Note Purchasers.

SECTION 11.11. NONPETITION COVENANTS. Notwithstanding any prior termination of this Agreement, the Servicer and the Seller shall not, prior to the date which is one year and one day after the day upon which the outstanding principal amount of each class of Notes has been reduced to zero, all Secured Obligations and all other amounts due and payable to the Note Purchasers and the Noteholders pursuant to the Basic Documents have been paid in full, acquiesce, petition or otherwise invoke or cause the Purchaser to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Purchaser under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Purchaser or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Purchaser.

SECTION 11.12. LIMITATION OF LIABILITY OF TRUSTEE. Notwithstanding anything contained herein to the contrary, this Agreement has been executed and delivered by Wells Fargo Bank, National Association, not in its individual capacity but solely as Trustee and Backup Servicer and in no event shall Wells Fargo Bank, National Association, have any liability for the representations, warranties, covenants, agreements or other obligations of the Purchaser hereunder or in any of the certificates, notices or agreements delivered pursuant hereto, as to all of which recourse shall be had solely to the assets of the Purchaser.

SECTION 11.13. INDEPENDENCE OF THE SERVICER. For all purposes of this Agreement, the Servicer shall be an independent contractor and shall not be subject to the supervision of the Purchaser, the Trustee and Backup Servicer with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by this Agreement, the Servicer shall have no authority to act for or represent the Purchaser in any way and shall not otherwise be deemed an agent of the Purchaser.

SECTION 11.14. NO JOINT VENTURE. Nothing contained in this Agreement (i) shall constitute the Servicer and the Purchaser as members of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, (ii) shall be construed to impose any liability as such on any of them or (iii) shall be deemed to confer on any of them any express, implied or apparent authority to incur any obligation or liability on behalf of the others, except as expressly provided in this Agreement and the other Basic Documents.

SECTION 11.15. INTENTION OF PARTIES REGARDING DELAWARE SECURITIZATION ACT. It is the intention of the Purchaser and the Seller that the transfer and assignment of the property contemplated by SECTION 2.1(A) of this Agreement shall constitute a sale of property from the Seller to the Purchaser, conveying good title thereto free and clear of any liens, and the beneficial interest in and title to such assets shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy or similar law. In addition, for purposes of complying with the requirements of the Asset-Backed Securities Facilitation Act of the State of Delaware, 6 Del. C. ss. 2701A, et seq. (the "SECURITIZATION ACT"), each of the parties hereto hereby agrees that:

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

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

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

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

SECTION 11.16. SPECIAL SUPPLEMENTAL AGREEMENT. If any party to this Agreement is unable to sign any amendment or supplement due to its dissolution, winding up or comparable circumstances, then the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall be sufficient to amend this Agreement without such party's signature.

SECTION 11.17. FULL RECOURSE TO THE ISSUER AND THE PURCHASER. The obligations of the Issuer and the Purchaser under this Agreement and the other Basic Documents to which it is a party shall be full recourse obligations of the Issuer and the Purchaser. Notwithstanding the foregoing, no recourse shall be had for the payment of any amount owing hereunder or for the payment of any fee hereunder or any other obligation of, or claim against, the Issuer or the Purchaser arising out of or based upon any provision herein or under any other Basic Document, against any member, employee, officer, agent, director or authorized person of the Issuer or the Purchaser or any Affiliate thereof except as the Issuer or the Purchaser may have expressly agreed and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity; PROVIDED, HOWEVER, that the foregoing shall not relieve any such person or entity of any liability they might otherwise have as a result of fraudulent actions or omissions taken by them. Nothing contained in this Section shall limit or be deemed to limit any obligations of the Issuer, the Purchaser, the Seller or the Servicer hereunder or under any other Basic Document, which obligations are full recourse obligations of the Issuer, the Purchaser, the Seller and the Servicer, respectively.

SECTION 11.18. ACKNOWLEDGEMENT OF ROLES. The parties expressly acknowledge and consent to Wells Fargo Bank, National Association acting in the multiple capacities of Backup Servicer and Trustee. The parties agree that Wells Fargo Bank, National Association in such multiple capacities shall not be subject to any claim, defense or liability arising from its performance in any such capacity based on conflict of interest principles, duty of loyalty principles or other breach of fiduciary duties to the extent that any such conflict or breach arises from the performance by Wells Fargo Bank, National Association of any other such capacity or capacities in accordance with this Agreement or any other Basic Documents to which it is a party.

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

SECTION 11.20. SUBMISSION TO JURISDICTION. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, OR ANY LEGAL PROCESS WITH RESPECT TO ITSELF OR ANY OF ITS PROPERTY, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT, ANY OTHER BASIC DOCUMENT OR ANY DOCUMENT RELATED HERETO OR THERETO. EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

SECTION 11.21. WAIVER OF TRIAL BY JURY. THE PARTIES HERETO EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, ANY OTHER BASIC DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY PARTY AGAINST THE OTHER PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. THE PARTIES HERETO EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT, ANY OTHER BASIC DOCUMENT OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT OR ANY OTHER BASIC DOCUMENT.

SECTION 11.22. PROCESS AGENT. Each of the Purchaser, Seller, Servicer and Trustee agrees that the process by which any proceedings in the State of New York are begun may be served on it by being delivered by certified mail at the chief executive office or corporate trust office, as applicable, or at its registered office for the time being. If such person is not or ceases to be effectively appointed to accept service of process on the Purchaser's, Seller's, Servicer's or Trustee's behalf, the Purchaser, Seller, Servicer or Trustee, as applicable, shall, on the written demand of the process agent, appoint a further person in the State of New York to accept service of process on its behalf and, failing such appointment within 15 days, the process agent shall be entitled to appoint such a person by written notice to the Purchaser, Seller, Servicer or Trustee, as applicable. Nothing in this sub-clause shall affect the right of the process agent to serve process in any other manner permitted by law.

SECTION 11.23. SET-OFF.(a) Each of the Seller, the Purchaser, the Issuer and the Servicer agrees that it shall have no right of set-off or banker's lien against, and no right to otherwise deduct from, any funds held in any account described herein or in the Basic Documents for any amount owed to it by any Note Purchaser or any Noteholder.

(b) In addition to any rights now or hereafter granted under applicable law and not by way of limitation of such rights, during the continuance of any Event of Default hereunder:

(i) each Note Purchaser is hereby authorized at any time and from time to time, without notice to the Purchaser or the Issuer, such notice being hereby expressly waived, to set-off any obligation owing by such Note Purchaser or any of its Affiliates to the Purchaser or the Issuer, or against any funds or other property of the Purchaser or the Issuer, held by or otherwise in the possession of such Note Purchaser or any of its Affiliates, the respective obligations of the Purchaser or the Issuer to such Note Purchaser under this Agreement and the other Basic Documents and irrespective of whether or not such Note Purchaser shall have made any demand hereunder or thereunder; provided that if a Class B Note Purchaser elects to exercise its right of set-off pursuant to this clause (i) at any time that it is not the Controlling Note Purchaser, such Class B Note Purchaser shall pay the amount of any such set-off to the Trustee for deposit into the Collection Account for application pursuant to Section 5.7 hereof; and

(ii) each Note Purchaser is hereby authorized at any time and from time to time, without notice to the Seller or the Servicer, such notice being hereby expressly waived, to set-off any obligation owing by such Note Purchaser or any of its Affiliates to the Seller or the Servicer, or against any funds or other property of the Seller or the Servicer held by or otherwise in the possession of such Note Purchaser or any of its Affiliates, the respective obligations of the Seller or the Servicer to such Note Purchaser under this Agreement and the other Basic Documents and irrespective of whether or not such Note Purchaser shall have made any demand hereunder or thereunder; provided that if a Class B Note Purchaser elects to exercise its right of set-off

pursuant to this clause (ii) at any time that it is not the Controlling Note Purchaser, such Class B Note Purchaser shall pay the amount of any such set-off to the Trustee for deposit into the Collection Account for application pursuant to Section 5.7 hereof.

SECTION 11.24. NO WAIVER; CUMULATIVE REMEDIES. No failure to exercise and no delay in exercising any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise hereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

SECTION 11.25. MERGER AND INTEGRATION. Except as specifically stated otherwise herein, this Agreement and the other Basic Documents sets forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement and the other Basic Documents. This Agreement may not be modified, amended, waived or supplemented except as provided herein.

SECTION 11.26. INTERCREDITOR AGREEMENT TO CONTROL. The rights, obligations and remedies of the parties to this Agreement and under the other Basic Documents are subject in all respects to the terms and provisions of the Intercreditor Agreements; provided, however that to the extent such rights, obligations and remedies relate to the Bear Cross Collateral, such rights, obligations and remedies are subject in all respects to the terms and provisions of the Bear Intercreditor Agreement. In the event of any conflict between the terms of this Agreement or any other Basic Document and the Intercreditor Agreement, the Intercreditor Agreement shall control. In addition, in the event of any conflict between the terms of this Agreement or any other Basic Document and the Bear Intercreditor Agreement that relates to the Bear Cross Collateral, the Bear Intercreditor Agreement shall control.

SECTION 11.27. CONTROLLING NOTE PURCHASER; MAJORITY NOTEHOLDERS OF HIGHEST PRIORITY CLASS. Notwithstanding anything contained in this Agreement or the other Basic Documents to the contrary, in taking or refraining from taking any action with respect to this Agreement or any other Basic Document, (i) the Class A Note Purchaser, when acting as Controlling Note Purchaser, will be acting solely for its own benefit, and (ii) any Class A Noteholder, when acting as one of the Majority Noteholders of the Highest Priority Class, shall be acting solely for its own benefit, and in each case not as agent, fiduciary or in any other capacity on behalf of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person. The interests of the Class A Note Purchaser and the Class A Noteholders may be adverse to the interests of the Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders (or any of them), and the Class A Note Purchaser and the Class A Noteholders are not obligated to consider the interests of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person in taking or refraining from taking any action under this Agreement or any other Basic Document (including without limitation making any determination of Market Value, making any determination of market value of Pledged Subordinate Securities, determining whether or not to extend the Servicer's term, declaring an Event of Default, declaring a Class A Funding Termination Event, declaring a Servicer Termination Event, agreeing to any amendments to or waivers under any Basic Document, accelerating the Class A Notes or exercising any other rights or remedies under any Basic Document or applicable law). Accordingly, any action taken or omitted by the Class A Note Purchaser or any Class A Noteholder under this Agreement or any other Basic Document may not be in the interests of, and may be directly adverse to the interests of, the Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders (or any of them). In addition, except as otherwise expressly provided in this Agreement or the other Basic Documents, the Class A Note Purchaser or any Class A Noteholder may waive or modify the terms of this Agreement or any other Basic Document from time to time without the consent of any Class B Note Purchaser or any Class B Noteholder, and shall, if an Event of Default, a Class A Funding Termination Event or a Servicer Termination Event shall occur, have the sole and absolute discretion to exercise rights and remedies under the Basic Documents (except with respect to the Pledged Subordinate Securities, the Bear Cross Collateral (subject to the Bear Intercreditor Agreement) and the Class B Available Funds), including without limitation to terminate the Servicer and/or to cause an acceleration of the Class A Notes and the liquidation of the Collateral, in each case without regard to the interests of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person. The Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders hereby waive any and all conflicts of interest (if any) that may arise in respect of the exercise of any such rights or remedies by the Class A Note Purchaser or any Class A Noteholder.

SECTION 11.28. NO NOVATION. It is expressly understood and agreed by the parties hereto that the amendment and restatement of this Agreement is in no way intended to and shall not be deemed to constitute a novation or repayment of the outstanding Class A Advances and the other obligations and liabilities existing under the Original Basic Documents and the security interest of the Trustee in the Collateral for the benefit of the Noteholders and the Note Purchasers shall remain in full force and effect after giving effect to the amendment and restatement of this Agreement.

SECTION 11.29. SURVIVAL OF REPRESENTATIONS, WARRANTIES AND INDEMNITIES. The representations, warranties and indemnity obligations of the Issuer, the Purchaser, the Servicer, the Seller and CPS made in the Original Sale and Servicing Agreement and each other Original Basic Document prior to the Class B Closing Date shall survive the Class B Closing Date and the execution and delivery of this Agreement, and each such representation and warranty so made is true and correct as of the date originally made and as of the date hereof.

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

PAGE FUNDING LLC, as Purchaser and Issuer

By:

Name:
Title:

CONSUMER PORTFOLIO SERVICES, INC., as Seller and Servicer

By:

Name:
Title:

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

By:

Name:
Title:

CONSENTED TO BY:

UBS REAL ESTATE SECURITIES, INC., as Class A Noteholder and Class A Note Purchaser

By:

Name:

Title:

By:

Name:

Title:

ACKNOWLEDGEMENT

TFC, in its capacity as a subservicer with respect to the TFC Managed Receivables hereby acknowledges and agrees to the provisions set forth in Sections 4.5 and 4.17 of the foregoing Agreement.

THE FINANCE COMPANY

By:_____
Name:_____
Title:_____

ANNEX A---DEFINED TERMS

"ACCOUNT CONTROL AGREEMENT" means that Amended and Restated Deposit Account Control Agreement dated as of February 14, 2007, by and among CPS, the Note Purchasers and Wells Fargo Bank, National Association, as such agreement may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"ACCOUNTING DATE" means, with respect to any Determination Date, the close of business on the day immediately preceding such Determination Date.

"ACCOUNTANTS' REPORT" means the report of a firm of nationally recognized independent accountants described in SECTION 4.11 of the Sale and Servicing Agreement.

"ACCRUAL PERIOD" means a calendar month; provided that the initial Accrual Period for the Class A Notes shall be the period from and including the day after the Cutoff Date for the initial Class A Funding Date to and including July 31, 2004, and the initial Accrual Period for the Class B Notes shall be the period from and including the day after the Cutoff Date for the initial Class B Funding Date to and including March 15, 2007.

"ACT" has the meaning specified in SECTION 11.3 of the Indenture.

"ADDITIONAL CLASS B COLLATERAL" means, collectively, the collateral granted pursuant to Granting Clause II of the Indenture and Granting Clause III of the Bear Indenture.

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

"ADVANCE" means, with respect to the Class A Notes, a Class A Advance and with respect to the Class B Notes, a Class B Advance.

"ADVANCE AMOUNT" means, with respect to the Class A Notes, the Class A Advance Amount and with respect to the Class B Notes, the Class B Advance Amount.

"AFFILIATE" of any Person means any Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with such Person. For purposes of this definition, the term "CONTROL" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling", "CONTROLLED BY" and "UNDER COMMON CONTROL WITH" have meanings correlative to the foregoing. In addition, for purposes of this definition, any fund or investment vehicle, whether existing as of the Class B Closing Date or thereafter formed, which is managed by any Person, shall be deemed to by an "AFFILIATE" of such Person.

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

"AMOUNT FINANCED" means, with respect to a Receivable, the aggregate amount advanced under such Receivable toward the purchase price of the Financed Vehicle and any related costs, including amounts advanced in respect of accessories, insurance premiums, service and warranty contracts, other items customarily financed as part of a Contract, and related costs.

"ANNUAL PERCENTAGE RATE" or "APR" of a Receivable means the annual percentage rate of finance charges or service charges, as stated in the related Contract.

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

"ASSUMPTION DATE" has the meaning set forth in SECTION 10.3(A) of the Sale and Servicing Agreement.

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

"AVAILABLE FUNDS" means, for each Settlement Date, the sum of the following amounts with respect to the preceding Accrual Period, without duplication: (i) all collections on the Receivables; (ii) all Net Liquidation Proceeds received during such Accrual Period with respect to Liquidated Receivables; (iii) the Purchase Amount of each Receivable repurchased by the Seller or the Purchaser during such Accrual Period; (iv) Investment Earnings in respect of Available Funds for the related Settlement Date; (v) all amounts received during such Accrual Period pursuant to Receivable Insurance Policies with respect to any Financed Vehicles; (vi) cash received from a Class A Margin Call and/or a Class B Margin Call; (vii) any amounts received during such Accrual Period (including, without limitation, all proceeds from any Securitization Transaction) in respect of Collateral that is released from the Lien Granted by Granting Clause I and Granting Clause III of the Indenture in connection with an optional prepayment of a class of Notes in accordance with Section 10.1 of the Indenture; (viii) any amounts received during such Accrual Period from a Class B Note Purchaser pursuant to Section 11.23(b) of the Sale and Servicing Agreement; and (ix) all proceeds received during such Accrual Period in connection with the sale of any TFC Receivables pursuant to Section 5.17 of the Indenture.

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

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

"BANKRUPTCY CODE" means the Bankruptcy Reform Act of 1978, as amended from time to time, and as codified as 11 U.S.C. Section 101 ET SEQ.

"BASIC DOCUMENTS" means the Notes, the Indenture, the Sale and Servicing Agreement (including this Annex A), the Lockbox Agreements, each Note Purchase Agreement, the LLC Agreement, each Assignment, the Pledge Agreement, the Servicing Assumption Agreement, the Engagement Letter, the Consent and Agreement, the Servicer Termination Side Letter, the Account Control Agreement, the Intercreditor Agreement, the Bear Intercreditor Agreement and other documents and certificates delivered in connection therewith.

"BEAR BASIC DOCUMENTS" has the meaning assigned to the term "Basic Documents" in Annex A to the Bear Sale and Servicing Agreement.

"BEAR CROSS COLLATERAL" has the meaning specified in Granting Clause III of the Bear Indenture.

"BEAR INDENTURE" means the Amended and Restated Indenture dated as of January 12, 2007 between Page Three Funding LLC and Wells Fargo Bank, National Association, as trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

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

"BEAR INTERCREDITOR AGREEMENT" means the Intercreditor Agreement by and among Bear, Stearns & Co. Inc., The Patriot Group, LLC, Waterfall Eden Fund, LP, Page Three Funding, LLC, CPS and the Bear Indenture Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"BEAR SALE AND SERVICING AGREEMENT" means the Amended and Restated Sale and Servicing Agreement dated as of January 12, 2007, by and among Page Three Funding LLC, as Purchaser and Issuer, CPS, as Seller and Servicer, and Wells Fargo Bank, National Association, as the Backup Servicer and the Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"BEAR SECURED OBLIGATIONS" means all amounts and obligations which Page Three Funding LLC may at any time owe under the Bear Warehouse Facility to, or on behalf of, the holders of the Class B notes issued thereunder, the Class B note purchasers thereunder and/or the Bear Indenture Trustee for the benefit of the holders of the Class B notes issued thereunder and the Class B note purchasers thereunder, in each case whether now owed or hereafter arising.

"BEAR WAREHOUSE FACILITY" means the transactions contemplated by the Bear Basic Documents.

"BEAR WAREHOUSE FACILITY TERMINATION DATE" means the date on which the commitment of the Class A note purchaser under the Bear Warehouse Facility to make advances under the Bear Basic Documents is terminated in accordance with the terms of the Bear Basic Documents, unless such commitment is extended by the Class A note purchaser under the Bear Warehouse Facility in accordance with the terms of the Bear Basic Documents.

"BORROWING BASE" means, with respect to the Class A Notes, the Class A Borrowing Base and with respect to the Class B Notes, the Class B Borrowing Base.

"BORROWING BASE DEFICIENCY" means, with respect to the Class A Notes, a Class A Borrowing Base Deficiency and with respect to the Class B Notes, a Class B Borrowing Base Deficiency.

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

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

"CHANGE OF CONTROL" means a change resulting when (i) the Seller no longer owns 100% of the membership interests in the Purchaser, (ii) the Seller or the Purchaser merges or consolidates with, or sells all or substantially all of its assets to any other Person, or (iii) any Unrelated Person or any Unrelated Persons, acting together, that would constitute a Group together with any Affiliates or Related Persons thereof (in each case also constituting Unrelated Persons) shall at any time Beneficially Own more than 50% of the aggregate voting power of all classes of Voting Stock of the Seller. As used herein, (a) "Beneficially Own" shall mean "beneficially own" as defined in Rule 13d-3 of the Exchange Act, or any successor provision thereto; provided, however, that, for purposes of this definition, a Person shall not be deemed to Beneficially Own securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates until such tendered securities are accepted for purchase or exchange; (b) "Group" shall mean a "group" for purposes of Section 13(d) of the Exchange Act; (c) "Unrelated Person" shall mean at any time any Person other than the Seller or any of its Subsidiaries and other than any trust for any employee benefit plan of the Seller or any of its Subsidiaries; (d) "Related Person" shall mean any other Person owning (1) 5% or

more of the outstanding common stock of such Person, or (2) 5% or more of the Voting Stock of such Person; and (e) "Voting Stock" of any Person shall mean the capital stock or other indicia of equity rights of such Person which at the time has the power to vote for the election of one or more members of the Board of Directors (or other governing body) of such Person.

"CLASS A ADVANCE" has the meaning assigned to the term "Advance" in paragraph 4 of the recitals to the Class A Note Purchase Agreement.

"CLASS A ADVANCE AMOUNT" means, as of any Class A Funding Date, an amount not less than $2,000,000 and not more than the lesser of (i) the excess of the Class A Maximum Invested Amount over the Class A Invested Amount as of such Class A Funding Date and (ii) the excess of the Class A Net Borrowing Base (taking into account the Receivables to be purchased on such Class A Funding Date) over the Class A Invested Amount as of such Class A Funding Date.

"CLASS A ADVANCE RATE" means (a) with respect to each TFC Receivable, 70% and (b) with respect to each CPS Receivable, 83%.

"CLASS A ADVANCE REQUEST" has the meaning given to such term in Section 2.03(a) of the Class A Note Purchase Agreement.

"CLASS A AMORTIZATION PERIOD" means the period beginning on the Class A Facility Termination Date and ending on the Class A Final Scheduled Settlement Date.

"CLASS A APPLICABLE MARGIN" means (a) with respect to any day prior to the commencement of the Amortization Period, 2.00%, and (b) with respect to any day on or after which the Amortization Period commences, the Class A Default Applicable Margin.

"CLASS A BORROWING BASE" means, as of any date of determination, an amount equal to the sum of (i) the CPS Borrowing Base, (ii) the lesser of (A) the TFC Borrowing Base and (B) $25,000,000 and (iii) Available Funds allocable to principal payments made by Obligors (including any Eligible Investments) on deposit in the Collection Account.

"CLASS A BORROWING BASE CERTIFICATE" means, with respect to any transfer of Receivables, the certificate of the Servicer setting forth the calculation of the Class A Borrowing Base, substantially in the form of EXHIBIT A to the Class A Note Purchase Agreement.

"CLASS A BORROWING BASE DEFICIENCY" means, as of any date of determination, the positive excess, if any, of the Class A Invested Amount over the Class A Borrowing Base, after application of funds, if any, by the Trustee in reduction of the Class A Invested Amount as contemplated by Section 3.05 of the Class A Note Purchase Agreement.

"CLASS A CLOSING DATE" means June 30, 2004.

"CLASS A COMMITMENT" means the obligation of the Class A Note Purchaser to make Class A Advances to the Issuer pursuant to the terms and subject to the conditions of the Class A Note Purchase Agreement and the other Basic Documents, which obligation shall be deemed terminated following the occurrence and continuance of a Class A Funding Termination Event if any and all amounts due to the Class A Note Purchaser and/or the Class A Noteholders pursuant to the Basic Documents have been paid in full.

"CLASS A DEFAULT APPLICABLE MARGIN" means 4.00%.

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

"CLASS A FINAL SCHEDULED SETTLEMENT DATE" means the Settlement Date occurring on or after the date that is four months after the Class A Facility Termination Date.

"CLASS A FUNDING DATE" means the Business Day on which a Class A Advance occurs.

"CLASS A FUNDING TERMINATION EVENT" means the occurrence of any one of the following events, unless waived in writing by the Class A Note Purchaser: (i) an Event of Default; (ii) failure by the Seller or the Servicer to repurchase any Receivable in accordance with the terms of the Sale and Servicing Agreement; (iii) CPS or an Affiliate thereof shall no longer be the Servicer under the Sale and Servicing Agreement; (iv) CPS is terminated as servicer under any other sale and servicing agreement relating to a term securitization or warehouse financing facility (other than a term securitization or a warehouse financing facility, with respect to which CPS is only in the capacity of a third-party servicer and owns no residual interest therein and the related retail motor vehicle installment sale contracts of which were not originated or purchased by CPS or its Affiliates); (v) failure by the Issuer or the Servicer to accept the proposed assignee in accordance with Section 8.03(c)(iii) of the Class A Note Purchase Agreement; and (vi) Charles E. Bradley, Sr. becomes an officer, director or employee of the Seller.

"CLASS A HOLDERS" or "CLASS A NOTEHOLDERS" means the Persons in whose name the Class A Notes are registered on the Note Register, which on the Class B Closing Date shall be UBS Real Estate Securities Inc. or an Affiliate thereof.

"CLASS A INITIAL ADVANCE" means the first Class A Advance that is funded on or after the Closing Date.

"CLASS A INVESTED AMOUNT" means, with respect to any date of determination, the aggregate principal amount (including all Class A Advance Amounts as of such date) of the Class A Notes at such date of determination.

"CLASS A MAJORITY NOTEHOLDERS" means Holders of Class A Notes that in the aggregate constitute more than 50% of the Percentage Interests of all Class A Notes.

"CLASS A MARGIN CALL" has the meaning given to such term in Section 3.06(c) of the Class A Note Purchase Agreement.

"CLASS A MAXIMUM INVESTED AMOUNT" means $200,000,000.

"CLASS A NET BORROWING BASE" means, as of any date of determination, an amount equal to the Class A Borrowing Base, less any Available Funds (including any Eligible Investments) on deposit in the Collection Account.

"CLASS A NOTES" means the Floating Rate Variable Funding Notes, Class A, each substantially in the form set forth in EXHIBIT A-1 to the Indenture.

"CLASS A NOTE INTEREST RATE" means for any day during any Interest Period the sum of (i) LIBOR for such day and (ii) the Class A Applicable Margin for such day; PROVIDED, HOWEVER, that the Class A Note Interest Rate will in no event be higher than the maximum rate permitted by law.

"CLASS A NOTE PURCHASE AGREEMENT" means the Second Amended and Restated Note Purchase Agreement dated as of February 14, 2007 among UBS Real Estate Securities Inc., the Issuer, the Purchaser, the Seller and the Servicer, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"CLASS A NOTE PURCHASER" means UBS Real Estate Securities Inc. and its successors and permitted assigns.

"CLASS A NOTEHOLDERS' INTEREST CARRYOVER SHORTFALL" means, with respect to any Settlement Date, the excess of the Class A Noteholders' Interest Distributable Amount for the preceding Settlement Date over the amount that was actually deposited in the Note Distribution Account on such preceding Settlement Date on account of the Class A Noteholders' Interest Distributable Amount.

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

"CLASS A NOTEHOLDERS' MONTHLY INTEREST DISTRIBUTABLE AMOUNT" means, with respect to any Settlement Date, the sum of the interest amounts accrued on the Class A Notes on each day during the related Interest Period. The interest amount accrued on the Class A Notes on any day during any Interest Period shall equal the product of (i) the Class A Note Interest Rate for such day and (ii) the Class A Invested Amount on such day and (iii) 1/360.

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

"CLASS A SCHEDULED MATURITY DATE" means June 30, 2007 or such later date as agreed upon pursuant to SECTION 2.05 of the Class A Note Purchase Agreement.

"CLASS A TERM" has the meaning given to such term in SECTION 2.05 of the Class A Note Purchase Agreement.

"CLASS A UNUSED FACILITY FEE" has the meaning set forth in Section 3.02(c) of the Class A Note Purchase Agreement.

"CLASS B ADVANCE" has the meaning set forth in paragraph 4 of the recitals to the Class B Note Purchase Agreement.

"CLASS B ADVANCE AMOUNT" means, as of any Class B Funding Date, an amount not less than $250,000 and not more than the lesser of (i) the excess of the Class B Maximum Invested Amount over the Class B Invested Amount as of such Class B Funding Date and (ii) the excess of the Class B Borrowing Base over the Class B Invested Amount as of such Class B Funding Date.

"CLASS B ADVANCE REQUEST" has the meaning set forth in Section 2.03(a) of the Class B Note Purchase Agreement.

"CLASS B APPLICABLE MARGIN" means 5.50%; provided that on any day on which an Event of Default shall exist, the Class B Applicable Margin shall be the Class B Default Applicable Margin.

"CLASS B AVAILABLE FUNDS" means, for each Settlement Date, (i) all amounts collected during the related Accrual Period in respect of the Additional Class B Collateral; (ii) Investment Earnings in respect of Class B Available Funds for

the related Settlement Date; (iii) any amounts received during the related Accrual Period in respect of Additional Class B Collateral that are released from the Lien Granted by Granting Clause II of the Indenture in connection with an optional prepayment of the Class B Notes in accordance with Section 10.1 of the Indenture, (iv) any amounts received during the related Accrual Period in respect of Bear Cross Collateral that is released from the Lien Granted by Granting Clause III of the Bear Indenture in connection with an optional prepayment of the Class B notes issued pursuant to the Bear Indenture in accordance with Section 10.1 thereof; and (v) any Pre-Funding Proceeds deposited by the Issuer into the Collection Account pursuant to Section 10.1 of the Indenture.

"CLASS B BORROWING BASE" means, as of any date of determination, an amount equal to the sum of (1) the lesser of (A) the excess of (I) 96% of the Market Value (excluding for purposes of this calculation the TFC Receivables) over (II) the Class A Invested Amount (calculated without regard to Class A Advances made with respect to the TFC Receivables) and (B) the excess of (I) the product of (a) the Net Eligible Receivables Balance (excluding for purposes of this calculation the TFC Receivables) and (b) the Maximum Advance Rate over (II) the Class A Invested Amount (calculated without regard to Class A Advances made with respect to the TFC Receivables), and (2) 50% of the market value (as determined by the lead placement agent of the related Securitization Transaction) of any Pledged Subordinate Securities (excluding, for purposes of such calculation, any Pledged Subordinate Securities that constitute residual interest securities); provided, however, that for purposes of this definition, the market value of any Pledged Subordinate Securities shall be deemed to equal zero from and after 31 days after the related Securitization Closing Date, and the Pledged Subordinate Securities shall only support the Class B Advances in respect of CPS Receivables that have been sold into the related Securitization Transaction.

"CLASS B BORROWING BASE CERTIFICATE" means, with respect to any transfer of Receivables, the certificate of the Servicer setting forth the calculation of the Class B Borrowing Base, substantially in the form of EXHIBIT A to the Class B Note Purchase Agreement.

"CLASS B BORROWING BASE DEFICIENCY" means, as of any date of determination, the positive excess, if any, of the Class B Invested Amount over the Class B Borrowing Base, after application of funds, if any, by the Trustee in reduction of the Class B Invested Amount as contemplated by Section 3.05 of the Class B Note Purchase Agreement.

"CLASS B CLOSING DATE" means February 14, 2007.

"CLASS B COMMITMENT" means the collective obligation of the Class B Note Purchasers to make their respective pro rata portion of the Class B Advances to the Issuer pursuant to the terms and subject to the conditions of the Class B Note Purchase Agreement and the other Basic Documents.

"CLASS B COMMITMENT FEE" means, with respect to any Settlement Date, for so long as no Funding Termination Event shall have occurred and be continuing, a fee in an amount equal to the product of (a) a fraction, the numerator of which is the actual number of days elapsed in the related Accrual Period and the denominator of which is 360, (b) twenty-five basis points (0.25%) and (c) the excess, if any, of (i) $25,000,000 over (ii) the greater of (1) $6,250,000 and (2) the sum of (x) the daily average of the Class B Invested Amount for the immediately preceding Accrual Period set forth in the related Servicer's Certificate as and to the extent verified by each Class B Note Purchaser, and (y) the daily average of the "Class B Invested Amount" under the Bear Warehouse Facility for the immediately preceding accrual period set forth in the related servicer's certificate delivered under the Bear Basic Documents as and to the extent verified by each Class B note purchaser thereunder.

"CLASS B DEFAULT" means any occurrence that is, or with notice or the lapse of time or both would become, a Class B Event of Default.

"CLASS B DEFAULT APPLICABLE MARGIN" means 7.50%.

"CLASS B EVENT OF DEFAULT" means (i) a default in the payment of any interest or principal on the Class B Notes or any other amount due with respect to the Class B Notes or any amount due to any Class B Note Purchaser under any Basic Document when the same becomes due and payable, which default continues for a period of one (1) Business Day, (ii) the occurrence and continuance of a

Class B Borrowing Base Deficiency that is not cured within one (1) Business Day, (iii) the Trustee shall for any reason cease to have a first priority perfected security interest in the Pledged Subordinate Securities for the benefit of the Class B Noteholders and the Class B Note Purchasers, (iv) the Trustee shall for any reason cease to have a second priority perfected security interest in the Bear Cross Collateral (subject only to the prior Liens granted pursuant to the Bear Basic Documents), for the benefit of the Class B Noteholders and the Class B Note Purchasers; or (v) the failure by the Issuer, the Purchaser, the Servicer or the Seller to perform or observe any term, covenant, or agreement under the Basic Documents, which failure materially and adversely affects the rights of the Class B Note Purchasers and/or the Class B Noteholders (as determined by a Class B Note Purchaser or the Class B Majority Noteholders in their sole discretion) and is not cured within 30 calendar days after written notice is received by the Issuer, the Purchaser, the Servicer or the Seller, as applicable, from the Trustee, a Class B Note Purchaser or a Class B Noteholder or after discovery of such failure by a Responsible Officer of the Issuer, the Purchaser, the Servicer or the Seller, as applicable. "CLASS B FACILITY RENEWAL FEE" has the meaning specified in Section 2.05(a) of the Class B Note Purchase Agreement.

"CLASS B FACILITY TERMINATION DATE" means the earlier of (a) the Class B Scheduled Maturity Date, (b) the date of the occurrence of an Event of Default specified in Section 5.1(a)(v) of the Indenture, and (c) the date of the occurrence of any Event of Default (other than an Event of Default specified in Section 5.1(a)(v) of the Indenture) if the Class B Note Purchaser is the Controlling Note Purchaser on such date.

"CLASS B FUNDING DATE" means the Business Day on which a Class B Advance occurs.

"CLASS B FUNDING TERMINATION EVENT" means the occurrence and continuance of (i) a Class A Funding Termination Event, or (ii) a Class B Event of Default.

"CLASS B HOLDERS" or "CLASS B NOTEHOLDERS" means the Persons in whose name the Class B Notes are registered on the Note Register, which shall initially be The Patriot Group, LLC and Waterfall Eden Fund, LP.

"CLASS B INITIAL ADVANCE" means the first Class B Advance that is funded on or after the Closing Date.

"CLASS B INVESTED AMOUNT" means, with respect to any date of determination, the aggregate principal amount (including all outstanding Class B Advances as of such date) of the Class B Notes at such date of determination.

"CLASS B MAJORITY NOTEHOLDERS" means Holders of Class B Notes that in the aggregate constitute more than 50% of the Percentage Interests of all Class B Notes.

"CLASS B MARGIN CALL" has the meaning given to such term in Section 3.05(c) of the Class B Note Purchase Agreement.

"CLASS B MAXIMUM INVESTED AMOUNT" means, as of any date, $25,000,000, less the outstanding principal amount of any Bear Secured Obligations on such date.

"CLASS B NOTES" means the Floating Rate Variable Funding Notes, Class B, each substantially in the form set forth in EXHIBIT A-2 to the Indenture.

"CLASS B NOTE INTEREST RATE" means for any day during any Interest Period the sum of (i) LIBOR for such day and (ii) the Class B Applicable Margin for such day; PROVIDED, HOWEVER, that the Class B Note Interest Rate will in no event be higher than the maximum rate permitted by law.

"CLASS B NOTE PURCHASE AGREEMENT" means the Note Purchase Agreement dated as of February 14, 2007 among each Class B Note Purchaser, the Issuer, the Purchaser, the Seller and the Servicer, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"CLASS B NOTE PURCHASER" means each of The Patriot Group, LLC and Waterfall Eden Fund, LP and their respective successors and permitted assigns.

"CLASS B NOTEHOLDERS' INTEREST CARRYOVER SHORTFALL" means, with respect to any Settlement Date, the excess of the Class B Noteholders' Interest Distributable Amount for the preceding Settlement Date over the amount that was actually deposited in the Note Distribution Account on such preceding Settlement Date on account of the Class B Noteholders' Interest Distributable Amount.

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

"CLASS B NOTEHOLDERS' MONTHLY INTEREST DISTRIBUTABLE AMOUNT" means, with respect to any Settlement Date, the sum of the interest amounts accrued on the Class B Notes on each day during the related Interest Period. The interest amount accrued on the Class B Notes on any day during any Interest Period shall equal the product of (i) the Class B Note Interest Rate for such day and (ii) the greater of (x) the Class B Invested Amount on such day and (y) the lesser of (A) the positive excess, if any, of (I) $6,250,000 over (II) the "Class B Invested Amount" under the Bear Warehouse Facility on such day, and (B) $3,125,000 (which is 12.5% of the Class B Maximum Invested Amount) and (iii) 1/360.

"CLASS B NOTEHOLDERS' PRINCIPAL DISTRIBUTABLE AMOUNT" means, with respect to any Settlement Date (A) prior to the Class B Facility Termination Date, the Class B Borrowing Base Deficiency, if any, and (B) upon and after the Class B Facility Termination Date, the Class B Invested Amount.

"CLASS B SCHEDULED MATURITY DATE" means January 11, 2008 or such later date as agreed upon pursuant to SECTION 2.05 of the Class B Note Purchase Agreement.

"CLASS B TERM" has the meaning given to such term in SECTION 2.05 of the Class B Note Purchase Agreement.

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

"CLOSING DATE" means, with respect to the Class A Notes, the Class A Closing Date and with respect to the Class B Notes, the Class B Closing Date.

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

"COLLATERAL" has the meaning specified in the Granting Clause I of the Indenture.

"COLLECTION ACCOUNT" means the account designated as such, established and maintained pursuant to SECTION 5.1 of the Sale and Servicing Agreement.

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

"COMMITMENT" means, with respect to the Class A Notes, the Class A Commitment and with respect to the Class B Notes, the Class B Commitment.

"CONCENTRATION LIMITS" means with respect to Eligible Receivables:

(i) CPS Receivables the Obligors of which are the subject of Insolvency Events under Chapter 7 of the Bankruptcy Code and have completed a 341 Hearing shall not at any time represent more than 5% of the Aggregate Principal Balance of the CPS Receivables;

(ii) CPS Receivables originated under the Seller's "Delta Program" and "First Time Buyer Program" shall not in the aggregate at any time represent more than 15% of the Aggregate Principal Balance of the CPS Receivables;

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

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

(v) Unless an Opinion of Counsel, in form and substance satisfactory to the Controlling Note Purchaser, has been delivered to the Trustee and the Controlling Note Purchaser addressing (i) the form of Contract used by Seller in such State and (ii) the security interest of the Trustee in the Financed Vehicles titled in such State in the absence of any retitling of such Financed Vehicles, Eligible Receivables originated in any one State shall not in the aggregate at any time represent more than 10% of the aggregate Principal Balance of Eligible Receivables; and

(vi) Receivables evidenced by installment promissory note and security agreements (i.e. direct loans) shall not at any time represent more than 10% of the Aggregate Principal Balance of the Eligible Receivables.

"CONSENT AND AGREEMENT" means that Amended and Restated Consent and Agreement dated as of February 14, 2007, made by the Issuer, as such agreement may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"CONSOLIDATED TOTAL ADJUSTED EQUITY" of any Person means, with respect to any fiscal quarter, the total shareholders' equity of such Person and its consolidated Subsidiaries that, in accordance with GAAP, is reflected on the consolidated balance sheet of such Person and its consolidated Subsidiaries for such fiscal quarter, MINUS the aggregate amount of such Person's and its consolidated Subsidiaries intangible assets, including without limitation, goodwill, franchises, licenses, patents, trademarks, tradenames, copyrights and service marks.

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

"CONSUMER LENDER" means a Person that is licensed under applicable law to originate loans to natural persons resident in one or more of the United States of America and authorized by CPS to participate in its direct lending program, and includes the Seller.

"CONTRACT" means a motor vehicle retail installment sale contract or, in the case of a Contract originated by a Consumer Lender, an installment promissory note and security agreement, in each case relating to the sale or refinancing of new or used automobiles, light duty trucks, vans or minivans, and any other documents related thereto from time to time.

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

"CONTROLLING NOTE PURCHASER" means solely the Class A Note Purchaser until the Class A Notes and all other amounts then due and owing to the Class A Note Purchaser and the Class A Noteholders under the Basic Documents have been paid in full and the Class A Commitment has terminated, and thereafter, the Class B Note Purchasers, acting together.

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

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

"CPS BORROWING BASE" means, as of any date of determination and with respect to the CPS Receivables, an amount equal to the least of (A) the excess of (I) 96% of the Market Value over (II) the Net Class B Invested Amount, (B) the excess of (I) the product of (a) the Net Eligible Receivables Balance and (b) the Maximum Advance Rate over (II) the Net Class B Invested Amount, (C) 87% of the Market Value, and (D) the product of (a) the applicable Class A Advance Rate and (b) the Net Eligible Receivables Balance.

"CPS RECEIVABLES" means Eligible Receivables that were acquired from Dealers or Consumer Lenders by the Seller.

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

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

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

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

"DEFAULT APPLICABLE MARGIN" means, with respect to the Class A Notes, the Class A Default Applicable Margin and with respect to the Class B Notes, the Class B Default Applicable Margin.

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

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

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

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

(a) with respect to bankers' acceptances, commercial paper, negotiable certificates of deposit and other obligations that constitute "INSTRUMENTS" within the meaning of Section 9-102(a)(47) of the UCC and are susceptible of physical delivery, transfer thereof to the Trustee or its nominee or custodian by physical delivery to the Trustee or its nominee or custodian endorsed to, or registered in the name of, the Trustee or its nominee or custodian or endorsed in blank, and, with respect to a certificated security (as defined in Section 8-102 of the UCC), transfer thereof (1) by delivery of such certificated security endorsed to, or registered in the name of, the Trustee or its nominee or custodian or endorsed in blank to a financial intermediary (as defined in Section 8-313 of the UCC) and the making by such financial intermediary of entries on its books and records identifying such certificated securities as belonging to the Trustee or its nominee or custodian and the sending by such financial intermediary of a confirmation of the purchase of such certificated security by the Trustee or its nominee or custodian, or (2) by delivery thereof to a "CLEARING CORPORATION" (as defined in Section 8-102(3) of the UCC) and the making by such clearing corporation of appropriate entries on its books reducing the appropriate securities account of the transferor and increasing the appropriate securities account of a financial intermediary by the amount of such certificated security, the identification by the clearing corporation of the certificated securities for the sole and exclusive account of the financial intermediary, the maintenance of such certificated securities by such clearing corporation or a "CUSTODIAN BANK" (as defined in Section 8-102(4) of the UCC) or the nominee of either subject to the clearing corporation's exclusive control, the sending of a confirmation by the financial intermediary of the purchase by the Trustee or its nominee or custodian of such securities and the making by such financial intermediary of entries on its books and records identifying such certificated securities as belonging to the Trustee or its nominee or custodian (all of the foregoing, "PHYSICAL PROPERTY"), and, in any event, any such Physical Property in registered form shall be in the name of the Trustee or its nominee or custodian; and such additional or alternative procedures as may hereafter become appropriate to effect the complete transfer of ownership of any such Pledged Account Property to the Trustee or its nominee or custodian, consistent with changes in applicable law or regulations or the interpretation thereof;

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

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

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

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

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

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

(2) by physical delivery of such certificated security in registered form to a "SECURITIES INTERMEDIARY" (as defined in Section 8-102(a)(l4) of the UCC) acting on behalf of the Trustee if the certificated security has been specially indorsed to the Trustee by an effective indorsement.

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

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

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

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

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

(e) with respect to a "SECURITY ENTITLEMENT" (as defined in Section 8-102(a)(17) of the UCC):

(1) if a securities intermediary (A) indicates by book entry that a "FINANCIAL ASSET" (as defined in Section 8-102(a)(9) of the UCC) has been credited to the Trustee's "SECURITIES ACCOUNT" (as defined in Section 8-501(a) of the UCC), (B) receives a financial asset (as so defined) from the Trustee or acquires a financial asset for the Trustee, and in either case, accepts it for credit to the Trustee's securities account (as so defined), (C) becomes obligated under other law, regulation or rule to credit a financial asset to the Trustee's securities account, or (D) has agreed that it will comply with "ENTITLEMENT ORDERS" (as defined in Section 8-102(a)(8) of the UCC) originated by the Trustee, without further consent by the "ENTITLEMENT HOLDER" (as defined in Section 8-l02(a)(7) of the UCC), of a confirmation of the purchase and the making by such securities intermediary of entries on its books and records identifying as belonging to the Trustee of (I) a specific certificated security in the securities intermediary's possession, (II) a quantity of securities that constitute or are part of a fungible bulk of certificated securities in the securities intermediary's possession, or (III) a quantity of securities that constitute or are part of a fungible bulk of securities shown on the account of the securities intermediary on the books of another securities intermediary;

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

"DEPOSIT ACCOUNT" means that deposit account established pursuant to the Account Control Agreement.

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

"DOLLAR" means lawful money of the United States.

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

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

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

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

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

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

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

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

(g) any other investment as may be acceptable to the Controlling Note Purchaser, as evidenced by a writing to that effect, as may from time to time be confirmed in writing to the Trustee by the Controlling Note Purchaser.

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

"ELIGIBLE RECEIVABLES" means, as of any date of determination, Receivables (a) with respect to each of which no more than 10% of its Scheduled Receivable Payment is no more than 45 days contractually delinquent as of the end of the immediately preceding Accrual Period, (b) that are not Liquidated Receivables, (c) that are not Repossessed Receivables, (d) that are not Defective Receivables; (e) that are not listed on Schedule A to the Trust Receipt (unless subsequently cured); (f) that have the characteristics set forth in SECTION 3.1 of the Sale and Servicing Agreement; (g) that have not been in the CPS Borrowing Base for more than 180 days or until May 15, 2007, whichever is later (in the case of CPS Receivables), or in the TFC Borrowing Base for more than 360 days or until May 15, 2007, whichever is later (in the case of TFC Receivables).

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

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

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

"EVENT OF DEFAULT" has the meaning specified in SECTION 5.1 of the Indenture.

"EXCESS CONCENTRATION AMOUNT" means the aggregate amount by which (without duplication) the Aggregate Principal Balance of Eligible Receivables sold to the Purchaser under the Sale and Servicing Agreement exceeds any of the Concentration Limits; provided, however, that in determining which Receivables to exclude for purposes of complying with any Concentration Limit, the Purchaser shall exclude Receivables starting with those having the most recent origination dates.

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

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

"FACILITY TERMINATION DATE" means, with respect to the Class A Notes, the Class A Facility Termination Date and with respect to the Class B Notes, the Class B Facility Termination Date.

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

"FUNDING DATE" means, with respect to the Class A Notes, a Class A Funding Date and with respect to the Class B Notes, a Class B Funding Date.

"FUNDING TERMINATION EVENT" means, with respect to the Class A Notes, a Class A Funding Termination Event and with respect to the Class B Notes, a Class B Funding Termination Event.

"FUNDING TRUST" means CPS Receivables Funding Trust, a Delaware statutory trust.

"FUNDING TRUST CERTIFICATE" means a certificate issued by Funding Trust that evidences a 100% fractional undivided ownership interest in one or more instruments or certificates, each of which evidences not less than 99.00% of the residual interest in a securitization trust for a Securitization Transaction and represents the right to receive amounts to be distributed or paid to the holders of the residual interests pursuant to the related Securitization Documents.

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

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

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

"HIGHEST PRIORITY CLASS" means (i) the Class A Notes, for so long as they are Outstanding and the Class A Commitment has not been terminated, and (ii) if the Class A Notes are no longer Outstanding and all amounts owed to the Class A Noteholders and the Class A Note Purchaser pursuant to the Basic Documents have been paid in full and the Class A Commitment has been terminated, the Class B Notes.

"HOLDER" or "NOTEHOLDER" means a Class A Noteholder or a Class B Noteholder, as the context may require.

"INDEBTEDNESS" means, with respect to any Person at any time, any (a) indebtedness or liability of such Person for borrowed money whether or not evidenced by bonds, debentures, notes, repurchase agreements and similar arrangements, or other instruments, or for the deferred purchase price of property or services (including trade obligations); (b) obligations of such Person as lessee under leases which should be, in accordance with GAAP, recorded as capital leases; (c) current liabilities of such Person in respect of unfunded vested benefits under plans covered by Title IV of ERISA; (d) obligations issued for or liabilities incurred on the account of such Person; (e) obligations or liabilities of such Person arising under acceptance facilities; (f) obligations of such Person under any guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person or otherwise to assure a creditor against loss; (g) obligations of others secured by any lien on property or assets of such Person, whether or not the obligations have been assumed by such Person; or (h) obligations of such Person under any interest rate or currency exchange agreement.

"INDENTURE" means the Second Amended and Restated Indenture dated as of February 14, 2007, between the Issuer and Wells Fargo Bank, National Association, as Trustee, as the same may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

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

"INELIGIBLE RECEIVABLE" means any Receivable other than an Eligible Receivable.

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

"INTERCREDITOR AGREEMENT" means that certain Intercreditor Agreement dated as of February 14, 2007 by and among the Class A Note Purchaser, the Class A Noteholder, the Class B Note Purchasers, the Class B Noteholders, the Issuer, the Purchaser, the Seller, the Servicer and the Trustee.

"INTERCREDITOR AGREEMENTS" means the Intercreditor Agreement and the Bear Intercreditor Agreement.

"INTEREST PERIOD" means, with respect to a class of Notes and any Settlement Date, the period from, and including, the immediately preceding Settlement Date (or from and including the initial Funding Date for such class of Notes, in the case of the first Settlement Date for a class of Notes) to, but excluding, such Settlement Date.

"INVESTED AMOUNT" means, with respect to the Class A Notes, the Class A Invested Amount and with respect to the Class B Notes, the Class B Invested Amount.

"INVESTMENT COMPANY ACT" has the meaning set forth in SECTION 5.01(D) of each Note Purchase Agreement.

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

"ISSUER" means Page Funding LLC until a successor replaces it in accordance with the terms of the Indenture and, thereafter, means the successor and, for purposes of any provision contained herein, each other obligor on the Notes.

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

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

LIBOR will be determined at approximately 11:00 a.m., New York City time, on such day on the basis of (a) the arithmetic mean of the rates at which one-month deposits in U.S. dollars are offered to prime banks in the London interbank market by four (4) major banks in the London interbank market selected by the Controlling Note Purchaser and in a principal amount of not less than $200,000,000 that is representative for a single transaction in such market at such time, if at least two (2) such quotations are provided, or (b) if fewer than two (2) quotations are provided as described in the preceding clause (a), the arithmetic mean of the rates, as requested by the Controlling Note Purchaser, quoted by three (3) major banks in New York City, selected by the Controlling Note Purchaser, at approximately 11:00 A.M., New York City time, on such day, one-month deposits in United States dollars to leading European banks and in a principal amount of not less than $200,000,000 that is representative for a single transaction in such market at such time.

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

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

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

"LLC AGREEMENT" means the Amended and Restated Limited Liability Company Agreement of Page Funding, LLC dated as of June 30, 2004, entered into by CPS, as amended by the First Amendment thereto thereto dated as of April 18, 2006, and the Second Amendment thereto dated as of February 14, 2007, and as such agreement may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"LOCKBOX ACCOUNTS" means the accounts maintained on behalf of the Trustee for the further benefit of the Noteholders and the Note Purchasers by the Lockbox Bank pursuant to SECTION 4.2(B) of the Sale and Servicing Agreement.

"LOCKBOX AGREEMENT" means (a) in the case of CPS Receivables, the Amended and Restated Multiparty Agreement Relating to Lockbox Services and Blocked Account - Page Funding LLC - [CPS Receivables], dated as of February 14, 2007, by and among the Lockbox Processor, the Purchaser, the Servicer and the Trustee, and (b) in the case of TFC Receivables, the Multiparty Agreement Relating to Lockbox Services and Blocked Account - Page Funding LLC - [TFC Receivables], dated as of February 14, 2007, by and among the Lockbox Processor, the Purchaser, the Servicer and the Trustee, in each case as such agreements may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, unless the Trustee shall cease to be a party thereunder, or such agreement shall be terminated in accordance with its terms, in which event "LOCKBOX AGREEMENTS" shall mean such other agreement(s), in form and substance acceptable to the Controlling Note Purchaser, among the Servicer, the Purchaser, and the Lockbox Processor and any other appropriate parties.

"LOCKBOX BANK" means as of any date a depository institution named by the Servicer and acceptable to the Majority Noteholders of the Highest Priority Class of Notes and the Controlling Note Purchaser at which the Lockbox Account is established and maintained as of such date.

"LOCKBOX PROCESSOR" means Wells Fargo Bank, National Association (as successor to Regulus West, LLC) and its successors and assigns.

"MAJORITY NOTEHOLDERS" means, in the case of the Class A Notes, the Class A Majority Noteholders and in the case of the Class B Notes, the Class B Majority Noteholders.

"MARGIN CALL" means, in the case of the Class A Notes, a Class A Margin Call and in the case of the Class B Notes, a Class B Margin Call.

"MARKET VALUE" means, on any Business Day, the value of the Receivables as determined by the periodic market value report as calculated by the Controlling Note Purchaser in its sole and absolute discretion.

"MATERIAL ADVERSE CHANGE" means (a) in respect of any Person, a material adverse change in (i) the business, financial condition, results of operations, prospects or properties of such Person, or (ii) the ability of such Person to perform its obligations under any of the Basic Documents to which it is a party, in each case in a manner that materially and adversely affects any Noteholder, any Note Purchaser or the value, collectibility or marketability of any class of

Notes, (b) in respect of any Receivable, a material adverse change in (i) the value or marketability of such Receivable, or (ii) the probability that amounts now or hereafter due in respect of such Receivable will be collected on a timely basis, in each case in a manner that materially and adversely affects the Noteholders of the Highest Priority Class, the Controlling Note Purchaser or the value, collectibility or marketability of the Highest Priority Class of Notes, or the ability of the Trustee on behalf of the Noteholders and the Note Purchasers to realize the benefits of the security afforded under the Basic Documents.

"MATERIAL ADVERSE EFFECT" means an effect on (a) the value or marketability of the Receivables or any of the other Collateral (including, without limitation, the enforceability or collectibility of the Receivables); (b) the business, operations, properties, condition (financial or otherwise) or prospects of the Seller, the Servicer, the Purchaser or the Issuer, in each case, individually or taken as a whole; (c) the validity or enforceability of this or any of the other Basic Documents or the rights or remedies of the Trustee, any Note Purchaser or any Noteholder hereunder or thereunder or the validity, perfection or priority of any Lien in favor of any Note Purchaser, any Noteholder or the Trustee for the benefit of any Note Purchaser and any Noteholder granted thereunder; (d) the timely payment of the principal of or interest on any Advances or other amounts payable under the Basic Documents; or (e) the ability of the Seller, the Servicer, the Purchaser or the Issuer to perform its obligations under any Basic Document to which it is a party, in each case that materially and adversely affects any Noteholder, any Note Purchaser or the value, collectability or marketability of any class of Notes.

"MAXIMUM ADVANCE RATE" means 93%.

"MAXIMUM INVESTED AMOUNT" means, in the case of the Class A Notes, the Class A Maximum Invested Amount and in the case of the Class B Notes, the Class B Maximum Invested Amount.

"MFN" means MFN Financial Corporation, a Delaware corporation.

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

"MULTIEMPLOYER PLAN" means a Plan which is a multiemployer plan as defined in Sectoin 4001(a)(3) of ERISA.

"NET CLASS B INVESTED AMOUNT" means, as of any date of determination, the excess of (x) the Class B Invested Amount, over (y) 50% of the market value of any Pledged Subordinate Securities as provided by the Servicer to the Class B Note Purchasers pursuant to Section 3.05(a) of the Class B Note Purchase Agreement.

"NET ELIGIBLE RECEIVABLES BALANCE" means, as of any date of determination, the excess of (a) the aggregate Principal Balance of all Eligible Receivables as of such date of determination (after giving effect to any Available Funds allocable to principal payments made by the related Obligors) over (b) the Excess Concentration Amount for the Eligible Receivables.

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

"NOTES" means the Class A Notes and/or the Class B Notes, as the context may require.

"NOTE DISTRIBUTION ACCOUNT" means the account designated as such, established and maintained pursuant to SECTION 5.1(B) of the Sale and Servicing Agreement.

"NOTE INTEREST RATE" means, with respect to the Class A Notes, the Class A Note Interest Rate, and with respect to the Class B Notes, the Class B Note Interest Rate.

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

"NOTE PURCHASE AGREEMENT" means the Class A Note Purchase Agreement, in the case of the Class A Notes, or the Class B Note Purchase Agreement, in the case of the Class B Notes.

"NOTE PURCHASER" means the Class A Note Purchaser, in the case of the Class A Notes, or a Class B Note Purchaser, in the case of the Class B Notes.

"NOTE REGISTER" and "NOTE REGISTRAR" have the respective meanings specified in Section 2.4 of the Indenture.

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

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

"OPINION COLLATERAL" has the meaning set forth in Section 3.6(a) of the Indenture.

"OPINION OF COUNSEL" means a written opinion of counsel who may be but need not be counsel to the Purchaser, the Seller or the Servicer, which counsel shall be reasonably acceptable to the Trustee and the applicable Note Purchaser and which opinion shall be acceptable in form and substance to the Trustee and to the applicable Note Purchaser.

"ORIGINAL BASIC DOCUMENTS" has the meaning assigned to such term in Annex A to the Second Amended and Restated Sale and Servicing Agreement dated as of April 18, 2006, among Page Funding LLC, as Purchaser and Issuer, CPS, as Seller and Servicer, and Wells Fargo Bank, National Association, as the Backup Servicer and the Trustee.

"ORIGINAL INDENTURE" has the meaning assigned to such term in Annex A to the Second Amended and Restated Sale and Servicing Agreement dated as of April 18, 2006, among Page Funding LLC, as Purchaser and Issuer, CPS, as Seller and Servicer, and Wells Fargo Bank, National Association, as the Backup Servicer and the Trustee.

"ORIGINAL NOTE PURCHASE AGREEMENT" has the meaning assigned to such term in Annex A to the Second Amended and Restated Sale and Servicing Agreement dated as of April 18, 2006, among Page Funding LLC, as Purchaser and Issuer, CPS, as Seller and Servicer, and Wells Fargo Bank, National Association, as the Backup Servicer and the Trustee.

"ORIGINAL SALE AND SERVICING AGREEMENT" means the Sale and Servicing Agreement dated as of June 30, 2004, as amended and restated by the Amended and Restated Sale and Servicing Agreement dated as of June 29, 2005, as amended by Amendment No. 1 thereto dated as of August 31, 2005 and Amendment No. 2 thereto, dated as of February 28, 2006, and as further amended and restated by the Second Amended and Restated Sale and Servicing Agreement dated as of April 18, 2006, in each case by and among Page Funding LLC, as Purchaser, CPS, as Seller and Servicer, and Wells Fargo Bank, National Association, as the Backup Servicer and the Trustee.

"OTHER CONVEYED PROPERTY" means all property conveyed by the Seller to the Purchaser pursuant to SECTIONS 2.1 (A)(II) through (XII) of the Sale and Servicing Agreement and Section 2 of each Assignment.

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

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

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

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

"PERCENTAGE INTEREST" means, with respect to any Class A Note or Class B Note, the percentage interest as specified on the face of such Note, which when multiplied by the applicable Invested Amount outstanding on any date of determination shall equal the principal amount outstanding on such Note as of such date.

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

"PHYSICAL PROPERTY" has the meaning given to such term in the definition of "Delivery" above.

"PLAN" means any Person that is (i) an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to the provisions of Title I of ERISA, (ii) a "plan" (as defined in Section 4975(e)(1) of the Code) that is subject to Section 4975 of the Code or (ii) any entity whose underlying assets include assets of a plan described in (i) or (ii) above by reason of such plan's investment in the entity.

"PLEDGE AGREEMENT" means the Amended and Restated Pledge and Security Agreement dated as of February 14, 2007 by and among CPS, the Class A Note Purchaser and each Class B Note Purchaser, as such agreement may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

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

"PLEDGED ACCOUNTS" has the meaning assigned thereto in SECTION 5.1(D) of the Sale and Servicing Agreement.

"PLEDGED COLLATERAL" has the meaning assigned thereto in the Pledge Agreement.

"PLEDGED SUBORDINATE SECURITY" means any subordinate classes of asset-backed securities (including, without limitation, residual interest securities) issued pursuant to a Securitization Transaction that are not sold on the related Securitization Closing Date and which are paid to the Issuer as part of the consideration for the sale of the related Receivables in such Securitization Transaction, and that are delivered by the Issuer, as the owner thereof, to the Trustee pursuant to Section 3.3 of the Sale and Servicing Agreement and pledged by the Issuer to the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders pursuant to Granting Clause II of the Indenture.

"POST-OFFICE BOX" means the separate post-office box established and maintained by the Servicer in the name of the Purchaser for the benefit of the Trustee for the further benefit of the Noteholders and the Note Purchasers, established and maintained pursuant to SECTION 4.2 of the Sale and Servicing Agreement.

"PRE-FUNDING PROCEEDS" has the meaning assigned thereto in Section 10.1 of the Indenture.

"PRIME RATE" for any date of determination means the highest rate of interest (or if a range is given, the highest prime rate) published in THE WALL STREET JOURNAL on such date as constituting the "prime rate" or "base rate" in such publication's table of Money Rates or, if THE WALL STREET JOURNAL is not published on such date, then in THE WALL STREET JOURNAL most recently published.

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

"PRINCIPAL FUNDING ACCOUNT" has the meaning specified in SECTION 5.1(C) of the Sale and Servicing Agreement.

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

"PROGRAM" has the meaning specified in SECTION 4.11 of the Sale and Servicing Agreement.

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

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

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

"PURCHASER" means Page Funding LLC.

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

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

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

"RECEIVABLE" means each Contract listed on the Schedule of Receivables and all rights and obligations thereunder, except for Receivables that have become Purchased Receivables and, for the avoidance of doubt, shall include all Related Receivables (other than Related Receivables that have become Purchased Receivables).

"RECEIVABLE FILES" means the documents specified in SECTION 3.3(A) of the Sale and Servicing Agreement.

"RECEIVABLES INSURANCE POLICY" means, with respect to a Receivable, any insurance policy (including the insurance policies described in SECTION 4.4 of the Sale and Servicing Agreement) benefiting the holder of the Receivable providing loss or physical damage, credit life, credit accident, health, credit disability, theft, mechanical breakdown or similar coverage with respect to the Financed Vehicle or the Obligor, including without limitation any GAP, vendor's single interest or other collateral protection insurance policy or coverage.

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

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

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

"RELEASE REQUEST" has the meaning specified in SECTION 3.5 of the Sale and Servicing Agreement.

"REPOSSESSED RECEIVABLE" means a Receivable with respect to which the earliest of the following shall have occurred: (i) the date the Financed Vehicle is actually repossessed and (ii) 30 days after the date the Financed Vehicle is authorized for repossession.

"REQUIREMENT OF LAW" means as to any Person, the certificate of incorporation and bylaws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or property is subject.

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

"RULE 144A INFORMATION" has the meaning set forth in SECTION 3.26 of the Indenture.

"RULE OF 78'S RECEIVABLE" means any Receivable under which the portion of a payment allocable to earned interest (which may be referred to in the related retail installment sale contract as an add-on finance charge) and the portion allocable to the Amount Financed is determined according to the method commonly referred to as the "RULE OF 78'S" method or the "SUM OF THE MONTHS' DIGITS" method or any equivalent method.

"SALE AND SERVICING AGREEMENT" means the Third Amended and Restated Sale and Servicing Agreement dated as of February 14, 2007, among Page Funding LLC, as Purchaser and Issuer, CPS, as Seller and Servicer, and Wells Fargo Bank, National Association, as the Backup Servicer and the Trustee, as the same may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"SCHEDULED MATURITY DATE" means, with respect to the Class A Notes, the Class A Scheduled Maturity Date and with respect to the Class B Notes, the Class B Scheduled Maturity Date.

"SCHEDULED RECEIVABLE PAYMENT" means, with respect to any Accrual Period for any Receivable, the amount set forth in such Receivable as required to be paid by the Obligor in such Accrual Period. If after the Class A Closing Date, the Obligor's obligation under a Receivable with respect to an Accrual Period has been modified so as to differ from the amount specified in such Receivable (i) as a result of the order of a court in an insolvency proceeding involving the Obligor, (ii) pursuant to the Servicemembers Civil Relief Act, or (iii) as a result of modifications or extensions of the Receivable permitted by Section 4.2 of the Sale and Servicing Agreement, the Scheduled Receivable Payment with respect to such Accrual Period shall refer to the Obligor's payment obligation with respect to such Accrual Period as so modified.

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

"SEAWEST" means SeaWest Financial Corporation, a California corporation.

"SECTION 341 MEETING" means a meeting held pursuant to Section 341(a) of the United States Bankruptcy Code (as the same may be amended from time to time) in which an Obligor subject to a Insolvency Event under Chapter 7 of the United States Bankruptcy Code has presented his/her plan to the bankruptcy court and all of his/her creditors.

"SECTION 341 RECEIVABLE" means a Receivable, the Obligor of which has completed a Section 341 Meeting as of the applicable Cutoff Date.

"SECURED OBLIGATIONS" means all amounts and obligations which the Issuer or the Purchaser may at any time owe under the Basic Documents to, or on behalf of the Noteholders, the Note Purchasers and/or the Trustee for the benefit of the Noteholders and the Note Purchasers (or any of them), in each case whether now owed or hereafter arising.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SECURITIZATION CLOSING DATE" shall mean the closing date for a Securitization Transaction.

"SECURITIZATION DOCUMENTS" shall mean, collectively, all agreements, documents, instruments and certificates executed and delivered in connection with any Securitization Transaction.

"SECURITIZATION TRANSACTION" means a securitization of Receivables.

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

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

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

"SERVICER EXTENSION NOTICE" has the meaning specified in SECTION 4.15 of the Sale and Servicing Agreement.

"SERVICER LOSS RATIO" means, as of any date, the average of the loss ratios (expressed as a percentage) for the three Accrual Periods immediately preceding such date, as computed based on the methodology set forth in the Servicer's then most recent report on Form 10-Q or Form 10-K, as applicable, for calculation of net losses on automobile receivables originated and serviced by the Servicer (excluding all automobile receivables originated or acquired by CPS or its Affiliates in merger or acquisition transactions).

"SERVICER TERMINATION EVENT" means an event specified in SECTION 10.1 of the Sale and Servicing Agreement.

"SERVICER TERMINATION SIDE LETTER" means the Amended and Restated Servicer Termination Side Letter dated February 14, 2007, from the Controlling Note Purchaser to the Servicer, as the same may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"SERVICER'S CERTIFICATE" means a certificate completed and executed by a Servicing Officer and delivered pursuant to SECTION 4.9 of the Sale and Servicing Agreement, substantially in the form of EXHIBIT A to the Sale and Servicing Agreement.

"SERVICING ASSUMPTION AGREEMENT" means the Second Amended and Restated Servicing Assumption Agreement, dated as of February 14, 2007, among CPS, as Seller and Servicer, the Backup Servicer and the Trustee, as the same may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"SERVICING FEE" has the meaning specified in SECTION 4.8 of the Sale and Servicing Agreement.

"SERVICING FEE PERCENTAGE" means (a) with respect to the CPS Receivables, 2.50%, and (b) with respect to the TFC Receivables, 3.50%, provided that if Backup Servicer is the Servicer, the Servicing Fee Percentage shall be determined in accordance with Servicing Assumption Agreement.

SERVICING GUIDELINES" means CPS's established servicing guidelines, as the same may be amended from time to time in accordance with Section 9.1(k) of the Sale and Servicing Agreement.

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

"SETTLEMENT DATE" means, with respect to each Accrual Period, the 15th day of the following calendar month, or if such day is not a Business Day, the immediately following Business Day.

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

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

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

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

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

"TAXES" has the meaning set forth in SECTION 3.04 of each Note Purchase Agreement.

"TERM" means, with respect to the Class A Notes, the Class A Term and with respect to the Class B Notes, the Class B Term.

"TERMINATION DATE" means the date on which the Trustee shall have received payment and performance of all Secured Obligations and disbursed such payments in accordance with the Basic Documents and any and all other amounts due and payable to the Note Purchasers and the Noteholders pursuant to the Basic Documents have been paid in full.

"TEXAS FRANCHISE TAX" means any tax imposed by the State of Texas pursuant to Tex. Tax Code Ann. ss. 171.001 (Vernon 2005), as amended by Tex. H.B. 3, 79th Leg., 3d C.S. (2006).

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

"TFC ASSIGNMENT" means an assignment in substantially the form attached as EXHIBIT E to the Sale and Servicing Agreement pursuant to which TFC transfers and conveys TFC Receivables to CPS from time to time.

"TFC BORROWING BASE" means, as of any date of determination and with respect to the TFC Receivables, an amount equal to the lesser of (I) the product of (a) the applicable Class A Advance Rate and (b) the excess of (i) the Aggregate Principal Balance of the TFC Receivables over (ii) the Excess Concentration Amount for the TFC Receivables, and (II) 80% of the Market Value of the TFC Receivables; provided that on or after the occurrence of a TFC Funding Termination Event, the TFC Borrowing Base shall equal zero.

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

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

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

"TFC MANAGED RECEIVABLES" means a Receivable subserviced by TFC, whether a TFC Receivable, a Receivable owned by TFC or otherwise.

"TFC RECEIVABLES" means Eligible Receivables acquired from Dealers by (i) TFC, or (ii) CPS under its "Military Program".

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

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

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

"TFC THREE-MONTH ROLLING AVERAGE NET LOSS RATE" means, as of any date of determination, (x) the sum of the fractions, expressed as a PERCENTAGE (annualized) for each of the three most recently ended Accrual Periods, the numerator of which is the amount of gross charge-offs of TFC Managed Receivables (less liquidation proceeds and recoveries) and the denominator of which is the average outstanding aggregate principal amount of the TFC Managed Receivables during such Accrual Period divided by (y) three.

"TRUST ESTATE" means all money, instruments, rights and other property that are subject or intended to be subject to the lien and security interest of the Indenture for the benefit of the Noteholders and the Note Purchasers, including all Collateral Granted to the Trustee for the benefit of the Noteholders and the Note Purchasers pursuant to Granting Clause I of the Indenture, all Pledged Subordinate Securities Granted to the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers pursuant to Granting Clause II of the Indenture, and all Bear Cross Collateral Granted to the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers pursuant to Granting Clause III of the Bear Indenture.

"TRUST RECEIPT" means a trust receipt in substantially the form of EXHIBIT B to the Sale and Servicing Agreement.

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

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

"UBS CROSS COLLATERAL" has the meaning specified in Granting Clause III of the Indenture.

"UBS WAREHOUSE FACILITY" means the transactions contemplated by the Basic Documents.

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

EXHIBIT 10.6

$200,000,000

Variable Funding Note, Class A

$25,000,000

Variable Funding Note, Class B

SECOND AMENDED AND RESTATED INDENTURE

Dated as of February 14, 2007

PAGE FUNDING LLC,
Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
Trustee

TABLE OF CONTENTS

TABLE OF CONTENTS

SECOND AMENDED AND RESTATED INDENTURE dated as of February 14, 2007 ("Indenture"), by and between PAGE FUNDING LLC, a Delaware limited liability company (the "Issuer"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as trustee (the "Trustee").

Each party agrees as follows for the benefit of the other parties and for the benefit of the Note Purchasers and each Holder of the Issuer's Variable Funding Notes, Class A (the "Class A Notes") and each Holder of the Issuer's Variable Funding Notes, Class B (the "Class B Notes" and, together with the Class A Notes, the "Notes"):

To secure the payment of principal of and interest on, and any other amounts owing in respect of the Notes, the other Secured Obligations and any and all other amounts due and payable to the Note Purchasers and the Noteholders under the Basic Documents, and to secure compliance with this Indenture, the Issuer has agreed to pledge the Collateral (as defined below) as collateral to the Trustee for the benefit of the Noteholders and the Note Purchasers.

In addition, to secure the payment of principal of and interest on, and any other amounts owing in respect of the Class B Notes, the Bear Secured Obligations and any and all other amounts due and payable to the Class B Note Purchasers and the Class B Noteholders under the Basic Documents, and to secure compliance with this Indenture, the Issuer has agreed to pledge the Pledged Subordinate Securities as collateral to the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers.

Furthermore, to secure the payment of principal of and interest on, and any other amounts owing in respect of the Class B notes issued pursuant to the Bear Indenture and any and all other amounts due and payable to the Class B note purchasers and the Class B noteholders under the Bear Basic Documents, and to secure compliance with the Bear Indenture, the Issuer has agreed to pledge the UBS Cross Collateral, on a subordinated basis and subject to the Intercreditor Agreement, as collateral to the Bear Indenture Trustee for the benefit of the Class B noteholders and the Class B note purchasers under the Bear Basic Documents.

As security for the payment and performance by the Issuer of the Secured Obligations, the Issuer has agreed to assign the Collateral (as defined below) as collateral to the Trustee for the benefit of the Noteholders and the Note Purchasers.

In addition, as security for the payment and performance by the Issuer of the Secured Obligations owing to the Class B Noteholders and the Class B Note Purchasers and the Bear Secured Obligations, the Issuer has agreed to assign the Pledged Subordinate Securities as collateral to the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers.

Furthermore, as security for the payment and performance by the Issuer of the Bear Secured Obligations owing to the Class B noteholders and the Class B note purchasers under the Bear Basic Documents, and as consideration for the assignment by Page Three Funding LLC, on a subordinated basis and subject to the Bear Intercreditor Agreement, of the Bear Cross Collateral as collateral to the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers, the Issuer has agreed to assign, on a subordinated basis and subject to the Intercreditor Agreement, the UBS Cross Collateral as collateral to the Bear Indenture Trustee for the benefit of the Class B noteholders and the Class B note purchasers under the Bear Basic Documents.

GRANTING CLAUSES

I. The Issuer hereby Grants to the Trustee on each Funding Date, as Trustee for the benefit of the Noteholders and the Note Purchasers, all right, title and interest of the Issuer, whether now existing or hereafter arising, in and to the following;

(a) the Receivables listed in the Schedule of Receivables and each Addition Notice;

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

(c) the security interests in the Financed Vehicles and any accessions thereto granted by Obligors pursuant to the related Contracts and any other interest of the Issuer in such Financed Vehicles, including, without limitation, the certificates of title or, with respect to such Financed Vehicles in the States listed in Annex B to the Sale and Servicing Agreement, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, with respect to such Financed Vehicles;

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

(e) all proceeds from recourse against Dealers or Consumer Lenders with respect to the Receivables and all other rights arising out of or with respect to the Receivables (but none of the obligations) of the Seller under any agreements with Dealers or Consumer Lenders;

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

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

(h) all amounts and property from time to time held in or credited to the Collection Account, the Note Distribution Account, the Principal Funding Account and the Lockbox Accounts;

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

(j) all of the rights and benefits (but none of the obligations of the Issuer) under the Sale and Servicing Agreement and all other Basic Documents, including a direct right to cause the Seller to purchase Receivables from the Issuer pursuant to the Sale and Servicing Agreement under the circumstances specified therein;

(k) each Note Purchase Agreement (to the extent of the Issuer's rights against, but not including any of its obligations to, the Seller);

(l) the proceeds from any Servicer's errors and omissions policy or fidelity bond, to the extent that such proceeds relate to any Receivable, Financed Vehicle or other Collateral;

(m) each TFC Assignment; and

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

The foregoing Grant is made in trust to the Trustee, for the benefit of the Noteholders and the Note Purchasers, to secure the payment of principal of and interest on, and any other amounts owing in respect of the Notes, to secure the payment of all Secured Obligations and any and all other amounts due and payable to the Note Purchasers and the Noteholders under the Basic Documents, in each case whether now owed or hereafter arising, and to secure compliance with this Indenture. The Trustee hereby acknowledges such Grant, accepts the trusts under this Indenture in accordance with the provisions of this Indenture and agrees to perform its duties as required in this Indenture.

The Grant of Liens pursuant to the foregoing Granting Clause I shall be deemed to constitute two separate and distinct grants of Liens and because of, among other things, their differing rights in the Collateral, obligations to the Class A Note Purchasers and the Class A Noteholders, on the one hand, are fundamentally different from the obligations to the Class B Note Purchasers and the Class B Noteholders, on the other hand, and must be separately classified in any plan of reorganization proposed or adopted in an insolvency proceeding. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims of the Class A Note Purchaser and the Class A Noteholders, on the one hand, and the claims of the Class B Note Purchasers and the Class B Noteholders, on the other hand, in each case in respect of the Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims), then the Class B Note Purchasers and the Class B Noteholders hereby acknowledge and agree that all distributions shall be made as if there were separate classes of senior and junior secured claims in respect of the Collateral (with the effect being that, to the extent that the aggregate value of the Collateral is sufficient (for this purpose ignoring all claims held by the Class B Note Purchasers and the Class B Noteholders), the Class A Note Purchaser and the Class A Noteholders shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing in respect of post-petition interest, with the Class B Note Purchasers and the Class B Noteholders hereby acknowledging and agreeing to turn over to the Trustee for application in accordance with the terms of the Basic Documents amounts otherwise received or receivable by them with respect to the Collateral (but not with respect to the Pledged Subordinate Securities or the Class B Available Funds) to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the Class B Note Purchasers and the Class B Noteholders.

II. The Issuer hereby Grants to the Trustee, as Trustee for the benefit of the Class B Noteholders and each Class B Note Purchaser, all right, title and interest of the Issuer, whether now existing or hereafter arising, in and to the following;

(a) any Pledged Subordinate Securities delivered to the Trustee pursuant to Section 3.3(c) of the Sale and Servicing Agreement; and

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

The foregoing Grant is made in trust to the Trustee, for the benefit of the Class B Noteholders and each Class B Note Purchaser, to secure the payment of principal of and interest on, and any other amounts owing in respect of the Class B Notes, to secure the payment of all Secured Obligations, all Bear Secured Obligations and any and all other amounts due and payable, in each case, to the Class B Note Purchasers and the Class B Noteholders pursuant to the Basic Documents and to secure compliance with this Indenture. The Trustee hereby acknowledges such Grant, accepts the trusts under this Indenture in accordance with the provisions of this Indenture and agrees to perform its duties as required in this Indenture.

III. The Issuer hereby Grants to the Bear Indenture Trustee, as trustee for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents, all right, title and interest of the Issuer (subject to Granting Clause I and the Intercreditor Agreement), whether now existing or hereafter arising, in and to the following;

(a) the Collateral; and

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

The foregoing Grant is made in trust to the Bear Indenture Trustee, as trustee for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents, to secure the payment of principal of and interest on, and any other amounts owing in respect of all Bear Secured Obligations and any and all other amounts due and payable, in each case, to the Class B note purchasers and the Class B noteholders pursuant to the Bear Basic Documents and to secure compliance with the Bear Indenture. Notwithstanding anything to the contrary set forth herein or in any of the Basic Documents or the Bear Basic Documents, the foregoing Grant is expressly (i) subordinate to, and subject to the prior Lien of the Trustee, the Class A Noteholders and the Class A Note Purchasers granted pursuant to Granting Clause I and (ii) subject to the terms and provisions of the Intercreditor Agreement, and, in the event of a conflict between the terms and provisions of this Indenture, on the one hand, and the Intercreditor Agreement, on the other hand, the terms and provisions of the Intercreditor Agreement shall control.

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.1 DEFINITIONS. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in Annex A to the Third Amended and Restated Sale and Servicing Agreement dated as of February 14, 2007 among the Issuer, the Seller, the Servicer, the Purchaser, the Backup Servicer and the Trustee, as the same may be further amended, supplemented or otherwise modified from time to time in accordance with its terms (the "Sale and Servicing Agreement").

SECTION 1.2 [RESERVED].

SECTION 1.3 OTHER DEFINITIONAL PROVISIONS. (i) All terms defined in this Indenture shall have the defined meanings when used in any instrument governed hereby and in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(ii) Accounting terms used but not defined or partly defined in this Indenture, in any instrument governed hereby or in any certificate or other document made or delivered pursuant hereto, to the extent not defined, shall have the respective meanings given to them under GAAP or any such instrument, certificate or other document, as applicable. To the extent that the definitions of accounting terms in this Indenture or in any such instrument, certificate or other document are inconsistent with the meanings of such terms under GAAP, the definitions contained in this Indenture or in any such instrument, certificate or other document shall control.

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

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

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

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

(vii) The singular form of the terms "NOTE" and "NOTEHOLDER" shall not preclude issuance of more than one Note or ownership of Notes by more than one Noteholder. The singular forms of such terms shall also mean the plural forms of such terms and the plural form of such terms shall also mean the singular form thereof, in each case as the context requires.

ARTICLE II

THE NOTES

SECTION 2.1 FORM. The Notes, together with the Trustee's certificate of authentication, shall be in substantially the form set forth in Exhibit A-1 (in the case of the Class A Notes) and EXHIBIT A-2 (in the case of the Class B Notes), with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing the Notes, as evidenced by their execution of the Notes. Any portion of the text of the Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Notes. The Class A Notes were originally issued on the Class A Closing Date and the Class B Notes will be issued on the Class B Closing Date. Each class of Notes shall be subject to Advances and prepayments from time to time in accordance with SECTION 2.11 and ARTICLE X, respectively.

(a) The Notes shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing the Notes, as evidenced by their execution of the Notes.

(b) The terms of the Notes set forth in Exhibits A-1 and A-2 are part of the terms of this Indenture.

SECTION 2.2 EXECUTION, AUTHENTICATION AND DELIVERY. The Notes shall be executed on behalf of the Issuer by any of its Authorized Officers. The signature of any such Authorized Officer on the Notes may be manual or facsimile.

(a) A Note bearing the manual or facsimile signature of individuals who were at any time Authorized Officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Note or did not hold such offices at the date of such Note.

(b) The Trustee shall upon receipt of an Issuer Order for authentication and delivery, authenticate and deliver each class of Notes for original issue in an aggregate principal amount up to, but not in excess of, the Class A Maximum Invested Amount, in the case of the Class A Notes, and the Class B Maximum Invested Amount, in the case of the Class B Notes.

(c) Each Note shall be dated the date of its authentication. The Notes shall be issuable as registered Notes in the minimum denomination of $1,000,000 and in integral multiples of $1,000 in excess thereof (except for one Note of a class which may be issued in a lesser denomination and other than an integral multiple of $1,000).

(d) No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears attached to such Note a certificate of authentication substantially in the form provided for herein, executed by the Trustee by the manual signature of one of its authorized signatories, and such certificate attached to such Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

SECTION 2.3 [RESERVED]

SECTION 2.4 REGISTRATION; REGISTRATION OF TRANSFER AND EXCHANGE. The Issuer shall cause the Trustee to keep a register (the "Note Register") in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 2.5, the Trustee shall provide for the registration of the Notes, and the registration of transfers and exchanges of the Notes. The Trustee shall be "Note Registrar" for the purpose of registering the Notes and transfers of the Notes as herein provided. Upon any resignation or removal of any Note Registrar, the Issuer shall promptly appoint a successor.

(a) If a Person other than the Trustee is appointed by the Issuer as Note Registrar, such Person must be acceptable to the Controlling Note Purchaser and, in addition, the Issuer will give the Trustee, the Note Purchasers and the Noteholders prompt written notice of the appointment of such Note Registrar (once approved by the Controlling Note Purchaser) and of the location, and any change in the location, of the Note Register, and the Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof. The Trustee shall have the right to conclusively rely upon a certificate executed on behalf of the Note Registrar by an Executive Officer thereof as to the name and address of each Holder of a Note and the Percentage Interest and number of each Note.

(b) Subject to SECTION 2.5 hereof, upon surrender for registration of transfer of a Note at the office or agency of the Issuer to be maintained as provided in Section 3.2, if the requirements of SECTION 8-401(a) of the UCC are met, the Trustee shall have the Issuer execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes in the minimum Percentage Interest of 1% representing in the aggregate the Percentage Interest on the face of the Note to be transferred.

(c) At the option of a Holder, a Note may be exchanged for another Note in any authorized Percentage Interest, of the same class and a like aggregate Percentage Interest, upon surrender of the Note to be exchanged at such office or agency. Whenever a Note is so surrendered for exchange, subject to Section 2.5 hereof, if the requirements of SECTION 8-401(a) of the UCC are met, the Issuer shall execute, and upon request by the Issuer the Trustee shall authenticate, and the Noteholder shall obtain from the Trustee, the Note which the Noteholder making the exchange is entitled to receive.

(d) The Note or Notes issued upon any registration of transfer or exchange of a Note shall be the valid obligation of the Issuer, evidencing, in the aggregate, the same debt, and entitled to the same benefits under this Indenture, as the Note surrendered upon such registration of transfer or exchange.

(e) Every Note presented or surrendered for registration of transfer or exchange shall be (i) duly endorsed by, or accompanied by a written assignment in substantially the form attached to EXHIBIT A duly executed by, the Holder thereof or such Holder's attorney, duly authorized in writing, with such signature guaranteed by an "ELIGIBLE GUARANTOR INSTITUTION" meeting the requirements of the Note Registrar which requirements include membership or participation in Securities Transfer Agents Medallion Program ("STAMP") or such other "SIGNATURE GUARANTEE PROGRAM" as may be determined by the Note Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended, and (ii) accompanied by such other documents as the Trustee may require.

(f) No service charge shall be made to a Holder for any registration of transfer or exchange of a Note, but the Note Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of a Note, other than exchanges pursuant to SECTION 9.6 not involving any transfer.

(g) The preceding provisions of this SECTION 2.4 notwithstanding, the Issuer shall not be required to make and the Note Registrar shall not register transfers or exchanges of a Note selected for redemption or of any Note for a period of two (2) Business Days preceding the due date for any payment with respect to such Note.

SECTION 2.5 RESTRICTIONS ON TRANSFER AND EXCHANGE.

(a) No transfer of a Note shall be made unless the transferor thereof has provided a representation letter substantially in the form of EXHIBIT B that such transfer is (i) to the Issuer or an Affiliate of the Issuer, or (ii) in compliance with Section 2.5(b) hereof, to a qualified purchaser (as defined under Section 2(a)(51) of the Investment Company Act) that is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) in a transaction meeting the requirements of Rule 144A under the Securities Act, or (iii) in compliance with Section 2.5(c) hereof, to a qualified purchaser (as defined in Section 2(a)(51) of the Investment Company Act) that is an institutional "ACCREDITED INVESTOR" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act, or (iv) to a qualified purchaser (as defined under Section 2(a)(51) of the Investment Company Act) in a transaction complying with or exempt from the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction; PROVIDED, that (except with respect to the transfer of the Note or Advance made by the Noteholder), in the case of CLAUSES (iv) the Trustee or the Issuer may require an Opinion of Counsel to the effect that such transfer may be effected without registration under the Securities Act, which Opinion of Counsel, if so required, shall be addressed to the Issuer and the Trustee and shall be secured at the expense of the Holder. Each prospective purchaser by its acquisition of a Note, acknowledges that such Note will contain a legend substantially to the effect set forth in SECTION 2.5(e) (unless the Issuer determines otherwise in accordance with applicable law).

Any transfer or exchange of a Note to a proposed transferee shall be conducted in accordance with the provisions of Section 2.4, and shall be contingent upon receipt by the Note Registrar of (A) such Note properly endorsed for assignment or transfer, (B) written instruction from such transferring Holder directing the Note Registrar to cause the transfer to such transferees, in such Percentage Interests (not to exceed the Percentage Interest on the face of the Note to be transferred) as the transferring Holder shall specify in such instructions; and (C) such certificates or signatures as may be required under such Note or this Section 2.5, in each case, in form and substance satisfactory to the Note Registrar. The Note Registrar shall cause any such transfers and related cancellations or increases and related reductions, as applicable, to be properly recorded in its books in accordance with the requirements of Section 2.4.

(b) If a Note is sold to a "qualified purchaser" (as defined in Section 2(a)(51) of the Investment Company Act) that is a "qualified institutional buyer" (as defined in Rule 144A of the Securities Act) purchasing for its own account or for the account of another "qualified purchaser" that is a "qualified institutional buyer," such Note shall be issued as a certificated Note in definitive, fully registered form without interest coupons with the applicable legends set forth in the form of the Note registered in the name of the beneficial owner or a nominee thereof, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. Any transfer to a "qualified purchaser" that is a "qualified institutional buyer" is expressly conditioned upon the requirement that such transferee shall deliver a representation letter in the form of EXHIBIT C.

(c) If the Note is sold in the United States to U.S. Persons under Section 4(2) of the Securities Act to a "qualified purchaser" (as defined in Section 2(a)(51) of the Investment Company Act) that is an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the

Securities Act), it shall be issued in the form of certificated Note in definitive, fully registered form without interest coupons with the applicable legends set forth in the form of the Note registered in the name of the beneficial owner or a nominee thereof, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. Any transfer to a "qualified purchaser" (as defined in Section 2(a)(51) of the Investment Company Act) that is an institutional "ACCREDITED INVESTOR" is expressly conditioned upon the requirement that such transferee shall deliver a representation letter in the form of EXHIBIT D.

(d) The Note Registrar shall not register any transfer or exchange of any Class A Note to the extent that upon such transfer or exchange there would be more than four (4) Class A Noteholders then reflected on the Note Register. The Note Registrar shall not register any transfer or exchange of any Class B Note to the extent that upon such transfer or exchange there would be more than ninety (90) Class B Noteholders then reflected on the Note Register.

(e) Unless the Issuer determines otherwise in accordance with applicable law, each Note shall have the following legend:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (1) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE) OR AN AFFILIATE OF THE ISSUER (AS CERTIFIED BY THE ISSUER) OR (2) A "QUALIFIED PURCHASER" (AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) THAT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT IT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACTING FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ARE ALSO QUALIFIED PURCHASERS THAT ARE INSTITUTIONAL ACCREDITED INVESTORS) (3) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A TO A PERSON THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT SUCH PERSON IS A "QUALIFIED PURCHASER" (AS DEFINED UNDER SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) THAT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A), ACTING FOR ITS OWN ACCOUNT, OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ARE ALSO QUALIFIED PURCHASERS THAT ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE, OR TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR (4) TO A QUALIFIED PURCHASER (AS DEFINED UNDER SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION: PROVIDED, THAT, IN THE CASE OF CLAUSE (4), THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR RESALES OF THIS NOTE.

THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AND SUBJECT TO INCREASES AND DECREASES AS SET FORTH HEREIN AND IN THE INDENTURE. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

[THE NOTE REGISTRAR SHALL NOT REGISTER ANY TRANSFER OR EXCHANGE OF THIS NOTE TO THE EXTENT THAT UPON SUCH TRANSFER OR EXCHANGE THERE WOULD BE MORE THAN FOUR (4) CLASS A NOTEHOLDERS THEN REFLECTED ON THE NOTE REGISTER.]

[THE NOTE REGISTRAR SHALL NOT REGISTER ANY TRANSFER OR EXCHANGE OF THIS NOTE TO THE EXTENT THAT UPON SUCH TRANSFER OR EXCHANGE THERE WOULD BE MORE THAN NINETY (90) CLASS B NOTEHOLDERS THEN REFLECTED ON THE NOTE REGISTER.]

[THIS NOTE IS SUBJECT TO THE TERMS AND PROVISIONS OF AN INTERCREDITOR AGREEMENT DATED AS OF FEBRUARY 14, 2007 BY AND AMONG THE CLASS A NOTE PURCHASER, THE CLASS A NOTEHOLDER, THE CLASS B NOTE PURCHASERS, THE CLASS B NOTEHOLDERS, THE ISSUER, THE PURCHASER, THE SELLER, THE SERVICER AND THE TRUSTEE, AS THE SAME MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME.]

[THIS NOTE IS SUBORDINATE IN RIGHT OF PAYMENT TO THE ISSUER'S CLASS A NOTES ISSUED PURSUANT TO THE INDENTURE REFERENCED HEREIN AND TO ALL OTHER AMOUNTS DUE AND OWING TO THE CLASS A NOTEHOLDERS AND THE CLASS A NOTE PURCHASER IN ACCORDANCE WITH THE TERMS OF THE BASIC DOCUMENTS AND IS SUBJECT TO THE TERMS AND PROVISIONS OF AN INTERCREDITOR AGREEMENT DATED AS OF FEBRUARY 14, 2007 BY AND AMONG THE CLASS A NOTE PURCHASER, THE CLASS A NOTEHOLDER, THE CLASS B NOTE PURCHASERS, THE CLASS B NOTEHOLDERS, THE ISSUER, THE PURCHASER, THE SELLER, THE SERVICER AND THE TRUSTEE, AS THE SAME MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME.]

(f) Notwithstanding any of the foregoing provisions of this Section 2.5, no transfer or assignment of a Secured Obligation shall be made that would cause there to be more than 90 owners and assignees of the Class B Notes at any time. For purposes of determining the number of owners and assignees of the Class B Notes, a Person (beneficial owner) owning an interest in a partnership (including any entity treated as a partnership for federal income tax purposes), grantor trust or S corporation (flow through entity), that owns, directly or through other flow-through entities, an interest in the Class B Notes, is treated as an owner or an assignee of the Class B Notes if (i) substantially all of the value of the beneficial owner's interest in the flow through entity is attributable to the flow-through entity's interest (direct or indirect) in the Class B Notes, and (ii) the principal purpose of the use of the tiered arrangement is to permit the satisfaction of the 90 owner and assignee of Class B Notes limitation.

SECTION 2.6 MUTILATED, DESTROYED, LOST OR STOLEN NOTE. If (i) any mutilated Note is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Trustee such security or indemnity as may be required by it to hold the Issuer and the Trustee harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Trustee that such Note has been acquired by a protected purchaser, and, provided that the requirements of Section 8-405 and 8-406 of the UCC are met, the Issuer shall execute, and upon request by the Issuer, the Trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note; PROVIDED, HOWEVER, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become, or within seven days shall be, due and payable or shall have been called for redemption, instead of issuing a replacement Note, the Issuer may direct the Trustee, in writing, to pay such destroyed, lost or stolen Note when so due or payable without surrender thereof. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the preceding sentence, a protected purchaser of the original Note in lieu of which such replacement Note was issued, presents for payment such original Note, the Issuer and the Trustee shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any assignee of such Person, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

(a) Upon the issuance of any replacement Note under this Section, the Issuer may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Trustee) connected therewith.

(b) Every replacement Note issued pursuant to this Section in replacement of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with the Notes duly issued hereunder.

(c) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of any mutilated, destroyed, lost or stolen Note.

SECTION 2.7 PERSONS DEEMED OWNER. Prior to due presentment for registration of transfer of any Note, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name such Note is registered (as of the applicable Record Date) as the owner of such Note for the purpose of receiving payments of principal of and interest, if any, on such Note, for all other purposes whatsoever and whether or not such Note be overdue, and none of the Issuer, the Trustee or any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

SECTION 2.8 PAYMENT OF PRINCIPAL AND INTEREST; DEFAULTED INTEREST.

(a) The Class A Notes shall accrue interest as provided in the form of Class A Note set forth in EXHIBIT A-1, and such interest shall be due and payable on each Settlement Date, as specified therein. The Class B Notes shall accrue interest as provided in the form of Class B Note set forth in Exhibit A-2, and such interest shall be due and payable on each Settlement Date, as specified therein. Any installment of interest or principal, if any, payable on any Note which is punctually paid or duly provided for by the Issuer on the applicable Settlement Date shall be paid to the Person in whose name such Note is registered on the Record Date, either (i) by wire transfer in immediately available funds to such Person's account as it appears on the Note Register on such Record Date if (A) such Noteholder has provided to the Note Registrar appropriate written instructions at least five Business Days prior to such Settlement Date and such Holder's Note in the aggregate evidence a Percentage Interest of not less than 1% or (B) such Noteholder is the Seller, or an Affiliate thereof, or if not, (ii) by check mailed to such Noteholder at the address of such Noteholder appearing on the Note Register, except for the final installment of principal payable with respect to such Note on a Settlement Date or on the applicable Facility Termination Date, which shall be payable as provided below.

(b) If the Class A Facility Termination Date is determined in accordance with subsection (I) of the definition thereof, the outstanding principal balance of the Class A Notes and all accrued and unpaid interest thereon will be amortized and shall be payable in full by the Class A Final Scheduled Settlement Date. If the Class A Facility Termination Date is determined in accordance with subsection (II) of the definition thereof, such Class A Facility Termination Date will result in immediate acceleration of the Class A Notes in accordance with Section 5.2. If the Class A Facility Termination Date is determined in accordance with subsection (III) of the definition thereof, the outstanding principal balance of the Class A Notes and all accrued and unpaid interest thereon will be amortized and shall be payable in full by the third Settlement Date following the relevant anniversary of the Class A Closing Date. The outstanding principal amount of the Class B Notes and all accrued and unpaid interest thereon shall be payable in full by the Class B Facility Termination Date and otherwise as provided in Section 3.1, the form of Class B Note attached hereto as Exhibit A-2, and the other Basic Documents. The principal amount outstanding under any Note at any time shall be equal to the product of the Percentage Interest represented by such Note and the then outstanding applicable Invested Amount. All principal payments on the Notes of a class shall be made pro rata to the Noteholders of such class entitled thereto based on their respective Percentage Interests. Upon written notice from the Issuer, the Trustee shall notify the Person in whose name a Note is registered at the close of business on the Record Date preceding the Settlement Date on which the Issuer expects that the final installment of principal of and interest on such Note will be paid. Such notice shall be mailed or transmitted by facsimile prior to such final Settlement Date and shall specify that such final installment will be payable only upon presentation and surrender of such Note and shall specify the place where such Note may be presented and surrendered for payment of such installment.

(c) If the Issuer defaults in any payment of interest on a Note, the Issuer shall pay defaulted interest (plus interest on such defaulted interest to the extent lawful) at the applicable Note Interest Rate then in effect (calculated for this purpose using the applicable Default Applicable Margin) in any lawful manner. The Issuer shall pay such defaulted interest to the Noteholders entitled thereto on the immediately following Settlement Date. At least three (3) days before any such Settlement Date, the Issuer shall mail to the Noteholders and the Trustee a notice that states the Settlement Date and the amount of defaulted interest to be paid.

SECTION 2.9 CANCELLATION. Any Note surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Note previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and the Note so delivered shall be promptly canceled by the Trustee. No Note shall be authenticated in lieu of or in exchange for any Note canceled as provided in this Section, except as expressly permitted by this Indenture. A canceled Note may be held or disposed of by the Trustee in accordance with its standard retention or disposal policy as in effect at the time unless the Issuer shall direct by an Issuer Order that they be destroyed or returned to it; PROVIDED that such Issuer Order is timely and such Note has not been previously disposed of by the Trustee.

SECTION 2.10 RELEASE OF TRUST ESTATE. Subject to the terms of the other Basic Documents and SECTIONS 10.1 and 11.1, the Trustee shall, on or after the Termination Date, release any remaining portion of the Trust Estate from the lien created by this Indenture and deposit in the Collection Account any funds then on deposit in any other Pledged Account. In addition, the Trustee shall release Ineligible Receivables from the lien created by this Indenture upon any dividend of such Ineligible Receivables that is permitted under Section 5.10 of the Sale and Servicing Agreement. The Trustee shall release property from the lien created by this Indenture pursuant to this SECTION 2.10 only upon receipt of an Issuer Request accompanied by an Officer's Certificate meeting the applicable requirements of SECTION 11.1.

SECTION 2.11 AMOUNT LIMITED; ADVANCES.

(a) The maximum aggregate principal amount of the Class A Notes that may be authenticated and delivered and Outstanding at any time under this Indenture (except for Class A Notes authenticated and delivered pursuant to SECTION 2.6 in replacement for destroyed, lost or stolen Class A Notes) is limited to the Class A Maximum Invested Amount.

On each Business Day prior to the Class A Facility Termination Date that is a Class A Funding Date, and upon the satisfaction of all conditions precedent to (a) the funding of a Class A Advance and (b) the purchase of Receivables, in each case as set forth in Section 2.1(b) of the Sale and Servicing Agreement, and Section 6.02 and Section 6.03 of the Class A Note Purchase Agreement, the Issuer shall be entitled to borrow additional funds pursuant to a Class A Advance made by the Class A Note Purchaser on such Class A Funding Date, in accordance with Section 2.02 and Section 2.03 of the Class A Note Purchase Agreement, in an aggregate principal amount equal to the Class A Advance Amount with respect to such Class A Funding Date. Each request by the Issuer for a Class A Advance shall include a certification by the Issuer as to the satisfaction of the conditions specified in the previous sentence.

The aggregate outstanding principal amount of the Class A Notes may be increased (subject to the Class A Maximum Invested Amount) through the funding of Class A Advances. Each Class A Advance and corresponding Class A Advance Amount shall be recorded by the Class A Note Purchaser, and the Class A Note Purchaser's record (which may be in electronic or other form in the Class A Note Purchaser's reasonable discretion) shall show all Class A Advance Amounts and prepayments. Absent manifest error, such record of the Class A Note Purchaser shall be dispositive with respect to the determination of the outstanding principal amount of the Class A Notes. The Class A Notes (i) can be funded by Class A Advances on any Class A Funding Date in a minimum amount of $2,000,000

and any higher amount (subject to the Class A Maximum Invested Amount), and (ii) subject to subsequent Class A Advances pursuant to this SECTION 2.11(a), are subject to prepayment in whole or in part, at the option of the Issuer as provided in ARTICLE X herein. In addition, and independent of optional prepayments pursuant to ARTICLE X, in the event that a Class A Borrowing Base Deficiency exists on any date of determination as determined by the Class A Note Purchaser in its sole discretion, the Issuer shall on the same Business Day of the receipt of notice from the Class A Note Purchaser (or if notice is received after 10:01 a.m. New York time, then on the next Business Day), prepay the Class A Invested Amount by an amount equal to such Class A Borrowing Base Deficiency by paying such amount to or at the direction of the Class A Note Purchaser.

(b) The maximum aggregate principal amount of the Class B Notes that may be authenticated and delivered and Outstanding at any time under this Indenture (except for Class B Notes authenticated and delivered pursuant to Section 2.6 in replacement for destroyed, lost or stolen Class B Notes) is limited to the Class B Maximum Invested Amount.

On each Business Day prior to the Class B Facility Termination Date that is a Class B Funding Date, and upon the satisfaction of all conditions precedent to (a) the funding of a Class B Advance and (b) the purchase of Receivables, in each case as set forth in Section 2.1(b) of the Sale and Servicing Agreement, and Section 6.02 and Section 6.03 of the Class B Note Purchase Agreement, the Issuer shall be entitled to borrow additional funds pursuant to a Class B Advance made by each Class B Note Purchaser on such Class B Funding Date, in accordance with Section 2.02 and Section 2.03 of the Class B Note Purchase Agreement, in an aggregate principal amount equal to the Class B Advance Amount (subject to the Class B Maximum Invested Amount) with respect to such Class B Funding Date. Each request by the Issuer for a Class B Advance shall include a certification by the Issuer as to the satisfaction of the conditions specified in the previous sentence.

The aggregate outstanding principal amount of the Class B Notes may be increased (subject to the Class B Maximum Invested Amount) through the funding of Class B Advances. Each Class B Note Purchaser shall record its respective pro rata portion of each Class B Advance and corresponding Class B Advance Amount, and each Class B Note Purchaser's record (which may be in electronic or other form in each Class B Note Purchaser's reasonable discretion) shall show all Class B Advance Amounts and prepayments made or received by such Class B Note Purchaser. Absent manifest error, such record of each Class B Note Purchaser shall be dispositive with respect to the determination of such Class B Note Purchaser's respective pro rata portion of the outstanding principal amount of the Class B Notes. The Class B Notes (i) can be funded by Class B Advances on any Class B Funding Date in a minimum amount of $250,000 and any higher amount (subject to the Class B Maximum Invested Amount), and (ii) subject to subsequent Class B Advances pursuant to this Section 2.11(a), are subject to prepayment in whole or in part, at the option of the Issuer as provided in Article X herein. In addition, and independent of optional prepayments pursuant to Article X, in the event that a Class B Borrowing Base Deficiency exists on any date of determination as determined by a Class B Note Purchaser in its sole discretion, the Issuer shall on the same Business Day of the receipt of notice from such Class B Note Purchaser (or if notice is received after 10:01 a.m. New York time, then on the next Business Day), prepay the Class B Invested Amount by an amount equal to such Class B Borrowing Base Deficiency by paying the respective pro rata portion of such amount to or at the direction of each Class B Note Purchaser. Notwithstanding the foregoing and subject to Section 3.05(c) of the Class B Note Purchase Agreement, the Issuer may not prepay any such Class B Invested Amount to cure a Class B Borrowing Base Deficiency or otherwise pursuant to Article X with funds other than Class B Available Funds unless and until any and all amounts then due and owing to the Class A Note Purchaser and the Class A Noteholders under the Basic Documents have been paid in full.

ARTICLE III

COVENANTS

SECTION 3.1 PAYMENT OF PRINCIPAL AND INTEREST. The Issuer will duly and punctually pay or cause to be paid the principal of and interest on the Notes in accordance with the terms of the Notes, this Indenture, the Sale and Servicing Agreement and the other Basic Documents. Without limiting the foregoing, the Issuer will cause to be distributed on each Settlement Date all amounts deposited in the Note Distribution Account pursuant to the Sale and Servicing

Agreement to the Noteholders and the Note Purchasers in the order of priority specified in Section 5.8 of the Sale and Servicing Agreement. Amounts properly withheld under the Code by the Trustee from a payment to the Noteholders of interest and/or principal shall be considered as having been paid by the Issuer to the Noteholders for all purposes of this Indenture.

SECTION 3.2 MAINTENANCE OF OFFICE OR AGENCY. The Issuer will maintain in Minneapolis, Minnesota, an office or agency where the Notes may be surrendered for registration of transfer or exchange, and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer hereby initially appoints the Trustee to serve as its agent for the foregoing purposes. The Issuer will give prompt written notice to the Trustee, the Note Purchasers and the Noteholders of the location, and of any change in the location, of any such office or agency. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Trustee with the address thereof, such surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Issuer hereby appoints the Trustee as its agent to receive all such surrenders, notices and demands.

SECTION 3.3 MONEY FOR PAYMENTS TO BE HELD IN TRUST. On or before each Settlement Date, the Trustee shall deposit or cause to be deposited in the Note Distribution Account from the Collection Account an aggregate sum sufficient to pay the amounts then becoming due under each class of Notes and all other amounts then due and owing to the Noteholders and the Note Purchasers under the Basic Documents, such sums to be held in trust for the benefit of the Persons entitled thereto. Except as provided in SECTION 3.3(c) hereof, all payments of amounts due and payable with respect to the Notes and such other amounts that are to be made from amounts withdrawn from the Note Distribution Account shall be made on behalf of the Issuer by the Trustee or by the Note Paying Agent, and no amounts so withdrawn from the Note Distribution Account for payment of the Notes or to the Noteholders or the Note Purchasers shall be paid to the Issuer.

(a) The Issuer shall cause each Note Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Note Paying Agent shall agree with the Trustee (and if the Trustee acts as Note Paying Agent, it hereby so agrees), subject to the provisions of this Section, that such Note Paying Agent shall:

(i) hold all sums held by it for the payment of amounts due with respect to the Notes and such other amounts in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Trustee notice of any default by the Issuer (or any other obligor upon the Notes) of which it has actual knowledge in the making of any payment required to be made with respect to the Notes or to the Noteholders or the Note Purchasers;

(iii) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Note Paying Agent;

(iv) immediately resign as a Note Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of the Notes and such other amounts if at any time it ceases to meet the standards required to be met by a Note Paying Agent at the time of its appointment; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on the Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(b) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Note Paying Agent to pay to the Trustee all sums held in trust by such Note Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which the sums were held by such Note Paying Agent; and

upon such a payment by any Note Paying Agent to the Trustee, such Note Paying Agent shall be released from all further liability with respect to such money.

(c) Subject to applicable laws with respect to the escheat of funds, any money held by the Trustee or any Note Paying Agent in trust for the payment of any amount due with respect to the Notes and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on Issuer Request and shall be deposited by the Trustee in the Collection Account; and the Noteholders and the Note Purchasers shall thereafter, as unsecured general creditors, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Trustee or such Note Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Trustee or such Note Paying Agent, before being required to make any such repayment, shall at the expense of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Trustee shall also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment (including, but not limited to, mailing notice of such repayment to the Holder whose Notes have been called but have not been surrendered for redemption or whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Trustee or of any Note Paying Agent, at the last address of record for each such Holder).

SECTION 3.4 EXISTENCE. Except as otherwise permitted by the provisions of SECTION 3.10, the Issuer will keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other state or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the Notes, the Collateral, the Pledged Subordinate Securities, the UBS Cross Collateral, the other Basic Documents and each other instrument or agreement included in the Trust Estate.

SECTION 3.5 PROTECTION OF TRUST ESTATE. The Issuer intends the security interest Granted pursuant to Granting Clause I of this Indenture in favor of the Trustee, for the benefit of the Noteholders and the Note Purchasers, to be prior to all other liens in respect of the Collateral, and the Issuer shall take all actions necessary to obtain and maintain, in favor of the Trustee, for the benefit of the Noteholders and the Note Purchasers, a first lien on and a first priority, perfected security interest in the Collateral, subject to the Intercreditor Agreement. In addition, the Issuer intends the security interest Granted pursuant to Granting Clause II of this Indenture in favor of the Trustee, for the benefit of the Class B Noteholders and the Class B Note Purchasers, to be prior to all other liens in respect of the Pledged Subordinate Securities, and the Issuer shall take all actions necessary to obtain and maintain, in favor of the Trustee, for the benefit of the Class B Noteholders and the Class B Note Purchasers, a first lien on and a first priority, perfected security interest in the Pledged Subordinate Securities. Furthermore, the Issuer intends the security interest Granted pursuant to Granting Clause III of this Indenture in favor of the Bear Indenture Trustee, for the benefit of the Class B noteholders and the Class B note purchasers under the Bear Basic Documents, to be prior to all other liens in respect of the UBS Cross Collateral (other than the Lien granted in Granting Clause I of this Indenture and subject to the Intercreditor Agreement), and the Issuer shall take all actions necessary to obtain and maintain, in favor of the Bear Indenture Trustee, for the benefit of the Class B noteholders and the Class B note purchasers under the Bear Basic Documents, a second lien on and a second priority, perfected security interest in the UBS Cross Collateral (subject only to the Lien Granted in Granting Clause I of this Indenture and subject to the Intercreditor Agreement). The Issuer will from time to time prepare (or shall cause to be prepared), execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

(i) Grant more effectively all or any portion of the Trust Estate;

(ii) maintain or preserve each lien and security interest (and the priority thereof) in favor of the Trustee for the benefit of the applicable Noteholders and the applicable Note Purchasers created by this Indenture or carry out more effectively the purposes hereof;

(iii) maintain or preserve each lien and security interest (and the priority thereof) in favor of the Bear Indenture Trustee for the benefit of the Class B noteholders and the Class B note purchasers under the Bear Basic Documents created by this Indenture or carry out more effectively the purposes hereof;

(iv) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;

(v) enforce (A) subject to the Intercreditor Agreement, any of the Collateral on behalf of the Noteholders or the Note Purchasers, or (B) any of the Pledged Subordinate Securities on behalf of the Class B Noteholders or the Class B Note Purchasers, or (C) subject to the Intercreditor Agreement, the UBS Cross Collateral on behalf of the Class B noteholders or the Class B note purchasers under the Bear Basic Documents;

(vi) preserve and defend title to (A) subject to the Intercreditor Agreement, the Collateral and the rights of the Trustee, the Noteholders and the Note Purchasers in such Collateral against the claims of all persons and parties; (B) the Pledged Subordinate Securities and the rights of the Trustee, the Class B Noteholders and the Class B Note Purchasers in such Pledged Subordinate Securities against the claims of all persons and parties; and (C) subject to the Intercreditor Agreement, the UBS Cross Collateral and the rights of the Bear Indenture Trustee, the Class B noteholders and the Class B note purchasers under the Bear Basic Documents in such UBS Cross Collateral against the claims of all persons and parties (other than the Lien Granted pursuant to Clause I of this Indenture); and

(vii) pay all taxes or assessments levied or assessed upon the Trust Estate when due; provided that no Available Funds may be used to pay taxes or assessments levied or assessed upon that portion of the Trust Estate consisting of the Pledged Subordinate Securities and no Class B Available Funds may be used to pay taxes or assessments levied or assessed upon that portion of the Trust Estate consisting of the Collateral.

The Issuer hereby designates the Trustee its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required by the Trustee pursuant to this Section.

Subject to Section 4.5 of the Sale and Servicing Agreement, the Issuer hereby authorizes the Controlling Note Purchaser, the Trustee and their respective agents to file such financing statements and continuation statements and take such other actions as the Controlling Note Purchaser or the Trustee may deem advisable in connection with the security interest in the Collateral Granted by the Issuer under Granting Clause I of this Indenture to the extent permitted by applicable law. In addition, the Issuer hereby authorizes the Class B Note Purchasers, the Trustee and their respective agents to file such financing statements and continuation statements and take such other actions as the Class B Note Purchasers or the Trustee may deem advisable in connection with the security interest in the Pledged Subordinate Securities Granted by the Issuer under Granting Clause II of this Indenture to the extent permitted by applicable law. Furthermore, subject to the terms and provisions of the Intercreditor Agreement, the Issuer hereby authorizes the Bear Indenture Trustee and the Class B note purchasers under the Bear Basic Documents and their respective agents to file such financing statements and continuation statements and take such other actions as the Bear Indenture Trustee or such Class B note purchasers may deem advisable in connection with the security interest in the UBS Cross Collateral Granted by the Issuer under Granting Clause III of this Indenture to the extent permitted by applicable law and subject to the prior Lien of Granting Clause I of this Indenture. Any such financing statements and continuation statements shall be prepared by the Issuer.

SECTION 3.6 OPINIONS AS TO TRUST ESTATE.

(a) On the Class B Closing Date, the Issuer shall furnish to the Trustee and each Note Purchaser an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording and filing of this Indenture, any indentures supplemental hereto, and any other requisite documents, and with respect to the execution and filing of any financing statements and continuation statements, as are necessary to perfect and make effective (i) the first priority lien and security interest in favor of the Trustee, for the benefit of the Noteholders and the Note Purchasers, created by Granting Clause I of this Indenture in the Receivables and such other items of Collateral, (ii) the first priority lien and first priority perfected security interest in favor of the Trustee, for the benefit of the Class B Noteholders and the Class B Note Purchasers, created by Granting Clause II of this Indenture in the Pledged Subordinate Securities, and (iii) the second priority lien and second priority security interest in favor of the Bear Indenture Trustee, for the benefit of the Class B noteholders and the Class B note purchasers under the Bear Basic Documents, created by Granting Clause III of this Indenture (subject only to the Lien Granted in Granting Clause I of this Indenture) in the UBS Cross Collateral (collectively, the "Opinion Collateral") and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to make such lien and security interest effective.

(b) Within 90 days after the beginning of each calendar year, beginning in 2007, the Issuer shall furnish to the Trustee, each Note Purchaser, the Bear Indenture Trustee and each Class B note purchaser under the Bear Basic Documents an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the execution and filing of any financing statements and continuation statements as are necessary to maintain the liens and security interests created by this Indenture in the Opinion Collateral and reciting the details of such action or stating that in the opinion of such counsel no such action is necessary to maintain such liens and security interests. Such Opinion of Counsel shall also describe any action necessary (as of the date of such opinion) to be taken in the following year to maintain the liens and security interests of this Indenture in the Opinion Collateral.

SECTION 3.7 PERFORMANCE OF OBLIGATIONS; SERVICING OF RECEIVABLES. The Issuer will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's material covenants or obligations under any instrument or agreement included in the Trust Estate or that would result in the amendment, hypothecation, subordination, termination or discharge of or impair the validity or effectiveness of, any such instrument or agreement, except as ordered by any bankruptcy or other court or as expressly provided in this Indenture, the other Basic Documents or such other instrument or agreement.

(a) The Issuer may contract with other Persons to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to the Trustee in an Officer's Certificate of the Issuer shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Servicer to assist the Issuer in performing its duties under this Indenture.

(b) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the other Basic Documents and in the instruments and agreements included in the Trust Estate, including but not limited to preparing (or causing to be prepared) and filing (or causing to be filed) all UCC financing statements and continuation statements required to be filed by the terms of this Indenture and the other Basic Documents in accordance with and within the time periods provided for herein and therein. Except as otherwise expressly provided therein, the Issuer shall not waive, amend, modify, supplement or terminate any Basic Document or any provision thereof.

(c) If a responsible officer of the Issuer shall have written notice or actual knowledge of the occurrence of a Default, an Event of Default, a Class B Default, a Class B Event of Default, a Servicer Termination Event or Funding Termination Event, the Issuer shall promptly notify the Trustee, the Note Purchasers and the Noteholders thereof in accordance with SECTION 11.4, and shall specify in such notice the action, if any, the Issuer is taking in respect of such default. If a Servicer Termination Event or Funding Termination Event shall arise from the failure of the Servicer to perform any of its duties or obligations under the Sale and Servicing Agreement with respect to the Receivables, the Issuer shall take all reasonable steps available to it to remedy such failure.

(d) The Issuer agrees that it shall not have any right to waive, and shall not waive, timely performance or observance by the Servicer, the Purchaser or the Seller of their respective duties under the Basic Documents except in accordance with the terms thereof.

SECTION 3.8 NEGATIVE COVENANTS. So long as any class of Notes is Outstanding, the Issuer shall not:

(i) except as expressly permitted by this Indenture or the other Basic Documents, sell, transfer, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in the Trust Estate, unless directed to do so by the Majority Noteholders of the Highest Priority Class and the Controlling Note Purchaser or the Majority Noteholders of the Highest Priority Class and the Controlling Note Purchaser (or with respect to the Pledged Subordinate Securities, the Class B Majority Noteholders, or with respect to the UBS Cross Collateral (subject to the Intercreditor Agreement), the Class B majority noteholders under the Bear Basic Documents) have approved such disposition;

(ii) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes (other than amounts properly withheld from such payments under the Code) or assert any claim against any Note Purchaser or any present or former Noteholders by reason of the payment of the taxes levied or assessed upon any part of the Trust Estate; or

(iii) permit the validity or effectiveness of this Indenture, the Intercreditor Agreement or any other Basic Document to be impaired; or

(iv) (A) permit the lien created by this Indenture on the Collateral in favor of the Trustee for the benefit of the Noteholders and the Note Purchasers to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations under this Indenture or any other Basic Document except as may be expressly permitted hereby or thereby, (B) permit any Lien (other than the lien of this Indenture and the other Basic Documents) to be created on or extend to or otherwise arise upon or burden any Collateral, or any part thereof or any interest therein or the proceeds thereof (other than tax liens, mechanics' liens and other liens that arise by operation of law, in each case on a Financed Vehicle and arising solely as a result of an action or omission of the related Obligor), (C) permit the lien of this Indenture not to constitute a valid first priority (other than with respect to any such tax, mechanics' or other similar lien) perfected security interest in any portion of the Collateral; or

(v) (A) permit the lien created by this Indenture on the Pledged Subordinate Securities in favor of the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers to be amended, hypothecated, subordinated (other than with respect to any such tax, mechanics' or other similar lien), terminated or discharged, or permit any Person to be released from any covenants or obligations under this Indenture or any other Basic Document except as may be expressly permitted hereby or thereby, (B) permit any Lien (other than the lien of this Indenture and the other Basic Documents) to be created on or extend to or otherwise arise upon or burden any Pledged Subordinate Securities, or any part thereof or any interest therein or the proceeds thereof (other than tax liens, mechanics' liens and other liens that arise by operation of law, in each case on a Financed Vehicle and arising solely as a result of an action or omission of the related Obligor), (C) permit the lien of this Indenture not to constitute a valid first priority perfected security interest in any portion of the Pledged Subordinate Securities (other than with respect to any such tax, mechanics' or other similar lien); or

(vi) subject in each case to the terms and provisions of the Intercreditor Agreement, (A) permit the lien created by this Indenture on the UBS Cross Collateral in favor of the Bear Indenture Trustee for the benefit of the Class B noteholders and the Class B note purchasers under the Bear Basic Documents to be amended, hypothecated, subordinated (other than with respect to any such tax, mechanics' or other similar lien or the lien Granted pursuant to Granting Clause I of this Indenture), terminated or discharged, or permit any Person to be released from any covenants or obligations under this Indenture or any other Basic Document except as may be expressly permitted hereby or thereby, (B) permit any Lien (other than the lien of this Indenture and the other Basic Documents) to be created on or extend to or otherwise

arise upon or burden any UBS Cross Collateral, or any part thereof or any interest therein or the proceeds thereof (other than tax liens, mechanics' liens and other liens that arise by operation of law, in each case on a Financed Vehicle and arising solely as a result of an action or omission of the related Obligor), (C) permit the lien of this Indenture not to constitute a valid second priority perfected security interest in any portion of the UBS Cross Collateral (subject only to any such tax, mechanics' or other similar lien and the lien Granted pursuant to Granting Clause I of this Indenture); or

(vii) amend or modify the provisions of any of the Basic Documents except in accordance with the terms thereof.

SECTION 3.9 ANNUAL STATEMENT AS TO COMPLIANCE. The Issuer will deliver to the Trustee, the Noteholders and the Note Purchasers on or before March 31 of each year, beginning March 31, 2007, an Officer's Certificate, dated as of December 31 of the preceding year, stating, as to the Authorized Officer signing such Officer's Certificate, that:

(i) a review of the activities of the Issuer during the preceding year and of performance under this Indenture has been made under such Authorized Officer's supervision; and

(ii) to the best of such Authorized Officer's knowledge, based on such review, the Issuer has complied with all conditions and covenants under this Indenture throughout such year and no event has occurred and is continuing which is, or after notice or lapse of time or both would become, an Event of Default, or a Class B Event of Default, or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to such Authorized Officer and the nature and status thereof.

SECTION 3.10 ISSUER MAY CONSOLIDATE, ETC. Only with Consent. The Issuer shall not consolidate or merge with or into any other Person, or convey or transfer all or substantially all of its properties to any Person without the prior written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class.

SECTION 3.11 SUCCESSOR OR TRANSFEREE. Upon any consolidation or merger of the Issuer with the prior written consent of the Note Purchasers and the Majority Noteholders of each class of Notes in accordance with SECTION 3.10, the Person formed by or surviving such consolidation or merger (if other than the Issuer) shall succeed to, and be substituted for, and may exercise every right and power of, and be obligated to meet the requirements of the Issuer under this Indenture and the other Basic Documents with the same effect as if such Person had been named as the Issuer herein.

(b) Upon a conveyance or transfer of all the assets and properties of the Issuer with the prior written consent of the Note Purchasers and the Majority Noteholders of each class of Notes in accordance with Section 3.10, the Issuer will be released from every covenant and agreement of this Indenture to be observed or performed on the part of the Issuer with respect to the Notes immediately upon the delivery of written notice to the Trustee, the Note Purchasers and the Noteholders stating that the Issuer is to be so released.

SECTION 3.12 NO OTHER BUSINESS. The Issuer will not at any time engage in any other business activities than the purchase of the Receivables and the Other Conveyed Property, pledging the Receivables and the other Collateral to the Trustee for the benefit of the Note Purchasers and the Noteholders pursuant to Granting Clause I of the Indenture, pledging the Pledged Subordinate Securities to the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders pursuant to Granting Clause II of the Indenture, pledging the UBS Cross Collateral, subject to the Intercreditor Agreements, to the Bear

Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents pursuant to Granting Clause III of the Indenture, transferring the Receivables and the Other Conveyed Property in connection with Securitization Transactions and in connection with whole-loan sales, acquiring the Pledged Subordinate Securities in connection with Securitization Transactions, issuing the Notes and other activities relating to the foregoing to the extent permitted by the organizational documents of the Issuer as in effect on the date hereof, or as amended with the prior written consent of the Controlling Note Purchaser. Without limitation of the foregoing, the Issuer will not at any time be an issuer of securities other than the Notes or a borrower under any loan or financing agreement, facility or other arrangement other than the facilities established pursuant to this Agreement and the other Basic Documents.

SECTION 3.13 NO BORROWING. The Issuer shall not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any Indebtedness except for (i) the Notes, and (ii) any other Indebtedness permitted by or arising under the Basic Documents. The proceeds of the Notes shall be used solely to fund the Issuer's purchase of the Related Receivables and the other assets specified in the Sale and Servicing Agreement and to pay the Issuer's organizational, transactional and start-up expenses.

SECTION 3.14 SERVICER'S OBLIGATIONS. The Issuer shall cause the Servicer to comply with Sections 4.9, 4.10, 4.11 and 5.9 of the Sale and Servicing Agreement.

SECTION 3.15 GUARANTEES, LOANS, ADVANCES AND OTHER LIABILITIES. Except as contemplated by the Basic Documents, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

SECTION 3.16 CAPITAL EXPENDITURES. The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

SECTION 3.17 COMPLIANCE WITH LAWS. The Issuer shall comply with the requirements of all applicable laws, including, without limitation, Consumer Laws.

SECTION 3.18 RESTRICTED PAYMENTS. The Issuer shall not, directly or indirectly, (i) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of a beneficial interest in the Issuer or otherwise with respect to any ownership or equity interest or security in or of the Issuer, (ii) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security or (iii) set aside or otherwise segregate any amounts for any such purpose; provided, however, that the Issuer may make, or cause to be made, distributions to the Trustee and to any owner of a beneficial interest in the Issuer as permitted by, and to the extent funds are available for such purpose from distributions under the Sale and Servicing Agreement. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account and the other Pledged Accounts except in accordance with this Indenture and the other Basic Documents.

SECTION 3.19 NOTICE OF EVENTS OF DEFAULT AND FUNDING TERMINATION EVENTS. Upon a responsible officer of the Issuer having notice or actual

knowledge thereof, the Issuer agrees to give each of the Trustee, each Note Purchaser and the Noteholders prompt written notice of each Event of Default hereunder and each Funding Termination Event, Servicer Termination Event, Class B Event of Default, Class B Default or other Default on the part of the Issuer, the Servicer, the Purchaser or the Seller of its obligations under any Basic Document.

SECTION 3.20 FURTHER INSTRUMENTS AND ACTS. Upon request of the Trustee, any Note Purchaser or the Majority Noteholders of a Class of Notes, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture and the other Basic Documents. SECTION 3.21 Amendments of Sale and Servicing Agreement. The Issuer shall not agree to any amendment to Section 11.1 of the Sale and Servicing Agreement to eliminate any requirements thereunder that the Trustee, the Controlling Note Purchaser, the Note Purchaser of an affected class of Notes, or the Majority Noteholders of an affected class of Notes consent to amendments thereto as provided therein.

SECTION 3.22 INCOME TAX CHARACTERIZATION. It is the intent of the Issuer and the Noteholders that, for Federal, state and local income and franchise tax purposes, the Notes will evidence indebtedness of the Issuer secured by the Collateral (and the Pledged Subordinate Securities, in the case of the Class B Notes). Each Noteholder, by its acceptance of a Note, agrees to treat such Note for Federal, state and local income and franchise tax purposes as indebtedness of the Issuer.

SECTION 3.23 SEPARATE EXISTENCE OF THE ISSUER. During the term of the Indenture, the Issuer shall observe and comply with the applicable legal requirements for the recognition of the Issuer as a legal entity separate and apart from its Affiliates, including without limitation, those requirements set forth in Section 9(b) of the LLC Agreement.

SECTION 3.24 AMENDMENT OF ISSUER'S ORGANIZATIONAL DOCUMENTS. During the term of the Indenture, the Issuer shall not amend the LLC Agreement except in accordance with the provisions thereof and with the prior written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class.

SECTION 3.25 OTHER AGREEMENTS. The Issuer shall not enter into any agreement that does not contain non-petition or limited recourse language acceptable to the Controlling Note Purchaser with respect to the Issuer.

SECTION 3.26 RULE 144A INFORMATION. At any time when the Issuer is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, upon the request of a Noteholder, the Issuer shall promptly furnish to such Noteholder or to a prospective purchaser of a Note designated by such Noteholder, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act ("Rule 144A Information") in order to permit compliance by such Noteholder with Rule 144A in connection with the resale of a Note by such Noteholder; provided, however, that the Issuer shall not be required to furnish Rule 144A Information in connection with any request made on or after the date which is three years from the later of (i) the most recent renewal of the term of the applicable Commitment pursuant to Section 2.05 of the applicable Note Purchase Agreement, (ii) the date such Note (or any predecessor Note) was acquired from the Issuer or (iii) the date such Note (or any predecessor Note) was last acquired from an "affiliate" of the Issuer within

the meaning of Rule 144 under the Securities Act; and provided further that the Issuer shall not be required to furnish such information at any time to a prospective purchaser located outside of the United States who is not a "United States Person" within the meaning of Regulation S under the Securities Act if such Note may then be sold to such prospective purchaser in accordance with Rule 904 under the Securities Act (or any successor provision thereto).

SECTION 3.27 CHANGE OF CONTROL. CPS will and shall at all times be the legal and beneficial owner of all of the issued and outstanding membership interests of the Issuer.

ARTICLE IV

SATISFACTION AND DISCHARGE

SECTION 4.1 SATISFACTION AND DISCHARGE OF INDENTURE.

(a) This Indenture shall cease to be of further effect with respect to the Class A Notes except as to (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Class A Notes, (iii) rights of the Class A Noteholders to receive payments of principal thereof and interest thereon and rights of the Class A Note Purchaser to receive payments in respect of amounts owed by the Issuer to the Class A Note Purchaser under the Basic Documents, (iv) SECTIONS 3.3, 3.4, 3.5, 3.6, 3.8, 3.10, 3.11, 3.18, 3.19, 3.20, 3.21, 3.23, 3.24 and 11.17, (v) the rights, obligations and immunities of the Trustee hereunder (including the rights of the Trustee under SECTION 6.7 and the obligations of the Trustee under Section 4.2) and (vi) the rights of the Class A Noteholders and the Class A Note Purchaser as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them, and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Class A Notes, when:

(i) the Class A Notes theretofore authenticated and delivered (other than (i) Class A Notes that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.6 and (ii) Class A Notes for which payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 3.3) have been delivered to the Trustee for cancellation;

(ii) the Issuer has paid or caused to be paid all Secured Obligations in respect of the Class A Notes and all other amounts due and owing to the Class A Note Purchaser and the Class A Noteholders pursuant to the Basic Documents; and

(iii) the Issuer has delivered to the Trustee, the Class A Noteholders and the Class A Note Purchaser an Officer's Certificate meeting the applicable requirements of Section 11.1(a) and stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

(b) This Indenture shall cease to be of further effect with respect to the Class B Notes except as to (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Class B Notes, (iii) rights of the Class B Noteholders to receive payments of principal thereof and interest thereon and rights of each Class B Note Purchaser to receive payments in respect of amounts owed by the Issuer to each Class B Note Purchaser under the Basic Documents, (iv) SECTIONS 3.3, 3.4, 3.5, 3.6, 3.8, 3.10, 3.11, 3.18, 3.19, 3.20, 3.21, 3.23, 3.24 and 11.17, (v) the rights, obligations and immunities of the Trustee hereunder (including the rights of the Trustee under SECTION 6.7 and the obligations of the Trustee under SECTION 4.2) and (vi) the rights of the Class B Noteholders and each Class B Note Purchaser as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them, and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Class B Notes, when:

(i) the Class B Notes theretofore authenticated and delivered (other than (i) Class B Notes that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.6 and (ii) Class B Notes for which payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 3.3) have been delivered to the Trustee for cancellation;

(ii) the Issuer has paid or caused to be paid all Secured Obligations in respect of each class of Notes (and all Bear Secured Obligations in the case of the Class B Notes) and all other amounts due and owing to the Note Purchasers and the Noteholders under the Basic Documents; and

(iii) the Issuer has delivered to the Trustee, the Class B Noteholders and each Class B Note Purchaser an Officer's Certificate meeting the applicable requirements of Section 11.1(a) and stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

SECTION 4.2 APPLICATION OF TRUST MONEY. All moneys deposited with the Trustee pursuant to SECTION 4.1 or SECTION 4.3 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes, this Indenture and the other Basic Documents, to the payment, either directly or through the Note Paying Agent, as the Trustee may determine, to the applicable Noteholders and the applicable Note Purchasers for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest (in the case of the Noteholders) and all sums due and payable by the Issuer under the Basic Documents (in the case of any Note Purchaser); but such moneys need not be segregated from other funds except to the extent required herein, in the Sale and Servicing Agreement or in the other Basic Documents or required by law. Any funds remaining with the Trustee or on deposit in the Pledged Accounts following the repayment in full of the Notes, the other Secured Obligations, the termination of the Commitments, the payment in full of the Notes and all other amounts owed to the Noteholders, the Note Purchasers, Trustee and Backup Servicer under the Basic Documents, and the satisfaction and discharge of this Indenture, shall be remitted to the Deposit Account.

SECTION 4.3 Repayment of Moneys Held by Note Paying Agent. In connection with the satisfaction and discharge of this Indenture with respect to a class of Notes, all moneys then held by the Note Paying Agent other than the Trustee under the provisions of this Indenture with respect to such class of Notes shall, upon demand of the Issuer, be remitted to the Trustee to be held and applied according to SECTION 4.2 and thereupon the Note Paying Agent shall be released from all further liability with respect to such moneys.

ARTICLE V

REMEDIES

SECTION 5.1 EVENTS OF DEFAULT.

(a) "EVENT OF DEFAULT", wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) default in the payment of (A) any interest on the Highest Priority Class of Notes or any other amount (except principal) due with respect to the Highest Priority Class of Notes or (B) any amount in excess of $50,000 due to the Controlling Note Purchaser pursuant to the Basic Documents, when the same becomes due and payable, which default continues for a period of two (2) days;

(ii) default in the payment of the principal of or any installment of the principal of the Highest Priority Class of Notes when the same becomes due and payable;

(iii) default in the observance or performance of any covenant or agreement of the Issuer, the Purchaser, the Seller or the Servicer made in any Basic Document (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section specifically dealt with and other than the failure by the Seller or the Servicer to repurchase any Receivable in accordance with the terms of the Sale and Servicing Agreement), or any representation or warranty of the Issuer, the Purchaser, the Seller or the Servicer made in any Basic Document or any Original Basic Document or in any certificate or other writing delivered pursuant to any Basic Document or Original Basic Document or in connection therewith (including any Servicer's Certificate or any Borrowing Base Certificate with respect to the Highest Priority Class) proving to have been incorrect in any material respect as of the time when the same shall have been made or deemed to have been made, and such default shall continue or not be cured within 30 days from written notice by the Controlling Note Purchaser or a Noteholder of the Highest Priority Class, or the circumstance or condition in respect of which such misrepresentation or warranty was incorrect shall not have been eliminated or otherwise cured within 30 days from written notice by the Noteholders of the Highest Priority Class or the Controlling Note Purchaser; provided that no breach shall be deemed to occur hereunder in respect of any representation or warranty relating to eligibility of any Receivable on the Class A Closing Date, the Class B Closing Date or any related Funding Date to the extent the Seller has repurchased such Receivable in accordance with the provisions of the Sale and Servicing Agreement;

(iv) the failure by the Seller or the Servicer to repurchase any Receivable in accordance with the terms of the Sale and Servicing Agreement;

(v) an Insolvency Event with respect to the Issuer, the Seller or the Servicer shall have occurred;

(vi) a Borrowing Base Deficiency with respect to the Highest Priority Class shall exist and not be cured within two (2) Business Days;

(vii) the Internal Revenue Service shall file notice of a Lien pursuant to Section 6323 of the Code with regard to any assets of the Issuer or any material portion of the assets of the Seller and such Lien shall not have been released within 30 days, or the Pension Benefit Guaranty Corporation shall file notice of a Lien pursuant to Section 4068 of ERISA with regard to any of the assets of the Issuer or the Seller and such Lien shall not have been released within 30 days;

(viii) (a) any Basic Document or any Lien granted thereunder by the Issuer or the Seller shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the Issuer or the Seller; or (b) the Issuer or the Seller or any other party shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability of any Basic Document;

(ix) a Servicer Termination Event shall have occurred;

(x) the Issuer or the Seller shall fail to pay any principal of or premium or interest on any indebtedness having a principal amount of $250,000 or $1,000,000, respectively, or greater when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness; or any other default under any agreement or instrument relating to any such indebtedness of the Issuer or the Seller, as applicable, or any other

event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such indebtedness; or any such indebtedness shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such indebtedness shall be required to be made, in each case, prior to the stated maturity thereof;

(xi) a Change of Control or a Material Adverse Change (in the reasonable opinion of the Controlling Note Purchaser) shall have occurred with respect to the Issuer or the Seller;

(xii) the Issuer shall become an investment company required to be registered under the Investment Company Act;

(xiii) any final judgment or ruling shall have been rendered against, or any settlement entered into by, the Seller or any subsidiary thereof, excluding the Issuer, which judgment, ruling or settlement exceeds, in the aggregate, $6,000,000 or any final judgment or ruling shall have been rendered against the Issuer; provided, in either case, that such final judgment, ruling or settlement shall have remained unpaid, and enforcement thereof shall have remained unstayed and unbonded, for a period in excess of 30 days from the date of entry of such judgment or ruling or the date of effectiveness of such settlement;

(xiv) the Trustee shall for any reason fail to have a first priority perfected security interest in the Collateral for the benefit of the Noteholders and the Note Purchasers; or

(xv) any Basic Document shall be terminated or cease to be in full force or effect; provided, however, in the case of a termination of any Lockbox Agreement, an Event of Default shall occur only upon the failure of the Seller or the Issuer to obtain a successor lockbox arrangement reasonably acceptable to the Controlling Note Purchaser within thirty (30) days of such termination.

(b) The Issuer shall deliver to the Trustee, each Note Purchaser and each Noteholder, within two days after the occurrence thereof, written notice in the form of an Officer's Certificate of any Event of Default which has occurred or any event which either with the giving of notice or the lapse of time, or both, would become an Event of Default, its status and what action the Issuer is taking or proposes to take with respect thereto.

(c) After the earlier of the receipt of notice by the Trustee and the date of actual knowledge by a Responsible Officer of the Trustee of the occurrence of any Default or Event of Default hereunder, the Trustee shall give prompt written notice to each Note Purchaser and each Noteholder of each such Default or Event of Default hereunder so known to the Trustee.

SECTION 5.2 RIGHTS UPON EVENT OF DEFAULT. If an Event of Default or a Class A Funding Termination Event specified in clauses (i) through (iii) of the definition thereof shall have occurred and be continuing, the Trustee may, and at the direction of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall, and with respect to an Event of Default pursuant to Section 5.1(a)(v) hereof, the Trustee shall declare the Notes to be immediately due and payable at par, together with accrued interest thereon (calculated for these purposes using the applicable Default Applicable Margin). In addition, if an Event of Default shall have occurred and be continuing, the Trustee may, and at the direction of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall, exercise any of the remedies specified in Section 5.4.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article V provided, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class may, by written notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if the Issuer has paid or deposited with the Trustee a sum sufficient to pay:

(i) all payments of principal of and interest (calculated for these purposes using the applicable Default Applicable Margin) on the Notes, all amounts due to the Note Purchasers under the Basic Documents, and all other amounts that would then be due hereunder, upon the Notes or under the Basic Documents if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel; and

(iii) all Events of Default, other than the nonpayment of the principal of the Notes that has become due solely by such acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

SECTION 5.3 COLLECTION OF INDEBTEDNESS AND SUITS FOR ENFORCEMENT BY TRUSTEE.

(a) The Issuer covenants that if (i) default is made in the payment of any interest on, or principal of, the Notes, or any amount due from the Issuer to any Note Purchaser under the Basic Documents, when the same becomes due and payable, the Issuer will, upon demand of the Trustee, pay to the Trustee, for the benefit of the Noteholders and the Note Purchasers, as applicable, the whole amount then due and payable on the Notes for principal and interest, with interest upon the overdue principal, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the applicable Note Interest Rate, all other amounts due and owing by the Issuer under the Basic Documents and, in each case, in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel.

(b) If an Event of Default occurs and is continuing, the Trustee may in its discretion subject to the prior written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class and shall, at the direction of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, proceed to protect and enforce its rights and the rights of the Note Purchasers and the Noteholders by such appropriate Proceedings as the Trustee, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture, any other Basic Document or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Trustee by this Indenture, any other Basic Document or by law.

(c) [RESERVED].

(d) In case there shall be pending, relative to the Issuer or any other obligor upon the Notes or any Person having or claiming an ownership interest in the Trust Estate or any portion thereof, proceedings under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor or Person, or in case of any other comparable judicial proceedings relative to the Issuer or other obligor upon the Notes, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Notes and the whole amount then due to the Note Purchasers under the Basic Documents and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities

incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence, bad faith or willful misconduct) and of the Note Purchasers and the Noteholders allowed in such proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Noteholders and the Note Purchasers in any election of a trustee, a standby trustee or person performing similar functions in any such proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Noteholders, the Note Purchasers and of the Trustee on their behalf; and

(iv) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee, the Note Purchasers or the Noteholders allowed in any judicial proceedings relative to the Issuer, its creditors and its property;

and any trustee, receiver, liquidator, custodian or other similar official in any such proceeding is hereby authorized by the Noteholders and each Note Purchaser to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the Noteholders or the Note Purchasers, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith.

(e) Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Noteholder or any Note Purchaser any plan of reorganization, arrangement, adjustment or composition affecting any class of the Notes or the rights of any Noteholder or any Note Purchaser or to authorize the Trustee to vote in respect of the claim of any Noteholder or any Note Purchaser in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

(f) All rights of action and of asserting claims under this Indenture, any other Basic Document or under the Notes, may be enforced by the Trustee without the possession of the Notes or the production thereof in any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the benefit of the Noteholders and the Note Purchasers.

(g) In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture or any other Basic Document), the Trustee shall be held to represent the Note Purchasers and the Noteholders, and it shall not be necessary to make the Note Purchasers or the Noteholders a party to any such proceedings. Notwithstanding the foregoing, nothing contained in this Indenture shall be deemed to prohibit a Note Purchaser or a Noteholder from representing itself in any such action or proceeding.

SECTION 5.4 REMEDIES.

(a) If an Event of Default shall have occurred and be continuing, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class may do one or more of the following (subject to SECTION 5.5):

(i) institute or direct the Trustee to institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable by the Issuer under any Basic Document, on the Notes or under this Indenture with respect thereto, and all amounts due and owing to any Noteholder or any Note Purchaser pursuant to the Basic Documents, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer and any other obligor upon the Notes or such other obligations moneys adjudged due;

(ii) institute or direct the Trustee to institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Collateral;

(iii) exercise or direct the Trustee to exercise any remedies of a secured party under the UCC with respect to the Collateral and take any other appropriate action to protect and enforce the rights and remedies of the Trustee, the Note Purchasers and the Noteholders under the Basic Documents; and

(iv) sell or direct the Trustee to sell the Collateral or any portion thereof or rights or interest therein, at one or more public or private sales (including, without limitation, the sale of the Collateral in connection with a securitization thereof) called and conducted in any manner permitted by law,

in each case without giving consideration to whether the proceeds of any such sale shall be sufficient to pay amounts due and owing to the Class B Note Purchasers and the Class B Noteholders pursuant to the Basic Documents.

(b) If a Class B Event of Default shall have occurred and be continuing, the Class B Note Purchasers and the Class B Majority Noteholders may do one or more of the following, subject in each case to the terms and provisions of the Intercreditor Agreement:

(i) institute or direct the Trustee to institute Proceedings from time to time for the complete or partial foreclosure of this Indenture solely with respect to the Pledged Subordinate Securities;

(ii) exercise or direct the Trustee to exercise any remedies of a secured party under the UCC solely with respect to the Pledged Subordinate Securities and take any other appropriate action to protect and enforce the rights and remedies of the Trustee, the Class B Note Purchasers and the Class B Noteholders under the Basic Documents solely with respect to the Pledged Subordinate Securities; and

(iii) sell or direct the Trustee to sell the Pledged Subordinate Securities or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law.

(c) If a Class B Event of Default shall have occurred and be continuing, the Class B note purchasers and the Class B majority noteholders under the Bear Basic Documents may do one or more of the following, subject in each case to the terms and provisions of the Intercreditor Agreement:

(i) institute or direct the Bear Indenture Trustee to institute Proceedings from time to time for the complete or partial foreclosure of this Indenture solely with respect to the UBS Cross Collateral;

(ii) exercise or direct the Bear Indenture Trustee to exercise any remedies of a secured party under the UCC solely with respect to the UBS Cross Collateral and take any other appropriate action to protect and enforce the rights and remedies of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents solely with respect to the UBS Cross Collateral; and

(iii) sell or direct the Bear Indenture Trustee to sell the UBS Cross Collateral or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law.

SECTION 5.5 OPTIONAL PRESERVATION OF THE RECEIVABLES. If the Notes have been declared to be due and payable under Section 5.2 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Trustee may, but need not, elect to maintain possession of the Collateral with the prior written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class. It is the desire of the

parties hereto and the Noteholders that there be at all times sufficient funds for the payment of principal of and interest on the Notes, and, subject to the Intercreditor Agreement, the Trustee shall take such desire into account when determining whether or not to maintain possession of the Collateral. In determining whether to maintain possession of the Collateral, the Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

SECTION 5.6 PRIORITIES.

(a) If the Trustee collects any money or property in respect of the Collateral pursuant to this Article V, it shall pay out the money or property in the following order of priority:

(i) FIRST: to the Trustee for amounts due under Section 6.7;

(ii) SECOND: to the Class A Noteholders for amounts due and unpaid on the Class A Notes in respect of interest (including any premium), ratably, without preference or priority of any kind, according to the amounts due and payable on the Class A Notes in respect of interest (including any premium);

(iii) THIRD: to the Class A Noteholders for amounts due and unpaid on the Class A Notes in respect of principal, ratably, without preference or priority of any kind, according to the amounts due and payable on the Class A Notes in respect of principal, until the outstanding principal amount of the Class A Notes is reduced to zero;

(iv) FOURTH: to the Class A Note Purchaser for any amounts due and owing thereto under the Basic Documents;

(v) FIFTH: to the Class A Noteholders, ratably, without preference or priority of any kind, for any amounts due and owing thereto under the Basic Documents;

(vi) SIXTH: to the Class B Noteholders for amounts due and unpaid on the Class B Notes in respect of interest (including any premium), ratably, without preference or priority of any kind, according to the amounts due and payable on the Class B Notes in respect of interest (including any premium);

(vii) SEVENTH: to the Class B Noteholders for amounts due and unpaid on the Class B Notes in respect of principal, ratably, without preference or priority of any kind, according to the amounts due and payable on the Class B Notes in respect of principal, until the outstanding principal amount of the Class B Notes is reduced to zero;

(viii) EIGHTH: to each Class B Note Purchaser, ratably, without preference or priority of any kind, for any amounts due and owing thereto under the Basic Documents;

(ix) NINTH: to the Class B Noteholders, ratably, without preference or priority of any kind, for any amounts due and owing thereto under the Basic Documents;

(x) TENTH: to the Bear Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents, ratably, without preference or priority of any kind, for any amounts due and owing thereto in respect of the Bear Secured Obligations; and

(xi) ELEVENTH: any excess amounts remaining after making the payments described in clauses FIRST through TENTH above, to be applied as Available Funds pursuant to Section 5.7(a) of the Sale and Servicing Agreement to the extent that any amounts payable thereunder have not been previously paid pursuant to clauses FIRST through TENTH above.

(b) If the Trustee collects any money or property in respect of the Pledged Subordinate Securities pursuant to this Article V, it shall pay out the money or property in the following order of priority:

(i) FIRST: to the Class B Noteholders for amounts due and unpaid on the Class B Notes in respect of interest (including any premium), ratably, without preference or priority of any kind, according to the amounts due and payable on the Class B Notes in respect of interest (including any premium);

(ii) SECOND: to the Class B Noteholders for amounts due and unpaid on the Class B Notes in respect of principal, ratably, without preference or priority of any kind, according to the amounts due and payable on the Class B Notes in respect of principal, until the outstanding principal amount of the Class B Notes is reduced to zero;

(iii) THIRD: to each Class B Note Purchaser, ratably, without preference or priority of any kind, for any amounts due and owing thereto under the Basic Documents;

(iv) FOURTH: to the Class B Noteholders, ratably, without preference or priority of any kind, for any amounts due and owing thereto under the Basic Documents;

(v) FIFTH: to the Bear Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents, ratably, without preference or priority of any kind, for any amounts due and owing thereto in respect of the Bear Secured Obligations; and

(vi) SIXTH: any excess amounts remaining after making the payments described in clauses FIRST through FIFTH above, to be applied as Class B Available Funds pursuant to Section 5.7(b) of the Sale and Servicing Agreement to the extent that any amounts payable thereunder have not been previously paid pursuant to clauses FIRST through FIFTH above.

(c) The Trustee may fix a record date and Settlement Date for any payment to the Note Purchasers and the Noteholders pursuant to this Section. At least 15 days before such record date the Trustee shall mail to the Issuer, each Note Purchaser and each Noteholder a notice that states such record date, the Settlement Date and the amount to be paid.

SECTION 5.7 LIMITATION OF SUITS.

(a) The Controlling Note Purchaser shall have the right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, in each case with respect to the Collateral or the UBS Cross Collateral, provided, that:

(i) the Majority Noteholders of the Highest Priority Class have previously given written notice to the Trustee of a continuing Event of Default;

(ii) the Majority Noteholders of the Highest Priority Class have made a written request to the Trustee to institute such proceeding in respect of such Event of Default in its own name as Trustee hereunder;

(iii) the Majority Noteholders of the Highest Priority Class have offered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request; and

(iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such proceedings;

it being understood and intended that no Holder of a Note shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder of the Notes or to obtain or to seek to obtain priority or preference over any other Holder or to enforce any right under this Indenture, except in the manner provided herein or in the other Basic Documents, in each case subject to the Intercreditor Agreement, and it being understood that if a Note is held by the Controlling Note Purchaser or an Affiliate thereof, the Holder may directly institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy.

(b) The Class B Note Purchasers shall have the right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, in each case solely with respect to the Pledged Subordinate Securities and the Class B Available Funds, provided, that:

(i) the Class B Majority Noteholders have previously given written notice to the Trustee of a continuing Class B Event of Default;

(ii) the Class B Majority Noteholders have made a written request to the Trustee to institute such proceeding in respect of such Class B Event of Default in its own name as Trustee hereunder;

(iii) the Class B Majority Noteholders have offered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request; and

(iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such proceedings;

it being understood and intended that no Holder of a Class B Note shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder or to obtain or to seek to obtain priority or preference over any other Holder or to enforce any right under this Indenture, in each case solely with respect to the Pledged Subordinate Securities, except in the manner provided herein or in the other Basic Documents and it being understood that if a Class B Note is held by the Controlling Note Purchaser or an Affiliate thereof, the Holder may directly institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy.

(c) Only the Bear Indenture Trustee shall have the right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, in each case solely with respect to the UBS Cross Collateral and subject to the prior Lien thereon Granted pursuant to Granting Clause I of this Indenture and to the terms and provisions of the Intercreditor Agreement, provided, that:

(i) the Class B majority noteholders under the Bear Basic Documents shall have previously given written notice to the Bear Indenture Trustee of a continuing Class B Event of Default pursuant to the Bear Basic Documents;

(ii) the Class B majority noteholders under the Bear Basic Documents shall have made a written request to the Bear Indenture Trustee to institute such proceeding in respect of such Class B Event of Default in its own name as Bear Indenture Trustee thereunder;

(iii) the Class B majority noteholders under the Bear Basic Documents shall have offered to the Bear Indenture Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request; and

(iv) the Bear Indenture Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have has failed to institute such proceedings;

it being understood and intended that no Class B noteholder under the Bear Basic Documents shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture, any other Basic Document or any Bear Basic Document to affect, disturb or prejudice the rights of any other Class B noteholder under the Bear Basic Documents or to obtain or to seek to obtain priority or preference over any other Class B noteholder under the Bear Basic Documents or to enforce any right under this Indenture, except in the manner provided herein, in the other Basic Documents or in the Bear Basic Documents.

SECTION 5.8 UNCONDITIONAL RIGHTS OF THE NOTEHOLDERS TO RECEIVE PRINCIPAL AND INTEREST. Notwithstanding any other provisions of this Indenture, (i) each Noteholder shall have the right, which is absolute and unconditional, to receive payment of the applicable Percentage Interest of principal of and interest, if any, on such Note on or after the respective due dates thereof expressed in such Note or in this Indenture in accordance with the priorities specified in Section 5.8 of the Sale and Servicing Agreement and Section 5.6(a) of this Indenture, and (ii) each Note Purchaser shall have the right, which is absolute and unconditional, to receive payment of all amounts owed to it by the Issuer under the Basic Documents when the same shall become due (in accordance with the priorities specified in Section 5.8 of the Sale and Servicing Agreement and Section 5.6(a) of this Indenture), and, in each case, to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, as applicable.

SECTION 5.9 RESTORATION OF RIGHTS AND REMEDIES. If any Note Purchaser or any Noteholder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee, such Note Purchaser or to such Noteholder, then and in every such case the Issuer, the Trustee, such Note Purchaser and such Noteholder shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee, such Note Purchaser and such Noteholder shall continue as though no such proceeding had been instituted.

SECTION 5.10 RIGHTS AND REMEDIES CUMULATIVE. No right or remedy herein conferred upon or reserved to any Note Purchaser or any Noteholder is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.11 DELAY OR OMISSION NOT A WAIVER. No delay or omission of any Note Purchaser or any Noteholder to exercise any right or remedy accruing upon any Default, Event of Default, Class B Default or Class B Event of Default shall impair any such right or remedy or constitute a waiver of any such Default, Event of Default, Class B Default or Class B Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Trustee, any Note Purchaser or any Noteholder may be exercised from time to time, and as often as may be deemed expedient, by the Trustee, such Note Purchaser or such Noteholder, as the case may be.

SECTION 5.12 [RESERVED].

SECTION 5.13 WAIVER OF PAST DEFAULTS. Prior to the declaration of the acceleration of the maturity of the Notes as provided in Section 5.2, the

Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class may waive any past Default or Event of Default and its consequences except a Default or Event of Default (i) in payment of principal of or interest on the Highest Priority Class of Notes or (ii) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of each affected Note Purchaser and each affected Noteholder. In the case of any such waiver, the Issuer, the Trustee, the Note Purchasers and the Noteholders shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Upon any such waiver, such Default or Event of Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

SECTION 5.14 UNDERTAKING FOR COSTS. Each of the Issuer and the Trustee agrees, and each Note Purchaser and each Noteholder, by its acceptance of a Note, shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to (a) any suit instituted by the Trustee, (b) any suit instituted by any Note Purchaser or Noteholders holding in the aggregate more than 10% of Percentage Interests of any class of Notes or (c) any suit instituted by the Noteholders for the enforcement of the payment of principal of or interest on the Notes on or after the respective due dates expressed in the Notes and in this Indenture.

SECTION 5.15 WAIVER OF STAY OR EXTENSION LAWS. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power and any right of the Issuer to take such action shall be suspended.

SECTION 5.16 SALE OF TRUST ESTATE.

(a) To the extent permitted by applicable law, the Trustee shall not in any private sale sell to a third party the Collateral, or any portion thereof pursuant to Section 5.4(a)(iv) unless,

(i) the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class consent to or direct the Trustee in writing to make such sale; or

(ii) the proceeds of such sale would be not less than the sum of (x) all amounts due on the entire unpaid principal amount of each class of Notes and interest due or to become due thereon in accordance with Section 5.6(a) hereof on the Settlement Date next succeeding the date of such sale and (y) all amounts due the Note Purchasers and the Noteholders under the Basic Documents.

The Trustee shall act upon the direction of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class pursuant to Section 5.16(a)(i) without giving consideration to whether the proceeds of any such sale shall be sufficient to pay amounts due and owing to the Class B Note Purchasers and the Class B Noteholders pursuant to the Basic Documents.

(b) To the extent permitted by applicable law, the Trustee shall not in any private sale sell to a third party the Pledged Subordinate Securities, or any portion thereof pursuant to Section 5.4(b)(iii) unless,

(i) the Class B Note Purchasers and the Class B Majority Noteholders consent to or direct the Trustee in writing to make such sale; or

(ii) the proceeds of such sale would be not less than the sum of (x) all amounts due on the entire unpaid principal amount of the Class B Notes and interest due or to become due thereon in accordance with Section 5.6(b) hereof on the Settlement Date next succeeding the date of such sale and (y) all amounts due the Class B Note Purchasers and the Class B Noteholders under the Basic Documents.

(c) To the extent permitted by applicable law and subject to the prior Lien Granted pursuant to Granting Clause I of this Indenture and to the terms and provisions of the Intercreditor Agreement, the Bear Indenture Trustee shall not in any private sale sell to a third party the UBS Cross Collateral, or any portion thereof pursuant to Section 5.4(c)(iii) unless,

(i) the Class B note purchasers and the Class B majority noteholders under the Bear Basic Documents consent to or direct the Bear Indenture Trustee in writing to make such sale; or

(ii) the proceeds of such sale would be not less than the sum of (x) all amounts due on the entire unpaid principal amount of the Class B notes under the Bear Basic Documents and interest due or to become due thereon in accordance with Section 5.6(b) hereof on the Settlement Date next succeeding the date of such sale and (y) all amounts due the Class B note purchasers and the Class B noteholders under the Bear Basic Documents.

(d) For any public sale of the Trust Estate pursuant to Section 5.4(a)(iv) or 5.4(b)(iii), the Trustee shall have provided the applicable Note Purchasers, the applicable Noteholders and the Bear Indenture Trustee, if applicable, with notice of such sale at least two weeks in advance of such sale which notice shall specify the date, time and location of such sale. For any public sale of the Trust Estate pursuant to Section 5.4(c)(iii), the Bear Indenture Trustee shall have provided the Class B note purchasers and the Class B noteholders under the Bear Basic Documents with notice of such sale at least two weeks in advance of such sale which notice shall specify the date, time and location of such sale.

(e) In connection with a sale of all or any portion of the Collateral pursuant to Section 5.4(a)(iv):

(i) any Note Purchaser or any Noteholder may bid for and purchase the property offered for sale, and may hold, retain, possess and dispose of such property, without further accountability, and (x) any Noteholder of the Highest Priority Class may, in paying the purchase money therefor, deliver in lieu of cash any Outstanding Note of the Highest Priority Class or claims for interest thereon for credit in the amount that shall, upon distribution of the net proceeds of such sale, be payable thereon, and the Note of the Highest Priority Class so delivered shall be cancelled and extinguished except that, in case the amounts so payable thereon shall be less than the amount due thereon, such Note shall be returned to the related Noteholder after being appropriately stamped to show such partial payment and (y) the Controlling Note Purchaser may, in paying the purchase money therefor, set-off against any amount owed to it by the Issuer under the Basic Documents;

(ii) the Trustee shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Collateral in connection with a sale thereof; and

(iii) the Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey its interest in any portion of the Collateral in connection with a sale thereof, and to take all action necessary to effect such sale.

(f) In connection with a sale of all or any portion of the Pledged Subordinate Securities pursuant to Section 5.4(b)(iii):

(i) any Class B Note Purchaser or any Class B Noteholder may bid for and purchase the property offered for sale, and may hold, retain, possess and dispose of such property, without further accountability, and (x) any Class B Noteholder may, in paying the purchase money therefor, deliver in lieu of cash any Outstanding Class B Note or claims for interest thereon for credit in the amount that shall, upon distribution of the net proceeds of such sale, be payable thereon, and the Class B Note so delivered shall be cancelled and extinguished except that, in case the amounts so payable thereon shall be less than the amount due thereon, such Class B Note shall be returned to the related Class B Noteholder after being appropriately stamped to show such partial payment and (y) any Class B Note Purchaser may, in paying the purchase money therefor, set-off against any amount owed to it under the Basic Documents;

(ii) the Trustee shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Pledged Subordinate Securities in connection with a sale thereof; and

(iii) the Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey its interest in any portion of the Pledged Subordinate Securities in connection with a sale thereof, and to take all action necessary to effect such sale.

(g) In connection with a sale of all or any portion of the UBS Cross Collateral pursuant to Section 5.4(c)(iii), subject to the prior Lien Granted pursuant to Granting Clause I of this Indenture and to the terms and provisions of the Intercreditor Agreement:

(i) any Class B note purchaser or any Class B noteholder under the Bear Basic Documents may bid for and purchase the property offered for sale, and may hold, retain, possess and dispose of such property, without further accountability, and (x) any Class B noteholder under the Bear Basic Documents may, in paying the purchase money therefor, deliver in lieu of cash any outstanding Class B note issued under the Bear Basic Documents or claims for interest thereon for credit in the amount that shall, upon distribution of the net proceeds of such sale, be payable thereon, and the Class B note so delivered shall be cancelled and extinguished except that, in case the amounts so payable thereon shall be less than the amount due thereon, such Class B note shall be returned to the related Class B noteholder after being appropriately stamped to show such partial payment and (y) any Class B note purchaser under the Bear Basic Documents may, in paying the purchase money therefor, set-off against any amount owed to it under the Bear Basic Documents;

(ii) the Bear Indenture Trustee shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the UBS Cross Collateral in connection with a sale thereof; and

(iii) the Bear Indenture Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey its interest in any portion of the UBS Cross Collateral in connection with a sale thereof, and to take all action necessary to effect such sale.

(h) The method, manner, time, place and terms of any sale of all or any portion of the Trust Estate pursuant to Section 5.4(a)(iv), Section 5.4(b)(iii) or Section 5.4(c)(iii) or otherwise shall be commercially reasonable.

SECTION 5.17 CONSEQUENCES OF A TFC FUNDING TERMINATION EVENT. Upon a responsible officer of the Issuer having notice or actual knowledge thereof, the Issuer agrees to give the Trustee, the Class A Noteholders and the Class A Note Purchaser prompt written notice of any TFC Funding Termination Event. Upon the occurrence and continuation of a TFC Funding Termination Event, the Class A Note Purchaser and the Class A Majority Noteholders may terminate CPS and TFC as the Servicer and subservicer, respectively, of the TFC Receivables, and direct the Trustee to sell the TFC Receivables or any portion thereof or rights or interest therein, at one or more public or private sales (including, without limitation,

the sale of the TFC Receivables in connection with a securitization thereof) called and conducted in any manner permitted by applicable law. The proceeds of any such sale shall be applied as Available Funds pursuant to Section 5.7(a) or Section 5.7(c) of the Sale and Servicing Agreement, as applicable. Upon the occurrence of a TFC Funding Termination Event, no future Advance may be made with respect to a TFC Receivable.

ARTICLE VI

THE TRUSTEE

SECTION 6.1 DUTIES OF TRUSTEE. If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and the other Basic Documents and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(a) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and each of the other Basic Documents to which it is a party (and, solely with respect to any of its rights, obligations or remedies with respect to any Bear Cross Collateral for the benefit of the Class B Noteholders and the Class B Note Purchasers, such duties as are specified with respect thereto in the Bear Basic Documents (including, without limitation, the Bear Intercreditor Agreement)) and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; however, the Trustee shall examine the certificates and opinions to determine whether or not they conform on their face to the requirements of this Indenture.

(b) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section; and

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer.

(d) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law or the terms of this Indenture or the Sale and Servicing Agreement. (e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

(g) The Trustee shall permit any representative of any Note Purchaser or any Noteholder, during the Trustee's normal business hours, to examine all books of account, records, reports and other papers of the Trustee relating to the Notes and the transactions contemplated by the Basic Documents, to make

copies and extracts therefrom and to discuss the Trustee's affairs and actions, as such affairs and actions relate to the Trustee's duties with respect to the Notes and the Note Purchasers, with the Trustee's officers and employees responsible for carrying out the Trustee's duties with respect to the Notes and the Note Purchasers.

(h) The Trustee shall, and hereby agrees that it will, perform all of the obligations and duties required of it under the other Basic Documents and, solely with respect to any of its rights, obligations or remedies with respect to any Bear Cross Collateral for the benefit of the Class B Noteholders and the Class B Note Purchasers, such duties as are specified with respect thereto in the Bear Basic Documents (including, without limitation, the Bear Intercreditor Agreement).

(i) Except for actions expressly authorized by this Indenture, the Trustee shall take no action reasonably likely to impair the security interests created or existing under any Receivable or Financed Vehicle or to impair the value of any Receivable or Financed Vehicle.

(j) All information obtained by the Trustee regarding the Obligors and the Receivables, whether upon the exercise of its rights under this Indenture or otherwise, shall be maintained by the Trustee in confidence and shall not be disclosed to any other Person, other than the Trustee's attorneys, accountants and agents unless such disclosure is required by this Indenture or any applicable law or regulation.

SECTION 6.2 RIGHTS OF TRUSTEE. Subject to Sections 6.1 and this Section 6.2, the Trustee shall be protected and shall incur no liability to the Issuer, any Note Purchaser or any Noteholder in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness of any notice, demand, certificate, signature, instrument or other document reasonably believed by the Trustee to be genuine and to have been duly executed by the appropriate signatory, and, except to the extent the Trustee has actual knowledge to the contrary or as required pursuant to Section 6.1 the Trustee shall not be required to make any independent investigation with respect thereto.

(a) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate. Subject to Section 6.1(c), the Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officer's Certificate.

(b) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of the Servicer, the Backup Servicer or any other such agent, attorney, custodian or nominee appointed with due care by it hereunder.

(c) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Trustee's conduct does not constitute willful misconduct, negligence or bad faith.

(d) The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture, the other Basic Documents and the Notes shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(e) The Trustee shall be under no obligation to institute, conduct or defend any litigation under this Indenture or in relation to this Indenture, at the request, order or direction of any Note Purchaser or any Noteholder, pursuant to the provisions of this Indenture, unless such Note Purchaser and/or such Noteholder, as applicable, shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby; provided, however, that the Trustee shall, upon the occurrence of an Event of Default (that has not been cured), exercise the rights and powers vested in it by this Indenture in accordance with Section 6.1.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document, unless requested in writing to do so by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture or the Sale and Servicing Agreement, the Trustee may require reasonable indemnity against such cost, expense or liability as a condition to so proceeding; the reasonable expense of every such examination shall be paid by the Person making such request, or, if paid by the Trustee, shall be reimbursed by the Person making such request upon demand.

SECTION 6.3 INDIVIDUAL RIGHTS OF TRUSTEE. The Trustee in its individual or any other capacity may become the owner or pledgee of a Note and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not the Trustee. Any Note Paying Agent, Note Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Section 6.11.

SECTION 6.4 TRUSTEE'S DISCLAIMER. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Trust Estate, the Collateral, the Pledged Subordinate Securities, the UBS Cross Collateral or the Notes, it shall not be accountable for the Issuer's use of the proceeds from the Notes, and it shall not be responsible for any statement of the Issuer in the Indenture or in any document issued in connection with the sale of the Notes or in the Notes other than the Trustee's certificate of authentication.

SECTION 6.5 NOTICE OF DEFAULTS. If an Event of Default occurs and is continuing and if it is either known by, or written notice of the existence thereof has been delivered to, a Responsible Officer of the Trustee, the Trustee shall mail to each Note Purchaser and each Noteholder a notice of the Default within three (3) Business Days after such knowledge or notice occurs. Except in the case of a Default in payment of principal of or interest on any class of Notes (including payments pursuant to the mandatory redemption provisions of such class of Notes, if any) or a default in payment of any other amount due and owing to any Noteholder or any Note Purchaser pursuant to the Basic Documents, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Noteholders.

SECTION 6.6 REPORTS BY TRUSTEE TO THE NOTEHOLDERS. The Trustee shall on behalf of the Issuer deliver to the Noteholders and each Note Purchaser such information as may be reasonably required to enable the Noteholders and the Note Purchasers to prepare their respective Federal and State income tax returns.

SECTION 6.7 COMPENSATION AND INDEMNITY. Pursuant to Section 5.7(a) of the Sale and Servicing Agreement, the Issuer shall pay to the Trustee from time to time compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee, pursuant and subject to Section 5.7(a) of the Sale and Servicing Agreement, for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. The Issuer shall or shall cause the Servicer to indemnify the Trustee against any and all loss, liability or expense incurred by the Trustee without willful misfeasance, negligence or bad faith on its part arising out of or in connection with the acceptance or the administration of

this trust and the performance of its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection therewith. The Trustee shall notify the Issuer and the Servicer promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Issuer and the Servicer shall not relieve the Issuer of its obligations hereunder or the Servicer of its obligations under Article XII of the Sale and Servicing Agreement. The Trustee may have separate counsel and the Issuer shall or shall cause the Servicer to pay the reasonable fees and expenses of such counsel. Neither the Issuer nor the Servicer need reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own willful misconduct, negligence or bad faith.

(b) The Issuer's payment obligations to the Trustee pursuant to this Section shall survive the discharge of this Indenture. When the Trustee incurs expenses after the occurrence of a Default specified in Section 5.1(a)(v) with respect to the Issuer, the expenses are intended to constitute expenses of administration under Title 11 of the United States Code or any other applicable Federal or State bankruptcy, insolvency or similar law. Notwithstanding anything else set forth in this Indenture or the other Basic Documents, the recourse of the Trustee hereunder and under the other Basic Documents specifically shall not be recourse to the assets of any Noteholder or any Note Purchaser.

SECTION 6.8 Replacement of Trustee. The Issuer may, with the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, and at the request of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall, remove the Trustee if:

(i) the Trustee fails to comply with Section 6.11 or the Trustee fails to perform any other material covenant or agreement of the Trustee set forth in the Basic Documents to which the Trustee is a party and such failure continues for 45 days after written notice of such failure from a Note Purchaser or a Noteholder;

(ii) an Insolvency Event with respect to the Trustee occurs; or

(iii) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuer shall promptly appoint a successor Trustee acceptable to the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class. If the Issuer fails to appoint such a successor Trustee, the Controlling Note Purchaser and/or the Majority Noteholders of the Highest Priority Class may appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee, each Note Purchaser, each Noteholder and the Issuer, whereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the retiring Trustee under this Indenture. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Any resignation or removal of the Trustee and appointment of a successor Trustee pursuant to any of the provisions of this Section shall not become effective until acceptance of appointment by the successor Trustee pursuant to SECTION 6.8.

Notwithstanding the replacement of the Trustee pursuant to this Section, the Issuer's and the Servicer's obligations under Section 6.7 shall continue for the benefit of the retiring Trustee.

SECTION 6.9 SUCCESSOR TRUSTEE BY MERGER. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its

corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee. The Trustee shall provide prior written notice of any such transaction to each Noteholder and each Note Purchaser.

(a) In case at the time such successor or successors to the Trustee by merger, conversion or consolidation shall succeed to the trusts created by this Indenture the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver the Notes so authenticated; and in case at that time the Notes shall not have been authenticated, any successor to the Trustee may authenticate the Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 6.10 APPOINTMENT OF CO-TRUSTEE OR SEPARATE TRUSTEE. Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee with the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Trust Estate, and to vest in such Person or Persons, in such capacity and for the benefit of the Noteholders and the Note Purchasers, such title to the Trust Estate, or any part thereof, and, subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to the Note Purchasers or the Noteholders of the appointment of any co-trustee or separate trustee shall be required under Section 6.8 hereof.

(a) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, including acts or omissions of predecessor or successor trustees; and

(iii) the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(b) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee.

(c) Any separate trustee or co-trustee may at any time constitute the Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, dissolve, become insolvent, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

SECTION 6.11 ELIGIBILITY: DISQUALIFICATION. The Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition and subject to supervision or examination by federal or state authorities; and having a rating, both with respect to long-term and short-term unsecured obligations, of not less than investment grade by Standard & Poor's or Moody's. The Trustee shall provide copies of such reports to each Note Purchaser and each Noteholder upon request.

SECTION 6.12 [RESERVED].

SECTION 6.13 APPOINTMENT AND POWERS. Subject to the terms and conditions hereof, the Noteholders and the Note Purchasers hereby appoint Wells Fargo Bank, National Association as Trustee, custodian and bailee with respect to the Collateral, and Wells Fargo Bank, National Association hereby accepts such appointment and agrees to act as Trustee with respect to the Collateral for the benefit of the Noteholders and the Note Purchasers, to maintain custody and possession of such Collateral (except as otherwise provided hereunder) and to perform the other duties of the Trustee in accordance with the provisions of this Indenture and the other Basic Documents. In addition, subject to the terms and conditions hereof, the Class B Noteholders and the Class B Note Purchasers hereby appoint Wells Fargo Bank, National Association as the Trustee with respect to the Pledged Subordinate Securities, and Wells Fargo Bank, National Association hereby accepts such appointment and agrees to act as Trustee with respect to the Pledged Subordinate Securities for the benefit of the Class B Noteholders and the Class B Note Purchasers, to maintain custody and possession of such Pledged Subordinate Securities (except as otherwise provided hereunder) and to perform the other duties of the Trustee in accordance with the provisions of this Indenture and the other Basic Documents. In addition, subject to the terms and conditions hereof, the Class B Noteholders and the Class B Note Purchasers hereby appoint Wells Fargo Bank, National Association as the Trustee with respect to the Bear Cross Collateral, and Wells Fargo Bank, National Association hereby accepts such appointment and agrees to act as Trustee with respect to the Bear Cross Collateral for the benefit of the Class B Noteholders and the Class B Note Purchasers, to exercise all rights and remedies relating to such Bear Cross Collateral on behalf of the Class B Noteholders and the Class B Note Purchasers (as provided herein and in the Bear Basic Documents), in each case subject to the terms and provisions of the Bear Intercreditor Agreement, and to perform the other duties of the Trustee in accordance with the provisions of this Indenture and the other Basic Documents. Each Note Purchaser and each Noteholder, by its acceptance of a Note, hereby authorizes the Trustee to take such action on its behalf, and to exercise such rights, remedies, powers and privileges hereunder, as such Note Purchaser or such Noteholder may direct and as are specifically authorized to be exercised by the Trustee by the terms hereof, together with such actions, rights, remedies, powers and privileges as are reasonably incidental thereto. The Trustee shall act upon and in compliance with the written instructions of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class delivered pursuant to this Indenture promptly following receipt of such written instructions; provided that the Trustee shall not act in accordance with any instructions (i) which are not authorized by, or in violation of the provisions of, this Indenture or any Intercreditor Agreement, (ii) which are in violation of any applicable law, rule or regulation or (iii) for which the Trustee has not received reasonable indemnity. Receipt of such instructions shall not be a condition to the exercise by the Trustee of its express duties hereunder, except where this Indenture provides that the Trustee is permitted to act only following and in accordance with such instructions.

SECTION 6.14 PERFORMANCE OF DUTIES. The Trustee shall have no duties or

responsibilities except those expressly set forth in this Indenture and the other Basic Documents to which the Trustee is a party or as directed by the Majority Noteholders of the Highest Priority Class or the Controlling Note Purchaser in accordance with this Indenture and the other Basic Documents. The Trustee shall not be required to take any discretionary actions hereunder except (i) at the written direction of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, or (ii) in the case of discretionary actions solely with respect to the Pledged Subordinate Securities or the Bear Cross Collateral, subject to the prior Lien Granted pursuant to Granting Clause I of the Bear Indenture and the Bear Intercreditor Agreement, at the written direction of the Class B Note Purchasers and the Class B Majority Noteholders. The Trustee shall, and hereby agrees that it will, perform all of the duties and obligations required of it under the Basic Documents.

SECTION 6.15 LIMITATION ON LIABILITY. Neither the Trustee nor any of its directors, officers or employees shall be liable for any action taken or omitted to be taken by it or them in good faith hereunder, or in connection herewith, except that the Trustee shall be liable for its negligence, bad faith or willful misconduct. Notwithstanding any term or provision of this Indenture, the Trustee shall incur no liability to the Issuer, any Note Purchaser or any Noteholder for any action taken or omitted by the Trustee in connection with the Collateral, the Pledged Subordinate Securities or the UBS Cross Collateral, except for the negligence, bad faith or willful misconduct on the part of the Trustee, and, further, shall incur no liability to any Note Purchaser or any Noteholder except for negligence, bad faith or willful misconduct in carrying out its duties to such Note Purchaser or such Noteholder. The Trustee shall at all times be free independently to establish to its reasonable satisfaction, but shall have no duty to independently verify, the existence or nonexistence of facts that are a condition to the exercise or enforcement of any right or remedy hereunder or under any of the Basic Documents. The Trustee may consult with counsel, and shall not be liable for any action taken or omitted to be taken by it hereunder in good faith and in accordance with the written advice of such counsel. The Trustee shall not be under any obligation to exercise any of the remedial rights or powers vested in it by this Indenture or to follow any direction from any Note Purchaser or any Noteholder unless it shall have received reasonable security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it.

SECTION 6.16 [RESERVED].

SECTION 6.17 SUCCESSOR TRUSTEE.

(a) MERGER. Any Person into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any Person resulting from any such conversion, merger, consolidation, sale or transfer to which the Trustee is a party, shall (provided it is otherwise qualified to serve as the Trustee hereunder) be and become a successor Trustee hereunder and be vested with all of the title to and interest in the Collateral, the Pledged Subordinate Securities and the UBS Cross Collateral and all of the trusts, powers, descriptions, immunities, privileges and other matters and have all of the obligations as its predecessor without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, except to the extent, if any, that any such action is necessary to perfect, or continue the perfection of, the security interest of the Trustee for the benefit of the (i) the Note Purchasers and the Noteholders in the Collateral, (ii) the Class B Note Purchasers and the Class B Noteholders in the Pledged Subordinate Securities, and (iii) subject to the prior Lien Granted pursuant to Granting Clause I of this Indenture and to the terms and provisions of the Intercreditor Agreement, the Bear Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents in the UBS Cross Collateral; provided that any such successor shall also be the successor Trustee under SECTION 6.9.

(b) REMOVAL. The Trustee may be removed by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class at any time, with or without cause, by an instrument or concurrent instruments in

writing delivered to the Trustee and the Issuer. A temporary successor may be removed at any time to allow a successor Trustee to be appointed pursuant to subsection (c) below. Any removal pursuant to the provisions of this subsection (b) shall take effect only upon the date which is the latest of (i) the effective date of the appointment of a successor Trustee and the acceptance in writing by such successor Trustee of such appointment and of its obligation to perform its duties hereunder in accordance with the provisions hereof, and (ii) receipt by the Note Purchasers and the Noteholders of an Opinion of Counsel to the effect described in Section 3.4.

(c) ACCEPTANCE BY SUCCESSOR. The Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall have the sole right to appoint each successor Trustee. Every temporary or permanent successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Trustee, the Note Purchasers, the Noteholders and the Issuer an instrument in writing accepting such appointment hereunder and the relevant predecessor shall execute, acknowledge and deliver such other documents and instruments as will effectuate the delivery of all Collateral, Pledged Subordinate Securities and UBS Cross Collateral to the successor Trustee, whereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, duties and obligations of its predecessor. Such predecessor shall, nevertheless, on the written request of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class or the Issuer, execute and deliver an instrument transferring to such successor all the estates, properties, rights and powers of such predecessor hereunder. In the event that any instrument in writing from the Issuer or the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class is reasonably required by a successor Trustee to more fully and certainly vest in such successor the estates, properties, rights, powers, duties and obligations vested or intended to be vested hereunder in the Trustee, any and all such written instruments shall at the request of the temporary or permanent successor Trustee, be forthwith executed, acknowledged and delivered by the Trustee or the Issuer, as the case may be. The designation of any successor Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for herein, shall be maintained with the records relating to the Collateral, the Pledged Subordinate Securities and the UBS Cross Collateral and, to the extent required by applicable law, filed or recorded by the successor Trustee in each place where such filing or recording is necessary to effect the transfer of the Collateral, the Pledged Subordinate Securities and the UBS Cross Collateral to the successor Trustee or to protect or continue the perfection of the security interests granted hereunder.

SECTION 6.18 [RESERVED].

SECTION 6.19 REPRESENTATIONS AND WARRANTIES OF THE TRUSTEE. The Trustee represents and warrants to the Issuer, each Note Purchaser and each Noteholder as follows:

(a) The Trustee is a national banking association, duly organized, validly existing and in good standing under the laws of the United States and is duly authorized and licensed under applicable law to conduct its business as presently conducted.

(b) The Trustee has all requisite right, power and authority to execute and deliver this Indenture and to perform all of its duties as Trustee hereunder.

(c) The execution and delivery by the Trustee of this Indenture and the other Basic Documents to which it is a party, and the performance by the Trustee of its duties hereunder and thereunder, have been duly authorized by all necessary corporate proceedings and no further approvals or filings, including any governmental approvals, are required for the valid execution and delivery by the Trustee, or the performance by the Trustee, of this Indenture and such other Basic Documents.

(d) The Trustee has duly executed and delivered this Indenture and each other Basic Document to which it is a party, and each of this Indenture and each such other Basic Document constitutes the legal, valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, insolvency,

reorganization and similar laws relating to or affecting the enforcement of creditors' rights generally and (ii) the availability of equitable remedies may be limited by equitable principles of general applicability.

SECTION 6.20 WAIVER OF SETOFFS. The Trustee hereby expressly waives any and all rights of setoff that the Trustee may otherwise at any time have under applicable law with respect to any Pledged Account or Deposit Account and agrees that amounts in the Pledged Accounts or Deposit Account shall at all times be held and applied solely in accordance with the provisions hereof and the other Basic Documents.

SECTION 6.21 CONTROL BY THE CONTROLLING NOTE PURCHASER AND THE MAJORITY NOTEHOLDERS OF THE HIGHEST PRIORITY CLASS. The Trustee shall comply with notices and instructions given by the Issuer only if accompanied by the written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, except that if any Event of Default shall have occurred and be continuing, the Trustee shall act upon and comply with notices and instructions given by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class alone in the place and stead of the Issuer. Notwithstanding the foregoing, the Trustee shall comply with notices and instructions given by the Issuer solely with respect to the Pledged Subordinate Securities or the Bear Cross Collateral, subject to the Bear Intercreditor Agreement, only if accompanied by the written consent of the Class B Note Purchasers and the Class B Majority Noteholders.

ARTICLE VII

[RESERVED]

ARTICLE VIII

COLLECTION OF MONEY AND RELEASES OF TRUST ESTATE

SECTION 8.1 COLLECTION OF MONEY. Except as otherwise expressly provided herein, the Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Trustee pursuant to this Indenture and the other Basic Documents. The Trustee shall apply all such money received by it as provided in this Indenture, the Sale and Servicing Agreement and the other Basic Documents. Except as otherwise expressly provided in this Indenture or in the other Basic Documents, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Trust Estate, the Trustee may take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V.

SECTION 8.2 RELEASE OF TRUST ESTATE. Subject to the payment of its fees and expenses pursuant to Section 6.7, the Trustee may, and when required by the provisions of this Indenture shall, execute instruments to release property from the lien of this Indenture, in a manner and under circumstances that are not inconsistent with the provisions of this Indenture and the other Basic Documents. No party relying upon an instrument executed by the Trustee as provided in this Article VIII shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(a) The Trustee shall, at such time as there are no Notes Outstanding, all amounts due and owing to the Note Purchasers and the Noteholders under any of the Basic Documents have been paid in full, all sums due the Trustee pursuant to Section 6.7 have been paid and the respective terms of the Commitments shall have expired, release any remaining portion of the Trust Estate that secured the Notes and the other obligations of the Issuer, the Purchaser and the Seller to the Note Purchasers and the Noteholders pursuant to the Basic Documents from the lien of this Indenture and release to the Deposit Account any funds then on deposit in the Pledged Accounts. The Trustee shall release property from the lien of this Indenture pursuant to this Section 8.2(b) only upon receipt of an Issuer Request accompanied by an Officer's Certificate, a copy of each of which shall also be delivered to each Note Purchaser and each Noteholder.

OPINION OF COUNSEL. The Trustee and each Note Purchaser shall receive at least seven days' notice when requested by the Issuer to take any action pursuant to Section 8.2(a), accompanied by copies of any instruments involved, and the Trustee shall also require as a condition to such action, an Opinion of Counsel in form and substance satisfactory to the Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely affect the security for the Notes or the rights of any Note Purchaser and/or any Noteholder in contravention of the provisions of this Indenture or any of the other Basic Documents; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Trust Estate. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Trustee in connection with any such action.

ARTICLE IX

SUPPLEMENTAL INDENTURES

SECTION 9.1 SUPPLEMENTAL INDENTURES WITH CONSENT OF THE CONTROLLING NOTE PURCHASER AND THE MAJORITY NOTEHOLDERS OF THE HIGHEST PRIORITY CLASS.

(a) With the prior written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, the Issuer and the Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property at any time subject to the lien of this Indenture (other than the Pledged Subordinate Securities), or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture (other than the Pledged Subordinate Securities), or to subject to the lien of this Indenture additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes contained;

(iii) to add to the covenants of the Issuer, for the benefit of any class of Noteholders and any Note Purchaser, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture which may be inconsistent with any other provision herein or in any supplemental indenture or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided that such action shall not adversely affect the interests of any Note Purchaser or any Noteholder; or

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Notes and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI.

The Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) With the prior written consent of the Class B Note Purchasers and the Class B Majority Noteholders, the Issuer and the Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, to correct or amplify the description of the Pledged Subordinate Securities, or better to assure, convey and confirm unto the Trustee the Pledged Subordinate Securities. The Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(c) With the prior written consent of the Bear Indenture Trustee, the Class B note purchasers and the Class B majority noteholders under the Bear Basic Documents and subject to the prior Lien Granted pursuant to Granting Clause I of this Indenture and to the terms and provisions of the Intercreditor Agreement, the Issuer and the Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, to correct or amplify the description of the UBS Cross Collateral, or better to assure, convey and confirm unto the Trustee the UBS Cross Collateral. The Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(d) The Issuer and the Trustee, when authorized by an Issuer Order, may, also with the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of any Note Purchaser or any Noteholder under this Indenture; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of such Note Purchaser or such Noteholder.

SECTION 9.2 SUPPLEMENTAL INDENTURES WITH CONSENT OF NOTE PURCHASERS AND NOTEHOLDERS.

(a) The Issuer and the Trustee, when authorized by an Issuer Order, also may, with the prior written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, enter into an indenture or indentures supplemental hereto for any purpose; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of any Note Purchaser or any Noteholder; provided, further however, that, no such supplemental indenture shall, without the prior written consent of the affected Note Purchaser and all of the Noteholders of a class of Notes affected thereby:

(i) change the date of payment of any installment of principal of or interest on a class of Notes or any other amount owed by the Issuer under the Basic Documents, or reduce the Percentage Interest thereof, the interest rate thereon, change the provisions of this Indenture relating to the application of collections on, or the proceeds of the sale of, the Collateral to payment of principal of or interest on any class of Notes or any other amount owed by the Issuer under the Basic Documents, or change any place of payment where, or the coin or currency in which, any class of Notes or the interest thereon or any other amount owed by the Issuer under the Basic Documents is payable;

(ii) impair the right to institute suit for the enforcement of the provisions of this Indenture requiring the application of funds available therefor, as provided in ARTICLE V, to the payment of any such amount due on any class of Notes or any other amount owed by the Issuer under the Basic Documents on or after the respective due dates thereof;

(iii) reduce the Percentage Interest, the consent of the Holders of which is required for any such supplemental indenture, or eliminate the requirement that the applicable Note Purchaser consent thereto, or the consent of the Holders of which or the applicable Note Purchaser is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(iv) modify or alter the provisions of the proviso to the definition of the term "Outstanding";

(v) reduce the Percentage Interest required to direct the Trustee to direct the Issuer to sell or liquidate the Collateral or eliminate the requirement that the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class so direct pursuant to Section 5.4(a);

(vi) modify any provision of this Section except to increase any percentage specified herein or to provide that certain additional provisions of this Indenture or the other Basic Documents cannot be modified or waived without the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class;

(vii) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount or timing of any payment of (x) interest or principal due on any class of Notes on any Settlement Date (including the calculation of any of the individual components of such calculation) or (y) any amount due to any Note Purchaser or any Noteholder under the Basic Documents, or affect the rights of any Note Purchaser or any Noteholder under the Basic Documents or to affect the rights of any Noteholder to the benefit of any provisions for the mandatory redemption of any class of Notes contained herein; or

(viii) permit the creation of any Lien ranking prior to or on a parity with the Lien of this Indenture with respect to any part of the Collateral or, except as otherwise permitted or contemplated herein or in any of the Basic Documents, terminate the Lien of this Indenture on any property at any time subject hereto or deprive the Noteholders or a Note Purchaser of the security provided by the Lien of this Indenture.

(b) The Issuer and the Trustee, when authorized by an Issuer Order, also may, with the prior written consent of the Class B Note Purchasers and the Class B Majority Noteholders, enter into an indenture or indentures supplemental hereto for any purpose that affects solely the rights of any Class B Note Purchaser or any Class B Noteholder; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any respect the interests of any Class A Note Purchaser or any Class A Noteholder; provided, further however, that, no such supplemental indenture shall, without the prior written consent of all of the Class B Noteholders:

(i) change the provisions of this Indenture relating to the application of collections on, or the proceeds of the sale of, the Pledged Subordinate Securities or the Bear Cross Collateral to payment of principal of or interest on the Class B Notes;

(ii) reduce the Percentage Interest required to direct the Trustee to direct the Issuer to sell or liquidate the Pledged Subordinate Securities or eliminate the requirement that the Class B Note Purchasers and the Class B Majority Noteholders so direct pursuant to Section 5.4(b); or

(iii) permit the creation of any Lien ranking prior to or on a parity with the Lien created pursuant to Granting Clause II of this Indenture or, except as otherwise permitted or contemplated herein or in any of the Basic Documents, terminate the Lien created pursuant to Granting Clause II of this Indenture at any time subject hereto or deprive the Class B Noteholders or the Class B Note Purchasers of the security provided by the Lien created pursuant to Granting Clause II of this Indenture.

(c) The Issuer and the Trustee, when authorized by an Issuer Order, also may, with the prior written consent of the Bear Indenture Trustee and the Class B note purchasers and the Class B majority noteholders under the Bear Basic Documents, enter into an indenture or indentures supplemental hereto for any purpose that affects solely the rights of any Class B note purchaser or any

Class B noteholder under the Bear Basic Documents; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any respect the interests of any Class A Note Purchaser or any Class A Noteholder; provided, further however, that, no such supplemental indenture shall, without the prior written consent of all of the Class B noteholders and Class B note purchasers under the Bear Basic Documents:

(i) change the provisions of this Indenture relating to the application of collections on, or the proceeds of the sale of, the UBS Cross Collateral to payment of principal of or interest on the Class B Notes;

(ii) reduce the Percentage Interest required to direct the Bear Indenture Trustee to direct the Issuer to sell or liquidate the UBS Cross Collateral or eliminate the requirement that the Class B note purchasers and the Class B majority noteholders under the Bear Basic Documents so direct pursuant to Section 5.4(c); or

(iii) subject to the Intercreditor Agreements, permit the creation of any Lien ranking prior to or on a parity with the Lien created pursuant to Granting Clause III of this Indenture (other than the Lien granted pursuant to Granting Clause I of this Indenture) or, except as otherwise permitted or contemplated herein or in any of the Basic Documents, terminate the Lien created pursuant to Granting Clause III of this Indenture at any time subject hereto or deprive the Bear Indenture Trustee or the Class B noteholders or the Class B note purchasers under the Bear Basic Documents, as applicable, of the security provided by the Lien created pursuant to Granting Clause III of this Indenture, subject to the prior Lien Granted pursuant to Granting Clause I of this Indenture and the terms and provisions of the Intercreditor Agreement.

(d) Unless otherwise specified by the Controlling Note Purchaser, the Trustee may determine whether or not a class of Notes would be affected by any supplemental indenture and any such determination shall be conclusive upon the Note Purchasers and the Noteholders, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

(e) It shall not be necessary for any Act of the Noteholders of an affected class under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof. It shall be necessary for any Act of any affected Note Purchaser under this Section to approve the substance and particular form of any proposed supplemental indenture.

(f) Promptly after the execution by the Issuer and the Trustee of any supplemental indenture pursuant to this Section, the Trustee shall mail to each Note Purchasers and each Noteholder a copy of such supplemental indenture. Any failure of the Trustee to mail such copy shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.3 EXECUTION OF SUPPLEMENTAL INDENTURES. In executing, or permitting the additional trusts created by, any supplemental indenture permitted by this Article IX or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and subject to Sections 6.1 and 6.2, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise.

SECTION 9.4 EFFECT OF SUPPLEMENTAL INDENTURE. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Trustee, the Issuer, the Note Purchasers and the Noteholders shall thereafter be determined, exercised and enforced

hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

ARTICLE II

REPAYMENT AND PREPAYMENT OF NOTES

SECTION 10.1 REPAYMENT OF THE NOTES; OPTIONAL PREPAYMENT OF THE NOTES. If the Class A Facility Termination Date is determined in accordance with subsection (I) of the definition thereof, the outstanding principal balance of the Class A Notes and all accrued and unpaid interest thereon will be amortized and shall be payable in full by the Class A Final Scheduled Settlement Date. If the Class A Facility Termination Date is determined in accordance with subsection (II) of the definition thereof, the Class A Facility Termination Date will result in immediate acceleration of the Class A Notes pursuant to Section 5.2 hereof. If the Class A Facility Termination Date is determined in accordance with subsection (III) of the definition thereof, the outstanding principal balance of the Class A Notes and all accrued and unpaid interest thereon will be amortized and shall be payable in full by the third Settlement Date following the relevant anniversary of the Class A Closing Date. Subject to the prior payment in full of the Class A Notes and any outstanding amounts due and owing to the Class A Note Purchaser and the Class A Noteholders under the Basic Documents, the outstanding principal amount of the Class B Notes and all accrued and unpaid interest thereon shall be payable in full on the Class B Facility Termination Date and otherwise as provided in Section 3.1, the form of Class B Note attached as Exhibit A-2, the Sale and Servicing Agreement and the other Basic Documents. The Issuer may, at its option, prepay the applicable Invested Amount of any class of Notes, in whole or in part, at any time on any Business Day (such day the "Prepayment Date") in accordance with this Section 10.1 and Section 10.2; provided that no such prepayment may occur in connection with the closing of a Securitization Transaction unless all proceeds from such Securitization Transaction, net of any placement and/or underwriting fees, any premiums due to the related financial guaranty insurers and any required account deposits, are deposited into the Collection Account on the related Securitization Closing Date and the Pledged Subordinate Securities, if any, are delivered to the Trustee pursuant to Section 3.3(c) of the Sale and Servicing Agreement on the related Securitization Closing Date; provided further, that no such prepayment may occur (i) unless and until all amounts due and payable in respect of clauses (i) through (v) of Section 5.7(a) of the Sale and Servicing Agreement have been paid in full irrespective of whether Available Funds are sufficient for this purpose or (ii) if, after giving effect to such prepayment and the release of any related Collateral, a Class A Borrowing Base Deficiency shall exist. Simultaneous with any such prepayment, the Issuer shall pay all accrued and unpaid interest on the applicable Invested Amount to be prepaid and all other amounts then due and owing to the Class A Note Purchaser and the Class A Noteholders under the Basic Documents. Upon the deposit of any prepayment and all such other amounts then due and owing to the Class A Note Purchaser and the Class A Noteholders under the Basic Documents into the Collection Account, the Trustee shall release the Collateral (including any UBS Cross Collateral and, in the case of a prepayment of the Class B Notes, if no Class B Borrowing Base Deficiency would exist after giving effect to such prepayment, the related Pledged Subordinate Securities, if any) that is the subject of such prepayment from the lien of this Indenture. In connection with such prepayment, the Trustee shall be entitled to conclusively rely upon the direction of the Issuer to the Trustee (a form of which is attached hereto as Exhibit E) to release such Collateral and UBS Cross Collateral (or Pledged Subordinate Securities, in the case of a prepayment of the Class B Notes) as may be identified by the Issuer in writing and consented to in writing by the Controlling Note Purchaser (in the case of any Collateral and UBS Cross Collateral to be released) or the Class B Note Purchaser (in the case of any Pledged Subordinate Securities to be released) as being the subject of such prepayment upon the conditions specified in such writing, which consent shall not unreasonably be withheld. All prepayments in part shall be in principal amounts of at least $100,000. The Issuer shall cause any proceeds (including, without limitation, capitalized interest amounts) that would otherwise be due and payable to the Issuer upon a subsequent transfer of the related Receivables after a Securitization Closing Date (any such proceeds, the "Pre-Funding Proceeds") to be deposited into the Collection Account for distribution as Class B Available Funds pursuant to Section 5.8(b) of the Sale and Servicing Agreement.

SECTION 10.2 NOTICE OF PREPAYMENT. Notice of the prepayment of any class

of Notes shall be given, upon the direction of the Issuer, by the Trustee by facsimile transmission, courier or first class mail, postage prepaid, mailed, faxed or couriered not less than five (5) days prior to the related Prepayment Date, to each Note Purchaser and each Noteholder. All notices of prepayment shall state (i) the Prepayment Date, (ii) the applicable Invested Amount(s) to be prepaid, (iii) the estimated accrued and unpaid interest on the applicable Invested Amount(s) to be prepaid and (iv) any other amounts due and owing to any Note Purchaser under the Basic Documents. Failure to give notice of prepayment, or any defect therein, to a Noteholder or a Note Purchaser shall not impair or affect the validity of such prepayment.

SECTION 10.3 GENERAL PROCEDURES.

(a) The applicable Invested Amount of a class of Notes and amounts due to the related Note Purchasers under the Basic Documents shall not be considered reduced by any allocation, setting aside or distribution of any portion of the Available Funds unless such Available Funds shall have been actually paid to the Noteholders of such class or to the related Note Purchasers, as applicable. The applicable Invested Amount of a class of Notes and amounts due to the related Note Purchasers by the Issuer under the Basic Documents shall not be considered repaid by any distribution of any portion of the Available Funds if at any time such distribution is rescinded or must otherwise be returned for any reason, in which event, if such amount has been returned by the Noteholders of such class or the related Note Purchasers, as applicable, such principal, interest and/or other amount shall be reinstated in an amount equal to the amount returned by the Noteholders of such class or the related Note Purchasers, as applicable. No provision of this Indenture shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law.

(b) The applicable Class B Invested Amount and amounts due to the Class B Note Purchasers by the Issuer under the Basic Documents shall not be considered reduced by any allocation, setting aside or distribution of any portion of the Class B Available Funds unless such Class B Available Funds shall have been actually paid to the Class B Noteholders or to the Class B Note Purchasers, as applicable. The applicable Class B Invested Amount and amounts due to the Class B Note Purchasers by the Issuer under the Basic Documents shall not be considered repaid by any distribution of any portion of the Class B Available Funds if at any time such distribution is rescinded or must otherwise be returned for any reason, in which event, if such amount has been returned by the Class B Noteholders or the Class B Note Purchasers, as applicable, such principal, interest and/or other amount shall be reinstated in an amount equal to the amount returned by the Class B Noteholders or the Class B Note Purchasers, as applicable. No provision of this Indenture shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law.

ARTICLE III

MISCELLANEOUS

SECTION 11.1 COMPLIANCE CERTIFICATES AND OPINIONS, ETC. Except as set forth herein, upon any application or request by the Issuer to the Trustee to take any action under any provision of this Indenture (other than any request hereunder by the Issuer for an Advance), the Issuer shall furnish to the Trustee, with a copy of each to each Note Purchaser and each Noteholder, (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory such condition or covenant has been complied with.

(b) Other than with respect to Dollars, prior to the deposit of any Collateral, any Pledged Subordinate Securities, any UBS Cross Collateral or any other property or securities with the Trustee that is to be made the basis for the release of any property or securities subject to the lien of this Indenture, the Issuer shall, in addition to any obligation imposed in Section 11.1(a) or elsewhere in this Indenture, furnish to the Trustee, with a copy thereof to each Note Purchaser and each Noteholder, an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (on the date of such deposit) to the Issuer of the Collateral, the Pledged Subordinate Securities, the UBS Cross Collateral or the other property or securities to be so deposited.

(c) Other than with respect to the release of any Purchased Receivables or Liquidated Receivables or the release, if any, of any Receivables upon a mandatory or partial prepayment of any class of Notes and other amounts due to any Note Purchaser from the Issuer under the Basic Documents pursuant to Section 10.1, whenever any property or securities are to be released from the lien of this Indenture, the Issuer shall also furnish, prior to or contemporaneous with such release, to the Trustee, with a copy thereof to each Note Purchaser and each Noteholder, an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (such fair value to be as of a date within 90 days of such release) of the property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(d) Notwithstanding Section 2.10 or any provision of this Section, the Issuer may (A) collect, liquidate, sell or otherwise dispose of Receivables as and to the extent permitted or required by the Basic Documents and (B) make cash payments out of the Pledged Accounts as and to the extent permitted or required by the Basic Documents.

SECTION 11.2 FORM OF DOCUMENTS DELIVERED TO TRUSTEE. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

(a) Any certificate or opinion of an Authorized Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of an Authorized Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer, the Seller, the Purchaser or the Issuer, stating that the information with respect to such factual matters is in the possession of the Servicer, the Seller, the Purchaser or the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

(b) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

(c) Whenever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

SECTION 11.3 ACTS OF NOTEHOLDERS OR NOTE PURCHASERS. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by any Noteholder or any Note Purchaser may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholder or such Note Purchaser in person or by agents duly appointed in writing; and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of such Noteholder or such Note Purchaser signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.1) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section.

(a) The fact and date of the execution by any person of any such instrument or writing may be proved in any customary manner of the Trustee.

(b) The ownership of the Notes of each class shall be proved by the Note Register.

(c) Any request, demand, authorization, direction, notice, consent, waiver or other action by a Holder of a Note shall bind each Holder of such Note issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

(d) Any waiver, consent or approval given by the Controlling Note Purchaser under this Indenture or any other Basic Document shall be binding upon each Class A Noteholder, each Class B Note Purchaser, each Class B Noteholder and their respective successors and permitted assigns. In addition, any waiver, consent or approval given by the Majority Noteholders of a class of Notes under this Indenture or any other Basic Document shall be binding upon each Holder of the related class of Notes and their respective successors and permitted assigns.

SECTION 11.4 NOTICES, ETC., TO TRUSTEE, ISSUER, THE NOTE PURCHASERS AND NOTEHOLDERS. Any request, demand, authorization, direction, notice, consent, waiver or Act of the any Noteholder or any Note Purchasers or other documents provided or permitted by this Indenture to be made upon, given or furnished to or filed with:

(i) the Trustee by any Note Purchaser, any Noteholder or by the Issuer shall be sufficient for every purpose hereunder if personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested and shall be deemed to have been duly given upon receipt of the Trustee at its Corporate Trust Office;

(ii) the Issuer by the Trustee or by any Note Purchaser or any Noteholder shall be sufficient for every purpose hereunder if personally delivered, delivered by overnight courier or mailed

certified mail, return receipt requested and shall deemed to have been duly given upon receipt by the Issuer at the Corporate Trust Office of the Owner Trustee, with a copy to Consumer Portfolio Services, Inc. 16355 Laguna Canyon Road, Irvine, California 92618 Attention: Mark Creatura, Esq. Confirmation: (888) 785-6691, Telecopy No. (949) 753-6897 or at such other address previously furnished in writing to the Trustee by the Issuer. The Issuer shall promptly transmit any notice received by it from any Noteholders or any Note Purchaser to the Trustee; or

(iii) any notice to a Note Purchaser shall be sufficient for any purpose hereunder if in writing and delivered by overnight courier or mailed certified mail, return receipt requested, or personally delivered or telexed or telecopied to the recipient as follows (or such other address previously furnished in writing to the Trustee):

If to the Class A Note Purchaser, to:

UBS Real Estate Securities Inc.
1285 Avenue of the Americas, 11th Floor
Attention: Prakash Wadhwani
New York, New York 10019

Telephone: 212-713-3983
Telecopy: 212-713-7999

If to the Class B Note Purchasers, to:

The Patriot Group, LLC
One Thorndal Circle, 3rd Floor
Darien, CT 06820
Attention: Bruce Katz

Telephone: (203) 656-4395
Telecopy: (203) 656-4483

and

Waterfall Eden Fund, LP
1185 Avenue of the Americas
18th Floor
New York, NY 10036
Attention: Jack Ross

Telephone: (212) 843-8905
Telecopy: (212) 843-8909

(iv) any notice to a Noteholder shall be sufficient for any purpose hereunder if in writing and delivered by overnight courier or mailed certified mail, return receipt requested, or personally delivered or telexed or telecopied to the recipient's contact information reflected in the Note Register.

(v) Any Note Purchaser may deliver to the Noteholders any notices, reports, Servicer's Certificates or any other documentation delivered to such Note Purchaser hereunder or under any Basic Document, but is under no obligation to so deliver such documentation and shall not be liable for the content thereof.

SECTION 11.5 WAIVER. Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice with respect to itself only, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by any

Note Purchaser or any Noteholder shall be filed with the Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver. In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to any Note Purchaser or any Noteholder when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

SECTION 11.6 ALTERNATE PAYMENT AND NOTICE PROVISIONS. Notwithstanding any provision of this Indenture or any class of Notes to the contrary, the Issuer may enter into any agreement with the Holder of any class of Notes or any Note Purchaser providing for a method of payment, or notice by the Trustee or the Note Paying Agent to such Holder or such Note Purchaser, that is different from the methods provided for in this Indenture for such payments or notices, provided that such methods are reasonable and consented to by the Trustee (which consent shall not be unreasonably withheld). The Issuer will furnish to the Trustee a copy of each such agreement and the Trustee will cause payments to be made and notices to be given in accordance with such agreements.

SECTION 11.7 EFFECT OF HEADINGS AND TABLE OF CONTENTS. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 11.8 SUCCESSORS AND ASSIGNS. All covenants and agreements in this Indenture and the Notes by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 11.9 BENEFITS OF INDENTURE; THIRD-PARTY BENEFICIARIES.

(a) Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, each Note Purchaser (each of which shall be a third-party beneficiary of this Indenture) and its successors and assigns, and the Noteholders, and any other party secured hereunder, and any other Person with an ownership interest in any part of the Trust Estate, any benefit or any legal or equitable right, remedy or claim under this Indenture.

(b) Each of the Bear Indenture Trustee, each Class B note purchaser and each Class B noteholder under the Bear Basic Documents shall be deemed to be a third-party beneficiary with respect to this Indenture to the same extent as if it was a party hereto, subject to the terms and provisions of the Intercreditor Agreements.

SECTION 11.10 SEVERABILITY. In case any provision in this Indenture or in the Notes 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.

SECTION 11.11 LEGAL HOLIDAYS. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Notes, this Indenture or any other Basic Document) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

SECTION 11.12 Governing Law. THIS INDENTURE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.13 COUNTERPARTS. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Any signature page to this Indenture containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the effect of delivery of an original manually signed signature page.

SECTION 11.14 RECORDING OF INDENTURE. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel (which may be counsel to the Trustee or any other counsel reasonably acceptable to the Trustee) to the effect that such recording is necessary either for the protection of the Noteholders, the Note Purchasers or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Trustee under this Indenture.

SECTION 11.15 ISSUER OBLIGATION. The obligations of the Issuer under this Indenture and the other Basic Documents shall be full recourse obligations of the Issuer. Notwithstanding the foregoing, no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Trustee on the Notes, under this Indenture, any other Basic Document or any certificate or other writing delivered in connection herewith or therewith, against (i) the Trustee in its individual capacity (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer or the Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Trustee or of any successor or assign of the Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Trustee has no such obligations in its individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. Nothing contained in this Section shall limit or be deemed to limit any obligations of the Issuer, the Purchaser, the Seller or the Servicer hereunder or under any other Basic Document, as applicable, which obligations are full recourse obligations of the Issuer, the Purchaser, the Seller and the Servicer.

SECTION 11.16 NO PETITION. The Trustee, by entering into this Indenture, hereby covenants and agrees that it will not at any time institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Notes, this Indenture or any of the Basic Documents.

SECTION 11.17 INSPECTION. The Issuer agrees that, on reasonable prior notice, it will permit any representative of any Note Purchaser, any Noteholder or the Trustee, during the Issuer's normal business hours, to examine all the books of account, records, reports, and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited by independent certified public accountants, and to discuss the Issuer's affairs, finances and

accounts with the Issuer's officers, employees, and independent certified public accountants, all at such reasonable times and as often as may be reasonably requested. Each of the Trustee, each Note Purchaser and each Noteholder shall and shall cause their respective representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Trustee may reasonably determine that such disclosure is consistent with its Obligations hereunder.

SECTION 11.18 MARKET VALUE. In connection with the Class A Note Purchaser's provision of the Market Value to the Servicer pursuant to Section 3.05(a) of the Class A Note Purchase Agreement, and the Servicer's provision of such Market Value to the Class B Note Purchasers pursuant to Section 3.05(a) of the Class B Note Purchase Agreement, the Issuer expressly acknowledges and agrees that the Class A Note Purchaser is agreeing to permit the Servicer to furnish the Market Value to the Class B Note Purchaser solely as an accommodation in connection with the transactions contemplated by this Indenture and the other Basic Documents. The Class A Note Purchaser makes no representation or warranty (whether express or implied, oral or written) as to the accuracy or completeness, or fitness for a particular use, of the Market Value, and assumes no responsibility whatsoever to the Servicer, the Seller, the Purchaser, the Issuer, the Trustee, the Class A Noteholders, the Class B Note Purchasers or the Class B Noteholders in connection with its calculation of Market Value or any use of such Market Value by the Issuer, the Trustee, any Class A Noteholder, any Class B Note Purchaser, any Class B Noteholder, any of their respective affiliates or any other Person and, consequently, none of the Issuer, the Trustee, the Class A Noteholders, the Class B Note Purchasers or the Class B Noteholders is relying upon the Class A Note Purchaser for the Market Value in such regard. In consideration of the Class A Note Purchaser's providing the Market Value to the Servicer and permitting the provision of such Market Value to the Class B Note Purchasers from time to time, for which the Class A Note Purchaser is not receiving any compensation, each of the Issuer, the Trustee, each Class B Note Purchaser and each Class B Noteholder hereby unconditionally and irrevocably releases and discharges the Class A Note Purchaser and its respective affiliates, directors, officers, agents, employees and representatives from, and the Issuer hereby agrees to indemnify, hold harmless and reimburse the Class A Note Purchaser and any such other Person or Persons with respect to, any and all actions, liabilities, losses, damages or claims of any kind or nature whatsoever (including, without limitation, reasonable attorney's fees and expenses and expenses of litigation), as incurred, that may be imposed on or incurred by or asserted against the Class A Note Purchaser or any such other Person or Persons in any way relating to or arising out of (i) the Class A Note Purchaser's calculation of Market Value, (ii) the Class A Note Purchaser's provision of such Market Value to the Servicer, (iii) the Servicer's provision of such Market Value to the Class B Note Purchaser, (iv) the use of such Market Value by any of the Servicer, the Seller, the Purchaser, the Issuer, the Trustee, any Class B Note Purchaser, any Class B Noteholder, any of their respective affiliates or any other Person in connection with the transactions contemplated by this Indenture and the other Basic Documents or otherwise, or (v) with respect to a any Pledged Subordinate Securities issued in connection with a Securitization Transaction, the lead placement agent's calculation of the market value thereof for purposes of the definition of Class B Borrowing Base. Indemnification under this Section 11.18 shall survive the termination of this Indenture and the other Basic Documents. These indemnity obligations shall be in addition to any obligations that the Issuer may otherwise have under applicable law, hereunder or under any other Basic Document.

SECTION 11.19 INTERCREDITOR AGREEMENT TO CONTROL. The rights, obligations and remedies of the parties to this Indenture, the Noteholders and the Note Purchasers hereunder, under the Notes and under the other Basic Documents are subject in all respects to the terms and provisions of the Intercreditor Agreement; provided, however that to the extent such rights, obligations and remedies relate to the Bear Cross Collateral, such rights, obligations and remedies are subject in all respects to the terms and provisions of the Bear Intercreditor Agreement. In the event of any conflict between the terms of this Indenture, the Notes or any other Basic Document, on the one hand, and the Intercreditor Agreement or the Bear Intercreditor Agreement, as applicable, on the other hand, the Intercreditor Agreement or the Bear Intercreditor Agreement, as applicable, shall control.

SECTION 11.20 CONTROLLING NOTE PURCHASER; MAJORITY NOTEHOLDERS OF HIGHEST PRIORITY CLASS. Notwithstanding anything contained in this Indenture, the Notes or any other Basic Document to the contrary, in taking or refraining

from taking any action with respect to this Indenture, the Notes or any other Basic Document, (i) the Class A Note Purchaser, when acting as Controlling Note Purchaser, will be acting solely for its own benefit, and (ii) any Class A Noteholder, when acting as one of the Majority Noteholders of the Highest Priority Class, shall be acting solely for its own benefit, and in each case not as agent, fiduciary or in any other capacity on behalf of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person. The interests of the Class A Note Purchaser and the Class A Noteholders may be adverse to the interests of the Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders (or any of them), and the Class A Note Purchaser and the Class A Noteholders are not obligated to consider the interests of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person in taking or refraining from taking any action under this Indenture, the Class A Notes or any other Basic Document (including without limitation making any determination of Market Value, making any determination of market value of Pledged Subordinate Securities, determining whether or not to extend the Servicer's term, declaring an Event of Default, declaring a Class A Funding Termination Event, declaring a Servicer Termination Event, agreeing to any amendments to or waivers under any Basic Document, accelerating the Class A Notes or exercising any other rights or remedies under any Basic Document). Accordingly, any action taken or omitted by the Class A Note Purchaser or any Class A Noteholder under this Indenture, the Class A Notes or any other Basic Document may not be in the interests of, and may be directly adverse to the interests of, the Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders (or any of them). In addition, except as otherwise expressly provided in this Indenture, the Class A Notes or the other Basic Documents, the Class A Note Purchaser or any Class A Noteholder may waive or modify the terms of this Indenture, the Class A Notes or any other Basic Document from time to time without the consent of any Class B Note Purchaser or any Class B Noteholder, and shall, if an Event of Default, a Class A Funding Termination Event or a Servicer Termination Event shall occur, have the sole and absolute discretion to exercise rights and remedies under the Basic Documents with respect to the Collateral (but excluding any Pledged Subordinate Securities and any Class B Available Funds), including without limitation to terminate the Servicer and/or to cause an acceleration of the Class A Notes and the liquidation of the Collateral, in each case without regard to the interests of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person. The Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders hereby waive any and all conflicts of interest (if any) that may arise in respect of the exercise of any such rights or remedies by the Class A Note Purchaser or any Class A Noteholder.

SECTION 11.21 ENTIRE AGREEMENT. This Agreement, together with the other Basic Documents, including the exhibits and schedules thereto, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all previous oral statements and other writings with respect thereto.

SECTION11.22 NO NOVATION. It is expressly understood and agreed by the parties hereto that the amendment and restatement of this Indenture is in no way intended to and shall not be deemed to constitute a novation or repayment of the outstanding Class A Advances and the other obligations and liabilities existing under the Original Basic Documents and the security interest of the Trustee in the Collateral for the benefit of the Noteholders and the Note Purchasers shall remain in full force and effect after giving effect to the amendment and restatement of this Indenture and such security interest is hereby reaffirmed by the Issuer.

SECTION 11.23 SURVIVAL OF REPRESENTATIONS, WARRANTIES AND INDEMNITIES UNDER ORIGINAL INDENTURE. The representations, warranties and indemnity obligations of the Issuer made in the Original Indenture and each other Original Basic Document prior to the Class B Closing Date shall survive the Class B Closing Date and the execution and delivery of this Agreement, and each such representation and warranty so made is true and correct as of the date originally made and as of the date hereof.

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Indenture to be duly executed by their respective officers, hereunto duly authorized, all as of the day and year first above written.

PAGE FUNDING LLC, as Issuer

By:_____
Name:_____
Title:_____

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By:_____
Name:_____
Title:_____

EXHIBIT A-1

VARIABLE FUNDING NOTE, CLASS A

REGISTERED Maximum Invested Amount: $200,000,000

No. A-1 Percentage Interest:____ %

SEE REVERSE FOR CERTAIN CONDITIONS

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (1) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE) OR AN AFFILIATE OF THE ISSUER (AS CERTIFIED BY THE ISSUER) OR (2) A "QUALIFIED PURCHASER" (AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) THAT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT IT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACTING FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ARE ALSO QUALIFIED PURCHASERS THAT ARE INSTITUTIONAL ACCREDITED INVESTORS) (3) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A TO A PERSON THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT SUCH PERSON IS A "QUALIFIED PURCHASER" (AS DEFINED UNDER SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) THAT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A), ACTING FOR ITS OWN ACCOUNT, OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ARE ALSO QUALIFIED PURCHASERS THAT ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE, OR TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR (4) TO A QUALIFIED PURCHASER (AS DEFINED UNDER SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION: PROVIDED, THAT, IN THE CASE OF CLAUSE (4), THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR RESALES OF THIS NOTE.

THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AND SUBJECT TO INCREASES AND DECREASES AS SET FORTH HEREIN AND IN THE INDENTURE. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

THE NOTE REGISTRAR SHALL NOT REGISTER ANY TRANSFER OR EXCHANGE OF THIS NOTE TO THE EXTENT THAT UPON SUCH TRANSFER OR EXCHANGE THERE WOULD BE MORE THAN FOUR (4) CLASS A NOTEHOLDERS REFLECTED ON THE NOTE REGISTER.

THIS NOTE IS SUBJECT TO THE TERMS AND PROVISIONS OF AN INTERCREDITOR AGREEMENT DATED AS OF FEBRUARY 14, 2007 BY AND AMONG THE CLASS A NOTE PURCHASER, THE CLASS A NOTEHOLDER, THE CLASS B NOTE PURCHASERS, THE CLASS B NOTEHOLDERS, THE ISSUER, THE PURCHASER, THE SELLER, THE SERVICER AND THE TRUSTEE, AS THE SAME MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME.

PAGE FUNDING LLC
VARIABLE FUNDING NOTE, CLASS A

PAGE FUNDING LLC, a Delaware limited liability company (herein referred to as the "ISSUER"), for value received, hereby promises to pay to [_____] (the "NOTEHOLDER"), or its registered assigns, such Noteholder's pro rata portion (based on the Percentage Interest reflected on the face of this Note) of the principal sum of TWO HUNDRED MILLION DOLLARS ($200,000,000.00) or, if less, such Noteholder's pro rata portion (based on the Percentage Interest reflected on the face of this Class A Note) of the aggregate unpaid principal amount outstanding under all of the Class A Notes (whether or not shown on the schedule attached hereto (or such electronic counterpart maintained by the Trustee)), which amount shall be payable in the amounts and at the times set forth in Section 2.8(b) of the Indenture. The Issuer will pay interest on the Noteholder's pro rata portion of Class A Advances under all of the Class A Notes at the Class A Note Interest Rate. Such interest on Class A Advances shall be due and payable on each Settlement Date until the principal of this Class A Note is paid or made available for payment, to the extent funds will be available from the Collection Account processed from and including the preceding Settlement Date to but excluding each such Settlement Date in respect of (a) an amount equal to the pro rata portion of the Class A Noteholders' Monthly Interest Distributable Amount for the related Interest Period, plus (b) an amount equal to a pro rata portion of any accrued and unpaid Class A Noteholders' Interest Carryover Shortfall with respect to prior Interest Periods, with interest on the amount of such Class A Noteholders' Interest Carryover Shortfall at the Class A Note Interest Rate from the first Business Day of the related Interest Period. Prior to the Class A Scheduled Maturity Date and unless an Event of Default or a Class A Funding Termination Event specified in clauses (i) through (iii) of the definition thereof shall have occurred, the Issuer shall only be required to make interest payments on the Class A Invested Amount of the Class A Notes to the holder hereof; provided that the Issuer may, at its option, prepay the Class A Invested Amount of the Class A Notes, in whole or in part, at any time pursuant to Section 10.1 of the Indenture. Following the occurrence of an Event of Default or a Class A Funding Termination Event specified in clauses (i) through (iii) of the definition thereof, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class may declare the Class A Invested Amount of the Class A Notes to be immediately due and payable at par, together with accrued interest thereon, in accordance with Section 5.2 of the Indenture. Principal of and interest on this Class A Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class A Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. This Class A Note does not represent an interest in, or an obligation of, the Servicer or any affiliate of the Servicer other than the Issuer.

This Class A Note amends and restates the Second Amended and Restated Variable Funding Note dated as of August 31, 2005 (the "ORIGINAL CLASS A NOTE"), and is not a novation of the Original Class A Note. All terms of this Class A Note that are governed by the Indenture are as set forth herein.

Reference is made to the further provisions of this Class A Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class A Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Class A Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Servicer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: Wells Fargo Bank, National Association, 6th & Marquette, MAC N9311-161, Minneapolis, Minnesota 55479, Attention: Corporate Trust Services, -- Asset Backed Administration. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Note shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or be valid or obligatory for any purpose.

[Signature page follows.]

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: [_____], 2007 PAGE FUNDING LLC

By:_____
Name:_____
Title:_____

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is the Note issued under the within-mentioned Indenture.

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

By:_____
Authorized Signature

This Class A Note is the duly authorized Class A Note of the Issuer, designated as its Variable Funding Note, Class A (herein called the "CLASS A NOTE"), issued under (i) the Second Amended and Restated Indenture, dated as of February 14, 2007 (such Indenture, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, is herein called the "INDENTURE"), by and between the Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (the "TRUSTEE", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto, together with the other Basic Documents, reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee, the Note Purchasers and the Noteholders. This Class A Note is subject to all terms and conditions of the Indenture and the other Basic Documents. All terms used in this Note that are defined in the Indenture, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, shall have the meanings assigned to them in or pursuant to the Indenture, as so amended, supplemented or otherwise modified.

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

As described above, the entire unpaid principal amount of this Class A Note shall be due and payable on the Class A Facility Termination Date. Notwithstanding the foregoing, if an Event of Default or a Class A Funding Termination Event specified in clauses (i) through (iii) of the definition thereof shall have occurred and be continuing then, in certain circumstances, principal on this Class A Note may be paid earlier, as described in the Indenture.

Payments of interest on this Class A Note due and payable on each Settlement Date, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any prepayments, to the extent not in full payment of this Class A Note, shall be paid to the Person in whose name this Class A Note is registered on the Record Date, either (i) by wire transfer in immediately available funds to such Person's account as it appears on the Note Register on such Record Date if (A) such Class A Noteholder has provided to the Note Registrar appropriate written instructions at least five Business Days prior to such Settlement Date and such Holder's Class A Note in the aggregate evidence a Percentage Interest of not less than 1% or (B) such Class A Noteholder is the Seller, or an Affiliate thereof, or if not, (ii) by check mailed to such Class A Noteholder at the address of such Class A Noteholder appearing on the Note Register, except for the final installment of principal payable with respect to such Class A Note on a Settlement Date or on the Class A Facility Termination Date, which shall be payable as provided below. Any reduction in the principal amount of this Class A Note (or any predecessor Class A Note) effected by any payments made on any date shall be binding upon all future Holders of this Class A Note and of any Class A Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon. Final payment of principal (together with any accrued and unpaid interest) on this Class A Note will be paid to the Holder of this Class A Note only upon presentation and surrender of this Class A Note at the Corporate Trust Office for cancellation by the Trustee.

The Issuer shall pay interest on overdue installments of interest at the Class A Note Interest Rate (calculated for this purpose using the Class A Default Applicable Margin) to the extent lawful.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Class A Note may be registered on the Note Register upon surrender of this Class A Note for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer substantially in the form attached hereto duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Class A Notes of authorized Percentage Interest and in the same aggregate Percentage Interest will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Class A Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges pursuant to Section 9.6 of the Indenture not involving a transfer.

The obligations of the Issuer under the Indenture, this Class A Note and the other Basic Documents shall be full recourse obligations of the Issuer. Notwithstanding the foregoing, each Class A Noteholder, by its acceptance of a Class A Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Trustee on the Class A Notes, under the Indenture, any other Basic Document or any certificate or other writing delivered in connection herewith or therewith, against (i) the Trustee in its individual capacity (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer or the Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Trustee or of any successor or assign of the Trustee in its individual capacity, except in each case as any such Person may have expressly agreed (it being understood that the Trustee has no such obligations in its individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. Nothing contained in this Section shall limit or be deemed to limit any obligations of the Issuer, the Purchaser, the Seller or the Servicer hereunder or under any other Basic Document, as applicable, which obligations are full recourse obligations of the Issuer, the Purchaser, the Seller and the Servicer.

Each Class A Noteholder, by its acceptance of a Class A Note, covenants and agrees that by accepting the benefits of the Indenture that such Class A Noteholder will not institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Note, the Indenture or the Basic Documents.

Prior to the due presentment for registration of transfer of this Class A Note, the Trustee and any agent of the Trustee may treat the Person in whose name the Class A Note (as of the applicable Record Date) is registered as the owner hereof for all purposes, whether or not the Class A Note be overdue, and none of the Issuer, the Trustee or any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

It is the intent of the Issuer and the Class A Noteholders that, for Federal, State and local income and franchise tax purposes, this Class A Note will evidence indebtedness of the Issuer secured by the Collateral. Each Class A Noteholder, by its acceptance of a Class A Note, agrees to treat the Class A Note for Federal, State and local income and franchise tax purposes as indebtedness of the Issuer.

The Indenture permits in certain circumstances, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Note Purchasers and the Noteholders under the Indenture at any time by the Issuer with the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class. The Indenture also contains provisions permitting the Controlling Note Purchaser and/or the Majority Noteholders of the Highest Priority Class to waive compliance by the Issuer with certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class (or the Holders of any predecessor Note) shall be conclusive and binding upon the Note Purchasers, the current Noteholders and all future Noteholders and of a Class A Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon such Class A Note.

Any waiver, consent or approval given by the Controlling Note Purchaser under the Indenture or any other Basic Document shall be binding upon each Class A Noteholder, each Class B Note Purchaser, each Class B Noteholder and their respective successors and permitted assigns. In addition, any waiver, consent or approval given by the Majority Noteholders of a class of Notes under this Indenture or any other Basic Document shall be binding upon each Holder of the related class of Notes and their respective successors and permitted assigns.

In connection with the Class A Note Purchaser's provision of the Market Value to the Servicer under the Class A Note Purchase Agreement and the Servicer's provision of such Market Value to the Class B Note Purchaser pursuant to the Class B Note Purchase Agreement, each Class A Noteholder, by its acceptance of a Class A Note, expressly acknowledges and agrees that the Class A Note Purchaser is agreeing to permit the Servicer to furnish the Market Value to the Class B Note Purchaser solely as an accommodation in connection with the transactions contemplated by this Note and the other Basic Documents. The Class A Note

Purchaser makes no representation or warranty (whether express or implied, oral or written) as to the accuracy or completeness, or fitness for a particular use, of the Market Value, and assumes no responsibility whatsoever to any Class A Noteholder in connection with its calculation of Market Value or any use of such Market Value by the Servicer, the Seller, the Issuer, the Purchaser, any Class A Noteholder, any of their respective affiliates or any other Person and, consequently, none of the Servicer, the Seller, the Purchaser, the Issuer or the Class A Noteholders is relying upon the Class A Note Purchaser for the Market Value in such regard.

The rights, obligations and remedies of the Class A Noteholders pursuant to the Class A Notes and under the other Basic Documents are subject in all respects to the terms and provisions of the Intercreditor Agreement. In the event of any conflict between the terms of this Class A Note or any other Basic Document and the Intercreditor Agreement, the Intercreditor Agreement shall control.

The term "ISSUER" as used in this Class A Note includes any successor to the Issuer under the Indenture.

This Class A Note is issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Class A Note and the Indenture shall be construed in accordance with the law of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the General Obligations Law), and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such law.

No reference herein to the Indenture and no provision of this Class A Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Class A Note at the times, place, and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable U.S. withholding taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Note Interest Rate	Interest Period (if applicable)	Notation Made By

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers

unto_____
(name and address of assignee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints_____, attorney, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____ *
Signature Guaranteed:

_____
*/ NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

EXHIBIT A-2

VARIABLE FUNDING NOTE, CLASS B

REGISTERED Maximum Invested Amount: $25,000,000(1)

No. A-1 Percentage Interest:___ %

SEE REVERSE FOR CERTAIN CONDITIONS

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (1) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE) OR AN AFFILIATE OF THE ISSUER (AS CERTIFIED BY THE ISSUER) OR (2) A "QUALIFIED PURCHASER" (AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) THAT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT IT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACTING FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ARE ALSO QUALIFIED PURCHASERS THAT ARE INSTITUTIONAL ACCREDITED INVESTORS) (3) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A TO A PERSON THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT SUCH PERSON IS A "QUALIFIED PURCHASER" (AS DEFINED UNDER SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) THAT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A), ACTING FOR ITS OWN ACCOUNT, OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ARE ALSO QUALIFIED PURCHASERS THAT ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE, OR TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR (4) TO A QUALIFIED PURCHASER (AS DEFINED UNDER SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION: PROVIDED, THAT, IN THE CASE OF CLAUSE (4), THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR RESALES OF THIS NOTE.

THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AND SUBJECT TO INCREASES AND DECREASES AS SET FORTH HEREIN AND IN THE INDENTURE. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

_____

(1) Less the outstanding amount of any Bear Secured Obligations.

THE NOTE REGISTRAR SHALL NOT REGISTER ANY TRANSFER OR EXCHANGE OF THIS NOTE TO THE EXTENT THAT UPON SUCH TRANSFER OR EXCHANGE THERE WOULD BE MORE THAN NINETY (90) CLASS B NOTEHOLDERS REFLECTED ON THE NOTE REGISTER.

THIS NOTE IS SUBORDINATE IN RIGHT OF PAYMENT TO THE ISSUER'S CLASS A NOTES ISSUED PURSUANT TO THE INDENTURE REFERENCED HEREIN AND TO ALL OTHER AMOUNTS DUE AND OWING TO THE CLASS A NOTEHOLDERS AND THE CLASS A NOTE PURCHASER IN ACCORDANCE WITH THE TERMS OF THE BASIC DOCUMENTS AND IS SUBJECT TO THE TERMS AND PROVISIONS OF AN INTERCREDITOR AGREEMENT DATED AS OF FEBRUARY 14, 2007 BY AND AMONG THE CLASS A NOTE PURCHASER, THE CLASS A NOTEHOLDER, THE CLASS B NOTE PURCHASERS, THE CLASS B NOTEHOLDERS, THE ISSUER, THE PURCHASER, THE SELLER, THE SERVICER AND THE TRUSTEE, AS THE SAME MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME.

PAGE FUNDING LLC
VARIABLE FUNDING NOTE, CLASS B

PAGE FUNDING LLC, a Delaware limited liability company (herein referred to as the "ISSUER"), for value received, hereby promises to pay to [_____] (the "NOTEHOLDER"), or its registered assigns, such Noteholder's pro rata portion (based on the Percentage Interest reflected on the face of this Note) of the principal sum of TWENTY FIVE MILLION DOLLARS ($25,000,000.00), less the outstanding amount of any Bear Secured Obligations, or, if less, such Noteholder's pro rata portion (based on the Percentage Interest reflected on the face of this Class B Note) of the aggregate unpaid principal amount outstanding under all of the Class B Notes (whether or not shown on the schedule attached hereto (or such electronic counterpart maintained by the Trustee)), which amount shall be payable in the amounts and at the times set forth in Section 2.8(b) of the Indenture. Subject to the prior payment of all amounts then due and owing on the Class A Notes and all other amounts due and owing to the Class A Note Purchaser under the Basic Documents, the Issuer will pay interest on the Noteholder's pro rata portion of Class B Advances under all of the Class B Notes at the Class B Note Interest Rate. Such interest on Class B Advances shall be due and payable on each Settlement Date until the principal of this Class B Note is paid or made available for payment, to the extent funds will be available from the Collection Account processed from and including the preceding Settlement Date to but excluding each such Settlement Date in respect of (a) an amount equal to a pro rata portion of the Class B Noteholders' Monthly Interest Distributable Amount for the related Interest Period, plus (b) an amount equal to a pro rata portion of any accrued and unpaid Class B Noteholders' Interest Carryover Shortfall with respect to prior Interest Periods, with interest on the amount of such Class B Noteholders' Interest Carryover Shortfall at the Class B Note Interest Rate from the first Business Day of the related Interest Period. Prior to the Class B Facility Termination Date and unless an Event of Default shall have occurred, the Issuer shall only be required to make interest payments on the Class B Invested Amount of the Class B Notes to the holder hereof; provided that the Issuer may, at its option and subject to the prior payment of all amounts then due and owing on the Class A Notes and all other amounts due and owing to the Class A Note Purchaser under the Basic Documents, prepay the Class B Invested Amount of the Class B Notes, in whole or in part, at any time pursuant to Section 10.1 of the Indenture. Following the occurrence of an Event of Default, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class may declare the Class B Invested Amount of the Class B Notes to be immediately due and payable at par, together with accrued interest thereon, in accordance with Section 5.2 of the Indenture. Principal of and interest on this Class B Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class B Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. This Class B Note does not represent an interest in, or an obligation of, the Servicer or any affiliate of the Servicer other than the Issuer.

Reference is made to the further provisions of this Class B Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class B Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Class B Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Servicer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: Wells Fargo Bank, National Association, 6th & Marquette, MAC N9311-161, Minneapolis, Minnesota 55479, Attention: Corporate Trust Services, -- Asset Backed Administration. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Note shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or be valid or obligatory for any purpose.

[Signature page follows.]

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: [_____], 2007 PAGE FUNDING LLC

By:_____
Name:_____
Title:_____

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is the Note issued under the within-mentioned Indenture.

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

By: _____
Authorized Signature

REVERSE OF THE CLASS B NOTE

This Class B Note is the duly authorized Class B Note of the Issuer, designated as its Variable Funding Note, Class B (herein called the "CLASS B NOTE"), issued under (i) the Second Amended and Restated Indenture, dated as of February 14, 2007 (such Indenture, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, is herein called the "INDENTURE"), by and between the Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (the "TRUSTEE", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto, together with the other Basic Documents, reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee, the Note Purchasers and the Noteholders. This Class B Note is subject to all terms and conditions of the Indenture and the other Basic Documents. All terms used in this Note that are defined in the Indenture, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, shall have the meanings assigned to them in or pursuant to the Indenture, as so amended, supplemented or otherwise modified.

"SETTLEMENT DATE" means, with respect to each Accrual Period, the 15th day of the following calendar month, or if such day is not a Business Day, the immediately following Business Day, commencing on February 15, 2007.

As described above, the entire unpaid principal amount of this Class B Note shall be due and payable on the Class B Facility Termination Date. Notwithstanding the foregoing, if an Event of Default or shall have occurred and be continuing then, in certain circumstances, principal on this Class B Note may be paid earlier, as described in the Indenture.

Payments of interest on this Class B Note due and payable on each Settlement Date, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any prepayments, to the extent not in full payment of this Class B Note, shall be paid to the Person in whose name this Class B Note is registered on the Record Date, either (i) by wire transfer in immediately available funds to such Person's account as it appears on the Note Register on such Record Date if (A) such Class B Noteholder has provided to the Note Registrar appropriate written instructions at least five Business Days prior to such Settlement Date and such Holder's Class B Note in the aggregate evidence a Percentage Interest of not less than 1% or (B) such Class B Noteholder is the Seller, or an Affiliate thereof, or if not, (ii) by check mailed to such Class B Noteholder at the address of such Class B Noteholder appearing on the Note Register, except for the final installment of principal payable with respect to such Class B Note on a Settlement Date or on the Class B Facility Termination Date, which shall be payable as provided below. Any reduction in the principal amount of this Class B Note (or any predecessor Class B Note) effected by any payments made on any date shall be binding upon all future Holders of this Class B Note and of any Class B Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon. Final payment of principal (together with any accrued and unpaid interest) on this Class B Note will be paid to the Holder of this Class B Note only upon presentation and surrender of this Class B Note at the Corporate Trust Office for cancellation by the Trustee.

The Issuer shall pay interest on overdue installments of interest at the Class B Note Interest Rate (calculated for this purpose using the Class B Default Applicable Margin) to the extent lawful.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Class B Note may be registered on the Note Register upon surrender of this Class B Note for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer substantially in the form attached hereto duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Class B Notes of authorized Percentage Interest and in the same aggregate Percentage Interest will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Class B Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges pursuant to Section 9.6 of the Indenture not involving a transfer.

No transfer or assignment of a Secured Obligation shall be made that would cause there to be more than 90 owners and assignees of the Class B Notes at any time. For purposes of determining the number of owners and assignees of the Class B Notes, a Person (beneficial owner) owning an interest in a partnership (including any entity treated as a partnership for federal income tax purposes), grantor trust or S corporation (flow through entity), that owns, directly or through other flow-through entities, an interest in the Class B Notes, is treated as an owner or an assignee of the Class B Notes if (i) substantially all of the value of the beneficial owner's interest in the flow through entity is attributable to the flow-through entity's interest (direct or indirect) in the Class B Notes, and (ii) the principal purpose of the use of the tiered arrangement is to permit the satisfaction of the 90 owner and assignee of Class B Notes limitation.

The obligations of the Issuer under the Indenture, this Class B Note and the other Basic Documents shall be full recourse obligations of the Issuer. Notwithstanding the foregoing, each Class B Noteholder, by its acceptance of a Class B Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Trustee on the Class B Notes, under the Indenture, any other Basic Document or any certificate or other writing delivered in connection herewith or therewith, against (i) the Trustee in its individual capacity (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer or the Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Trustee or of any successor or assign of the Trustee in its individual capacity, except in each case as any such Person may have expressly agreed (it being understood that the Trustee has no such obligations in its individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. Nothing contained in this Section shall limit or be deemed to limit any obligations of the Issuer, the Purchaser, the Seller or the Servicer hereunder or under any other Basic Document, as applicable, which obligations are full recourse obligations of the Issuer, the Purchaser, the Seller and the Servicer.

Each Class B Noteholder, by its acceptance of a Class B Note, covenants and agrees that by accepting the benefits of the Indenture that such Class B Noteholder will not institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Note, the Indenture or the Basic Documents.

Prior to the due presentment for registration of transfer of this Class B Note, the Trustee and any agent of the Trustee may treat the Person in whose name the Class B Note (as of the applicable Record Date) is registered as the owner hereof for all purposes, whether or not the Class B Note be overdue, and none of the Issuer, the Trustee or any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

It is the intent of the Issuer and the Class B Noteholders that, for Federal, State and local income and franchise tax purposes, this Class B Note will evidence indebtedness of the Issuer secured by the Collateral. Each Class B Noteholder, by its acceptance of a Class B Note, agrees to treat the Class B Note for Federal, State and local income and franchise tax purposes as indebtedness of the Issuer.

The Indenture permits in certain circumstances, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Note Purchasers and the Noteholders under the Indenture at any time by the Issuer with the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class. The Indenture also contains provisions permitting the Controlling Note Purchaser and/or the Majority Noteholders of the Highest Priority Class to waive compliance by the Issuer with certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class (or the Holders of any predecessor Note) shall be conclusive and binding upon the Note Purchasers, the current Noteholders and all future Noteholders and of a Class B Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon such Class B Note.

Any waiver, consent or approval given by the Controlling Note Purchaser under the Indenture or any other Basic Document shall be binding upon each Class A Noteholder, each Class B Note Purchaser, each Class B Noteholder and their respective successors and permitted assigns. In addition, any waiver, consent or approval given by the Majority Noteholders of a class of Notes under this Indenture or any other Basic Document shall be binding upon each Holder of the related class of Notes and their respective successors and permitted assigns.

In connection with the Class A Note Purchaser's provision of the Market Value to the Servicer under the Class A Note Purchase Agreement and the Servicer's provision of such Market Value to the Class B Note Purchaser pursuant to the Class B Note Purchase Agreement, each Class B Noteholder, by its acceptance of a Class B Note, expressly acknowledges and agrees that the Class A Note Purchaser is agreeing to permit the Servicer to furnish the Market Value to the Class B Note Purchaser solely as an accommodation in connection with the transactions contemplated by this Note and the other Basic Documents. The Class A Note Purchaser makes no representation or warranty (whether express or implied, oral or written) as to the accuracy or completeness, or fitness for a particular use, of the Market Value, and assumes no responsibility whatsoever to any Class B Noteholder in connection with its calculation of Market Value or any use of such Market Value by the Servicer, the Seller, the Issuer, the Purchaser, any Class B Note Purchaser, any Class B Noteholder, any of their respective affiliates or any other Person and, consequently, none of the Servicer, the Seller, the Purchaser, the Issuer, the Class B Note Purchasers or the Class B Noteholders is relying upon the Class A Note Purchaser for the Market Value in such regard. In consideration of the Class A Note Purchaser's providing the Market Value to the Servicer and permitting the provision of such Market Value to the Class B Note Purchasers, for which the Class A Note Purchaser is not receiving any compensation, each Class B Noteholder, by its acceptance of a Class B Note, unconditionally and irrevocably releases and discharges the Class A Note Purchaser and its respective affiliates, directors, officers, agents, employees and representatives from, and agrees to indemnify, hold harmless and reimburse the Class A Note Purchaser and any such other Person or Persons with respect to, any and all actions, liabilities, losses, damages or claims of any kind or nature whatsoever (including, without limitation, reasonable attorney's fees and expenses), as incurred, that may be imposed on or incurred by or asserted against the Class A Note Purchaser or any such other Person or Persons in any way relating to or arising out of (i) the Class A Note Purchaser's calculation of Market Value, (ii) the Class A Note Purchaser's provision of such Market Value to the Servicer, (iii) the Servicer's provision of such Market Value to the Class B Note Purchaser, or (iv) the use of such Market Value by any of the Servicer, the Seller, the Purchaser, the Issuer, any Class B Note Purchaser, any Class B Noteholder, any of their respective affiliates or any other Person in connection with the transactions contemplated by this Note and the other Basic documents or otherwise.

The rights, obligations and remedies of the Class B Noteholders pursuant to the Class B Notes and under the other Basic Documents are subject in all respects to the terms and provisions of the Intercreditor Agreement (and any such rights, obligations and remedies relating to the Bear Cross Collateral are subject in all respects to the Bear Intercreditor Agreement). In the event of any conflict between the terms of this Class B Note or any other Basic Document and the Intercreditor Agreement, the Intercreditor Agreement (or, in the case of any such terms relating to the Bear Cross Collateral, the Bear Intercreditor Agreement) shall control.

Notwithstanding anything contained in this Note or the other Basic Documents to the contrary, in taking or refraining from taking any action with respect to the Class A Notes or any other Basic Document, (i) the Class A Note Purchaser, when acting as Controlling Note Purchaser, will be acting solely for its own benefit, and (ii) any Class A Noteholder, when acting as one of the Majority Noteholders of the Highest Priority Class, shall be acting solely for its own benefit, and in each case not as agent, fiduciary or in any other capacity on behalf of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person. The interests of the Class A Note Purchaser and the Class A Noteholders may be adverse to the interests of the Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders (or any of them), and the Class A Note Purchaser and the Class A Noteholders are not obligated to consider the interests of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person in taking or refraining from taking any action under the Class A Notes or any other Basic Document (including without limitation making any determination of Market Value, making any determination of market value of Pledged Subordinate Securities, determining whether or not to extend the Servicer's term, declaring an Event of Default, declaring a Class A Funding Termination Event, declaring a Servicer Termination Event, agreeing to any amendments to or waivers under any Basic Document, accelerating the Class A Notes or exercising any other rights or remedies under any Basic Document or applicable law). Accordingly, any action taken or omitted by the Class A Note Purchaser or any Class A Noteholder under the Class A Notes or any other Basic Document may not be in the interests of, and may be directly adverse to the interests of, the Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders (or any of them). In addition, except as otherwise expressly provided in the Basic Documents, the Class A Note Purchaser or any Class A Noteholder may waive or modify the terms of any Basic Document from time to time without the consent of any Class B Note Purchaser or

any Class B Noteholder, and shall, if an Event of Default, a Class A Funding Termination Event or a Servicer Termination Event shall occur, have the sole and absolute discretion to exercise rights and remedies under the Basic Documents with respect to the Collateral (but excluding any Pledged Subordinate Securities and any Class B Available Funds), including without limitation to terminate the Servicer and/or to cause an acceleration of the Class A Notes and the liquidation of the Collateral, in each case without regard to the interests of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person. The Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders hereby waive any and all conflicts of interest (if any) that may arise in respect of the exercise of any such rights or remedies by the Class A Note Purchaser or any Class A Noteholder.

The term "ISSUER" as used in this Class B Note includes any successor to the Issuer under the Indenture.

This Class B Note is issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Class B Note and the Indenture shall be construed in accordance with the law of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the General Obligations Law), and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such law.

No reference herein to the Indenture and no provision of this Class B Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Class B Note at the times, place, and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable U.S. withholding taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Note Interest Rate	Interest Period (if applicable)	Notation Made By

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers

unto _____
(name and address of assignee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints_____, attorney, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____*
Signature Guaranteed:

_____
*/ NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

EXHIBIT 10.8

==========

SECOND AMENDED AND RESTATED NOTE PURCHASE AGREEMENT

(VARIABLE FUNDING NOTE, CLASS A),

dated as of February 14, 2007,

among

PAGE FUNDING LLC
as Issuer and Purchaser,

CONSUMER PORTFOLIO SERVICES, INC.,
as Servicer and Seller,

and

UBS REAL ESTATE SECURITIES INC.,
as Class A Note Purchaser and as initial Class A Noteholder

==========

TABLE OF CONTENTS

SECOND AMENDED AND RESTATED NOTE PURCHASE AGREEMENT

THIS SECOND AMENDED AND RESTATED NOTE PURCHASE AGREEMENT, dated as of February 14, 2007 (as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof, this "AGREEMENT"), is made among PAGE FUNDING LLC, a Delaware limited liability company (the "ISSUER"), CONSUMER PORTFOLIO SERVICES, INC., a California corporation ("CPS" or the "SERVICER"), and UBS REAL ESTATE SECURITIES INC., a Delaware corporation, as Class A Note Purchaser (in such capacity, together with any successors in such capacity, the "CLASS A NOTE PURCHASER").

R E C I T A L S

1. The Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (together with its successors in trust thereunder as provided in the Indenture referred to below, the "TRUSTEE"), have entered into a Second Amended and Restated Indenture of even date herewith (as the same may be further amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, the "INDENTURE"), pursuant to which the Issuer has previously issued a class of notes designated as the Issuer's Variable Funding Notes, Class A (the "CLASS A NOTES") and pursuant to which the Issuer will issue on the Class B Closing Date a class of notes designated as the Issuer's Variable Funding Notes, Class B (the "CLASS B NOTES"). The Class B Notes will be subordinate in right of payment to the Class A Notes and to any and all other amounts due and owing to the Class A Note Purchaser and the Class A Noteholders pursuant to the Basic Documents. The Class A Notes and the Class B Notes are collectively referred to herein as the "NOTES".

2. The security for the Notes includes retail installment sale contracts and/or promissory notes and security agreements secured by the new and used automobiles, vans, minivans and light trucks financed thereby and certain other Conveyed Property. The Receivables will initially be serviced by CPS. The Notes will be secured by the Receivables, which will be pledged by the Issuer to the Trustee from time to time pursuant to the Indenture.

3. From time to time prior to the Class A Facility Termination Date, the Issuer will acquire pools of Receivables secured by the new and used automobiles, vans, minivans and light trucks financed thereby and certain other Conveyed Property from CPS pursuant to a Third Amended and Restated Sale and Servicing Agreement of even date herewith (as the same may be further amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, the "SALE AND SERVICING AGREEMENT"), among the Issuer, as Issuer and as purchaser (in such capacity, the "PURCHASER"), CPS, as seller and servicer (in such capacities, the "SELLER" and the "SERVICER," respectively), and the Trustee. The Issuer will in turn pledge the Receivables and the Other Conveyed Property to the Trustee for the benefit of the Noteholders and the Note Purchasers pursuant to the Indenture. The Receivables will be described in the schedules to one or more assignments by the Seller to the Issuer (each, an "ASSIGNMENT") dated as of the cutoff date specified therein (such date, a "CUTOFF DATE" and each date of transfer, a "FUNDING DATE", in each case with respect to the related Receivables and other Conveyed Property). Repayment of each class of Notes and any and all other amounts due and owing to the Note Purchasers and the Noteholders under the Basic Documents will be secured by a security interest in the Collateral as provided in the Indenture. In addition, repayment of the Class B Notes and any and all other amounts due and owing to the Class B Note Purchasers and the Class B Noteholders under the Basic Documents will be secured by a security interest in the Additional Class B Collateral.

4. The Issuer has issued the Class A Notes in favor of the Class A Note Purchaser and has obtained the agreement of the Class A Note Purchaser to purchase the Class A Notes and to purchase increases in the Class A Notes from time to time (each, a "CLASS A ADVANCE"), all of which Class A Advances (including the initial Class A Advance) will constitute Class A Advances and will be evidenced by the Class A Notes purchased in connection herewith. Each Class A Advance and all Class A Advance Amounts with respect thereto will be secured by all of the Collateral regardless of whether a particular Receivable was pledged to the Trustee prior to, on the date of, or subsequent to the date of such Class A Advance or Class A Advance Amount, and will be senior to all Class B Advances, all Class B Advance Amounts and any and all other amounts due and owing to the Class B Note Purchaser and the Class B Noteholders pursuant to the Basic Documents, which are also secured by all of the Collateral. Subject to the terms and conditions of this Agreement and the other Basic Documents, the Class A Note Purchaser is willing to purchase the

Class A Advances from time to time in an aggregate outstanding amount up to the Class A Maximum Invested Amount until the Class A Facility Termination Date. CPS has joined in this Agreement to confirm certain representations, warranties and covenants made by it as Servicer and as Seller for the benefit of the Class A Note Purchaser.

5. The Notes are subject to the terms and provisions of an Intercreditor Agreement, dated as of February 14, 2007 (as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof), by and among UBS Real Estate Securities Inc., as Class A Note Purchaser and the initial Class A Noteholder, The Patriot Group, LLC and Waterfall Eden Fund, LP, each as a Class B Note Purchaser and as an initial Class B Note Purchaser, Page Funding LLC, as Issuer and Purchaser, Consumer Portfolio Services, Inc., as Seller and Servicer, and Wells Fargo Bank, National Association, as Collateral Agent, Trustee and Note Paying Agent.

ARTICLE I
DEFINITIONS

SECTION 1.01 DEFINITIONS. As used in this Agreement and unless the context requires a different meaning, capitalized terms used but not defined herein (including the preamble and the recitals hereto) shall have the meanings assigned to such terms in Annex A to the Sale and Servicing Agreement. The definitions of such terms are applicable to the singular as well as the plural form of such terms and to the masculine as well as the feminine and neuter genders of such terms:

ARTICLE II
PURCHASE AND SALE OF THE NOTE

SECTION 2.01 THE INITIAL NOTE PURCHASE. On the terms and conditions set forth in this Agreement and the other Basic Documents, and in reliance on the covenants, representations and agreements set forth herein and therein, the Issuer shall issue and cause the Trustee to authenticate and deliver to the Class A Note Purchaser an amended and restated Class A Note on the Class B Closing Date. The amended and restated Class A Note shall be dated the Class B Closing Date, registered in the name of "UBS Real Estate Securities Inc." and duly authenticated in accordance with the provisions of the Indenture.

SECTION 2.02 ADVANCES. Upon the Issuer's request, delivered in accordance with the provisions of SECTION 2.03, subject to the satisfaction of all conditions precedent thereto and to the terms and conditions of the Basic Documents, and in reliance upon the representations and warranties set forth herein and therein, the Class A Note Purchaser shall purchase Class A Advances from time to time during the Class A Term at the relevant Class A Advance Amount; provided that no Class A Advance shall be required or permitted to be purchased on any date if, after giving effect to such Class A Advance, (a) the Class A Invested Amount would exceed the Class A Maximum Invested Amount or (b) a Class A Borrowing Base Deficiency exists or would exist. Subject to the terms and conditions of this Agreement and the other Basic Documents, the aggregate principal amount of the Class A Notes outstanding may be increased, to a maximum amount not to exceed the Class A Maximum Advance Amount, or decreased from time to time.

SECTION 2.03 ADVANCE AND PREPAYMENT PROCEDURES.

(a) Whenever the Issuer wishes the Class A Note Purchaser to purchase a Class A Advance, the Issuer shall (or shall cause the Servicer to) notify the Class A Note Purchaser by telephone, promptly followed by written notice, with an electronic copy of such notice sent to the Class A Note Purchaser, substantially in the form of EXHIBIT B hereto (each such request, a "CLASS A ADVANCE REQUEST"), together with the related Addition Notice, a Class A

Borrowing Base Certificate and a data tape or other electronic file containing information regarding the Related Receivables to be transferred on such Class A Funding Date delivered to the Class A Note Purchaser no later than two (2) Business Days prior to the proposed Class A Funding Date. Each such Class A Advance Request shall be irrevocable and shall in each case refer to this Agreement and specify the aggregate amount of the requested Class A Advance to be purchased on such date, which amount shall be not less than $2,000,000. The Class A Note Purchaser shall promptly thereafter (but in no event later than 11:00 a.m. New York City time on the proposed Class A Funding Date) notify the Issuer whether the Class A Note Purchaser has determined to purchase the requested Class A Advance. On the Class A Funding Date specified in the Class A Advance Request, subject to the other conditions set forth herein and in the other Basic Documents, the Class A Note Purchaser shall pay the Class A Advance Amount for such Class A Advance to or at the direction of the Issuer, by wire transfer in U.S. dollars of such amount in same day funds to an account designated by the Issuer or its designee by no later than 4:00 p.m. (New York City time) on the related Class A Funding Date. The Issuer hereby directs the Class A Note Purchaser to pay the Class A Advance Amount for each Class A Advance to CPS for the benefit of the Issuer.

(b) The Class A Notes may be prepaid in whole or in part in accordance with Article X of the Indenture.

SECTION 2.04 THE CLASS A NOTES. On each date a Class A Advance is purchased, increasing the outstanding principal amount of the Class A Notes, and on each date the outstanding principal amount of the Class A Notes is reduced, a duly authorized officer, employee or agent of the Class A Note Purchaser shall make appropriate notations in its books and records of the amount of such Class A Advance made by the Class A Note Purchaser and the amount of such reduction, as applicable, applied by the Class A Note Purchaser. The Issuer hereby authorizes each duly authorized officer, employee and agent of the Class A Note Purchaser to make such notations on the books and records as aforesaid and every such notation made in accordance with the foregoing authority shall be PRIMA FACIE evidence of the accuracy of the information so recorded and shall be binding on the Issuer absent manifest error.

SECTION 2.05 COMMITMENT TERM; OPTIONAL RENEWAL. The term of the Commitment hereunder (the "CLASS A TERM") shall be for a period commencing on the Class B Closing Date and ending on the Class A Facility Termination Date. Thereafter, the Class A Term may be extended for one additional 364-day period in the respective discretion, and upon the mutual agreement of the parties, which agreement may take the form of changing the specified "Class A Facility Termination Date" together with such other terms upon which the parties may agree. Notwithstanding the foregoing, nothing contained in this SECTION 2.05 shall obligate any of the parties hereto to extend any Class A Term unless it shall desire to do so in its sole discretion.

SECTION 2.06 APPOINTMENT OF TRUSTEE UNDER INDENTURE. The Class A Note Purchaser hereby acknowledges and approves the appointment of Wells Fargo Bank, National Association as the Trustee with respect to the Collateral pursuant to Section 6.13 of the Indenture.

ARTICLE III
INTEREST AND FEES

SECTION 3.01 INTEREST. Each Class A Advance funded or maintained by the Class A Note Purchaser during any Interest Period shall bear interest at the Class A Note Interest Rate.

(a) Interest on Class A Advances shall be due and payable on each Settlement Date in accordance with the provisions of the Sale and Servicing Agreement.

(b) All computations of interest at the Class A Note Interest Rate shall be made on the basis of a year of 360 days and the actual number of days elapsed. Whenever any payment of interest or principal in respect of any Class A Advance shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of the amount of interest owed.

SECTION 3.02 FEES.

(a) On the Class B Closing Date, the Issuer and the Servicer jointly and severally paid to the Class A Note Purchaser a structuring fee equal to the product of (x) 1.00% and (y) the Class B Maximum Invested Amount as of the Class B Closing Date.

(b) The Issuer and the Servicer shall jointly and severally pay or cause to be paid the Class A Note Purchaser's reasonable out-of-pocket expenses, including its legal fees, in accordance with and subject to Section 8.05.

(c) On each Settlement Date on or prior to the Class A Facility Termination Date, the Issuer and the Servicer shall jointly and severally pay or cause to be paid to the Class A Note Purchaser a facility fee equal to the product of (i) the product of (x) a fraction, the numerator of which is the actual number of days elapsed in the related Interest Period and the denominator of which is 360 and (y) 0.25% and (ii) the excess of (x) the Class A Maximum Invested Amount over (y) the daily average outstanding Invested Amount (the "CLASS A UNUSED FACILITY FEE") during the related Interest Period.

SECTION 3.03 INCREASED COSTS, ETC. The Issuer agrees to reimburse the Class A Note Purchaser for an increase in the cost of, or any reduction in the amount of any sum receivable by the Class A Note Purchaser, including reductions in the rate of return on the Class A Note Purchaser's capital, in respect of making, continuing or maintaining (or of its obligation to make, continue or maintain) any Class A Advances that arise in connection with any change in, or the introduction, adoption, effectiveness, interpretation reinterpretation or phase-in, in each case, after the date hereof, of any law or regulation, directive, guideline, accounting rule, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Authority, except for such changes with respect to increased capital costs and taxes which are governed by SECTIONS 3.04 and 3.05, respectively. Each such demand shall be provided to the Issuer in writing and shall state, in reasonable detail, the reasons therefor and the additional amount required fully to compensate the Class A Note Purchaser for such increased cost or reduced amount or return. Such additional amounts shall be payable by the Issuer to the Class A Note Purchaser within five (5) Business Days of its receipt of such notice, and such notice shall, in the absence of manifest error, be conclusive and binding on the Issuer.

SECTION 3.04 INCREASED CAPITAL COSTS. If any change in, or the introduction, adoption, effectiveness, interpretation or reinterpretation or phase-in, in each case after the date hereof, of any law or regulation, directive, guideline, accounting rule, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Authority affects or would affect the amount of capital required or reasonably expected to be maintained by the Class A Note Purchaser or any Person controlling the Class A Note Purchaser and the Class A Note Purchaser reasonably determines that the rate of return on its or such controlling Person's capital as a consequence of its commitment or the purchases of Advances or the maintenance of the Class A Notes by the Class A Note Purchaser is reduced to a level below that which the Class A Note Purchaser or such controlling Person would have achieved but for the occurrence of any such circumstance, then, in any such case after notice from time to time by the Class A Note Purchaser to the Issuer, the Issuer shall pay to the Class A Note Purchaser an incremental commitment fee sufficient to compensate the Class A Note Purchaser or such controlling Person for such reduction in rate of return. A statement of the Class A Note Purchaser as to any such additional amount or amounts (including calculations thereof in reasonable detail), in the absence of manifest error, shall be conclusive and binding on the Issuer; and PROVIDED, FURTHER, that the

initial payment of such increased commitment fee shall include a payment for accrued amounts due under this SECTION 3.03 prior to such initial payment. In determining such additional amount, the Class A Note Purchaser may use any method of averaging and attribution that it shall reasonably deem applicable so long as it applies such method to other similar transactions.

SECTION 3.05 TAXES. All payments by the Issuer of principal of, and interest on, the Class A Notes and all other amounts (including fees) payable by the Issuer, the Purchaser, the Seller or the Servicer hereunder or under any other Basic Document shall be made free and clear of and without deduction for any present or future income, excise, stamp or franchise taxes and other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding in the case of the Class A Note Purchaser, taxes imposed by the United States on or measured by its overall net income, overall receipts or overall assets and franchise taxes imposed on it by the jurisdiction in which the Class A Note Purchaser is organized or is operating or any political subdivision thereof (such non-excluded items being called "TAXES"); PROVIDED THAT, notwithstanding anything herein to the contrary, the Issuer shall not be required to increase any amounts payable to the Class A Note Purchaser with respect to any Taxes that are imposed on the Class A Note Purchaser at the time of acquisition of the Class A Notes by the Class A Note Purchaser. In the event that any withholding or deduction from any payment to be made by the Issuer, the Purchaser, the Seller or the Servicer hereunder and/or under any other Basic Document is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Issuer, the Purchaser, the Seller or the Servicer, as the case may be, will:

(a) pay directly to the relevant authority the full amount required to be so withheld or deducted;

(b) promptly forward to the Class A Note Purchaser or its agent an official receipt or other documentation evidencing such payment to such authority; and

(c) pay to the Class A Note Purchaser or its agent such additional amount or amounts as is necessary to ensure that the net amount actually received by the Class A Note Purchaser will equal the full amount the Class A Note Purchaser would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against the Class A Note Purchaser with respect to any payment received by the Class A Note Purchaser or its agent, the Class A Note Purchaser or such agent may pay such Taxes and the Issuer, the Purchaser, the Seller or the Servicer will promptly upon receipt of prior written notice stating the amount of such Taxes pay such additional amounts (including any penalties, interest or expenses) as is necessary in order that the net amount received by such person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount the Class A Note Purchaser would have received had not such Taxes been asserted. The Class A Note Purchaser shall make all reasonable efforts to avoid the imposition of any Taxes that would give rise to an additional payment under this SECTION 3.05.

If the Issuer, the Purchaser, the Seller or the Servicer fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Class A Note Purchaser or its agent the required receipts or other required documentary evidence, the Issuer, the Purchaser, the Seller or the Servicer, as applicable, shall indemnify the Class A Note Purchaser and its agent, if any, for any Taxes and incremental Taxes, interest or penalties that may become payable by the Class A Note Purchaser or its agent as a result of any such failure. For purposes of this SECTION 3.05, a distribution hereunder by the agent for the Class A Note Purchaser shall be deemed a payment by the Issuer.

Upon the request of the Issuer, the Class A Note Purchaser, if it is organized under the laws of a jurisdiction other than the United States, shall, prior to the initial due date of any payments hereunder and to the extent permissible under then current law, execute and deliver to the Issuer on or about the first scheduled payment date in each calendar year thereafter, one or more (as the Issuer may reasonably request) United States Internal Revenue

Service Forms W-8ECI or Forms W-8BEN or such other forms or documents (or successor forms or documents), appropriately completed, as may be applicable to establish the extent, if any, to which a payment to the Class A Note Purchaser is exempt from withholding or deduction of Taxes. The Issuer shall not, however, be required to pay any increased amount under this SECTION 3.05 to the Class A Note Purchaser if the Class A Note Purchaser fails to comply with the requirements set forth in this paragraph.

SECTION 3.06 MARK-TO-MARKET ADJUSTMENTS.

(a) The Servicer, the Seller, the Purchaser and the Issuer shall cooperate with the Class A Note Purchaser and will execute and deliver, or cause to be executed and delivered, all such documents that may be reasonably necessary to calculate the Market Value, and will take all such other actions, as the Class A Note Purchaser may reasonably request from time to time in order to calculate the Market Value. On each Tuesday (provided such Tuesday is a Business Day) of each calendar week during the Class A Term, the Class A Note Purchaser shall advise the Servicer of the Market Value (as calculated by the Class A Note Purchaser in its sole discretion) and, in reliance upon and subject to Section 3.06(b), the Class A Note Purchaser consents to the Servicer advising the Class B Note Purchaser of such Market Value.

(b) In connection with the Class A Note Purchaser's provision of the Market Value to the Servicer and the Servicer's provision of such Market Value to the Class B Note Purchaser, in each case pursuant to Section 3.06(a), each of the Servicer, the Seller, the Purchaser and the Issuer expressly acknowledges and agrees that the Class A Note Purchaser is agreeing to permit the Servicer to furnish the Market Value to the Class B Note Purchaser solely as an accommodation in connection with the transactions contemplated by this Agreement and the other Basic Documents. The Class A Note Purchaser makes no representation or warranty (whether express or implied, oral or written) as to the accuracy or completeness, or fitness for a particular use, of the Market Value, and assumes no responsibility whatsoever to the Servicer, the Seller, the Purchaser, the Issuer, the Class B Note Purchasers or the Class B Noteholders in connection with its calculation of Market Value or any use of such Market Value by the Servicer, the Seller, the Issuer, the Purchaser, any Class B Note Purchaser, any Class B Noteholder, any of their respective affiliates or any other Person and, consequently, the Servicer, the Seller, the Purchaser, the Issuer, the Class B Note Purchasers and the Class B Noteholders are not relying upon the Class A Note Purchaser for the Market Value in such regard. In consideration of the Class A Note Purchaser's providing the Market Value to the Servicer and permitting the provision of such Market Value to the Class B Note Purchasers from time to time, for which the Class A Note Purchaser is not receiving any compensation, each of the Servicer, the Seller, the Purchaser and the Issuer hereby unconditionally and irrevocably releases and discharges the Class A Note Purchaser and its respective affiliates, directors, officers, agents, employees and representatives from, and each of the initial Servicer, the Seller, the Purchaser and the Issuer hereby agrees, jointly and severally, to indemnify, hold harmless and reimburse the Class A Note Purchaser and its respective affiliates, directors, officers, agents, employees and representatives with respect to, any and all actions, liabilities, losses, damages or claims of any kind or nature whatsoever (including, without limitation, reasonable attorney's fees and expenses and expenses of litigation), as incurred, that may be imposed on or incurred by or asserted against the Class A Note Purchaser or any such other Person or Persons in any way relating to or arising out of (i) the Class A Note Purchaser's calculation of Market Value, (ii) the Class A Note Purchaser's provision of such Market Value to the Servicer, (iii) the Servicer's provision of such Market Value to the Class B Note Purchaser, (iv) the use of such Market Value by any of the Servicer, the Seller, the Purchaser, the Issuer, any Class B Note Purchaser, any Class B Noteholder, any of their respective affiliates or any other Person in connection with the transactions contemplated by this Agreement and the other Basic Documents or otherwise, or (v) with respect to any Pledged Subordinate Securities issued in connection with a Securitization Transaction, the lead placement agent's calculation of the market value thereof for purposes of the definition of Class B Borrowing Base. Indemnification under this Section 3.06(b) shall survive the termination of this Agreement and the other Basic Documents. These indemnity obligations shall be in addition to any obligations that the initial Servicer, the Seller, the Purchaser or the Issuer may otherwise have under applicable law, hereunder or under any other Basic Document.

(c) In the event that a Class A Borrowing Base Deficiency exists on any date of determination as determined by the Class A Note Purchaser in its sole discretion, the Issuer shall on the same Business Day of the receipt of notice from the Class A Note Purchaser (or if notice is received after 10:01 a.m. New York time, then on the next Business Day) prepay the Class A Invested Amount by an amount equal to such Class A Borrowing Base Deficiency by paying such amount to or at the direction of the Class A Note Purchaser. If a Class A Borrowing Base Deficiency is not fully paid by the Issuer pursuant to the

immediately preceding sentence, then (i) on any Class A Funding Date, the Class A Note Purchaser shall net and set-off the amount of any outstanding Class A Borrowing Base Deficiency against the amount of the Class A Advance to be made on such Class A Funding Date and (ii) on each Settlement Date as of which any portion of such Class A Borrowing Base Deficiency shall remain outstanding, any amount otherwise payable to the Deposit Account on such Settlement Date pursuant to Section 5.7(a)(xii) of the Sale and Servicing Agreement shall instead be paid to the Class A Note Purchaser on such Settlement Date as a prepayment of the Class A Invested Amount (the "CLASS A MARGIN CALL").

(d) The Class A Note Purchaser will not materially change the methodology by which it calculates the Market Value (such materiality to be determined by the Class A Note Purchaser in its sole and absolute discretion) without providing prior written notice of such change to the Servicer and each Class B Note Purchaser.

SECTION 3.07 ILLEGALITY; SUBSTITUTED INTEREST RATES.

Notwithstanding any other provisions herein, (a) if any Requirement of Law or any change therein or in the interpretation or application thereof shall make it unlawful for the Class A Note Purchaser to make or maintain any Class A Notes at the LIBOR rate as contemplated by this Agreement, or (b) in the event that the Class A Note Purchaser shall have determined (which determination shall be conclusive and binding upon the Issuer) that by reason of circumstances affecting the LIBOR interbank market neither adequate nor reasonable means exist for ascertaining the LIBOR rate, or (c) the Class A Note Purchaser shall have determined (which determination shall be conclusive and binding on the Issuer) that the applicable LIBOR rate will not adequately and fairly reflect the cost to the Class A Note Purchaser of maintaining or funding the Class A Notes based on such applicable LIBOR rate (provided that the parties hereto acknowledge and agree that the Class A Note Purchaser shall only make such determination if the published LIBOR rate used by the Class A Note Purchaser does not accurately reflect the actual LIBOR rate), (x) the obligation of the Class A Note Purchaser to make or maintain the Class A Notes at the LIBOR rate shall forthwith be suspended and the Class A Note Purchaser shall promptly notify the Issuer thereof (by telephone confirmed in writing) and (y) each Class A Note then outstanding, if any, shall, from and including the date that is forty-five (45) days after the Issuer's receipt of notice from the Class A Note Purchaser of the occurrence of any condition set forth in clauses (a), (b) or (c), or at such earlier date as may be required by law, until payment in full thereof, bear interest at the rate per annum equal to the greater of (i) the Prime Rate and (ii) the rate of interest (including the Class A Applicable Margin) in effect on the date immediately preceding the date any event described in clause (a), (b) or (c) occurred (calculated on the basis of the actual number of days elapsed in a year of 360 days). If subsequent to such suspension of the obligation of the Class A Note Purchaser to make or maintain the Class A Notes at the LIBOR rate it becomes lawful for the Class A Note Purchaser to make or maintain the Class A Notes at the LIBOR rate, or the circumstances described in clause (b) or (c) above no longer exist, the Class A Note Purchaser shall so notify the Issuer and its obligation to do so shall be reinstated effective as of the date it becomes lawful for the Class A Note Purchaser to make or maintain the Class A Notes at the LIBOR rate or the circumstances described in clause (b) or (c) above no longer exist.

ARTICLE IV
OTHER PAYMENT TERMS

SECTION 4.01 TIME AND METHOD OF PAYMENT. Unless otherwise specified herein, all amounts payable to the Class A Note Purchaser hereunder or with respect to the Class A Notes shall be made by wire transfer of immediately available funds in Dollars not later than 5:00 p.m., New York City time, on the due date therefor. Any funds received after that time will be deemed to have been received on the next Business Day.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

SECTION 5.01 REPRESENTATIONS AND WARRANTIES OF THE ISSUER. The Issuer makes the following representations and warranties (references to the Issuer hereunder include the Purchaser), on which the Class A Note Purchaser relies in purchasing the Class A Notes and in making each Class A Advance, and on which the Trustee relies in receiving a security interest in the Receivables and the other Collateral related thereto under the Indenture. Such representations are made as of the date of this Agreement and as of each Class A Funding Date, and shall survive the issuance of the Class A Notes, the making of each Class A Advance and the grant of a security interest in the Receivables and the other Collateral related thereto to the Trustee for the benefit of the Note Purchasers and the Noteholders under the Indenture.

(a) SALE AND SERVICING AGREEMENT AND CLASS B NOTE PURCHASE AGREEMENT. Each of the representations and warranties of the Purchaser set forth in Section 7.1 of the Sale and Servicing Agreement is true and correct. The representations and warranties of the Servicer, the Seller, the Purchaser and the Issuer in the Basic Documents are true and correct.

(b) OTHER OBLIGATIONS. The Issuer is not in default in the performance, observance or fulfillment of any obligation, covenant or condition in any of the Basic Documents to which it is a party or in any other agreement or instrument to which it is a party or by which it is bound.

(c) NO PUBLIC OFFERING OF THE NOTES. Neither the Issuer nor, to the best of the Issuer's knowledge after due inquiry, anyone acting on the Issuer's behalf, has offered, pledged, sold or otherwise disposed of any Note or any interest therein or solicited any offer to buy or accept a transfer, pledge or other disposition of any Note or any interest therein or otherwise approached or negotiated with respect to any Note or any interest therein, with any person in any manner, or made any general solicitation by means of general advertising or in any other manner, or taken any other action, which would constitute a public distribution of the Notes under the Securities Act, or which would render the disposition of any Note a violation of Section 5 of the Securities Act or any State securities laws, or require registration or qualification pursuant thereto.

(d) NO REGISTRATION UNDER THE SECURITIES ACT. Assuming the Class A Note Purchaser is not purchasing the Class A Notes with a view toward further distribution and that the Class A Note Purchaser has not engaged in any general solicitation or general advertising within the meaning of the Securities Act, the offer and sale of the Class A Notes in the manner contemplated by this Agreement is a transaction exempt from the registration requirements of the Securities Act, and the Indenture is not required to be qualified under the Trust Indenture Act.

(e) REGULATIONS T, U AND X. No proceeds of any Class A Advance will be used, directly or indirectly, by the Issuer for the purpose of purchasing or carrying any Margin Stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) or for the purpose of reducing or retiring any indebtedness that was originally incurred to purchase or carry Margin Stock or for any other purpose which might cause any Class A Advance to be a "purpose credit" within the meaning of Regulation U. Neither the making of any Class A Advance hereunder, nor the use of the proceeds thereof, will violate or otherwise conflict with the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

(f) INVESTMENT COMPANY STATUS. The Issuer is not, nor will the consummation of the transactions contemplated by the Basic Documents cause the Issuer to be, an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended (the "INVESTMENT COMPANY ACT"), or a company "controlled" by an investment company within the meaning of the Investment Company Act. The consummation of the transactions contemplated by the Basic Documents will not violate any provision of the Investment Company Act or any rule, regulation or order issued by the Securities and Exchange Commission thereunder. The Issuer is not subject to regulation under any applicable law (other than Regulation X of the Board of Governors of the Federal Reserve System) that limits its ability to incur Indebtedness.

(g) FULL DISCLOSURE. The information, reports, financial statements, exhibits, schedules, officer's certificates and other documents furnished by or on behalf of the Issuer to the Seller, the Servicer, the Class A Note Purchaser, the Trustee or the Backup Servicer in connection with any particular Class A Advance or the negotiation, preparation, delivery or performance of this Agreement, the Class A Notes, the Indenture, the Sale and Servicing Agreement and the other Basic Documents or included herein or therein or delivered pursuant hereto or thereto, taken as a whole, are true and correct (or, in the case of projections, are based on good faith reasonable estimates) on the date as of which such information is stated or certified and do not and will not contain an untrue statement of a material fact, or omit to state any material fact necessary to make the statements herein or therein contained, in the light of the circumstances under which they were made, not misleading. All such financial statements fairly present the financial condition of the Issuer as of the date specified therein (subject to normal year-end audit adjustments) all in accordance with GAAP. On such date, the Issuer had no material contingent liabilities, liabilities for taxes, or unusual or anticipated losses from any unfavorable commitments, except as referred to or reflected in such financial statements as of such date. There is no fact known to the Issuer, after due inquiry, that would have a Material Adverse Effect and that has not been disclosed herein, in the other Basic Documents or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to the Class A Note Purchaser for use in connection with the transactions contemplated hereby or thereby.

(h) COLLATERAL SECURITY.

(i) The Issuer owns and will own each item that it pledges as Collateral or UBS Cross Collateral, as the case may be, free and clear of any and all Liens (including, without limitation, any tax liens), other than Liens created pursuant to the Indenture. No security agreement, financing statement or other public notice similar in effect with respect to all or any part of the Collateral or the UBS Cross Collateral is or will be on file or of record in any public office or authorized by the Issuer, except (A) such as have been or may hereinafter be filed with respect to the Collateral or the UBS Cross Collateral pursuant to the Basic Documents, and (B) such as shall be terminated as to the Collateral or the UBS Cross Collateral no later than concurrently with the pledge of such Collateral or UBS Cross Collateral under the Indenture.

(ii) (A) Granting Clause I of the Indenture is effective to create, as collateral security for the Notes and the other obligations to the Class A Note Purchaser, a valid and enforceable Lien on the Collateral in favor of the Trustee for the benefit of the Note Purchasers and the Noteholders; and (B) Granting Clause III of the Indenture is effective to create, as collateral security for the Class B notes issued under the Bear Indenture and the other obligations to the Class B note purchasers under the Bear Basic Documents, a valid and enforceable Lien on the UBS Cross Collateral in favor of the Bear Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents, in each case, subject to the Intercreditor Agreements.

(iii) The Liens created pursuant to the Indenture (a) constitute a perfected security interest in the Collateral in favor of the Trustee for the benefit of the Note Purchasers and the Noteholders, subject to the Intercreditor Agreement, (b) constitute a perfected security interest in the UBS Cross Collateral in favor of the Bear Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents, subject to the Intercreditor Agreement, (c) are prior to all other Liens of all other Persons that may be perfected by filing a financing statement under Article 9 of the Uniform Commercial Code (other than, in the case of the UBS Cross Collateral, the Lien created by Granting Clause I of the Indenture) and (d) are enforceable as such as against all other Persons.

(iv) Upon delivery of Contracts evidencing the Receivables to the Trustee in accordance with Section 2.1(a) of the Sale and Servicing Agreement, the Lien created pursuant to the Indenture will constitute a perfected security interest in such Contracts in favor of the Trustee for the benefit of the Note Purchasers and the Noteholders, which Lien will be prior to all other Liens of all other Persons that may be perfected by possession of such Contracts under Article 9 of the Uniform Commercial Code and which Lien is enforceable as such as against all other Persons.

(i) NO CLASS A FUNDING TERMINATION EVENT. No Class A Funding Termination Event, or event which, with the giving of notice or the passage of time or both would constitute a Class A Funding Termination Event, has occurred and is continuing.

(j) OWNERSHIP OF PROPERTIES. The Issuer has good and marketable title to any and all of its properties and assets, subject only to the Liens under the Indenture.

(k) LEGAL COUNSEL, ETC. The Issuer has consulted with its own legal counsel and independent accountants to the extent it has deemed necessary regarding the tax, accounting and regulatory consequences of the transactions contemplated by this Agreement and the other Basic Documents, and the Issuer is not participating in such transactions in reliance on any representations of the Class A Note Purchaser or its Affiliates, or its counsel, with respect to tax, accounting, regulatory or any other matters.

(l) BASIC DOCUMENTS. The Issuer has furnished to the Class A Note Purchaser true, accurate and (except as otherwise consented by the Class A Note Purchaser) complete copies of all other Basic Documents to which it is a party as of the date of this Agreement, all of which Basic Documents are in full force and effect as of the date of this Agreement and no terms of any such agreements or documents have been amended, modified or otherwise waived as of such date. No party to any Basic Document is in default under any of its obligations thereunder.

(m) THE INDENTURE. Each of the representations and warranties of the Issuer contained in the Indenture is true and correct. No party to any Basic Document is in default under any of its obligations thereunder.

(n) ELIGIBLE RECEIVABLES. All of the Receivables included in the Class A Borrowing Base are Eligible Receivables.

(o) NO FRAUDULENT CONVEYANCE. As of the Closing Date and immediately after giving effect to each Class A Advance, the fair value of the assets of the Issuer is greater than the fair value of its liabilities (including, without limitation, contingent liabilities of the Issuer), and the Issuer is and will be solvent, does and will pay its debts as they mature and does not and will not have an unreasonably small capital to engage in the business in which it is engaged and proposes to engage. The Issuer does not intend to incur, or believe that it has incurred, debts beyond its ability to pay such debts as they mature. The Issuer is not in default under any material obligation to pay money to any Person. The Issuer is not contemplating the commencement of insolvency, bankruptcy, liquidation or consolidation proceedings or the appointment of a receiver, liquidator, conservator, trustee or similar official in respect of the Issuer or any of its assets. The Issuer is not transferring any Collateral or any UBS Cross Collateral with any intent to hinder, delay or defraud any of its creditors. The Issuer will not use the proceeds from the transactions contemplated by this Agreement or any other Basic Document to give any preference to any creditor or class of creditors. The Issuer has given fair consideration and reasonably equivalent value in exchange for the sale of the Receivables by CPS under the Sale and Servicing Agreement.

(p) NO OTHER BUSINESS. The Issuer engages in no business activities other than the purchase or acquisition of the Collateral and the Pledged Subordinate Securities, pledging the Collateral, and the Pledged Subordinate Securities and the UBS Cross Collateral under the Indenture, transferring the Collateral in connection with Securitization Transactions and in connection with whole-loan or other asset sales, issuing the Notes and other activities relating to the foregoing to the extent permitted by the organizational documents of the Issuer as in effect on the date hereof, or as amended with the prior written consent of the Controlling Note Purchaser. Without limitation of the foregoing, the Issuer is not an issuer of securities other than the Notes or a borrower under any loan or financing agreement, facility or other arrangement other than the facility established pursuant to this Agreement and the other Basic Documents.

(q) CLASS A NOTES ENTITLED TO BENEFIT OF THE INDENTURE. The Class A Notes purchased by the Class A Note Purchaser hereunder will be entitled to the benefit of the security provided in the Indenture.

(r) NO INDEBTEDNESS. The Issuer has no Indebtedness, other than Indebtedness incurred under (or contemplated by) the terms of the Basic Documents.

(s) ERISA. The Issuer does not maintain any Plans, and the Issuer agrees to notify the Class A Note Purchaser in advance of forming any Plans. Neither the Issuer nor any Affiliate of the Issuer (other than MFN under the MFN Financial Corporation Pension Plan and CPS under its defined contribution (401(k)) plan) has any obligations or liabilities with respect to any Plans or Multiemployer Plans, nor have any such Persons had any obligations or liabilities with respect to any such Plans during the five year period prior to the date this representation is made or deemed made. The Issuer will give notice to the Class A Note Purchaser if at any time it or any Affiliate has any obligations or liabilities with respect to any Plan or Multiemployer Plan. All Plans maintained by the Issuer or any Affiliate are in substantial compliance with all applicable laws (including ERISA). The Issuer is not an employer under any Multiemployer Plan.

SECTION 5.02 REPRESENTATIONS AND WARRANTIES OF CPS. CPS makes the following representations and warranties, on which the Issuer relies in purchasing the Receivables and the Other Conveyed Property related thereto, and on which the Class A Note Purchaser relies in purchasing its Class A Notes. Such representations and warranties are made as of the date of this Agreement and as of each Class A Funding Date, and shall survive the sale by CPS to the Purchaser of the Receivables and the Other Conveyed Property related thereto under the Sale and Servicing Agreement, the issuance of the Class A Notes, the purchase of each Class A Advance and the grant of a security interest in the Receivables and the other Collateral related thereto by the Issuer to the Trustee for the benefit of the Note Purchasers and the Noteholders under the Indenture.

(a) SALE AND SERVICING AGREEMENT AND CLASS B NOTE PURCHASE AGREEMENT. Each of the representations, warranties and covenants of the Seller and the Servicer in the Sale and Servicing Agreement and the Basic Documents is true and correct.

(b) INVESTMENT COMPANY STATUS. CPS is not, nor will the consummation of the transactions contemplated by the Basic Documents cause CPS to be, an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act or a company "controlled by" an investment company within the meaning of the Investment Company Act. The consummation of the transactions contemplated by this Agreement and each other Basic Document to which CPS is a party will not violate any provision of such Act or any rule, regulation or order issued by the Securities and Exchange Commission thereunder. CPS is not subject to regulation under any applicable law (other than Regulation X of the Board of Governors of the Federal Reserve System) that limits its ability to incur Indebtedness.

(c) NO MATERIAL ADVERSE EFFECT; NO DEFAULT. (i) CPS is not a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any charter or corporate restriction that could have, and no provision of applicable law or governmental regulation has had or would have a Material Adverse Effect and (ii) CPS is not in default under or with respect to any contract, agreement, lease or other instrument to which CPS is a party and which is material to CPS's condition (financial or otherwise), business, operations or properties, and CPS has not delivered or received any notice of default thereunder, other than such defaults as have been waived.

(d) REPRESENTATIONS AND WARRANTIES OF CPS UNDER BASIC DOCUMENTS. Each representation and warranty made by it in each Basic Document to which it is a party (including any representation and warranties made by it as Servicer) is true and correct as of the date originally made, as of the date of this Agreement and as of and after giving effect to the making of each Class A Advance as if made on and as of the making of each Class A Advance as if set forth in full herein.

(e) NO PUBLIC OFFERING OF NOTES. Neither the Servicer nor, to the best of the Servicer's knowledge after due inquiry, anyone acting on the Servicer's behalf, has offered, transferred, pledged, sold or otherwise disposed of any Note or any interest therein, or solicited any offer to buy or accept a transfer, pledge or other disposition of any Note or any interest therein or otherwise approached or negotiated, with respect to any Note or any interest therein, with any person in any manner, or made any general solicitation by means of general advertising or in any other manner, or taken any other action, which would constitute a public distribution of the Notes under the Securities Act, or which would render the disposition of any Note a violation of Section 5 of the Securities Act or any state securities laws, or require registration or qualification pursuant thereto.

(f) REGULATIONS T, U AND X. No proceeds of any Class A Advance will be used, directly or indirectly, by CPS for the purpose of purchasing or carrying any Margin Stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) or for the purpose of reducing or retiring any indebtedness that was originally incurred to purchase or carry Margin Stock or for any other purpose which might cause any Class A Advance to be a "purpose credit" within the meaning of Regulation U. Neither the making of any Class A Advance hereunder, nor the use of the proceeds thereof, will violate or otherwise conflict with the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

(g) SECURITY INTEREST. Notwithstanding the intent of the parties set forth in Section 2.2 of the Sale and Servicing Agreement, the Sale and Servicing Agreement is effective to create a valid and enforceable Lien on the Receivables and the Other Conveyed Property in favor of the Issuer. The Lien created pursuant to the Sale and Servicing Agreement (a) constitutes a first priority perfected security interest in the Receivables and the Other Conveyed Property in favor of the Purchaser, (b) is prior to all other Liens, if any, on the Receivables and the Other Conveyed Property, and (c) is enforceable as such as against all Persons.

(h) FULL DISCLOSURE. The information, reports, financial statements, exhibits, schedules, officer's certificates and other documents furnished by or on behalf of CPS, the Servicer, the Seller or any of their respective Affiliates to the Issuer, the Purchaser, the Class A Note Purchaser, the Trustee or the Backup Servicer in connection with any particular Class A Advance or the negotiation, preparation, delivery or performance of this Agreement, the Class A Notes and the other Basic Documents or included herein or therein or delivered pursuant hereto or thereto, taken as a whole, are true and correct in every material respect (or, in the case of projections, are based on good faith reasonable estimates) on the date as of which such information is stated or certified and do not and will not contain an untrue statement of a material fact, or omit to state any material fact necessary to make the statements herein or therein contained, in the light of the circumstances under which they were made, not misleading. All such financial statements fairly present the financial condition of CPS or such Affiliates as of the date specified therein (subject to normal year-end audit adjustments) all in accordance with GAAP. On such date, neither CPS nor any of its Affiliates had any material contingent liabilities, liabilities for taxes, or unusual or anticipated losses from any unfavorable commitments, except as referred to or reflected in such financial statements as of such date. There is no fact known to CPS or any of its Affiliates, after due inquiry, that would have a Material Adverse Effect and that has not been disclosed herein, in the other Basic Documents or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to the Class A Note Purchaser for use in connection with the transactions contemplated hereby or thereby.

(i) ERISA. Neither CPS nor any of its Affiliates maintain any Plans (other than CPS's defined contribution (401(k)) plan and the MFN Financial Corporation Pension Plan), and CPS agrees to notify the Class A Note Purchaser in advance of forming any Plans. Neither CPS nor any of its Affiliates has any obligations or liabilities with respect to any Plans or Multiemployer Plans (other than CPS's defined contribution (401(k)) plan and the MFN Financial Corporation Pension Plan), nor have any such Persons had any obligations or liabilities with respect to any such Plans during the five year period prior to the date this representation is made or deemed made. CPS will give notice to the Class A Note Purchaser if at any time it or any Affiliate has any obligations or liabilities with respect to any Plan or Multiemployer Plan. All Plans maintained by CPS or any of its Affiliates are in substantial compliance with all applicable laws (including ERISA). CPS is not an employer under any Multiemployer Plan.

(j) CLASS A BORROWING BASE CERTIFICATE. The information set forth in the Class A Borrowing Base Certificate is true and correct in all material respects.

(k) INSURANCE. During the Class A Term, CPS shall maintain such insurance as is generally acceptable to prudent institutional investors and usual and customary for similar companies in its industry.

SECTION 5.03 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CLASS A NOTE PURCHASER. The Class A Note Purchaser hereby covenants to the Issuer and the Servicer that it will perform the obligations required of it under the Basic Documents in accordance with the terms of the Basic Documents. In addition, the Class A Note Purchaser represents and warrants to the Issuer and the Servicer, as of the date hereof (or as of a subsequent date on which a successor or

assignee of the Class A Note Purchaser shall become a party hereto, in which case such successor or assignee hereby represents and warrants to the Issuer and the Servicer), that:

(a) it has had an opportunity to discuss the Issuer's and the Servicer's business, management and financial affairs, and the terms and conditions of the transactions contemplated by the Basic Documents, with the Issuer and the Servicer and their respective representatives;

(b) it is a "qualified purchaser" (as defined in Section 2(a)(51) of the Investment Company Act) that is either (i) a "qualified institutional buyer" as such term is defined under Rule 144A of the Securities Act or (ii) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of investing in, and is able and prepared to bear the economic risk of investing in, the Class A Notes;

(c) it is purchasing the Class A Notes for its own account, or for the account of one or more "qualified purchasers" (as defined in Section 2(a)(51) of the Investment Company Act) that are either (i) "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act or (ii) "accredited investors" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act that meet the criteria described in SUBSECTION (b), and for which it is acting with complete investment discretion, for investment purposes only and not with a view to distribution, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control;

(d) it understands that the Class A Notes have not been and will not be registered or qualified under the Securities Act or any applicable state securities laws or the securities laws of any other jurisdiction and are being offered only in a transaction not involving any public offering within the meaning of the Securities Act and may not be resold or otherwise transferred unless so registered or qualified or unless an exemption from registration or qualification is available, that the Issuer is not required to register the Class A Notes, and that any transfer must comply with provisions of SECTION 2.5 of the Indenture and SECTION 8.03(b) of this Agreement;

(e) it understands that the Class A Notes will bear the legend set out in the form of Class A Note attached as EXHIBIT A-1 to the Indenture and be subject to the restrictions on transfer described in such legend;

(f) it will comply with all applicable federal and state securities laws in connection with any subsequent resale of the Class A Notes;

(g) it understands that the Class A Notes may be offered, resold, pledged or otherwise transferred, with prior written notice to the Issuer, only (A) to the Issuer, (B) in a transaction meeting the requirements of Rule 144A under the Securities Act, (C) outside the United States to a foreign person in a transaction meeting the requirements of Regulation S under the Securities Act, or (D) in a transaction complying with or exempt from the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

(h) if it desires to offer, sell or otherwise transfer, pledge or hypothecate the Class A Notes as described in clause (B), (C) or (D) of the preceding paragraph, the transferee of the Class A Notes will be required to deliver a certificate and may under certain circumstances be required to deliver an opinion of counsel, in each case, as described in the Indenture, reasonably satisfactory in form and substance to the Trustee, that an exemption from the registration requirements of the Securities Act applies to such offer, sale, transfer or hypothecation. The Class A Note Purchaser understands that the registrar and transfer agent for the Class A Notes will not be required to accept for registration of transfer the Class A Notes acquired by it unless the terms and conditions of Sections 2.4 and 2.5 of the Indenture have been satisfied;

(i) it will obtain from any purchaser of the Class A Notes substantially the same representations and warranties contained in the foregoing paragraphs; and

(j) this Agreement has been duly and validly authorized, executed and delivered by it and constitutes a legal, valid, binding obligation of it, enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforcement is considered in a proceeding in equity or at law.

ARTICLE VI
CONDITIONS

SECTION 6.01 CONDITIONS TO PURCHASE. The Class A Note Purchaser will have no obligation to purchase the amended and restated Class A Notes hereunder unless:

(a) each of the Basic Documents shall be in full force and effect and all consents, waivers and approvals necessary for the consummation of the transactions contemplated by the Basic Documents shall have been obtained and shall be in full force and effect;

(b) at the time of such issuance, all conditions to the issuance of the Class A Notes under the Indenture and under SECTION 2.1(b) of the Sale and Servicing Agreement shall have been satisfied and all conditions to the initial Class A Advance set forth under SECTION 6.02 hereof have been satisfied;

(c) the Class A Note Purchaser shall have received a duly executed, authorized and authenticated Class A Note registered as provided in Section 2.01 and stating that the principal amount thereof shall not exceed the Class A Maximum Invested Amount;

(d) the Issuer shall have paid all fees required to be paid by it on or prior to the date hereof, including all fees required under SECTIONS 3.01 and 3.02 hereof;

(e) the Class A Notes purchased by the Class A Note Purchaser hereunder shall be entitled to the benefit of the security provided in the Indenture and shall constitute the legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(f) no Material Adverse Change shall have occurred with respect to CPS or the Issuer since September 30, 2006;

(g) the Class A Note Purchaser shall have received:

(i) a duly executed and delivered original counterpart of each Basic Document (other than any Basic Document that contemplates delivery on a date that is after the Class B Closing Date), each such document being in full force and effect;

(ii) certified copies of charter documents and each amendment thereto, and resolutions of (A) the Board of Directors or other governing authority of each of the Issuer and the Servicer authorizing or ratifying the execution, delivery and performance, respectively, of all Basic Documents to which it is a party, (B) the issuance of Class A Notes contemplated hereunder and the issuance of the Class B Notes contemplated under the Class B Note Purchase Agreement and (C) the granting of the security interests contemplated under the Basic Documents, certified by the Secretary or an Assistant Secretary of each of the Issuer and the Servicer as of the Class A Closing Date, which certificate shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded as of the date of such certificate;

(iii) a certificate of the Secretary or an Assistant Secretary of the Issuer and the Servicer, as applicable, certifying the names and the signatures of its officer or officers authorized to sign all transaction documents to which it is a party;

(iv) a certificate of a senior officer of CPS to the effect that the representations and warranties of the Seller and the Servicer in this Agreement and the other Basic Documents to which it is a party are true and correct as of the date hereof, and that the Seller and the Servicer have complied in all material respects with all agreements and satisfied all conditions on their part to be performed or satisfied at or prior to the date hereof;

(v) a certificate of a senior officer of the Issuer to the effect that the representations and warranties of the Issuer and the Purchaser in this Agreement and the other Basic Documents to which it is a party are true and correct as of the Class A Closing Date and that the Issuer and the Purchaser have complied in all material respects with all agreements and satisfied all conditions on their part to be performed or satisfied at or prior to the date hereof;

(vi) legal opinions (including opinions relating to true sale, non-consolidation, UCC, enforceability and corporate matters, any of which may take the form of a "bring-down" opinion from the opinions issued on the Class A Closing Date) in form and substance satisfactory to the Class A Note Purchaser;

(vii) evidence satisfactory to the Class A Note Purchaser of completion of all necessary UCC filings and search reports;

(viii) payment of Class A Note Purchaser's reasonable out-of-pocket fees and expenses in accordance with SECTION 3.02(c) hereof;

(ix) copies of certificates (long form) or other evidence from the Secretary of State or other appropriate authority of the States of Delaware and California, evidencing the good standing of the Issuer and the Servicer in the States of Delaware and California, in each case, dated no earlier than 15 days prior to the Class B Closing Date;

(x) copies (which may be delivered in electronic format) of any commitment or agreement between the Issuer and the Servicer and any lender or other financial institution, other than any such commitment or agreement (or portion thereof) which the Class A Note Purchaser specifically agrees are not required to be delivered hereunder; and

(xi) such other documents, opinions and information as the Class A Note Purchaser may reasonably request; and

(h) the Class A Note Purchaser shall have completed to its satisfaction its due diligence review of the Issuer and the Servicer and its respective management, controlling stockholders, systems, underwriting, servicing and collection operations, static pool performance and its loan files.

SECTION 6.02 CONDITIONS TO EACH CLASS A ADVANCE. The obligation of the Class A Note Purchaser to fund any Class A Advance on any day (including the initial Class A Advance) shall be subject to the conditions precedent that on the date of such Class A Advance, before and after giving effect thereto and to the application of any proceeds therefrom, the following statements shall be true:

(a) no Class A Funding Termination Event shall have occurred and be continuing;

(b) the Class A Facility Termination Date shall not have occurred and will not occur as a result of making such Class A Advance and no default under or breach of the Sale and Servicing Agreement or any other Basic Document exists or will exist;

(c) no later than two (2) Business Days prior to the requested Class A Funding Date, the Class A Note Purchaser shall have received a properly completed Class A Borrowing Base Certificate from the Servicer in the form of EXHIBIT A hereto;

(d) no later than two (2) Business Days prior to the requested Class A Funding Date, the Class A Note Purchaser shall have received a properly completed and executed Class A Advance Request, together with timely receipt of each other item required pursuant to SECTION 2.03 hereof;

(e) the Servicer shall have delivered to the Class A Note Purchaser the Servicer's Certificate for the immediately preceding Accrual Period pursuant to Section 4.9 of the Sale and Servicing Agreement;

(f) such Class A Advance shall be in an amount not less than $2,000,000;

(g) no more than two Class A Advances shall be made in the same week;

(h) after giving effect to such Class A Advance, the Class A Invested Amount will not exceed the Class A Maximum Invested Amount;

(i) the representations and warranties made by the Servicer, the Seller, the Purchaser, the Issuer and the Class B Note Purchaser in the Basic Documents are true and correct as of the date of such requested Class A Advance, with the same effect as though made on the date of such Class A Advance, and the Class A Note Purchaser shall have received (I) a certificate from the Servicer and the Seller to such effect with respect to its representations and warranties and that the Servicer and the Seller have complied in all material respects with all agreements and satisfied all conditions on their part to be performed or satisfied at or prior to the related Class A Funding Date, and (II) a certificate from the Issuer and the Purchaser to such effect with respect to its representations and warranties and that the Issuer and the Purchaser have complied in all material respects with all agreements and satisfied all conditions on their part to be performed or satisfied at or prior to the related Class A Funding Date, which certifications, in each case, may be included in the related Class A Advance Request;

(j) the Trustee shall (in accordance with the procedures contemplated in SECTION 3.4 of the Sale and Servicing Agreement) have confirmed receipt of the related Receivable File for each Eligible Receivable included in the Class A Borrowing Base calculation and shall have delivered to the Controlling Note Purchaser (with a copy thereof to each other Note Purchaser) a Trust Receipt with respect to the Receivable Files related to the Related Receivables to be purchased on such Class A Funding Date, or if requested by the Class A Note Purchaser, an aggregate Trust Receipt with respect to the Receivable Files for all of the Receivables;

(k) after giving effect to such Class A Advance, there shall be no Class A Borrowing Base Deficiency;

(l) all limitations and conditions specified in SECTION 2.02 of this Agreement and in SECTION 2.1(b) of the Sale and Servicing Agreement shall have been satisfied with respect to the making of such Class A Advance;

(m) after giving effect to such Class A Advance, no Material Adverse Change with respect to CPS or the Issuer shall have occurred and there shall have been no Material Adverse Effect;

(n) none of the Issuer, the Purchaser, the Seller or the Servicer shall have breached any of its covenants under the Basic Documents in any material respect;

(o) the Issuer shall have provided the Class A Note Purchaser with all other information that the Class A Note Purchaser may reasonably require, if the Class A Note Purchaser shall have given the Issuer reasonable advance notice of such requirements;

(p) all amounts due and owing to the Class A Noteholders and the Class A Note Purchaser under this Agreement and/or any of the other Basic Documents shall have been paid in full;

(q) after giving effect to such Class A Advance and the application of proceeds therefrom, no Default or Event of Default shall have occurred and be continuing on and as of the requested Class A Funding Date;

(r) if any TFC Receivables are being purchased in connection with such Class A Advance, no TFC Funding Termination Event shall have occurred; and

(s) on and as of the requested Class A Funding Date, each of the representations and warranties set forth in Section 3.1 of the Sale and Servicing Agreement is true and correct for all Related Receivables being pledged by the Issuer to the Trustee for the benefit of the Noteholders and the Note Purchasers under the Indenture on such date and each Related Receivable is an Eligible Receivable. No such Related Receivable was originated in any jurisdiction in which the Seller is required to be licensed in order to own such Related Receivable unless the Seller has obtained such license prior to owning such Related Receivable. With respect to each such Related Receivable, the applicable Dealer or Consumer Lender (if such Consumer Lender is not the Seller), as applicable, has either been paid or received credit from Seller for all proceeds from the sale of such Related Receivable to the Seller.

The giving of any notice pursuant to SECTION 2.03 shall constitute a representation and warranty by the Issuer and the Servicer that all conditions precedent to such Class A Advance have been satisfied.

ARTICLE VII
COVENANTS

SECTION 7.01 AFFIRMATIVE COVENANTS

Until the Class A Facility Termination Date:

(a) NOTICE OF DEFAULTS, OTHER FUNDING TERMINATION EVENTS, LITIGATION, ADVERSE JUDGMENTS, ETC. CPS or the Issuer, as applicable, shall give notice to each Note Purchaser promptly:

(i) upon CPS or the Issuer, as the case may be, becoming aware of, and in any event within three (3) Business Days after, the occurrence of any Event of Default or Default or any Class B Event of Default or Class B Default or any event of default or default under any other Basic Document or any other material agreement of CPS;

(ii) upon CPS or the Issuer, as the case may be, becoming aware of, and in any event within three (3) Business Days after, the occurrence of any Funding Termination Event,

(iii) upon, and in any event within three (3) Business Days after, service of process on CPS or the Issuer, as the case may be, or any agent thereof for service of process, in respect of any legal or arbitrable proceedings affecting CPS or the Issuer (x) that questions or challenges the validity or enforceability of any of the Basic Documents, (y) in which the amount in controversy exceeds $1,000,000 or (z) that, if adversely determined, would cause a Material Adverse Effect;

(iv) upon, and in any event within three (3) Business Days after, CPS or the Issuer, as the case may be, becoming aware of any event or change in circumstances that could have a Material Adverse Effect, constitute a Material Adverse Change or cause an Event of Default or a Class B Event of Default; and

(v) upon, and in any event within three (3) Business Days after, CPS or the Issuer, as the case may be, becoming aware of entry of a judgment or decree in respect of CPS or the Issuer, its respective assets or any of the Collateral in an amount in excess of $1,000,000.

Each notice pursuant to this subsection (a) shall be accompanied by a statement of an officer of CPS or the Issuer, as applicable, setting forth details of the occurrence referred to therein and stating what action CPS and the Issuer, as the case may be, have taken or propose to take with respect thereto.

(b) TAXES. Each of CPS and the Issuer shall pay and discharge all taxes and governmental charges upon it or against any of its properties or assets or its income prior to the date after which penalties attach for failure to pay, except to the extent that CPS or the Issuer, as applicable, shall be contesting in good faith in appropriate proceedings its obligation to pay such taxes or charges, adequate reserves having been set aside for the payment thereof in accordance with GAAP.

(c) CONTINUITY OF BUSINESS AND COMPLIANCE WITH AGREEMENT AND LAW. Each of CPS and the Issuer shall:

(i) preserve and maintain its legal existence;

(ii) comply with the requirements of all applicable laws, rules, regulations and orders of governmental authorities and other Requirements of Law (including, without limitation, Consumer Laws and all environmental laws);

(iii) keep adequate records and books of account, in which complete entries will be made in accordance with GAAP consistently applied;

(iv) not move its chief executive office or chief operating office from the addresses referred to herein or change its jurisdiction of organization unless it shall have provided the Class A Note Purchaser 30 days prior written notice of such change;

(v) pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained; and

(vi) continue in business in a prudent, reasonable and lawful manner with all licenses, rights, permits, franchises and qualifications necessary to perform its respective obligations under this Agreement, the Sale and Servicing Agreement, the Notes and the other Basic Documents.

(d) OWNERSHIP OF THE ISSUER. CPS shall own beneficially and of record 100% of the membership interests in the Issuer free and clear of all Liens other than the Lien created pursuant to the Pledge Agreement.

(e) CLASS A BORROWING BASE CERTIFICATES. The Issuer shall deliver to the Class A Note Purchaser, together with each Class A Advance Request, a Class A Borrowing Base Certificate in accordance with Section 2.03(a) hereof.

(f) COLLATERAL STATEMENTS. The Issuer will furnish or cause to be furnished to the Class A Note Purchaser from time to time statements and schedules further identifying and describing the Collateral and the UBS Cross Collateral and such other reports in connection with the Collateral or the UBS Cross Collateral as the Class A Note Purchaser may reasonably request, all in reasonable detail, including without limitation each statement, certificate and report required to be delivered to the Trustee or the Noteholders under any Basic Document.

(g) ACTIONS TO ENFORCE RIGHTS UNDER CONTRACTS. CPS and the Issuer shall take such reasonable and lawful actions as the Controlling Note Purchaser shall request to enforce the rights of the Note Purchasers and the Noteholders under the Basic Documents with respect to the Collateral, and, following the occurrence of an Event of Default, shall take such reasonable and lawful actions as are necessary to enable the Controlling Note Purchaser to exercise such rights in its own name.

(h) HEDGING STRATEGY. The Issuer shall implement and maintain a hedging strategy that is reasonably acceptable to the Controlling Note Purchaser; PROVIDED, THAT, for purposes of this subparagraph (h), a hedging strategy consisting of the Seller sponsoring one or more securitizations of pools of Receivables at least every 120 days during the term of the Class A Notes shall be deemed acceptable to the Controlling Note Purchaser.

(i) MONTHLY SERVICER'S CERTIFICATE. The Issuer shall, or shall cause the Servicer (so long as CPS is Servicer) to, deliver to the Note Purchasers, the Trustee and the Backup Servicer, no later than 12:00 noon, New York City time, on each Determination Date, in a computer-readable format reasonably acceptable to each such Person, a Servicer's Certificate executed by a Responsible Officer or agent of Servicer containing all information required to be included in such Servicer's Certificate under Section 4.9 of the Sale and Servicing Agreement and related monthly data. The Issuer shall, or shall cause the Servicer (so long as the CPS is Servicer) to, deliver to each Note Purchaser, the Trustee and the Backup Servicer a hard copy of any such Servicer's Certificate upon request of such Person.

(j) SEPARATE EXISTENCE; NO COMMINGLING. During each Class A Term, the Issuer shall limit its activities to such activities as are incident to and necessary or convenient to accomplish the following purposes: (i) to acquire, own, hold, pledge, finance and otherwise deal with Receivables to be pledged to the Trustee for the benefit of the Note Purchasers and the Noteholders pursuant to the Indenture and (ii) to sell, securitize or otherwise liquidate all or any portion of such Receivables in accordance with the provisions of the Basic Documents. In addition, during each Class A Term, the Issuer shall observe and comply with the applicable legal requirements for the recognition of the Issuer as a legal entity separate and apart from its Affiliates, including without limitation, those requirements set forth in Section 9(b)(iv) of the Issuer's Limited Liability Company Agreement. Without limiting the foregoing, the Issuer shall, and CPS shall cause itself and any other Affiliates of the Issuer to, maintain the truth and accuracy of all facts assumed by Andrews Kurth LLP in the true sale and non consolidation opinions of Andrews Kurth LLP; provided that in the event that any request is made for the Class A Note Purchaser to consent to or approve any matter that, if effectuated or consummated, would result in a change to the continuing truth and accuracy of any of the factual assumptions in the true sale or non-consolidation opinions of Andrews Kurth LLP, such request shall be accompanied by an opinion of Andrews Kurth LLP, or such other counsel as may be reasonably satisfactory to the Class A Note Purchaser, that the conclusions set forth in the true sale and non-consolidation opinions of Andrews Kurth LLP will be unaffected by such change.

(k) OTHER LIENS OR INTERESTS. Except for the conveyances under the Sale and Servicing Agreement and the other Basic Documents, CPS shall not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any lien on or any interest in, the Receivables or the Other Conveyed Property. Except for the pledges pursuant to the Indenture and the other Basic Documents, the Issuer shall not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any lien on or any interest in, the Collateral or the UBS Cross Collateral (other than, in the case of the UBS Cross Collateral, the lien created pursuant to Granting Clause I of the Indenture), subject to the Intercreditor Agreement. CPS and the Issuer shall, at their own expense and in each case subject to the Intercreditor Agreement, defend (i) the Collateral and the UBS Cross Collateral against, and will take such other action as is necessary to remove, any Lien, security interest or claim on, in or to the Collateral or the UBS Cross Collateral, other than the security interests created under the Basic Documents, (ii) the right, title and interest of each Note Purchaser and each Noteholder in and to any of the Collateral, and (iii) subject to the Lien created pursuant to Granting Clause I of the Indenture, the right, title and interest of the Bear Indenture Trustee, each Class B note purchaser and each Class B noteholder under the Bear Basic Documents in and to any of the UBS Cross Collateral, in each case against the claims and demands of all Persons whomsoever.

(l) BOOKS AND RECORDS; OTHER INFORMATION.

(i) Each of CPS and the Issuer shall maintain accounts and records as to each Receivable accurately and in sufficient detail to permit the reader thereof to know at any time the status of such Receivable, including payments and recoveries made and payments owing (and the nature of each). CPS shall maintain accurate and complete books and records with respect to the Receivables and the Other Conveyed Property and with respect to CPS's business. The Issuer shall maintain accurate and complete books and records with respect to the Collateral and the Issuer's business. All accounting books and records shall be maintained in accordance with GAAP.

(ii) CPS and the Issuer shall, and shall cause each of their respective Affiliates to, permit any representative of the Class A Note Purchaser to visit and inspect any of the properties of the Issuer and such Affiliates and to examine the books and records of CPS or the Issuer and such Affiliates, as applicable, and to make copies and take extracts therefrom, and to discuss the business, operations, properties, condition (financial or otherwise) or prospects

of CPS or the Issuer and each such Affiliate, as applicable, or any of the Collateral with the officers and independent public accountants thereof and as often as the Class A Note Purchaser may reasonably request, and so long as no Default or Event of Default shall have occurred and be continuing, all at such reasonable times during normal business hours upon reasonable written notice; provided that, after a Default or Event of Default shall have occurred and be continuing, the Class A Note Purchaser may make such inspections, examine such documents, make such copies, take such extracts and conduct such discussions at such times as it may determine in its sole discretion during CPS's and the Issuer's normal business hours.

(iii) Each of CPS and the Issuer shall promptly provide to the Class A Note Purchaser all information regarding its respective operations and practices and the Collateral as the Class A Note Purchaser shall reasonably request.

(iv) CPS shall maintain its computer systems so that, from and after the time of each sale of Receivables under the Sale and Servicing Agreement to the Issuer, CPS's master computer records (including any back-up archives) that refer to a Receivable shall indicate clearly that such Receivable has been sold by CPS to the Issuer and that such Receivable has been pledged by the Issuer to the Trustee for the benefit of the Note Purchasers and the Noteholders. Indication of the Trustee's interest in such Receivable shall be deleted from or modified on CPS's computer systems when, and only when, the Receivable shall have been released from the Lien of the Indenture in accordance with the terms of the Indenture, and indication of the Issuer's interest in such Receivable shall be deleted from or modified on CPS's computer systems when, and only when, the Receivable shall have been paid in full or repurchased from the Issuer by CPS.

(v) Upon request, CPS shall furnish to the Class A Note Purchaser, within five (5) Business Days, (x) a list of all Receivables (by contract number and name of Obligor) then owned by the Issuer, together with a reconciliation of such list to the Schedule of Receivables, and (y) such other information as the Class A Note Purchaser may reasonably request.

(vi) If at any time CPS shall propose to sell, grant a security interest in, or otherwise transfer any interest in any automobile, van, sport utility vehicle or light duty truck receivables (other than the Receivables) to any prospective purchaser, lender, or other transferee, and if CPS shall give to such prospective purchaser, lender or other transferee computer tapes, records, or print-outs (including any restored from back-up archives, collectively "data records") that refer in any manner whatsoever to any Receivable, such data records shall indicate clearly that such Receivable has been sold by CPS to the Issuer and pledged by the Issuer to Trustee for the benefit of the Note Purchasers and the Noteholders unless such Receivable shall have been released from the Lien of the Indenture in accordance with the terms of the Indenture and shall have been paid in full or repurchased from the Issuer by CPS.

(m) FULFILLMENT OF OBLIGATIONS. Each of CPS and the Issuer shall pay and perform, as and when due, all of its obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of CPS or the Issuer, as applicable.

(n) COMPLIANCE WITH LAWS, ETC. Each of CPS and the Issuer shall, and CPS shall cause each of its Subsidiaries to, comply (i) in all material respects with all Requirements of Law and any change therein or in the application, administration or interpretation thereof (including, without limitation any request, directive, guideline or policy, whether or not having the force of law) by any Governmental Authority charged with the administration or interpretation thereof; and (ii) with all indentures, mortgages, deeds of trust, agreements, or other instruments or contractual obligations to which it is a party, including without limitation, each Basic Document to which it is a party, or by which it or any of its properties may be bound or affected, or which may affect the Receivables.

(o) COMPLIANCE WITH BASIC DOCUMENTS. CPS, in its capacity as Seller and Servicer, or otherwise, shall comply with each of its covenants contained in the Basic Documents.

(p) FINANCING STATEMENTS. At the request of the Controlling Note Purchaser, CPS and the Issuer shall file such financing statements as the Controlling Note Purchaser determines may be required by law to perfect, maintain and protect the interest of the Note Purchasers and the Noteholders in the Collateral and the proceeds thereof.

(q) PAYMENT OF FEES AND EXPENSES. CPS and the Issuer shall pay to the Class A Note Purchaser, on demand, any and all fees, costs or expenses that the Class A Note Purchaser pays to a bank or other similar institution arising out of or in connection with the return of payments from CPS or the Issuer deposited for collection by the Class A Note Purchaser.

(r) FINANCIAL STATEMENTS AND ACCESS TO RECORDS. CPS shall provide the Class A Note Purchaser with quarterly unaudited financial statements within sixty (60) days of the end of each of CPS's first three fiscal quarters, and CPS will provide the Class A Note Purchaser with audited financial statements within one hundred twenty (120) days of each of CPS's fiscal year-end audited by a nationally recognized independent certified public accounting firm. Upon request of the Class A Note Purchaser, CPS shall provide the Class A Note Purchaser with unaudited monthly financial statements. CPS shall deliver to the Class A Note Purchaser with each financial statement a certificate by CPS's chief financial officer, certifying that such financial statements are complete and correct in all material respects and that, except as noted in such certificate, such chief financial officer has no knowledge of any Default, Event of Default, Funding Termination Event or Servicer Termination Event. Notwithstanding the foregoing, CPS shall have no obligation to deliver any of the foregoing financial statements to the Class A Note Purchaser for so long as CPS is subject to, and in compliance with, the reporting requirements under Section 13(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In connection with each report filed by CPS under Section 13(a) of the Exchange Act during the Class A Term, CPS shall be deemed to have represented and warranted to the Class A Note Purchaser that, as of the related filing date, the financial statements contained in such report are complete and correct in all material respects and that, unless otherwise specified in such report, CPS has no knowledge of any Default, Event of Default, Funding Termination Event or Servicer Termination Event as of such filing date.

(s) LITIGATION MATTERS. CPS shall notify the Class A Note Purchaser in writing, promptly upon its learning thereof, of any litigation, arbitration or administrative proceeding which may reasonably be expected to have a Material Adverse Effect or result in a Material Adverse Change.

(t) NOTICE OF CHANGE OF CHIEF EXECUTIVE OFFICE. CPS and the Issuer shall provide the Controlling Note Purchaser with not less than thirty (30) days prior written notice of any change in the chief executive office or jurisdiction of incorporation or organization of CPS or the Issuer to permit the Controlling Note Purchaser to make any additional filings necessary to continue the Trustee's perfected security interest in the Collateral for the benefit of the Note Purchasers and the Noteholders.

(u) CONSOLIDATED TOTAL ADJUSTED EQUITY. CPS shall maintain minimum Consolidated Total Adjusted Equity of $60,000,000 as of the end of each fiscal quarter.

(v) MAXIMUM LEVERAGE RATIO. CPS shall maintain a maximum leverage ratio (total liabilities less all non-recourse debt/Consolidated Total Adjusted Equity) of less than six times as of the end of each fiscal quarter.

(w) LIQUIDITY. CPS shall maintain cash and cash equivalents of at least $8.5 million as of the end of each calendar month.

(x) DEPOSIT ACCOUNT. All distributions made by the Issuer to CPS in respect of CPS's equity interest in the Issuer shall be deposited directly into the Deposit Account.

SECTION 7.02 NEGATIVE COVENANTS. Until the Class A Facility Termination Date:

(a) ADVERSE TRANSACTIONS. Neither CPS nor the Issuer shall enter into any transaction that adversely affects the Collateral, the UBS Cross Collateral, the Class A Note Purchaser's rights under this Agreement, the Notes or any other Basic Document, the Issuer's interest in the Receivables and the Other Conveyed Property pursuant to the Sale and Servicing Agreement, the

Trustee's security interest in the Collateral pursuant to the Indenture, or that could reasonably be expected to result in a Material Adverse Change with respect to the Issuer or CPS or a Material Adverse Event.

(b) GUARANTEES. The Issuer shall not guarantee or otherwise in any way become liable with respect to the obligations or liabilities of any other Person.

(c) DIVIDENDS. The Issuer shall not declare or pay any dividends except (i) to the extent of funds legally available therefor from payments received by the Issuer pursuant to Section 5.7(a) of the Sale and Servicing Agreement, or (ii) pursuant to Section 5.10 of the Sale and Servicing Agreement, in each case in compliance with Section 7.01(x) of this Agreement. Notwithstanding the foregoing, the Issuer shall not declare or pay any dividends on any date as of which a Default or an Event of Default or a Class B Default or a Class B Event of Default shall have occurred and is continuing.

(d) INVESTMENTS. The Issuer shall not make any investment in any Person through the direct or indirect holding of securities or otherwise, other than in the ordinary course of business or in connection with the future securitization of Receivables.

(e) CHANGES IN CAPITAL STRUCTURE OR BUSINESS OBJECTIVES OF THE ISSUER. The Issuer shall not do any of the following if it will adversely affect the payment or performance of, or the Issuer's ability to pay and/or perform, its obligations to the Class A Note Purchaser with respect to this Agreement or any other Basic Document to which it is a party, or the Notes, or if it could reasonably be expected to result in a Material Adverse Change with respect to the Issuer or CPS or a Material Adverse Event: (i) cancel any of the membership interests in the Issuer, (ii) make any change in the capital structure of the Issuer, or (iii) make any material change in any of its business objectives, purposes or operations that would adversely affect the payment or performance of, or the Issuer's ability to pay and/or perform, its obligations to Class A Note Purchaser with respect to this Agreement or any other Basic Document to which it is a party, or the Notes.

(f) ASSET SALES. The Issuer will not sell any Receivables or other Collateral related thereto if, following such sale, the Class A Invested Amount would exceed the Class A Borrowing Base after giving effect to the application of proceeds of such sale; PROVIDED that the foregoing shall not prohibit a foreclosure sale by or on behalf of the Class A Noteholders or the Class A Note Purchaser upon the occurrence of an Event of Default; PROVIDED FURTHER that in the event that the Issuer or CPS shall intend to sell any Receivables in a whole-loan transfer to any third party, the Issuer or CPS shall inform Class A Note Purchaser of such prospective sale and Class A Note Purchaser shall be permitted to bid on such Receivables in the same bidding process as that in which any third party is permitted to bid on such Receivables.

(g) NO LIENS ON EQUITY INTERESTS IN THE ISSUER. Other than the Lien created pursuant to the Pledge Agreement, CPS shall not grant or otherwise create any Lien on the membership interests in the Issuer (or any other equity interest in the Issuer) without the prior written consent of the Controlling Note Purchaser.

(h) NO INDEBTEDNESS. The Issuer will not at any time incur any Indebtedness, other than Indebtedness incurred under (or contemplated by) the terms of the Basic Documents.

(i) NO OTHER BUSINESS. The Issuer will not at any time engage in any other business activities than the purchase of the Receivables and the Other Conveyed Property, pledging the Receivables and the other Collateral to the Trustee for the benefit of the Note Purchasers and the Noteholders pursuant to Granting Clause I of the Indenture, pledging the Pledged Subordinate Securities to the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders pursuant to Granting Clause II of the Indenture, pledging the UBS Cross Collateral, subject to the Intercreditor Agreement, to the Bear Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the Bear Basic Documents pursuant to Granting Clause III of the Indenture, transferring the Receivables and the Other Conveyed Property in connection with Securitization Transactions and in connection with whole-loan sales, acquiring the Pledged Subordinate Securities in connection with Securitization Transactions, issuing the Notes and other activities relating to the foregoing to the extent permitted by the organizational documents of the Issuer as in effect on the date hereof, or as amended with the prior written consent of the Controlling Note Purchaser. Without limitation of the foregoing, the Issuer will not at any time be an issuer of securities other than the Notes or a borrower under any loan or financing agreement, facility or other arrangement other than the facilities established pursuant to this Agreement and the other Basic Documents.

(j) NO AMENDMENT TO ISSUER'S OPERATING AGREEMENT OR ANY BASIC DOCUMENT WITHOUT CONSENT. Neither the Limited Liability Company Agreement of the Issuer, nor any Basic Document, shall be amended, supplemented or otherwise modified without the prior written consent of the Controlling Note Purchaser.

(k) TRANSACTIONS WITH AFFILIATES. The Issuer shall not enter into, or be a party to, any transaction with any of its Affiliates, except in accordance with the requirements set forth in Section 9(b)(iv) of the LLC Agreement.

(l) NONPETITION. Notwithstanding any prior termination of this Agreement, neither the Servicer nor the Seller will, prior to the date that is one year and one day after the day upon which the outstanding principal amount of each class of Notes has been reduced to zero and all Secured Obligations and any and all other amounts due and owing to the Class A Note Purchaser and the Class A Noteholders pursuant to the Basic Documents have been paid in full, acquiesce, petition or otherwise invoke or cause the Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Issuer under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Issuer.

(m) PROTECTION OF TITLE TO COLLATERAL. None of the Seller, the Servicer, the Purchaser or the Issuer shall change its name, identity, jurisdiction of organization, form of organization or corporate structure in any manner that would, could or might make any financing statement or continuation statement filed with respect to the Collateral, the UBS Cross Collateral or the Deposit Account seriously misleading within the meaning of Section 9-506(a) of the UCC, unless it shall have given each Note Purchaser at least 30 days' prior written notice thereof and shall have promptly filed appropriate amendments to all previously filed financing statements or continuation statements.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

SECTION 8.01 AMENDMENTS. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by CPS, the Issuer or the Class A Note Purchaser therefrom, shall in any event be effective unless the same shall be in writing and signed by CPS, the Issuer and the Class A Note Purchaser.

SECTION 8.02 NO WAIVER; REMEDIES. Any waiver, consent or approval given by the Controlling Note Purchaser or any party hereto (other than any waiver, consent or approval which is contemplated by the express terms of this Agreement or any other Basic Document) shall be effective only in the specific instance and for the specific purpose for which given, and no waiver by a party of any breach or default under this Agreement or any other Basic Document shall be deemed a waiver of any other breach or default. No failure on the part of the Controlling Note Purchaser or any party hereto to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder, or any abandonment or discontinuation of steps to enforce the right, power or privilege, preclude any other or further exercise thereof or the exercise of any other right. Any waiver consent or approval given by the Controlling Note Purchaser under this Agreement or any other Basic Document shall be binding upon each Class A Noteholder and each Class B Noteholder and their respective successors and permitted assigns. No notice to or demand on any party hereto in any case shall entitle such party to any other or further notice or demand in the same, similar or other circumstances. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.03 BINDING ON SUCCESSORS AND ASSIGNS.

(a) This Agreement shall be binding upon, and inure to the benefit of, the Issuer, the Purchaser, the Seller, the Servicer, the Class A Note Purchaser and their respective successors and assigns; PROVIDED, HOWEVER, that, except as otherwise provided in Section 4.17 of the Sale and Servicing Agreement, none of the Issuer, the Purchaser, the Seller or the Servicer may assign its rights or obligations hereunder or in connection herewith or any interest herein (voluntarily, by operation of law or otherwise) without the prior written consent of the Class A Note Purchaser. Nothing expressed herein is intended or shall be construed to give any Person other than the Persons referred to in the preceding sentence any legal or equitable right, remedy or claim under or in respect of this Agreement.

(b) The Class A Note Purchaser may at any time grant a security interest in and Lien on all of its interests under this Agreement, the Class A Notes and all Basic Documents to any Person who, at any time now or in the future, provides program liquidity or credit enhancement, including without limitation, a surety bond or financial guaranty insurance policy for the benefit of the Class A Note Purchaser. The Class A Note Purchaser may assign the Class A Commitment or all of its interest under the Class A Notes, this Agreement and the Basic Documents to (i) any Affiliate of the Class A Note Purchaser at any time, (ii) to any other Person at any time that a Default has occurred and is continuing and (iii) at any other time with the prior written consent of the Issuer; provided that as a condition precedent to any such assignment, the assignee of the Class A Note Purchaser shall execute an agreement pursuant to which it agrees to assume and perform all of the obligations of the Class A Note Purchaser under the Basic Documents. Notwithstanding the foregoing, it is understood and agreed by the Issuer that the Class A Notes may be sold, transferred or pledged without the consent of the Issuer and without the execution of any such assumption agreement in compliance with, and as provided for under, SECTION 5.03(G). Notwithstanding any other provisions set forth in this Agreement, the Class A Note Purchaser may at any time create a security interest in all of its rights under this Agreement, the Class A Notes and the Basic Documents in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

(c) If, on or after the date of this Agreement, the Class A Note Purchaser reasonably determines that the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Class A Note Purchaser with any request or directive issued on or after the date of this Agreement (whether or not having the force of law) of any such authority, central bank or comparable agency, has made or would be likely to make it unlawful for the Class A Note Purchaser to purchase the Class A Advances, hold the Class A Notes or otherwise to perform the transactions contemplated to be performed by it pursuant to this Agreement and those contemplated to be performed by it pursuant to the Basic Documents to which the Class A Note Purchaser is a party, then (i) the Class A Note Purchaser shall so notify the Issuer; (ii) the obligation of the Class A Note Purchaser to purchase the Class A Advances from time to time as contemplated hereunder shall be suspended; and (iii) the Class A Note Purchaser may assign its rights and obligations hereunder and under the Basic Documents, the Class A Notes and its interests therein pursuant to and in compliance with Section 8.03(b); provided that a Class A Funding Termination Event shall occur if the Issuer or the Servicer fails to accept the proposed assignee chosen by the Class A Note Purchaser.

SECTION 8.04 TERMINATION; SURVIVAL. The obligations and responsibilities of the Class A Note Purchaser created hereby shall terminate on the Class A Facility Termination Date. Notwithstanding the foregoing, all covenants, agreements, representations, warranties and indemnities made by the Servicer, the Seller, the Purchaser and/or the Issuer herein and/or in the Class A Notes delivered pursuant hereto shall survive the purchase and the repayment of the Class A Advances and the execution and delivery of this Agreement and the Class A Notes and shall continue in full force and effect until all interest and principal on the Class A Notes and other amounts owed hereunder and under the other Basic Documents have been paid in full and the commitment of the Class A Note Purchaser hereunder has been terminated. In addition, the obligations of the Issuer, the Purchaser, the Seller and the Servicer under SECTIONS 3.02, 3.03, 3.04, 3.05(B), 8.05, 8.11, 8.12 and 8.13 shall survive the termination of this Agreement.

SECTION 8.05 PAYMENT OF COSTS AND EXPENSES; INDEMNIFICATION.

(a) PAYMENT OF COSTS AND EXPENSES.

(i) The Issuer agrees to pay on demand the reasonable expenses of the Class A Note Purchaser (including the reasonable out-of-pocket and legal expenses of the Class A Note Purchaser, if any) in connection with:

(A) the negotiation, preparation, execution, delivery and administration of this Agreement and of each other Basic Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to this Agreement or any other Basic Document as may from time to time hereafter be proposed, whether or not the transactions contemplated hereby or thereby are consummated, and

(B) the consummation of the transactions contemplated by this Agreement and the other Basic Documents; provided that such expenses related to the amendment and restatement of this facility shall be capped at $45,000.

(ii) The Issuer and the Servicer further jointly and severally agree to (A) pay upon demand all reasonable costs and out-of-pocket expenses incurred by the Class A Note Purchaser as a consequence of, or in connection with, the enforcement of this Agreement or any of the other Basic Documents and any stamp, documentary or other taxes which may be payable by the Class A Note Purchaser in connection with the execution or delivery of this Agreement, any Class A Advance hereunder, or the issuance of the Class A Notes or any other Basic Documents; and (B) hold and save the Class A Note Purchaser harmless from all liability for any breach by the Issuer of its obligations under this Agreement. The Issuer and Servicer also further jointly and severally agree to reimburse the Class A Note Purchaser upon demand for all reasonable out-of-pocket and legal expenses incurred by the Class A Note Purchaser in connection with the negotiation of any restructuring or "work-out," whether or not consummated, of the Basic Documents.

(b) INDEMNIFICATION. In consideration of the Class A Note Purchaser's execution and delivery of this Agreement, the Issuer, the Purchaser, the Seller and the Servicer, jointly and severally, hereby agree to indemnify and hold the Class A Note Purchaser and each of its officers, directors, employees and agents (collectively, the "INDEMNIFIED PARTIES") harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and reasonable expenses incurred in connection therewith, as incurred (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought and including, without limitation, any liability in connection with the offering and sale of the Notes), including reasonable attorneys' fees and disbursements (collectively, the "INDEMNIFIED LIABILITIES"), incurred by the Indemnified Parties or any of them (whether in prosecuting or defending against such actions, suits or claims) as a result of, or arising out of, or relating to:

(i) any transaction financed or to be financed in whole or in part (including, without limitation, any Receivable constituting part of the Collateral), directly or indirectly, with the proceeds of any Class A Advance including, without limitation, any claim, suit or action related to such transaction, which claim is based on a violation of Consumer Laws or any applicable vicarious liability statutes, or the use or operation of any Financed Vehicle by any Person; or

(ii) this Agreement or any other Basic Document, or the entering into and performance of this Agreement or any other Basic Document by any of the Indemnified Parties,

except for any such Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the relevant Indemnified Party's gross negligence, bad faith or willful misconduct and, with respect to the Servicer, excluding any Indemnified Liabilities that would constitute recourse to the Servicer for loss by reason of the bankruptcy, insolvency (or other credit condition) of, or credit-related default by the related Obligor on any Receivable and not arising from defaults by the related Obligor arising from a

claim by the related Obligor that any part of the debt evidenced by the Receivables is not due as a result of wrongful action by any Person, such as a breach of Consumer Laws. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Issuer and the Servicer hereby jointly and severally agree to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The indemnity set forth in this SECTION 8.05 shall in no event include indemnification for any Taxes (which indemnification is provided in SECTION 3.05). Upon the written request of the Class A Note Purchaser pursuant to this Section 8.05, the Issuer and the Servicer shall promptly reimburse the Class A Note Purchaser for the amount of any such Indemnified Liabilities incurred by the Class A Note Purchaser.

SECTION 8.06 CHARACTERIZATION AS BASIC DOCUMENT; ENTIRE AGREEMENT. This Agreement shall be deemed to be a Basic Document for all purposes of the Indenture and the other Basic Documents. This Agreement, together with the Indenture, the Sale and Servicing Agreement, the documents delivered pursuant to SECTION 6.01 and the other Basic Documents, including the exhibits and schedules thereto, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all previous oral statements and other writings with respect thereto.

SECTION 8.07 NOTICES. All notices, amendments, waivers, consents and other communications provided to any party hereto under this Agreement shall be in writing and addressed, delivered or transmitted to such party at its address or facsimile number set forth below its signature hereto or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when transmitted and accompanied by telephonic confirmation of receipt.

SECTION 8.08 SEVERABILITY OF PROVISIONS. Any covenant, provision, agreement or term of this Agreement that is prohibited or is held to be void or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement.

SECTION 8.09 TAX CHARACTERIZATION. Each party to this Agreement (a) acknowledges that it is the intent of the parties to this Agreement that, for accounting purposes and for all Federal, state and local income and franchise tax purposes, the Class A Notes will be treated as evidence of indebtedness issued by the Issuer, (b) agrees to treat the Class A Notes for all such purposes as indebtedness and (c) agrees that the provisions of the Basic Documents shall be construed to further these intentions.

SECTION 8.10 FULL RECOURSE TO ISSUER. The obligations of the Issuer under this Agreement and the other Basic Documents shall be full recourse obligations of the Issuer. Notwithstanding the foregoing, no recourse shall be had for the payment of any amount owing in respect of this Agreement, including the payment of any fee hereunder or any other obligation or claim arising out of or based upon this Agreement, against any certificateholder, member, employee, officer, manager, director, affiliate or trustee of the Issuer; PROVIDED, HOWEVER, nothing in this SECTION 8.10 shall relieve any of the foregoing Persons from any liability that any such Person may otherwise have as expressly set forth in any Basic Document or for its gross negligence, bad faith or willful misconduct. Nothing contained in this Section shall limit or be deemed to limit any obligations of the Issuer, the Purchaser, the Seller or the Servicer hereunder or under any other Basic Document, which obligations are full recourse obligations of the Issuer, the Purchaser, the Seller and the Servicer, respectively.

SECTION 8.11 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF

THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 8.12 SUBMISSION TO JURISDICTION. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, OR ANY LEGAL PROCESS WITH RESPECT TO ITSELF OR ANY OF ITS PROPERTY, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

SECTION 8.13 WAIVER OF JURY TRIAL. THE PARTIES HERETO EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY PARTY AGAINST THE OTHER PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. THE PARTIES HERETO EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

SECTION 8.14 COUNTERPARTS. This Agreement may be executed in any number of counterparts (which may include facsimile) and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original, and all of which together shall constitute one and the same instrument. Any signature page to this Agreement containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the effect of delivery of an original manually signed signature page.

SECTION 8.15 SET-OFF.

(a) The obligations of the Issuer, the Purchaser, the Seller and the Servicer hereunder are absolute and unconditional and each of the Issuer, the Purchaser, the Seller and the Servicer expressly waives any and all rights of set-off, abatement, diminution or deduction that the Issuer, the Purchaser, the Seller or the Servicer may otherwise at any time have under applicable law.

(b) In addition to any rights now or hereafter granted under applicable law and not by way of limitation of such rights, during the continuance of any Event of Default hereunder:

(i) the Class A Note Purchaser is hereby authorized at any time and from time to time, without notice to the Purchaser or the Issuer, such notice being hereby expressly waived, to set-off any obligation owing by the Class A Note Purchaser or any of its Affiliates to the Purchaser or the Issuer, or against any funds or other property of the Purchaser or the Issuer, held by or otherwise in the possession of the Class A Note Purchaser or any of its Affiliates, the respective obligations of the Purchaser and the Issuer to the Class A Note Purchaser under this Agreement and the other Basic Documents and irrespective of whether or not the Class A Note Purchaser shall have made any demand hereunder or thereunder; and

(ii) the Class A Note Purchaser is hereby authorized at any time and from time to time, without notice to the Seller or the Servicer, such notice being hereby expressly waived, to set-off any obligation owing by the Class A Note Purchaser or any of its Affiliates to the Seller or the Servicer, or against any funds or other property of the Seller or the Servicer held by or otherwise in the possession of the Class A Note Purchaser or any of its Affiliates, the respective obligations of the Seller and the Servicer to the Class A Note Purchaser under this Agreement and the other Basic Documents and irrespective of whether or not the Class A Note Purchaser shall have made any demand hereunder or thereunder.

SECTION 8.16 NONPETITION COVENANTS. Notwithstanding any prior termination of this Agreement, the Servicer and the Seller shall not, prior to the date that is one year and one day after the day upon which the outstanding principal amount of each class of Notes has been reduced to zero and all Secured Obligations and any and all other amounts due and owing to the Note Purchasers and the Noteholders pursuant to the Basic Documents have been paid in full, acquiesce, petition or otherwise invoke or cause the Purchaser or the Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Purchaser or the Issuer under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Purchaser of the Issuer or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Purchaser or the Issuer.

SECTION 8.17 SERVICER REFERENCES. All references to the Servicer herein shall apply to CPS, in its capacity as the initial Servicer, and not to a successor Servicer.

SECTION 8.18 CONFIDENTIALITY; PRESS RELEASES. Unless required by law or regulation to do so or otherwise expressly permitted by the Basic Documents, neither the Class A Note Purchaser on the one hand, nor any of the Seller, the Servicer, the Purchaser or the Issuer on the other hand, shall publish or otherwise disclose any information relating to the material terms of the Class A Commitment or the Class B Commitment (including, without limitation, the Market Value calculations), any of the Basic Documents or the transactions contemplated hereby or thereby to any Person (other than its own advisors to the extent reasonably necessary) without the prior written consent of the other; provided that nothing herein shall be construed to prohibit any party from issuing a press release announcing the consummation of the transactions contemplated by the Basic Documents. No party shall publish any press release naming the other party without the prior written consent of the other (which consent shall not be unreasonably withheld). For avoidance of doubt, it is agreed that Seller is required by law (i) to report its entry into this Agreement and the other Basic Documents in a current report on Form 8-K of the Securities and Exchange Commission, which report must file as exhibits at least this Agreement, the Sale and Servicing Agreement, and the Indenture, and (ii) to make reference to such agreements and the Commitment in its periodic reports to be filed respecting time periods that include all or part of the Class A Term. This confidentiality agreement shall apply to any and all information relating to the Commitment, any of the Basic Documents and the transactions contemplated hereby and thereby at any time on or after the date hereof.

SECTION 8.19 INTERCREDITOR AGREEMENT TO CONTROL. The rights, obligations and remedies of the parties to this Agreement and under the other Basic Documents are subject in all respects to the terms and provisions of the Intercreditor Agreement; provided, however that to the extent such rights,

obligations and remedies relate to the Bear Cross Collateral, such rights, obligations and remedies are subject in all respects to the terms and provisions of the Bear Intercreditor Agreement. In the event of any conflict between the terms of this Agreement or any other Basic Document and the Intercreditor Agreement, the Intercreditor Agreement shall control. In addition, in the event of any conflict between the terms of this Agreement or any other Basic Document and the Bear Intercreditor Agreement that relates to the Bear Cross Collateral, the Bear Intercreditor Agreement shall control.

SECTION 8.20 NO NOVATION. It is expressly understood and agreed by the parties hereto that the amendment and restatement of this Agreement is in no way intended to and shall not be deemed to constitute a novation or repayment of the outstanding Class A Advances and the other obligations and liabilities existing under the Original Basic Documents and the security interest of the Trustee in the Collateral for the benefit of the Noteholders and the Note Purchasers shall remain in full force and effect after giving effect to the amendment and restatement of this Agreement.

SECTION 8.21 SURVIVAL OF REPRESENTATIONS, WARRANTIES AND INDEMNITIES UNDER ORIGINAL NOTE PURCHASE AGREEMENT. The representations, warranties and indemnity obligations of the Issuer, the Purchaser, the Servicer, the Seller and CPS made in the Original Note Purchase Agreement and each other Original Basic Document prior to the Class B Closing Date shall survive the Class B Closing Date and the execution and delivery of this Agreement, and each such representation and warranty so made is true and correct as of the date originally made and as of the date hereof.

[Remainder of Page Intentionally Blank]

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

PAGE FUNDING LLC, as Issuer and Purchaser

By:_____
Name:_____
Title:_____

Address: 16355 Laguna Canyon Road
Irvine, California 92618
Attention: Company Secretary
Telephone: 949-753-6800
Facsimile: 949-753-6897

CONSUMER PORTFOLIO SERVICES, INC., as CPS, Seller and Servicer

By:_____
Name:_____
Title:_____

Address: 16355 Laguna Canyon Road
Irvine, California 92618

Attention: Corporate Secretary
Telephone: (949) 785-6691
Facsimile: (888) 577-7923

UBS REAL ESTATE SECURITIES INC., as Class A Note Purchaser and as initial Class A Noteholder

By:_____
Name:_____
Title:_____

1285 Avenue of the Americas, 11th Floor
Attention: Prakash Wadhwani
New York, New York 10019

Telephone: 212-713-3983
Facsimile: 212-713-7999

RXHIBIT 10.10

AMENDED AND RESTATED SALE AND SERVICING AGREEMENT

AMONG

PAGE THREE FUNDING LLC, AS
PURCHASER AND ISSUER,

CONSUMER PORTFOLIO SERVICES, INC. AS
SELLER AND SERVICER,

AND

WELLS FARGO BANK, NATIONAL ASSOCIATION,

AS
BACKUP SERVICER AND TRUSTEE,

DATED AS OF
JANUARY 12, 2007

TABLE OF CONTENTS

TABLE OF CONTENTS
(CONTINUED)

AMENDED AND RESTATED SALE AND SERVICING AGREEMENT (this "AGREEMENT") dated as of January 12, 2007, among PAGE THREE FUNDING LLC, a Delaware limited liability company (the "PURCHASER"), CONSUMER PORTFOLIO SERVICES, INC., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER," respectively), WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (in its capacities as Backup Servicer, the "BACKUP SERVICER" and as Trustee, the "TRUSTEE," respectively).

WHEREAS, the Purchaser desires to purchase, from time to time, portfolios of receivables arising in connection with motor vehicle retail installment sale contracts acquired by Consumer Portfolio Services, Inc., from motor vehicle dealers and independent finance companies;

WHEREAS, the Purchaser intends to finance such purchases by issuing Class A Notes and Class B Notes, each of which shall be secured by, among other assets, the Receivables and the Other Conveyed Property, pursuant to the Indenture (as defined below);

WHEREAS, the Seller is willing to sell such Receivables and the Other Conveyed Property to the Purchaser from time to time; and

WHEREAS the Servicer is willing to service all such Receivables.

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

ARTICLE I

DEFINITIONS

SECTION 1.1. DEFINITIONS. Capitalized terms used in this Agreement and not otherwise defined in this Agreement, shall have the meanings set forth in Annex A attached hereto.

SECTION 1.2. OTHER DEFINITIONAL PROVISIONS.

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

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

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

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

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

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

ARTICLE II

CONVEYANCE OF RECEIVABLES

SECTION 2.1. CONVEYANCE OF RECEIVABLES.

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

(i) the Receivables listed in Schedule A to each Assignment executed and delivered by the Seller on such Funding Date;

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

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

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

(v) all proceeds from recourse against Dealers or Consumer Lenders with respect to the Receivables and all other rights (but none of the obligations) of the Seller under any agreements with Dealers or Consumer Lenders;

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

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

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

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

(x) the proceeds from any Servicer's errors and omissions policy or fidelity bond, to the extent such proceeds relate to any Receivable, Financed Vehicle or other Collateral; and

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

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

(i) the Seller shall have provided the Purchaser, Trustee, the applicable Note Purchaser and the applicable Noteholders with (A) an Addition Notice substantially in the form of EXHIBIT G hereto (which shall include a supplement to the Schedule of Receivables) and (B) a data tape or other electronic file containing information regarding the Related Receivables in the form of EXHIBIT H hereto to be transferred on such Funding Date (the "DATA TAPE FIELDS") no later than 2:00 p.m. (New York City time) four (4) Business Days prior to such Funding Date and shall have provided any information reasonably requested by any of the foregoing with respect to the Issuer, the Servicer and the Related Receivables;

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

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

(iv) if such Funding Date is a Class A Funding Date, the Class A Facility Termination Date shall not have occurred;

(v) if such Funding Date is a Class B Funding Date, the Class B Facility Termination Date shall not have occurred;

(vi) the Servicer shall have established a Lockbox Account acceptable to the Controlling Note Purchaser;

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

(viii) the Seller shall, at its own expense, on or prior to the Funding Date, indicate in its computer files that the Related Receivables to be purchased on such Funding Date

have been sold to the Purchaser pursuant to this Agreement or an Assignment, as applicable, and have been pledged by the Purchaser to the Trustee for the benefit of the Note Purchasers and the Noteholders under the Indenture;

(ix) the Seller shall have taken all action required to maintain (A) the first priority perfected ownership interest of the Purchaser in the Related Receivables and Other Conveyed Property, (B) subject to the terms and provisions of the Intercreditor Agreement, the first priority perfected security interest of the Trustee in the Collateral for the benefit of the Note Purchasers and the Noteholders, (C) the first priority perfected security interest of the Trustee in the Pledged Subordinate Securities for the benefit of the Class B Note Purchasers and the Class B Noteholders, and (D) subject to the terms and provisions of the Intercreditor Agreement, the second priority perfected security interest of the UBS Indenture Trustee in the Bear Cross Collateral (subject only to the Lien granted pursuant to Granting Clause I of the Indenture) for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents;

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

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

(xii) the Seller shall have delivered to each Noteholder, the applicable Note Purchaser and the Trustee an Officers' Certificate confirming the satisfaction of each condition precedent specified in this paragraph (b);

(xiii) if such Funding Date is a Class A Funding Date, no Class A Funding Termination Event, Servicer Termination Event, or any event that, with the giving of notice or the passage of time, or both, would constitute a Class A Funding Termination Event or Servicer Termination Event, shall have occurred and be continuing;

(xiv) if such Funding Date is a Class B Funding Date, no Class B Funding Termination Event, Servicer Termination Event, or any event that, with the giving of notice or the passage of time, or both, would constitute a Class B Funding Termination Event or Servicer Termination Event, shall have occurred and be continuing;

(xv) the Trustee shall have confirmed receipt of the related Receivable File for each Related Receivable included in the applicable Borrowing Base calculation and shall have delivered an original Trust Receipt to the Controlling Note Purchaser and a copy thereof to the applicable Noteholders and the other Note Purchasers with respect to the Receivable Files related to the Related Receivables to be purchased on such Funding Date;

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

(xvii) the Seller shall have filed or caused to be filed all necessary UCC-l financing statements (or amendments thereto) necessary to maintain (in each case assuming for purposes of this clause (xvii) that such perfection may be achieved by making the appropriate filings), and taken any

other steps necessary to maintain, (A) the first priority perfected security interest of the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders, with respect to the Pledged Subordinate Securities and (B) subject to the terms and provisions of the Intercreditor Agreement, the second priority perfected security interest of the UBS Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents, with respect to the Bear Cross Collateral (subject only to the Lien created pursuant to Granting Clause I of the Indenture);

(xviii) the Seller shall have executed and delivered an Assignment in the form of EXHIBIT F with respect to such Related Receivables and the Other Conveyed Property related thereto;

(xix) each of the conditions precedent to such Advance set forth in this Agreement, the Indenture and the applicable Note Purchase Agreement shall have been satisfied;

(xx) if such Funding Date is a Class A Funding Date, such Class A Funding Date shall not occur in the same calendar week as any prior Class A Funding Date;

(xxi) if such Funding Date is a Class B Funding Date, such Class B Funding Date shall also be a Class A Funding Date and no more than two Class B Funding Dates shall occur during any one calendar month; and

(xxii) if such Funding Date is a Class B Funding Date, such Class B Funding Date shall not be a funding date for the Class B notes issued under the UBS Warehouse Facility.

Unless waived by the Controlling Note Purchaser (or the Class B Note Purchasers, in the case of ITEM (v), ITEM (ix)(c) AND (d), ITEM (xiv), ITEM (xvii)(a) AND (b), ITEM (xxi) and ITEM (xxii) above) in writing, the Seller covenants that in the event any of the foregoing conditions precedent are not satisfied with respect to any Related Receivable on the date required as specified above, the Seller will immediately repurchase such Related Receivable from the Purchaser, at a price equal to the Purchase Amount thereof, in the manner specified in SECTION 3.2 and SECTION 4.7. Except with respect to ITEM (xvi) above, the Trustee may rely on the accuracy of the Officers' Certificate delivered pursuant to ITEM (xii) above without independent inquiry or verification.

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

SECTION 2.2. TRANSFERS INTENDED AS SALES. It is the intention of the Seller and the Purchaser that each transfer and assignment contemplated by this Agreement and each Assignment shall constitute a sale of the Related Receivables and Other Conveyed Property from the Seller to the Purchaser free and clear of all liens and rights of others and it is intended that the beneficial interest in and title to the Related Receivables and Other Conveyed Property shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. In the event that, notwithstanding the intent of the Seller and the Purchaser, the transfer and assignment contemplated hereby or by any Assignment is held not to be a sale, this Agreement and each Assignment shall constitute a security agreement under applicable law and the Seller hereby grants to the Purchaser a security interest in the Receivables and Other Conveyed Property, which security interest has been assigned to the Trustee, acting on behalf of the Noteholders and Note Purchasers.

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

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

(b) Immediately upon the vesting of any Related Receivables and the related Other Conveyed Property in the Purchaser, the Purchaser shall have the sole right to pledge or otherwise encumber such Related Receivables and the related Other Conveyed Property. Pursuant to the Indenture, (i) subject to the terms and provisions of the Intercreditor Agreement, the Purchaser shall grant a security interest in the Collateral to secure the repayment of the Notes, the other Secured Obligations and any and all other amounts due and owing to the Note Purchasers and the Noteholders pursuant to the Basic Documents, (ii) the Purchaser shall grant a security interest in the Pledged Subordinate Securities to secure the repayment of the Class B Notes, the other Secured Obligations and any and all other amounts due and owing, in each case, to the Class B Note Purchasers and the Class B Noteholders pursuant to the Basic Documents, and (iii) subject to the terms and provisions of the Intercreditor Agreement, the Purchaser shall grant a second priority security interest in the Bear Cross Collateral to secure the repayment of the Class B notes and any and all other amounts due and owing, in each case, to the Class B note purchasers and the Class B noteholders under the UBS Basic Documents pursuant to the UBS Basic Documents, subject only to the Lien Granted pursuant to Granting Clause I of the Indenture.

(c) The Trustee shall, at such time as (i) each Facility Termination Date has occurred, (ii) the payment in full of the Secured Obligations has occurred, (iii) each Note Purchase Agreement shall have been terminated pursuant to its terms, (iv) there are no Notes Outstanding, (v) all sums due to the Trustee, the Note Purchasers and the Noteholders pursuant to the Basic Documents and all sums due to the UBS Indenture Trustee, the Class B note purchasers and the Class B noteholders under the UBS Basic Documents have been paid in full, and (vi) all other conditions precedent under the Indenture shall have been satisfied, release any remaining portion of the Collateral, the Pledged Subordinate Securities and the Bear Cross Collateral to the Purchaser.

ARTICLE III.
THE RECEIVABLES

SECTION 3.1. REPRESENTATIONS AND WARRANTIES OF SELLER. (a) The Seller makes the following representations and warranties as to the Receivables to the Purchaser, to the Trustee for the benefit of the Note Purchasers and the Noteholders, to each Note Purchaser and to each Noteholder, on which the Purchaser relies in acquiring the Receivables, on which the Trustee relies in accepting a pledge of the Receivables under the Indenture, on which the Noteholders have relied in purchasing the Notes and on which each Note Purchaser will rely in paying the Advance Amounts to the Purchaser. Such representations and warranties speak as of the Class A Closing Date (with respect to the Class A Note Purchaser and the Class A Noteholders) and the Class B Closing Date (with respect to the Class B Note Purchasers and the Class B Noteholders) and as of each Funding Date; PROVIDED that to the extent such representations and warranties relate to the Receivables conveyed on any Funding Date, such representations and warranties shall speak as of the related Funding Date, but shall survive the sale, transfer and assignment of the Receivables to the Purchaser and the pledge thereof by the Purchaser hereunder to the Trustee pursuant to the Indenture.

(i) CHARACTERISTICS OF RECEIVABLES. Each Receivable (1) is evidenced either by (i) a retail installment sale contract or (ii) an installment promissory note and security agreement; (2) if such Receivable is evidenced by a retail installment sale contract, has been originated in the United States of America by a Dealer for the retail sale of a Financed Vehicle in the ordinary course of such Dealer's business and without any fraud or misrepresentation on the part of the Dealer, such Dealer had all necessary licenses and permits to originate such Receivables in the state where such Dealer was located, has been fully and properly executed by

the parties thereto, has been purchased by the Seller directly from the Dealer in connection with the sale of Financed Vehicles by the Dealer and has been validly assigned without any intervening assignments by such Dealer to the Seller in accordance with its terms; (3) if such Receivable is evidenced by an installment promissory note and security agreement, has been originated in the United States of America by a Consumer Lender in the ordinary course of such Consumer Lender's business and without any fraud or misrepresentation on the part of such Consumer Lender or the Dealer, and such Consumer Lender had all necessary licenses and permits to originate such Receivable in the State where such Receivable was originated and where such Consumer Lender was located, and such Receivable has been fully and properly executed by the parties thereto, has been purchased by the Seller directly from the Consumer Lender (if the Consumer Lender is not the Seller) in connection with the sale of Financed Vehicles by the Dealer and has been validly assigned by such Consumer Lender without any intervening assignments by such Consumer Lender to the Seller (if the Consumer Lender is not the Seller); (4) has created a valid, subsisting, and enforceable first priority perfected security interest in favor of the Seller or the Consumer Lender, as applicable, in the Financed Vehicle, which security interest has been validly assigned by the Seller to the Purchaser or by the Consumer Lender to the Seller (if the Consumer Lender is not the Seller) and by the Seller to the Purchaser, as applicable, and by the Purchaser to the Trustee; (5) contains customary and enforceable provisions such that the rights and remedies of the holder or assignee thereof shall be adequate for realization against the collateral of the benefits of the security including without limitation a right of repossession following a default; (6) provides for level weekly, bi-weekly, semi-monthly or monthly payments that fully amortize the Amount Financed over the original term (except for the last payment, which may be different from the level payment but in no event shall exceed three times such level payment) and yields interest at the Annual Percentage Rate; (7) if such Receivable is evidenced by a retail installment sale contract, was originated by a Dealer to an Obligor and was sold by the Dealer to the Seller, or if such Receivable is evidenced by an installment promissory note and security agreement, was originated by a Consumer Lender to an Obligor and, if not originated by the Seller, has been sold by such Consumer Lender to the Seller, in each case without any fraud or misrepresentation on the part of the Seller, such Consumer Lender, such Dealer or the related Obligor; (8) is denominated in U.S. dollars; (9) provides, in the case of prepayment, for the full payment of the Principal Balance thereof plus accrued interest through the date of prepayment based on the APR of the Receivable; and (10) contains no obligation to lend more money to the related Obligor in the future.

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

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

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

(C) no Related Receivable has been extended beyond its original term, except in accordance with the Seller's Contract Purchase Guidelines regarding deferments or extensions;

(D) each Related Receivable satisfies in all material respects the Seller's Contract Purchase Guidelines as in effect on the Closing Date or as otherwise amended from time to time in accordance with Section 8.2(c); and

(E) each Related Receivable that is a Seasoned Receivable shall (i) not have an Obligor that has failed to make the first Scheduled Receivable Payment due on such Seasoned Receivable, (ii) not have been sold to the Purchaser and pledged to the Trustee for the benefit of the Noteholders and the Note Purchasers more than 120 days after the Seller

paid the related Dealer or Consumer Lender (if such Consumer Lender is not the Seller) for such Seasoned Receivable, (iii) not have an Obligor that has ever been delinquent in payment with respect to such Seasoned Receivable for more than sixty (60) days.

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

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

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

(vi) NO FLEET SALES. None of the Receivables have been included in a "fleet" sale (i.e., a sale to any single Obligor of more than five Financed Vehicles).

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

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

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

(x) NO AMENDMENTS. No Related Receivable has been amended, modified, waived or refinanced except as such Related Receivable may have been amended in accordance with Servicer's Servicing Guidelines.

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

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

(xiii) NO DEFAULT; REPOSSESSION. Except for payment delinquencies continuing for a period of not more than 45 days as of the related Cutoff Date, no default, breach, violation or event permitting acceleration under the terms of any Related Receivable has occurred; and no continuing condition that with notice or the lapse of time, or both, would constitute a default, breach, violation or event permitting acceleration under the terms of any Related Receivable has arisen; and the Seller shall not waive and has not waived any of the foregoing (except in a manner consistent with SECTION 4.2) and no Financed Vehicle financed under a Related Receivable shall have been repossessed.

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

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

(xvi) LAWFUL ASSIGNMENT; NO CONSENT REQUIRED. No Related Receivable has been originated in, or is subject to the laws of, any jurisdiction under which the sale, transfer, and assignment of such Related Receivable under this Agreement or the pledge of such Related Receivable under the Indenture or pursuant to transfers of the Notes shall be unlawful, void, or voidable. The Seller has not entered into any agreement

with any account debtor that prohibits, restricts or conditions the assignment of any portion of the Related Receivables. For the validity of such sales, transfers, assignments and pledges, no consent by any Dealer, Consumer Lender, Obligor or any other Person is required under any agreement or applicable law.

(xvii) ALL FILINGS MADE. All filings (including, without limitation, UCC filings or other actions) necessary in any jurisdiction to give: (a) the Purchaser a first priority perfected ownership interest in the Receivables and the Other Conveyed Property, including, without limitation, the proceeds of the Receivables (to the extent that the Purchaser can obtain such first priority perfected security interest pursuant to one or more filings), (b) subject to the terms and provisions of the Intercreditor Agreement, the Trustee, for the benefit of the Noteholders and the Note Purchasers, a first priority perfected security interest in the Collateral, (c) the Trustee, for the benefit of the Class B Note Purchasers and the Class B Noteholders, a first priority perfected security interest in the Pledged Subordinate Securities, and (d) subject to the terms and provisions of the Intercreditor Agreement, the UBS Indenture Trustee, for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents, a second priority perfected security interest in the Bear Cross Collateral (subject only to the Lien granted pursuant to Granting Clause I of the Indenture), have been made, taken or performed.

(xviii) RECEIVABLE FILE; ONE ORIGINAL. The Seller has delivered to the Trustee, at the location specified in SCHEDULE B hereto, a complete Receivable File with respect to each Related Receivable, and the Trustee has delivered an original Trust Receipt therefor to the Controlling Note Purchaser and a copy thereof to the Purchaser, the other Note Purchasers and the Noteholders. There is only one original executed copy of each Receivable. The Servicer has in its possession all other relevant documents with respect to the Receivables, including without limitation the related credit application and verification of insurance.

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

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

(xxi) VALID AND BINDING OBLIGATION OF OBLIGOR. Each Related Receivable is the legal, valid and binding obligation in writing of the Obligor thereunder and is enforceable in accordance with its terms, except only as such enforcement may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally, and all

parties to such contract had full legal capacity to execute and deliver such contract and all other documents related thereto and to grant the security interest purported to be granted thereby. Each Related Receivable is not subject to any right of set-off by the Obligor.

(xxii) CHARACTERISTICS OF OBLIGORS. As of the date of each Obligor's application for credit from which the Related Receivable arises, such Obligor (a) did not have any material past due credit obligations or any personal or real property repossessed or wages garnished within one year prior to the date of such application, unless such amounts have been repaid or discharged through bankruptcy, (b) was not the subject of any Federal, State or other bankruptcy, insolvency or similar proceeding pending on the date of application that has not been discharged, (c) had not been the subject of more than one Federal, State or other bankruptcy, insolvency or similar proceeding that has not completed a Section 341 Meeting, (d) was domiciled in the United States and (e) was not self-employed. During the period from the date of each Obligor's application for financing of the Financed Vehicle from which the related Receivable arises to the applicable Funding Date, no Obligor is or has been the subject of any Federal, State or other bankruptcy, insolvency or similar proceeding that has not completed a Section 341 Meeting.

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

(xxiv) CASUALTY AND IMPOUNDING. No Financed Vehicle financed under a Related Receivable has suffered a Casualty and the Seller has not received any notice that any Financed Vehicle has been impounded.

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

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

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

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

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

(xxx) CREATION OF SECURITY INTEREST. This Agreement creates a valid and continuing security interest (as defined in the UCC) in the Receivables and the Other Conveyed Property in favor of the Purchaser, which security interest is prior to all other Liens (other than the Liens of the Trustee and the UBS Indenture Trustee under the Indenture) and is enforceable

as such as against creditors of and purchasers from the Seller. The Indenture creates a valid and continuing security interest (as defined in the UCC) in (x) subject to the terms and provisions of the Intercreditor Agreement, the Collateral in favor of the Trustee for the benefit of the Noteholders and the Note Purchasers, which security interest is prior to all other Liens, (y) the Pledged Subordinate Securities in favor of the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders, which security interest is prior to all other Liens, and (z) subject to the terms and provisions of the Intercreditor Agreement, the Bear Cross Collateral in favor of the UBS Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents, which security interest is prior to all Liens, other than the Lien created pursuant to Granting Clause I of the Indenture, and such security interests are, in each case, enforceable as such as against creditors of and purchasers from the Issuer.

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

(xxxii) PERFECTION OF SECURITY INTEREST IN TRUST ESTATE. The Purchaser has caused the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect (i) the security interest in the Receivables and the other Collateral granted to the Trustee for the benefit of the Noteholders and the Note Purchasers pursuant to Granting Clause I of the Indenture; (i) the security interest in the Pledged Subordinate Securities granted to the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers pursuant to Granting Clause II of the Indenture, and (i) the security interest in the Bear Cross Collateral granted to the UBS Indenture Trustee for the benefit of the Class B noteholders and the Class B note purchasers under the UBS Basic Documents pursuant to Granting Clause III of the Indenture.

(xxxiii) PERFECTION OF SECURITY INTERESTS IN FINANCED VEHICLES. The Seller has taken all steps necessary to perfect its security interest against the Obligors in the Financed Vehicles securing the Receivables and such security interest has been validly assigned by the Seller to the Purchaser and pledged by the Purchaser to the Trustee for the benefit of the Noteholders and the Note Purchasers.

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

(xxxv) NO OTHER SECURITY INTERESTS - PURCHASER. Other than (A) the security interest in the Collateral granted to the Trustee for the benefit of the Noteholders and Note Purchasers pursuant to Granting Clause I of the Indenture, (B) the security interest in the Pledged Subordinate Securities granted to the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders pursuant to Granting Clause II of the Indenture, and (C) the security interest in

the Bear Cross Collateral granted to the UBS Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents pursuant to Granting Clause III of the Indenture, the Purchaser has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral, the Pledged Subordinate Securities or the Bear Cross Collateral. The Purchaser has not authorized the filing of and is not aware of any financing statements filed against the Purchaser that include a description of collateral covering any portion of the Collateral, the Pledged Subordinate Securities or the Bear Cross Collateral other than any financing statement relating to the security interests described in the preceding clauses (A), (B) and (C), or a security interest that has been terminated or released with respect to the Collateral, the Pledged Subordinate Securities or the Bear Cross Collateral. The Purchaser is not aware of any judgment or tax lien filings against the Purchaser.

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

(xxxvii) RECORDS. On or prior to each Funding Date, the Seller will have caused its records (including electronic ledgers) relating to each Related Receivable to be conveyed by it on such Funding Date to be clearly and unambiguously marked to reflect that such Related Receivable was conveyed by it to the Purchaser and pledged by the Purchaser to the Trustee for the benefit of the Noteholders and the Note Purchasers.

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

(xxxix) TFC, MFN, SEAWEST RECEIVABLES. None of the Related Receivables was originated by TFC, MFN, SeaWest or any of their respective Subsidiaries.

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

(xli) NET ACQUISITION FEE. The average Net Acquisition Fee is less than 3.0%.

(xlii) DELIVERY OF RECEIVABLE FILES. A complete Receivable File (other than, if applicable, a certificate of title missing from the related Receivable File as described in SECTION 3.4(B)) with respect to each Receivable has been, prior to the Funding Date, delivered to the Trustee at the location listed in SCHEDULE B hereof.

(xliii) FULL AMOUNT ADVANCED. The full amount of each Receivable has been advanced to each Obligor, and there are no requirements for future advances thereunder.

(xliv) ILLINOIS RECEIVABLES. (a) The Seller does not own a substantial interest in the business of a Dealer within the meaning of Illinois Sales Finance Agency Act Rules and Regulations, Section 160.230(1) and (b) with respect to each Receivable originated in the State of Illinois, (i) the printed or typed portion of the related Form of Receivable complies with the requirements of 815 ILCS 375/3(b) and (ii) the Seller has not, and for so long as such Receivable is outstanding shall not, place or cause to be placed on the related Financed Vehicle any collateral protection insurance in violation of 815 ILCS 180/10.

(xlv) CALIFORNIA RECEIVABLES. Each Receivable originated in the State of California has been, and at all times during the term of the Sale and Servicing Agreement will be, serviced by the Servicer in compliance with Cal. Civil Code ss. 2981, et seq.

(xlvi) CONSUMER LENDERS. Each Consumer Lender has obtained all necessary licenses and approvals in all jurisdictions in which the origination and purchase of installment promissory notes and security agreements and the sale thereof to the Seller (if the Seller is not the Consumer Lender) requires or shall require such licenses or approvals, except where the failure to obtain such licenses or approvals would not result in a Material Adverse Effect.

SECTION 3.2. REPURCHASE UPON BREACH; SECTION 341 MEETING

(a) The Seller, the Servicer, any Noteholder, any Note Purchaser or the Trustee, as the case may be, shall inform the other parties to this Agreement promptly, in writing, upon the discovery of any breach of the Seller's representations and warranties made pursuant to SECTION 3.1 with respect to a Receivable (without regard to any limitations therein as to the Seller's knowledge). Unless the breach shall have been cured within thirty (30) days of the discovery thereof by the Trustee or receipt by the Trustee of notice from the Seller, the Servicer, any Noteholder or any Note Purchaser of such breach, the Seller shall repurchase such Receivable. In consideration of the purchase of any Receivable, the Seller shall remit the Purchase Amount, in the manner specified in SECTION 5.6. The sole remedies of the Purchaser, the Trustee, the Note Purchasers or the Noteholders with respect to any Receivables as to which a breach of representations and warranties pursuant to SECTION 3.1 has occurred shall be to enforce the Seller's obligation to purchase such Receivables and the indemnity provided by SECTION 8.3(e) . Upon receipt of the Purchase Amount in respect of any Defective Receivables and written instructions from the Servicer, the Trustee shall release to the Seller or its designee the related Receivable File and shall execute and deliver all reasonable instruments of transfer or assignment, without recourse, as are prepared by the Seller and delivered to the Trustee and necessary to vest in the Seller or such designee title to such Defective Receivables. The parties hereto hereby acknowledge that the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall each have the right to enforce directly against the Seller the Seller's repurchase and indemnity obligations pursuant to this SECTION 3.2.

(b) If (i) the Insolvency Event related to a Section 341 Meeting has not been discharged by the bankruptcy court or other similar court presiding over such Insolvency Event within 90 days of the conveyance of the related Receivable by the Seller to the Purchaser pursuant to SECTION 2.1(a), or (ii) the Obligor on any Receivable that was the subject of a Section 341 Meeting shall not have made the first two payments due on such Receivable, in each case, the Seller shall repurchase such Receivable as of the last day of such next Accrual Period.

SECTION 3.3. CUSTODY OF RECEIVABLE FILES AND PLEDGED SUBORDINATE SECURITIES.

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

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

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

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

(c) If a Class B Borrowing Base Deficiency would exist upon the release of Receivables under Article X of the Indenture in connection with a Securitization Transaction, the Issuer shall pledge the related Pledged Subordinate Securities to the Trustee, for the benefit of the Class B Noteholders and the Class B Note Purchasers pursuant to Granting Clause II of the Indenture, the Issuer shall deliver such Pledged Subordinate Securities to the Trustee on the related Securitization Closing Date and the Trustee shall act as custodian of such Pledged Subordinate Securities. Each Pledged Subordinate Security delivered to the Trustee pursuant to this subparagraph (c) shall be endorsed in blank by the record holder thereof with a medallion-guaranteed signature. By virtue of its delivery of any Pledged Subordinate Securities to the Trustee on a Securitization Closing Date pursuant to this Section 3.3(c), the Issuer shall be deemed to have confirmed, for the benefit of the Class B Note Purchasers and the Class B Noteholders, that, as of such Securitization Closing Date, the representations and warranties with respect to each such Pledged Subordinate Security set forth in the Basic Documents are true and correct in all material respects. In addition, the Issuer shall deliver or shall cause to be delivered to the Class B Note Purchasers and the Class B Noteholders all true sale opinions issued by counsel to CPS in connection with any Securitization Transaction for which Pledged Subordinate Securities are delivered to the Trustee pursuant to this Section 3.3(c) (which true sale opinions shall either be addressed to the Class B Note Purchasers and the Class B Noteholders or shall specifically authorize their reliance thereon). Upon delivery of any such Pledged Subordinate Securities to the Trustee in the manner provided herein and upon the Trustee's acknowledgment of receipt thereof, such Pledged Subordinate Securities shall become subject to the Lien created by Granting Clause II of the Indenture. The Trustee shall release any such Pledged Subordinate Securities upon the prepayment of the related Class B Invested Amount in accordance with Section 10.1 of the Indenture.

SECTION 3.4. ACCEPTANCE OF RECEIVABLE FILES BY TRUSTEE; MISSING CERTIFICATES OF TITLE

(a) In connection with any Funding Date, the Seller shall cause to be delivered to the Trustee the Receivable Files for the Related Receivables to be purchased on such Funding Date not less than four Business Days prior to the related Funding Date. The Trustee declares that it will hold and will continue to hold such files and any amendments, replacements or supplements thereto and all Other Conveyed Property as Trustee, custodian, agent and bailee in trust for the use and benefit of the Noteholders and the Note Purchasers. The Trustee shall within three Business Days after receipt of such files, execute and deliver to the Controlling Noteholder a receipt substantially in the form of EXHIBIT B hereto (a "TRUST RECEIPT") for the Receivable Files received by the Trustee and a copy thereof to the other Note Purchasers and the Noteholders. By its delivery of a Trust Receipt, the Trustee shall be deemed to have (a) acknowledged receipt of the files (or the Receivables) which the Seller has represented are and contain the Receivable Files for the Related Receivables to be purchased by the Purchaser on the related Funding Date as indicated on Schedule A to the Addition Notice, (b) reviewed such files or Receivables and (c) determined that it has received the items referred to in SECTION 3.3(A)(I) and (II) for each Related Receivable identified on Schedule A to the Addition Notice, except, in each case, as may otherwise be noted in Schedule I to the Trust Receipt. Unless such defect noted on Schedule I of the related Trust Receipt with respect to such Receivable to be transferred on the related Funding Date shall have been cured by the Seller or waived by the Controlling Note Purchaser, in its sole and absolute discretion, and the Trustee shall have executed a Trust Receipt reflecting that such Receivable is no longer on Schedule I thereto prior to 11 a.m. New York time on the related Funding Date, the Purchaser shall not purchase such Receivable from the Seller on such Funding Date. The Trustee shall return to or otherwise handle the files at the direction of the Seller and any file unrelated to a Receivable identified in Schedule A to the related Addition Notice (it being understood that the Trustee's obligation to review the contents of any Receivable File shall be limited as set forth in the preceding sentence).

(b) The Trustee shall make a list of Receivables for which an application for a certificate of title but not an original certificate of title or, with respect to Receivables that finance a vehicle in the States listed in ANNEX B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, is included in the Receivable File as of the date of its review of the Receivable Files and deliver a copy of such list to the Servicer, each Noteholder and each Note Purchaser. On the date which is 180 days following the related Funding Date, and monthly thereafter,

the Trustee shall inform the Seller, the Purchaser, each Noteholder and each Note Purchaser of any Receivable for which the related Receivable File on such date does not include an original certificate of title or, with respect to Financed Vehicles in the States listed in ANNEX B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, and the Seller shall repurchase any such Receivable as of the last Business Day of the Accrual Period in which the expiration of such 180 days occurs. In consideration of the purchase of the Receivable, the Seller shall remit the Purchase Amount for such Receivable, in the manner specified in SECTION 5.6. Upon receipt of the Purchase Amount for a Receivable and written instructions from the Servicer, the Trustee shall release to the Seller or its designee the related Receivable File and shall execute and deliver all reasonable instruments of transfer or assignment, without recourse, as are prepared by the Seller and delivered to the Trustee and are necessary to vest in the Seller or such designee title to the Receivable.

(c) For those Receivable Files that do not contain an original certificate of title or, with respect to Receivables that finance a vehicle in the States listed in ANNEX B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, upon receipt of such original title documents, the Seller shall promptly deliver or cause to be delivered to the Trustee such original title documents to the Trustee to place in the applicable Receivable File.

SECTION 3.5. ACCESS TO RECEIVABLE FILES AND PLEDGED SUBORDINATE SECURITIES. The Trustee shall permit the Servicer, the Note Purchasers and the Noteholders access to the Receivable Files and the Pledged Subordinate Securities at all reasonable times during the Trustee's normal business hours. The Trustee shall, within two Business Days of the request of the Servicer, any Note Purchaser or any Noteholder, execute such documents and instruments as are prepared by the Servicer, such Note Purchaser or such Noteholder and delivered to the Trustee, as the Servicer, such Note Purchaser or such Noteholder deems necessary to permit the Servicer, in accordance with its customary servicing procedures, to enforce the Receivable on behalf of the Purchaser and any related insurance policies covering the Obligor, the Receivable or Financed Vehicle so long as such execution in the Trustee's sole discretion does not conflict with the Indenture or any other Basic Document and will not cause it undue risk or liability. The Trustee shall not release any document from any Receivable File unless it receives a release request signed by a Servicing Officer in the form of EXHIBIT C hereto (the "RELEASE REQUEST"); PROVIDED, HOWEVER, if a Servicer Termination Event or Event of Default shall have occurred and is continuing, the Trustee shall not release any such Receivable File to the Servicer without the prior written consent of the Controlling Note Purchaser. Such Release Request shall obligate the Servicer to return such document(s) to the Trustee when the need therefor no longer exists unless the Receivable shall be liquidated, in which case, the Servicer shall certify in the Release Request that all amounts required to be deposited in the Collection Account with respect to such Receivable have been so deposited. Each Release Request delivered to the Trustee pursuant to this SECTION 3.5 shall be forwarded by the Servicer to the Controlling Note Purchaser electronically or by facsimile within one (1) Business Day of delivery to the Trustee together with a list of all Receivables to be released by the Trustee pursuant to such Release Request.

SECTION 3.6. TRUSTEE TO OBTAIN FIDELITY INSURANCE. The Trustee shall maintain a fidelity bond in the form and amount as is customary for entities acting as a trustee of funds and documents in respect of consumer contracts on behalf of institutional investors.

SECTION 3.7. TRUSTEE TO MAINTAIN SECURE FACILITIES. The Trustee shall maintain or cause to be maintained continuous custody of the Receivable Files and the Pledged Subordinate Securities in secure and fire resistant facilities segregated from any other receivables or securities of the Seller, the Purchaser or any of their Affiliates in accordance with customary standards for such custody.

ARTICLE IV

ADMINISTRATION AND SERVICING OF RECEIVABLES

SECTION 4.1. DUTIES OF THE SERVICER. The Servicer, as agent for the Purchaser, the Note Purchasers and the Noteholders, shall manage, service, administer and make collections on the Receivables with reasonable care, using that degree of skill and attention customary and usual for institutions that service motor vehicle retail installment sale contracts or installment promissory note and security agreements similar to the Receivables and, to the extent more exacting, that the Servicer exercises with respect to all comparable automotive receivables that it services for itself or others. In performing such duties, the Servicer shall comply with its current servicing policies and procedures, as such servicing policies and procedures may be amended from time to time, so long as such amendments will not materially adversely affect the interests of any Note Purchaser or any Noteholder, or otherwise with the prior written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class (which consent shall not be unreasonably withheld), and notice of such amendments is given to each Note Purchaser and each Noteholder affected thereby prior to the effectiveness thereof. Without limiting the generality of the foregoing, and subject to the servicing standards set forth in this Agreement including, without limitation, the restrictions set forth in SECTION 4.6, the Servicer is authorized and empowered by the Purchaser to execute and deliver, on behalf of itself, the Purchaser, the Note Purchasers and the Noteholders, any and all instruments of satisfaction or cancellation, or partial or full release or discharge, and all other comparable instruments, with respect to such Receivables or to the Financed Vehicles securing such Receivables and/or the certificates of title or, with respect to Financed Vehicles in the States listed in ANNEX B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States with respect to such Financed Vehicles. If the Servicer shall commence a legal proceeding to enforce a Receivable, the Purchaser shall thereupon be deemed to have automatically assigned, solely for the purpose of collection, such Receivable to the Servicer. If in any enforcement suit or legal proceeding it shall be held that the Servicer may not enforce a Receivable on the ground that it shall not be a real party in interest or a holder entitled to enforce such Receivable, the Purchaser shall, at the Servicer's expense and direction, take steps to enforce such Receivable, including bringing suit in its name or the name of one or more Note Purchasers or Noteholders. The Servicer shall prepare and furnish, and the Trustee shall execute, any powers of attorney and other documents reasonably necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties hereunder.

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

(a) Consistent with the standards, policies and procedures required by this Agreement, the Servicer shall make reasonable efforts to collect all payments called for under the terms and provisions of the Receivables as and when the same shall become due and shall follow such collection procedures as it follows with respect to all comparable automotive receivables that it services for itself or others; PROVIDED, HOWEVER, that promptly after the Closing Date (or the related Funding Date, as applicable), but in no event more than 30 days thereafter, the Servicer shall notify each Obligor to make all payments with respect to the Receivables to the Post-Office Box. The Servicer will provide each Obligor with a monthly statement in order to notify such Obligors to make payments directly to the Post-Office Box. The Servicer shall allocate collections between principal and interest in accordance with the customary servicing procedures it follows with respect to all comparable automotive receivables that it services for itself or others and in accordance with the terms of this Agreement. The Servicer, for so long as the Seller is the Servicer, may in accordance with the Servicer's Servicing Guidelines grant extensions on a Receivable; PROVIDED, HOWEVER, that the Servicer may not grant more than one (1) extension per calendar year with respect to a Receivable or grant an extension with respect to a Receivable for more than one (1) calendar month or grant more than four (4) extensions in the aggregate with respect to a Receivable without the prior written consent of the Controlling Note Purchaser. If the Servicer is not the Seller or the Backup Servicer, the Servicer may not make any extension on a Receivable without the prior written consent of the Controlling Note Purchaser (which consent shall not unreasonably be withheld). The Servicer may in its discretion waive any prepayment charge, late payment charge or any other similar fees that may be collected in the ordinary course of servicing a Receivable. Notwithstanding anything to the contrary contained herein, the Servicer shall not agree to any alteration of the interest rate on any Receivable or of the amount of any Scheduled Receivable Payment on Receivables, other than to the extent that such alteration is required by applicable law.

(b) The Servicer shall establish the Lockbox Account in the name of the Purchaser for the benefit of the Trustee for the further benefit of the Noteholders and the Note Purchasers. Pursuant to the Lockbox Agreement, the Trustee has authorized the Servicer to direct dispositions of funds on deposit in the Lockbox Account to the Collection Account (but not to any other account), and no other Person, except the Lockbox Processor and the Trustee, has authority to direct disposition of funds on deposit in the Lockbox Account. However, the Lockbox Agreement shall provide that Lockbox Bank will comply with instructions originated by the Trustee relating to the disposition of the funds in the Lockbox Account without further consent by the Seller, the Servicer or the Purchaser. The Trustee shall have no liability or responsibility with respect to the Lockbox Processor's directions or activities as set forth in the preceding sentence. The Lockbox Account shall be established pursuant to and maintained in accordance with the Lockbox Agreement and shall be a demand deposit account initially established and maintained with Wells Fargo Bank, National Association, or at the request of the Controlling Note Purchaser an Eligible Account satisfying clause (i) of the definition thereof; PROVIDED, HOWEVER, that the Trustee shall give the Servicer prior written notice of any change made at the request of the Controlling Note Purchaser in the location of the Lockbox Account. The Servicer shall establish and maintain the Post-Office Box at a United States Post Office Branch in the name of the Purchaser for the benefit of the Trustee for the further benefit of the Noteholders and the Note Purchasers.

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

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

(e) On each Business Day, pursuant to the Lockbox Agreement, the Lockbox Processor will transfer any payments from Obligors received in the Post-Office Box to the Lockbox Account. Within two (2) Business Days of receipt of funds into the Lockbox Account, the Servicer shall cause the Lockbox Bank to transfer cleared funds from the Lockbox Account to the Collection Account. In addition, the Servicer shall remit all payments by or on behalf of the Obligors received by the Servicer with respect to the Receivables (other than Purchased Receivables) and all Net Liquidation Proceeds no later than two (2) Business Days following receipt directly (without deposit into any intervening account) into the Lockbox Account or the Collection Account. The Servicer shall not commingle its assets and funds with those on deposit in the Lockbox Account.

SECTION 4.3. REALIZATION UPON RECEIVABLES. On behalf of the Purchaser, the Trustee, the Note Purchasers and the Noteholders, the Servicer shall use its best efforts, consistent with the servicing procedures set forth herein, to repossess or otherwise convert the ownership of the Financed Vehicle securing any Receivable as to which the Servicer shall have determined eventual payment in full is unlikely. The Servicer shall commence efforts to repossess or otherwise convert the ownership of a Financed Vehicle on or prior to the date that an Obligor has failed to make more than 90% of a Scheduled Receivable Payment thereon in excess of $10 for 120 days or more; PROVIDED, HOWEVER, that the Servicer may elect not to commence such efforts within such time period if in its good faith judgment it determines either that it would be impracticable to do so or that the proceeds ultimately recoverable with respect to such Receivable would be increased by forbearance. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of automotive receivables, consistent with the standards of care set forth in Section 4.2, which may include reasonable efforts to realize upon any recourse to Dealers or Consumer Lenders (if such Consumer Lender is not the Seller) and selling the Financed Vehicle at public or private sale. The foregoing shall be subject to the provision that, in any case in which the Financed Vehicle shall have suffered damage, the Servicer shall not expend funds in connection with the repair or the repossession of such Financed Vehicle unless it shall determine in its discretion exercised in good faith that such repair and/or repossession will increase the proceeds ultimately recoverable with respect to such Receivable by an amount greater than the amount of such expenses.

SECTION 4.4. INSURANCE.

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

(b) To the extent applicable, the Servicer shall not take any action which would result in noncoverage under any Receivables Insurance Policy which, but for the actions of the Servicer, would have been covered thereunder. The Servicer, on behalf of the Purchaser, the Note Purchasers and the Noteholders, shall take such reasonable action as shall be necessary to permit recovery under each Receivables Insurance Policy. Any amounts collected by the Servicer under any Receivables Insurance Policy, including, without limitation, proceeds thereof, shall be deposited in the Collection Account within one (1) Business Day of receipt.

SECTION 4.5. MAINTENANCE OF SECURITY INTERESTS IN VEHICLES.

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

the state in which the Financed Vehicle is located, to perfect a security interest in the related Financed Vehicle in favor of the Trustee for the benefit of the Noteholders and the Note Purchasers, each of the Trustee and the Seller hereby agrees that the Seller's designation as the secured party on the certificate of title is in respect of the Seller's capacity as Servicer as agent of the Trustee for the benefit of the Noteholders and the Note Purchasers.

(b) Upon the occurrence and continuance of a Servicer Termination Event, the Trustee and the Servicer shall take or cause to be taken such action as may, in the opinion of counsel to the Trustee, which opinion shall be an expense of the Servicer and shall not be an expense of the Trustee, be necessary to perfect or re-perfect the security interests in the Financed Vehicles securing the Receivables in the name of the Trustee on behalf of the Noteholders and the Note Purchasers by amending the title documents of such Financed Vehicles or by such other reasonable means as may, in the opinion of counsel to the Trustee, which opinion shall be an expense of the Servicer and shall not be an expense of the Trustee, be necessary or prudent.

(c) The Seller hereby agrees to pay all expenses related to such perfection or re-perfection in accordance with clauses (a) and (b) above and to take all action necessary therefor. In addition, the Controlling Note Purchaser or the Trustee may instruct the Servicer to take or cause to be taken, and the Servicer shall take or cause to be taken, such action as may, in the judgment of the Trustee or the Note Purchaser, be necessary to perfect or re-perfect the security interest in the Financed Vehicles underlying the Receivables in the name of the Trustee on behalf of the Noteholders and the Note Purchasers, including by amending the title documents of such Financed Vehicles or by such other reasonable means as may, in the judgment of the Trustee or the Controlling Note Purchaser, be necessary or prudent; PROVIDED, HOWEVER, that if the Controlling Note Purchaser or the Trustee requests that the title documents be amended prior to the occurrence of a Servicer Termination Event, the Servicer shall carry out such action only to the extent that the out-of-pocket expenses of the Servicer shall be reimbursed by the Note Purchasers or the Noteholders, respectively, on a PRO RATA basis (based upon the applicable outstanding Invested Amounts).

SECTION 4.6. ADDITIONAL COVENANTS OF SERVICER.

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

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

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

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

(e) The Servicer shall reimburse each Note Purchaser and each Noteholder for any and all fees or expenses that such Note Purchaser or such Noteholder, as applicable, pay to a bank arising out of a return of payments from the Purchaser or the Seller deposited for collection by or for the benefit of such Note Purchaser or such Noteholder, as applicable.

(f) The Servicer will not (i) create, incur or suffer to exist, or agree to create, incur or suffer to exist, or consent to cause or permit in the future (upon the happening of a contingency or otherwise) the creation, incurrence or existence of any lien, security interest, charge, pledge, equity, encumbrance or restriction on transferability of the Receivables and the Other Conveyed Property except (x) for the lien in favor of the Trustee for the benefit of the Noteholders and the Note Purchasers and the restrictions on transferability imposed by this Agreement or any other Basic Document or (y) with respect to any portion of the Receivables and the Other Conveyed Property released in a manner permitted by the Basic Documents from the lien in favor of the Trustee for the benefit of the Noteholders and the Note Purchasers, or (ii) sign or file under the UCC of any jurisdiction any financing statement which names the Seller, the Servicer or the Purchaser as a debtor, or sign any security agreement authorizing any secured party thereunder to file such financing statement, with respect to the Receivables and Other Conveyed Property, except in each case any such instrument solely securing the rights and preserving the lien of the Trustee for the benefit of the Noteholders and the Note Purchasers.

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

SECTION 4.8. SERVICING FEE. The "SERVICING FEE" for each Settlement Date shall be equal (a) to the sum of the following amount calculated for each day in the related Accrual Period: the product of (i) the Servicing Fee Percentage and (ii) the aggregate Principal Balance of the Eligible Receivables minus the Excess Concentration Amount, if any, on such day and (iii) 1/360. The Servicing Fee shall also include all late fees, prepayment charges and other administrative fees or similar charges allowed by applicable law with respect to Receivables, collected (from whatever source) on the Receivables. If the Backup Servicer becomes the successor Servicer, the "Servicing Fee" payable to the Backup Servicer as successor Servicer shall be determined in accordance with the Servicing Assumption Agreement.

SECTION 4.9. SERVICER'S CERTIFICATE. No later than 12:00 noon New York City time on each Determination Date, the Servicer shall deliver (in computer-readable format reasonably acceptable to each such Person) to the Trustee, each Note Purchaser, the Backup Servicer and the Purchaser, a certificate substantially in the form of EXHIBIT A hereto (a "SERVICER'S CERTIFICATE") containing among other things, (i) all information necessary to enable the Trustee to make the distributions required by SECTION 5.7, (ii) all information necessary for the Trustee to send statements to the Noteholders and the Note Purchasers pursuant to SECTION 5.8(b) and 5.9, (iii) a listing of all Purchased Receivables purchased as of the related Accounting Date, identifying the Receivables so purchased, (iv) the calculation of the Class A Borrowing Base and the Class B Borrowing Base, in each case as of the last day of the related Accrual Period and (v) all information necessary to enable the Backup Servicer to verify the information specified in SECTION 4.14(b) and to complete the accounting required by SECTION 5.9. In addition to the information set forth in

the preceding sentence, each Servicer's Certificate shall also contain the following information: (a) whether a Servicer Termination Event or any other Funding Termination Event has occurred; (b) the Servicer Delinquency Ratio as of the end of the Related Accrual Period; (c) the Servicer Loss Ratio as of such Determination Date; (d) so long as the Servicer is CPS, a certification that the Servicer is in compliance with the financial covenants contained in Sections 10.1(i), (j) and (k) of this Agreement; and (e) such other information reasonably requested by any Note Purchaser or any Noteholder. The Servicer shall deliver to the Trustee, the Noteholders, the Note Purchasers, the Backup Servicer and the Purchaser a hard copy (which may be a facsimile) of any such Servicer's Certificate upon request of such Person.

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

(a) The Servicer shall deliver to the Purchaser, to the Trustee, the Note Purchasers and to the Noteholders and the Backup Servicer, on or before March 31 of each year beginning March 31, 2007 (in the case of the Class A Note Purchaser and the Class A Noteholders) or March 31, 2008 (in the case of each Class B Note Purchaser and the Class B Noteholders), an Officer's Certificate, dated as of December 31 of the preceding year, stating that (i) a review of the activities of the Servicer during the preceding 12-month period (or in the case of the first such certificate for the Class B Note Purchasers and the Class B Noteholders, the period from the initial Cutoff Date for the first Class B Funding Date to December 31, 2007) and of its performance under this Agreement has been made under such officer's supervision and (ii) to the best of such officer's knowledge, based on such review, the Servicer has fulfilled all its obligations under this Agreement throughout such year (or, in the case of the first such certificate, such shorter period), or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof.

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

SECTION 4.11. INDEPENDENT ACCOUNTANTS' REPORTS. The Servicer shall cause a firm of nationally recognized independent certified public accountants (the "INDEPENDENT ACCOUNTANTS"), who may also render other services to the Servicer or to the Purchaser, to deliver to the Trustee, the Backup Servicer, the Note Purchasers and the Noteholders, on or before April 30 of each year beginning April 30, 2007, a report dated as of December 31 of the preceding year in form and substance reasonably acceptable to the Note Purchasers (the "ACCOUNTANTS' REPORT") and reviewing the Servicer's activities during the preceding 12-month period, addressed to the Board of Directors of the Servicer, to the Trustee, the Backup Servicer, the Note Purchasers and the Noteholders, to the effect that such firm has examined the financial statements of the Servicer and issued its report therefor and that such examination (1) was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as such firm considered necessary in the circumstances; (2) included tests relating to auto loans serviced for others in accordance with the requirements of the Uniform Single Attestation Program for Mortgage Bankers (the "PROGRAM"), to the extent the procedure in the Program are applicable to the servicing obligations set forth in this Agreement; (3) included an examination of the delinquency and loss statistics relating to the Servicer's portfolio of automobile and light truck installment sale contracts and promissory notes and security agreements; and (4) except as described in the report, disclosed no exceptions or errors in the records relating to automobile and light truck loans serviced for others that, in the firm's opinion, paragraph four of the Program requires such firm to report. The accountant's report shall further state that (1) a review in accordance with agreed upon procedures was made of two randomly selected Servicer's Certificates; (2) except as disclosed in the report, no exceptions or errors in the Servicer's Certificates were found; and (3) the delinquency and loss information relating to the Receivables and the stated amount of Liquidated Receivables, if any, contained in the Servicer's Certificates were found to be accurate. In the event such firm requires the Trustee and/or the Backup Servicer to agree to the procedures performed by such firm, the Servicer shall direct the Trustee and/or the Backup Servicer, as applicable, in writing to so agree; it being understood and agreed that the Trustee and/or the Backup Servicer will deliver such letter of agreement in conclusive reliance upon the direction of the Servicer, and neither the Trustee nor the Backup Servicer makes any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures. The Report will also indicate that the firm is independent of the Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

SECTION 4.12. INDEPENDENT ACCOUNTANTS' REVIEW OF RECEIVABLE FILES. Commencing on December 31, 2006 and, thereafter on each March 31, June 30, September 30 and December 31, to the extent that the Class A Invested Amount on any day in the calendar quarter then ending was greater than $10 million (or such other dates as the Controlling Note Purchaser may determine in its reasonable discretion from time to time by prior written notice to the Seller, the Servicer and the Trustee), the Seller at its own expense shall cause Independent Accountants reasonably acceptable to the Controlling Note Purchaser to conduct a post-funding review of the Seller's compliance with its stated underwriting policies and verify certain characteristics of the Receivables as of each Funding Date. The Independent Accountants shall within ten Business Days complete such physical inspection and limited review and execute and deliver to Seller, the Servicer, the Trustee, each Note Purchaser and each Noteholder a report summarizing the findings. If such review reveals, in the Controlling Note Purchaser's reasonable opinion, an unsatisfactory number of exceptions, the Controlling Note Purchaser, in its reasonable discretion, may require a full review of a larger sample of the Receivables by the Independent Accountants at the expense of the Seller.

SECTION 4.13. ACCESS TO CERTAIN DOCUMENTATION AND INFORMATION REGARDING RECEIVABLES. The Servicer shall provide to representatives of the Trustee, the Backup Servicer, each Note Purchaser and each Noteholder reasonable access to the documentation regarding the Receivables. In each case, such access shall be afforded without charge but only upon reasonable request and during normal business hours. Nothing in this Section shall derogate from the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors, and the failure of the Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

SECTION 4.14. VERIFICATION OF SERVICER'S CERTIFICATE.

(a) Concurrently with the delivery by the Servicer of the Servicer's Certificate each month, the Servicer will deliver to the Trustee and the Backup Servicer and each Note Purchaser a computer diskette (or other electronic transmission) in a format acceptable to the Trustee and the Backup Servicer containing information with respect to the Receivables as of the close of business on the last day of the preceding Accrual Period which information is necessary for preparation of the Servicer's Certificate. The Backup Servicer shall use such computer diskette (or other electronic transmission) to verify certain information specified in SECTION 4.14(b) contained in the Servicer's Certificate delivered by the Servicer, and the Backup Servicer shall notify the Servicer, the Note Purchasers and the Noteholders of any discrepancies on or before the second Business Day following the Determination Date. In the event that the Backup Servicer reports any discrepancies, the Servicer and the Backup Servicer shall attempt to reconcile such discrepancies by the related Settlement Date, but in the absence of a reconciliation, the Servicer's Certificate shall control for the purpose of calculations and distributions pursuant to clauses (i) through (xi) of Section 5.7(a) hereof and clauses (i) through (iii) of Section 5.7(b) hereof, in each case with respect to the related Settlement Date. No payments shall be made to the Deposit Account pursuant to, clause (xii) of Section 5.7(a) hereof or clause (iv) of Section 5.7(b) hereof, in each case until any discrepancies shall have been reconciled. In the event that the Backup Servicer and the Servicer are unable to reconcile discrepancies with respect to a Servicer's Certificate by the related Settlement Date, the Backup Servicer shall notify the Note Purchasers and the Noteholders of such discrepancy in writing and the Servicer shall cause a firm of nationally recognized, independent certified public accountants, at the Servicer's expense, to audit the Servicer's Certificate and, prior to the fifth day of the following calendar month, reconcile the discrepancies. The effect, if any, of such reconciliation shall be reflected in the Servicer's Certificate for such next succeeding Determination Date. Other than the duties specifically set forth in this Agreement, the Backup Servicer shall have no obligations hereunder, including, without limitation, to supervise, verify, monitor or administer the performance of the Servicer. The Backup Servicer shall have no liability for any actions taken or omitted by the Servicer. The duties and obligations of the Backup Servicer shall be determined solely by the express provisions of this Agreement and no implied covenants or obligations shall be read into this Agreement against the Backup Servicer.

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

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

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

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

(c) Within 30 days of the effective date of any renewal of the Term of the Class A Commitment pursuant to Section 2.05 of the Class A Note Purchase Agreement, the Backup Servicer will cause an affiliate of the Backup Servicer to data map to its servicing system all servicing/loan file information, including all relevant borrower contact information such as address and phone numbers as well as loan balance and payment information, including comment histories and collection notes. On or before the fifth calendar day of each month, the Servicer will provide to an affiliate of the Backup Servicer and to each Note Purchaser an electronic transmission of all servicing/loan information, including all relevant borrower contact information such as address and phone numbers as well as loan balance and payment information, including comment histories and collection notes, and the Backup Servicer will cause such affiliate to review each file to ensure that it is in readable form and verify that the data balances conform to the trial balance reports received from the Servicer. Additionally, the Backup Servicer shall cause such affiliate to store each such file.

SECTION 4.15. RETENTION AND TERMINATION OF SERVICER. The Servicer hereby covenants and agrees to act as such under this Agreement for monthly terms commencing on the Class A Closing Date, with the most recent of such terms commencing as of the date hereof and ending on January 31, 2007, which term may be extended by the Controlling Note Purchaser for successive monthly terms pursuant to written instructions delivered by the Controlling Note Purchaser to the Servicer and the Trustee (or, at the discretion of the Controlling Note Purchaser exercised pursuant to revocable written standing instructions from time to time to the Servicer and the Trustee, for any specified number of terms greater than one), until such time as the Notes, all other Secured Obligations and any and all other amounts due and payable to the Note Purchasers and the Noteholders pursuant to the Basic Documents have been paid in full (each such notice, including each notice pursuant to standing instructions, which shall be deemed delivered at the end of successive terms for so long as such instructions are in effect, a "SERVICER EXTENSION NOTICE"). The Servicer hereby agrees that, upon its receipt of any such Servicer Extension Notice or other extension of its term as Servicer, the Servicer shall become bound, for the duration of the term covered by such Servicer Extension Notice or for the monthly term, as applicable, to continue as the Servicer subject to and in accordance with the other provisions of this Agreement. The Trustee agrees that if as of the Business Day succeeding the Settlement Date occurring during any term of the Servicer, the Trustee shall not have received any Servicer Extension Notice as of such date, the Trustee shall, within five days thereafter, give written notice of such non-receipt to each Note Purchaser and the Servicer and the Servicer's term shall not be extended unless a Servicer Extension Notice is received on or before the last day of such term. The Controlling Note Purchaser shall have no liability to the other Note Purchasers or the Noteholders arising out of or relating to any renewal or non-renewal of the term of the Servicer pursuant to this Section 4.15.

SECTION 4.16. ERRORS AND OMISSIONS POLICY AND FIDELITY BOND. The Servicer shall maintain an errors and omissions insurance policy and a fidelity bond in such form and amount as is customary for comparable servicers engaged in the business of servicing motor vehicle receivables.

ARTICLE V

ACCOUNTS; DISTRIBUTIONS; STATEMENTS TO THE NOTEHOLDER

SECTION 5.1. ESTABLISHMENT OF PLEDGED ACCOUNTS.

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

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

(c) Funds on deposit in the Collection Account and the Note Distribution Account (collectively, the "PLEDGED ACCOUNTS") shall be invested by the Trustee (or any custodian with respect to funds on deposit in any such account) in Eligible Investments selected in writing by the Servicer or, after the resignation or termination of CPS as Servicer, by the Controlling Note Purchaser (pursuant to standing instructions or otherwise) or, with respect to Eligible Investments related solely to the Class B Available Funds, the Class B Note Purchasers. All such Eligible Investments shall be held by or on behalf of the Trustee for the benefit of the applicable Noteholders and the applicable Note Purchasers. Other than as permitted by the Controlling Note Purchaser, funds on deposit in any Pledged Account shall be invested in Eligible Investments that will mature so that such funds will be available at the close of business on the Business Day immediately preceding the following Settlement Date. Funds deposited in a Pledged Account on the day immediately preceding a Settlement Date upon the maturity of any Eligible Investments are not required to be invested overnight. All Eligible Investments will be held to maturity. Notwithstanding anything herein to the contrary, none of the Class A Note Purchaser or the Class A Noteholders shall have any right, title or interest in, or any right to direct the Trustee with respect to, any Class B Available Funds (or Eligible Investments or Investment Earnings related thereto) on deposit from time to time in the Pledged Accounts.

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

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

(f) If (i) the Servicer or the Controlling Note Purchaser or, solely with respect to the Class B Available Funds, the Class B Note Purchasers, as applicable, shall have failed to give investment directions for any funds on deposit in the Pledged Accounts to the Trustee by 1:00 p.m. Eastern Time (or such other time as may be agreed by the Purchaser and Trustee) on any Business Day; or (ii) an Event of

Default shall have occurred and be continuing under the Indenture but the Notes shall not have been declared due and payable, or, if the Notes shall have been declared due and payable following an Event of Default, amounts collected or receivable from the Receivables and the Other Conveyed Property are being applied as if there had not been such a declaration; then the Trustee shall, to the fullest extent practicable, invest and reinvest funds in the Pledged Accounts in an Eligible Investment described in PARAGRAPH (A) OR (F) of the definition thereof.

(g) The Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Pledged Accounts and in all proceeds thereof (including all Investment Earnings on the Pledged Accounts) and all such funds, investments, proceeds and income shall be part of Other Conveyed Property and the Collateral, except that any such funds, investments, proceeds and income that relate to the Class B Available Funds shall be solely part of the Additional Class B Collateral. Except as otherwise provided herein, the Pledged Accounts shall be under the sole dominion and control of the Trustee for the benefit of the Noteholders and the Note Purchasers; provided, however, that none of the Class A Note Purchaser or the Class A Noteholders shall have any right, title or interest in any Class B Available Funds (or Eligible Investments or Investment Earnings related thereto) on deposit from time to time in the Pledged Accounts. If at any time any of the Pledged Accounts ceases to be an Eligible Account, the Trustee with the consent of the Controlling Note Purchaser shall within five Business Days establish a new Pledged Account as an Eligible Account and shall transfer any cash and/or any investments from the Pledged Account that is no longer an Eligible Account to such new Pledged Account. The Trustee shall promptly notify the Servicer, each Note Purchaser and each Noteholder of any change in the location of any of the aforementioned accounts. In connection with the foregoing, the Trustee agrees that, in the event that any of the Pledged Accounts are not accounts with the Trustee, the Trustee shall notify the Servicer, each Note Purchaser and each Noteholder in writing promptly upon any of such Pledged Accounts ceasing to be an Eligible Account.

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

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

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

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

(iii) except as provided in clause (iv) below, the Servicer shall have the power, revocable by the Controlling Note Purchaser, to instruct the Trustee to make withdrawals and payments from the Pledged Accounts for the purpose of permitting the Servicer and the Trustee to carry out their respective duties hereunder; and

(iv) the Servicer shall have the power, revocable by the Class B Note Purchasers, to instruct the Trustee to make withdrawals and payments of Class B Available Funds from the Pledged Accounts for the purpose of permitting the Servicer and the Trustee to carry out their respective duties hereunder.

SECTION 5.2. ESTABLISHMENT OF DEPOSIT ACCOUNT

The Trustee shall establish and maintain the Deposit Account in the name of CPS. The Deposit Account shall be established with the Trustee as the Deposit Account Bank (as defined in the Account Control Agreement) and governed and maintained in accordance with the provisions of the Account Control

Agreement. All distributions made by the Issuer, the Purchaser, the Seller or the Servicer to CPS in respect of CPS's equity interest in the Issuer shall be deposited directly into the Deposit Account. Amounts on deposit in the Deposit Account shall be invested by the Trustee (or any custodian with respect to funds on deposit in any such account) in Eligible Investments selected in writing by CPS (pursuant to standing instructions or otherwise). All investment earnings of moneys deposited in the Deposit Account shall be held in the Deposit Account until withdrawn by CPS (unless otherwise prohibited pursuant to Section 2 of the Account Control Agreement), and any loss resulting from such investments shall be charged to the Deposit Account

SECTION 5.3. CERTAIN REIMBURSEMENTS TO THE SERVICER. The Servicer will be entitled to be reimbursed from amounts on deposit in the Collection Account with respect to an Accrual Period for amounts previously deposited in the Collection Account but later determined by the Servicer to have resulted from mistaken deposits or postings or checks returned for insufficient funds. The amount to be reimbursed hereunder shall be paid to the Servicer on the related Settlement Date pursuant to SECTION 5.7(A)(II) upon certification by the Servicer of such amounts prior to such Settlement Date and the provision of such information to the Trustee and the Note Purchasers prior to such Settlement Date as may be necessary in the opinion of the Controlling Note Purchaser to verify the accuracy of such certification; provided, however, that the Servicer must provide such certification within three months of it becoming aware of such mistaken deposit, posting or returned check. In the event that the Controlling Note Purchaser has not received evidence satisfactory to it of the Servicer's entitlement to reimbursement pursuant to this Section prior to such Settlement Date, the Controlling Note Purchaser shall give the Trustee notice to such effect, following receipt of which the Trustee shall not make a distribution to the Servicer in respect of such amount pursuant to SECTION 5.7, or if prior thereto the Servicer has been reimbursed pursuant to SECTION 5.7, the Trustee shall withhold such amounts from amounts otherwise distributable to the Servicer on the next succeeding Settlement Date.

SECTION 5.4. APPLICATION OF COLLECTIONS. All collections for each Accrual Period shall be applied by the Servicer as follows:

With respect to each Receivable (other than a Purchased Receivable), payments by or on behalf of the Obligor shall be applied to interest and principal in accordance with the Simple Interest Method.

SECTION 5.5. [RESERVED].

SECTION 5.6. DEPOSITS INTO THE COLLECTION ACCOUNT. The Servicer, the Issuer, the Purchaser or the Seller, as the case may be, shall each deposit or cause to be deposited in the Collection Account (i) the Available Funds and the Class B Available Funds, and (ii) any amounts due the Trustee, any Noteholder, any Note Purchaser, the Backup Servicer, the Purchaser (in each case, to the extent not paid directly thereto) in respect of any indemnification obligation of the Servicer, the Issuer, the Purchaser or the Seller under the Basic Documents.

SECTION 5.7. DISTRIBUTIONS.

(a) On each Settlement Date prior to the acceleration of the Notes following an Event of Default, the Trustee (based on the information contained in the Servicer's Certificate delivered on the related Determination Date) shall make the following distributions (without duplication) in the following order of priority from the Available Funds on deposit in the Collection Account:

(i) to the Backup Servicer and the Trustee, as applicable, pro rata, in respect of the Backup Servicing Fee (so long as the Backup Servicer is not acting as successor Servicer), the Trustee Fee, reasonable expenses incurred in connection with transitioning the servicing to the Backup Servicer and all other reasonable out-of-pocket expenses thereof (including counsel fees and expenses) and all unpaid Backup Servicing Fees (so long as the Backup Servicer is not

acting as successor Servicer), Trustee Fees, reasonable expenses incurred in connection with transitioning the servicing to the Backup Servicer and all other reasonable out-of-pocket expenses (including counsel fees and expenses) from prior Accrual Periods; PROVIDED, HOWEVER, that expenses payable to each of the Backup Servicer and Trustee pursuant to this clause (i), excluding amounts paid to the Backup Servicer in respect of transition expenses, shall be limited to a total of $25,000 per annum (calculated from November 15, 2006 to November 14, 2007, and each succeeding 364-day period to the extent the Term of the Class A Notes is extended pursuant to the Class A Note Purchase Agreement); PROVIDED, FURTHER, that the amount of transition expenses distributed to the Backup Servicer during the term of this Agreement pursuant to this clause (i) shall in no case exceed $50,000 in the aggregate;

(ii) to the Servicer in respect of the Servicing Fee and all unpaid Servicing Fees from prior Accrual Periods and all reimbursements to which the Servicer is entitled pursuant to Section 5.3 and an amount, not to exceed $35,000 per annum, for payment to the taxing authority of the State of Texas on behalf of the Issuer for any Texas franchise or similar tax due and owing by the Issuer (or with respect to the Receivables) and not timely paid by the Servicer in accordance with Section 9.1(m);

(iii) to the Note Distribution Account, the Class A Noteholders' Interest Distributable Amount for such Accrual Period;

(iv) to the Note Distribution Account, the Class A Noteholders' Principal Distributable Amount for such Settlement Date;

(v) to the Note Distribution Account, any Class A Margin Call, the Class A Commitment Fee and all other fees, expenses, indemnity payments (to the extent not paid directly) and all other amounts owing to the Class A Note Purchaser and/or any Class A Noteholder under the Basic Documents;

(vi) to the Note Distribution Account, the Class B Noteholders' Interest Distributable Amount for such Accrual Period;

(vii) to the Note Distribution Account, the Class B Noteholders' Principal Distributable Amount for such Settlement Date;

(viii) to the Servicer for payment to the taxing authority of the State of Texas on behalf of the Issuer for any Texas franchise or similar tax due and owing by the Issuer (or with respect to the Receivables), the amount, if any, to be paid to such taxing authority after giving effect to the distribution pursuant to clause (ii) above and not timely paid by the Servicer in accordance with Section 9.1(m);

(ix) to any successor Servicer, its servicing fees in excess of the Servicing Fee and, to the extent not previously paid by the predecessor Servicer pursuant to this Agreement, reasonable transition expenses (up to a maximum of $50,000 in the aggregate over the term of this Agreement) incurred in becoming the successor Servicer;

(x) to the Backup Servicer and the Trustee, as applicable, pro rata, in respect of reasonable out-of-pocket expenses thereof (including counsel fees and expenses) and reasonable out-of-pocket expenses (including counsel fees and expenses) from prior Accrual Periods to the extent not paid thereto pursuant to SECTION 5.7(a)(i) above;

(xi) to the Note Distribution Account, any Class B Margin Call, the Class B Commitment Fee and all other fees, expenses, indemnity payments (to the extent not paid directly) and all other amounts owing to a Class B Note Purchaser and/or any Class B Noteholder under the Basic Documents and the UBS Basic Documents (including without limitation, all UBS Secured Obligations); and

(xii) to the Deposit Account, the remaining amount, if any; provided that no amounts shall be paid to the Issuer pursuant to this priority (xii) until any amounts owed to any Noteholder and any Note Purchaser pursuant to the Basic Documents have been paid in full and any discrepancies in the Servicer's Certificate shall have been reconciled pursuant to Section 4.14(a) hereof.

(b) On each Settlement Date prior to the acceleration of the Notes following an Event of Default, the Trustee (based on the information contained in the Servicer's Certificate delivered on the related Determination Date) shall make the following distributions (without duplication) in the following order of priority from the Class B Available Funds on deposit in the Collection Account:

(i) to the Note Distribution Account, the Class B Noteholders' Interest Distributable Amount for such Accrual Period, to the extent not previously distributed pursuant to Section 5.7(a)(vi);

(ii) to the Note Distribution Account, the Class B Noteholders' Principal Distributable Amount for such Settlement Date, to the extent not previously distributed pursuant to Section 5.7(a)(vii);

(iii) to the Note Distribution Account, any Class B Margin Call, the Class B Commitment Fee and all other fees, expenses, indemnity payments (to the extent not paid directly) and all other amounts owing to a Class B Note Purchaser and/or any Class B Noteholder under the Basic Documents and the UBS Basic Documents (including without limitation, all UBS Secured Obligations), to the extent not previously distributed pursuant to Section 5.7(a)(xi); and

(iv) to the Deposit Account, any remaining amounts; provided that no amounts shall be paid to the Issuer pursuant to this priority (iv) until any amounts owed to any Class B Noteholder and any Class B Note Purchaser pursuant to the Basic Documents and the UBS Basic Documents have been paid in full and any discrepancies in the Servicer's Certificate shall have been reconciled pursuant to Section 4.14(a) hereof.

(c) Following an acceleration of the Notes after an Event of Default, any money or property that the Trustee collects pursuant to Article V of the Indenture shall be paid pursuant to Section 5.6(a) of the Indenture; provided, however, that Available Funds and Class B Available Funds shall be applied in the order of priority specified in SECTION 5.7(a) and SECTION 5.7(b) above, respectively.

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

SECTION 5.8. NOTE DISTRIBUTION ACCOUNT.

(a) On each Settlement Date (based solely on the information contained in the Servicer's Certificate), the Trustee shall distribute all Available Funds on deposit in the Note Distribution Account to the Noteholders in respect of the Notes to the extent of amounts due and unpaid on the Notes for principal and interest, and to the Note Purchasers and the Noteholders in respect of other amounts due and owing under the Basic Documents, in the following amounts and in the following order of priority (without duplication):

(i) to the Class A Noteholders, the Class A Noteholders' Interest Distributable Amount; PROVIDED that if there are not sufficient Available Funds in the Note Distribution Account to pay the entire Class A Noteholders' Interest Distributable Amount then due on the Class A Notes,

the amount in the Note Distribution Account shall be applied to the payment of such Class A Noteholders Interest Distributable Amount pro rata among the Holders of the Class A Notes;

(ii) to the Class A Noteholders, in reduction of the Class A Invested Amount, the Class A Noteholders' Principal Distributable Amount to pay principal on the Class A Notes until the outstanding principal amount of the Class A Notes has been reduced to zero; PROVIDED that if there are not sufficient Available Funds remaining in the Note Distribution Account after application of clause (i) above to pay the entire Class A Noteholders' Principal Distributable Amount then due on the Class A Notes, the Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class A Noteholders' Principal Distributable Amount pro rata among the Holders of the Class A Notes;

(iii) to the Class A Noteholders, in reduction of the Class A Invested Amount, in an amount necessary to cover any Class A Margin Call; PROVIDED that if there are not sufficient Available Funds remaining in the Note Distribution Account after application of clauses (i) and (ii) above to pay the entire amount of the Class A Margin Call, the Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class A Margin Call pro rata among the Holders of the Class A Notes;

(iv) to the Class A Note Purchaser, the Class A Commitment Fee;

(v) sequentially, to the Class A Note Purchaser and the Class A Noteholders, in that order, any other amounts due the Class A Note Purchaser and the Class A Noteholders, respectively, pursuant to any of the Basic Documents; PROVIDED that if there are not sufficient Available Funds remaining in the Note Distribution Account after application of clauses (i) through (iv) above to pay all of the other amounts due to the Class A Note Purchaser and the Class A Noteholders, respectively, pursuant to the Basic Documents, the Available Funds remaining in the Note Distribution Account shall be applied to the payment of such other amounts first, to the Class A Note Purchaser, until the amounts due and owing to the Class A Note Purchaser have been reduced to zero, and thereafter, pro rata among the Holders of the Class A Notes;

(vi) to the Class B Noteholders, the Class B Noteholders' Interest Distributable Amount; PROVIDED that if there are not sufficient Available Funds remaining in the Note Distribution Account after application of clauses (i) through (v) above to pay the entire Class B Noteholders' Interest Distributable Amount then due on the Class B Notes, the Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class B Noteholders' Interest Distributable Amount pro rata among the Holders of the Class B Notes;

(vii) to the Class B Noteholders, in reduction of the Class B Invested Amount, the Class B Noteholders' Principal Distributable Amount to pay principal on the Class B Notes until the outstanding principal amount of the Class B Notes has been reduced to zero; PROVIDED that if there are not sufficient Available Funds remaining in the Note Distribution Account after application of clauses (i) through (vi) above to pay the entire Class B Noteholders' Principal Distributable Amount then due on the Class B Notes, the Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class B Noteholders' Principal Distributable Amount pro rata among the Holders of the Class B Notes;

(viii) to the Class B Noteholders, in reduction of the Class B Invested Amount, in an amount necessary to cover any Class B Margin Call; PROVIDED that if there are not sufficient Available Funds remaining in the Note Distribution Account after application of clauses (i) through (vii) above to pay the entire amount of the Class B Margin Call, the Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class B Margin Call pro rata among the Holders of the Class B Notes;

(ix) to each Class B Note Purchaser, its respective pro rata portion of the Class B Commitment Fee; PROVIDED that if there are not sufficient Available Funds remaining in the Note Distribution Account after application of clauses (i) through (viii) above to pay the entire amount of the Class B Commitment Fee, the Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class B Commitment Fee pro rata among the Class B Note Purchasers; and

(x) sequentially, to each Class B Note Purchaser and the Class B Noteholders, in that order, any other amounts due each Class B Note Purchaser and the Class B Noteholders, respectively, pursuant to any of the Basic Documents; PROVIDED that if there are not sufficient Available Funds remaining in the Note Distribution Account after application of clauses (i) through (ix) above to pay all of the other amounts due to the Class B Note Purchaser and the Class B Noteholders, respectively, pursuant to the Basic Documents, the Available Funds remaining in the Note Distribution Account shall be applied to the payment of such other amounts first, pro rata to each Class B Note Purchaser, until the amounts due and owing to each Class B Note Purchaser have been reduced to zero, and thereafter, pro rata among the Holders of the Class B Notes, until the amounts due and owing to each Class B Noteholder have been reduced to zero.

(b) On each Settlement Date (based solely on the information contained in the Servicer's Certificate), the Trustee shall distribute all Class B Available Funds on deposit in the Note Distribution Account to the Class B Noteholders in respect of the Class B Notes to the extent of amounts due and unpaid on the Class B Notes for principal and interest, and to the Class B Note Purchasers and the Class B Noteholders in respect of other amounts due and owing under the Basic Documents and the UBS Basic Documents (including without limitation, the UBS Secured Obligations), in the following amounts and in the following order of priority (without duplication):

(i) to the Class B Noteholders, the Class B Noteholders' Interest Distributable Amount, to the extent not distributed pursuant to Section 5.8(a)(vi); PROVIDED that if there are not sufficient Class B Available Funds in the Note Distribution Account to pay the entire Class B Noteholders' Interest Distributable Amount then due on the Class B Notes, the Class B Available Funds in the Note Distribution Account shall be applied to the payment of such Class B Noteholders' Interest Distributable Amount pro rata among the Holders of the Class B Notes;

(ii) to the Class B Noteholders, in reduction of the Class B Invested Amount, the Class B Noteholders' Principal Distributable Amount, to the extent not distributed pursuant to Section 5.8(a)(vii), to pay principal on the Class B Notes until the outstanding principal amount of the Class B Notes has been reduced to zero; PROVIDED that if there are not sufficient Class B Available Funds remaining in the Note Distribution Account after application of clause (i) above to pay the entire Class B Noteholders' Principal Distributable Amount then due on the Class B Notes, the Class B Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class B Noteholders' Principal Distributable Amount pro rata among the Holders of the Class B Notes;

(iii) to the Class B Noteholders, in reduction of the Class B Invested Amount, in an amount necessary to cover any Class B Margin Call, to the extent not distributed pursuant to Section 5.8(a)(viii); PROVIDED that if there are not sufficient Class B Available Funds remaining in the Note Distribution Account after application of clauses (i) and (ii) above to pay the entire amount of the Class B Margin Call, the Class B Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class B Margin Call pro rata among the Holders of the Class B Notes;

(iv) to each Class B Note Purchaser, its respective pro rata portion of the Class B Commitment Fee, to the extent not distributed pursuant to Section 5.8(a)(ix); PROVIDED that if there are not sufficient Class B Available Funds remaining in the Note Distribution Account after application of clauses (i) through (iii) above to pay the entire amount of the Class B Commitment Fee, the Class B Available Funds remaining in the Note Distribution Account shall be applied to the payment of such Class B Commitment Fee pro rata among the Class B Note Purchasers; and

(v) sequentially, to each Class B Note Purchaser and the Class B Noteholders, in that order, any other amounts due each Class B Note Purchaser and the Class B Noteholders, respectively, pursuant to any of the Basic Documents and the UBS Basic Documents (including without limitation, the UBS Secured Obligations), to the extent not previously distributed pursuant to Section 5.8(a)(x); PROVIDED that if there are not sufficient Class B Available Funds remaining in the Note Distribution Account after application of clauses (i) through (iv) above to pay all of the other amounts due to the Class B Note Purchaser and the Class B Noteholders, respectively, pursuant to the Basic Documents, the Class B Available Funds remaining in the Note Distribution Account shall be applied to the payment of such other amounts first, pro rata to each Class B Note Purchaser, until the amounts due and owing to each Class B Note Purchaser have been reduced to zero, and thereafter, pro rata among the Holders of the Class B Notes, until the amounts due and owing to each Class B Noteholder have been reduced to zero.

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

SECTION 5.9. STATEMENTS TO NOTEHOLDERS. (a) On the Determination Date (in accordance with SECTION 4.9), the Servicer shall provide to the Trustee, the Note Purchasers and the Noteholders on the related Record Date a copy of the Servicer's Certificate setting forth at least the following information as to the Notes to the extent applicable in the form attached as hereto EXHIBIT A:

(i) the amount of such distribution allocable to principal of each class of Notes;

(ii) the amount of such distribution allocable to interest on or with respect to each class of Notes;

(iii) the aggregate of the Principal Balances of the Receivables as of the close of business on the last day of the preceding Accrual Period;

(iv) the Class A Invested Amount and the Class B Invested Amount;

(v) the amount of the Servicing Fee paid to the Servicer with respect to the related Accrual Period, and the amount of any unpaid Servicing Fees and the change in such amount from the prior Settlement Date;

(vi) (A) the amount of each of the Backup Servicing Fee and the Trustee Fee paid to the Backup Servicer and the Trustee as applicable, with respect to the related Accrual Period, (B) the amount of any unpaid Backup Servicing Fees and Trustee Fees and the change in such amounts from the prior Settlement Date, (C) the amount of all expenses paid to the Trustee and the Backup Servicer, with respect to the related Accrual Period, and (D) the difference between the maximum per annum amount payable to the Trustee and Backup Servicer in respect of expenses (other than servicing transition expenses) as set forth in Section 5.7(a)(i) and the amount paid to the Backup Servicer and Trustee year-to-date (to and including the related Settlement Date) in respect of such expenses;

(vii) the Class A Noteholders' Interest Carryover Shortfall, the Class A Noteholders' Principal Carryover Shortfall, the Class B Noteholders' Interest Carryover Shortfall, and the Class B Noteholders' Principal Carryover Shortfall, if any;

(viii) the number of Receivables and the aggregate gross amount scheduled to be paid thereon, including unearned finance and other charges, for which the related Obligors are delinquent in making Scheduled Receivable Payments for (a) 31 to 45 days and (d) 46 days or more, in each case as of the last day of the related Accrual Period;

(ix) the amount of aggregate Realized Losses, if any, for the related Accrual Period;

(x) the number of, and the aggregate Purchase Amounts for, Receivables, if any, that were repurchased during the related Interest Period and summary information as to losses and delinquencies with respect to the Receivables as of the end of the related Accrual Period;

(xi) the amount of any Texas Franchise Tax due and owing by the Issuer to the taxing authority of the State of Texas on or prior to the related Settlement Date or paid by the Servicer on behalf of the Issuer since the prior Settlement Date;

(xii) the cumulative amount of Realized Losses from the initial Cutoff Date to the last day of the related Accrual Period; and

(xiii) the Servicer Delinquency Ratio as of the end of the related Accrual Period and the Servicer Loss Ratio as of the related Determination Date.

(b) Within 60 days after the end of each calendar year, commencing February 28, 2007, the Servicer shall deliver to the Trustee, and the Trustee shall, provided it has received the necessary information from the Servicer, promptly thereafter furnish to each Noteholder (a) a report (prepared by the Servicer) as to the aggregate of the amounts reported pursuant to subclauses (i), (ii), (v) and (vi) of SECTION 5.9(a) for such preceding calendar year, and (b) such information as may be reasonably requested by any Noteholder or required by the Code and regulations thereunder, to enable such Noteholder to prepare its Federal and State income tax returns. The obligation of the Trustee set forth in this paragraph shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Servicer to such Noteholder pursuant to any requirements of the Code.

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

SECTION 5.10. DIVIDEND OF INELIGIBLE RECEIVABLES. The Issuer may on the last day of the month in which any Receivables are sold into a securitization transaction distribute any Ineligible Receivables to the Seller as a dividend, free of the deemed security interest referred to in Section 2.2 hereof; PROVIDED THAT there is no Borrowing Base Deficiency immediately after such dividend.

ARTICLE VI

[RESERVED]

ARTICLE VII

THE PURCHASER

SECTION 7.1. REPRESENTATIONS OF PURCHASER. The Purchaser makes the following representations on which the Noteholders shall be deemed to have relied in purchasing the Notes and the applicable Note Purchasers shall have been deemed to have relied in making each Advance. The representations speak as of the execution and delivery of this Agreement and as of each Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof to the Trustee for the benefit of the Note Purchasers and the Noteholders pursuant to the Indenture.

(a) ORGANIZATION AND GOOD STANDING. The Purchaser has been duly formed and is validly existing as a limited liability company solely under the laws of the state of Delaware and is in good standing under the laws of the State of Delaware, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted, and had at all relevant times, and now has, power, authority and legal right to acquire, own and pledge the Receivables and the Other Conveyed Property pledged to the Trustee for the benefit of the Note Purchasers and the Noteholders and to enter into and perform its other obligations under this Agreement and each other Basic Document to which it is a party.

(b) DUE QUALIFICATION. The Purchaser is duly qualified to do business as a foreign limited liability company in good standing, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business (including, without limitation, (i) the purchase of Receivables from CPS, (ii) the pledge of Collateral to the Trustee for the benefit of the Note Purchasers and the Noteholders pursuant to Granting Clause I of the Indenture, (iii) the pledge of the Pledged Subordinate Securities to the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders pursuant to Granting Clause II of the Indenture, (iv) the pledge of the Bear Cross Collateral to the UBS Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents pursuant to Granting Clause III of the Indenture, and (v) the performance of its other obligations under this Agreement and each other Basic Document) shall require such qualifications.

(c) POWER AND AUTHORITY. The Purchaser has the power (limited liability company and other) and authority, and has all material government licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being conducted, to execute and deliver this Agreement and the other Basic Documents to which it is a party and to carry out its terms and their terms, respectively; the Purchaser has full power and authority to pledge (x) the Collateral to be pledged to the Trustee for the benefit of the Note Purchasers and the Noteholders by it pursuant to Granting Clause I of the Indenture, (y) the Pledged Subordinate Securities to be pledged to the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders by it pursuant to Granting Clause II of the Indenture, and (z) the Bear Cross Collateral to be pledged to the UBS Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents by it pursuant to Granting Clause III of the Indenture, and has duly authorized such pledges to the Trustee and the UBS Indenture Trustee, as applicable, for the benefit of the applicable Persons by all necessary corporate action; and the execution, delivery and performance of this Agreement and the Basic Documents to which the Purchaser is a party have been duly authorized by the Purchaser by all necessary action.

(d) VALID SALE. BINDING OBLIGATIONS. (A) This Agreement effects a valid sale of the Receivables and the Other Conveyed Property, enforceable against the Seller and creditors of and purchasers from the Seller, (B) Granting Clause I of the Indenture constitutes a valid pledge of the Collateral which constitutes a first priority perfected security interest in the Collateral, subject to the

terms and provisions of the Intercreditor Agreement, in favor of the Trustee for the benefit of the Noteholders and the Note Purchasers, (C) Granting Clause II of the Indenture constitutes a valid pledge of the Pledged Subordinate Securities which constitutes a first priority perfected security interest in the Pledged Subordinate Securities in favor of the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers, and (D) Granting Clause III of the Indenture constitutes a valid pledge of the Bear Cross Collateral, subject to the terms and provisions of the Intercreditor Agreement, which constitutes a second priority perfected security interest in the Bear Cross Collateral (subject only to the Lien Granted pursuant to Granting Clause I of the Indenture) in favor of the UBS Indenture Trustee for the benefit of the Class B noteholders and the Class B note purchasers under the UBS Basic Documents, in each case enforceable against the Issuer and creditors of and purchasers from the Issuer, and this Agreement and the other Basic Documents to which the Purchaser is a party, when duly executed and delivered, shall constitute legal, valid and binding obligations of the Purchaser enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law.

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

(f) NO PROCEEDINGS. There are no proceedings or investigations pending or, to the Purchaser's knowledge, threatened against the Purchaser, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality having jurisdiction over the Purchaser or its properties (A) asserting the invalidity of this Agreement, any class of Notes or any of the Basic Documents, (B) seeking to prevent the issuance of any class of Notes or the consummation of any of the transactions contemplated by this Agreement or any of the Basic Documents, (C) seeking any determination or ruling that might materially and adversely affect the performance by the Purchaser of its obligations under, or the validity or enforceability of, this Agreement or any of the Basic Documents or otherwise have a Material Adverse Effect or result in a Material Adverse Change in respect of the Purchaser, or (D) relating to the Purchaser, the Collateral, the Pledged Subordinate Securities or the Bear Cross Collateral and which might adversely affect the federal or State income, excise, franchise or similar tax attributes of the Notes.

(g) NO CONSENTS. The Purchaser is not required to obtain the consent of any other Person and no consent, approval, authorization or order of or declaration or filing with any governmental authority is required for conduct of the Purchaser's business, the issuance or sale of the Notes or the consummation of the other transactions contemplated by this Agreement and the other Basic Documents, except such as have been duly made or obtained or as may be required by the Basic Documents.

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

(i) OTHER OBLIGATIONS. The Purchaser is not in default in the performance, observance or fulfillment of any obligation, covenant or condition in any of the Basic Documents to which it is a party or in any other agreement or instrument to which it is a party or by which it is bound the result of which would have a Material Adverse Effect or result in a Material Adverse Change.

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

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

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

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

(n) ERISA. The Purchaser does not maintain any Plans, and the Purchaser agrees to notify each Note Purchaser in advance of forming any Plans. Neither the Issuer nor any Affiliate of the Purchaser (other than MFN under the MFN Financial Corporation Pension Plan and CPS under its defined contribution (401(k)) plan) has any obligations or liabilities with respect to any Plans or Multiemployer Plans, nor have any such Persons had any obligations or liabilities with respect to any such Plans during the five year period prior to the date this representation is made or deemed made. The Purchaser will give notice to each Note Purchaser and each Noteholder if at any time it or any Affiliate has any obligations or liabilities with respect to any Plan or Multiemployer Plan. All Plans maintained by the Purchaser or any Affiliate are in substantial compliance with all applicable laws (including ERISA). The Purchaser is not an employer under any Multiemployer Plan.

(o) COMPLIANCE WITH LAWS. The Purchaser has complied and will comply in all material respects with all applicable laws, rules, regulations, judgments, agreements, decrees and orders with respect to its business and properties.

ARTICLE VIII

THE SELLER

SECTION 8.1. REPRESENTATIONS OF SELLER. The Seller makes the following representations on which the Purchaser shall be deemed to have relied in acquiring the Receivables, the Noteholders shall be deemed to have relied in purchasing the Notes and the applicable Note Purchasers shall have been deemed

to have relied in making each Advance. The representations speak as of the execution and delivery of this Agreement, as of the Closing Date and as of each Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof by the Purchaser to the Trustee for the benefit of the Noteholders and the Note Purchasers pursuant to the Indenture.

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

(b) DUE QUALIFICATION. The Seller is duly qualified to do business as a foreign corporation in good standing and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including, without limitation, the origination or purchase of motor vehicle retail installment sale contracts or installment promissory note and security agreements, the sale of the Receivables to the Purchaser hereunder, the servicing of the Receivables as required by this Agreement, and its other obligations hereunder and under the other Basic Documents) requires or shall require such qualification except where the failure to so qualify or obtain such licenses or consents would not result in a Material Adverse Effect or a Material Adverse Change.

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

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

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

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

Seller or its properties (A) asserting the invalidity of this Agreement or any of the Basic Documents, (B) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Agreement or any of the Basic Documents, or (C) seeking any determination or ruling that might materially and adversely affect the performance by the Seller of its obligations under, or the validity or enforceability of, this Agreement or any of the other Basic Documents or otherwise have a Material Adverse Effect or result in a Material Adverse Change in respect of the Seller or (D) relating to the Seller or the Receivables or Other Conveyed Property and which might adversely affect the federal or State income, excise, franchise or similar tax attributes of the Notes.

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

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

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

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

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

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

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

(n) NO MATERIAL ADVERSE CHANGE AS OF SEPTEMBER 30, 2006. No Material Adverse Change has occurred with respect to the Seller since the end of the quarter reported on in the Seller's Form 10-Q filed with the Commission on October 27, 2006.

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

(p) OTHER OBLIGATIONS. The Seller is not in default in the performance, observance or fulfillment of any obligation, covenant or condition in any of the Basic Documents to which it is a party or in any agreement or instrument to which it is a party or by which it is bound the result of which would have a Material Adverse Effect or result in a Material Adverse Change.

(q) ERISA. The Seller does not maintain any Plans (other than its defined contribution (401(k)) plan and the MFN Financial Corporation Pension Plan), and the Seller agrees to notify each Note Purchaser in advance of forming any Plans. Neither the Seller nor any Affiliate of the Seller (other than MFN under the MFN Financial Corporation Pension Plan) has any obligations or liabilities with respect to any Plans or Multiemployer Plans, nor have any such Persons had any obligations or liabilities with respect to any such Plans during the five year period prior to the date this representation is made or deemed made. The Seller will give notice to each Note Purchaser and each Noteholder if at any time it or any Affiliate has any obligations or liabilities with respect to any Plan or Multiemployer Plan. All Plans maintained by the Seller or any Affiliate are in substantial compliance with all applicable laws (including ERISA). The Seller is not an employer under any Multiemployer Plan.

(r) COMPLIANCE WITH LAWS. The Seller has complied and will comply in all material respects with all applicable laws, rules, regulations, judgments, agreements, decrees and orders with respect to its business and properties.

SECTION 8.2. ADDITIONAL COVENANTS OF THE SELLER.

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

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

(c) CHANGES TO SELLER'S CONTRACT PURCHASE GUIDELINES. The Seller covenants that it will not make any material credit-related changes to the Seller's Contract Purchase Guidelines without the prior written consent of the Controlling Note Purchaser (which consent shall not unreasonably be withheld). The Seller covenants to provide prompt prior written notice to each Note Purchaser upon any material change made to the Seller's Contract Purchase Guidelines.

(d) COOPERATION. If an Event of Default shall have occurred and be continuing, Seller shall cooperate with and provide all information and access requested by the Trustee, any Note Purchaser and/or any Noteholder in connection with any actions taken pursuant to SECTION 5.4 of the Indenture.

(e) CONSENTS TO WAIVERS, AMENDMENTS OR MODIFICATIONS OF BASIC DOCUMENTS. The Seller shall not consent to any waiver, amendment or modification of the Basic Documents that could reasonably be expected to have a Material Adverse Effect on any Note Purchaser or any Noteholder without the prior written consent of (i) the Controlling Noteholder and the Majority Noteholders of the Highest Priority Class or (ii) if any such waiver, amendment or modification relates solely to the Pledged Subordinate Securities, without the prior written consent of the Class B Note Purchasers and the Class B Majority Noteholders, or (iii) if any such waiver, amendment or modification relates solely to the application of proceeds from the Bear Cross Collateral, without the prior written consent of the Class B note purchasers and the Class B majority noteholders under the UBS Basic Documents.

(f) OTHER LIENS OR INTERESTS. Except for the conveyances hereunder and any other Lien created under any Basic Document, the Seller will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any lien on any interest therein, including, without limitation, any lien levied upon the Conveyed Property by the State of Texas (or any taxing authority or governmental agency of the State of Texas) as a result of the non-payment of any Texas Franchise Tax, and the Seller shall defend the right, title, and interest of the Purchaser in, to and under the Receivables and the other Conveyed Property against all claims of third parties claiming through or under the Seller.

SECTION 8.3. LIABILITY OF SELLER; INDEMNITIES.

(a) The Seller shall indemnify the Purchaser, the Backup Servicer, the Trustee, each Noteholder, each Note Purchaser and their respective officers, directors, agents and employees for any liability as a result of the failure of a Receivable to be originated in compliance with all requirements of law and for any breach of any of its representations, warranties, covenants or other agreements contained herein.

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

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

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

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

(f) The Seller shall indemnify, defend and hold harmless the Purchaser, the Backup Servicer, the Trustee, each Noteholder, each Note Purchaser and their respective officers, directors, agents and employees from and against any and all costs, expenses, losses, claims, damages and liabilities arising out of or relating to the failure of a Receivable to be originated in compliance with all requirements of law, including without limitation all Consumer Laws, and for any breach of any of the Seller's representations and warranties, covenants or other agreements contained herein (including, without limitation, the representations contained in SECTION 3.1 hereof) or in any other Basic Document to which the Seller is a party.

Indemnification under this Section shall survive the resignation or removal of the Servicer or the Trustee and the termination of this Agreement and the other Basic Documents and shall include reasonable fees and expenses of counsel and other expenses of litigation. These indemnity obligations shall be in addition to any obligation that the Seller may otherwise have under applicable law, hereunder or under any other Basic Document. If the Seller shall have made any indemnity payments pursuant to this Section and the Person to or on behalf of whom such payments are made thereafter shall collect any of such amounts from others, such Person shall promptly repay such amounts to the Seller, without interest.

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

SECTION 8.4. MERGER OR CONSOLIDATION OF, OR ASSUMPTION OF THE OBLIGATIONS OF, SELLER. Seller shall not merge or consolidate with any other person, convey, transfer or lease substantially all its assets as an entirety to another Person, or permit any other Person to become the successor to Seller's business unless, after the merger, consolidation, conveyance, transfer, lease or succession, the successor or surviving entity shall be capable of fulfilling the duties of Seller contained in this Agreement and the other Basic Documents to which it is a party. Any corporation or other Person (i) into which Seller may be merged or consolidated, (ii) resulting from any merger or consolidation to which Seller shall be a party, (iii) which acquires by conveyance, transfer, or lease substantially all of the assets of Seller, or (iv) succeeding to the business of Seller, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of Seller under this Agreement and the other Basic Documents to which it is a party and, whether or not such assumption agreement is executed, shall be the successor to Seller under this Agreement and the other Basic Documents to which it is a party without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release Seller from any obligation. Seller shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, each Note Purchaser and each Noteholder. Notwithstanding the foregoing, Seller shall not merge or consolidate with any other Person or permit any other Person to become a successor to Seller's business, unless (x) immediately after giving effect to such transaction, no representation or warranty made pursuant to SECTION 8.1 shall have been breached (for purposes hereof, such representations and warranties shall be deemed made as of the date of the consummation of such transaction) and no event that, after notice or lapse of time, or both, would become an Event of Default shall have occurred and be continuing, (y) Seller shall have delivered to the Trustee, each Note Purchaser and each Noteholder an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (z) Seller shall have delivered to the Trustee, each Note Purchaser and each Noteholder an Opinion of Counsel, stating in the opinion of such counsel, either (A) all financing statements and continuation statements and amendments thereto have been authorized and filed that are necessary to preserve and protect the interest of the Purchaser and the Trustee for the benefit of the Noteholders and the Note Purchasers in the Opinion Collateral and reciting the details of the filings or (B) no such action shall be necessary to preserve and protect such interest.

SECTION 8.5. [RESERVED].

SECTION 8.6. REPORTING REQUIREMENTS. (a) The Seller shall furnish, or cause to be furnished to each Noteholder and each Note Purchaser:

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

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

(b) For so long as Seller is subject to the reporting requirements of Section 13(a) of the Exchange Act, its filing of the annual and quarterly reports required under said act, on a timely basis, shall be deemed compliance with this Section 8.6.

ARTICLE IX

THE SERVICER

SECTION 9.1. REPRESENTATIONS AND COVENANTS OF SERVICER. The Servicer (and the Backup Servicer, in the case of clause (j) below) makes the following representations and covenants on which the Purchaser shall be deemed to have relied in acquiring the Receivables, on which the Noteholders shall be deemed to have relied in purchasing the Notes and on which the applicable Note Purchasers shall be deemed to have relied in making each Advance. The representations speak as of the execution and delivery of this Agreement and as of the Closing Date, in the case of Receivables conveyed by the Closing Date, and as of the applicable Funding Date, in the case of Receivables conveyed by such Funding Date, and the representations and covenants shall survive the sale of the Receivables to the Purchaser and the pledge thereof to the Trustee for the benefit of the Noteholders and the Note Purchasers pursuant to the Indenture.

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

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

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

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

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

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

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

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

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

(j) DATA MAPPING. Neither the Servicer nor the Backup Servicer is aware of any fact that would cause such Person reasonably to believe that the Servicer's servicing data cannot be mapped from the Servicer's system to the Backup Servicer's system.

(k) CHANGES TO SERVICING GUIDELINES. The Servicer covenants that it will not make any material changes to the Servicing Guidelines prior to the Termination Date without the prior written consent of the Controlling Note Purchaser (which consent shall not unreasonably be withheld) and prior written notice to each Class B Note Purchaser.

(l) COOPERATION. If an Event of Default shall have occurred and be continuing, Servicer shall cooperate with and provide all information and access reasonably requested by the Trustee, any Note Purchaser or any Noteholder in connection with any actions taken pursuant to SECTION 5.4 of the Indenture.

(m) TEXAS FRANCHISE TAX. The Servicer agrees to make timely payment, when due, of any Texas Franchise Tax that may be imposed, assessed or levied by the taxing authority of the State of Texas on or in respect of the Conveyed Property, the Seller, the Servicer, the Purchaser or the Issuer.

SECTION 9.2. LIABILITY OF SERVICER; INDEMNITIES.

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

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

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

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

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

(v) The Servicer shall indemnify, defend and hold harmless the Purchaser, the Backup Servicer, the Trustee, each Noteholder, each Note Purchaser and their respective officers, directors, agents and employees from and against any and all costs, expenses, losses, claims, damages and liabilities arising out of or relating to the failure of a Receivable to be serviced in compliance with all requirements of law, including without limitation all Consumer Laws, and for any breach of any of the Servicer's representations and warranties, covenants or other agreements contained herein or in any other Basic Document to which the Servicer is a party.

(vi) The Servicer, so long as CPS is the Servicer, shall indemnify, defend and hold harmless the Purchaser, the Trustee, the Backup Servicer, each Noteholder, each Note Purchaser and their respective officers, directors, agents and employees from and against any Texas Franchise Tax asserted against any of such parties with respect to the transactions contemplated in this Agreement and the other Basic Documents and costs and expenses in defending against the same.

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

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

(d) Indemnification under this SECTION 9.2 shall survive the termination of this Agreement and the other Basic Documents and any resignation or removal of CPS or any successor Servicer as Servicer and shall include reasonable fees and expenses of counsel and expenses of litigation. These indemnity obligations shall be in addition to any obligation that the Servicer may otherwise have under applicable law, hereunder or under any other Basic Document. If the Servicer shall have made any indemnity payments pursuant to this Section and the recipient thereafter collects any of such amounts from others, the recipient shall promptly repay such amounts to the Servicer, without interest.

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

(a) The Servicer shall not merge or consolidate with any other Person, convey, transfer or lease all or substantially all of its assets as an entirety to another Person, or permit any other Person to become the successor to the Servicer's business unless, after the merger, consolidation, conveyance, transfer, lease or succession, the successor or surviving entity shall be capable of fulfilling the duties of the Servicer contained in this Agreement and the other Basic Documents to which it is a party. Any corporation or other Person (i) into which the Servicer may be merged or consolidated, (ii) resulting from any merger or consolidation to which the Servicer shall be a party, (iii) which acquires by conveyance, transfer, or lease substantially all of the assets of the Servicer, or (iv) succeeding to the business of the Servicer, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of the

Servicer under this Agreement and the other Basic Documents to which it is a party and, whether or not such assumption agreement is executed, shall be the successor to the Servicer under this Agreement and the other Basic Documents to which it is a party without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release the Servicer from any obligation. The Servicer shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, each Note Purchaser and each Noteholder. Notwithstanding the foregoing, the Servicer shall not merge or consolidate with any other Person or permit any other Person to become a successor to the Servicer's business, unless (x) immediately after giving effect to such transaction, no representation or warranty made pursuant to SECTION 9.1 shall have been breached (for purposes hereof, such representations and warranties shall be deemed made as of the date of the consummation of such transaction) and no event that, after notice or lapse of time, or both, would become Event of Default shall have occurred and be continuing, (y) the Servicer shall have delivered to the Trustee, each Note Purchaser and each Noteholder an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (z) the Servicer shall have delivered to the Trustee, each Note Purchaser and each Noteholder an Opinion of Counsel, stating in the opinion of such counsel, either (A) all financing statements and continuation statements and amendments thereto have been executed and filed that are necessary to preserve and protect the interest of the Purchaser and the Trustee for the benefit of the Noteholders and the Note Purchasers in the Opinion Collateral and reciting the details of the filings or (B) no such action shall be necessary to preserve and protect such interest.

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

SECTION 9.4. [RESERVED]

SECTION 9.5. DELEGATION OF DUTIES. The Servicer may at any time delegate duties under this Agreement to sub-contractors who are in the business of servicing automotive receivables with the prior written consent of the Controlling Note Purchaser (which consent shall not unreasonably be withheld); PROVIDED, HOWEVER, that no such delegation or subcontracting of duties by the Servicer shall relieve the Servicer of its responsibility with respect to such duties.

SECTION 9.6. SERVICER AND BACKUP SERVICER NOT TO RESIGN. Subject to the provisions of SECTION 9.3, neither the Servicer nor the Backup Servicer shall resign from the obligations and duties imposed on it by this Agreement as Servicer or Backup Servicer except (i) upon a determination that by reason of a change in legal requirements the performance of its duties under this Agreement would cause it to be in violation of such legal requirements in a manner which would have a material adverse effect on the Servicer or the Backup Servicer, as the case may be, and the Controlling Note Purchaser does not elect to waive the obligations of the Servicer or the Backup Servicer, as the case may be, to perform the duties which render it legally unable to act or to delegate those duties to another Person or, (ii) in the case of the Backup Servicer, upon the prior written consent of the Controlling Note Purchaser. Any such determination permitting the resignation of the Servicer or Backup Servicer pursuant to clause (i) in the immediately preceding sentence shall be evidenced by an Opinion of Counsel to such effect delivered and acceptable to the Trustee and the Controlling Note Purchaser. No resignation of the Servicer shall become effective until the Backup Servicer or an entity acceptable to the Controlling

Note Purchaser shall have assumed the responsibilities and obligations of the Servicer. No resignation of the Backup Servicer shall become effective until an entity acceptable to the Controlling Note Purchaser shall have assumed the responsibilities and obligations of the Backup Servicer; provided, however, that in the event a successor Backup Servicer is not appointed within 60 days after the Backup Servicer has given notice of its resignation and has provided the Opinion of Counsel required by this SECTION 9.6, the Backup Servicer may petition a court for its removal.

ARTICLE X

DEFAULT

SECTION 10.1. SERVICER TERMINATION EVENTS. For purposes of this Agreement and the other Basic Documents, each of the following shall constitute a "SERVICER TERMINATION EVENT":

(a) Any failure by the Servicer to deliver or cause to be delivered any proceeds or payment required to be so delivered under this Agreement or any other Basic Document within one (1) Business Day of the date when the same becomes due;

(b) Failure by the Servicer to deliver, or cause to be delivered, to each Noteholder, each Note Purchaser, the Trustee and the Backup Servicer, any Servicer's Certificate by the Determination Date prior to the related Settlement Date, which failure continues unremedied for a period of two (2) Business Days;

(c) Failure by the Servicer to perform or observe in any material respect any term, covenant, or agreement under this Agreement or any other Basic Document (other than any term, covenant or agreement referred to in another subparagraph of this SECTION 10.1), which failure materially and adversely affects the rights of the Controlling Note Purchaser or the Noteholders of the Highest Priority Class and is not cured within 30 calendar days after written notice is received by the Servicer from the Trustee, the Controlling Note Purchaser or a Noteholder of the Highest Priority Class or after discovery of such failure by a Responsible Officer of the Servicer;

(d) Any representation, warranty or statement of the Servicer made in this Agreement or any other Basic Document to which it is a party or any certificate, report or other writing delivered pursuant hereto or thereto shall prove to be incorrect in any material respect as of the time when the same shall have been made, and such incorrectness materially and adversely affects the rights of the Controlling Note Purchaser or the Noteholders of the Highest Priority Class and is not cured within 30 calendar days after written notice is received by the Servicer from the Trustee, the Controlling Note Purchaser or a Noteholder of the Highest Priority Class or after discovery of such failure by a Responsible Officer of the Servicer;

(e) An application is made by the Servicer for the appointment of a receiver, trustee or custodian for the Collateral, the Pledged Subordinate Securities, the Bear Cross Collateral or any other material assets of Purchaser or the Servicer; a petition under any section or chapter of the Bankruptcy Code or federal or State law or regulation shall be filed by the Servicer, or the Servicer shall make an assignment for the benefit of its creditors, or any case or proceeding shall be filed by the Servicer for its dissolution, liquidation, or termination; or the Servicer ceases to conduct its business;

(f) The Servicer is enjoined, restrained or prevented by court order from conducting all or any material part of its business affairs, or a petition under any section or chapter of the Bankruptcy Code or any similar federal or State law or regulation is filed against the Servicer, or any case or proceeding is filed against the Servicer, for its dissolution or liquidation, and such injunction, restraint, petition, case or proceeding is not dismissed within sixty (60) days after the entry of filing thereof;

(g) An Event of Default shall have occurred (so long as CPS is Servicer);

(h) The occurrence of any of the following trigger events: (i) the three-month rolling average Servicer Delinquency Ratio exceeds (A) 6.00% during the Accrual Periods from April to September or (B) 6.50% during the Accrual Periods from October to March; or (ii) the Servicer Loss Ratio exceeds (A) 7.50% during the Accrual Periods from May to October or (B) 8.25% during the Accrual Periods from November to April;

(i) The Servicer fails to maintain minimum Consolidated Total Adjusted Equity of $60,000,000 as of the end of any fiscal quarter;

(j) The Servicer exceeds a maximum leverage ratio (total liabilities less all non-recourse debt/Consolidated Total Adjusted Equity) of six times as of the end of any fiscal quarter; and

(k) The Servicer fails to maintain cash and cash equivalents of at least $8.5 million as of the end of any calendar month.

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

SECTION 10.2. CONSEQUENCES OF A SERVICER TERMINATION EVENT OR NON-EXTENSION OF TERM OF SERVICER. If a Servicer Termination Event shall occur and be continuing, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, by notice given in writing to the Backup Servicer, each other Noteholder, each other Note Purchaser and the Servicer, may terminate all of the rights and obligations of the Servicer under this Agreement. The outgoing Servicer shall be entitled to its pro rata share of the Servicing Fee for the number of days in the Accrual Period prior to the effective date of its termination. On or after the receipt by the Servicer of such written notice or upon non-extension of the servicing term as referred to in SECTION 4.15, all authority, power, obligations and responsibilities of the Servicer under this Agreement, whether with respect to the Notes or the Receivables and Other Conveyed Property or otherwise, automatically shall pass to, be vested in and become obligations and responsibilities of the Backup Servicer (or such other successor Servicer appointed by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class under SECTION 10.3); PROVIDED, HOWEVER, that the successor Servicer shall have no liability with respect to any obligation which was required to be performed by the outgoing Servicer prior to the date that the successor Servicer becomes the Servicer or any claim of a third party based on any alleged action or inaction of the outgoing Servicer, which obligations and claims shall remain those of the outgoing Servicer. The successor Servicer is authorized and empowered by this Agreement to execute and deliver, on behalf of the outgoing Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination, whether to complete the transfer and endorsement of the Receivables and the Other Conveyed Property and related documents to show the Purchaser as lienholder or secured party on the related Lien Certificates, or otherwise. The outgoing Servicer agrees to cooperate with the successor Servicer in effecting the termination of the responsibilities and rights of the outgoing Servicer under this Agreement, including, without limitation, the transfer to the successor Servicer for administration by it of all cash amounts that shall at the time be held by the outgoing Servicer for deposit, or have been deposited by the outgoing Servicer, in the Collection Account or thereafter received with respect to the Receivables and the delivery to the successor Servicer of all Receivable Files that shall at the time be held by the outgoing Servicer and a computer tape in readable form as of the most recent Business Day containing all information necessary to enable the successor Servicer to service the Receivables and the Other Conveyed Property. All reasonable costs and expenses (including reasonable attorneys' fees) incurred in connection with transferring any Receivable Files to the successor Servicer and amending this Agreement to reflect such succession as Servicer pursuant to this SECTION 10.2 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. In addition, any successor Servicer shall be entitled to payment from the immediate predecessor Servicer for reasonable transition expenses incurred in connection with acting as successor Servicer, and to the extent not so paid, such payment shall be made pursuant to SECTION 5.7 hereof. Upon receipt of notice of the occurrence of a Servicer Termination Event or the non-extension of the Servicer's term, the

Trustee shall give notice thereof to each Noteholder and each Note Purchaser. If requested by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, the successor Servicer shall terminate the Lockbox Agreement and direct the Obligors to make all payments under the Receivables directly to the successor Servicer (in which event the successor Servicer shall process such payments in accordance with SECTION 4.2(e)), or to a lockbox established by the successor Servicer at the direction of the Controlling Note Purchaser, at the successor Servicer's expense. The outgoing Servicer shall grant the Trustee, the successor Servicer, each Note Purchaser and each Noteholder reasonable access to the outgoing Servicer's premises at the outgoing Servicer's expense.

SECTION 10.3. APPOINTMENT OF SUCCESSOR.

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

Servicer upon the termination of the Servicer pursuant to SECTION 10.2, the non-extension of the Servicer's term pursuant to SECTION 4.15 or the resignation of the Servicer pursuant to SECTION 9.6. If upon the termination of the Servicer pursuant to SECTION 10.2, the non-extension of the Servicer's term pursuant to SECTION 4.15 or the resignation of the Servicer pursuant to SECTION 9.6, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class appoint a successor Servicer other than the Backup Servicer, the Backup Servicer shall not be relieved of its duties as Backup Servicer hereunder.

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

SECTION 10.4. NOTIFICATION TO THE NOTEHOLDERS AND NOTE PURCHASERS. Upon any termination of, or appointment of a successor to, the Servicer, the Trustee shall give prompt written notice thereof to each Noteholder and each Note Purchaser.

SECTION 10.5. WAIVER OF PAST DEFAULTS. The Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class may waive in writing any default by the Servicer in the performance of its obligations under this Agreement and the consequences thereof. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Termination Event arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

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

SECTION 10.7. CONTINUED ERRORS. Notwithstanding anything contained herein to the contrary, if the Backup Servicer becomes successor Servicer it is authorized to accept and rely on all of the accounting, records (including computer records) and work of the prior Servicer relating to the Receivables (collectively, the "PREDECESSOR SERVICER WORK PRODUCT") without any audit or other examination thereof, and the Backup Servicer as successor Servicer shall have no duty, responsibility, obligation or liability for the acts and omissions of the prior Servicer. If any error, inaccuracy, omission or incorrect or non-standard practice or procedure (collectively, "ERRORS") exist in any Predecessor Servicer Work Product and such Errors make it materially more difficult to service or should cause or materially contribute to the Backup Servicer as successor Servicer making or continuing any Errors (collectively, "CONTINUED ERRORS"), the Backup Servicer as successor Servicer shall have no duty or responsibility for such Continued Errors; PROVIDED, HOWEVER, that the Backup Servicer as successor Servicer agrees to use its best efforts to prevent further Continued Errors. In the event that the Backup Servicer as successor Servicer becomes aware of Errors or Continued Errors, the Backup Servicer as successor Servicer shall, with the prior consent of the Controlling Note Purchaser, use its best efforts to reconstruct and reconcile such data as is commercially reasonable to correct such Errors and Continued Errors and to prevent future Continued Errors. The Backup Servicer as successor Servicer shall be entitled to recover its costs thereby expended in accordance with SECTIONS 5.7(a)(i) and 5.7(a)(ix) hereof.

ARTICLE XI

MISCELLANEOUS PROVISIONS

SECTION 11.1. AMENDMENT.

(a) This Agreement may not be waived, amended or otherwise modified except in a writing signed by the parties hereto, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class; PROVIDED, HOWEVER, that, no such amendment shall, without the prior written consent of each Note Purchaser and each Noteholder, (i) modify or have the effect of modifying Sections 5.7 or 5.8 or this SECTION 11.1 or (ii) eliminate or materially alter any party's delivery or notice obligations to the Noteholders; PROVIDED, FURTHER, that no such waiver, amendment or modification shall, without the prior written consent of the affected Note Purchaser and each Noteholder of a class of Notes affected thereby:

(i) change the date of payment of any installment of principal of or interest on a class of Notes or any other amount owed by the Issuer, the Purchaser, the Servicer or the Seller under the Basic Documents, or reduce the Percentage Interest of the Notes, the interest rate thereon, change the provision of this Agreement relating to the application of collections on, or the proceeds of the sale of, the Collateral, the Pledged Subordinate Securities or, subject to the terms and provisions of the Intercreditor Agreement, the Bear Cross Collateral to payment of principal of or interest on a class of Notes or any other amount owed by the Issuer, the Purchaser, the Servicer or the Seller under the Basic Documents, or change any place of payment where, or the coin or currency in which, a class of Notes or the interest thereon or any other amount owed by the Issuer, the Purchaser, the Seller or the Servicer under the Basic Documents is payable;

(ii) impair the right to institute suit for the enforcement of the provisions of this Agreement requiring the application of funds available therefor, as provided in SECTION 5.8, to the payment of any such amount due on a class of Notes or any other amount owed by the Issuer, the Purchaser, the Servicer or the Seller under the Basic Documents on or after the respective due dates thereof;

(iii) reduce the Percentage Interest, the consent of the Holders of which is required for any such amendment, waiver or modification, or eliminate the requirement that the applicable Note Purchaser consent thereto, or the consent of the Holders of which or the applicable Note Purchaser is required for any waiver of compliance with certain provisions of this Agreement or certain defaults hereunder and their consequences provided for in this Agreement;

(iv) modify or alter the provisions of the proviso to the definition of the term "OUTSTANDING";

(v) modify any provision of this Section or to provide that certain additional provisions of this Agreement or the other Basic Documents cannot be modified or waived without the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class; or

(vi) modify any of the provisions of this Agreement in such manner as to affect the calculation of the amount or timing of any payment of (x) interest or principal due on a class of Notes on any Settlement Date (including the calculation of any of the individual components of such calculation) or (y) any amount due to any Note Purchaser from the Issuer, the Purchaser, the Servicer or the Seller under the Basic Documents.

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

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

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

SECTION 11.2. PROTECTION OF TITLE TO PROPERTY.

(a) The Seller, the Purchaser, the Issuer or the Servicer or each of them shall authorize, execute (if necessary) and file such financing statements and cause to be authorized, executed (if necessary) and filed such continuation statements, all in such manner and in such places and take such other action as may be required by law fully to preserve, maintain and protect the interest of the Purchaser and the interests of (i) subject to the terms and provisions of the Intercreditor Agreement, the Trustee for the benefit of the Noteholders and the Note Purchasers in the Collateral and in the proceeds thereof, (ii) the Class B Note Purchasers and the Class B Noteholders in the Pledged Subordinate Securities and in the proceeds thereof, and (iii) subject to the terms and provisions of the Intercreditor Agreement, the UBS Indenture Trustee in the Bear Cross Collateral and the proceeds thereof for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents. The Seller shall deliver (or cause to be delivered) to each Noteholder, each Note Purchaser and the Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing.

(b) None of the Seller, the Purchaser, the Issuer or the Servicer shall change its name, identity, jurisdiction of organization, form of organization or corporate structure in any manner that would, could or might make any financing statement or continuation statement filed in accordance with PARAGRAPH (A) above seriously misleading within the meaning of Section 9-506(a) of the UCC, unless it shall have given each Noteholder, each Note Purchaser and the Trustee at least thirty (30) days' prior written notice thereof and shall have promptly filed appropriate amendments to all previously filed financing statements or continuation statements. Promptly upon such filing, the Purchaser, the Seller, the Issuer or the Servicer, as the case may be, shall deliver an Opinion of Counsel to the Trustee, each Note Purchaser, each Noteholder and the UBS Indenture Trustee, in a form and substance reasonably satisfactory to the Controlling Note Purchaser, stating either (A) all financing statements and continuation statements have been authorized, executed and filed that are necessary fully to preserve and protect the interest of the Purchaser and (i) subject to the terms and provisions of the Intercreditor Agreement, the Trustee for the benefit of the Noteholders and the Note Purchasers in the Collateral and the proceeds thereof, (ii) the Class B Noteholders and the Class B Note Purchasers in the Pledged Subordinate Securities and the proceeds thereof, and (iii) subject to the terms and provisions of the Intercreditor Agreement, the UBS Indenture Trustee in the Bear Cross Collateral and the proceeds thereof for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) no such action shall be necessary to preserve and protect such interest.

(c) Each of the Seller, the Purchaser, the Issuer and the Servicer shall have an obligation to give each Noteholder, each Note Purchaser and the Trustee at least 60 days' prior written notice of any relocation of its chief executive office or a change in its corporate structure, jurisdiction of organization or name and shall file amendments, continuation statements and new financing statements if, as a result of such relocation or change, the applicable provisions of the UCC would require the filing of any amendment of any previously filed financing or continuation statement or of any new financing statement to fully preserve and protect the interest of the Purchaser and (i) subject to the terms and provisions of the Intercreditor Agreement, the Trustee on behalf of the Noteholders and the Note Purchasers in the Collateral and the proceeds thereof, (ii) the Class B Noteholders and the Class B Note Purchasers in the Pledged Subordinate Securities and the proceeds thereof, and (iii) subject to the terms and provisions of the Intercreditor Agreement, the UBS Indenture Trustee in the Bear Cross Collateral and the proceeds thereof for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents. The Servicer shall at all times be organized under the laws of the United States (or any State thereof) and maintain its chief executive office and jurisdiction of organization, within the United States of America.

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

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

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

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

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

(i) The Servicer shall deliver to each Note Purchaser, each Noteholder and the Trustee:

(i) promptly after the execution and delivery of this Agreement and, if required pursuant to SECTION 11.1, of each amendment, waiver, or consent, an Opinion of Counsel, in form and substance satisfactory to the Controlling Note Purchaser and (to the extent such Opinion of Counsel relates to Opinion Collateral consisting of Pledged Subordinate Securities) the Class B Note Purchasers and (to the extent such Opinion of Counsel relates to Opinion Collateral consisting of Bear Cross Collateral) the Class B note purchasers under the UBS Basic Documents, stating that in the opinion of such counsel, either (A) all financing statements and continuation statements have been authorized, executed and filed that are necessary fully to preserve and protect the interest of the Purchaser and the Trustee for the benefit of the applicable Noteholders and the applicable Note Purchasers in the Opinion Collateral, and reciting the details of such filings or referring to a prior Opinion of Counsel in which such details are given, or (B) no such action shall be necessary to preserve and protect such interest; and

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

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

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

Subject to SECTION 4.5, the Seller hereby authorizes the Controlling Note Purchaser, the Trustee and their respective agents to file such financing statements and continuation statements and take such other actions as the Controlling Note Purchaser or the Trustee may deem advisable in connection with the security interest granted by the Seller pursuant to SECTION 2.2 to the extent permitted by applicable law. Any such financing statements and continuation statements shall be prepared by the Issuer or the Controlling Note Purchaser.

SECTION 11.3. NOTICES. All demands, notices and communications upon or to the Seller, the Backup Servicer, the Servicer, the Purchaser, the Trustee, the Backup Servicer, any Note Purchaser or any Noteholder under this Agreement shall be in writing, via facsimile (with telephonic confirmation of receipt), personally delivered, or mailed by certified mail, return receipt requested, and shall be deemed to have been duly given upon receipt (a) in the case of the Seller, to Consumer Portfolio Services, Inc., 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: General Counsel, Telecopy: (888) 577-7923; (b) in the case of the Servicer, to Consumer Portfolio Services, Inc., 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: General Counsel, Telecopy: (888) 577-7923; (c) in the case of the Purchaser, to Page Three Funding LLC, 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: General Counsel, Telecopy: (888) 577-7923; (d) in the case of the Trustee or the Backup Servicer at the Corporate Trust Office; (e) in the case of the initial Class A Noteholder and the Class A Note Purchaser, to Bear, Stearns & Co. Inc., 383 Madison Ave., 10th Floor, New York, New York, 10179; Attn: Clark MacKenzie; Telephone: 212-272-4076, Telecopy: 917-849-1151; with a copy to Bear, Stearns & Co. Inc., 383 Madison Ave., 10th Floor, New York, New York, 10179; Attn: Brant Brooks; Telephone: 212-272-6601, Telecopy: 212-849-1126; (f) in the case of the initial Class B Noteholders and the Class B Note Purchasers, to The Patriot Group, LLC, One Thorndal Circle, Darien, CT 06820, Attention: Bruce Katz, Telecopy (203) 656-4483; and to Waterfall Eden Fund, LP, 1185 Avenue of the Americas, 18th Floor, New York, NY 10036; Attention: Jack Ross; Telecopy: (212) 843-8909; and (g) in the case of any subsequent Noteholders, at the address reflected on the Note Register. Any Note Purchaser may deliver to the Noteholders any notices, reports, Servicer's Certificates or any other documentation delivered to such Note Purchaser hereunder or under any other Basic Document, but is under no obligation to so deliver such documentation and shall not be liable for the content thereof. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Noteholders or Note Purchasers shall receive such notice.

SECTION 11.4. ASSIGNMENT. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Notwithstanding anything to the contrary contained herein, except as provided in SECTIONS 8.4, 9.3 and this SECTION 11.4 and as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the Purchaser, the Seller, the Issuer or the Servicer without the prior written consent of the Trustee, the Backup Servicer, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class; PROVIDED HOWEVER THAT, notwithstanding the foregoing, the Issuer may pledge all of its right, title and interest herein to the Trustee for the benefit of the Noteholders and the Note Purchasers without the prior written consent of the Trustee, the Backup Servicer, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class.

SECTION 11.5. LIMITATIONS ON RIGHTS OF OTHERS. The provisions of this Agreement are solely for the benefit of the parties hereto and for the benefit of each Note Purchaser and each Noteholder as a third-party beneficiary. Except as provided in the following sentence, nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Collateral, the Pledged Subordinate Securities or the Bear Cross Collateral or under or in respect of this Agreement

or any covenants, conditions or provisions contained herein. Notwithstanding the foregoing, each of the UBS Indenture Trustee, each Class B note purchaser and each Class B noteholder under the UBS Basic Documents shall be deemed to be a third-party beneficiary with respect to this Agreement to the same extent as if it was a party hereto, subject to the terms of the Intercreditor Agreements.

SECTION 11.6. SEVERABILITY. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.7. SEPARATE COUNTERPARTS. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Any signature page to this Agreement containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the effect of delivery of an original manually signed signature page.

SECTION 11.8. HEADINGS. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.9. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.10. ASSIGNMENT TO TRUSTEE. The Seller hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Purchaser to the Trustee pursuant to the Indenture for the benefit of the Noteholders and the Note Purchasers of all right, title and interest of the Purchaser in, to and under the Receivables and Other Conveyed Property and/or the assignment of any or all of the Purchaser's rights and obligations hereunder to the Trustee for the benefit of the Noteholders and the Note Purchasers.

SECTION 11.11. NONPETITION COVENANTS. Notwithstanding any prior termination of this Agreement, the Servicer and the Seller shall not, prior to the date which is one year and one day after the day upon which the outstanding principal amount of each class of Notes has been reduced to zero, all Secured Obligations and all other amounts due and payable to the Note Purchasers and the Noteholders pursuant to the Basic Documents have been paid in full, acquiesce, petition or otherwise invoke or cause the Purchaser to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Purchaser under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Purchaser or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Purchaser.

SECTION 11.12. LIMITATION OF LIABILITY OF TRUSTEE. Notwithstanding anything contained herein to the contrary, this Agreement has been executed and delivered by Wells Fargo Bank, National Association, not in its individual capacity but solely as Trustee and Backup Servicer and in no event shall Wells Fargo Bank, National Association, have any liability for the representations, warranties, covenants, agreements or other obligations of the Purchaser hereunder or in any of the certificates, notices or agreements delivered pursuant hereto, as to all of which recourse shall be had solely to the assets of the Purchaser.

SECTION 11.13. INDEPENDENCE OF THE SERVICER. For all purposes of this Agreement, the Servicer shall be an independent contractor and shall not be subject to the supervision of the Purchaser, the Trustee and Backup Servicer with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by this Agreement, the Servicer shall have no authority to act for or represent the Purchaser in any way and shall not otherwise be deemed an agent of the Purchaser.

SECTION 11.14. NO JOINT VENTURE. Nothing contained in this Agreement (i) shall constitute the Servicer and the Purchaser as members of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, (ii) shall be construed to impose any liability as such on any of them or (iii) shall be deemed to confer on any of them any express, implied or apparent authority to incur any obligation or liability on behalf of the others, except as expressly provided in this Agreement and the other Basic Documents.

SECTION 11.15. SPECIAL SUPPLEMENTAL AGREEMENT. If any party to this Agreement is unable to sign any amendment or supplement due to its dissolution, winding up or comparable circumstances, then the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall be sufficient to amend this Agreement without such party's signature.

SECTION 11.16. FULL RECOURSE TO THE ISSUER AND THE PURCHASER. The obligations of the Issuer and the Purchaser under this Agreement and the other Basic Documents to which it is a party shall be full recourse obligations of the Issuer and the Purchaser. Notwithstanding the foregoing, no recourse shall be had for the payment of any amount owing hereunder or for the payment of any fee hereunder or any other obligation of, or claim against, the Issuer or the Purchaser arising out of or based upon any provision herein or under any other Basic Document, against any member, employee, officer, agent, director or authorized person of the Issuer or the Purchaser or any Affiliate thereof except as the Issuer or the Purchaser may have expressly agreed and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity; PROVIDED, HOWEVER, that the foregoing shall not relieve any such person or entity of any liability they might otherwise have as a result of fraudulent actions or omissions taken by them. Nothing contained in this Section shall limit or be deemed to limit any obligations of the Issuer, the Purchaser, the Seller or the Servicer hereunder or under any other Basic Document, which obligations are full recourse obligations of the Issuer, the Purchaser, the Seller and the Servicer, respectively.

SECTION 11.17. ACKNOWLEDGEMENT OF ROLES. The parties expressly acknowledge and consent to Wells Fargo Bank, National Association acting in the multiple capacities of Backup Servicer and Trustee. The parties agree that Wells Fargo Bank, National Association in such multiple capacities shall not be subject to any claim, defense or liability arising from its performance in any such capacity based on conflict of interest principles, duty of loyalty

principles or other breach of fiduciary duties to the extent that any such conflict or breach arises from the performance by Wells Fargo Bank, National Association of any other such capacity or capacities in accordance with this Agreement or any other Basic Documents to which it is a party.

SECTION 11.18. TERMINATION. Except as otherwise provided herein, the respective obligations and responsibilities of the Seller, the Purchaser, the Issuer, the Servicer, the Backup Servicer and the Trustee created hereby shall terminate on the Termination Date; PROVIDED, HOWEVER, in any case there shall be delivered to the Trustee, each Note Purchaser and each Noteholder an Opinion of Counsel that all applicable preference periods under federal, State and local bankruptcy, insolvency and similar laws have expired with respect to the payments pursuant to this SECTION 11.18. The Servicer shall promptly notify the Trustee, the Seller, the Issuer, each Note Purchaser and each Noteholder of any prospective termination pursuant to this SECTION 11.18.

SECTION 11.19. SUBMISSION TO JURISDICTION. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, OR ANY LEGAL PROCESS WITH RESPECT TO ITSELF OR ANY OF ITS PROPERTY, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT, ANY OTHER BASIC DOCUMENT OR ANY DOCUMENT RELATED HERETO OR THERETO. EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

SECTION 11.20. WAIVER OF TRIAL BY JURY. THE PARTIES HERETO EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, ANY OTHER BASIC DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY PARTY AGAINST THE OTHER PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. THE PARTIES HERETO EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT, ANY OTHER BASIC DOCUMENT OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT OR ANY OTHER BASIC DOCUMENT.

SECTION 11.21. PROCESS AGENT. Each of the Purchaser, Seller, Servicer and Trustee agrees that the process by which any proceedings in the State of New York are begun may be served on it by being delivered by certified mail at the chief executive office or corporate trust office, as applicable, or at its registered office for the time being. If such person is not or ceases to be effectively appointed to accept service of process on the Purchaser's, Seller's, Servicer's or Trustee's behalf, the Purchaser, Seller, Servicer or Trustee, as applicable, shall, on the written demand of the process agent, appoint a further person in the State of New York to accept service of process on its behalf and, failing such appointment within 15 days, the process agent shall be entitled to appoint such a person by written notice to the Purchaser, Seller, Servicer or Trustee, as applicable. Nothing in this sub-clause shall affect the right of the process agent to serve process in any other manner permitted by law.

SECTION 11.22. SET-OFF

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

(b) In addition to any rights now or hereafter granted under applicable law and not by way of limitation of such rights, during the continuance of any Event of Default hereunder:

(i) each Note Purchaser is hereby authorized at any time and from time to time, without notice to the Purchaser or the Issuer, such notice being hereby expressly waived, to set-off any obligation owing by such Note Purchaser or any of its Affiliates to the Purchaser or the Issuer, or against any funds or other property of the Purchaser or the Issuer, held by or otherwise in the possession of such Note Purchaser or any of its Affiliates, the respective obligations of the Purchaser or the Issuer to such Note Purchaser under this Agreement and the other Basic Documents and irrespective of whether or not such Note Purchaser shall have made any demand hereunder or thereunder; provided that if a Class B Note Purchaser elects to exercise its right of set-off pursuant to this clause (i) at any time that it is not the Controlling Note Purchaser, such Class B Note Purchaser shall pay the amount of any such set-off to the Trustee for deposit into the Collection Account for application pursuant to Section 5.7 hereof; and

(ii) each Note Purchaser is hereby authorized at any time and from time to time, without notice to the Seller or the Servicer, such notice being hereby expressly waived, to set-off any obligation owing by such Note Purchaser or any of its Affiliates to the Seller or the Servicer, or against any funds or other property of the Seller or the Servicer held by or otherwise in the possession of such Note Purchaser or any of its Affiliates, the respective obligations of the Seller or the Servicer to such Note Purchaser under this Agreement and the other Basic Documents and irrespective of whether or not such Note Purchaser shall have made any demand hereunder or thereunder; provided that if a Class B Note Purchaser elects to exercise its right of set-off pursuant to this clause (ii) at any time that it is not the Controlling Note Purchaser, such Class B Note Purchaser shall pay the amount of any such set-off to the Trustee for deposit into the Collection Account for application pursuant to Section 5.7 hereof.

SECTION 11.23. NO WAIVER; CUMULATIVE REMEDIES. No failure to exercise and no delay in exercising any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise hereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

SECTION 11.24. MERGER AND INTEGRATION. Except as specifically stated otherwise herein, this Agreement and the other Basic Documents sets forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement and the other Basic Documents. This Agreement may not be modified, amended, waived or supplemented except as provided herein.

SECTION 11.25. INTERCREDITOR AGREEMENT TO CONTROL. The rights, obligations and remedies of the parties to this Agreement and under the other Basic Documents are subject in all respects to the terms and provisions of the Intercreditor Agreements; provided, however that to the extent such rights, obligations and remedies relate to the UBS Cross Collateral, such rights, obligations and remedies are subject in all respects to the terms and provisions of the UBS Intercreditor Agreement. In the event of any conflict between the

terms of this Agreement or any other Basic Document and the Intercreditor Agreement, the Intercreditor Agreement shall control. In addition, in the event of any conflict between the terms of this Agreement or any other Basic Document and the UBS Intercreditor Agreement that relates to the UBS Cross Collateral, the UBS Intercreditor Agreement shall control..

SECTION 11.26. CONTROLLING NOTE PURCHASER; MAJORITY NOTEHOLDERS OF HIGHEST PRIORITY CLASS. Notwithstanding anything contained in this Agreement or the other Basic Documents to the contrary, in taking or refraining from taking any action with respect to this Agreement or any other Basic Document, (i) the Class A Note Purchaser, when acting as Controlling Note Purchaser, will be acting solely for its own benefit, and (ii) any Class A Noteholder, when acting as one of the Majority Noteholders of the Highest Priority Class, shall be acting solely for its own benefit, and in each case not as agent, fiduciary or in any other capacity on behalf of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person. The interests of the Class A Note Purchaser and the Class A Noteholders may be adverse to the interests of the Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders (or any of them), and the Class A Note Purchaser and the Class A Noteholders are not obligated to consider the interests of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person in taking or refraining from taking any action under this Agreement or any other Basic Document (including without limitation making any determination of Market Value, making any determination of market value of Pledged Subordinate Securities, determining whether or not to extend the Servicer's term, declaring an Event of Default, declaring a Class A Funding Termination Event, declaring a Servicer Termination Event, agreeing to any amendments to or waivers under any Basic Document, accelerating the Class A Notes or exercising any other rights or remedies under any Basic Document or applicable law). Accordingly, any action taken or omitted by the Class A Note Purchaser or any Class A Noteholder under this Agreement or any other Basic Document may not be in the interests of, and may be directly adverse to the interests of, the Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders (or any of them). In addition, except as otherwise expressly provided in this Agreement or the other Basic Documents, the Class A Note Purchaser or any Class A Noteholder may waive or modify the terms of this Agreement or any other Basic Document from time to time without the consent of any Class B Note Purchaser or any Class B Noteholder, and shall, if an Event of Default, a Class A Funding Termination Event or a Servicer Termination Event shall occur, have the sole and absolute discretion to exercise rights and remedies under the Basic Documents (except with respect to the Pledged Subordinate Securities, the UBS Cross Collateral (subject to the UBS Intercreditor Agreement) and the Class B Available Funds), including without limitation to terminate the Servicer and/or to cause an acceleration of the Class A Notes and the liquidation of the Collateral, in each case without regard to the interests of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person. The Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders hereby waive any and all conflicts of interest (if any) that may arise in respect of the exercise of any such rights or remedies by the Class A Note Purchaser or any Class A Noteholder.

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

PAGE THREE FUNDING LLC, as Purchaser and Issuer

By:_____
Name:
Title:

CONSUMER PORTFOLIO SERVICES, INC., as
Seller and Servicer

By:_____
Name:
Title:

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

By:_____
Name:
Title:

"ACCOUNT CONTROL AGREEMENT" means that Deposit Account Control Agreement dated as of November 15, 2005, by and among CPS, the Note Purchaser and Wells Fargo Bank, National Association, as amended by Amendment No. 1 thereto dated as of January 12, 2007, by and among CPS, the Note Purchasers and Wells Fargo Bank, National Association, as such agreement may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"ACCOUNTING DATE" means, with respect to any Determination Date, the close of business on the day immediately preceding such Determination Date.

"ACCOUNTANTS' REPORT" means the report of a firm of nationally recognized independent accountants described in SECTION 4.11 of the Sale and Servicing Agreement.

"ACCRUAL PERIOD" means a calendar month; provided that the initial Accrual Period for the Class A Notes shall be the period from and including the day after the Cutoff Date for the initial Class A Funding Date to and including December 14, 2005, and the initial Accrual Period for the Class B Notes shall be the period from and including the day after the Cutoff Date for the initial Class B Funding Date to and including February 15, 2007.

"ACT" has the meaning specified in SECTION 11.3 of the Indenture.

"ADDITIONAL CLASS B COLLATERAL" means, collectively, the collateral granted pursuant to Granting Clause II of the Indenture and Granting Clause III of the UBS Indenture.

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

"ADVANCE" means, with respect to the Class A Notes, a Class A Advance and with respect to the Class B Notes, a Class B Advance.

"ADVANCE AMOUNT" means, with respect to the Class A Notes, the Class A Advance Amount and with respect to the Class B Notes, the Class B Advance Amount.

"AFFILIATE" of any Person means any Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with such Person. For purposes of this definition, the term "CONTROL" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling", "CONTROLLED BY" and "UNDER COMMON CONTROL WITH" have meanings correlative to the foregoing. In addition, for purposes of this definition, any fund or investment vehicle, whether existing as of the Class B Closing Date or thereafter formed, which is managed by any Person, shall be deemed to by an "Affiliate" of such Person.

"AMOUNT FINANCED" means, with respect to a Receivable, the aggregate amount advanced under such Receivable toward the purchase price of the Financed Vehicle and any related costs, including amounts advanced in respect of accessories, insurance premiums, service and warranty contracts, other items customarily financed as part of a Contract, and related costs.

"ANNUAL PERCENTAGE RATE" or "APR" of a Receivable means the annual percentage rate of finance charges or service charges, as stated in the related Contract.

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

"ASSUMPTION DATE" has the meaning set forth in SECTION 10.3(A) of the Sale and Servicing Agreement.

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

"AVAILABLE FUNDS" means, for each Settlement Date, the sum of the following amounts with respect to the preceding Accrual Period, without duplication: (i) all collections on the Receivables; (ii) all Net Liquidation Proceeds received during such Accrual Period with respect to Liquidated Receivables; (iii) the Purchase Amount of each Receivable repurchased by the Seller or the Purchaser during such Accrual Period; (iv) Investment Earnings in respect of Available Funds for the related Settlement Date; (v) all amounts received during such Accrual Period pursuant to Receivable Insurance Policies with respect to any Financed Vehicles; (vi) cash received from a Class A Margin Call and/or a Class B Margin Call; (vii) any amounts received during such Accrual Period (including, without limitation, all proceeds from any Securitization Transaction) in respect of Collateral that is released from the Lien Granted by Granting Clause I and Granting Clause III of the Indenture in connection with an optional prepayment of a class of Notes in accordance with Section 10.1 of the Indenture; and (viii) any amounts received during such Accrual Period from a Class B Note Purchaser pursuant to Section 11.22(b) of the Sale and Servicing Agreement.

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

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

"BANKRUPTCY CODE" means the Bankruptcy Reform Act of 1978, as amended from time to time, and as codified as 11 U.S.C. Section 101 ET SEQ.

"BASIC DOCUMENTS" means the Notes, the Indenture, the Sale and Servicing Agreement, the Lockbox Agreement, each Note Purchase Agreement, the LLC Agreement, each Assignment, the Pledge Agreement, the Servicing Assumption Agreement, the Consent and Agreement, the Servicer Termination Side Letter, the Account Control Agreement, the Intercreditor Agreement, the UBS Intercreditor Agreement and other documents and certificates delivered in connection therewith.

"BEAR CROSS COLLATERAL" has the meaning specified in Granting Clause III of the Indenture.

"BEAR STEARNS WAREHOUSE FACILITY" means the transactions contemplated by the Basic Documents.

"BORROWING BASE" means, with respect to the Class A Notes, the Class A Borrowing Base and with respect to the Class B Notes, the Class B Borrowing Base.

"BORROWING BASE DEFICIENCY" means, with respect to the Class A Notes, a Class A Borrowing Base Deficiency and with respect to the Class B Notes, a Class B Borrowing Base Deficiency.

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

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

"CHANGE OF CONTROL" means a change resulting when (i) the Seller no longer owns 100% of the membership interests in the Purchaser, (ii) the Seller or the Purchaser merges or consolidates with, or sells all or substantially all of its assets to any other Person, or (iii) any Unrelated Person or any Unrelated Persons, acting together, that would constitute a Group together with any Affiliates or Related Persons thereof (in each case also constituting Unrelated Persons) shall at any time Beneficially Own more than 50% of the aggregate voting power of all classes of Voting Stock of the Seller. As used herein, (a) "Beneficially Own" shall mean "beneficially own" as defined in Rule 13d-3 of the Exchange Act, or any successor provision thereto; provided, however, that, for purposes of this definition, a Person shall not be deemed to Beneficially Own securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates until such tendered securities are accepted for purchase or exchange; (b) "Group" shall mean a "group" for purposes of Section 13(d) of the Exchange Act; (c) "Unrelated Person" shall mean at any time any Person other than the Seller or any of its Subsidiaries and other than any trust for any employee benefit plan of the Seller or any of its Subsidiaries; (d) "Related Person" shall mean any other Person owning (1) 5% or more of the outstanding common stock of such Person, or (2) 5% or more of the Voting Stock of such Person; and (e) "Voting Stock" of any Person shall mean the capital stock or other indicia of equity rights of such Person which at the time has the power to vote for the election of one or more members of the Board of Directors (or other governing body) of such Person.

"CLASS A ADVANCE" has the meaning assigned to the term "Advance" in paragraph 4 of the recitals to the Class A Note Purchase Agreement.

"CLASS A ADVANCE AMOUNT" means, as of any Class A Funding Date, an amount not less than $2,000,000 and not more than the lesser of (i) the excess of the Class A Maximum Invested Amount over the Class A Invested Amount as of such Class A Funding Date and (ii) the excess of the Class A Borrowing Base over the Class A Invested Amount as of such Class A Funding Date.

"CLASS A ADVANCE RATE" means 83%.

"CLASS A ADVANCE REQUEST" has the meaning given to such term in Section 2.03(a) of the Class A Note Purchase Agreement.

"CLASS A APPLICABLE MARGIN" means 2.00%; provided that on any day on which an Event of Default shall exist, the Class A Applicable Margin shall be the Class A Default Applicable Margin.

"CLASS A BORROWING BASE" means, as of any date of determination, an amount equal to the lesser of (A) the excess of (I) 98% of the Market Value over (II) the Net Class B Invested Amount, (B) the excess of (I) the product of (a) the Net Eligible Receivables Balance and (b) the Maximum Advance Rate over (II) the Net Class B Invested Amount, (C) 88% of the Market Value, and (D) the product of (a) the Class A Advance Rate and (b) the Net Eligible Receivables Balance.

"CLASS A BORROWING BASE CERTIFICATE" means, with respect to any transfer of Receivables, the certificate of the Servicer setting forth the calculation of the Class A Borrowing Base, substantially in the form of EXHIBIT A to the Class A Note Purchase Agreement.

"CLASS A BORROWING BASE DEFICIENCY" means, as of any date of determination, the positive excess, if any, of the Class A Invested Amount over the Class A Borrowing Base, after application of funds, if any, by the Trustee in reduction of the Class A Invested Amount as contemplated by Section 3.05 of the Class A Note Purchase Agreement.

"CLASS A CLOSING DATE" means November 15, 2005.

"CLASS A COMMITMENT" means the obligation of the Class A Note Purchaser to make Class A Advances to the Issuer pursuant to the terms and subject to the conditions of the Class A Note Purchase Agreement and the other Basic Documents, which obligation shall be deemed terminated following the occurrence and continuance of a Class A Funding Termination Event if any and all amounts due to the Class A Note Purchaser and/or the Class A Noteholders pursuant to the Basic Documents have been paid in full.

"CLASS A COMMITMENT FEE" means, with respect to any Settlement Date, for so long as no Funding Termination Event shall have occurred and be continuing, a fee in an amount equal to the product of (a) a fraction, the numerator of which is the actual number of days elapsed in the related Accrual Period and the denominator of which is 360, (b) twenty-five basis point (0.25%) and (c) the excess, if any, of (i) the Class A Maximum Invested Amount over (ii) the daily average of the Class A Invested Amount for the immediately preceding Accrual Period set forth in the related Servicer's Certificate as and to the extent verified by the Class A Note Purchaser.

"CLASS A DEFAULT APPLICABLE MARGIN" means 4.00%.

"CLASS A FACILITY TERMINATION DATE" means the earlier of (a) the Class A Scheduled Maturity Date or (b) the date of the occurrence of an Event of Default.

"CLASS A FUNDING DATE" means the Business Day on which a Class A Advance occurs.

"CLASS A FUNDING TERMINATION EVENT" means the occurrence and continuance of any one of the following events, unless waived in writing by the Class A Note Purchaser in its sole and absolute discretion: (i) an Event of Default; (ii) CPS is terminated as servicer under any other warehouse financing facility or term securitization transaction (other than any warehouse financing facility or term securitization transaction as to which the receivables related thereto were originated exclusively by SeaWest, TFC or MFN); (iii) failure by the Issuer or the Servicer to accept a proposed assignee in accordance with Section 8.03(c)(iii) of the Class A Note Purchase Agreement or (iv) Charles Bradley, Jr. shall not hold the position of President of CPS.

"CLASS A HOLDERS" or "CLASS A NOTEHOLDERS" means the Persons in whose name the Class A Notes are registered on the Note Register, which on the Class B Closing Date shall be Bear Stearns Securities Corp. or an Affiliate thereof.

"CLASS A INITIAL ADVANCE" means the first Class A Advance that is funded on or after the Closing Date.

"CLASS A INVESTED AMOUNT" means, with respect to any date of determination, the aggregate principal amount (including all Class A Advance Amounts as of such date) of the Class A Notes at such date of determination.

"CLASS A MAJORITY NOTEHOLDERS" means Holders of Class A Notes that in the aggregate constitute more than 50% of the Percentage Interests of all Class A Notes.

"CLASS A MARGIN CALL" has the meaning given to such term in Section 3.05(c) of the Class A Note Purchase Agreement.

"CLASS A MAXIMUM INVESTED AMOUNT" means $200,000,000.

"CLASS A NOTES" means the Floating Rate Variable Funding Notes, Class A, each substantially in the form set forth in EXHIBIT A-1 to the Indenture.

"CLASS A NOTE INTEREST RATE" means for any day during any Interest Period the sum of (i) LIBOR calculated as of the related LIBOR Determination Date and (ii) the Class A Applicable Margin for such day; PROVIDED, HOWEVER, that the Class A Note Interest Rate will in no event be higher than the maximum rate permitted by law.

"CLASS A NOTE PURCHASE AGREEMENT" means the Amended and Restated Note Purchase Agreement dated as of January 12, 2007 among Bear, Stearns & Co. Inc., the Issuer, the Purchaser, the Seller and the Servicer, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"CLASS A NOTE PURCHASER" means Bear, Stearns & Co. Inc. and its successors and permitted assigns.

"CLASS A NOTEHOLDERS' INTEREST CARRYOVER SHORTFALL" means, with respect to any Settlement Date, the excess of the Class A Noteholders' Interest Distributable Amount for the preceding Settlement Date over the amount that was actually deposited in the Note Distribution Account on such preceding Settlement Date on account of the Class A Noteholders' Interest Distributable Amount.

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

"CLASS A NOTEHOLDERS' MONTHLY INTEREST DISTRIBUTABLE AMOUNT" means, with respect to any Settlement Date, the sum of the interest amounts accrued on the Class A Notes on each day during the related Interest Period. The interest amount accrued on the Class A Notes on any day during any Interest Period shall equal the product of (i) the Class A Note Interest Rate for such day and (ii) the Class A Invested Amount on such day and (iii) 1/360.

"CLASS A NOTEHOLDERS' PRINCIPAL DISTRIBUTABLE AMOUNT" means, with respect to any Settlement Date (A) prior to the Class A Facility Termination Date, the Class A Borrowing Base Deficiency, if any, and (B) upon and after the Class A Facility Termination Date, the Class A Invested Amount.

"CLASS A SCHEDULED MATURITY DATE" means November 8, 2007 or such later date as agreed upon pursuant to SECTION 2.05 of the Class A Note Purchase Agreement.

"CLASS A TERM" has the meaning given to such term in SECTION 2.05 of the Class A Note Purchase Agreement.

"CLASS B ADVANCE" has the meaning set forth in paragraph 4 of the recitals to the Class B Note Purchase Agreement.

"CLASS B ADVANCE AMOUNT" means, as of any Class B Funding Date, an amount not less than $250,000 and not more than the lesser of (i) the excess of the Class B Maximum Invested Amount over the Class B Invested Amount as of such Class B Funding Date and (ii) the excess of the Class B Borrowing Base over the Class B Invested Amount as of such Class B Funding Date.

"CLASS B ADVANCE REQUEST" has the meaning set forth in Section 2.03(a) of the Class B Note Purchase Agreement.

"CLASS B APPLICABLE MARGIN" means 5.50%; provided that on any day on which an Event of Default shall exist, the Class B Applicable Margin shall be the Class B Default Applicable Margin.

"CLASS B AVAILABLE FUNDS" means, for each Settlement Date, (i) all amounts collected during the related Accrual Period in respect of the Additional Class B Collateral; (ii) Investment Earnings in respect of Class B Available Funds for the related Settlement Date; (iii) any amounts received during the related Accrual Period in respect of Additional Class B Collateral that are released from the Lien Granted by Granting Clause II of the Indenture in connection with an optional prepayment of the Class B Notes in accordance with Section 10.1 of the Indenture, (iv) any amounts received during the related Accrual Period in respect of UBS Cross Collateral that is released from the Lien Granted by Granting Clause III of the UBS Indenture in connection with an

optional prepayment of the Class B notes issued pursuant to the UBS Indenture in accordance with Section 10.1 thereof; and (v) any Pre-Funding Proceeds deposited by the Issuer into the Collection Account pursuant to Section 10.1 of the Indenture.

"CLASS B BORROWING BASE" means, as of any date of determination, an amount equal to the sum of (1) the lesser of (A) the excess of (I) 96% of the Market Value over (II) the Class A Invested Amount and (B) the excess of (I) the product of (a) the Net Eligible Receivables Balance and (b) the Maximum Advance Rate over (II) the Class A Invested Amount, and (2) 50% of the market value (as determined by the lead placement agent of the related Securitization Transaction) of any Pledged Subordinate Securities (excluding, for purposes of such calculation, any Pledged Subordinate Securities that constitute residual interest securities); provided, however, that for purposes of this definition, the market value of any Pledged Subordinate Securities shall be deemed to equal zero from and after 31 days after the related Securitization Closing Date, and the Pledged Subordinate Securities shall only support the Class B Advances in respect of Receivables that have been sold into the related Securitization Transaction.

"CLASS B BORROWING BASE CERTIFICATE" means, with respect to any transfer of Receivables, the certificate of the Servicer setting forth the calculation of the Class B Borrowing Base, substantially in the form of EXHIBIT A to the Class B Note Purchase Agreement.

"CLASS B BORROWING BASE DEFICIENCY" means, as of any date of determination, the positive excess, if any, of the Class B Invested Amount over the Class B Borrowing Base, after application of funds, if any, by the Trustee in reduction of the Class B Invested Amount as contemplated by Section 3.05 of the Class B Note Purchase Agreement.

"CLASS B CLOSING DATE" means January 12, 2007.

"CLASS B COMMITMENT" means the collective obligation of the Class B Note Purchasers to make their respective pro rata portion of the Class B Advances to the Issuer pursuant to the terms and subject to the conditions of the Class B Note Purchase Agreement and the other Basic Documents.

"CLASS B COMMITMENT FEE" means (I) with respect to any Settlement Date occurring prior to the UBS Warehouse Facility Amendment Date, for so long as no Funding Termination Event shall have occurred and be continuing, a fee in an amount equal to the product of (a) a fraction, the numerator of which is the actual number of days elapsed in the related Accrual Period and the denominator of which is 360, (b) fifty basis points (0.50%) and (c) the excess, if any, of (i) the Class B Maximum Invested Amount over (ii) the greater of (1) $6,250,000 and (2) the daily average of the Class B Invested Amount for the immediately preceding Accrual Period set forth in the related Servicer's Certificate as and to the extent verified by each Class B Note Purchaser; and (II) with respect to any Settlement Date occurring from and after the UBS Warehouse Facility Amendment Date, for so long as no Funding Termination Event shall have occurred and be continuing, a fee in an amount equal to the product of (a) a fraction, the numerator of which is the actual number of days elapsed in the related Accrual Period and the denominator of which is 360, (b) twenty-five basis points (0.25%) and (c) the excess, if any, of (i) the Class B Maximum Invested Amount over (ii) the greater of (1) $3,125,000 and (2) the daily average of the Class B Invested Amount for the immediately preceding Accrual Period set forth in the related Servicer's Certificate as and to the extent verified by each Class B Note Purchaser.

"CLASS B DEFAULT" means any occurrence that is, or with notice or the lapse of time or both would become, a Class B Event of Default.

"CLASS B DEFAULT APPLICABLE MARGIN" means 7.50%.

"CLASS B EVENT OF DEFAULT" means (i) a default in the payment of any interest or principal on the Class B Notes or any other amount due with respect to the Class B Notes or any amount due to any Class B Note Purchaser under any Basic Document when the same becomes due and payable, which default continues for a period of one (1) Business Day, (ii) the occurrence and continuance of a Class B Borrowing Base Deficiency that is not cured within one (1) Business Day, (iii) the Trustee shall for any reason cease to have a first

priority perfected security interest in the Pledged Subordinate Securities for the benefit of the Class B Noteholders and the Class B Note Purchasers, (iv) the Trustee shall for any reason cease to have a second priority perfected security interest in the UBS Cross Collateral (subject only to the prior Liens granted pursuant to the UBS Basic Documents), for the benefit of the Class B Noteholders and the Class B Note Purchasers; or (v) the failure by the Issuer, the Purchaser, the Servicer or the Seller to perform or observe any term, covenant, or agreement under the Basic Documents, which failure materially and adversely affects the rights of the Class B Note Purchasers and/or the Class B Noteholders (as determined by a Class B Note Purchaser or the Class B Majority Noteholders in their sole discretion) and is not cured within 30 calendar days after written notice is received by the Issuer, the Purchaser, the Servicer or the Seller, as applicable, from the Trustee, a Class B Note Purchaser or a Class B Noteholder or after discovery of such failure by a Responsible Officer of the Issuer, the Purchaser, the Servicer or the Seller, as applicable.

"CLASS B FACILITY RENEWAL FEE" has the meaning specified in Section 2.05(a) of the Class B Note Purchase Agreement.

"CLASS B FACILITY TERMINATION DATE" means the earlier of (a) the Class B Scheduled Maturity Date, (b) the date of the occurrence of an Event of Default specified in Section 5.1(a)(v), (vi) or (viii) of the Indenture, and (c) the date of the occurrence of any Event of Default (other than an Event of Default specified in Section 5.1(a)(v), (vi) or (viii) of the Indenture) if the Class B Note Purchaser is the Controlling Note Purchaser on such date.

"CLASS B FUNDING DATE" means the Business Day on which a Class B Advance occurs.

"CLASS B FUNDING TERMINATION EVENT" means the occurrence and continuance of (i) a Class A Funding Termination Event, or (ii) a Class B Event of Default.

"CLASS B HOLDERS" or "CLASS B NOTEHOLDERS" means the Persons in whose name the Class B Notes are registered on the Note Register, which shall initially be The Patriot Group, LLC and Waterfall Eden Fund, LP.

"CLASS B INITIAL ADVANCE" means the first Class B Advance that is funded on or after the Closing Date.

"CLASS B INVESTED AMOUNT" means, with respect to any date of determination, the aggregate principal amount (including all outstanding Class B Advances as of such date) of the Class B Notes at such date of determination.

"CLASS B MAJORITY NOTEHOLDERS" means Holders of Class B Notes that in the aggregate constitute more than 50% of the Percentage Interests of all Class B Notes.

"CLASS B MARGIN CALL" has the meaning given to such term in Section 3.05(c) of the Class B Note Purchase Agreement.

"CLASS B MAXIMUM INVESTED AMOUNT" means, as of any date, $25,000,000, less the outstanding amount of any UBS Secured Obligations on such date.

"CLASS B NOTES" means the Floating Rate Variable Funding Notes, Class B, each substantially in the form set forth in EXHIBIT A-2 to the Indenture.

"CLASS B NOTE INTEREST RATE" means for any day during any Interest Period the sum of (i) LIBOR calculated as of the related LIBOR Determination Date and (ii) the Class B Applicable Margin for such day; PROVIDED, HOWEVER, that the Class B Note Interest Rate will in no event be higher than the maximum rate permitted by law.

"CLASS B NOTE PURCHASE AGREEMENT" means the Note Purchase Agreement dated as of January 12, 2007 among each Class B Note Purchaser, the Issuer, the Purchaser, the Seller and the Servicer, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"CLASS B NOTE PURCHASER" means each of The Patriot Group, LLC and Waterfall Eden Fund, LP and their respective successors and permitted assigns.

"CLASS B NOTEHOLDERS' INTEREST CARRYOVER SHORTFALL" means, with respect to any Settlement Date, the excess of the Class B Noteholders' Interest Distributable Amount for the preceding Settlement Date over the amount that was actually deposited in the Note Distribution Account on such preceding Settlement Date on account of the Class B Noteholders' Interest Distributable Amount.

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

"CLASS B NOTEHOLDERS' MONTHLY INTEREST DISTRIBUTABLE AMOUNT" means, with respect to any Settlement Date, the sum of the interest amounts accrued on the Class B Notes on each day during the related Interest Period. The interest amount accrued on the Class B Notes on any day during the portion of any Interest Period occurring prior to the UBS Warehouse Facility Amendment Date shall equal the product of (i) the Class B Note Interest Rate for such day and (ii) the greater of (x) the Class B Invested Amount on such day and (y) $6,250,000 (which is 25.0% of the Class B Maximum Invested Amount) and (iii) 1/360. The interest amount accrued on the Class B Notes on any day during the portion of any Interest Period occurring from and after the UBS Warehouse Facility Amendment Date shall equal the product of (i) the Class B Note Interest Rate for such day and (ii) the greater of (x) the Class B Invested Amount on such day and (y) $3,125,000 (which is 12.5% of the Class B Maximum Invested Amount) and (iii) 1/360.

"CLASS B NOTEHOLDERS' PRINCIPAL DISTRIBUTABLE AMOUNT" means, with respect to any Settlement Date (A) prior to the Class B Facility Termination Date, the Class B Borrowing Base Deficiency, if any, and (B) upon and after the Class B Facility Termination Date, the Class B Invested Amount.

"CLASS B SCHEDULED MATURITY DATE" means January 11, 2008 or such later date as agreed upon pursuant to SECTION 2.05 of the Class B Note Purchase Agreement.

"CLASS B TERM" has the meaning given to such term in SECTION 2.05 of the Class B Note Purchase Agreement.

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

"CLOSING DATE" means, with respect to the Class A Notes, the Class A Closing Date and with respect to the Class B Notes, the Class B Closing Date.

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

"COLLATERAL" has the meaning specified in the Granting Clause I of the Indenture.

"COLLECTION ACCOUNT" means the account designated as such, established and maintained pursuant to SECTION 5.1 of the Sale and Servicing Agreement.

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

"COMMITMENT" means, with respect to the Class A Notes, the Class A Commitment and with respect to the Class B Notes, the Class B Commitment.

"CONCENTRATION LIMITS" means with respect to Eligible Receivables:

(i) Eligible Receivables that are Section 341 Receivables shall not at any time represent more than 3% of the aggregate Principal Balance of Eligible Receivables;

(ii) Eligible Receivables the Obligors of which are contractually delinquent with respect to more than 10% of a Scheduled Receivable Payment by more than 30 days, but less than 46 days, shall not at any time represent more than 4% of the aggregate Principal Balance of Eligible Receivables;

(iii) Eligible Receivables originated under Seller's "First Time Buyer Program" and "Mercury/Delta Program" shall not at any time represent more than 15% of the aggregate Principal Balance of Eligible Receivables;

(iv) Seasoned Receivables shall not represent more than $3,000,000 in aggregate Principal Balance of the Eligible Receivables;

(v) Unless an Opinion of Counsel, in form and substance satisfactory to the Controlling Note Purchaser, has been delivered to the Trustee and the Note Purchasers addressing (i) the form of Contract used by Seller in such State and (ii) the security interest of the Trustee in the Financed Vehicles titled in such State in the absence of any retitling of such Financed Vehicles, Eligible Receivables originated in any one State shall not in the aggregate at any time represent more than 10% of the aggregate Principal Balance of Eligible Receivables; and

(vi) Receivables evidenced by installment promissory note and security agreements (i.e. direct loans) shall not at any time represent more than 10% of the Aggregate Principal Balance of the Receivables.

"CONSENT AND AGREEMENT" means that Consent and Agreement dated as of November 15, 2005, made by the Issuer, as amended by Amendment No. 1 thereto dated as of January 12, 2007, as such Consent and Agreement may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"CONSOLIDATED TOTAL ADJUSTED EQUITY" of any Person means, with respect to any fiscal quarter, the total shareholders' equity of such Person and its consolidated Subsidiaries that, in accordance with GAAP, is reflected on the consolidated balance sheet of such Person and its consolidated Subsidiaries for such fiscal quarter, MINUS the aggregate amount of such Person's and its consolidated Subsidiaries intangible assets, including without limitation, goodwill, franchises, licenses, patents, trademarks, tradenames, copyrights and service marks.

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

"CONSUMER LENDER" means a Person that is licensed under applicable law to originate loans to natural persons resident in one or more of the United States of America and authorized by CPS to participate in its direct lending program, and includes the Seller.

"CONTRACT" means a motor vehicle retail installment sale contract or, in the case of a Contract originated by a Consumer Lender, an installment promissory note and security agreement, in each case relating to the sale or refinancing of new or used automobiles, light duty trucks, vans or minivans, and any other documents related thereto from time to time.

"CONTROLLING NOTE PURCHASER" means solely the Class A Note Purchaser until the Class A Notes and all other amounts then due and owing to the Class A Note Purchaser and the Class A Noteholders under the Basic Documents have been paid in full and the Class A Commitment has terminated, and thereafter, the Class B Note Purchasers, acting together.

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

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

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

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

"DATA TAPE FIELDS" has the meaning given such term in Section 2.1(b)(i) of the Sale and Servicing Agreement.

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

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

"DEFAULT APPLICABLE MARGIN" means, with respect to the Class A Notes, the Class A Default Applicable Margin and with respect to the Class B Notes, the Class B Default Applicable Margin.

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

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

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

(a) with respect to bankers' acceptances, commercial paper, negotiable certificates of deposit and other obligations that constitute "INSTRUMENTS" within the meaning of Section 9-102(a)(47) of the UCC and are susceptible of physical delivery, transfer thereof to the Trustee or its nominee or custodian by physical delivery to the Trustee or its nominee or custodian endorsed to, or registered in the name of, the Trustee or its nominee or custodian or endorsed in blank, and, with respect to a certificated security (as defined in Section 8-102 of the UCC), transfer thereof (1) by delivery of such

certificated security endorsed to, or registered in the name of, the Trustee or its nominee or custodian or endorsed in blank to a financial intermediary (as defined in Section 8-313 of the UCC) and the making by such financial intermediary of entries on its books and records identifying such certificated securities as belonging to the Trustee or its nominee or custodian and the sending by such financial intermediary of a confirmation of the purchase of such certificated security by the Trustee or its nominee or custodian, or (2) by delivery thereof to a "CLEARING CORPORATION" (as defined in Section 8-102(3) of the UCC) and the making by such clearing corporation of appropriate entries on its books reducing the appropriate securities account of the transferor and increasing the appropriate securities account of a financial intermediary by the amount of such certificated security, the identification by the clearing corporation of the certificated securities for the sole and exclusive account of the financial intermediary, the maintenance of such certificated securities by such clearing corporation or a "CUSTODIAN BANK" (as defined in Section 8-102(4) of the UCC) or the nominee of either subject to the clearing corporation's exclusive control, the sending of a confirmation by the financial intermediary of the purchase by the Trustee or its nominee or custodian of such securities and the making by such financial intermediary of entries on its books and records identifying such certificated securities as belonging to the Trustee or its nominee or custodian (all of the foregoing, "PHYSICAL PROPERTY"), and, in any event, any such Physical Property in registered form shall be in the name of the Trustee or its nominee or custodian; and such additional or alternative procedures as may hereafter become appropriate to effect the complete transfer of ownership of any such Pledged Account Property to the Trustee or its nominee or custodian, consistent with changes in applicable law or regulations or the interpretation thereof;

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

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

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

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

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

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

(2) by physical delivery of such certificated security in registered form to a "SECURITIES INTERMEDIARY" (as defined in Section 8-102(a)(l4) of the UCC) acting on behalf of the Trustee if the certificated security has been specially indorsed to the Trustee by an effective indorsement.

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

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

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

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

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

(e) with respect to a "SECURITY ENTITLEMENT" (as defined in Section 8-102(a)(17) of the UCC):

(1) if a securities intermediary (A) indicates by book entry that a "FINANCIAL ASSET" (as defined in Section 8-102(a)(9) of the UCC) has been credited to the Trustee's "SECURITIES ACCOUNT" (as defined in Section 8-501(a) of the UCC), (B) receives a financial asset (as so defined) from the Trustee or acquires a financial asset for the Trustee, and in either case, accepts it for credit to the Trustee's securities account (as so defined), (C) becomes obligated under other law, regulation or rule to credit a financial asset to the Trustee's securities account, or (D) has agreed that it will comply with "ENTITLEMENT ORDERS" (as defined in Section 8-102(a)(8) of the UCC) originated by the Trustee, without further consent by the "ENTITLEMENT HOLDER" (as defined in Section 8-l02(a)(7) of the UCC), of a confirmation of the purchase and the making by such securities intermediary of entries on its books and records identifying as belonging to the Trustee of (I) a specific certificated security in the securities intermediary's possession, (II) a quantity of securities that constitute or are part of a

fungible bulk of certificated securities in the securities intermediary's possession, or (III) a quantity of securities that constitute or are part of a fungible bulk of securities shown on the account of the securities intermediary on the books of another securities intermediary;

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

"DEPOSIT ACCOUNT" means that deposit account established pursuant to the Account Control Agreement.

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

"DOLLAR" means lawful money of the United States.

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

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

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

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

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

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

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

(f) money market mutual funds registered under the Investment Company Act of 1940, as amended, having a rating, at the time of such investment, from each of Standard & Poor's and Moody's in the highest investment category granted thereby; and

(g) any other investment as may be acceptable to the Controlling Note Purchaser, as evidenced by a writing to that effect, as may from time to time be confirmed in writing to the Trustee by the Controlling Note Purchaser.

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

"ELIGIBLE RECEIVABLES" means, as of any date of determination, Receivables (a) that have been originated or acquired by the Seller in accordance with the Seller's Contract Purchase Guidelines; (b) that are secured by a first-priority perfected security interest in the related Financed Vehicle; (c) as to which the representations and warranties set forth in Section 3.1 of the Sale and Servicing Agreement are true and correct; (d) that are not more than 45 days past due with respect to more than 10% of the Scheduled Receivable Payment as of such date of determination; (e) as to which the related Obligor has not been the subject of a bankruptcy proceeding since the origination of the Receivable (other than any Obligor the related Receivable of which is a Section 341 Receivable); (f) as to which the Servicer has not repossessed the related Financed Vehicle or charged-off the related Contract; (g) that have not been owned by the Purchaser and pledged to the Trustee for the benefit of the Noteholders and the Note Purchasers for more than 180 days; and (h) that have not been otherwise rejected by the Controlling Note Purchaser, in its sole discretion, as a result of deficiencies with respect to such Receivable discovered during the Controlling Note Purchaser's due diligence review, prior to the related Funding thereof.

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

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

"EVENT OF DEFAULT" has the meaning specified in SECTION 5.1 of the Indenture.

"EXCESS CONCENTRATION AMOUNT" means the aggregate amount by which (without duplication) the aggregate Principal Balance of Eligible Receivables sold to the Purchaser under the Sale and Servicing Agreement exceeds any of the Concentration Limits; provided, however, that in determining which Receivables to exclude for purposes of complying with any Concentration Limit, the Purchaser shall exclude Receivables starting with those having the oldest origination dates.

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

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

"FACILITY TERMINATION DATE" means, with respect to the Class A Notes, the Class A Facility Termination Date and with respect to the Class B Notes, the Class B Facility Termination Date.

"FDIC" means the Federal Deposit Insurance Corporation.

"FEE SCHEDULE" means that certain notice captioned "Schedule of Fees for CPS - Bear Stearns Warehouse" from Wells Fargo Bank, National Association, as acknowledged by the Servicer as of November 15, 2005.

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

"FUNDING DATE" means, with respect to the Class A Notes, a Class A Funding Date and with respect to the Class B Notes, a Class B Funding Date.

"FUNDING TERMINATION EVENT" means, with respect to the Class A Notes, a Class A Funding Termination Event and with respect to the Class B Notes, a Class B Funding Termination Event.

"FUNDING TRUST" means CPS Receivables Funding Trust, a Delaware statutory trust.

"FUNDING TRUST CERTIFICATE" means a certificate issued by Funding Trust that evidences a 100% fractional undivided ownership interest in one or more instruments or certificates, each of which evidences not less than 99.00% of the residual interest in a securitization trust for a Securitization Transaction and represents the right to receive amounts to be distributed or paid to the holders of the residual interests pursuant to the related Securitization Documents.

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

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

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

"HIGHEST PRIORITY CLASS" means (i) the Class A Notes, for so long as they are Outstanding and the Class A Commitment has not been terminated, and (ii) if the Class A Notes are no longer Outstanding and all amounts owed to the Class A Noteholders and the Class A Note Purchaser pursuant to the Basic Documents have been paid in full and the Class A Commitment has been terminated, the Class B Notes.

"HOLDER" or "NOTEHOLDER" means a Class A Noteholder or a Class B Noteholder, as the context may require.

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

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

"INDENTURE" means the Amended and Restated Indenture dated as of January 12, 2007, between the Issuer and Wells Fargo Bank, National Association, as Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

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

"INELIGIBLE RECEIVABLE" means any Receivable other than an Eligible Receivable.

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

"INTERCREDITOR AGREEMENT" means that certain Intercreditor Agreement dated as of January 12, 2007 by and among the Class A Note Purchaser, the Class A Noteholder, the Class B Note Purchasers, the Class B Noteholders, the Issuer, the Purchaser, the Seller, the Servicer and the Trustee.

"INTERCREDITOR AGREEMENTS" means the Intercreditor Agreement and the UBS Intercreditor Agreement.

"INTEREST PERIOD" means, with respect to a class of Notes and any Settlement Date, the period from, and including, the immediately preceding Settlement Date (or from and including the initial Funding Date for such class of Notes, in the case of the first Settlement Date for a class of Notes) to, but excluding, such Settlement Date.

"INVESTED AMOUNT" means, with respect to the Class A Notes, the Class A Invested Amount and with respect to the Class B Notes, the Class B Invested Amount.

"INVESTMENT COMPANY ACT" has the meaning set forth in SECTION 5.01(d) of each Note Purchase Agreement.

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

"ISSUER" means Page Three Funding LLC until a successor replaces it in accordance with the terms of the Indenture and, thereafter, means the successor and, for purposes of any provision contained herein, each other obligor on the Notes.

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

"LIBOR" means, with respect to any Interest Period, the rate for one-month deposits in U.S. dollars determined on the related LIBOR Determination Date by the Controlling Note Purchaser by reference to the London Inter-Bank Offered Rate, as such rate appears as "BBBAM - Page DE8 4a" on Bloomberg (or such other publicly-available service or services publishing such rates selected by Controlling Note Purchaser in its reasonable discretion and communicated to the Issuer) at or about 11 a.m. New York City time; PROVIDED FURTHER, that if no rate appears on Bloomberg, on any such date of determination LIBOR shall be determined as follows:

LIBOR will be determined at approximately 11:00 a.m., New York City time, on the related LIBOR Determination Date on the basis of (a) the arithmetic mean of the rates at which one-month deposits in U.S. dollars are offered to prime banks in the London interbank market by four (4) major banks in the London interbank market selected by the Controlling Note Purchaser and in a principal amount of not less than $150,000,000 that is representative for a single transaction in such market at such time, if at least two (2) such quotations are provided, or (b) if fewer than two (2) quotations are provided as described in the preceding clause (a), the arithmetic mean of the rates, as requested by the Controlling Note Purchaser, quoted by three (3) major banks in New York City, selected by the Controlling Note Purchaser, at approximately 11:00 A.M., New York City time, on such LIBOR Determination Date, one-month deposits in United States dollars to leading European banks and in a principal amount of not less than $150,000,000 that is representative for a single transaction in such market at such time.

"LIBOR BUSINESS DAY" means any day on which banks in London, England and The City of New York are open and conducting transactions in foreign currency and exchange.

"LIBOR DETERMINATION DATE" means, with respect to any Interest Period, the second LIBOR Business Day immediately preceding the first day of such Interest Period; PROVIDED, HOWEVER, the LIBOR Determination Date for the first Interest Period shall be the second LIBOR Business Day immediately preceding the initial Funding Date.

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

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

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

"LLC AGREEMENT" means the Limited Liability Company Agreement of Page Three Funding, LLC dated as of October 27, 2005, entered into by CPS, as amended by Amendment No. 1 thereto dated as of January 12, 2007, and as such agreement may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"LOCKBOX ACCOUNT" means an account established and maintained in the name of the Issuer for the benefit of Trustee for the further benefit of the Noteholders and the Note Purchasers by the Lockbox Bank pursuant to SECTION 4.2(b) of the Sale and Servicing Agreement.

"LOCKBOX AGREEMENT" means the Multiparty Agreement Relating to Lockbox Services, dated as of November 15, 2005, by and among the Lockbox Processor, the Purchaser, the Servicer and the Trustee, as amended by Amendment No. 1 thereto dated as of January 12, 2007, by and among the Lockbox Processor, the Purchaser, the Servicer and the Trustee, as such agreement may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, unless the Trustee shall cease to be a party thereunder, or such agreement shall be terminated in accordance with its terms, in which event "LOCKBOX AGREEMENT" shall mean such other agreement, in form and substance acceptable to the Controlling Note Purchaser, among the Servicer, the Purchaser, and the Lockbox Processor and any other appropriate parties.

"LOCKBOX BANK" means as of any date a depository institution named by the Servicer and acceptable to the Majority Noteholders of the Highest Priority Class of Notes and the Controlling Note Purchaser at which the Lockbox Account is established and maintained as of such date.

"LOCKBOX PROCESSOR" means Wells Fargo Bank, National Association and its successors and assigns.

"MAJORITY NOTEHOLDERS" means, in the case of the Class A Notes, the Class A Majority Noteholders and in the case of the Class B Notes, the Class B Majority Noteholders.

"MARGIN CALL" means, in the case of the Class A Notes, a Class A Margin Call and in the case of the Class B Notes, a Class B Margin Call.

"MARKET VALUE" means, on any Business Day, the value of the Receivables as determined by the daily-run structured arb report as calculated by the Controlling Note Purchaser in its sole and absolute discretion.

"MATERIAL ADVERSE CHANGE" means (a) in respect of any Person, a material adverse change in (i) the business, financial condition, results of operations, prospects or properties of such Person, or (ii) the ability of such Person to perform its obligations under any of the Basic Documents to which it is a party, in each case in a manner that materially and adversely affects any Noteholder, any Note Purchaser or the value, collectibility or marketability of any class of Notes, (b) in respect of any Receivable, a material adverse change in (i) the value or marketability of such Receivable, or (ii) the probability that amounts now or hereafter due in respect of such Receivable will be collected on a timely basis, in each case in a manner that materially and adversely affects the Noteholders of the Highest Priority Class, the Controlling Note Purchaser or the value, collectibility or marketability of the Highest Priority Class of Notes, or the ability of the Trustee on behalf of the Noteholders and the Note Purchasers to realize the benefits of the security afforded under the Basic Documents.

"MATERIAL ADVERSE EFFECT" means an effect on (a) the value or marketability of the Receivables or any of the other Collateral (including, without limitation, the enforceability or collectibility of the Receivables); (b) the business, operations, properties, condition (financial or otherwise) or prospects of the Seller, the Servicer, the Purchaser or the Issuer, in each case, individually or taken as a whole; (c) the validity or enforceability of this or any of the other Basic Documents or the rights or remedies of the Trustee, any Note Purchaser or any Noteholder hereunder or thereunder or the validity, perfection or priority of any Lien in favor of any Note Purchaser, any Noteholder or the Trustee for the benefit of any Note Purchaser and any Noteholder granted thereunder; (d) the timely payment of the principal of or interest on any Advances or other amounts payable under the Basic Documents; or (e) the ability of the Seller, the Servicer, the Purchaser or the Issuer to perform its obligations under any Basic Document to which it is a party, in each case that materially and adversely affects any Noteholder, any Note Purchaser or the value, collectability or marketability of any class of Notes.

"MAXIMUM ADVANCE RATE" means 93%.

"MAXIMUM INVESTED AMOUNT" means, in the case of the Class A Notes, the Class A Maximum Invested Amount and in the case of the Class B Notes, the Class B Maximum Invested Amount.

"MFN" means MFN Financial Corporation, a Delaware corporation.

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

"MULTIEMPLOYER PLAN" means a Plan which is a multiemployer plan as defined in Sectoin 4001(a)(3) of ERISA.

"NET ACQUISITION FEE" means, for any Receivable, (a) the sum of (i) PLAUSA3 and (ii) PLASFE less (b) PLTDIF, in each case, as reflected in the Data Tape Fields delivered prior to each Funding Date pursuant to Section 2.1(b)(i) of the Sale and Servicing Agreement, which amount shall represent the difference between the original Principal Balance of the related Receivable and the amount paid by the Seller to the Dealer or Consumer Lender (if such Consumer Lender is not the Seller) for such Receivable (without giving effect to the Seller netting from such amount the first payment due with respect to such Receivable).

"NET CLASS B INVESTED AMOUNT" means, as of any date of determination, the excess of (x) the Class B Invested Amount, over (y) 50% of the market value of such Pledged Subordinate Securities as provided by the Servicer to the Class B Note Purchasers pursuant to Section 3.05(a) of the Class B Note Purchase Agreement.

"NET ELIGIBLE RECEIVABLES BALANCE" means, as of any date of determination, the excess of (a) the aggregate Principal Balance of all Eligible Receivables as of such date of determination (after giving effect to any Available Funds allocable to principal payments made by the related Obligors) over (b) the Excess Concentration Amount for the Eligible Receivables.

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

"NOTES" means the Class A Notes and/or the Class B Notes, as the context may require.

"NOTE DISTRIBUTION ACCOUNT" means the account designated as such, established and maintained pursuant to SECTION 5.1(b) of the Sale and Servicing Agreement.

"NOTE INTEREST RATE" means, with respect to the Class A Notes, the Class A Note Interest Rate, and with respect to the Class B Notes, the Class B Note Interest Rate.

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

"NOTE PURCHASE AGREEMENT" means the Class A Note Purchase Agreement, in the case of the Class A Notes, or the Class B Note Purchase Agreement, in the case of the Class B Notes.

"NOTE PURCHASER" means the Class A Note Purchaser, in the case of the Class A Notes, or a Class B Note Purchaser, in the case of the Class B Notes.

"NOTE REGISTER" and "NOTE REGISTRAR" have the respective meanings specified in Section 2.4 of the Indenture.

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

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

"OPINION COLLATERAL" has the meaning set forth in Section 3.6(a) of the Indenture.

"OPINION OF COUNSEL" means a written opinion of counsel who may be but need not be counsel to the Purchaser, the Seller or the Servicer, which counsel shall be reasonably acceptable to the Trustee and the applicable Note Purchaser and which opinion shall be acceptable in form and substance to the Trustee and to the applicable Note Purchaser.

"OTHER CONVEYED PROPERTY" means all property conveyed by the Seller to the Purchaser pursuant to SECTIONS 2.1 (a)(ii) through (xi) of the Sale and Servicing Agreement and Section 2 of each Assignment.

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

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

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

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

"PERCENTAGE INTEREST" means, with respect to any Class A Note or Class B Note, the percentage interest as specified on the face of such Note, which when multiplied by the applicable Invested Amount outstanding on any date of determination shall equal the principal amount outstanding on such Note as of such date.

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

"PHYSICAL PROPERTY" has the meaning given to such term in the definition of "Delivery" above.

"PLAN" means any Person that is (i) an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to the provisions of Title I of ERISA, (ii) a "plan" (as defined in Section 4975(e)(1) of the Code) that is subject to Section 4975 of the Code or (ii) any entity whose underlying assets include assets of a plan described in (i) or (ii) above by reason of such plan's investment in the entity.

"PLEDGE AGREEMENT" means the Amended and Restated Pledge and Security Agreement dated as of January 12, 2007 by and among CPS, the Class A Note Purchaser and each Class B Note Purchaser, as such agreement may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

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

"PLEDGED ACCOUNTS" has the meaning assigned thereto in SECTION 5.1(C) of the Sale and Servicing Agreement.

"PLEDGED COLLATERAL" has the meaning assigned thereto in the Pledge Agreement.

"PLEDGED SUBORDINATE SECURITY" means any subordinate classes of asset-backed securities (including, without limitation, residual interest securities) issued pursuant to a Securitization Transaction that are not sold on the related Securitization Closing Date and which are paid to the Issuer as part of the consideration for the sale of the related Receivables in such Securitization Transaction, and that are delivered by the Issuer, as the owner thereof, to the Trustee pursuant to Section 3.3 of the Sale and Servicing Agreement and pledged by the Issuer to the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders pursuant to Granting Clause II of the Indenture.

"POST-OFFICE BOX" means the separate post-office box established and maintained by the Servicer in the name of the Purchaser for the benefit of the Trustee for the further benefit of the Noteholders and the Note Purchasers, established and maintained pursuant to SECTION 4.2 of the Sale and Servicing Agreement.

"PRE-FUNDING PROCEEDS" has the meaning assigned thereto in Section 10.1 of the Indenture.

"PRINCIPAL BALANCE" of a Receivable means the Amount Financed minus the sum of the following amounts without duplication: (i) that portion of all Scheduled Receivable Payments actually received on or prior to such day allocable to principal using the Simple Interest Method; (ii) any Cram Down Loss in respect of such Receivable; and (iii) any prepayment in full or any partial prepayment applied to reduce the principal balance of the Receivable, all measured as of the close of business on such day.

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

"PROGRAM" has the meaning specified in SECTION 4.11 of the Sale and Servicing Agreement.

"PURCHASE AMOUNT" means, on any date with respect to a Defective Receivable, the sum of (a) the Principal Balance of such Receivable as of the date of purchase of such Receivable, and (b) all accrued and unpaid interest on the Receivable.

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

"PURCHASED RECEIVABLE" means a Receivable purchased by the Servicer pursuant to SECTION 4.7 of the Sale and Servicing Agreement or repurchased by the Seller pursuant to SECTION 3.2 of the Sale and Servicing Agreement.

"PURCHASER" means Page Three Funding LLC.

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

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

"RECEIVABLE" means each Contract listed on the Schedule of Receivables and all rights and obligations thereunder, except for Receivables that have become Purchased Receivables and, for the avoidance of doubt, shall include all Related Receivables (other than Related Receivables that have become Purchased Receivables).

"RECEIVABLE FILES" means the documents specified in SECTION 3.3(a) of the Sale and Servicing Agreement.

"RECEIVABLES INSURANCE POLICY" means, with respect to a Receivable, any insurance policy (including the insurance policies described in SECTION 4.4 of the Sale and Servicing Agreement) benefiting the holder of the Receivable providing loss or physical damage, credit life, credit accident, health, credit disability, theft, mechanical breakdown or similar coverage with respect to the Financed Vehicle or the Obligor, including without limitation any GAP, vendor's single interest or other collateral protection insurance policy or coverage.

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

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

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

"RELEASE REQUEST" has the meaning specified in SECTION 3.5 of the Sale and Servicing Agreement.

"REPOSSESSED RECEIVABLE" means a Receivable with respect to which the earliest of the following shall have occurred: (i) the date the Financed Vehicle is actually repossessed and (ii) 30 days after the date the Financed Vehicle is authorized for repossession.

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

"RULE 144A INFORMATION" has the meaning set forth in SECTION 3.26 of the Indenture.

"SALE AND SERVICING AGREEMENT" means the Amended and Restated Sale and Servicing Agreement dated as of January 12, 2007, among Page Three Funding LLC, as Purchaser and Issuer, CPS, as Seller and Servicer, and Wells Fargo Bank, National Association, as the Backup Servicer and the Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"SCHEDULED MATURITY DATE" means, with respect to the Class A Notes, the Class A Scheduled Maturity Date and with respect to the Class B Notes, the Class B Scheduled Maturity Date.

"SCHEDULED RECEIVABLE PAYMENT" means, with respect to any Accrual Period for any Receivable, the amount set forth in such Receivable as required to be paid by the Obligor in such Accrual Period. If after the Class A Closing Date, the Obligor's obligation under a Receivable with respect to an Accrual Period has been modified so as to differ from the amount specified in such Receivable (i) as a result of the order of a court in an insolvency proceeding involving the Obligor, (ii) pursuant to the Servicemembers Civil Relief Act, or (iii) as a result of modifications or extensions of the Receivable permitted by Section 4.2 of the Sale and Servicing Agreement, the Scheduled Receivable Payment with respect to such Accrual Period shall refer to the Obligor's payment obligation with respect to such Accrual Period as so modified.

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

"SEASONED RECEIVABLE" shall mean an Eligible Receivable that was sold to the Purchaser and pledged to the Trustee for the benefit of the Noteholders and the Note Purchasers more than 31 days after the Seller paid the related Dealer or Consumer Lender (if such Consumer Lender is not the Seller) for such Eligible Receivable.

"SEAWEST" means SeaWest Financial Corporation, a California corporation.

"SECTION 341 MEETING" means a meeting held pursuant to Section 341(a) of the United States Bankruptcy Code (as the same may be amended from time to time) in which an Obligor subject to a Insolvency Event under Chapter 7 of the United States Bankruptcy Code has presented his/her plan to the bankruptcy court and all of his/her creditors.

"SECTION 341 RECEIVABLE" means a Receivable, the Obligor of which has completed a Section 341 Meeting as of the applicable Cutoff Date.

"SECURED OBLIGATIONS" means all amounts and obligations which the Issuer or the Purchaser may at any time owe under the Basic Documents to, or on behalf of the Noteholders, the Note Purchasers and/or the Trustee for the benefit of the Noteholders and the Note Purchasers (or any of them), in each case whether now owed or hereafter arising.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SECURITIZATION CLOSING DATE" shall mean the closing date for a Securitization Transaction.

"SECURITIZATION DOCUMENTS" shall mean, collectively, all agreements, documents, instruments and certificates executed and delivered in connection with any Securitization Transaction.

"SECURITIZATION TRANSACTION" means a securitization of Receivables.

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

"SELLER'S CONTRACT PURCHASE GUIDELINES" means CPS's established "Contract Purchase Guidelines", as the same may be amended from time to time in accordance with Section 8.2(c) of the Sale and Servicing Agreement.

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

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

"SERVICER EXTENSION NOTICE" has the meaning specified in SECTION 4.15 of the Sale and Servicing Agreement.

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

"SERVICER TERMINATION EVENT" means an event specified in SECTION 10.1 of the Sale and Servicing Agreement.

"SERVICER TERMINATION SIDE LETTER" means the Amended and Restated Servicer Termination Side Letter dated January 12, 2007, from the Controlling Note Purchaser to the Servicer, as the same may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"SERVICER'S CERTIFICATE" means a certificate completed and executed by a Servicing Officer and delivered pursuant to SECTION 4.9 of the Sale and Servicing Agreement, substantially in the form of EXHIBIT A to the Sale and Servicing Agreement.

"SERVICING ASSUMPTION AGREEMENT" means the Servicing Assumption Agreement, dated as of November 15, 2005, among Consumer Portfolio Services, Inc., as Seller and Servicer, the Backup Servicer and the Trustee, as amended by Amendment No. 1 thereto dated as of January 12, 2007, as the same may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"SERVICING FEE" has the meaning specified in SECTION 4.8 of the Sale and Servicing Agreement.

"SERVICING FEE PERCENTAGE" means 2.50%, provided that if Backup Servicer is the Servicer, the Servicing Fee Percentage shall be determined in accordance with Servicing Assumption Agreement.

"SERVICING GUIDELINES" means CPS's established servicing guidelines, as the same may be amended from time to time in accordance with Section 9.1(k) of the Sale and Servicing Agreement.

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

"SETTLEMENT DATE" means, with respect to each Accrual Period, the 15th day of the following calendar month, or if such day is not a Business Day, the immediately following Business Day.

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

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

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

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

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

"TAXES" has the meaning set forth in SECTION 3.04 of each Note Purchase Agreement.

"TERM" means, with respect to the Class A Notes, the Class A Term and with respect to the Class B Notes, the Class B Term.

"TERMINATION DATE" means the date on which the Trustee shall have received payment and performance of all Secured Obligations and disbursed such payments in accordance with the Basic Documents and any and all other amounts due and payable to the Note Purchasers and the Noteholders pursuant to the Basic Documents have been paid in full.

"TEXAS FRANCHISE TAX" means any tax imposed by the State of Texas pursuant to Tex. Tax Code Ann. ss. 171.001 (Vernon 2005), as amended by Tex. H.B. 3, 79th Leg., 3d C.S. (2006).

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

"TRUST ESTATE" means all money, instruments, rights and other property that are subject or intended to be subject to the lien and security interest of the Indenture for the benefit of the Noteholders and the Note Purchasers, including all Collateral Granted to the Trustee for the benefit of the Noteholders and the Note Purchasers pursuant to Granting Clause I of the Indenture, all Pledged Subordinate Securities Granted to the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers pursuant to Granting Clause II of the Indenture, and all UBS Cross Collateral Granted to the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers pursuant to Granting Clause III of the UBS Indenture.

"TRUST RECEIPT" means a trust receipt in substantially the form of EXHIBIT B to the Sale and Servicing Agreement.

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

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

"UBS BASIC DOCUMENTS" has the meaning assigned to the term "Basic Documents" in Annex A to the UBS Sale and Servicing Agreement.

"UBS CROSS COLLATERAL" has the meaning specified in Granting Clause III of the UBS Indenture.

"UBS INDENTURE" means the Amended and Restated Indenture dated as of April 18, 2006 between Page Funding LLC and Wells Fargo Bank, National Association, as trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

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

"UBS INTERCREDITOR AGREEMENT" means the Intercreditor Agreement by and among UBS Real Estate Securities Inc., The Patriot Group, LLC, Waterfall Eden Fund, LP, Page Funding, LLC, CPS and the UBS Indenture Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"UBS SALE AND SERVICING AGREEMENT" means the Second Amended and Restated Sale and Servicing Agreement dated as of April 18, 2006, by and among Page Funding LLC, as Purchaser and Issuer, CPS, as Seller and Servicer, and Wells Fargo Bank, National Association, as the Backup Servicer and the Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"UBS SECURED OBLIGATIONS" means all amounts and obligations which Page Funding LLC may at any time owe under the UBS Warehouse Facility to, or on behalf of, the holders of the Class B notes issued thereunder, the Class B note purchasers thereunder and/or the UBS Indenture Trustee for the benefit of the holders of the Class B notes issued thereunder and the Class B note purchasers thereunder, in each case whether now owed or hereafter arising.

"UBS WAREHOUSE FACILITY" means the transactions contemplated by the UBS Basic Documents.

"UBS WAREHOUSE FACILITY AMENDMENT DATE" means the date on which the UBS Basic Documents are amended and restated in a manner that substantially conforms to the terms and provisions of the Basic Documents as they apply to the issuance of the Class B Notes, as determined in the reasonable discretion of the Class B Note Purchasers.

"UBS WAREHOUSE FACILITY TERMINATION DATE" means the date on which the commitment of the Class A note purchaser to make advances under the UBS Basic Documents is terminated in accordance with the terms of the UBS Basic Documents, unless such commitment is extended by the Class A note purchaser in accordance with the terms of the UBS Basic Documents.

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

EXHIBIT 10.11

$200,000,000

Variable Funding Note, Class A

$25,000,000

Variable Funding Note, Class B

AMENDED AND RESTATED INDENTURE

Dated as of January 12, 2007

PAGE THREE FUNDING LLC,
Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
Trustee

TABLE OF CONTENTS

TABLE OF CONTENTS

PAGE NO.

TABLE OF CONTENTS

AMENDED AND RESTATED INDENTURE dated as of January 12, 2007 ("INDENTURE"), by and between PAGE THREE FUNDING LLC, a Delaware limited liability company (the "ISSUER") and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as trustee (the "TRUSTEE").

Each party agrees as follows for the benefit of the other parties and for the benefit of the Note Purchasers and each Holder of the Issuer's Variable Funding Notes, Class A (the "CLASS A NOTES") and each Holder of the Issuer's Variable Funding Notes, Class B (the "CLASS B NOTES" and, together with the Class A Notes, the "NOTES"):

To secure the payment of principal of and interest on, and any other amounts owing in respect of the Notes, the other Secured Obligations and any and all other amounts due and payable to the Note Purchasers and the Noteholders under the Basic Documents, and to secure compliance with this Indenture, the Issuer has agreed to pledge the Collateral (as defined below) as collateral to the Trustee for the benefit of the Noteholders and the Note Purchasers.

In addition, to secure the payment of principal of and interest on, and any other amounts owing in respect of the Class B Notes, the UBS Secured Obligations and any and all other amounts due and payable to the Class B Note Purchasers and the Class B Noteholders under the Basic Documents, and to secure compliance with this Indenture, the Issuer has agreed to pledge the Pledged Subordinate Securities as collateral to the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers.

Furthermore, to secure the payment of principal of and interest on, and any other amounts owing in respect of the Class B notes issued pursuant to the UBS Indenture and any and all other amounts due and payable to the Class B note purchasers and the Class B noteholders under the UBS Basic Documents, and to secure compliance with the UBS Indenture, the Issuer has agreed to pledge the Bear Cross Collateral, on a subordinated basis and subject to the Intercreditor Agreement, as collateral to the UBS Indenture Trustee for the benefit of the Class B noteholders and the Class B note purchasers under the UBS Basic Documents.

As security for the payment and performance by the Issuer of the Secured Obligations, the Issuer has agreed to assign the Collateral (as defined below) as collateral to the Trustee for the benefit of the Noteholders and the Note Purchasers.

In addition, as security for the payment and performance by the Issuer of the Secured Obligations owing to the Class B Noteholders and the Class B Note Purchasers and the UBS Secured Obligations, the Issuer has agreed to assign the Pledged Subordinate Securities as collateral to the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers.

Furthermore, as security for the payment and performance by the Issuer of the UBS Secured Obligations owing to the Class B noteholders and the Class B note purchasers under the UBS Basic Documents, and as consideration for the assignment by Page Funding, LLC, on a subordinated basis and subject to the UBS Intercreditor Agreement, of the UBS Cross Collateral as collateral to the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers, the Issuer has agreed to assign, on a subordinated basis and subject to the Intercreditor Agreement, the Bear Cross Collateral as collateral to the UBS Indenture Trustee for the benefit of the Class B noteholders and the Class B note purchasers under the UBS Basic Documents.

GRANTING CLAUSES

I. The Issuer hereby Grants to the Trustee on each Funding Date, as Trustee for the benefit of the Noteholders and the Note Purchasers, all right, title and interest of the Issuer, whether now existing or hereafter arising, in and to the following;

(a) the Receivables listed in the Schedule of Receivables and each Addition Notice;

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

(c) the security interests in the Financed Vehicles and any accessions thereto granted by Obligors pursuant to the related Contracts and any other interest of the Issuer in such Financed Vehicles, including, without limitation, the certificates of title or, with respect to such Financed Vehicles in the States listed in Annex B to the Sale and Servicing Agreement, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, with respect to such Financed Vehicles;

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

(e) all proceeds from recourse against Dealers or Consumer Lenders with respect to the Receivables and all other rights (but none of the obligations) of the Seller under any agreements with Dealers or Consumer Lenders;

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

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

(h) all amounts and property from time to time held in or credited to the Collection Account, the Note Distribution Account and the Lockbox Account;

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

(j) all of the rights and benefits (but none of the obligations of the Issuer) under the Sale and Servicing Agreement and all other Basic Documents, including a direct right to cause the Seller to purchase Receivables from the Issuer pursuant to the Sale and Servicing Agreement under the circumstances specified therein;

(k) each Note Purchase Agreement (to the extent of the Issuer's rights against, but not including any of its obligations to, the Seller);

(l) the proceeds from any Servicer's errors and omissions policy or fidelity bond, to the extent that such proceeds relate to any Receivable, Financed Vehicle or other Collateral; and

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

The foregoing Grant is made in trust to the Trustee, for the benefit of the Noteholders and the Note Purchasers, to secure the payment of principal of and interest on, and any other amounts owing in respect of the Notes, to secure the payment of all Secured Obligations and any and all other amounts due and payable to the Note Purchasers and the Noteholders under the Basic Documents, in each case whether now owed or hereafter arising, and to secure compliance with this Indenture. The Trustee hereby acknowledges such Grant, accepts the trusts under this Indenture in accordance with the provisions of this Indenture and agrees to perform its duties as required in this Indenture.

The Grant of Liens pursuant to the foregoing Granting Clause I shall be deemed to constitute two separate and distinct grants of Liens and because of, among other things, their differing rights in the Collateral, obligations to the Class A Note Purchasers and the Class A Noteholders, on the one hand, are fundamentally different from the obligations to the Class B Note Purchasers and the Class B Noteholders, on the other hand, and must be separately classified in any plan of reorganization proposed or adopted in an Insolvency Proceeding. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims of the Class A Note Purchaser and the Class A Noteholders, on the one hand, and the claims of the Class B Note Purchasers and the Class B Noteholders, on the other hand, in each case in respect of the Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims), then the Class B Note Purchasers and the Class B Noteholders hereby acknowledge and agree that all distributions shall be made as if there were separate classes of senior and junior secured claims in respect of the Collateral (with the effect being that, to the extent that the aggregate value of the Collateral is sufficient (for this purpose ignoring all claims held by the Class B Note Purchasers and the Class B Noteholders), the Class A Note Purchaser and the Class A Noteholders shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing in respect of post-petition interest, with the Class B Note Purchasers and the Class B Noteholders hereby acknowledging and agreeing to turn over to the Trustee for application in accordance with the terms of the Basic Documents amounts otherwise received or receivable by them with respect to the Collateral (but not with respect to the Pledged Subordinate Securities or the Class B Available Funds) to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the Class B Note Purchasers and the Class B Noteholders.

II. The Issuer hereby Grants to the Trustee, as Trustee for the benefit of the Class B Noteholders and each Class B Note Purchaser, all right, title and interest of the Issuer, whether now existing or hereafter arising, in and to the following;

(a) any Pledged Subordinate Securities delivered to the Trustee pursuant to Section 3.3(c) of the Sale and Servicing Agreement; and

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

The foregoing Grant is made in trust to the Trustee, for the benefit of the Class B Noteholders and each Class B Note Purchaser, to secure the payment of principal of and interest on, and any other amounts owing in respect of the Class B Notes, to secure the payment of all Secured Obligations, all UBS Secured Obligations and any and all other amounts due and payable, in each case, to the Class B Note Purchasers and the Class B Noteholders pursuant to the Basic Documents and to secure compliance with this Indenture. The Trustee hereby acknowledges such Grant, accepts the trusts under this Indenture in accordance with the provisions of this Indenture and agrees to perform its duties as required in this Indenture.

III. The Issuer hereby Grants to the UBS Indenture Trustee, as trustee for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents, all right, title and interest of the Issuer (subject to Granting Clause I and the Intercreditor Agreement), whether now existing or hereafter arising, in and to the following;

(a) the Collateral; and

(b) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts,

insurance proceeds, condemnation awards, rights to payment of any and every kind and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing (collectively, the property described in this Granting Clause III, the "BEAR CROSS COLLATERAL").

The foregoing Grant is made in trust to the UBS Indenture Trustee, as trustee for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents, to secure the payment of principal of and interest on, and any other amounts owing in respect of all UBS Secured Obligations and any and all other amounts due and payable, in each case, to the Class B note purchasers and the Class B noteholders pursuant to the UBS Basic Documents and to secure compliance with the UBS Indenture. Notwithstanding anything to the contrary set forth herein or in any of the Basic Documents or the UBS Basic Documents, the foregoing Grant is expressly (i) subordinate to, and subject to the prior Lien of the Trustee, the Class A Noteholders and the Class A Note Purchasers granted pursuant to Granting Clause I and (ii) subject to the terms and provisions of the Intercreditor Agreement, and, in the event of a conflict between the terms and provisions of this Indenture, on the one hand, and the Intercreditor Agreement, on the other hand, the terms and provisions of the Intercreditor Agreement shall control.

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.1 DEFINITIONS. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in Annex A to the Amended and Restated Sale and Servicing Agreement dated as of January 12, 2007 among the Issuer, the Seller, the Servicer, the Purchaser, the Backup Servicer and the Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms (the "SALE AND SERVICING AGREEMENT").

SECTION 1.2 [RESERVED].

SECTION 1.3 OTHER DEFINITIONAL PROVISIONS.

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

(ii) Accounting terms used but not defined or partly defined in this Indenture, in any instrument governed hereby or in any certificate or other document made or delivered pursuant hereto, to the extent not defined, shall have the respective meanings given to them under GAAP or any such instrument, certificate or other document, as applicable. To the extent that the definitions of accounting terms in this Indenture or in any such instrument, certificate or other document are inconsistent with the meanings of such terms under GAAP, the definitions contained in this Indenture or in any such instrument, certificate or other document shall control.

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

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

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

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

(vii) The singular form of the terms "NOTE" and "NOTEHOLDER" shall not preclude issuance of more than one Note or ownership of Notes by more than one Noteholder. The singular forms of such terms shall also mean the plural forms of such terms and the plural form of such terms shall also mean the singular form thereof, in each case as the context requires.

ARTICLE II

THE NOTES

SECTION 2.1 FORM. The Notes, together with the Trustee's certificate of authentication, shall be in substantially the form set forth in EXHIBIT A-1 (in the case of the Class A Notes) and EXHIBIT A-2 (in the case of the Class B Notes), with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing the Notes, as evidenced by their execution of the Notes. Any portion of the text of the Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Notes. The Class A Notes were originally issued on the Class A Closing Date and the Class B Notes will be issued on the Class B Closing Date. Each class of Notes shall be subject to Advances and prepayments from time to time in accordance with SECTION 2.11 and ARTICLE X, respectively.

(a) The Notes shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing the Notes, as evidenced by their execution of the Notes.

(b) The terms of the Notes set forth in EXHIBITS A-1 AND A-2 are part of the terms of this Indenture.

SECTION 2.2 EXECUTION, AUTHENTICATION AND DELIVERY. The Notes shall be executed on behalf of the Issuer by any of its Authorized Officers. The signature of any such Authorized Officer on the Notes may be manual or facsimile.

(a) A Note bearing the manual or facsimile signature of individuals who were at any time Authorized Officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Note or did not hold such offices at the date of such Note.

(b) The Trustee shall upon receipt of an Issuer Order for authentication and delivery, authenticate and deliver each class of Notes for original issue in an aggregate principal amount up to, but not in excess of, the Class A Maximum Invested Amount, in the case of the Class A Notes, and the Class B Maximum Invested Amount, in the case of the Class B Notes.

(c) Each Note shall be dated the date of its authentication.

(d) No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears attached to such Note a certificate of authentication substantially in the form provided for herein,

executed by the Trustee by the manual signature of one of its authorized signatories, and such certificate attached to such Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

SECTION 2.3 [RESERVED]

SECTION 2.4 REGISTRATION; REGISTRATION OF TRANSFER AND EXCHANGE. The Issuer shall cause the Trustee to keep a register (the "NOTE REGISTER") in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 2.5, the Trustee shall provide for the registration of the Notes, and the registration of transfers and exchanges of the Notes. The Trustee shall be "NOTE REGISTRAR" for the purpose of registering the Notes and transfers of the Notes as herein provided. Upon any resignation or removal of any Note Registrar, the Issuer shall promptly appoint a successor.

(a) If a Person other than the Trustee is appointed by the Issuer as Note Registrar, such Person must be acceptable to the Controlling Note Purchaser and, in addition, the Issuer will give the Trustee, the Note Purchasers and the Noteholders prompt written notice of the appointment of such Note Registrar (once approved by the Controlling Note Purchaser) and of the location, and any change in the location, of the Note Register, and the Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof. The Trustee shall have the right to conclusively rely upon a certificate executed on behalf of the Note Registrar by an Executive Officer thereof as to the name and address of each Holder of a Note and the Percentage Interest and number of each Note.

(b) Subject to SECTION 2.5 hereof, upon surrender for registration of transfer of a Note at the office or agency of the Issuer to be maintained as provided in SECTION 3.2, if the requirements of Section 8-401(a) of the UCC are met, the Trustee shall have the Issuer execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes in the minimum Percentage Interest of 1% representing in the aggregate the Percentage Interest on the face of the Note to be transferred.

(c) At the option of a Holder, a Note may be exchanged for another Note in any authorized Percentage Interest, of the same class and a like aggregate Percentage Interest, upon surrender of the Note to be exchanged at such office or agency. Whenever a Note is so surrendered for exchange, subject to SECTION 2.5 hereof, if the requirements of Section 8-401(a) of the UCC are met, the Issuer shall execute, and upon request by the Issuer the Trustee shall authenticate, and the Noteholder shall obtain from the Trustee, the Note which the Noteholder making the exchange is entitled to receive.

(d) The Note or Notes issued upon any registration of transfer or exchange of a Note shall be the valid obligation of the Issuer, evidencing, in the aggregate, the same debt, and entitled to the same benefits under this Indenture, as the Note surrendered upon such registration of transfer or exchange.

(e) Every Note presented or surrendered for registration of transfer or exchange shall be (i) duly endorsed by, or accompanied by a written assignment in substantially the form attached to EXHIBIT A duly executed by, the Holder thereof or such Holder's attorney, duly authorized in writing, with such signature guaranteed by an "ELIGIBLE GUARANTOR INSTITUTION" meeting the requirements of the Note Registrar which requirements include membership or participation in Securities Transfer Agents Medallion Program ("STAMP") or such other "SIGNATURE GUARANTEE PROGRAM" as may be determined by the Note Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended, and (ii) accompanied by such other documents as the Trustee may require.

(f) No service charge shall be made to a Holder for any registration of transfer or exchange of a Note, but the Note Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of a Note, other than exchanges pursuant to SECTION 9.6 not involving any transfer.

(g) The preceding provisions of this SECTION 2.4 notwithstanding, the Issuer shall not be required to make and the Note Registrar shall not register transfers or exchanges of a Note selected for redemption or of any Note for a period of two (2) Business Days preceding the due date for any payment with respect to such Note.

SECTION 2.5 RESTRICTIONS ON TRANSFER AND EXCHANGE.

(a) No transfer of a Note shall be made unless the transferor thereof has provided a representation letter substantially in the form of EXHIBIT B that such transfer is (i) to the Issuer or an Affiliate of the Issuer, or (ii) in compliance with Section 2.5(b) hereof, to a qualified purchaser (as defined under Section 2(a)(51) of the Investment Company Act) that is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) in a transaction meeting the requirements of Rule 144A under the Securities Act, or (iii) in compliance with Section 2.5(c) hereof, to a qualified purchaser (as defined in Section 2(a)(51) of the Investment Company Act) that is an institutional "ACCREDITED INVESTOR" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act, or (iv) to a qualified purchaser (as defined under Section 2(a)(51) of the Investment Company Act) in a transaction complying with or exempt from the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction; PROVIDED, that (except with respect to the transfer of the Note or Advance made by the Noteholder), in the case of CLAUSES (IV) the Trustee or the Issuer may require an Opinion of Counsel to the effect that such transfer may be effected without registration under the Securities Act, which Opinion of Counsel, if so required, shall be addressed to the Issuer and the Trustee and shall be secured at the expense of the Holder. Each prospective purchaser by its acquisition of a Note, acknowledges that such Note will contain a legend substantially to the effect set forth in SECTION 2.5(E) (unless the Issuer determines otherwise in accordance with applicable law).

Any transfer or exchange of a Note to a proposed transferee shall be conducted in accordance with the provisions of Section 2.4, and shall be contingent upon receipt by the Note Registrar of (A) such Note properly endorsed for assignment or transfer, (B) written instruction from such transferring Holder directing the Note Registrar to cause the transfer to such transferees, in such Percentage Interests (not to exceed the Percentage Interest on the face of the Note to be transferred) as the transferring Holder shall specify in such instructions; and (C) such certificates or signatures as may be required under such Note or this Section 2.5, in each case, in form and substance satisfactory to the Note Registrar. The Note Registrar shall cause any such transfers and related cancellations or increases and related reductions, as applicable, to be properly recorded in its books in accordance with the requirements of Section 2.4.

(b) If a Note is sold to a "qualified purchaser" (as defined in Section 2(a)(51) of the Investment Company Act) that is a "qualified institutional buyer" (as defined in Rule 144A of the Securities Act) purchasing for its own account or for the account of another "qualified purchaser" that is a "qualified institutional buyer," such Note shall be issued as a certificated Note in definitive, fully registered form without interest coupons with the applicable legends set forth in the form of the Note registered in the name of the beneficial owner or a nominee thereof, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. Any transfer to a "qualified purchaser" that is a "qualified institutional buyer" is expressly conditioned upon the requirement that such transferee shall deliver a representation letter in the form of EXHIBIT C.

(c) If the Note is sold in the United States to U.S. Persons under Section 4(2) of the Securities Act to a "qualified purchaser" (as defined in Section 2(a)(51) of the Investment Company Act) that is an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act), it shall be issued in the form of certificated Note in definitive, fully registered form without interest coupons with the applicable legends set forth in the form of the Note registered in the name of the beneficial owner or a nominee thereof, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. Any transfer to a "qualified purchaser" (as defined in Section 2(a)(51) of the Investment Company Act) that is an institutional "ACCREDITED INVESTOR" is expressly conditioned upon the requirement that such transferee shall deliver a representation letter in the form of EXHIBIT D.

(d) The Note Registrar shall not register any transfer or exchange of any Class A Note to the extent that upon such transfer or exchange there would be more than four (4) Class A Noteholders then reflected on the Note Register. The Note Registrar shall not register any transfer or exchange of any Class B Note to the extent that upon such transfer or exchange there would be more than ninety (90) Class B Noteholders then reflected on the Note Register.

(e) Unless the Issuer determines otherwise in accordance with applicable law, each Note shall have the following legend:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (1) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE) OR AN AFFILIATE OF THE ISSUER (AS CERTIFIED BY THE ISSUER) OR (2) A "QUALIFIED PURCHASER" (AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) THAT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT IT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACTING FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ARE ALSO QUALIFIED PURCHASERS THAT ARE INSTITUTIONAL ACCREDITED INVESTORS) (3) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A TO A PERSON THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT SUCH PERSON IS A "QUALIFIED PURCHASER" (AS DEFINED UNDER SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) THAT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A), ACTING FOR ITS OWN ACCOUNT, OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ARE ALSO QUALIFIED PURCHASERS THAT ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE, OR TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR (4) TO A QUALIFIED PURCHASER (AS DEFINED UNDER SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION: PROVIDED, THAT, IN THE CASE OF CLAUSE (4), THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR RESALES OF THIS NOTE.

THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AND SUBJECT TO INCREASES AND DECREASES AS SET FORTH HEREIN AND IN THE INDENTURE. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

[THE NOTE REGISTRAR SHALL NOT REGISTER ANY TRANSFER OR EXCHANGE OF THIS NOTE TO THE EXTENT THAT UPON SUCH TRANSFER OR EXCHANGE THERE WOULD BE MORE THAN FOUR (4) CLASS A NOTEHOLDERS THEN REFLECTED ON THE NOTE REGISTER.]

[THE NOTE REGISTRAR SHALL NOT REGISTER ANY TRANSFER OR EXCHANGE OF THIS NOTE TO THE EXTENT THAT UPON SUCH TRANSFER OR EXCHANGE THERE WOULD BE MORE THAN NINETY (90) CLASS B NOTEHOLDERS THEN REFLECTED ON THE NOTE REGISTER.]

[THIS NOTE IS SUBJECT TO THE TERMS AND PROVISIONS OF AN INTERCREDITOR AGREEMENT DATED AS OF JANUARY 12, 2007 BY AND AMONG THE CLASS A NOTE PURCHASER, THE CLASS A NOTEHOLDER, THE CLASS B NOTE PURCHASERS, THE CLASS B NOTEHOLDERS, THE ISSUER, THE PURCHASER, THE SELLER, THE SERVICER AND THE TRUSTEE, AS THE SAME MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME.]

[THIS NOTE IS SUBORDINATE IN RIGHT OF PAYMENT TO THE ISSUER'S CLASS A NOTES ISSUED PURSUANT TO THE INDENTURE REFERENCED HEREIN AND TO ALL OTHER AMOUNTS DUE AND OWING TO THE CLASS A NOTEHOLDERS AND THE CLASS A NOTE PURCHASER IN ACCORDANCE WITH THE TERMS OF THE BASIC DOCUMENTS AND IS SUBJECT TO THE TERMS AND PROVISIONS OF AN INTERCREDITOR AGREEMENT DATED AS OF JANUARY 12, 2007 BY AND AMONG THE CLASS A NOTE PURCHASER, THE CLASS A NOTEHOLDER, THE CLASS B NOTE PURCHASERS, THE CLASS B NOTEHOLDERS, THE ISSUER, THE PURCHASER, THE SELLER, THE SERVICER AND THE TRUSTEE, AS THE SAME MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME.]

(f) Notwithstanding any of the foregoing provisions of this Section 2.5, no transfer or assignment of a Secured Obligation shall be made that would cause there to be more than 90 owners and assignees of the Class B Notes at any time. For purposes of determining the number of owners and assignees of the Class B Notes, a Person (beneficial owner) owning an interest in a partnership (including any entity treated as a partnership for federal income tax purposes), grantor trust or S corporation (flow through entity), that owns, directly or through other flow-through entities, an interest in the Class B Notes, is treated as an owner or an assignee of the Class B Notes if (i) substantially all of the value of the beneficial owner's interest in the flow through entity is attributable to the flow-through entity's interest (direct or indirect) in the Class B Notes, and (ii) the principal purpose of the use of the tiered arrangement is to permit the satisfaction of the 90 owner and assignee of Class B Notes limitation.

SECTION 2.6 MUTILATED, DESTROYED, LOST OR STOLEN NOTE. If (i) any mutilated Note is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Trustee such security or indemnity as may be required by it to hold the Issuer and the Trustee harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Trustee that such Note has been acquired by a protected purchaser, and, provided that the requirements of Section 8-405 and 8-406 of the UCC are met, the Issuer shall execute, and upon request by the Issuer, the Trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note; PROVIDED, HOWEVER, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become, or within seven days shall be, due and payable or shall have been called for redemption, instead of issuing a replacement Note, the Issuer may direct the Trustee, in writing, to pay such destroyed, lost or stolen Note when so due or payable without surrender thereof. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the preceding sentence, a protected purchaser of the original Note in lieu of which such replacement Note was issued, presents for payment such original Note, the Issuer and the Trustee shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any assignee of such Person, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

(a) Upon the issuance of any replacement Note under this Section, the Issuer may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Trustee) connected therewith.

(b) Every replacement Note issued pursuant to this Section in replacement of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with the Notes duly issued hereunder.

(c) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of any mutilated, destroyed, lost or stolen Note.

SECTION 2.7 PERSONS DEEMED OWNER. Prior to due presentment for registration of transfer of any Note, the Trustee and any agent of the Trustee may treat the Person in whose name such Note is registered (as of the applicable Record Date) as the owner of such Note for the purpose of receiving payments of principal of and interest, if any, on such Note, for all other purposes whatsoever and whether or not such Note be overdue, and none of the Issuer, the Trustee or any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

SECTION 2.8 PAYMENT OF PRINCIPAL AND INTEREST; DEFAULTED INTEREST.

(a) The Class A Notes shall accrue interest as provided in the form of Class A Note set forth in EXHIBIT A-1, and such interest shall be due and payable on each Settlement Date, as specified therein. The Class B Notes shall accrue interest as provided in the form of Class B Note set forth in EXHIBIT A-2, and such interest shall be due and payable on each Settlement Date, as specified therein. Any installment of interest or principal, if any, payable on any Note which is punctually paid or duly provided for by the Issuer on the applicable Settlement Date shall be paid to the Person in whose name such Note is registered on the Record Date, either (i) by wire transfer in immediately available funds to such Person's account as it appears on the Note Register on such Record Date if (A) such Noteholder has provided to the Note Registrar appropriate written instructions at least five Business Days prior to such Settlement Date and such Holder's Note in the aggregate evidence a Percentage Interest of not less than 1% or (B) such Noteholder is the Seller, or an Affiliate thereof, or if not, (ii) by check mailed to such Noteholder at the address of such Noteholder appearing on the Note Register, except for the final installment of principal payable with respect to such Note on a Settlement Date or on the applicable Facility Termination Date, which shall be payable as provided below.

(b) The outstanding principal amount of the Class A Notes and all accrued and unpaid interest thereon shall be payable in full by the Class A Facility Termination Date and otherwise as provided in Section 3.1, the form of Class A Note attached hereto as EXHIBIT A-1, and the other Basic Documents. The outstanding principal amount of the Class B Notes and all accrued and unpaid interest thereon shall be payable in full by the Class B Facility Termination Date and otherwise as provided in Section 3.1, the form of Class B Note attached hereto as EXHIBIT A-2, and the other Basic Documents. The principal amount outstanding under any Note at any time shall be equal to the product of the Percentage Interest represented by such Note and the then outstanding applicable Invested Amount. All principal payments on the Notes of a class shall be made pro rata to the Noteholders of such class entitled thereto based on their respective Percentage Interests. Upon written notice from the Issuer, the Trustee shall notify the Person in whose name a Note is registered at the close of business on the Record Date preceding the Settlement Date on which the Issuer expects that the final installment of principal of and interest on such Note will be paid. Such notice shall be transmitted by facsimile prior to such final Settlement Date and shall specify that such final installment will be payable only upon presentation and surrender of such Note and shall specify the place where such Note may be presented and surrendered for payment of such installment.

(c) If the Issuer defaults in any payment of interest on a Note, the Issuer shall pay defaulted interest (plus interest on such defaulted interest to the extent lawful) at the applicable Note Interest Rate then in effect (calculated for this purpose using the applicable Default Applicable Margin) in any lawful manner. The Issuer shall pay such defaulted interest to the Noteholders entitled thereto on the immediately following Settlement Date. At least three (3) days before any such Settlement Date, the Issuer shall mail to the Noteholders and the Trustee a notice that states the Settlement Date and the amount of defaulted interest to be paid.

SECTION 2.9 CANCELLATION. Any Note surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Note previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and the Note so delivered

shall be promptly canceled by the Trustee. No Note shall be authenticated in lieu of or in exchange for any Note canceled as provided in this Section, except as expressly permitted by this Indenture. A canceled Note may be held or disposed of by the Trustee in accordance with its standard retention or disposal policy as in effect at the time unless the Issuer shall direct by an Issuer Order that they be destroyed or returned to it; PROVIDED that such Issuer Order is timely and such Note has not been previously disposed of by the Trustee.

SECTION 2.10 RELEASE OF TRUST ESTATE. Subject to the terms of the other Basic Documents and SECTIONS 10.1 and 11.1, the Trustee shall, on or after the Termination Date, release any remaining portion of the Trust Estate from the lien created by this Indenture and deposit in the Collection Account any funds then on deposit in any other Pledged Account. In addition, the Trustee shall release Ineligible Receivables from the lien created by this Indenture upon any dividend of such Ineligible Receivables that is permitted under Section 5.10 of the Sale and Servicing Agreement. The Trustee shall release property from the lien created by this Indenture pursuant to this SECTION 2.10 only upon receipt of an Issuer Request accompanied by an Officer's Certificate meeting the applicable requirements of SECTION 11.1.

SECTION 2.11 AMOUNT LIMITED; ADVANCES.

(a) The maximum aggregate principal amount of the Class A Notes that may be authenticated and delivered and Outstanding at any time under this Indenture (except for Class A Notes authenticated and delivered pursuant to SECTION 2.6 in replacement for destroyed, lost or stolen Class A Notes) is limited to the Class A Maximum Invested Amount.

On each Business Day prior to the Class A Facility Termination Date that is a Class A Funding Date, and upon the satisfaction of all conditions precedent to (a) the funding of a Class A Advance and (b) the purchase of Receivables, in each case as set forth in Section 2.1(b) of the Sale and Servicing Agreement, and Section 6.02 and Section 6.03 of the Class A Note Purchase Agreement, the Issuer shall be entitled to borrow additional funds pursuant to a Class A Advance made by the Class A Note Purchaser on such Class A Funding Date, in accordance with Section 2.02 and Section 2.03 of the Class A Note Purchase Agreement, in an aggregate principal amount equal to the Class A Advance Amount (subject to the Class A Maximum Invested Amount) with respect to such Class A Funding Date. Each request by the Issuer for a Class A Advance shall include a certification by the Issuer as to the satisfaction of the conditions specified in the previous sentence.

The aggregate outstanding principal amount of the Class A Notes may be increased (subject to the Class A Maximum Invested Amount) through the funding of Class A Advances. Each Class A Advance and corresponding Class A Advance Amount shall be recorded by the Class A Note Purchaser, and the Class A Note Purchaser's record (which may be in electronic or other form in the Class A Note Purchaser's reasonable discretion) shall show all Class A Advance Amounts and prepayments. Absent manifest error, such record of the Class A Note Purchaser shall be dispositive with respect to the determination of the outstanding principal amount of the Class A Notes. The Class A Notes (i) can be funded by Class A Advances on any Class A Funding Date in a minimum amount of $2,000,000 and any higher amount (subject to the Class A Maximum Invested Amount), and (ii) subject to subsequent Class A Advances pursuant to this SECTION 2.11(A), are subject to prepayment in whole or in part, at the option of the Issuer as provided in ARTICLE X herein. In addition, and independent of optional prepayments pursuant to ARTICLE X, in the event that a Class A Borrowing Base Deficiency exists on any date of determination as determined by the Class A Note Purchaser in its sole discretion, the Issuer shall on the same Business Day of the receipt of notice from the Class A Note Purchaser (or if notice is received after 10:01 a.m. New York time, then on the next Business Day), prepay the Class A Invested Amount by an amount equal to such Class A Borrowing Base Deficiency by paying such amount to or at the direction of the Class A Note Purchaser.

(b) The maximum aggregate principal amount of the Class B Notes that may be authenticated and delivered and Outstanding at any time under this Indenture (except for Class B Notes authenticated and delivered pursuant to Section 2.6 in replacement for destroyed, lost or stolen Class B Notes) is limited to the Class B Maximum Invested Amount.

On each Business Day prior to the Class B Facility Termination Date that is a Class B Funding Date, and upon the satisfaction of all conditions precedent to (a) the funding of a Class B Advance and (b) the purchase of Receivables, in each case as set forth in Section 2.1(b) of the Sale and Servicing Agreement, and Section 6.02 and Section 6.03 of the Class B Note Purchase Agreement, the Issuer shall be entitled to borrow additional funds pursuant to a Class B Advance made by each Class B Note Purchaser on such Class B Funding Date, in accordance with Section 2.02 and Section 2.03 of the Class B Note Purchase Agreement, in an aggregate principal amount equal to the Class B Advance Amount (subject to the Class B Maximum Invested Amount) with respect to such Class B Funding Date. Each request by the Issuer for a Class B Advance shall include a certification by the Issuer as to the satisfaction of the conditions specified in the previous sentence.

The aggregate outstanding principal amount of the Class B Notes may be increased (subject to the Class B Maximum Invested Amount) through the funding of Class B Advances. Each Class B Note Purchaser shall record its respective pro rata portion of each Class B Advance and corresponding Class B Advance Amount, and each Class B Note Purchaser's record (which may be in electronic or other form in each Class B Note Purchaser's reasonable discretion) shall show all Class B Advance Amounts and prepayments made or received by such Class B Note Purchaser. Absent manifest error, such record of each Class B Note Purchaser shall be dispositive with respect to the determination of such Class B Note Purchaser's respective pro rata portion of the outstanding principal amount of the Class B Notes. The Class B Notes (i) can be funded by Class B Advances on any Class B Funding Date in a minimum amount of $250,000 and any higher amount (subject to the Class B Maximum Invested Amount), and (ii) subject to subsequent Class B Advances pursuant to this Section 2.11(a), are subject to prepayment in whole or in part, at the option of the Issuer as provided in Article X herein. In addition, and independent of optional prepayments pursuant to Article X, in the event that a Class B Borrowing Base Deficiency exists on any date of determination as determined by a Class B Note Purchaser in its sole discretion, the Issuer shall on the same Business Day of the receipt of notice from such Class B Note Purchaser (or if notice is received after 10:01 a.m. New York time, then on the next Business Day), prepay the Class B Invested Amount by an amount equal to such Class B Borrowing Base Deficiency by paying the respective pro rata portion of such amount to or at the direction of each Class B Note Purchaser. Notwithstanding the foregoing and subject to Section 3.05(c) of the Class B Note Purchase Agreement, the Issuer may not prepay any such Class B Invested Amount to cure a Class B Borrowing Base Deficiency or otherwise pursuant to Article X with funds other than Class B Available Funds unless and until any and all amounts then due and owing to the Class A Note Purchaser and the Class A Noteholders under the Basic Documents have been paid in full.

ARTICLE III

COVENANTS

SECTION 3.1 PAYMENT OF PRINCIPAL AND INTEREST. The Issuer will duly and punctually pay or cause to be paid the principal of and interest on the Notes in accordance with the terms of the Notes, this Indenture, the Sale and Servicing Agreement and the other Basic Documents. Without limiting the foregoing, the Issuer will cause to be distributed on each Settlement Date all amounts deposited in the Note Distribution Account pursuant to the Sale and Servicing Agreement to the Noteholders and the Note Purchasers in the order of priority specified in Section 5.8 of the Sale and Servicing Agreement. Amounts properly withheld under the Code by the Trustee from a payment to the Noteholders of interest and/or principal shall be considered as having been paid by the Issuer to the Noteholders for all purposes of this Indenture.

SECTION 3.2 MAINTENANCE OF OFFICE OR AGENCY. The Issuer will maintain in Minneapolis, Minnesota, an office or agency where the Notes may be surrendered for registration of transfer or exchange, and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer hereby initially appoints the Trustee to serve as its agent for the foregoing purposes. The Issuer will give prompt written notice to the Trustee, the Note Purchasers and the Noteholders of the location, and of any change in the location, of any such office or agency. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Trustee with the address thereof, such surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Issuer hereby appoints the Trustee as its agent to receive all such surrenders, notices and demands.

SECTION 3.3 MONEY FOR PAYMENTS TO BE HELD IN TRUST. On or before each Settlement Date, the Trustee shall deposit or cause to be deposited in the Note Distribution Account from the Collection Account an aggregate sum sufficient to pay the amounts then becoming due under each class of Notes and all other amounts then due and owing to the Noteholders and the Note Purchasers under the Basic Documents, such sums to be held in trust for the benefit of the Persons entitled thereto. Except as provided in SECTION 3.3(c) hereof, all payments of amounts due and payable with respect to the Notes and such other amounts that are to be made from amounts withdrawn from the Note Distribution Account shall be made on behalf of the Issuer by the Trustee or by the Note Paying Agent, and no amounts so withdrawn from the Note Distribution Account for payment of the Notes or to the Noteholders or the Note Purchasers shall be paid to the Issuer.

(a) The Issuer shall cause each Note Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Note Paying Agent shall agree with the Trustee (and if the Trustee acts as Note Paying Agent, it hereby so agrees), subject to the provisions of this Section, that such Note Paying Agent shall:

(i) hold all sums held by it for the payment of amounts due with respect to the Notes and such other amounts in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Trustee notice of any default by the Issuer (or any other obligor upon the Notes) of which it has actual knowledge in the making of any payment required to be made with respect to the Notes or to the Noteholders or the Note Purchasers;

(iii) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Note Paying Agent;

(iv) immediately resign as a Note Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of the Notes and such other amounts if at any time it ceases to meet the standards required to be met by a Note Paying Agent at the time of its appointment; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on the Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(b) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Note Paying Agent to pay to the Trustee all sums held in trust by such Note Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which the sums were held by such Note Paying Agent; and upon such a payment by any Note Paying Agent to the Trustee, such Note Paying Agent shall be released from all further liability with respect to such money.

(c) Subject to applicable laws with respect to the escheat of funds, any money held by the Trustee or any Note Paying Agent in trust for the payment of any amount due with respect to the Notes and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on Issuer Request and shall be deposited by the Trustee in the Collection Account; and the Noteholders and the Note Purchasers shall thereafter, as unsecured general creditors, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Trustee or such Note Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Trustee or such Note Paying Agent, before being required to make any such repayment, shall at the expense of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money

then remaining will be repaid to the Issuer. The Trustee shall also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment (including, but not limited to, mailing notice of such repayment to the Holder whose Notes have been called but have not been surrendered for redemption or whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Trustee or of any Note Paying Agent, at the last address of record for each such Holder).

SECTION 3.4 EXISTENCE. Except as otherwise permitted by the provisions of SECTION 3.10, the Issuer will keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other state or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the Notes, the Collateral, the Pledged Subordinate Securities, the Bear Cross Collateral, the other Basic Documents and each other instrument or agreement included in the Trust Estate.

SECTION 3.5 PROTECTION OF TRUST ESTATE. The Issuer intends the security interest Granted pursuant to Granting Clause I of this Indenture in favor of the Trustee, for the benefit of the Noteholders and the Note Purchasers, to be prior to all other liens in respect of the Collateral, and the Issuer shall take all actions necessary to obtain and maintain, in favor of the Trustee, for the benefit of the Noteholders and the Note Purchasers, a first lien on and a first priority, perfected security interest in the Collateral, subject to the Intercreditor Agreement. In addition, the Issuer intends the security interest Granted pursuant to Granting Clause II of this Indenture in favor of the Trustee, for the benefit of the Class B Noteholders and the Class B Note Purchasers, to be prior to all other liens in respect of the Pledged Subordinate Securities, and the Issuer shall take all actions necessary to obtain and maintain, in favor of the Trustee, for the benefit of the Class B Noteholders and the Class B Note Purchasers, a first lien on and a first priority, perfected security interest in the Pledged Subordinate Securities. Furthermore, the Issuer intends the security interest Granted pursuant to Granting Clause III of this Indenture in favor of the UBS Indenture Trustee, for the benefit of the Class B noteholders and the Class B note purchasers under the UBS Basic Documents, to be prior to all other liens in respect of the Bear Cross Collateral (other than the Lien granted in Granting Clause I of this Indenture and subject to the Intercreditor Agreement), and the Issuer shall take all actions necessary to obtain and maintain, in favor of the UBS Indenture Trustee, for the benefit of the Class B noteholders and the Class B note purchasers under the UBS Basic Documents, a second lien on and a second priority, perfected security interest in the Bear Cross Collateral (subject only to the Lien Granted in Granting Clause I of this Indenture and subject to the Intercreditor Agreement). The Issuer will from time to time prepare (or shall cause to be prepared), execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

(i) Grant more effectively all or any portion of the Trust Estate;

(ii) maintain or preserve each lien and security interest (and the priority thereof) in favor of the Trustee for the benefit of the applicable Noteholders and the applicable Note Purchasers created by this Indenture or carry out more effectively the purposes hereof;

(iii) maintain or preserve each lien and security interest (and the priority thereof) in favor of the UBS Indenture Trustee for the benefit of the Class B noteholders and the Class B note purchasers under the UBS Basic Documents created by this Indenture or carry out more effectively the purposes hereof;

(iv) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;

(v) enforce (A) subject to the Intercreditor Agreement, any of the Collateral on behalf of the Noteholders or the Note Purchasers, or (B) any of the Pledged Subordinate Securities on behalf of the Class B Noteholders or the Class B Note Purchasers, or (C) subject to the

Intercreditor Agreement, the Bear Cross Collateral on behalf of the Class B noteholders or the Class B note purchasers under the UBS Basic Documents;

(vi) preserve and defend title to (A) subject to the Intercreditor Agreement, the Collateral and the rights of the Trustee, the Noteholders and the Note Purchasers in such Collateral against the claims of all persons and parties; (B) the Pledged Subordinate Securities and the rights of the Trustee, the Class B Noteholders and the Class B Note Purchasers in such Pledged Subordinate Securities against the claims of all persons and parties; and (C) subject to the Intercreditor Agreement, the Bear Cross Collateral and the rights of the UBS Indenture Trustee, the Class B noteholders and the Class B note purchasers under the UBS Basic Documents in such Bear Cross Collateral against the claims of all persons and parties (other than the Lien Granted pursuant to Clause I of this Indenture); and

(vii) pay all taxes or assessments levied or assessed upon the Trust Estate when due; provided that no Available Funds may be used to pay taxes or assessments levied or assessed upon that portion of the Trust Estate consisting of the Pledged Subordinate Securities and no Class B Available Funds may be used to pay taxes or assessments levied or assessed upon that portion of the Trust Estate consisting of the Collateral.

The Issuer hereby designates the Trustee its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required by the Trustee pursuant to this Section.

Subject to Section 4.5 of the Sale and Servicing Agreement, the Issuer hereby authorizes the Controlling Note Purchaser, the Trustee and their respective agents to file such financing statements and continuation statements and take such other actions as the Controlling Note Purchaser or the Trustee may deem advisable in connection with the security interest in the Collateral Granted by the Issuer under Granting Clause I of this Indenture to the extent permitted by applicable law. In addition, the Issuer hereby authorizes the Class B Note Purchasers, the Trustee and their respective agents to file such financing statements and continuation statements and take such other actions as the Class B Note Purchasers or the Trustee may deem advisable in connection with the security interest in the Pledged Subordinate Securities Granted by the Issuer under Granting Clause II of this Indenture to the extent permitted by applicable law. Furthermore, subject to the terms and provisions of the Intercreditor Agreement, the Issuer hereby authorizes the UBS Indenture Trustee and the Class B note purchasers under the UBS Basic Documents and their respective agents to file such financing statements and continuation statements and take such other actions as the UBS Indenture Trustee or such Class B note purchasers may deem advisable in connection with the security interest in the Bear Cross Collateral Granted by the Issuer under Granting Clause III of this Indenture to the extent permitted by applicable law and subject to the prior Lien of Granting Clause I of this Indenture. Any such financing statements and continuation statements shall be prepared by the Issuer.

SECTION 3.6 OPINIONS AS TO TRUST ESTATE.

(a) On the Class B Closing Date, the Issuer shall furnish to the Trustee and each Note Purchaser an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording and filing of this Indenture, any indentures supplemental hereto, and any other requisite documents, and with respect to the execution and filing of any financing statements and continuation statements, as are necessary to perfect and make effective (i) the first priority lien and security interest in favor of the Trustee, for the benefit of the Noteholders and the Note Purchasers, created by Granting Clause I of this Indenture in the Receivables and such other items of Collateral, (ii) the first priority lien and first priority perfected security interest in favor of the Trustee, for the benefit of the Class B Noteholders and the Class B Note Purchasers, created by Granting Clause II of this Indenture in the Pledged Subordinate Securities, and (iii) the second priority lien and second priority security interest in favor of the UBS Indenture Trustee, for the benefit of the Class B noteholders and the Class B note purchasers under the UBS Basic Documents, created by Granting Clause III of this Indenture (subject only to the Lien Granted in Granting Clause I of this Indenture) in the Bear Cross Collateral (collectively, the "Opinion Collateral") and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to make such lien and security interest effective.

(b) Within 90 days after the beginning of each calendar year, beginning in 2007, the Issuer shall furnish to the Trustee, each Note Purchaser, the UBS Indenture Trustee and each Class B note purchase under the UBS Basic Documents an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the execution and filing of any financing statements and continuation statements as are necessary to maintain the liens and security interests created by this Indenture in the Opinion Collateral and reciting the details of such action or stating that in the opinion of such counsel no such action is necessary to maintain such liens and security interests. Such Opinion of Counsel shall also describe any action necessary (as of the date of such opinion) to be taken in the following year to maintain the liens and security interests of this Indenture in the Opinion Collateral.

SECTION 3.7 PERFORMANCE OF OBLIGATIONS; SERVICING OF RECEIVABLES. The Issuer will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's material covenants or obligations under any instrument or agreement included in the Trust Estate or that would result in the amendment, hypothecation, subordination, termination or discharge of or impair the validity or effectiveness of, any such instrument or agreement, except as ordered by any bankruptcy or other court or as expressly provided in this Indenture, the other Basic Documents or such other instrument or agreement.

(a) The Issuer may contract with other Persons to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to the Trustee in an Officer's Certificate of the Issuer shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Servicer to assist the Issuer in performing its duties under this Indenture.

(b) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the other Basic Documents and in the instruments and agreements included in the Trust Estate, including but not limited to preparing (or causing to be prepared) and filing (or causing to be filed) all UCC financing statements and continuation statements required to be filed by the terms of this Indenture and the other Basic Documents in accordance with and within the time periods provided for herein and therein. Except as otherwise expressly provided therein, the Issuer shall not amend, modify, supplement or terminate any Basic Document or any provision thereof.

(c) If a responsible officer of the Issuer shall have written notice or actual knowledge of the occurrence of a Default, an Event of Default, a Class B Default, a Class B Event of Default, a Servicer Termination Event or Funding Termination Event, the Issuer shall promptly notify the Trustee, the Note Purchasers and the Noteholders thereof in accordance with SECTION 11.4, and shall specify in such notice the action, if any, the Issuer is taking in respect of such default. If a Servicer Termination Event or Funding Termination Event shall arise from the failure of the Servicer to perform any of its duties or obligations under the Sale and Servicing Agreement with respect to the Receivables, the Issuer shall take all reasonable steps available to it to remedy such failure.

(d) The Issuer agrees that it shall not have any right to waive, and shall not waive, timely performance or observance by the Servicer, the Purchaser or the Seller of their respective duties under the Basic Documents except in accordance with the terms thereof.

SECTION 3.8 NEGATIVE COVENANTS. So long as any class of Notes is Outstanding, the Issuer shall not:

(i) except as expressly permitted by this Indenture or the other Basic Documents, sell, transfer, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in the Trust Estate, unless directed to do so by the Majority Noteholders of the Highest Priority Class and the Controlling Note

Purchaser or the Majority Noteholders of the Highest Priority Class and the Controlling Note Purchaser (or with respect to the Pledged Subordinate Securities, the Class B Majority Noteholders, or with respect to the Bear Cross Collateral (subject to the Intercreditor Agreement), the Class B majority noteholders under the UBS Basic Documents) have approved such disposition;

(ii) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes (other than amounts properly withheld from such payments under the Code) or assert any claim against any Note Purchaser or any present or former Noteholders by reason of the payment of the taxes levied or assessed upon any part of the Trust Estate; or

(iii) permit the validity or effectiveness of this Indenture or the Intercreditor Agreement to be impaired; or

(iv) (A) permit the lien created by this Indenture on the Collateral in favor of the Trustee for the benefit of the Noteholders and the Note Purchasers to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations under this Indenture or any other Basic Document except as may be expressly permitted hereby or thereby, (B) permit any Lien (other than the lien of this Indenture and the other Basic Documents) to be created on or extend to or otherwise arise upon or burden any Collateral, or any part thereof or any interest therein or the proceeds thereof (other than tax liens, mechanics' liens and other liens that arise by operation of law, in each case on a Financed Vehicle and arising solely as a result of an action or omission of the related Obligor), (C) permit the lien of this Indenture not to constitute a valid first priority (other than with respect to any such tax, mechanics' or other similar lien) perfected security interest in any portion of the Collateral; or

(v) (A) permit the lien created by this Indenture on the Pledged Subordinate Securities in favor of the Trustee for the benefit of the Class B Noteholders and the Class B Note Purchasers to be amended, hypothecated, subordinated (other than with respect to any such tax, mechanics' or other similar lien), terminated or discharged, or permit any Person to be released from any covenants or obligations under this Indenture or any other Basic Document except as may be expressly permitted hereby or thereby, (B) permit any Lien (other than the lien of this Indenture and the other Basic Documents) to be created on or extend to or otherwise arise upon or burden any Pledged Subordinate Securities, or any part thereof or any interest therein or the proceeds thereof (other than tax liens, mechanics' liens and other liens that arise by operation of law, in each case on a Financed Vehicle and arising solely as a result of an action or omission of the related Obligor), (C) permit the lien of this Indenture not to constitute a valid first priority perfected security interest in any portion of the Pledged Subordinate Securities (other than with respect to any such tax, mechanics' or other similar lien); or

(vi) subject in each case to the terms and provisions of the Intercreditor Agreement, (A) permit the lien created by this Indenture on the Bear Cross Collateral in favor of the UBS Indenture Trustee for the benefit of the Class B noteholders and the Class B note purchasers under the UBS Basic Documents to be amended, hypothecated, subordinated (other than with respect to any such tax, mechanics' or other similar lien or the lien Granted pursuant to Granting Clause I of this Indenture), terminated or discharged, or permit any Person to be released from any covenants or obligations under this Indenture or any other Basic Document except as may be expressly permitted hereby or thereby, (B) permit any Lien (other than the lien of this Indenture and the other Basic Documents) to be created on or extend to or otherwise arise upon or burden any Bear Cross Collateral, or any part thereof or any interest therein or the proceeds thereof (other than tax liens, mechanics' liens and other liens that arise by operation of law, in each case on a Financed Vehicle and arising solely as a result of an action or omission of the related Obligor), (C) permit the lien of this Indenture not to constitute a valid second priority perfected security interest in any portion of the Bear Cross Collateral (subject only to any such tax, mechanics' or other similar lien and the lien Granted pursuant to Granting Clause I of this Indenture); or

(vii) amend or modify the provisions of any of the Basic Documents except in accordance with the terms thereof.

SECTION 3.9 ANNUAL STATEMENT AS TO COMPLIANCE. The Issuer will deliver to the Trustee, the Noteholders and the Note Purchasers on or before March 31 of each year, beginning March 31, 2007, an Officer's Certificate, dated as of December 31 of the preceding year, stating, as to the Authorized Officer signing such Officer's Certificate, that:

(i) a review of the activities of the Issuer during the preceding year and of performance under this Indenture has been made under such Authorized Officer's supervision; and

(ii) to the best of such Authorized Officer's knowledge, based on such review, the Issuer has complied with all conditions and covenants under this Indenture throughout such year and no event has occurred and is continuing which is, or after notice or lapse of time or both would become, an Event of Default, or a Class B Event of Default, or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to such Authorized Officer and the nature and status thereof.

SECTION 3.10 ISSUER MAY CONSOLIDATE, ETC. ONLY WITH CONSENT. The Issuer shall not consolidate or merge with or into any other Person, or convey or transfer all or substantially all of its properties to any Person without the prior written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class.

SECTION 3.11 SUCCESSOR OR TRANSFEREE.

(a) Upon any consolidation or merger of the Issuer with the prior written consent of the Note Purchasers and the Majority Noteholders of each class of Notes in accordance with Section 3.10, the Person formed by or surviving such consolidation or merger (if other than the Issuer) shall succeed to, and be substituted for, and may exercise every right and power of, and be obligated to meet the requirements of the Issuer under this Indenture and the other Basic Documents with the same effect as if such Person had been named as the Issuer herein.

(b) Upon a conveyance or transfer of all the assets and properties of the Issuer with the prior written consent of the Note Purchasers and the Majority Noteholders of each class of Notes in accordance with Section 3.10, the Issuer will be released from every covenant and agreement of this Indenture to be observed or performed on the part of the Issuer with respect to the Notes immediately upon the delivery of written notice to the Trustee, the Note Purchasers and the Noteholders stating that the Issuer is to be so released.

SECTION 3.12 NO OTHER BUSINESS. The Issuer will not at any time engage in any other business activities than the purchase of the Receivables and the Other Conveyed Property, pledging the Receivables and the other Collateral to the Trustee for the benefit of the Note Purchasers and the Noteholders pursuant to Granting Clause I of the Indenture, pledging the Pledged Subordinate Securities to the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders pursuant to Granting Clause II of the Indenture, pledging the Bear Cross Collateral, subject to the Intercreditor Agreements, to the UBS Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents pursuant to Granting Clause III of the Indenture, transferring the Receivables and the Other Conveyed Property in connection with Securitization Transactions and in connection with whole-loan sales, acquiring the Pledged Subordinate Securities in connection with Securitization Transactions, issuing the Notes and other activities relating to the foregoing to the extent permitted by the organizational documents of the Issuer as in effect on the date hereof, or as amended with the prior written consent of the Controlling Note Purchaser. Without limitation of the foregoing, the Issuer will not at any time be an issuer of securities other than the Notes or a borrower under any loan or financing agreement, facility or other arrangement other than the facilities established pursuant to this Agreement and the other Basic Documents.

SECTION 3.13 NO BORROWING. The Issuer shall not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any

Indebtedness except for (i) the Notes, and (ii) any other Indebtedness permitted by or arising under the Basic Documents. The proceeds of the Notes shall be used solely to fund the Issuer's purchase of the Related Receivables and the other assets specified in the Sale and Servicing Agreement and to pay the Issuer's organizational, transactional and start-up expenses.

SECTION 3.14 SERVICER'S OBLIGATIONS. The Issuer shall cause the Servicer to comply with Sections 4.9, 4.10, 4.11 and 5.9 of the Sale and Servicing Agreement.

SECTION 3.15 GUARANTEES, LOANS, ADVANCES AND OTHER LIABILITIES. Except as contemplated by the Basic Documents, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

SECTION 3.16 CAPITAL EXPENDITURES. The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

SECTION 3.17 COMPLIANCE WITH LAWS. The Issuer shall comply with the requirements of all applicable laws, including, without limitation, Consumer Laws.

SECTION 3.18 RESTRICTED PAYMENTS. The Issuer shall not, directly or indirectly, (i) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of a beneficial interest in the Issuer or otherwise with respect to any ownership or equity interest or security in or of the Issuer, (ii) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security or (iii) set aside or otherwise segregate any amounts for any such purpose; provided, however, that the Issuer may make, or cause to be made, distributions to the Trustee and to any owner of a beneficial interest in the Issuer as permitted by, and to the extent funds are available for such purpose from distributions under the Sale and Servicing Agreement. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account and the other Pledged Accounts except in accordance with this Indenture and the other Basic Documents.

SECTION 3.19 NOTICE OF EVENTS OF DEFAULT AND FUNDING TERMINATION EVENTS. Upon a responsible officer of the Issuer having notice or actual knowledge thereof, the Issuer agrees to give each of the Trustee, each Note Purchaser and the Noteholders prompt written notice of each Event of Default hereunder and each Funding Termination Event, Servicer Termination Event, Class B Event of Default, Class B Default or other Default on the part of the Issuer, the Servicer, the Purchaser or the Seller of its obligations under any Basic Document.

SECTION 3.20 FURTHER INSTRUMENTS AND ACTS. Upon request of the Trustee, any Note Purchaser or the Majority Noteholders of a Class of Notes, the Issuer will execute and deliver such further instruments and do such further acts as

may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture and the other Basic Documents.

SECTION 3.21 AMENDMENTS OF SALE AND SERVICING AGREEMENT. The Issuer shall not agree to any amendment to Section 11.1 of the Sale and Servicing Agreement to eliminate any requirements thereunder that the Trustee, the Controlling Note Purchaser, the Note Purchaser of an affected class of Notes, or the Majority Noteholders of an affected class of Notes consent to amendments thereto as provided therein.

SECTION 3.22 INCOME TAX CHARACTERIZATION. It is the intent of the Issuer and the Noteholders that, for Federal, state and local income and franchise tax purposes, the Notes will evidence indebtedness of the Issuer secured by the Collateral (and the Pledged Subordinate Securities, in the case of the Class B Notes). Each Noteholder, by its acceptance of a Note, agrees to treat such Note for Federal, state and local income and franchise tax purposes as indebtedness of the Issuer.

SECTION 3.23 SEPARATE EXISTENCE OF THE ISSUER. During the term of the Indenture, the Issuer shall observe and comply with the applicable legal requirements for the recognition of the Issuer as a legal entity separate and apart from its Affiliates, including without limitation, those requirements set forth in Section 9(b) of the LLC Agreement.

SECTION 3.24 AMENDMENT OF ISSUER'S ORGANIZATIONAL DOCUMENTS. During the term of the Indenture, the Issuer shall not amend the LLC Agreement except in accordance with the provisions thereof and with the prior written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class.

SECTION 3.25 OTHER AGREEMENTS. The Issuer shall not enter into any agreement that does not contain non-petition or limited recourse language acceptable to the Controlling Note Purchaser with respect to the Issuer.

SECTION 3.26 RULE 144A INFORMATION. At any time when the Issuer is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, upon the request of a Noteholder, the Issuer shall promptly furnish to such Noteholder or to a prospective purchaser of a Note designated by such Noteholder, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act ("Rule 144A Information") in order to permit compliance by such Noteholder with Rule 144A in connection with the resale of a Note by such Noteholder; provided, however, that the Issuer shall not be required to furnish Rule 144A Information in connection with any request made on or after the date which is three years from the later of (i) the most recent renewal of the term of the applicable Commitment pursuant to Section 2.05 of the applicable Note Purchase Agreement, (ii) the date such Note (or any predecessor Note) was acquired from the Issuer or (iii) the date such Note (or any predecessor Note) was last acquired from an "affiliate" of the Issuer within the meaning of Rule 144 under the Securities Act; and provided further that the Issuer shall not be required to furnish such information at any time to a prospective purchaser located outside of the United States who is not a "United States Person" within the meaning of Regulation S under the Securities Act if such Note may then be sold to such prospective purchaser in accordance with Rule 904 under the Securities Act (or any successor provision thereto).

SECTION 3.27 CHANGE OF CONTROL. CPS will and shall at all times be the legal and beneficial owner of all of the issued and outstanding membership interests of the Issuer.

ARTICLE IV

SATISFACTION AND DISCHARGE

SECTION 4.1 SATISFACTION AND DISCHARGE OF INDENTURE.

(a) This Indenture shall cease to be of further effect with respect to the Class A Notes except as to (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Class A Notes, (iii) rights of the Class A Noteholders to receive payments of principal thereof and interest thereon and rights of the Class A Note Purchaser to receive payments in respect of amounts owed by the Issuer to the Class A Note Purchaser under the Basic Documents, (iv) SECTIONS 3.3, 3.4, 3.5, 3.6, 3.8, 3.10, 3.11, 3.18, 3.19, 3.20, 3.21, 3.23, 3.24 and 11.17, (v) the rights, obligations and immunities of the Trustee hereunder (including the rights of the Trustee under SECTION 6.7 and the obligations of the Trustee under SECTION 4.2) and (vi) the rights of the Class A Noteholders and the Class A Note Purchaser as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them, and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Class A Notes, when:

(i) the Class A Notes theretofore authenticated and delivered (other than (i) Class A Notes that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.6 and (ii) Class A Notes for which payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 3.3) have been delivered to the Trustee for cancellation;

(ii) the Issuer has paid or caused to be paid all Secured Obligations in respect of the Class A Notes and all other amounts due and owing to the Class A Note Purchaser and the Class A Noteholders pursuant to the Basic Documents; and

(iii) the Issuer has delivered to the Trustee, the Class A Noteholders and the Class A Note Purchaser an Officer's Certificate meeting the applicable requirements of Section 11.1(a) and stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

(b) This Indenture shall cease to be of further effect with respect to the Class B Notes except as to (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Class B Notes, (iii) rights of the Class B Noteholders to receive payments of principal thereof and interest thereon and rights of each Class B Note Purchaser to receive payments in respect of amounts owed by the Issuer to each Class B Note Purchaser under the Basic Documents, (iv) SECTIONS 3.3, 3.4, 3.5, 3.6, 3.8, 3.10, 3.11, 3.18, 3.19, 3.20, 3.21, 3.23, 3.24 and 11.17, (v) the rights, obligations and immunities of the Trustee hereunder (including the rights of the Trustee under SECTION 6.7 and the obligations of the Trustee under SECTION 4.2) and (vi) the rights of the Class B Noteholders and each Class B Note Purchaser as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them, and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Class B Notes, when:

(i) the Class B Notes theretofore authenticated and delivered (other than (i) Class B Notes that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.6 and (ii) Class B Notes for which payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 3.3) have been delivered to the Trustee for cancellation;

(ii) the Issuer has paid or caused to be paid all Secured Obligations in respect of each class of Notes (and all UBS Secured Obligations in the case of the Class B Notes) and all other amounts due and owing to the Note Purchasers and the Noteholders under the Basic Documents; and

(iii) the Issuer has delivered to the Trustee, the Class B Noteholders and each Class B Note Purchaser an Officer's Certificate meeting the applicable requirements of Section 11.1(a) and stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

SECTION 4.2 APPLICATION OF TRUST MONEY. All moneys deposited with the Trustee pursuant to SECTION 4.1 or SECTION 4.3 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes, this Indenture and the other Basic Documents, to the payment, either directly or through the Note Paying Agent, as the Trustee may determine, to the applicable Noteholders and the applicable Note Purchasers for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest (in the case of the Noteholders) and all sums due and payable by the Issuer under the Basic Documents (in the case of any Note Purchaser); but such moneys need not be segregated from other funds except to the extent required herein, in the Sale and Servicing Agreement or in the other Basic Documents or required by law. Any funds remaining with the Trustee or on deposit in the Pledged Accounts following the repayment in full of the Notes, the other Secured Obligations, the termination of the Commitments, the payment in full of the Notes and all other amounts owed to the Noteholders, the Note Purchasers, Trustee and Backup Servicer under the Basic Documents, and the satisfaction and discharge of this Indenture, shall be remitted to the Deposit Account.

SECTION 4.3 REPAYMENT OF MONEYS HELD BY NOTE PAYING AGENT. In connection with the satisfaction and discharge of this Indenture with respect to a class of Notes, all moneys then held by the Note Paying Agent other than the Trustee under the provisions of this Indenture with respect to such class of Notes shall, upon demand of the Issuer, be remitted to the Trustee to be held and applied according to SECTION 4.2 and thereupon the Note Paying Agent shall be released from all further liability with respect to such moneys.

ARTICLE V

REMEDIES

SECTION 5.1 EVENTS OF DEFAULT.

(a) "EVENT OF DEFAULT", wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) default in the payment of any interest or principal on the Highest Priority Class of Notes or any other amount due with respect to the Highest Priority Class of Notes or any amount due to the Controlling Note Purchaser under any Basic Document when the same becomes due and payable, which default continues for a period of one (1) Business Day;

(ii) failure by the Issuer, the Purchaser, the Servicer or the Seller to perform or observe any term, covenant, or agreement under this Indenture or any other Basic Document (other than any term, covenant or agreement referred to in another subparagraph hereof),

which failure materially and adversely affects the rights of the Controlling Note Purchaser and/or the Noteholders of the Highest Priority Class (as determined by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, as applicable, in their sole discretion) and is not cured within 30 calendar days after written notice is received by the Issuer, the Purchaser, the Servicer or the Seller, as applicable, from the Trustee, any Note Purchaser or any Noteholder or after discovery of such failure by a Responsible Officer of the Issuer, the Purchaser, the Servicer or the Seller, as applicable;

(iii) any representation, warranty or statement of the Issuer, the Purchaser, the Servicer or the Seller made in this Indenture or any other Basic Document or any certificate, report or other writing delivered pursuant hereto or thereto shall prove to be incorrect as of the time when the same shall have been made, and such incorrectness has a material and adverse affect on the Controlling Note Purchaser or the Noteholders of the Highest Priority Class (as determined by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, as applicable, in their sole discretion) and is not cured within 30 calendar days after written notice is received by the Issuer, the Purchaser, the Servicer or the Seller, as applicable, from the Trustee, any Note Purchaser or any Noteholder or after discovery of such failure by a Responsible Officer of the Issuer, the Purchaser, the Servicer or the Seller, as applicable;

(iv) failure of the Seller, the Servicer, the Issuer or the Purchaser to pay money due under any other agreement, note or other instrument relating to Indebtedness, which failure constitutes a default that remains uncured for more than the applicable grace period and such default results in acceleration of such Indebtedness; or a breach by the Seller, the Servicer, the Issuer or the Purchaser of any covenant or representation and warranty or any other event shall occur under any other agreement, note or other instrument evidencing Indebtedness, which event constitutes a default and such default results in the acceleration of such Indebtedness; PROVIDED THAT, in every case, such Indebtedness must be in an aggregate amount of at least $1,000,000 in order for an event described in this clause (iv) to constitute an Event of Default;

(v) an application is made by the Issuer, the Purchaser, the Seller or the Servicer for the appointment of a receiver, trustee or custodian for all or any portion of the Collateral, the Pledged Subordinate Securities, the Bear Cross Collateral, or any other material assets of the Issuer, the Purchaser, the Seller or the Servicer; a petition under any section or chapter of the Bankruptcy Code or any similar Federal or state law or regulation shall be filed by the Issuer, the Purchaser, the Seller or the Servicer, or the Issuer, the Purchaser, the Seller or the Servicer shall make an assignment for the benefit of its creditors, or any case or proceeding shall be filed by the Issuer, the Purchaser, the Seller or the Servicer for its dissolution, liquidation, or termination; or the Issuer, the Purchaser, the Seller or the Servicer ceases to conduct its business;

(vi) the Collateral, the Pledged Subordinate Securities, the Bear Cross Collateral or any other assets of the Issuer, the Purchaser, the Seller or the Servicer are attached, seized, levied upon or subjected to a writ or distress warrant, or come within the possesion of any receiver, trustee, custodian, or assignee for the benefit of the Issuer, the Purchaser, the Seller or the Servicer and the same is not dissolved or dismissed within sixty (60) days thereafter except where any such actions or events would not either individually or in the aggregate materially and adversely affect the financial condition, operations, business or prospects of the Issuer, the Purchaser, the Seller or the Servicer, as the case may be; an application is made by any Person other than the Issuer, the Purchaser, the Seller or the Servicer for the appointment of a receiver, trustee or custodian for the Collateral, the Pledged Subordinate Securities, the Bear Cross Collateral or a material portion of the assets of the Issuer, the Purchaser, the Seller or the Servicer and the same is not dismissed within sixty (60) days after the application thereof, or the Issuer, the Purchaser, the Seller or the Servicer shall have concealed, removed or permitted to be concealed or removed, in the case of the Issuer or the Purchaser, any part, and in the case of the Seller or the Servicer, any material portion, of its property with intent to hinder, delay or defraud its creditors or made or suffered a transfer of any of its property which is fraudulent under any bankruptcy, fraudulent conveyance or other similar law;

(vii) the Trustee shall for any reason cease to have a first priority perfected security interest in the Collateral for the benefit of the Noteholders and the Note Purchasers;

(viii) the Issuer, the Purchaser, the Seller or the Servicer is enjoined, restrained or prevented by court order from conducting all or any material part of its business affairs, or a petition under any section or chapter of the Bankruptcy Code or any similar federal or State law or regulation is filed against the Issuer, the Purchaser, the Seller or the Servicer, or any case or proceeding is filed against the Issuer, the Purchaser, the Seller or the Servicer, for its dissolution or liquidation, and such injunction, restraint, petition, case or proceeding is not dismissed within sixty (60) days after the entry of filing thereof;

(ix) a Borrowing Base Deficiency with respect to the Highest Priority Class shall exist and not be cured within one (1) Business Day;

(x) a Servicer Termination Event shall have occurred and is continuing;

(xi) the Controlling Note Purchaser or the Majority Noteholders of the Highest Priority Class, in its or their reasonable, good faith judgment, has or have determined that there has been a Material Adverse Change with respect to the Issuer, the Purchaser, the Servicer, the Seller or the Receivables;

(xii) the occurrence of a Change of Control with respect to the Seller, the Servicer, the Issuer or the Purchaser;

(xiii) a final non-appealable judgment by any competent court in the United States is entered against the Seller, the Servicer, the Issuer or the Purchaser for the payment of money in an amount in excess of $1,000,000 and remains unpaid and not stayed for more than 45 days;

(xiv) any Basic Document shall be terminated or cease to be in full force or effect; PROVIDED, HOWEVER, in the case of a termination of the Lockbox Agreement, an Event of Default shall occur only upon the failure of the Seller, the Servicer, the Issuer or the Purchaser to obtain a successor lockbox arrangement reasonably acceptable to the Controlling Note Purchaser within thirty (30) days of such termination; or

(xv) Charles Bradley, Sr. becomes an employee, officer, director or controlling Person of CPS.

(b) The Issuer shall deliver to the Trustee, each Note Purchaser and each Noteholder, within two days after the occurrence thereof, written notice in the form of an Officer's Certificate of any Event of Default which has occurred or any event which either with the giving of notice or the lapse of time, or both, would become an Event of Default, its status and what action the Issuer is taking or proposes to take with respect thereto.

(c) After the earlier of the receipt of notice by the Trustee and the date of actual knowledge by a Responsible Officer of the Trustee of the occurrence of any Default or Event of Default hereunder, the Trustee shall give prompt written notice to each Note Purchaser and each Noteholder of each such Default or Event of Default hereunder so known to the Trustee.

SECTION 5.2 RIGHTS UPON EVENT OF DEFAULT. If an Event of Default shall have occurred and be continuing, the Trustee may, and at the direction of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall, and with respect to an Event of Default pursuant to Section 5.1(a)(v), (vi) or (viii) hereof, the Trustee shall declare the Notes to be immediately due and payable at par, together with accrued interest thereon (calculated for these purposes using the applicable Default Applicable Margin). In addition, if an Event of Default shall have occurred and be continuing, the Trustee may, and at the direction of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall, exercise any of the remedies specified in SECTION 5.4.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article V provided, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class may, by written notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if the Issuer has paid or deposited with the Trustee a sum sufficient to pay:

(i) all payments of principal of and interest (calculated for these purposes using the applicable Default Applicable Margin) on the Notes, all amounts due the Note Purchasers under the Basic Documents, and all other amounts that would then be due hereunder, upon the Notes or under the Basic Documents if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel; and

(iii) all Events of Default, other than the nonpayment of the principal of the Notes that has become due solely by such acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

SECTION 5.3 COLLECTION OF INDEBTEDNESS AND SUITS FOR ENFORCEMENT BY TRUSTEE.

(a) The Issuer covenants that if (i) default is made in the payment of any interest on, or principal of, the Notes, or any amount due from the Issuer to any Note Purchaser under the Basic Documents, when the same becomes due and payable, the Issuer will, upon demand of the Trustee, pay to the Trustee, for the benefit of the Noteholders and the Note Purchasers, as applicable, the whole amount then due and payable on the Notes for principal and interest, with interest upon the overdue principal, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the applicable Note Interest Rate, all other amounts due and owing by the Issuer under the Basic Documents and, in each case, in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel.

(b) If an Event of Default occurs and is continuing, the Trustee may in its discretion subject to the prior written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class and shall, at the direction of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, proceed to protect and enforce its rights and the rights of the Note Purchasers and the Noteholders by such appropriate Proceedings as the Trustee, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture, any other Basic Document or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Trustee by this Indenture, any other Basic Document or by law.

(c) [RESERVED].

(d) [RESERVED].

(e) In case there shall be pending, relative to the Issuer or any other obligor upon the Notes or any Person having or claiming an ownership interest in the Trust Estate or any portion thereof, proceedings under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor or Person, or in case of any other comparable judicial proceedings relative to the Issuer or other obligor upon the Notes, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Notes and the whole amount then due to the Note Purchasers under the Basic Documents and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence, bad faith or willful misconduct) and of the Note Purchasers and the Noteholders allowed in such proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Noteholders and the Note Purchasers in any election of a trustee, a standby trustee or person performing similar functions in any such proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Noteholders, the Note Purchasers and of the Trustee on their behalf; and

(iv) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee, the Note Purchasers or the Noteholders allowed in any judicial proceedings relative to the Issuer, its creditors and its property;

and any trustee, receiver, liquidator, custodian or other similar official in any such proceeding is hereby authorized by the Noteholders and each Note Purchaser to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the Noteholders or the Note Purchasers, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith.

(f) Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Noteholder or any Note Purchaser any plan of reorganization, arrangement, adjustment or composition affecting any class of the Notes or the rights of any Noteholder or any Note Purchaser or to authorize the Trustee to vote in respect of the claim of any Noteholder or any Note Purchaser in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

(g) All rights of action and of asserting claims under this Indenture, any other Basic Document or under the Notes, may be enforced by the Trustee without the possession of the Notes or the production thereof in any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the benefit of the Noteholders and the Note Purchasers.

(h) In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture or any other Basic Document), the Trustee shall be held to represent the Note Purchasers and the Noteholders, and it shall not be necessary to make the Note Purchasers or the Noteholders a party to any such proceedings. Notwithstanding the foregoing, nothing contained in this Indenture shall be deemed to prohibit a Note Purchaser or a Noteholder from representing itself in any such action or proceeding.

SECTION 5.4 REMEDIES.

(a) If an Event of Default shall have occurred and be continuing, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class may do one or more of the following (subject to SECTION 5.5):

(i) institute or direct the Trustee to institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable by the Issuer under any Basic Document, on the Notes or under this Indenture with respect thereto, and all amounts due and owing to any Noteholder or any Note Purchaser pursuant to the Basic Documents, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer and any other obligor upon the Notes or such other obligations moneys adjudged due;

(ii) institute or direct the Trustee to institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Collateral;

(iii) exercise or direct the Trustee to exercise any remedies of a secured party under the UCC with respect to the Collateral and take any other appropriate action to protect and enforce the rights and remedies of the Trustee, the Note Purchasers and the Noteholders under the Basic Documents; and

(iv) sell or direct the Trustee to sell the Collateral or any portion thereof or rights or interest therein, at one or more public or private sales (including, without limitation, the sale of the Collateral in connection with a securitization thereof) called and conducted in any manner permitted by law,

in each case without giving consideration to whether the proceeds of any such sale shall be sufficient to pay amounts due and owing to the Class B Note Purchasers and the Class B Noteholders pursuant to the Basic Documents.

(b) If a Class B Event of Default shall have occurred and be continuing, the Class B Note Purchasers and the Class B Majority Noteholders may do one or more of the following, subject in each case to the terms and provisions of the Intercreditor Agreement:

(i) institute or direct the Trustee to institute Proceedings from time to time for the complete or partial foreclosure of this Indenture solely with respect to the Pledged Subordinate Securities;

(ii) exercise or direct the Trustee to exercise any remedies of a secured party under the UCC solely with respect to the Pledged Subordinate Securities and take any other appropriate action to protect and enforce the rights and remedies of the Trustee, the Class B Note Purchasers and the Class B Noteholders under the Basic Documents solely with respect to the Pledged Subordinate Securities; and

(iii) sell or direct the Trustee to sell the Pledged Subordinate Securities or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law.

(c) If a Class B Event of Default shall have occurred and be continuing, the Class B note purchasers and the Class B majority noteholders under the UBS Basic Documents may do one or more of the following, subject in each case to the terms and provisions of the Intercreditor Agreement:

(i) institute or direct the UBS Indenture Trustee to institute Proceedings from time to time for the complete or partial foreclosure of this Indenture solely with respect to the Bear Cross Collateral;

(ii) exercise or direct the UBS Indenture Trustee to exercise any remedies of a secured party under the UCC solely with respect to the Bear Cross Collateral and take any other appropriate action to protect and enforce the rights and remedies of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents solely with respect to the Bear Cross Collateral; and

(iii) sell or direct the UBS Indenture Trustee to sell the Bear Cross Collateral or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law.

SECTION 5.5 OPTIONAL PRESERVATION OF THE RECEIVABLES. If the Notes have been declared to be due and payable under SECTION 5.2 following an Event of Default and such declaration and its consequences have not been rescinded and

annulled, the Trustee may, but need not, elect to maintain possession of the Collateral with the prior written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class. It is the desire of the parties hereto and the Noteholders that there be at all times sufficient funds for the payment of principal of and interest on the Notes, and, subject to the Intercreditor Agreement, the Trustee shall take such desire into account when determining whether or not to maintain possession of the Collateral. In determining whether to maintain possession of the Collateral, the Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

SECTION 5.6 PRIORITIES.

(a) If the Trustee collects any money or property in respect of the Collateral pursuant to this Article V, it shall pay out the money or property in the following order of priority:

(i) FIRST: to the Trustee for amounts due under Section 6.7;

(ii) SECOND: to the Class A Noteholders for amounts due and unpaid on the Class A Notes in respect of interest (including any premium), ratably, without preference or priority of any kind, according to the amounts due and payable on the Class A Notes in respect of interest (including any premium);

(iii) THIRD: to the Class A Noteholders for amounts due and unpaid on the Class A Notes in respect of principal, ratably, without preference or priority of any kind, according to the amounts due and payable on the Class A Notes in respect of principal, until the outstanding principal amount of the Class A Notes is reduced to zero;

(iv) FOURTH: to the Class A Note Purchaser for any amounts due and owing thereto under the Basic Documents;

(v) FIFTH: to the Class A Noteholders, ratably, without preference or priority of any kind, for any amounts due and owing thereto under the Basic Documents;

(vi) SIXTH: to the Class B Noteholders for amounts due and unpaid on the Class B Notes in respect of interest (including any premium), ratably, without preference or priority of any kind, according to the amounts due and payable on the Class B Notes in respect of interest (including any premium);

(vii) SEVENTH: to the Class B Noteholders for amounts due and unpaid on the Class B Notes in respect of principal, ratably, without preference or priority of any kind, according to the amounts due and payable on the Class B Notes in respect of principal, until the outstanding principal amount of the Class B Notes is reduced to zero;

(viii) EIGHTH: to each Class B Note Purchaser, ratably, without preference or priority of any kind, for any amounts due and owing thereto under the Basic Documents;

(ix) NINTH: to the Class B Noteholders, ratably, without preference or priority of any kind, for any amounts due and owing thereto under the Basic Documents;

(x) TENTH: to the UBS Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents, ratably, without preference or priority of any kind, for any amounts due and owing thereto in respect of the UBS Secured Obligations; and

(xi) ELEVENTH: any excess amounts remaining after making the payments described in clauses FIRST through TENTH above, to be applied as Available Funds pursuant to Section 5.7(a) of the Sale and Servicing Agreement to the extent that any amounts payable thereunder have not been previously paid pursuant to clauses FIRST through TENTH above.

(b) If the Trustee collects any money or property in respect of the Pledged Subordinate Securities pursuant to this Article V, it shall pay out the money or property in the following order of priority:

(i) FIRST: to the Class B Noteholders for amounts due and unpaid on the Class B Notes in respect of interest (including any premium), ratably, without preference or priority of any kind, according to the amounts due and payable on the Class B Notes in respect of interest (including any premium);

(ii) SECOND: to the Class B Noteholders for amounts due and unpaid on the Class B Notes in respect of principal, ratably, without preference or priority of any kind, according to the amounts due and payable on the Class B Notes in respect of principal, until the outstanding principal amount of the Class B Notes is reduced to zero;

(iii) THIRD: to each Class B Note Purchaser, ratably, without preference or priority of any kind, for any amounts due and owing thereto under the Basic Documents;

(iv) FOURTH: to the Class B Noteholders, ratably, without preference or priority of any kind, for any amounts due and owing thereto under the Basic Documents;

(v) FIFTH: to the UBS Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents, ratably, without preference or priority of any kind, for any amounts due and owing thereto in respect of the UBS Secured Obligations; and

(vi) SIXTH: any excess amounts remaining after making the payments described in clauses FIRST through FIFTH above, to be applied as Class B Available Funds pursuant to Section 5.7(b) of the Sale and Servicing Agreement to the extent that any amounts payable thereunder have not been previously paid pursuant to clauses FIRST through FIFTH above.

(c) The Trustee may fix a record date and Settlement Date for any payment to the Note Purchasers and the Noteholders pursuant to this Section. At least 15 days before such record date the Trustee shall mail to the Issuer, each Note Purchaser and each Noteholder a notice that states such record date, the Settlement Date and the amount to be paid.

SECTION 5.7 LIMITATION OF SUITS.

(a) The Controlling Note Purchaser shall have the right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, in each case with respect to the Collateral or the Bear Cross Collateral, provided, that:

(i) the Majority Noteholders of the Highest Priority Class have previously given written notice to the Trustee of a continuing Event of Default;

(ii) the Majority Noteholders of the Highest Priority Class have made a written request to the Trustee to institute such proceeding in respect of such Event of Default in its own name as Trustee hereunder;

(iii) the Majority Noteholders of the Highest Priority Class have offered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request; and

(iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such proceedings;

it being understood and intended that no Holder of a Note shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder of the Notes or to obtain or to seek to obtain priority or preference over any other Holder or to enforce any right under this Indenture, except in the manner provided herein or in the other Basic Documents, in each case subject to the Intercreditor Agreement, and it being understood that if a Note is held by the Controlling Note Purchaser or an Affiliate thereof, the Holder may directly institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy.

(b) The Class B Note Purchasers shall have the right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, in each case solely with respect to the Pledged Subordinate Securities and the Class B Available Funds, provided, that:

(i) the Class B Majority Noteholders have previously given written notice to the Trustee of a continuing Class B Event of Default;

(ii) the Class B Majority Noteholders have made a written request to the Trustee to institute such proceeding in respect of such Class B Event of Default in its own name as Trustee hereunder;

(iii) the Class B Majority Noteholders have offered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request; and

(iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such proceedings;

it being understood and intended that no Holder of a Class B Note shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder or to obtain or to seek to obtain priority or preference over any other Holder or to enforce any right under this Indenture, in each case solely with respect to the Pledged Subordinate Securities, except in the manner provided herein or in the other Basic Documents and it being understood that if a Class B Note is held by the Controlling Note Purchaser or an Affiliate thereof, the Holder may directly institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy.

(c) Only the UBS Indenture Trustee shall have the right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, in each case solely with respect to the Bear Cross Collateral and subject to the prior Lien thereon Granted pursuant to Granting Clause I of this Indenture and to the terms and provisions of the Intercreditor Agreement, provided, that:

(i) the Class B majority noteholders under the UBS Basic Documents shall have previously given written notice to the UBS Indenture Trustee of a continuing Class B Event of Default pursuant to the UBS Basic Documents;

(ii) the Class B majority noteholders under the UBS Basic Documents shall have made a written request to the UBS Indenture Trustee to institute such proceeding in respect of such Class B Event of Default in its own name as UBS Indenture Trustee thereunder;

(iii) the Class B majority noteholders under the UBS Basic Documents shall have offered to the UBS Indenture Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request; and

(iv) the UBS Indenture Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have has failed to institute such proceedings;

it being understood and intended that no Class B noteholder under the UBS Basic Documents shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture, any other Basic Document or any UBS Basic Document to affect, disturb or prejudice the rights of any other Class B noteholder under the UBS Basic Documents or to obtain or to seek to obtain priority or preference over any other Class B noteholder under the UBS Basic Documents or to enforce any right under this Indenture, except in the manner provided herein, in the other Basic Documents or in the UBS Basic Documents.

SECTION 5.8 UNCONDITIONAL RIGHTS OF THE NOTEHOLDERS TO RECEIVE PRINCIPAL AND INTEREST. Notwithstanding any other provisions of this Indenture, (i) each Noteholder shall have the right, which is absolute and unconditional, to receive payment of the applicable Percentage Interest of principal of and interest, if any, on such Note on or after the respective due dates thereof expressed in such Note or in this Indenture in accordance with the priorities specified in Section 5.8 of the Sale and Servicing Agreement and Section 5.6(a) of this Indenture, and (ii) each Note Purchaser shall have the right, which is absolute and unconditional, to receive payment of all amounts owed to it by the Issuer under the Basic Documents when the same shall become due (in accordance with the priorities specified in Section 5.8 of the Sale and Servicing Agreement and Section 5.6(a) of this Indenture), and, in each case, to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, as applicable.

SECTION 5.9 RESTORATION OF RIGHTS AND REMEDIES. If any Note Purchaser or any Noteholder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee, such Note Purchaser or to such Noteholder, then and in every such case the Issuer, the Trustee, such Note Purchaser and such Noteholder shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee, such Note Purchaser and such Noteholder shall continue as though no such proceeding had been instituted.

SECTION 5.10 RIGHTS AND REMEDIES CUMULATIVE. No right or remedy herein conferred upon or reserved to any Note Purchaser or any Noteholder is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.11 DELAY OR OMISSION NOT A WAIVER. No delay or omission of any Note Purchaser or any Noteholder to exercise any right or remedy accruing upon any Default, Event of Default, Class B Default or Class B Event of Default shall impair any such right or remedy or constitute a waiver of any such Default, Event of Default, Class B Default or Class B Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Trustee, any Note Purchaser or any Noteholder may be exercised from time to time, and as often as may be deemed expedient, by the Trustee, such Note Purchaser or such Noteholder, as the case may be.

SECTION 5.12 [RESERVED].

SECTION 5.13 WAIVER OF PAST DEFAULTS. Prior to the declaration of the acceleration of the maturity of the Notes as provided in SECTION 5.2, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class may waive any past Default or Event of Default and its consequences except a Default or Event of Default (i) in payment of principal of or interest on the Highest Priority Class of Notes or (ii) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of each affected Note Purchaser and each affected Noteholder. In the case of any such waiver, the Issuer, the Trustee, the Note Purchasers and the Noteholders shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Upon any such waiver, such Default or Event of Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

SECTION 5.14 UNDERTAKING FOR COSTS. Each of the Issuer and the Trustee agrees, and each Note Purchaser and each Noteholder, by its acceptance of a Note, shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to (a) any suit instituted by the Trustee, (b) any suit instituted by any Note Purchaser or Noteholders holding in the aggregate more than 10% of Percentage Interests of any class of Notes or (c) any suit instituted by the Noteholders for the enforcement of the payment of principal of or interest on the Notes on or after the respective due dates expressed in the Notes and in this Indenture.

SECTION 5.15 WAIVER OF STAY OR EXTENSION LAWS. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power and any right of the Issuer to take such action shall be suspended.

SECTION 5.16 SALE OF TRUST ESTATE.

(a) To the extent permitted by applicable law, the Trustee shall not in any private sale sell to a third party the Collateral, or any portion thereof pursuant to Section 5.4(a)(iv) unless,

(i) the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class consent to or direct the Trustee in writing to make such sale; or

(ii) the proceeds of such sale would be not less than the sum of (x) all amounts due on the entire unpaid principal amount of each class of Notes and interest due or to become due thereon in accordance with Section 5.6(a) hereof on the Settlement Date next succeeding the date of such sale and (y) all amounts due the Note Purchasers and the Noteholders under the Basic Documents.

(b) To the extent permitted by applicable law, the Trustee shall not in any private sale sell to a third party the Pledged Subordinate Securities, or any portion thereof pursuant to Section 5.4(b)(iii) unless,

(i) the Class B Note Purchasers and the Class B Majority Noteholders consent to or direct the Trustee in writing to make such sale; or

(ii) the proceeds of such sale would be not less than the sum of (x) all amounts due on the entire unpaid principal amount of the Class B Notes and interest due or to become due thereon in accordance with Section 5.6(b) hereof on the Settlement Date next succeeding the date of such sale and (y) all amounts due the Class B Note Purchasers and the Class B Noteholders under the Basic Documents.

(c) To the extent permitted by applicable law and subject to the prior Lien Granted pursuant to Granting Clause I of this Indenture and to the terms and provisions of the Intercreditor Agreement, the UBS Indenture Trustee shall not in any private sale sell to a third party the Bear Cross Collateral, or any portion thereof pursuant to Section 5.4(c)(iii) unless,

(i) the Class B note purchasers and the Class B majority noteholders under the UBS Basic Documents consent to or direct the UBS Indenture Trustee in writing to make such sale; or

(ii) the proceeds of such sale would be not less than the sum of (x) all amounts due on the entire unpaid principal amount of the Class B notes under the UBS Basic Documents and interest due or to become due thereon in accordance with Section 5.6(b) hereof on the Settlement Date next succeeding the date of such sale and (y) all amounts due the Class B note purchasers and the Class B noteholders under the UBS Basic Documents.

(d) For any public sale of the Trust Estate pursuant to Section 5.4(a)(iv) or 5.4(b)(iii), the Trustee shall have provided the applicable Note Purchasers, the applicable Noteholders and the UBS Indenture Trustee, if applicable, with notice of such sale at least two weeks in advance of such sale which notice shall specify the date, time and location of such sale. For any public sale of the Trust Estate pursuant to Section 5.4(c)(iii), the UBS Indenture Trustee shall have provided the Class B note purchasers and the Class B noteholders under the UBS Basic Documents with notice of such sale at least two weeks in advance of such sale which notice shall specify the date, time and location of such sale.

(e) In connection with a sale of all or any portion of the Collateral pursuant to Section 5.4(a)(iv):

(i) any Note Purchaser or any Noteholder may bid for and purchase the property offered for sale, and may hold, retain, possess and dispose of such property, without further accountability, and (x) any Noteholder of the Highest Priority Class may, in paying the purchase money therefor, deliver in lieu of cash any Outstanding Note of the Highest Priority Class or claims for interest thereon for credit in the amount that shall, upon distribution of the net proceeds of such sale, be payable thereon, and the Note of the Highest Priority Class so delivered shall be cancelled and extinguished except that, in case the amounts so payable thereon shall be less than the amount due thereon, such Note shall be returned to the related Noteholder after being appropriately stamped to show such partial payment and (y) the Controlling Note Purchaser may, in paying the purchase money therefor, set-off against any amount owed to it by the Issuer under the Basic Documents;

(ii) the Trustee shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Collateral in connection with a sale thereof; and

(iii) the Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey its interest in any portion of the Collateral in connection with a sale thereof, and to take all action necessary to effect such sale.

(f) In connection with a sale of all or any portion of the Pledged Subordinate Securities pursuant to Section 5.4(b)(iii):

(i) any Class B Note Purchaser or any Class B Noteholder may bid for and purchase the property offered for sale, and may hold, retain, possess and dispose of such property, without further accountability, and (x) any Class B Noteholder may, in paying the purchase money therefor, deliver in lieu of cash any Outstanding Class B Note or claims for interest thereon for credit in the amount that shall, upon distribution of the net proceeds of such sale, be payable thereon, and the Class B Note so delivered shall be cancelled and extinguished except that, in case the amounts so payable thereon shall be less than the amount due thereon, such Class B Note shall be returned to the related Class B Noteholder after being appropriately stamped to show such partial payment and (y) any Class B Note Purchaser may, in paying the purchase money therefor, set-off against any amount owed to it under the Basic Documents;

(ii) the Trustee shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Pledged Subordinate Securities in connection with a sale thereof; and

(iii) the Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey its interest in any portion of the Pledged Subordinate Securities in connection with a sale thereof, and to take all action necessary to effect such sale.

(g) In connection with a sale of all or any portion of the Bear Cross Collateral pursuant to Section 5.4(c)(iii), subject to the prior Lien Granted pursuant to Granting Clause I of this Indenture and to the terms and provisions of the Intercreditor Agreement:

(i) any Class B note purchaser or any Class B noteholder under the UBS Basic Documents may bid for and purchase the property offered for sale, and may hold, retain, possess and dispose of such property, without further accountability, and (x) any Class B noteholder under the UBS Basic Documents may, in paying the purchase money therefor, deliver in lieu of cash any outstanding Class B note issued under the UBS Basic Documents or claims for interest thereon for credit in the amount that shall, upon distribution of the net proceeds of such sale, be payable thereon, and the Class B note so delivered shall be cancelled and extinguished except that, in case the amounts so payable thereon shall be less than the amount due thereon, such Class B note shall be returned to the related Class B noteholder after being appropriately stamped to show such partial payment and (y) any Class B note purchaser under the UBS Basic Documents may, in paying the purchase money therefor, set-off against any amount owed to it under the UBS Basic Documents;

(ii) the UBS Indenture Trustee shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Bear Cross Collateral in connection with a sale thereof; and

(iii) the UBS Indenture Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey its interest in any portion of the Bear Cross Collateral in connection with a sale thereof, and to take all action necessary to effect such sale.

(h) The method, manner, time, place and terms of any sale of all or any portion of the Trust Estate pursuant to Section 5.4(a)(iv), Section 5.4(b)(iii) or Section 5.4(c)(iii) or otherwise shall be commercially reasonable.

ARTICLE VI

THE TRUSTEE

SECTION 6.1 DUTIES OF TRUSTEE. If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and the other Basic Documents and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(a) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and each of the other Basic Documents to which it is a party (and, solely with respect to any of its rights, obligations or remedies with respect to any UBS Cross Collateral for the benefit of the Class B Noteholders and the Class B Note Purchasers, such duties as are specified with respect thereto in the UBS Basic Documents (including, without limitation, the UBS Intercreditor Agreement)) and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; however, the Trustee shall examine the certificates and opinions to determine whether or not they conform on their face to the requirements of this Indenture.

(b) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section; and

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer.

(d) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law or the terms of this Indenture or the Sale and Servicing Agreement.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

(g) The Trustee shall permit any representative of any Note Purchaser or any Noteholder, during the Trustee's normal business hours, to examine all books of account, records, reports and other papers of the Trustee relating to the Notes and the transactions contemplated by the Basic Documents, to make copies and extracts therefrom and to discuss the Trustee's affairs and actions, as such affairs and actions relate to the Trustee's duties with respect to the Notes and the Note Purchasers, with the Trustee's officers and employees responsible for carrying out the Trustee's duties with respect to the Notes and the Note Purchasers.

(h) The Trustee shall, and hereby agrees that it will, perform all of the obligations and duties required of it under the other Basic Documents and, solely with respect to any of its rights, obligations or remedies with respect to any UBS Cross Collateral for the benefit of the Class B Noteholders and the Class B Note Purchasers, such duties as are specified with respect thereto in the UBS Basic Documents (including, without limitation, the UBS Intercreditor Agreement).

(i) Except for actions expressly authorized by this Indenture, the Trustee shall take no action reasonably likely to impair the security interests created or existing under any Receivable or Financed Vehicle or to impair the value of any Receivable or Financed Vehicle.

(j) All information obtained by the Trustee regarding the Obligors and the Receivables, whether upon the exercise of its rights under this Indenture or otherwise, shall be maintained by the Trustee in confidence and shall not be disclosed to any other Person, other than the Trustee's attorneys, accountants and agents unless such disclosure is required by this Indenture or any applicable law or regulation.

SECTION 6.2 RIGHTS OF TRUSTEE. Subject to Sections 6.1 and this Section 6.2, the Trustee shall be protected and shall incur no liability to the Issuer, any Note Purchaser or any Noteholder in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness of any notice, demand, certificate, signature, instrument or other document reasonably believed by the Trustee to be genuine and to have been duly executed by the appropriate signatory, and, except to the extent the Trustee has actual knowledge to the contrary or as required pursuant to Section 6.1 the Trustee shall not be required to make any independent investigation with respect thereto.

(a) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate. Subject to Section 6.1(c), the Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officer's Certificate.

(b) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of the Servicer, the Backup Servicer or any other such agent, attorney, custodian or nominee appointed with due care by it hereunder.

(c) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Trustee's conduct does not constitute willful misconduct, negligence or bad faith.

(d) The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture, the other Basic Documents and the Notes shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(e) The Trustee shall be under no obligation to institute, conduct or defend any litigation under this Indenture or in relation to this Indenture, at the request, order or direction of any Note Purchaser or any Noteholder, pursuant to the provisions of this Indenture, unless such Note Purchaser and/or such Noteholder, as applicable, shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby; provided, however, that the Trustee shall, upon the occurrence of an Event of Default (that has not been cured), exercise the rights and powers vested in it by this Indenture in accordance with Section 6.1.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document, unless requested in writing to do so by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture or the Sale and Servicing Agreement, the Trustee may require reasonable indemnity against such cost, expense or liability as a condition to so proceeding; the reasonable expense of every such examination shall be paid by the Person making such request, or, if paid by the Trustee, shall be reimbursed by the Person making such request upon demand.

SECTION 6.3 INDIVIDUAL RIGHTS OF TRUSTEE. The Trustee in its individual or any other capacity may become the owner or pledgee of a Note and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not the Trustee. Any Note Paying Agent, Note Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Section 6.11.

SECTION 6.4 TRUSTEE'S DISCLAIMER. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Trust Estate, the Collateral, the Pledged Subordinate Securities, the Bear Cross Collateral or the Notes, it shall not be accountable for the Issuer's use of the proceeds from the Notes, and it shall not be responsible for any statement of the Issuer in the Indenture or in any document issued in connection with the sale of the Notes or in the Notes other than the Trustee's certificate of authentication.

SECTION 6.5 NOTICE OF DEFAULTS. If an Event of Default occurs and is continuing and if it is either known by, or written notice of the existence thereof has been delivered to, a Responsible Officer of the Trustee, the Trustee shall mail to each Note Purchaser and each Noteholder a notice of the Default within three (3) Business Days after such knowledge or notice occurs.

SECTION 6.6 REPORTS BY TRUSTEE TO THE NOTEHOLDERS. The Trustee shall on behalf of the Issuer deliver to the Noteholders and each Note Purchaser such information as may be reasonably required to enable the Noteholders and the Note Purchasers to prepare their respective Federal and State income tax returns.

SECTION 6.7 COMPENSATION AND INDEMNITY.

(a) Pursuant to Section 5.7(a) of the Sale and Servicing Agreement, the Issuer shall pay to the Trustee from time to time compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee, pursuant and subject to Section 5.7(a) of the Sale and Servicing Agreement, for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. The Issuer shall or shall cause the Servicer to indemnify the Trustee against any and all loss, liability or expense incurred by the Trustee without willful misfeasance, negligence or bad faith on its part arising out of or in connection with the acceptance or the administration of this trust and the performance of its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection therewith. The Trustee shall notify the Issuer and the Servicer promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Issuer and the Servicer shall not relieve the Issuer of its obligations hereunder or the Servicer of its obligations under Article XII of the Sale and Servicing Agreement. The Trustee may have separate counsel and the Issuer shall or shall cause the Servicer to pay the reasonable fees and expenses of such counsel. Neither the Issuer nor the Servicer need reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own willful misconduct, negligence or bad faith.

(b) The Issuer's payment obligations to the Trustee pursuant to this Section shall survive the discharge of this Indenture. When the Trustee incurs expenses after the occurrence of a Default specified in Section 5.1(a)(v) with respect to the Issuer, the expenses are intended to constitute expenses of administration under Title 11 of the United States Code or any other applicable Federal or State bankruptcy, insolvency or similar law. Notwithstanding anything else set forth in this Indenture or the other Basic Documents, the recourse of the Trustee hereunder and under the other Basic Documents specifically shall not be recourse to the assets of any Noteholder or any Note Purchaser.

SECTION 6.8 REPLACEMENT OF TRUSTEE. The Issuer may, with the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, and at the request of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall, remove the Trustee if:

(i) the Trustee fails to comply with Section 6.11 or the Trustee fails to perform any other material covenant or agreement of the Trustee set forth in the Basic Documents to which the Trustee is a party and such failure continues for 45 days after written notice of such failure from a Note Purchaser or a Noteholder;

(ii) an Insolvency Event with respect to the Trustee occurs; or

(iii) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuer shall promptly appoint a successor Trustee acceptable to the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class. If the Issuer fails to appoint such a successor Trustee, the Controlling Note Purchaser and/or the Majority Noteholders of the Highest Priority Class may appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee, each Note Purchaser, each Noteholder and the Issuer, whereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the retiring Trustee under this Indenture. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Any resignation or removal of the Trustee and appointment of a successor Trustee pursuant to any of the provisions of this Section shall not become effective until acceptance of appointment by the successor Trustee pursuant to SECTION 6.8.

Notwithstanding the replacement of the Trustee pursuant to this Section, the Issuer's and the Servicer's obligations under Section 6.7 shall continue for the benefit of the retiring Trustee.

SECTION 6.9 SUCCESSOR TRUSTEE BY MERGER. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee. The Trustee shall provide prior written notice of any such transaction to each Noteholder and each Note Purchaser.

(a) In case at the time such successor or successors to the Trustee by merger, conversion or consolidation shall succeed to the trusts created by this Indenture the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver the Notes so authenticated; and in case at that time the Notes shall not have been authenticated, any successor to the Trustee may authenticate the Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 6.10 APPOINTMENT OF CO-TRUSTEE OR SEPARATE TRUSTEE. Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee with the consent of

the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Trust Estate, and to vest in such Person or Persons, in such capacity and for the benefit of the Noteholders and the Note Purchasers, such title to the Trust Estate, or any part thereof, and, subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to the Note Purchasers or the Noteholders of the appointment of any co-trustee or separate trustee shall be required under Section 6.8 hereof.

(a) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, including acts or omissions of predecessor or successor trustees; and

(iii) the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(b) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee.

(c) Any separate trustee or co-trustee may at any time constitute the Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, dissolve, become insolvent, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall invest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

SECTION 6.11 ELIGIBILITY: DISQUALIFICATION. The Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition and subject to supervision or examination by federal or state authorities; and having a rating, both with respect to long-term and short-term unsecured obligations, of not less than investment grade by Standard & Poor's or Moody's. The Trustee shall provide copies of such reports to each Note Purchaser and each Noteholder upon request.

SECTION 6.12 [RESERVED].

SECTION 6.13 APPOINTMENT AND POWERS. Subject to the terms and conditions hereof, the Noteholders and the Note Purchasers hereby appoint Wells Fargo Bank, National Association as the Trustee with respect to the Collateral, and Wells Fargo Bank, National Association hereby accepts such appointment and agrees to act as Trustee with respect to the Collateral for the benefit of the Noteholders and the Note Purchasers, to maintain custody and possession of such Collateral (except as otherwise provided hereunder) and to perform the other duties of the Trustee in accordance with the provisions of this Indenture and the other Basic Documents. In addition, subject to the terms and conditions hereof, the Class B Noteholders and the Class B Note Purchasers hereby appoint Wells Fargo Bank, National Association as the Trustee with respect to the Pledged Subordinate Securities, and Wells Fargo Bank, National Association hereby accepts such appointment and agrees to act as Trustee with respect to the Pledged Subordinate Securities for the benefit of the Class B Noteholders and the Class B Note Purchasers, to maintain custody and possession of such Pledged Subordinate Securities (except as otherwise provided hereunder) and to perform the other duties of the Trustee in accordance with the provisions of this Indenture and the other Basic Documents. In addition, subject to the terms and conditions hereof, the Class B Noteholders and the Class B Note Purchasers hereby appoint Wells Fargo Bank, National Association as the Trustee with respect to the UBS Cross Collateral, and Wells Fargo Bank, National Association hereby accepts such appointment and agrees to act as Trustee with respect to the UBS Cross Collateral for the benefit of the Class B Noteholders and the Class B Note Purchasers, to exercise all rights and remedies relating to such UBS Cross Collateral on behalf of the Class B Noteholders and the Class B Note Purchasers (as provided herein and in the UBS Basic Documents), in each case subject to the terms and provisions of the UBS Intercreditor Agreement, and to perform the other duties of the Trustee in accordance with the provisions of this Indenture and the other Basic Documents. Each Note Purchaser and each Noteholder, by its acceptance of a Note, hereby authorizes the Trustee to take such action on its behalf, and to exercise such rights, remedies, powers and privileges hereunder, as such Note Purchaser or such Noteholder may direct and as are specifically authorized to be exercised by the Trustee by the terms hereof, together with such actions, rights, remedies, powers and privileges as are reasonably incidental thereto. The Trustee shall act upon and in compliance with the written instructions of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class delivered pursuant to this Indenture promptly following receipt of such written instructions; provided that the Trustee shall not act in accordance with any instructions (i) which are not authorized by, or in violation of the provisions of, this Indenture or any Intercreditor Agreement, (ii) which are in violation of any applicable law, rule or regulation or (iii) for which the Trustee has not received reasonable indemnity. Receipt of such instructions shall not be a condition to the exercise by the Trustee of its express duties hereunder, except where this Indenture provides that the Trustee is permitted to act only following and in accordance with such instructions.

SECTION 6.14 PERFORMANCE OF DUTIES. The Trustee shall have no duties or responsibilities except those expressly set forth in this Indenture and the other Basic Documents to which the Trustee is a party or as directed by the Noteholders or the Controlling Note Purchaser in accordance with this Indenture and the other Basic Documents. The Trustee shall not be required to take any discretionary actions hereunder except (i) at the written direction of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, or (ii) in the case of discretionary actions solely with respect to the Pledged Subordinate Securities or the UBS Cross Collateral, subject to the prior Lien Granted pursuant to Granting Clause I of the UBS Indenture and the UBS Intercreditor Agreement, at the written direction of the Class B Note Purchasers and the Class B Majority Noteholders. The Trustee shall, and hereby agrees that it will, perform all of the duties and obligations required of it under the Basic Documents.

SECTION 6.15 LIMITATION ON LIABILITY. Neither the Trustee nor any of its directors, officers or employees shall be liable for any action taken or omitted to be taken by it or them in good faith hereunder, or in connection herewith, except that the Trustee shall be liable for its negligence, bad faith or willful misconduct. Notwithstanding any term or provision of this Indenture, the Trustee shall incur no liability to the Issuer, any Note Purchaser or any Noteholder for any action taken or omitted by the Trustee in connection with the Collateral, the Pledged Subordinate Securities or the Bear Cross Collateral,

except for the negligence, bad faith or willful misconduct on the part of the Trustee, and, further, shall incur no liability to any Note Purchaser or any Noteholder except for negligence, bad faith or willful misconduct in carrying out its duties to such Note Purchaser or such Noteholder. The Trustee shall at all times be free independently to establish to its reasonable satisfaction, but shall have no duty to independently verify, the existence or nonexistence of facts that are a condition to the exercise or enforcement of any right or remedy hereunder or under any of the Basic Documents. The Trustee may consult with counsel, and shall not be liable for any action taken or omitted to be taken by it hereunder in good faith and in accordance with the written advice of such counsel. The Trustee shall not be under any obligation to exercise any of the remedial rights or powers vested in it by this Indenture or to follow any direction from any Note Purchaser or any Noteholder unless it shall have received reasonable security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it.

SECTION 6.16 [RESERVED].

SECTION 6.17 SUCCESSOR TRUSTEE.

(a) MERGER. Any Person into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any Person resulting from any such conversion, merger, consolidation, sale or transfer to which the Trustee is a party, shall (provided it is otherwise qualified to serve as the Trustee hereunder) be and become a successor Trustee hereunder and be vested with all of the title to and interest in the Collateral, the Pledged Subordinate Securities and the Bear Cross Collateral and all of the trusts, powers, descriptions, immunities, privileges and other matters and have all of the obligations as its predecessor without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, except to the extent, if any, that any such action is necessary to perfect, or continue the perfection of, the security interest of the Trustee for the benefit of the (i) the Note Purchasers and the Noteholders in the Collateral, (ii) the Class B Note Purchasers and the Class B Noteholders in the Pledged Subordinate Securities, and (iii) subject to the prior Lien Granted pursuant to Granting Clause I of this Indenture and to the terms and provisions of the Intercreditor Agreement, the UBS Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents in the Bear Cross Collateral; provided that any such successor shall also be the successor Trustee under SECTION 6.9.

(b) REMOVAL. The Trustee may be removed by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class at any time, with or without cause, by an instrument or concurrent instruments in writing delivered to the Trustee and the Issuer. A temporary successor may be removed at any time to allow a successor Trustee to be appointed pursuant to subsection (c) below. Any removal pursuant to the provisions of this subsection (b) shall take effect only upon the date which is the latest of (i) the effective date of the appointment of a successor Trustee and the acceptance in writing by such successor Trustee of such appointment and of its obligation to perform its duties hereunder in accordance with the provisions hereof, and (ii) receipt by the Note Purchasers and the Noteholders of an Opinion of Counsel to the effect described in Section 3.4.

(c) ACCEPTANCE BY SUCCESSOR. The Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class shall have the sole right to appoint each successor Trustee. Every temporary or permanent successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Trustee, the Note Purchasers, the Noteholders and the Issuer an instrument in writing accepting such appointment hereunder and the relevant predecessor shall execute, acknowledge and deliver such other documents and instruments as will effectuate the delivery of all Collateral, Pledged Subordinate Securities and Bear Cross Collateral to the successor Trustee, whereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, duties and obligations of its predecessor. Such predecessor shall, nevertheless, on the written request of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class or the Issuer, execute and deliver an instrument transferring to such successor all the estates, properties, rights and powers of such predecessor hereunder. In the event that any instrument in writing from the Issuer or the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class is reasonably required by a successor Trustee to more fully and certainly vest in such successor the estates, properties, rights,

powers, duties and obligations vested or intended to be vested hereunder in the Trustee, any and all such written instruments shall at the request of the temporary or permanent successor Trustee, be forthwith executed, acknowledged and delivered by the Trustee or the Issuer, as the case may be. The designation of any successor Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for herein, shall be maintained with the records relating to the Collateral, the Pledged Subordinate Securities and the Bear Cross Collateral and, to the extent required by applicable law, filed or recorded by the successor Trustee in each place where such filing or recording is necessary to effect the transfer of the Collateral, the Pledged Subordinate Securities and the Bear Cross Collateral to the successor Trustee or to protect or continue the perfection of the security interests granted hereunder.

SECTION 6.18 [RESERVED].

SECTION 6.19 REPRESENTATIONS AND WARRANTIES OF THE TRUSTEE. The Trustee represents and warrants to the Issuer, each Note Purchaser and each Noteholder as follows:

(a) The Trustee is a national banking association, duly organized, validly existing and in good standing under the laws of the United States and is duly authorized and licensed under applicable law to conduct its business as presently conducted.

(b) The Trustee has all requisite right, power and authority to execute and deliver this Indenture and to perform all of its duties as Trustee hereunder.

(c) The execution and delivery by the Trustee of this Indenture and the other Basic Documents to which it is a party, and the performance by the Trustee of its duties hereunder and thereunder, have been duly authorized by all necessary corporate proceedings and no further approvals or filings, including any governmental approvals, are required for the valid execution and delivery by the Trustee, or the performance by the Trustee, of this Indenture and such other Basic Documents.

(d) The Trustee has duly executed and delivered this Indenture and each other Basic Document to which it is a party, and each of this Indenture and each such other Basic Document constitutes the legal, valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, insolvency, reorganization and similar laws relating to or affecting the enforcement of creditors' rights generally and (ii) the availability of equitable remedies may be limited by equitable principles of general applicability.

SECTION 6.20 WAIVER OF SETOFFS. The Trustee hereby expressly waives any and all rights of setoff that the Trustee may otherwise at any time have under applicable law with respect to any Pledged Account or Deposit Account and agrees that amounts in the Pledged Accounts or Deposit Account shall at all times be held and applied solely in accordance with the provisions hereof and the other Basic Documents.

SECTION 6.21 CONTROL BY THE CONTROLLING NOTE PURCHASER AND THE MAJORITY NOTEHOLDERS OF THE HIGHEST PRIORITY CLASS. The Trustee shall comply with notices and instructions given by the Issuer only if accompanied by the written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, except that if any Event of Default shall have occurred and be continuing, the Trustee shall act upon and comply with notices and instructions given by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class alone in the place and stead of the Issuer. Notwithstanding the foregoing, the Trustee shall comply with notices and instructions given by the Issuer solely with respect to the Pledged Subordinate Securities or the UBS Cross Collateral, subject to the UBS Intercreditor Agreement, only if accompanied by the written consent of the Class B Note Purchasers and the Class B Majority Noteholders.

ARTICLE VII

[RESERVED]

ARTICLE VIII

COLLECTION OF MONEY AND RELEASES OF TRUST ESTATE

SECTION 8.1 COLLECTION OF MONEY. Except as otherwise expressly provided herein, the Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Trustee pursuant to this Indenture and the other Basic Documents. The Trustee shall apply all such money received by it as provided in this Indenture, the Sale and Servicing Agreement and the other Basic Documents. Except as otherwise expressly provided in this Indenture or in the other Basic Documents, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Trust Estate, the Trustee may take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V.

SECTION 8.2 RELEASE OF TRUST ESTATE. Subject to the payment of its fees and expenses pursuant to Section 6.7, the Trustee may, and when required by the provisions of this Indenture shall, execute instruments to release property from the lien of this Indenture, in a manner and under circumstances that are not inconsistent with the provisions of this Indenture and the other Basic Documents. No party relying upon an instrument executed by the Trustee as provided in this Article VIII shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(a) The Trustee shall, at such time as there are no Notes Outstanding, all amounts due and owing to the Note Purchasers and the Noteholders under any of the Basic Documents have been paid in full, all sums due the Trustee pursuant to Section 6.7 have been paid and the respective terms of the Commitments shall have expired, release any remaining portion of the Trust Estate that secured the Notes and the other obligations of the Issuer, the Purchaser and the Seller to the Note Purchasers and the Noteholders pursuant to the Basic Documents from the lien of this Indenture and release to the Deposit Account any funds then on deposit in the Pledged Accounts. The Trustee shall release property from the lien of this Indenture pursuant to this Section 8.2(b) only upon receipt of an Issuer Request accompanied by an Officer's Certificate, a copy of each of which shall also be delivered to each Note Purchaser and each Noteholder.

(b) OPINION OF COUNSEL. The Trustee and each Note Purchaser shall receive at least seven days' notice when requested by the Issuer to take any action pursuant to Section 8.2(a), accompanied by copies of any instruments involved, and the Trustee shall also require as a condition to such action, an Opinion of Counsel in form and substance satisfactory to the Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely affect the security for the Notes or the rights of any Note Purchaser and/or any Noteholder in contravention of the provisions of this Indenture or any of the other Basic Documents; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Trust Estate. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Trustee in connection with any such action.

ARTICLE IX

Supplemental Indentures

SECTION 9.1 SUPPLEMENTAL INDENTURES WITH CONSENT OF THE CONTROLLING NOTE PURCHASER AND THE MAJORITY NOTEHOLDERS OF THE HIGHEST PRIORITY CLASS.

(a) With the prior written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, the Issuer and the Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property at any time subject to the lien of this Indenture (other than the Pledged Subordinate Securities), or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture (other than the Pledged Subordinate Securities), or to subject to the lien of this Indenture additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes contained;

(iii) to add to the covenants of the Issuer, for the benefit of any class of Noteholders and any Note Purchaser, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture which may be inconsistent with any other provision herein or in any supplemental indenture or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided that such action shall not adversely affect the interests of any Note Purchaser or any Noteholder; or

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Notes and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI.

The Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) With the prior written consent of the Class B Note Purchasers and the Class B Majority Noteholders, the Issuer and the Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, to correct or amplify the description of the Pledged Subordinate Securities, or better to assure, convey and confirm unto the Trustee the Pledged Subordinate Securities. The Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(c) With the prior written consent of the UBS Indenture Trustee, the Class B note purchasers and the Class B majority noteholders under the UBS Basic Documents and subject to the prior Lien Granted pursuant to Granting Clause I of this Indenture and to the terms and provisions of the Intercreditor Agreement, the Issuer and the Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto, in

form satisfactory to the Trustee, to correct or amplify the description of the Bear Cross Collateral, or better to assure, convey and confirm unto the Trustee the Bear Cross Collateral. The Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(d) The Issuer and the Trustee, when authorized by an Issuer Order, may, also with the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of any Note Purchaser or any Noteholder under this Indenture; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of such Note Purchaser or such Noteholder.

SECTION 9.2 SUPPLEMENTAL INDENTURES WITH CONSENT OF NOTE PURCHASERS AND NOTEHOLDERS.

(a) The Issuer and the Trustee, when authorized by an Issuer Order, also may, with the prior written consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class, enter into an indenture or indentures supplemental hereto for any purpose; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of any Note Purchaser or any Noteholder; provided, further however, that, no such supplemental indenture shall, without the prior written consent of the affected Note Purchaser and all of the Noteholders of a class of Notes affected thereby:

(i) change the date of payment of any installment of principal of or interest on a class of Notes or any other amount owed by the Issuer under the Basic Documents, or reduce the Percentage Interest thereof, the interest rate thereon, change the provisions of this Indenture relating to the application of collections on, or the proceeds of the sale of, the Collateral to payment of principal of or interest on any class of Notes or any other amount owed by the Issuer under the Basic Documents, or change any place of payment where, or the coin or currency in which, any class of Notes or the interest thereon or any other amount owed by the Issuer under the Basic Documents is payable;

(ii) impair the right to institute suit for the enforcement of the provisions of this Indenture requiring the application of funds available therefor, as provided in ARTICLE V, to the payment of any such amount due on any class of Notes or any other amount owed by the Issuer under the Basic Documents on or after the respective due dates thereof;

(iii) reduce the Percentage Interest, the consent of the Holders of which is required for any such supplemental indenture, or eliminate the requirement that the applicable Note Purchaser consent thereto, or the consent of the Holders of which or the applicable Note Purchaser is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(iv) modify or alter the provisions of the proviso to the definition of the term "OUTSTANDING";

(v) reduce the Percentage Interest required to direct the Trustee to direct the Issuer to sell or liquidate the Collateral or eliminate the requirement that the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class so direct pursuant to Section 5.4(a);

(vi) modify any provision of this Section except to provide that certain additional provisions of this Indenture or the other Basic Documents cannot be modified or waived without the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class;

(vii) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount or timing of any payment of (x) interest or principal due on any class of Notes on any Settlement Date (including the calculation of any of the individual components of such calculation) or (y) any amount due to any Note Purchaser or any Noteholder under the Basic Documents, or affect the

rights of any Note Purchaser or any Noteholder under the Basic Documents or to affect the rights of any Noteholder to the benefit of any provisions for the mandatory redemption of any class of Notes contained herein; or

(viii) permit the creation of any Lien ranking prior to or on a parity with the Lien of this Indenture with respect to any part of the Collateral or, except as otherwise permitted or contemplated herein or in any of the Basic Documents, terminate the Lien of this Indenture on any property at any time subject hereto or deprive the Noteholders or a Note Purchaser of the security provided by the Lien of this Indenture.

(b) The Issuer and the Trustee, when authorized by an Issuer Order, also may, with the prior written consent of the Class B Note Purchasers and the Class B Majority Noteholders, enter into an indenture or indentures supplemental hereto for any purpose that affects solely the rights of any Class B Note Purchaser or any Class B Noteholder; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any respect the interests of any Class A Note Purchaser or any Class A Noteholder; provided, further however, that, no such supplemental indenture shall, without the prior written consent of all of the Class B Noteholders:

(i) change the provisions of this Indenture relating to the application of collections on, or the proceeds of the sale of, the Pledged Subordinate Securities or the UBS Cross Collateral to payment of principal of or interest on the Class B Notes;

(ii) reduce the Percentage Interest required to direct the Trustee to direct the Issuer to sell or liquidate the Pledged Subordinate Securities or eliminate the requirement that the Class B Note Purchasers and the Class B Majority Noteholders so direct pursuant to Section 5.4(b); or

(iii) permit the creation of any Lien ranking prior to or on a parity with the Lien created pursuant to Granting Clause II of this Indenture or, except as otherwise permitted or contemplated herein or in any of the Basic Documents, terminate the Lien created pursuant to Granting Clause II of this Indenture at any time subject hereto or deprive the Class B Noteholders or the Class B Note Purchasers of the security provided by the Lien created pursuant to Granting Clause II of this Indenture.

(c) The Issuer and the Trustee, when authorized by an Issuer Order, also may, with the prior written consent of the UBS Indenture Trustee and the Class B note purchasers and the Class B majority noteholders under the UBS Basic Documents, enter into an indenture or indentures supplemental hereto for any purpose that affects solely the rights of any Class B note purchaser or any Class B noteholder under the UBS Basic Documents; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any respect the interests of any Class A Note Purchaser or any Class A Noteholder; provided, further however, that, no such supplemental indenture shall, without the prior written consent of all of the Class B noteholders and Class B note purchasers under the UBS Basic Documents:

(i) change the provisions of this Indenture relating to the application of collections on, or the proceeds of the sale of, the Bear Cross Collateral to payment of principal of or interest on the Class B Notes;

(ii) reduce the Percentage Interest required to direct the UBS Indenture Trustee to direct the Issuer to sell or liquidate the Bear Cross Collateral or eliminate the requirement that the Class B note purchasers and the Class B majority noteholders under the UBS Basic Documents so direct pursuant to Section 5.4(c); or

(d) subject to the Intercreditor Agreements, permit the creation of any Lien ranking prior to or on a parity with the Lien created pursuant to Granting Clause III of this Indenture (other than the Lien granted pursuant to Granting Clause I of this Indenture) or, except as otherwise permitted or contemplated herein or in any of the Basic Documents, terminate the Lien created pursuant to Granting Clause III of this Indenture at any time subject hereto or deprive the UBS Indenture Trustee or the Class B noteholders or the Class B note purchasers

under the UBS Basic Documents, as applicable, of the security provided by the Lien created pursuant to Granting Clause III of this Indenture, subject to the prior Lien Granted pursuant to Granting Clause I of this Indenture and the terms and provisions of the Intercreditor Agreement.

(e) It shall not be necessary for any Act of the Noteholders of an affected class under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof. It shall be necessary for any Act of any affected Note Purchaser under this Section to approve the substance and particular form of any proposed supplemental indenture.

(f) Promptly after the execution by the Issuer and the Trustee of any supplemental indenture pursuant to this Section, the Trustee shall mail to each Note Purchasers and each Noteholder a copy of such supplemental indenture. Any failure of the Trustee to mail such copy shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.3 EXECUTION OF SUPPLEMENTAL INDENTURES. In executing, or permitting the additional trusts created by, any supplemental indenture permitted by this Article IX or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and subject to Sections 6.1 and 6.2, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise.

SECTION 9.4 EFFECT OF SUPPLEMENTAL INDENTURE. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Trustee, the Issuer, the Note Purchasers and the Noteholders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

ARTICLE X

REPAYMENT AND PREPAYMENT OF NOTES

SECTION 10.1 REPAYMENT OF THE NOTES; OPTIONAL PREPAYMENT OF THE NOTES. The outstanding principal amount of the Class A Notes and all accrued and unpaid interest thereon shall be payable in full on the Class A Facility Termination Date and otherwise as provided in Section 3.1, the form of Class A Note attached as EXHIBIT A-1, the Sale and Servicing Agreement and the other Basic Documents. Subject to the prior payment in full of the Class A Notes and any outstanding amounts due and owing to the Class A Note Purchaser and the Class A Noteholders under the Basic Documents, the outstanding principal amount of the Class B Notes and all accrued and unpaid interest thereon shall be payable in full on the Class B Facility Termination Date and otherwise as provided in Section 3.1, the form of Class B Note attached as EXHIBIT A-2, the Sale and Servicing Agreement and the other Basic Documents. The Issuer may, at its option, prepay the applicable Invested Amount of any class of Notes, in whole or in part, at any time on any Business Day (such day the "PREPAYMENT DATE") in accordance with this SECTION 10.1 and SECTION 10.2; PROVIDED that no such prepayment may occur in connection with the closing of a Securitization Transaction unless all proceeds from such Securitization Transaction, net of any placement and/or underwriting fees, any premiums due to the related financial guaranty insurers and any required account deposits, are deposited into the Collection Account on the related Securitization Closing Date and the Pledged Subordinate Securities, if any, are delivered to the Trustee pursuant to Section 3.3(c) of the Sale and Servicing Agreement on the related Securitization Closing Date; PROVIDED FURTHER, that no such prepayment may occur (i) unless and until all amounts due and payable in respect of clauses (i) through (v) of Section 5.7(a) of the Sale and Servicing Agreement have been paid in full irrespective of whether Available

Funds are sufficient for this purpose or (ii) if, after giving effect to such prepayment and the release of any related Collateral, a Class A Borrowing Base Deficiency shall exist. Simultaneous with any such prepayment, the Issuer shall pay all accrued and unpaid interest on the applicable Invested Amount to be prepaid and all other amounts then due and owing to the Class A Note Purchaser and the Class A Noteholders under the Basic Documents. Upon the deposit of any prepayment and all such other amounts then due and owing to the Class A Note Purchaser and the Class A Noteholders under the Basic Documents into the Collection Account, the Trustee shall release the Collateral (including any Bear Cross Collateral and, in the case of a prepayment of the Class B Notes, if no Class B Borrowing Base Deficiency would exist after giving effect to such prepayment, the related Pledged Subordinate Securities, if any) that is the subject of such prepayment from the lien of this Indenture. In connection with such prepayment, the Trustee shall be entitled to conclusively rely upon the direction of the Issuer to the Trustee (a form of which is attached hereto as EXHIBIT E) to release such Collateral and Bear Cross Collateral (or Pledged Subordinate Securities, in the case of a prepayment of the Class B Notes) as may be identified by the Issuer in writing and consented to in writing by the Controlling Note Purchaser (in the case of any Collateral and Bear Cross Collateral to be released) or the Class B Note Purchaser (in the case of any Pledged Subordinate Securities to be released) as being the subject of such prepayment upon the conditions specified in such writing, which consent shall not unreasonably be withheld. All prepayments in part shall be in principal amounts of at least $100,000. The Issuer shall cause any proceeds (including, without limitation, capitalized interest amounts) that would otherwise be due and payable to the Issuer upon a subsequent transfer of the related Receivables after a Securitization Closing Date (any such proceeds, the "Pre-Funding Proceeds") to be deposited into the Collection Account for distribution as Class B Available Funds pursuant to Section 5.8(b) of the Sale and Servicing Agreement.

SECTION 10.2 NOTICE OF PREPAYMENT. Notice of the prepayment of any class of Notes shall be given, upon the direction of the Issuer, by the Trustee by facsimile transmission, courier or first class mail, postage prepaid, mailed, faxed or couriered not less than five (5) days prior to the related Prepayment Date, to each Note Purchaser and each Noteholder. All notices of prepayment shall state (i) the Prepayment Date, (ii) the applicable Invested Amount(s) to be prepaid, (iii) the estimated accrued and unpaid interest on the applicable Invested Amount(s) to be prepaid and (iv) any other amounts due and owing to any Note Purchaser under the Basic Documents. Failure to give notice of prepayment, or any defect therein, to a Noteholder or a Note Purchaser shall not impair or affect the validity of such prepayment.

SECTION 10.3 GENERAL PROCEDURES.

(a) The applicable Invested Amount of a class of Notes and amounts due to the related Note Purchasers under the Basic Documents shall not be considered reduced by any allocation, setting aside or distribution of any portion of the Available Funds unless such Available Funds shall have been actually paid to the Noteholders of such class or to the related Note Purchasers, as applicable. The applicable Invested Amount of a class of Notes and amounts due to the related Note Purchasers by the Issuer under the Basic Documents shall not be considered repaid by any distribution of any portion of the Available Funds if at any time such distribution is rescinded or must otherwise be returned for any reason, in which event, if such amount has been returned by the Noteholders of such class or the related Note Purchasers, as applicable, such principal, interest and/or other amount shall be reinstated in an amount equal to the amount returned by the Noteholders of such class or the related Note Purchasers, as applicable. No provision of this Indenture shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law.

(b) The applicable Class B Invested Amount and amounts due to the Class B Note Purchasers by the Issuer under the Basic Documents shall not be considered reduced by any allocation, setting aside or distribution of any portion of the Class B Available Funds unless such Class B Available Funds shall have been actually paid to the Class B Noteholders or to the Class B Note Purchasers, as applicable. The applicable Class B Invested Amount and amounts due to the Class B Note Purchasers by the Issuer under the Basic Documents shall not be considered repaid by any distribution of any portion of the Class B Available Funds if at any time such distribution is rescinded or must otherwise be returned for any reason, in which event, if such amount has been returned by the Class B Noteholders or the Class B Note Purchasers, as applicable, such principal, interest and/or other amount shall be reinstated in an amount equal to the amount returned by the Class B Noteholders or the Class B Note Purchasers, as applicable. No provision of this Indenture shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law.

ARTICLE XI

MISCELLANEOUS

SECTION 11.1 COMPLIANCE CERTIFICATES AND OPINIONS, ETC. Except as set forth herein, upon any application or request by the Issuer to the Trustee to take any action under any provision of this Indenture (other than any request hereunder by the Issuer for an Advance), the Issuer shall furnish to the Trustee, with a copy of each to each Note Purchaser and each Noteholder, (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory such condition or covenant has been complied with.

(b) Other than with respect to Dollars, prior to the deposit of any Collateral, any Pledged Subordinate Securities, any Bear Cross Collateral or any other property or securities with the Trustee that is to be made the basis for the release of any property or securities subject to the lien of this Indenture, the Issuer shall, in addition to any obligation imposed in Section 11.1(a) or elsewhere in this Indenture, furnish to the Trustee, with a copy thereof to each Note Purchaser and each Noteholder, an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (on the date of such deposit) to the Issuer of the Collateral, the Pledged Subordinate Securities, the Bear Cross Collateral or the other property or securities to be so deposited.

(c) Other than with respect to the release of any Purchased Receivables or Liquidated Receivables or the release, if any, of any Receivables upon a mandatory or partial prepayment of any class of Notes and other amounts due to any Note Purchaser from the Issuer under the Basic Documents pursuant to Section 10.1, whenever any property or securities are to be released from the lien of this Indenture, the Issuer shall also furnish, prior to or contemporaneous with such release, to the Trustee, with a copy thereof to each Note Purchaser and each Noteholder, an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (such fair value to be as of a date within 90 days of such release) of the property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(d) Notwithstanding Section 2.10 or any provision of this Section, the Issuer may (A) collect, liquidate, sell or otherwise dispose of Receivables as and to the extent permitted or required by the Basic Documents and (B) make cash payments out of the Pledged Accounts as and to the extent permitted or required by the Basic Documents.

SECTION 11.2 FORM OF DOCUMENTS DELIVERED TO TRUSTEE. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

(a) Any certificate or opinion of an Authorized Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of an Authorized Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer, the Seller, the Purchaser or the Issuer, stating that the information with respect to such factual matters is in the possession of the Servicer, the Seller, the Purchaser or the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

(b) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

(c) Whenever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

SECTION 11.3 ACTS OF NOTEHOLDERS OR NOTE PURCHASERS. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by any Noteholder or any Note Purchaser may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholder or such Note Purchaser in person or by agents duly appointed in writing; and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "ACT" of such Noteholder or such Note Purchaser signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.1) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section.

(a) The fact and date of the execution by any person of any such instrument or writing may be proved in any customary manner of the Trustee.

(b) The ownership of the Notes of each class shall be proved by the Note Register.

(c) Any request, demand, authorization, direction, notice, consent, waiver or other action by a Holder of a Note shall bind each Holder of such Note issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

(d) Any waiver, consent or approval given by the Controlling Note Purchaser under this Indenture or any other Basic Document shall be binding upon each Class A Noteholder, each Class B Note Purchaser, each Class B Noteholder and their respective successors and permitted assigns. In addition, any waiver, consent or approval given by the Majority Noteholders of a class of Notes under this Indenture or any other Basic Document shall be binding upon each Holder of the related class of Notes and their respective successors and permitted assigns.

SECTION 11.4 NOTICES, ETC., TO TRUSTEE, ISSUER, THE NOTE PURCHASERS AND NOTEHOLDERS. Any request, demand, authorization, direction, notice, consent, waiver or Act of the any Noteholder or any Note Purchasers or other documents provided or permitted by this Indenture to be made upon, given or furnished to or filed with:

(i) the Trustee by any Note Purchaser, any Noteholder or by the Issuer shall be sufficient for every purpose hereunder if personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested and shall be deemed to have been duly given upon receipt of the Trustee at its Corporate Trust Office;

(ii) the Issuer by the Trustee or by any Note Purchaser or any Noteholder shall be sufficient for every purpose hereunder if personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested and shall deemed to have been duly given upon receipt by the Issuer at the Corporate Trust Office of the Owner Trustee, with a copy to Consumer Portfolio Services, Inc. 16355 Laguna Canyon Road, Irvine, California 92618 Attention: Mark Creatura, Esq. Confirmation: (888) 785-6691, Telecopy No. (949) 753-6897 or at such other address previously furnished in writing to the Trustee by the Issuer. The Issuer shall promptly transmit any notice received by it from any Noteholders or any Note Purchaser to the Trustee; or

(iii) any notice to a Note Purchaser shall be sufficient for any purpose hereunder if in writing and delivered by overnight courier or mailed certified mail, return receipt requested, or personally delivered or telexed or telecopied to the recipient as follows (or such other address previously furnished in writing to the Trustee):

If to the Class A Note Purchaser, to:

Bear, Stearns & Co. Inc.
383 Madison Ave., 10th Floor
Attention: Brant Brooks
New York, New York 10179

Telephone: 212-272-6601
Telecopy: 917-849-1126

w/ a copy to:

Bear, Stearns & Co. Inc.
383 Madison Ave.
Attention: Michael Solender
New York, New York 10179

Telephone: 212-272-7850
Telecopy: 917-849-1072
Telecopy: 212-272-2053

If to the Class B Note Purchasers, to:

The Patriot Group, LLC
One Thorndal Circle, 3rd Floor
Darien, CT 06820
Attention: Bruce Katz

Telephone: (203) 656-4395
Telecopy: (203) 656-4483

and

Waterfall Eden Fund, LP
1185 Avenue of the Americas
18th Floor
New York, NY 10036
Attention: Jack Ross

Telephone: (212) 843-8905
Telecopy: (212) 843-8909

(iv) any notice to a Noteholder shall be sufficient for any purpose hereunder if in writing and delivered by overnight courier or mailed certified mail, return receipt requested, or personally delivered or telexed or telecopied to the recipient's contact information reflected in the Note Register.

(v) Any Note Purchaser may deliver to the Noteholders any notices, reports, Servicer's Certificates or any other documentation delivered to such Note Purchaser hereunder or under any Basic Document, but is under no obligation to so deliver such documentation and shall not be liable for the content thereof.

SECTION 11.5 WAIVER. Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice with respect to itself only, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by any Note Purchaser or any Noteholder shall be filed with the Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver. In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to any Note Purchaser or any Noteholder when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

SECTION 11.6 ALTERNATE PAYMENT AND NOTICE PROVISIONS. Notwithstanding any provision of this Indenture or any class of Notes to the contrary, the Issuer may enter into any agreement with the Holder of any class of Notes or any Note Purchaser providing for a method of payment, or notice by the Trustee or the Note Paying Agent to such Holder or such Note Purchaser, that is different from the methods provided for in this Indenture for such payments or notices, provided that such methods are reasonable and consented to by the Trustee (which consent shall not be unreasonably withheld). The Issuer will furnish to the Trustee a copy of each such agreement and the Trustee will cause payments to be made and notices to be given in accordance with such agreements.

SECTION 11.7 EFFECT OF HEADINGS AND TABLE OF CONTENTS. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 11.8 SUCCESSORS AND ASSIGNS. All covenants and agreements in this Indenture and the Notes by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 11.9 BENEFITS OF INDENTURE; THIRD-PARTY BENEFICIARIES.

(a) Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, each Note Purchaser (each of which shall be a third-party beneficiary of this Indenture) and its successors and assigns, and the Noteholders, and any other party secured hereunder, and any other Person with an ownership interest in any part of the Trust Estate, any benefit or any legal or equitable right, remedy or claim under this Indenture.

(b) Each of the UBS Indenture Trustee, each Class B note purchaser and each Class B noteholder under the UBS Basic Documents shall be deemed to be a third-party beneficiary with respect to this Indenture to the same extent as if it was a party hereto, subject to the terms and provisions of the Intercreditor Agreements.

SECTION 11.10 SEVERABILITY. In case any provision in this Indenture or in the Notes 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.

SECTION 11.11 LEGAL HOLIDAYS. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Notes, this Indenture or any other Basic Document) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

SECTION 11.12 GOVERNING LAW. THIS INDENTURE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.13 COUNTERPARTS. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Any signature page to this Indenture containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the effect of delivery of an original manually signed signature page.

SECTION 11.14 RECORDING OF INDENTURE. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel (which may be counsel to the Trustee or any other counsel reasonably acceptable to the Trustee) to the effect that such recording is necessary either for the

protection of the Noteholders, the Note Purchasers or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Trustee under this Indenture.

SECTION 11.15 ISSUER OBLIGATION. The obligations of the Issuer under this Indenture and the other Basic Documents shall be full recourse obligations of the Issuer. Notwithstanding the foregoing, no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Trustee on the Notes, under this Indenture, any other Basic Document or any certificate or other writing delivered in connection herewith or therewith, against (i) the Trustee in its individual capacity (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer or the Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Trustee or of any successor or assign of the Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Trustee has no such obligations in its individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. Nothing contained in this Section shall limit or be deemed to limit any obligations of the Issuer, the Purchaser, the Seller or the Servicer hereunder or under any other Basic Document, as applicable, which obligations are full recourse obligations of the Issuer, the Purchaser, the Seller and the Servicer.

SECTION 11.16 NO PETITION. The Trustee, by entering into this Indenture, hereby covenants and agrees that it will not at any time institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Notes, this Indenture or any of the Basic Documents.

SECTION 11.17 INSPECTION. The Issuer agrees that, on reasonable prior notice, it will permit any representative of any Note Purchaser, any Noteholder or the Trustee, during the Issuer's normal business hours, to examine all the books of account, records, reports, and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited by independent certified public accountants, and to discuss the Issuer's affairs, finances and accounts with the Issuer's officers, employees, and independent certified public accountants, all at such reasonable times and as often as may be reasonably requested. Each of the Trustee, each Note Purchaser and each Noteholder shall and shall cause their respective representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Trustee may reasonably determine that such disclosure is consistent with its Obligations hereunder.

SECTION 11.18 MARKET VALUE. In connection with the Class A Note Purchaser's provision of the Market Value to the Servicer pursuant to Section 3.05(a) of the Class A Note Purchase Agreement, and the Servicer's provision of such Market Value to the Class B Note Purchasers pursuant to Section 3.05(a) of the Class B Note Purchase Agreement, the Issuer expressly acknowledges and agrees that the Class A Note Purchaser is agreeing to permit the Servicer to furnish the Market Value to the Class B Note Purchaser solely as an accommodation in connection with the transactions contemplated by this Indenture and the other Basic Documents. The Class A Note Purchaser makes no representation or warranty (whether express or implied, oral or written) as to the accuracy or completeness, or fitness for a particular use, of the Market Value, and assumes no responsibility whatsoever to the Servicer, the Seller, the Purchaser, the Issuer, the Trustee, the Class A Noteholders, the Class B Note Purchasers or the Class B Noteholders in connection with its calculation of Market Value or any use of such Market Value by the Issuer, the Trustee, any Class A Noteholder, any Class B Note Purchaser, any Class B Noteholder, any of their respective affiliates or any other Person and, consequently, none of the

Issuer, the Trustee, the Class A Noteholders, the Class B Note Purchasers or the Class B Noteholders is relying upon the Class A Note Purchaser for the Market Value in such regard. In consideration of the Class A Note Purchaser's providing the Market Value to the Servicer and permitting the provision of such Market Value to the Class B Note Purchasers from time to time, for which the Class A Note Purchaser is not receiving any compensation, each of the Issuer, the Trustee, each Class B Note Purchaser and each Class B Noteholder hereby unconditionally and irrevocably releases and discharges the Class A Note Purchaser and its respective affiliates, directors, officers, agents, employees and representatives from, and the Issuer hereby agrees to indemnify, hold harmless and reimburse the Class A Note Purchaser and any such other Person or Persons with respect to, any and all actions, liabilities, losses, damages or claims of any kind or nature whatsoever (including, without limitation, reasonable attorney's fees and expenses and expenses of litigation), as incurred, that may be imposed on or incurred by or asserted against the Class A Note Purchaser or any such other Person or Persons in any way relating to or arising out of (i) the Class A Note Purchaser's calculation of Market Value, (ii) the Class A Note Purchaser's provision of such Market Value to the Servicer, (iii) the Servicer's provision of such Market Value to the Class B Note Purchaser, (iv) the use of such Market Value by any of the Servicer, the Seller, the Purchaser, the Issuer, the Trustee, any Class B Note Purchaser, any Class B Noteholder, any of their respective affiliates or any other Person in connection with the transactions contemplated by this Indenture and the other Basic Documents or otherwise, or (v) with respect to a any Pledged Subordinate Securities issued in connection with a Securitization Transaction, the lead placement agent's calculation of the market value thereof for purposes of the definition of Class B Borrowing Base. Indemnification under this Section 11.18 shall survive the termination of this Indenture and the other Basic Documents. These indemnity obligations shall be in addition to any obligations that the Issuer may otherwise have under applicable law, hereunder or under any other Basic Document.

SECTION 11.19 INTERCREDITOR AGREEMENT TO CONTROL. The rights, obligations and remedies of the parties to this Indenture, the Noteholders and the Note Purchasers hereunder, under the Notes and under the other Basic Documents are subject in all respects to the terms and provisions of the Intercreditor Agreement; provided, however that to the extent such rights, obligations and remedies relate to the UBS Cross Collateral, such rights, obligations and remedies are subject in all respects to the terms and provisions of the UBS Intercreditor Agreement. In the event of any conflict between the terms of this Indenture, the Notes or any other Basic Document, on the one hand, and the Intercreditor Agreement or the UBS Intercreditor Agreement, as applicable, on the other hand, the Intercreditor Agreement or the UBS Intercreditor Agreement, as applicable, shall control.

SECTION 11.20 CONTROLLING NOTE PURCHASER; MAJORITY NOTEHOLDERS OF HIGHEST PRIORITY CLASS. Notwithstanding anything contained in this Indenture, the Notes or any other Basic Document to the contrary, in taking or refraining from taking any action with respect to this Indenture, the Notes or any other Basic Document, (i) the Class A Note Purchaser, when acting as Controlling Note Purchaser, will be acting solely for its own benefit, and (ii) any Class A Noteholder, when acting as one of the Majority Noteholders of the Highest Priority Class, shall be acting solely for its own benefit, and in each case not as agent, fiduciary or in any other capacity on behalf of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person. The interests of the Class A Note Purchaser and the Class A Noteholders may be adverse to the interests of the Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders (or any of them), and the Class A Note Purchaser and the Class A Noteholders are not obligated to consider the interests of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person in taking or refraining from taking any action under this Indenture, the Class A Notes or any other Basic Document (including without limitation making any determination of Market Value, making any determination of market value of Pledged Subordinate Securities, determining whether or not to extend the Servicer's term, declaring an Event of Default, declaring a Class A Funding Termination Event, declaring a Servicer Termination Event, agreeing to any amendments to or waivers under any Basic Document, accelerating the Class A Notes or exercising any other rights or remedies under

any Basic Document). Accordingly, any action taken or omitted by the Class A Note Purchaser or any Class A Noteholder under this Indenture, the Class A Notes or any other Basic Document may not be in the interests of, and may be directly adverse to the interests of, the Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders (or any of them). In addition, except as otherwise expressly provided in this Indenture, the Class A Notes or the other Basic Documents, the Class A Note Purchaser or any Class A Noteholder may waive or modify the terms of this Indenture, the Class A Notes or any other Basic Document from time to time without the consent of any Class B Note Purchaser or any Class B Noteholder, and shall, if an Event of Default, a Class A Funding Termination Event or a Servicer Termination Event shall occur, have the sole and absolute discretion to exercise rights and remedies under the Basic Documents with respect to the Collateral (but excluding any Pledged Subordinate Securities and any Class B Available Funds), including without limitation to terminate the Servicer and/or to cause an acceleration of the Class A Notes and the liquidation of the Collateral, in each case without regard to the interests of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person. The Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders hereby waive any and all conflicts of interest (if any) that may arise in respect of the exercise of any such rights or remedies by the Class A Note Purchaser or any Class A Noteholder.

SECTION 11.21 ENTIRE AGREEMENT. This Agreement, together with the other Basic Documents, including the exhibits and schedules thereto, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all previous oral statements and other writings with respect thereto.

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Indenture to be duly executed by their respective officers, hereunto duly authorized, all as of the day and year first above written.

PAGE THREE FUNDING LLC, as Issuer

By:_____
Name:_____
Title:_____

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By:_____
Name:_____
Title:_____

EXHIBIT A-1

VARIABLE FUNDING NOTE, CLASS A

REGISTERED Maximum Invested Amount: $200,000,000

No. A-1 Percentage Interest:___ %

SEE REVERSE FOR CERTAIN CONDITIONS

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (1) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE) OR AN AFFILIATE OF THE ISSUER (AS CERTIFIED BY THE ISSUER) OR (2) A "QUALIFIED PURCHASER" (AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) THAT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT IT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACTING FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ARE ALSO QUALIFIED PURCHASERS THAT ARE INSTITUTIONAL ACCREDITED INVESTORS) (3) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A TO A PERSON THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT SUCH PERSON IS A "QUALIFIED PURCHASER" (AS DEFINED UNDER SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) THAT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A), ACTING FOR ITS OWN ACCOUNT, OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ARE ALSO QUALIFIED PURCHASERS THAT ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE, OR TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR (4) TO A QUALIFIED PURCHASER (AS DEFINED UNDER SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION: PROVIDED, THAT, IN THE CASE OF CLAUSE (4), THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR RESALES OF THIS NOTE.

THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AND SUBJECT TO INCREASES AND DECREASES AS SET FORTH HEREIN AND IN THE INDENTURE. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

THE NOTE REGISTRAR SHALL NOT REGISTER ANY TRANSFER OR EXCHANGE OF THIS NOTE TO THE EXTENT THAT UPON SUCH TRANSFER OR EXCHANGE THERE WOULD BE MORE THAN FOUR (4) CLASS A NOTEHOLDERS REFLECTED ON THE NOTE REGISTER.

THIS NOTE IS SUBJECT TO THE TERMS AND PROVISIONS OF AN INTERCREDITOR AGREEMENT DATED AS OF JANUARY 12, 2007 BY AND AMONG THE CLASS A NOTE PURCHASER, THE CLASS

A NOTEHOLDER, THE CLASS B NOTE PURCHASERS, THE CLASS B NOTEHOLDERS, THE ISSUER, THE PURCHASER, THE SELLER, THE SERVICER AND THE TRUSTEE, AS THE SAME MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME.

PAGE THREE FUNDING LLC
VARIABLE FUNDING NOTE, CLASS A

PAGE THREE FUNDING LLC, a Delaware limited liability company (herein referred to as the "ISSUER"), for value received, hereby promises to pay to [_____] (the "NOTEHOLDER"), or its registered assigns, such Noteholder's pro rata portion (based on the Percentage Interest reflected on the face of this Note) of the principal sum of TWO HUNDRED MILLION DOLLARS ($200,000,000.00) or, if less, such Noteholder's pro rata portion (based on the Percentage Interest reflected on the face of this Class A Note) of the aggregate unpaid principal amount outstanding under all of the Class A Notes (whether or not shown on the schedule attached hereto (or such electronic counterpart maintained by the Trustee)), which amount shall be payable in the amounts and at the times set forth in Section 2.8(b) of the Indenture. The Issuer will pay interest on the Noteholder's pro rata portion of Class A Advances under all of the Class A Notes at the Class A Note Interest Rate. Such interest on Class A Advances shall be due and payable on each Settlement Date until the principal of this Class A Note is paid or made available for payment, to the extent funds will be available from the Collection Account processed from and including the preceding Settlement Date to but excluding each such Settlement Date in respect of (a) an amount equal to the pro rata portion of the Class A Noteholders' Monthly Interest Distributable Amount for the related Interest Period, plus (b) an amount equal to a pro rata portion of any accrued and unpaid Class A Noteholders' Interest Carryover Shortfall with respect to prior Interest Periods, with interest on the amount of such Class A Noteholders' Interest Carryover Shortfall at the Class A Note Interest Rate from the first Business Day of the related Interest Period. Prior to the Class A Facility Termination Date and unless an Event of Default shall have occurred, the Issuer shall only be required to make interest payments on the Class A Invested Amount of the Class A Notes to the holder hereof; provided that the Issuer may, at its option, prepay the Class A Invested Amount of the Class A Notes, in whole or in part, at any time pursuant to Section 10.1 of the Indenture. Following the occurrence of an Event of Default, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class may declare the Class A Invested Amount of the Class A Notes to be immediately due and payable at par, together with accrued interest thereon, in accordance with Section 5.2 of the Indenture. Principal of and interest on this Class A Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class A Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. This Class A Note does not represent an interest in, or an obligation of, the Servicer or any affiliate of the Servicer other than the Issuer.

Reference is made to the further provisions of this Class A Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class A Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Class A Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Servicer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: Wells Fargo Bank, National Association, 6th & Marquette, MAC N9311-161, Minneapolis, Minnesota 55479, Attention: Corporate Trust Services, -- Asset Backed Administration. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Note shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or be valid or obligatory for any purpose.

[Signature page follows.]

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: [_____], 2007

PAGE THREE FUNDING LLC

By:_____
Name:_____
Title:_____

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is the Note issued under the within-mentioned Indenture.

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

By:_____
Authorized Signature

REVERSE OF THE CLASS A NOTE

This Class A Note is the duly authorized Class A Note of the Issuer, designated as its Variable Funding Note, Class A (herein called the "CLASS A NOTE"), issued under (i) the Amended and Restated Indenture, dated as of January 12, 2007 (such Indenture, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, is herein called the "INDENTURE"), between the Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (the "TRUSTEE", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto, together with the other Basic Documents, reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee, the Note Purchasers and the Noteholders. This Class A Note is subject to all terms and conditions of the Indenture and the other Basic Documents. All terms used in this Note that are defined in the Indenture, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, shall have the meanings assigned to them in or pursuant to the Indenture, as so amended, supplemented or otherwise modified.

"SETTLEMENT DATE" means, with respect to each Accrual Period, the 15th day of the following calendar month, or if such day is not a Business Day, the immediately following Business Day, commencing on December 15, 2005.

As described above, the entire unpaid principal amount of this Class A Note shall be due and payable on the Class A Facility Termination Date. Notwithstanding the foregoing, if an Event of Default or shall have occurred and be continuing then, in certain circumstances, principal on this Class A Note may be paid earlier, as described in the Indenture.

Payments of interest on this Class A Note due and payable on each Settlement Date, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any prepayments, to the extent not in full payment of this Class A Note, shall be paid to the Person in whose name this Class A Note is registered on the Record Date, either (i) by wire transfer in immediately available funds to such Person's account as it appears on the Note Register on such Record Date if (A) such Class A Noteholder has provided to the Note Registrar appropriate written instructions at least five Business Days prior to such Settlement Date and such Holder's Class A Note in the aggregate evidence a Percentage Interest of not less than 1% or (B) such Class A Noteholder is the Seller, or an Affiliate thereof, or if not, (ii) by check mailed to such Class A Noteholder at the address of such Class A Noteholder appearing on the Note Register, except for the final installment of principal payable with respect to such Class A Note on a Settlement Date or on the Class A Facility Termination Date, which shall be payable as provided below. Any reduction in the principal amount of this Class A Note (or any predecessor Class A Note) effected by any payments made on any date shall be binding upon all future Holders of this Class A Note and of any Class A Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon. Final payment of principal (together with any accrued and unpaid interest) on this Class A Note will be paid to the Holder of this Class A Note only upon presentation and surrender of this Class A Note at the Corporate Trust Office for cancellation by the Trustee.

The Issuer shall pay interest on overdue installments of interest at the Class A Note Interest Rate (calculated for this purpose using the Class A Default Applicable Margin) to the extent lawful.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Class A Note may be registered on the Note Register upon surrender of this Class A Note for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer substantially in the form attached hereto duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Class A Notes of authorized Percentage Interest and in the same aggregate Percentage Interest will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Class A Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges pursuant to Section 9.6 of the Indenture not involving a transfer.

The obligations of the Issuer under the Indenture, this Class A Note and the other Basic Documents shall be full recourse obligations of the Issuer. Notwithstanding the foregoing, each Class A Noteholder, by its acceptance of a Class A Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Trustee on the Class A Notes, under the Indenture, any other Basic Document or any certificate or other writing delivered in connection herewith or therewith, against (i) the Trustee in its individual capacity (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer or the Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Trustee or of any successor or assign of the Trustee in its individual capacity, except in each case as any such Person may have expressly agreed (it being understood that the Trustee has no such obligations in its individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. Nothing contained in this Section shall limit or be deemed to limit any obligations of the Issuer, the Purchaser, the Seller or the Servicer hereunder or under any other Basic Document, as applicable, which obligations are full recourse obligations of the Issuer, the Purchaser, the Seller and the Servicer.

Each Class A Noteholder, by its acceptance of a Class A Note, covenants and agrees that by accepting the benefits of the Indenture that such Class A Noteholder will not institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Note, the Indenture or the Basic Documents.

Prior to the due presentment for registration of transfer of this Class A Note, the Trustee and any agent of the Trustee may treat the Person in whose name the Class A Note (as of the applicable Record Date) is registered as the owner hereof for all purposes, whether or not the Class A Note be overdue, and none of the Issuer, the Trustee or any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

It is the intent of the Issuer and the Class A Noteholders that, for Federal, State and local income and franchise tax purposes, this Class A Note will evidence indebtedness of the Issuer secured by the Collateral. Each Class A Noteholder, by its acceptance of a Class A Note, agrees to treat the Class A Note for Federal, State and local income and franchise tax purposes as indebtedness of the Issuer.

The Indenture permits in certain circumstances, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Note Purchasers and the Noteholders under the Indenture at any time by the Issuer with the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class. The Indenture also contains provisions permitting the Controlling Note Purchaser and/or the Majority Noteholders of the Highest Priority Class to waive compliance by the Issuer with certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class (or the Holders of any predecessor Note) shall be conclusive and binding upon the Note Purchasers, the current Noteholders and all future Noteholders and of a Class A Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon such Class A Note.

Any waiver, consent or approval given by the Controlling Note Purchaser under the Indenture or any other Basic Document shall be binding upon each Class A Noteholder, each Class B Note Purchaser, each Class B Noteholder and their respective successors and permitted assigns. In addition, any waiver, consent or approval given by the Majority Noteholders of a class of Notes under this Indenture or any other Basic Document shall be binding upon each Holder of the related class of Notes and their respective successors and permitted assigns.

In connection with the Class A Note Purchaser's provision of the Market Value to the Servicer under the Class A Note Purchase Agreement and the Servicer's provision of such Market Value to the Class B Note Purchaser pursuant to the Class B Note Purchase Agreement, each Class A Noteholder, by its acceptance of a Class A Note, expressly acknowledges and agrees that the Class A Note Purchaser is agreeing to permit the Servicer to furnish the Market Value to the Class B Note Purchaser solely as an accommodation in connection with the transactions contemplated by this Note and the other Basic Documents. The Class A Note Purchaser makes no representation or warranty (whether express or implied, oral or written) as to the accuracy or completeness, or fitness for a particular use, of the Market Value, and assumes no responsibility whatsoever to any Class A

Noteholder in connection with its calculation of Market Value or any use of such Market Value by the Servicer, the Seller, the Issuer, the Purchaser, any Class A Noteholder, any of their respective affiliates or any other Person and, consequently, none of the Servicer, the Seller, the Purchaser, the Issuer or the Class A Noteholders is relying upon the Class A Note Purchaser for the Market Value in such regard.

The rights, obligations and remedies of the Class A Noteholders pursuant to the Class A Notes and under the other Basic Documents are subject in all respects to the terms and provisions of the Intercreditor Agreement. In the event of any conflict between the terms of this Class A Note or any other Basic Document and the Intercreditor Agreement, the Intercreditor Agreement shall control.

The term "ISSUER" as used in this Class A Note includes any successor to the Issuer under the Indenture.

This Class A Note is issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Class A Note and the Indenture shall be construed in accordance with the law of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the General Obligations Law), and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such law.

No reference herein to the Indenture and no provision of this Class A Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Class A Note at the times, place, and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable U.S. withholding taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Note Interest Rate	Interest Period (if applicable)	Notation Made By

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers

unto_____
(name and address of assignee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints_____, attorney, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____ _____*
Signature Guaranteed:

_____

*/ NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

EXHIBIT A-2

VARIABLE FUNDING NOTE, CLASS B

REGISTERED Maximum Invested Amount: $25,000,000(1)

No. A-1 Percentage Interest:___ %

SEE REVERSE FOR CERTAIN CONDITIONS

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (1) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE) OR AN AFFILIATE OF THE ISSUER (AS CERTIFIED BY THE ISSUER) OR (2) A "QUALIFIED PURCHASER" (AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) THAT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT IT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACTING FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ARE ALSO QUALIFIED PURCHASERS THAT ARE INSTITUTIONAL ACCREDITED INVESTORS) (3) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A TO A PERSON THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT SUCH PERSON IS A "QUALIFIED PURCHASER" (AS DEFINED UNDER SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) THAT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A), ACTING FOR ITS OWN ACCOUNT, OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ARE ALSO QUALIFIED PURCHASERS THAT ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE, OR TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR (4) TO A QUALIFIED PURCHASER (AS DEFINED UNDER SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION: PROVIDED, THAT, IN THE CASE OF CLAUSE (4), THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR RESALES OF THIS NOTE.

THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AND SUBJECT TO INCREASES AND DECREASES AS SET FORTH HEREIN AND IN THE INDENTURE. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

_____

(1) Less the outstanding amount of any UBS Secured Obligations.

THE NOTE REGISTRAR SHALL NOT REGISTER ANY TRANSFER OR EXCHANGE OF THIS NOTE TO THE EXTENT THAT UPON SUCH TRANSFER OR EXCHANGE THERE WOULD BE MORE THAN NINETY (90) CLASS B NOTEHOLDERS REFLECTED ON THE NOTE REGISTER.

THIS NOTE IS SUBORDINATE IN RIGHT OF PAYMENT TO THE ISSUER'S CLASS A NOTES ISSUED PURSUANT TO THE INDENTURE REFERENCED HEREIN AND TO ALL OTHER AMOUNTS DUE AND OWING TO THE CLASS A NOTEHOLDERS AND THE CLASS A NOTE PURCHASER IN ACCORDANCE WITH THE TERMS OF THE BASIC DOCUMENTS AND IS SUBJECT TO THE TERMS AND PROVISIONS OF AN INTERCREDITOR AGREEMENT DATED AS OF JANUARY 12, 2007 BY AND AMONG THE CLASS A NOTE PURCHASER, THE CLASS A NOTEHOLDER, THE CLASS B NOTE PURCHASERS, THE CLASS B NOTEHOLDERS, THE ISSUER, THE PURCHASER, THE SELLER, THE SERVICER AND THE TRUSTEE, AS THE SAME MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME.

PAGE THREE FUNDING LLC
VARIABLE FUNDING NOTE, CLASS B

PAGE THREE FUNDING LLC, a Delaware limited liability company (herein referred to as the "ISSUER"), for value received, hereby promises to pay to [_____] (the "NOTEHOLDER"), or its registered assigns, such Noteholder's pro rata portion (based on the Percentage Interest reflected on the face of this Note) of the principal sum of TWENTY FIVE MILLION DOLLARS ($25,000,000.00), less the outstanding amount of any UBS Secured Obligations, or, if less, such Noteholder's pro rata portion (based on the Percentage Interest reflected on the face of this Class B Note) of the aggregate unpaid principal amount outstanding under all of the Class B Notes (whether or not shown on the schedule attached hereto (or such electronic counterpart maintained by the Trustee)), which amount shall be payable in the amounts and at the times set forth in Section 2.8(b) of the Indenture. Subject to the prior payment of all amounts then due and owing on the Class A Notes and all other amounts due and owing to the Class A Note Purchaser under the Basic Documents, the Issuer will pay interest on the Noteholder's pro rata portion of Class B Advances under all of the Class B Notes at the Class B Note Interest Rate. Such interest on Class B Advances shall be due and payable on each Settlement Date until the principal of this Class B Note is paid or made available for payment, to the extent funds will be available from the Collection Account processed from and including the preceding Settlement Date to but excluding each such Settlement Date in respect of (a) an amount equal to a pro rata portion of the Class B Noteholders' Monthly Interest Distributable Amount for the related Interest Period, plus (b) an amount equal to a pro rata portion of any accrued and unpaid Class B Noteholders' Interest Carryover Shortfall with respect to prior Interest Periods, with interest on the amount of such Class B Noteholders' Interest Carryover Shortfall at the Class B Note Interest Rate from the first Business Day of the related Interest Period. Prior to the Class B Facility Termination Date and unless an Event of Default shall have occurred, the Issuer shall only be required to make interest payments on the Class B Invested Amount of the Class B Notes to the holder hereof; provided that the Issuer may, at its option and subject to the prior payment of all amounts then due and owing on the Class A Notes and all other amounts due and owing to the Class A Note Purchaser under the Basic Documents, prepay the Class B Invested Amount of the Class B Notes, in whole or in part, at any time pursuant to Section 10.1 of the Indenture. Following the occurrence of an Event of Default, the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class may declare the Class B Invested Amount of the Class B Notes to be immediately due and payable at par, together with accrued interest thereon, in accordance with Section 5.2 of the Indenture. Principal of and interest on this Class B Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class B Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. This Class B Note does not represent an interest in, or an obligation of, the Servicer or any affiliate of the Servicer other than the Issuer.

Reference is made to the further provisions of this Class B Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class B Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Class B Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the

interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Servicer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: Wells Fargo Bank, National Association, 6th & Marquette, MAC N9311-161, Minneapolis, Minnesota 55479, Attention: Corporate Trust Services, -- Asset Backed Administration. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Note shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or be valid or obligatory for any purpose.

[Signature page follows.]

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: [_____], 2007

PAGE THREE FUNDING LLC

By:_____
Name:_____
Title:_____

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is the Note issued under the within-mentioned Indenture.

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

By:_____
Authorized Signature

REVERSE OF THE CLASS B NOTE

This Class B Note is the duly authorized Class B Note of the Issuer, designated as its Variable Funding Note, Class B (herein called the "CLASS B NOTE"), issued under (i) the Amended and Restated Indenture, dated as of January 12, 2007 (such Indenture, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, is herein called the "INDENTURE"), between the Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (the "TRUSTEE", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto, together with the other Basic Documents, reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee, the Note Purchasers and the Noteholders. This Class B Note is subject to all terms and conditions of the Indenture and the other Basic Documents. All terms used in this Note that are defined in the Indenture, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, shall have the meanings assigned to them in or pursuant to the Indenture, as so amended, supplemented or otherwise modified.

"SETTLEMENT DATE" means, with respect to each Accrual Period, the 15th day of the following calendar month, or if such day is not a Business Day, the immediately following Business Day, commencing on February 15, 2007.

As described above, the entire unpaid principal amount of this Class B Note shall be due and payable on the Class B Facility Termination Date. Notwithstanding the foregoing, if an Event of Default or shall have occurred and be continuing then, in certain circumstances, principal on this Class B Note may be paid earlier, as described in the Indenture.

Payments of interest on this Class B Note due and payable on each Settlement Date, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any prepayments, to the extent not in full payment of this Class B Note, shall be paid to the Person in whose name this Class B Note is registered on the Record Date, either (i) by wire transfer in immediately available funds to such Person's account as it appears on the Note Register on such Record Date if (A) such Class B Noteholder has provided to the Note Registrar appropriate written instructions at least five Business Days prior to such Settlement Date and such Holder's Class B Note in the aggregate evidence a Percentage Interest of not less than 1% or (B) such Class B Noteholder is the Seller, or an Affiliate thereof, or if not, (ii) by check mailed to such Class B Noteholder at the address of such Class B Noteholder appearing on the Note Register, except for the final installment of principal payable with respect to such Class B Note on a Settlement Date or on the Class B Facility Termination Date, which shall be payable as provided below. Any reduction in the principal amount of this Class B Note (or any predecessor Class B Note) effected by any payments made on any date shall be binding upon all future Holders of this Class B Note and of any Class B Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon. Final payment of principal (together with any accrued and unpaid interest) on this Class B Note will be paid to the Holder of this Class B Note only upon presentation and surrender of this Class B Note at the Corporate Trust Office for cancellation by the Trustee.

The Issuer shall pay interest on overdue installments of interest at the Class B Note Interest Rate (calculated for this purpose using the Class B Default Applicable Margin) to the extent lawful.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Class B Note may be registered on the Note Register upon surrender of this Class B Note for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer substantially in the form attached hereto duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Class B Notes of authorized Percentage Interest and in the same aggregate Percentage Interest will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Class B Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges pursuant to Section 9.6 of the Indenture not involving a transfer.

No transfer or assignment of a Secured Obligation shall be made that would cause there to be more than 90 owners and assignees of the Class B Notes at any time. For purposes of determining the number of owners and assignees of the Class B Notes, a Person (beneficial owner) owning an interest in a partnership (including any entity treated as a partnership for federal income tax purposes), grantor trust or S corporation (flow through entity), that owns, directly or through other flow-through entities, an interest in the Class B Notes, is treated as an owner or an assignee of the Class B Notes if (i) substantially all of the value of the beneficial owner's interest in the flow through entity is attributable to the flow-through entity's interest (direct or indirect) in the Class B Notes, and (ii) the principal purpose of the use of the tiered arrangement is to permit the satisfaction of the 90 owner and assignee of Class B Notes limitation.

The obligations of the Issuer under the Indenture, this Class B Note and the other Basic Documents shall be full recourse obligations of the Issuer. Notwithstanding the foregoing, each Class B Noteholder, by its acceptance of a Class B Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Trustee on the Class B Notes, under the Indenture, any other Basic Document or any certificate or other writing delivered in connection herewith or therewith, against (i) the Trustee in its individual capacity (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer or the Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Trustee or of any successor or assign of the Trustee in its individual capacity, except in each case as any such Person may have expressly agreed (it being understood that the Trustee has no such obligations in its individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. Nothing contained in this Section shall limit or be deemed to limit any obligations of the Issuer, the Purchaser, the Seller or the Servicer hereunder or under any other Basic Document, as applicable, which obligations are full recourse obligations of the Issuer, the Purchaser, the Seller and the Servicer.

Each Class B Noteholder, by its acceptance of a Class B Note, covenants and agrees that by accepting the benefits of the Indenture that such Class B Noteholder will not institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Note, the Indenture or the Basic Documents.

Prior to the due presentment for registration of transfer of this Class B Note, the Trustee and any agent of the Trustee may treat the Person in whose name the Class B Note (as of the applicable Record Date) is registered as the owner hereof for all purposes, whether or not the Class B Note be overdue, and none of the Issuer, the Trustee or any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

It is the intent of the Issuer and the Class B Noteholders that, for Federal, State and local income and franchise tax purposes, this Class B Note will evidence indebtedness of the Issuer secured by the Collateral. Each Class B Noteholder, by its acceptance of a Class B Note, agrees to treat the Class B Note for Federal, State and local income and franchise tax purposes as indebtedness of the Issuer.

The Indenture permits in certain circumstances, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Note Purchasers and the Noteholders under the Indenture at any time by the Issuer with the consent of the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class. The Indenture also contains provisions permitting the Controlling Note Purchaser and/or the Majority Noteholders of the Highest Priority Class to waive compliance by the Issuer with certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Controlling Note Purchaser and the Majority Noteholders of the Highest Priority Class (or the Holders of any predecessor Note) shall be conclusive and binding upon the Note Purchasers, the current Noteholders and all future Noteholders and of a Class B Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon such Class B Note.

Any waiver, consent or approval given by the Controlling Note Purchaser under the Indenture or any other Basic Document shall be binding upon each Class A Noteholder, each Class B Note Purchaser, each Class B Noteholder and their respective successors and permitted assigns. In addition, any waiver, consent or

approval given by the Majority Noteholders of a class of Notes under this Indenture or any other Basic Document shall be binding upon each Holder of the related class of Notes and their respective successors and permitted assigns.

In connection with the Class A Note Purchaser's provision of the Market Value to the Servicer under the Class A Note Purchase Agreement and the Servicer's provision of such Market Value to the Class B Note Purchaser pursuant to the Class B Note Purchase Agreement, each Class B Noteholder, by its acceptance of a Class B Note, expressly acknowledges and agrees that the Class A Note Purchaser is agreeing to permit the Servicer to furnish the Market Value to the Class B Note Purchaser solely as an accommodation in connection with the transactions contemplated by this Note and the other Basic Documents. The Class A Note Purchaser makes no representation or warranty (whether express or implied, oral or written) as to the accuracy or completeness, or fitness for a particular use, of the Market Value, and assumes no responsibility whatsoever to any Class B Noteholder in connection with its calculation of Market Value or any use of such Market Value by the Servicer, the Seller, the Issuer, the Purchaser, any Class B Note Purchaser, any Class B Noteholder, any of their respective affiliates or any other Person and, consequently, none of the Servicer, the Seller, the Purchaser, the Issuer, the Class B Note Purchasers or the Class B Noteholders is relying upon the Class A Note Purchaser for the Market Value in such regard. In consideration of the Class A Note Purchaser's providing the Market Value to the Servicer and permitting the provision of such Market Value to the Class B Note Purchasers, for which the Class A Note Purchaser is not receiving any compensation, each Class B Noteholder, by its acceptance of a Class B Note, unconditionally and irrevocably releases and discharges the Class A Note Purchaser and its respective affiliates, directors, officers, agents, employees and representatives from, and agrees to indemnify, hold harmless and reimburse the Class A Note Purchaser and any such other Person or Persons with respect to, any and all actions, liabilities, losses, damages or claims of any kind or nature whatsoever (including, without limitation, reasonable attorney's fees and expenses), as incurred, that may be imposed on or incurred by or asserted against the Class A Note Purchaser or any such other Person or Persons in any way relating to or arising out of (i) the Class A Note Purchaser's calculation of Market Value, (ii) the Class A Note Purchaser's provision of such Market Value to the Servicer, (iii) the Servicer's provision of such Market Value to the Class B Note Purchaser, or (iv) the use of such Market Value by any of the Servicer, the Seller, the Purchaser, the Issuer, any Class B Note Purchaser, any Class B Noteholder, any of their respective affiliates or any other Person in connection with the transactions contemplated by this Note and the other Basic documents or otherwise.

The rights, obligations and remedies of the Class B Noteholders pursuant to the Class B Notes and under the other Basic Documents are subject in all respects to the terms and provisions of the Intercreditor Agreement (and any such rights, obligations and remedies relating to the UBS Cross Collateral are subject in all respects to the UBS Intercreditor Agreement). In the event of any conflict between the terms of this Class B Note or any other Basic Document and the Intercreditor Agreement, the Intercreditor Agreement (or, in the case of any such terms relating to the UBS Cross Collateral, the UBS Intercreditor Agreement) shall control.

Notwithstanding anything contained in this Note or the other Basic Documents to the contrary, in taking or refraining from taking any action with respect to the Class A Notes or any other Basic Document, (i) the Class A Note Purchaser, when acting as Controlling Note Purchaser, will be acting solely for its own benefit, and (ii) any Class A Noteholder, when acting as one of the Majority Noteholders of the Highest Priority Class, shall be acting solely for its own benefit, and in each case not as agent, fiduciary or in any other capacity on behalf of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person. The interests of the Class A Note Purchaser and the Class A Noteholders may be adverse to the interests of the Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders (or any of them), and the Class A Note Purchaser and the Class A Noteholders are not obligated to consider the interests of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person in taking or refraining from taking any action under the Class A Notes or any other Basic Document (including without limitation making any determination of Market Value, making any determination of market value of Pledged Subordinate Securities, determining whether or not to extend the Servicer's term, declaring an Event of Default, declaring a Class A Funding Termination Event, declaring a Servicer Termination Event, agreeing to any amendments to or waivers under any Basic Document, accelerating the Class A Notes or exercising any other rights or remedies under any Basic Document or applicable law). Accordingly, any action taken or omitted by the Class A Note Purchaser or any Class A Noteholder under the Class A Notes or any other Basic Document may not be in the interests of, and may be directly adverse to the interests of, the Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders (or any of them). In addition,

except as otherwise expressly provided in the Basic Documents, the Class A Note Purchaser or any Class A Noteholder may waive or modify the terms of any Basic Document from time to time without the consent of any Class B Note Purchaser or any Class B Noteholder, and shall, if an Event of Default, a Class A Funding Termination Event or a Servicer Termination Event shall occur, have the sole and absolute discretion to exercise rights and remedies under the Basic Documents with respect to the Collateral (but excluding any Pledged Subordinate Securities and any Class B Available Funds), including without limitation to terminate the Servicer and/or to cause an acceleration of the Class A Notes and the liquidation of the Collateral, in each case without regard to the interests of the Issuer, the Purchaser, the Seller, the Servicer, any Class B Note Purchaser, any Class B Noteholder or any other Person. The Issuer, the Purchaser, the Seller, the Servicer, the Class B Note Purchasers and the Class B Noteholders hereby waive any and all conflicts of interest (if any) that may arise in respect of the exercise of any such rights or remedies by the Class A Note Purchaser or any Class A Noteholder.

The term "ISSUER" as used in this Class B Note includes any successor to the Issuer under the Indenture.

This Class B Note is issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Class B Note and the Indenture shall be construed in accordance with the law of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the General Obligations Law), and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such law.

No reference herein to the Indenture and no provision of this Class B Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Class B Note at the times, place, and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable U.S. withholding taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Note Interest Rate	Interest Period (if applicable)	Notation Made By

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers

unto_____
(name and address of assignee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints_____, attorney, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____ _____*
Signature Guaranteed:

_____

*/ NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

Exhibit 10.12

==========

AMENDED AND RESTATED NOTE PURCHASE AGREEMENT

(VARIABLE FUNDING NOTE, CLASS A),

dated as of January 12, 2007,

among

PAGE THREE FUNDING LLC
as Issuer and Purchaser,

CONSUMER PORTFOLIO SERVICES, INC.,
as Servicer and Seller,

and

BEAR, STEARNS & CO. INC.,
as Class A Note Purchaser and as initial Class A Noteholder

==========

TABLE OF CONTENTS

AMENDED AND RESTATED NOTE PURCHASE AGREEMENT

THIS AMENDED AND RESTATED NOTE PURCHASE AGREEMENT, dated as of January 12, 2007 (as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof, this "Agreement"), is made among PAGE THREE FUNDING LLC, a Delaware limited liability company (the "Issuer"), CONSUMER PORTFOLIO SERVICES, INC., a California corporation ("CPS" or the "Servicer"), and BEAR, STEARNS & CO. INC., a Delaware corporation, as Class A Note Purchaser (in such capacity, together with any successors in such capacity, the "Class A Note Purchaser").

R E C I T A L S

1. The Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (together with its successors in trust thereunder as provided in the Indenture referred to below, the "Trustee"), have entered into an Amended and Restated Indenture of even date herewith (as the same may be further amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, the "Indenture"), pursuant to which the Issuer has previously issued a class of notes designated as the Issuer's Variable Funding Notes, Class A (the "Class A Notes") and pursuant to which the Issuer will issue on the Class B Closing Date a class of notes designated as the Issuer's Variable Funding Notes, Class B (the "Class B Notes"). The Class B Notes will be subordinate in right of payment to the Class A Notes and to any and all other amounts due and owing to the Class A Note Purchaser and the Class A Noteholders pursuant to the Basic Documents. The Class A Notes and the Class B Notes are collectively referred to herein as the "Notes".

2. The security for the Notes includes retail installment sale contracts secured by the new and used automobiles, vans, minivans and light trucks financed thereby and certain other Conveyed Property. The Receivables will initially be serviced by CPS. The Notes will be secured by the Receivables, which will be pledged by the Issuer to the Trustee from time to time pursuant to the Indenture.

3. From time to time prior to the Class A Facility Termination Date, the Issuer will acquire pools of Receivables secured by the new and used automobiles, vans, minivans and light trucks financed thereby and certain other Conveyed Property from CPS pursuant to an Amended and Restated Sale and Servicing Agreement of even date herewith (as the same may be further amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, the "Sale and Servicing Agreement"), among the Issuer, as Issuer and as purchaser (in such capacity, the "Purchaser"), CPS, as seller and servicer (in such capacities, the "Seller" and the "Servicer," respectively), and the Trustee. The Issuer will in turn pledge the Receivables and the Other Conveyed Property to the Trustee for the benefit of the Noteholders and the Note Purchasers pursuant to the Indenture. The Receivables will be described in the schedules to one or more assignments by the Seller to the Issuer (each, an "Assignment") dated as of the cutoff date specified therein (such date, a "Cutoff Date" and each date of transfer, a "Funding Date", in each case with respect to the related Receivables and other Conveyed Property). Repayment of each class of Notes and any and all other amounts due and owing to the Note Purchasers and the Noteholders under the Basic Documents will be secured by a security interest in the Collateral as provided in the Indenture. In addition, repayment of the Class B Notes and any and all other amounts due and owing to the Class B Note Purchasers and the Class B Noteholders under the Basic Documents will be secured by a security interest in the Additional Class B Collateral.

4. The Issuer has issued the Class A Notes in favor of the Class A Note Purchaser and has obtained the agreement of the Class A Note Purchaser to purchase the Class A Notes and to purchase increases in the Class A Notes from time to time (each, a "Class A Advance"), all of which Class A Advances (including the initial Class A Advance) will constitute Class A Advances and will be evidenced by the Class A Notes purchased in connection herewith. Each Class A Advance and all Class A Advance Amounts with respect thereto will be secured by all of the Collateral regardless of whether a particular Receivable was pledged to the Trustee prior to, on the date of, or subsequent to the date of such Class A Advance or Class A Advance Amount, and will be senior to all Class B Advances, all Class B Advance Amounts and any and all other amounts due and owing to the Class B Note Purchaser and the Class B Noteholders pursuant to the Basic Documents, which are also secured by all of the Collateral. Subject to the terms and conditions of this Agreement and the other Basic Documents, the Class A Note Purchaser is willing to purchase the Class A Advances from time to time in an aggregate outstanding amount up to the Class A Maximum Invested Amount until the Class A Facility Termination Date. CPS has joined in this Agreement to confirm certain representations, warranties and covenants made by it as Servicer and as Seller for the benefit of the Class A Note Purchaser..

5. The Notes are subject to the terms and provisions of an Intercreditor Agreement, dated as of January 12, 2007 (as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof), by and among Bear, Stearns & Co. Inc., as Class A Note Purchaser and the initial Class A Noteholder, The Patriot Group, LLC and Waterfall Eden Fund, LP, each as a Class B Note Purchaser and as an initial Class B Note Purchaser, Page Three Funding LLC, as Issuer and Purchaser, Consumer Portfolio Services, Inc., as Seller and Servicer, and Wells Fargo Bank, National Association, as Collateral Agent, Trustee and Note Paying Agent.

ARTICLE I
DEFINITIONS

SECTION 1.01 Definitions. As used in this Agreement and unless the context requires a different meaning, capitalized terms used but not defined herein (including the preamble and the recitals hereto) shall have the meanings assigned to such terms in Annex A to the Sale and Servicing Agreement. The definitions of such terms are applicable to the singular as well as the plural form of such terms and to the masculine as well as the feminine and neuter genders of such terms:

ARTICLE II
PURCHASE AND SALE OF THE NOTE

SECTION 2.01 The Initial Note Purchase. On the terms and conditions set forth in this Agreement and the other Basic Documents, and in reliance on the covenants, representations and agreements set forth herein and therein, the Issuer shall issue and cause the Trustee to authenticate and deliver to the Class A Note Purchaser an amended and restated Class A Note on the Class B Closing Date. The amended and restated Class A Note shall be dated the Class B Closing Date, registered in the name of "Bear Stearns Securities Corp.", the nominee of the Note Purchaser, and duly authenticated in accordance with the provisions of the Indenture.

SECTION 2.02 Advances. Upon the Issuer's request, delivered in accordance with the provisions of Section 2.03, subject to the satisfaction of all conditions precedent thereto and to the terms and conditions of the Basic Documents, and in reliance upon the representations and warranties set forth herein and therein, the Class A Note Purchaser shall purchase Class A Advances from time to time during the Class A Term at the relevant Class A Advance Amount; provided that no Class A Advance shall be required or permitted to be purchased on any date if, after giving effect to such Class A Advance, (a) the Class A Invested Amount would exceed the Class A Maximum Invested Amount or (b) a Class A Borrowing Base Deficiency exists or would exist. Subject to the terms and conditions of this Agreement and the other Basic Documents, the aggregate principal amount of the Class A Notes outstanding may be increased, to a maximum amount not to exceed the Class A Maximum Advance Amount, or decreased from time to time.

SECTION 2.03 Advance and Prepayment Procedures.

(a) Whenever the Issuer wishes the Class A Note Purchaser to purchase a Class A Advance, the Issuer shall (or shall cause the Servicer to) notify the Class A Note Purchaser by telephone, promptly followed by written notice, with an electronic copy of such notice sent to the Class A Note Purchaser, substantially in the form of Exhibit B hereto (each such request, a "Class A Advance Request"), together with the related Addition Notice, a Class A Borrowing Base Certificate and a data tape or other electronic file containing information regarding the Related Receivables to be transferred on such Class A Funding Date delivered to the Class A Note Purchaser no later than 2:00 p.m. (New York City time) four (4) Business Days prior to the proposed Class A Funding Date. Each such Class A Advance Request shall be irrevocable and shall in each case refer to this Agreement and specify the aggregate amount of the requested Class A Advance to be purchased on such date, which amount shall be not less than $2,000,000. The Class A Note Purchaser shall promptly thereafter

(but in no event later than 11:00 a.m. New York City time on the proposed Class A Funding Date) notify the Issuer whether the Class A Note Purchaser has determined to purchase the requested Class A Advance. On the Class A Funding Date specified in the Class A Advance Request, subject to the other conditions set forth herein and in the other Basic Documents, the Class A Note Purchaser shall pay the Class A Advance Amount for such Class A Advance to or at the direction of the Issuer, by wire transfer in U.S. dollars of such amount in same day funds to an account designated by the Issuer or its designee on the related Class A Funding Date. The Issuer hereby directs the Class A Note Purchaser to pay the Class A Advance Amount for each Class A Advance to CPS for the benefit of the Issuer.

(b) No later than three (3) Business Days prior to a proposed Class A Funding Date, the Seller shall either (i) transmit to the Class A Note Purchaser or its designee in electronic format or (ii) make scanned copies available to the Class A Note Purchaser or its designee for review by the Class A Note Purchaser or its designee at the Seller's offices during normal business hours, of a statistically significant sample of the credit files of the Related Receivables, such sample size to be determined and sample selected in the discretion of the Class A Note Purchaser.

(c) The Class A Notes may be prepaid in whole or in part in accordance with Article X of the Indenture.

SECTION 2.04 The Class A Notes. On each date a Class A Advance is purchased, increasing the outstanding principal amount of the Class A Notes, and on each date the outstanding principal amount of the Class A Notes is reduced, a duly authorized officer, employee or agent of the Class A Note Purchaser shall make appropriate notations in its books and records of the amount of such Class A Advance made by the Class A Note Purchaser and the amount of such reduction, as applicable, applied by the Class A Note Purchaser. Every such notation shall be dispositive of the accuracy of the information so recorded and shall be conclusive and binding on the Issuer absent manifest error.

SECTION 2.05 Commitment Term; Optional Renewal.. The term of the Commitment hereunder (the "Class A Term") shall be for a period commencing on the Class B Closing Date and ending on the Class A Facility Termination Date. Thereafter, the Class A Term may be extended for one or two additional 364-day periods in the respective discretion, and upon the mutual agreement of the parties, which agreement may take the form of changing the specified "Class A Facility Termination Date" together with such other terms upon which the parties may agree. Notwithstanding the foregoing, nothing contained in this Section 2.05 shall obligate any of the parties hereto to extend any Class A Term unless it shall desire to do so in its sole discretion.

SECTION 2.06 Appointment of Trustee under Indenture.

The Class A Note Purchaser hereby acknowledges and approves the appointment of Wells Fargo Bank, National Association as the Trustee with respect to the Collateral pursuant to Section 6.13 of the Indenture.

ARTICLE III
FEES

SECTION 3.01 Fees.

(a) On the Class B Closing Date, the Issuer and the Servicer jointly and severally paid to the Class A Note Purchaser a structuring fee equal to the sum of (I) the product of (x) 0.05% and (y) the Class A Maximum Invested Amount, and (II) the product of (x) 1.00% and (y) the Class B Maximum Invested Amount as of the Class B Closing Date.

(b) On each Settlement Date, the Issuer and the Servicer will, jointly and severally, pay or cause to be paid to the Class A Note Purchaser the Class A Commitment Fee, such payment in the case of the Issuer to be made pursuant to Section 5.8(a)(iv) of the Sale and Servicing Agreement.

(c) The Issuer and the Servicer shall jointly and severally pay or reimburse the Class A Note Purchaser on the Class A Closing Date and thereafter within 30 days following presentment of invoices for all its reasonable out-of-pocket fees, costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, modification or supplement to, or any waiver under, any Basic Document and any other document prepared in connection therewith, and the consummation and administration of the transactions contemplated thereby, including, without limitation, the reasonable fees and disbursements of counsel to the Class A Note Purchaser with respect to any of the foregoing, including, without limitation, such fees and disbursements incurred in advising Class A Note Purchaser from time to time as to its rights and remedies under any Basic Document. Such expenses related to the amendment and restatement of this facility shall be capped at $75,000.

SECTION 3.02 Increased Costs, etc. The Issuer agrees to reimburse the Class A Note Purchaser for an increase in the cost of, or any reduction in the amount of any sum receivable by the Class A Note Purchaser, including reductions in the rate of return on the Class A Note Purchaser's capital, in respect of making, continuing or maintaining (or of its obligation to make, continue or maintain) any Class A Advances that arise in connection with any change in, or the introduction, adoption, effectiveness, interpretation reinterpretation or phase-in, in each case, after the date hereof, of any law or regulation, directive, guideline, accounting rule, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Authority, except for such changes with respect to increased capital costs and taxes which are governed by Sections 3.03 and 3.04, respectively. Each such demand shall be provided to the Issuer in writing and shall state, in reasonable detail, the reasons therefor and the additional amount required fully to compensate the Class A Note Purchaser for such increased cost or reduced amount or return. Such additional amounts shall be payable by the Issuer to the Class A Note Purchaser within five (5) Business Days of its receipt of such notice, and such notice shall, in the absence of manifest error, be conclusive and binding on the Issuer.

SECTION 3.03 Increased Capital Costs. If any change in, or the introduction, adoption, effectiveness, interpretation or reinterpretation or phase-in, in each case after the date hereof, of any law or regulation, directive, guideline, accounting rule, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Authority affects or would affect the amount of capital required or reasonably expected to be maintained by the Class A Note Purchaser or any Person controlling the Class A Note Purchaser and the Class A Note Purchaser reasonably determines that the rate of return on its or such controlling Person's capital as a consequence of its commitment or the purchases of Advances or the maintenance of the Class A Notes by the Class A Note Purchaser is reduced to a level below that which the Class A Note Purchaser or such controlling Person would have achieved but for the occurrence of any such circumstance, then, in any such case after notice from time to time by the Class A Note Purchaser to the Issuer, the Issuer shall pay to the Class A Note Purchaser an incremental commitment fee sufficient to compensate the Class A Note Purchaser or such controlling Person for such reduction in rate of return. A statement of the Class A Note Purchaser as to any such additional amount or amounts (including calculations thereof in reasonable detail), in the absence of manifest error, shall be conclusive and binding on the Issuer; and provided, further, that the initial payment of such increased commitment fee shall include a payment for accrued amounts due under this Section 3.03 prior to such initial payment. In determining such additional amount, the Class A Note Purchaser may use any method of averaging and attribution that it shall reasonably deem applicable so long as it applies such method to other similar transactions.

SECTION 3.04 Taxes. All payments by the Issuer of principal of, and interest on, the Class A Notes and all other amounts payable by the Issuer, the Purchaser, the Seller or the Servicer hereunder or under any other Basic Document (including fees) and/or thereunder shall be made free and clear of and without deduction for any present or future income, excise, stamp or franchise taxes and other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding in the case of the Class A Note Purchaser, taxes imposed by the United States on or measured by its overall net income, overall receipts or overall assets and franchise taxes imposed on it by the jurisdiction in which the Class A Note Purchaser is organized or is operating or any political subdivision thereof (such non-excluded items being called "Taxes"); provided that, notwithstanding anything herein to the contrary, the Issuer shall not be required to increase any amounts payable to the Class A Note Purchaser with respect to any Taxes that are imposed on the Class A Note Purchaser at the time of acquisition of the Class A Notes by the Class A Note Purchaser. In the event that any withholding or deduction from any payment to be made by the Issuer, the Purchaser, the Seller or the Servicer hereunder and/or under any other Basic Document is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Issuer, the Purchaser, the Seller or the Servicer, as the case may be, will:

(a) pay directly to the relevant authority the full amount required to be so withheld or deducted;

(b) promptly forward to the Class A Note Purchaser or its agent an official receipt or other documentation evidencing such payment to such authority; and

(c) pay to the Class A Note Purchaser or its agent such additional amount or amounts as is necessary to ensure that the net amount actually received by the Class A Note Purchaser will equal the full amount the Class A Note Purchaser would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against the Class A Note Purchaser with respect to any payment received by the Class A Note Purchaser, the Class A Note Purchaser or such agent may pay such Taxes and the Issuer, the Purchaser, the Seller or the Servicer will promptly upon receipt of prior written notice stating the amount of such Taxes pay such additional amounts (including any penalties, interest or expenses) as is necessary in order that the net amount received by such person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount the Class A Note Purchaser would have received had not such Taxes been asserted. The Class A Note Purchaser shall make all reasonable efforts to avoid the imposition of any Taxes that would give rise to an additional payment under this Section 3.04.

If the Issuer, the Purchaser, the Seller or the Servicer fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Class A Note Purchaser the required receipts or other required documentary evidence, the Issuer, the Purchaser, the Seller or the Servicer, as applicable, shall indemnify the Class A Note Purchaser for any Taxes and incremental Taxes, interest or penalties that may become payable by the Class A Note Purchaser as a result of any such failure.

SECTION 3.05 Mark-to-Market Adjustments.

(a) The Servicer, the Seller, the Purchaser and the Issuer shall cooperate with the Class A Note Purchaser and will execute and deliver, or cause to be executed and delivered, all such documents that may be reasonably necessary to calculate the Market Value, and will take all such other actions, as the Class A Note Purchaser may reasonably request from time to time in order to calculate the Market Value. On each Tuesday (provided such Tuesday is a Business Day) of each calendar week during the Class A Term, the Class A Note Purchaser shall advise the Servicer of the Market Value (as calculated by the Class A Note Purchaser in its sole discretion) and, in reliance upon and subject to Section 3.05(b), the Class A Note Purchaser consents to the Servicer advising the Class B Note Purchaser of such Market Value.

(b) In connection with the Class A Note Purchaser's provision of the Market Value to the Servicer and the Servicer's provision of such Market Value to the Class B Note Purchaser, in each case pursuant to Section 3.05(a), each of the Servicer, the Seller, the Purchaser and the Issuer expressly acknowledges and agrees that the Class A Note Purchaser is agreeing to permit the Servicer to furnish the Market Value to the Class B Note Purchaser solely as an accommodation in connection with the transactions contemplated by this Agreement and the other Basic Documents. The Class A Note Purchaser makes no representation or warranty (whether express or implied, oral or written) as to the accuracy or completeness, or fitness for a particular use, of the Market Value, and assumes no responsibility whatsoever to the Servicer, the Seller, the Purchaser, the Issuer, the Class B Note Purchasers or the Class B Noteholders in connection with its calculation of Market Value or any use of such Market Value by the Servicer, the Seller, the Issuer, the Purchaser, any Class B Note Purchaser, any Class B Noteholder, any of their respective affiliates or any other Person and, consequently, the Servicer, the Seller, the Purchaser, the Issuer, the Class B Note Purchasers and the Class B Noteholders are not relying upon the Class A Note Purchaser for the Market Value in such regard. In consideration of the Class A Note Purchaser's providing the Market Value to the Servicer and permitting the provision of such Market Value to the Class B Note Purchasers from time to time, for which the Class A Note Purchaser is not receiving any compensation, each of the Servicer, the Seller, the Purchaser and the Issuer hereby unconditionally and irrevocably releases and discharges the Class A Note Purchaser and its respective affiliates, directors, officers, agents, employees and representatives from, and each of the initial Servicer, the Seller, the Purchaser and the Issuer hereby agrees, jointly and severally, to indemnify, hold harmless and reimburse the Class A Note Purchaser and its respective affiliates, directors, officers, agents, employees and representatives with respect to, any and all actions, liabilities, losses, damages or claims of any kind or nature whatsoever (including, without

limitation, reasonable attorney's fees and expenses and expenses of litigation), as incurred, that may be imposed on or incurred by or asserted against the Class A Note Purchaser or any such other Person or Persons in any way relating to or arising out of (i) the Class A Note Purchaser's calculation of Market Value, (ii) the Class A Note Purchaser's provision of such Market Value to the Servicer, (iii) the Servicer's provision of such Market Value to the Class B Note Purchaser, (iv) the use of such Market Value by any of the Servicer, the Seller, the Purchaser, the Issuer, any Class B Note Purchaser, any Class B Noteholder, any of their respective affiliates or any other Person in connection with the transactions contemplated by this Agreement and the other Basic Documents or otherwise, or (v) with respect to any Pledged Subordinate Securities issued in connection with a Securitization Transaction, the lead placement agent's calculation of the market value thereof for purposes of the definition of Class B Borrowing Base. Indemnification under this Section 3.05(b) shall survive the termination of this Agreement and the other Basic Documents. These indemnity obligations shall be in addition to any obligations that the initial Servicer, the Seller, the Purchaser or the Issuer may otherwise have under applicable law, hereunder or under any other Basic Document.

(c) In the event that a Class A Borrowing Base Deficiency exists on any date of determination as determined by the Class A Note Purchaser in its sole discretion, the Issuer shall on the same Business Day of the receipt of notice from the Class A Note Purchaser (or if notice is received after 10:01 a.m. New York time, then on the next Business Day) prepay the Class A Invested Amount by an amount equal to such Class A Borrowing Base Deficiency by paying such amount to or at the direction of the Class A Note Purchaser. If a Class A Borrowing Base Deficiency is not fully paid by the Issuer pursuant to the immediately preceding sentence, then (i) on any Class A Funding Date, the Class A Note Purchaser shall net and set-off the amount of any outstanding Class A Borrowing Base Deficiency against the amount of the Class A Advance to be made on such Class A Funding Date and (ii) on each Settlement Date as of which any portion of such Class A Borrowing Base Deficiency shall remain outstanding, any amount otherwise payable to the Deposit Account on such Settlement Date pursuant to Section 5.7(a)(xii) of the Sale and Servicing Agreement shall instead be paid to the Class A Note Purchaser on such Settlement Date as a prepayment of the Class A Invested Amount (the "Class A Margin Call").

(d) The Class A Note Purchaser will not materially change the methodology by which it calculates the Market Value (such materiality to be determined by the Class A Note Purchaser in its sole and absolute discretion) without providing prior written notice of such change to the Servicer and each Class B Note Purchaser.

SECTION 3.06 Illegality; Substituted Interest Rates.

Notwithstanding any other provisions herein, (a) if any Requirement of Law or any change therein or in the interpretation or application thereof shall make it unlawful for the Class A Note Purchaser to make or maintain any Class A Notes at the LIBOR rate as contemplated by this Agreement, or (b) in the event that the Class A Note Purchaser shall have determined (which determination shall be conclusive and binding upon the Issuer) that by reason of circumstances affecting the LIBOR interbank market neither adequate nor reasonable means exist for ascertaining the LIBOR rate, or (c) the Class A Note Purchaser shall have determined (which determination shall be conclusive and binding on the Issuer) that the applicable LIBOR rate will not adequately and fairly reflect the cost to the Class A Note Purchaser of maintaining or funding the Class A Notes based on such applicable LIBOR rate (provided that the parties hereto acknowledge and agree that the Class A Note Purchaser shall only make such determination if the published LIBOR rate used by the Class A Note Purchaser does not accurately reflect the actual LIBOR rate), (x) the obligation of the Class A Note Purchaser to make or maintain the Class A Notes at the LIBOR rate shall forthwith be suspended and the Class A Note Purchaser shall promptly notify the Issuer thereof (by telephone confirmed in writing) and (y) each Class A Note then outstanding, if any, shall, from and including the date that is forty-five (45) days after the Issuer's receipt of notice from the Class A Note Purchaser of the occurrence of any condition set forth in clauses (a), (b) or (c), or at such earlier date as may be required by law, until payment in full thereof, bear interest at the rate per annum equal to the greater of (i) the Prime Rate and (ii) the rate of interest (including the Class A Applicable Margin) in effect on the date immediately preceding the date any event described in clause (a), (b) or (c) occurred (calculated on the basis of the actual number of days elapsed in a year of 360 days). If subsequent to such suspension of the obligation of the Class A Note Purchaser to make or maintain the Class A Notes at the LIBOR rate it becomes lawful for the Class A Note Purchaser to make or maintain the Class A Notes at the LIBOR rate, or the circumstances described in clause (b) or (c) above no longer exist, the Class A Note Purchaser shall so notify the Issuer and its obligation to do so shall be reinstated effective as of the date it becomes lawful for the Class A Note Purchaser to make or maintain the Class A Notes at the LIBOR rate or the circumstances described in clause (b) or (c) above no longer exist.

ARTICLE IV
OTHER PAYMENT TERMS

SECTION 4.01 Time and Method of Payment. Unless otherwise specified herein, all amounts payable to the Class A Note Purchaser hereunder or with respect to the Class A Notes shall be made by wire transfer of immediately available funds in Dollars not later than 5:00 p.m., New York City time, on the due date therefor. Any funds received after that time will be deemed to have been received on the next Business Day.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

SECTION 5.01 Representations and Warranties of the Issuer. The Issuer makes the following representations and warranties (references to the Issuer hereunder include the Purchaser), on which the Class A Note Purchaser relies in purchasing the Class A Notes and in making each Class A Advance, and on which the Trustee relies in receiving a security interest in the Receivables and the other Collateral related thereto under the Indenture. Such representations are made as of the date of this Agreement and as of each Class A Funding Date, and shall survive the issuance of the Class A Notes, the making of each Class A Advance and the grant of a security interest in the Receivables and the other Collateral related thereto to the Trustee for the benefit of the Note Purchasers and the Noteholders under the Indenture.

(a) Sale and Servicing Agreement and Class B Note Purchase Agreement. Each of the representations and warranties of the Purchaser set forth in Section 7.1 of the Sale and Servicing Agreement is true and correct. The representations and warranties of the Servicer, the Seller, the Purchaser and the Issuer in the Basic Documents are true and correct.

(b) Other Obligations. The Issuer is not in default in the performance, observance or fulfillment of any obligation, covenant or condition in any of the Basic Documents to which it is a party or in any other agreement or instrument to which it is a party or by which it is bound.

(c) Regulations T, U and X. No proceeds of any Class A Advance will be used, directly or indirectly, by the Issuer for the purpose of purchasing or carrying any Margin Stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) or for the purpose of reducing or retiring any indebtedness that was originally incurred to purchase or carry Margin Stock or for any other purpose which might cause any Class A Advance to be a "purpose credit" within the meaning of Regulation U. Neither the making of any Class A Advance hereunder, nor the use of the proceeds thereof, will violate or otherwise conflict with the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

(d) Investment Company Status. The Issuer is not, nor will the consummation of the transactions contemplated by the Basic Documents cause the Issuer to be, an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act"), or a company "controlled" by an investment company within the meaning of the Investment Company Act. The consummation of the transactions contemplated by the Basic Documents will not violate any provision of such Act or any rule, regulation or order issued by the Securities and Exchange Commission thereunder. The Issuer is not subject to regulation under any applicable law (other than Regulation X of the Board of Governors of the Federal Reserve System) that limits its ability to incur Indebtedness.

(e) Full Disclosure. The information, reports, financial statements, exhibits, schedules, officer's certificates and other documents furnished by or on behalf of the Issuer to the Seller, the Servicer, the Class A Note Purchaser, the Trustee or the Backup Servicer in connection with any particular Class A Advance or the negotiation, preparation, delivery or performance of this Agreement, the Class A Notes, the Indenture, the Sale and Servicing Agreement and the other Basic Documents or included herein or therein or delivered pursuant hereto or thereto, taken as a whole, are true and correct (or, in the case of projections, are based on good faith reasonable estimates) on the date as of which such information is stated or certified and do not and will not contain an untrue statement of a material fact, or omit to state any material fact necessary to make the statements herein or therein contained, in the light of the circumstances under which they were made, not misleading. All such financial statements fairly present the financial condition of the Issuer as of the date specified therein (subject to normal year-end audit adjustments) all in accordance with GAAP. On such date, the Issuer had no material contingent liabilities, liabilities for taxes, or unusual or anticipated losses from any unfavorable commitments, except as referred to or reflected in such financial statements as of such date. There is no fact known to the Issuer, after due inquiry, that would have a Material Adverse Effect and that has not been disclosed herein, in the other Basic Documents or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to the Class A Note Purchaser for use in connection with the transactions contemplated hereby or thereby.

(f) Collateral Security.

(i) The Issuer owns and will own each item that it pledges as Collateral or Bear Cross Collateral, as the case may be,, free and clear of any and all Liens (including, without limitation, any tax liens), other than Liens created pursuant to the Indenture. No security agreement, financing statement or other public notice similar in effect with respect to all or any part of the Collateral or the Bear Cross Collateral is or will be on file or of record in any public office or authorized by the Issuer, except (A) such as have been or may hereinafter be filed with respect to the Collateral or the Bear Cross Collateral pursuant to the Basic Documents, and (B) such as shall be terminated as to the Collateral or the Bear Cross Collateral no later than concurrently with the pledge of such Collateral or Bear Cross Collateral under the Indenture.

(ii) (A) Granting Clause I of the Indenture is effective to create, as collateral security for the Notes and the other obligations to the Class A Note Purchaser, a valid and enforceable Lien on the Collateral in favor of the Trustee for the benefit of the Note Purchasers and the Noteholders; and (B) Granting Clause III of the Indenture is effective to create, as collateral security for the Class B notes issued under the UBS Indenture and the other obligations to the Class B note purchasers under the UBS Basic Documents, a valid and enforceable Lien on the Bear Cross Collateral in favor of the UBS Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents, in each case, subject to the Intercreditor Agreements.

(iii) The Liens created pursuant to the Indenture (a) constitute a perfected security interest in the Collateral in favor of the Trustee for the benefit of the Note Purchasers and the Noteholders, subject to the Intercreditor Agreement, (b) constitute a perfected security interest in the Bear Cross Collateral in favor of the UBS Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents, subject to the Intercreditor Agreement, (c) are prior to all other Liens of all other Persons that may be perfected by filing a financing statement under Article 9 of the Uniform Commercial Code (other than, in the case of the Bear Cross Collateral, the Lien created by Granting Clause I of the Indenture) and (d) are enforceable as such as against all other Persons.

(iv) Upon delivery of Contracts evidencing the Receivables to the Trustee in accordance with Section 2.1(a) of the Sale and Servicing Agreement, the Lien created pursuant to the Indenture will constitute a perfected security interest in such Contracts in favor of the Trustee for the benefit of the Note Purchasers and the Noteholders, which Lien will be prior to all other Liens of all other Persons that may be perfected by possession of such Contracts under Article 9 of the Uniform Commercial Code and which Lien is enforceable as such as against all other Persons.

(g) Ownership of Properties. The Issuer has good and marketable title to any and all of its properties and assets, subject only to the Liens under the Indenture.

(h) Legal Counsel, etc. The Issuer has consulted with its own legal counsel and independent accountants to the extent it has deemed necessary regarding the tax, accounting and regulatory consequences of the transactions contemplated by this Agreement and the other Basic Documents, and the Issuer is not participating in such transactions in reliance on any representations of the Class A Note Purchaser or its Affiliates, or its counsel, with respect to tax, accounting, regulatory or any other matters.

(i) The Indenture. Each of the representations and warranties of the Issuer contained in the Indenture is true and correct. No party to any Basic Document is in default under any of its obligations thereunder.

(j) Eligible Receivables. All of the Receivables included in the Class A Borrowing Base are Eligible Receivables.

(k) No Fraudulent Conveyance. As of the Closing Date and immediately after giving effect to each Class A Advance, the fair value of the assets of the Issuer is greater than the fair value of its liabilities (including, without limitation, contingent liabilities of the Issuer), and the Issuer is and will be solvent, does and will pay its debts as they mature and does not and will not have an unreasonably small capital to engage in the business in which it is engaged and proposes to engage. The Issuer does not intend to incur, or believe that it has incurred, debts beyond its ability to pay such debts as they mature. The Issuer is not in default under any material obligation to pay money to any Person. The Issuer is not contemplating the commencement of insolvency, bankruptcy, liquidation or consolidation proceedings or the appointment of a receiver, liquidator, conservator, trustee or similar official in respect of the Issuer or any of its assets. The Issuer is not transferring any Collateral or any Bear Cross Collateral with any intent to hinder, delay or defraud any of its creditors. The Issuer will not use the proceeds from the transactions contemplated by this Agreement or any other Basic Document to give any preference to any creditor or class of creditors. The Issuer has given fair consideration and reasonably equivalent value in exchange for the sale of the Receivables by CPS under the Sale and Servicing Agreement.

(l) No Other Business. The Issuer engages in no business activities other than the purchase or acquisition of the Collateral and the Pledged Subordinate Securities, pledging the Collateral, and the Pledged Subordinate Securities and the Bear Cross Collateral under the Indenture, transferring the Collateral in connection with Securitization Transactions and in connection with whole-loan or other asset sales, issuing the Notes and other activities relating to the foregoing to the extent permitted by the organizational documents of the Issuer as in effect on the date hereof, or as amended with the prior written consent of the Controlling Note Purchaser. Without limitation of the foregoing, the Issuer is not an issuer of securities other than the Notes or a borrower under any loan or financing agreement, facility or other arrangement other than the facility established pursuant to this Agreement and the other Basic Documents.

(m) No Indebtedness. The Issuer has no Indebtedness, other than Indebtedness incurred under (or contemplated by) the terms of the Basic Documents.

(n) ERISA. The Issuer does not maintain any Plans, and the Issuer agrees to notify the Class A Note Purchaser in advance of forming any Plans. Neither the Issuer nor any Affiliate of the Issuer (other than MFN under the MFN Financial Corporation Pension Plan and CPS under its defined contribution (401(k)) plan) has any obligations or liabilities with respect to any Plans or Multiemployer Plans, nor have any such Persons had any obligations or liabilities with respect to any such Plans during the five year period prior to the date this representation is made or deemed made. The Issuer will give notice to the Class A Note Purchaser if at any time it or any Affiliate has any obligations or liabilities with respect to any Plan or Multiemployer Plan. All Plans maintained by the Issuer or any Affiliate are in substantial compliance with all applicable laws (including ERISA). The Issuer is not an employer under any Multiemployer Plan.

SECTION 5.02 Representations and Warranties of CPS. CPS makes the following representations and warranties, on which the Issuer relies in purchasing the Receivables and the Other Conveyed Property related thereto, and on which the Class A Note Purchaser relies in purchasing its Class A Notes. Such representations and warranties are made as of the date of this Agreement and as of each Class A Funding Date, and shall survive the sale by CPS to the Purchaser of the Receivables and the Other Conveyed Property related thereto under the Sale and Servicing Agreement, the issuance of the Class A Notes, the purchase of each Class A Advance and the grant of a security interest in the Receivables and the other Collateral related thereto by the Issuer to the Trustee for the benefit of the Note Purchasers and the Noteholders under the Indenture.

(a) Sale and Servicing Agreement and Class B Note Purchase Agreement. Each of the representations, warranties and covenants of the Seller and the Servicer in the Sale and Servicing Agreement and the Basic Documents is true and correct.

(b) Investment Company Status. CPS is not, nor will the consummation of the transactions contemplated by the Basic Documents cause CPS to be, an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act or a company "controlled by" an investment company within the meaning of the Investment Company Act. The consummation of the transactions contemplated by this Agreement and each other Basic Document to which CPS is a party will not violate any provision of such Act or any rule, regulation or order issued by the Securities and Exchange Commission thereunder. CPS is not subject to regulation under any applicable law (other than Regulation X of the Board of Governors of the Federal Reserve System) that limits its ability to incur Indebtedness.

(c) No Material Adverse Effect; No Default. (i) CPS is not a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any charter or corporate restriction that could have, and no provision of applicable law or governmental regulation has had or would have a Material Adverse Effect and (ii) CPS is not in default under or with respect to any contract, agreement, lease or other instrument to which CPS is a party and which is material to CPS's condition (financial or otherwise), business, operations or properties, and CPS has not delivered or received any notice of default thereunder, other than such defaults as have been waived.

(d) Regulations T, U and X. No proceeds of any Class A Advance will be used, directly or indirectly, by CPS for the purpose of purchasing or carrying any Margin Stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) or for the purpose of reducing or retiring any indebtedness that was originally incurred to purchase or carry Margin Stock or for any other purpose which might cause any Class A Advance to be a "purpose credit" within the meaning of Regulation U. Neither the making of any Class A Advance hereunder, nor the use of the proceeds thereof, will violate or otherwise conflict with the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

(e) Security Interest. Notwithstanding the intent of the parties set forth in Section 2.2 of the Sale and Servicing Agreement, the Sale and Servicing Agreement is effective to create a valid and enforceable Lien on the Receivables and the Other Conveyed Property in favor of the Issuer. The Lien created pursuant to the Sale and Servicing Agreement (a) constitutes a first priority perfected security interest in the Receivables and the Other Conveyed Property in favor of the Purchaser, (b) is prior to all other Liens, if any, on the Receivables and the Other Conveyed Property, and (c) is enforceable as such as against all Persons.

(f) Full Disclosure. The information, reports, financial statements, exhibits, schedules, officer's certificates and other documents furnished by or on behalf of CPS, the Servicer, the Seller or any of their respective Affiliates to the Issuer, the Purchaser, the Class A Note Purchaser, the Trustee or the Backup Servicer in connection with any particular Class A Advance or the negotiation, preparation, delivery or performance of this Agreement, the Class A Notes and the other Basic Documents or included herein or therein or delivered pursuant hereto or thereto, taken as a whole, are true and correct in every material respect (or, in the case of projections, are based on good faith reasonable estimates) on the date as of which such information is stated or certified and do not and will not contain an untrue statement of a material fact, or omit to state any material fact necessary to make the statements herein or therein contained, in the light of the circumstances under which they were made, not misleading. All such financial statements fairly present the financial condition of CPS or such Affiliates as of the date specified therein (subject to normal year-end audit adjustments) all in accordance with GAAP. On such date, neither CPS nor any of its Affiliates had any material contingent liabilities, liabilities for taxes, or unusual or anticipated losses from any unfavorable commitments, except as referred to or reflected in such financial statements as of such date. There is no fact known to CPS or any of its Affiliates, after due inquiry, that would have a Material Adverse Effect and that has not been disclosed herein, in the other Basic Documents or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to the Class A Note Purchaser for use in connection with the transactions contemplated hereby or thereby.

(g) ERISA. Neither CPS nor any of its Affiliates maintain any Plans (other than CPS's defined contribution (401(k)) plan and the MFN Financial Corporation Pension Plan), and CPS agrees to notify the Class A Note Purchaser in advance of forming any Plans. Neither CPS nor any of its Affiliates has any obligations or liabilities with respect to any Plans or Multiemployer Plans (other than CPS's defined contribution (401(k)) plan and the MFN Financial Corporation Pension Plan), nor have any such Persons had any obligations or liabilities with respect to any such Plans during the five year period prior to the date this representation is made or deemed made. CPS will give notice to the Class A Note Purchaser if at any time it or any Affiliate has any obligations or liabilities with respect to any Plan or Multiemployer Plan. All Plans maintained by CPS or any of its Affiliates are in substantial compliance with all applicable laws (including ERISA). CPS is not an employer under any Multiemployer Plan.

(h) Insurance. During the Class A Term, CPS shall maintain such insurance as is generally acceptable to prudent institutional investors and usual and customary for similar companies in its industry.

SECTION 5.03 Representations, Warranties and Covenants of the Class A Note Purchaser. The Class A Note Purchaser hereby covenants to the Issuer and the Servicer that it will perform the obligations required of it under the Basic Documents in accordance with the terms of the Basic Documents. In addition, the Class A Note Purchaser represents and warrants to the Issuer and the Servicer, as of the date hereof (or as of a subsequent date on which a successor or assignee of the Class A Note Purchaser shall become a party hereto, in which case such successor or assignee hereby represents and warrants to the Issuer and the Servicer), that:

(a) it has had an opportunity to discuss the Issuer's and the Servicer's business, management and financial affairs, and the terms and conditions of the transactions contemplated by the Basic Documents, with the Issuer and the Servicer and their respective representatives;

(b) it is a "qualified purchaser" (as defined in Section 2(a)(51) of the Investment Company Act) that is either (i) a "qualified institutional buyer" as such term is defined under Rule 144A of the Securities Act or (ii) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of investing in, and is able and prepared to bear the economic risk of investing in, the Class A Notes;

(c) it is purchasing the Class A Notes for its own account, or for the account of one or more "qualified purchasers" (as defined in Section 2(a)(51) of the Investment Company Act) that are either (i) "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act or (ii) "accredited investors" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act that meet the criteria described in subsection (b), and for which it is acting with complete investment discretion, for investment purposes only and not with a view to distribution, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control;

(d) it understands that the Class A Notes have not been and will not be registered or qualified under the Securities Act or any applicable state securities laws or the securities laws of any other jurisdiction and are being offered only in a transaction not involving any public offering within the meaning of the Securities Act and may not be resold or otherwise transferred unless so registered or qualified or unless an exemption from registration or qualification is available, that the Issuer is not required to register the Class A Notes, and that any transfer must comply with provisions of Section 2.5 of the Indenture and Section 8.03(b) of this Agreement;

(e) it understands that the Class A Notes will bear the legend set out in the form of Class A Note attached as Exhibit A-1 to the Indenture and be subject to the restrictions on transfer described in such legend;

(f) it will comply with all applicable federal and state securities laws in connection with any subsequent resale of the Class A Notes;

(g) it understands that the Class A Notes may be offered, resold, pledged or otherwise transferred only (A) to the Issuer, (B) in a transaction meeting the requirements of Rule 144A under the Securities Act, (C) outside the United States to a foreign person in a transaction meeting the requirements of Regulation S under the Securities Act, or (D) in a transaction complying with or exempt from the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

(h) if it desires to offer, sell or otherwise transfer, pledge or hypothecate the Class A Notes as described in clause (B), (C) or (D) of the preceding paragraph, the transferee of the Class A Notes will be required to deliver a certificate and may under certain circumstances be required to deliver an opinion of counsel, in each case, as described in the Indenture, reasonably satisfactory in form and substance to the Trustee, that an exemption from the registration requirements of the Securities Act applies to such offer, sale, transfer or hypothecation. The Class A Note Purchaser understands that the registrar and transfer agent for the Class A Notes will not be required to accept for registration of transfer the Class A Notes acquired by it unless the terms and conditions of Sections 2.4 and 2.5 of the Indenture have been satisfied;

(i) it will obtain from any purchaser of the Class A Notes substantially the same representations and warranties contained in the foregoing paragraphs; and

(j) this Agreement has been duly and validly authorized, executed and delivered by it and constitutes a legal, valid, binding obligation of it, enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforcement is considered in a proceeding in equity or at law.

ARTICLE VI
CONDITIONS

SECTION 6.01 Conditions to Purchase. The Class A Note Purchaser will have no obligation to purchase the amended and restated Class A Notes hereunder unless:

(a) each of the Basic Documents shall be in full force and effect and all consents, waivers and approvals necessary for the consummation of the transactions contemplated by the Basic Documents shall have been obtained and shall be in full force and effect;

(b) at the time of such issuance, all conditions to the issuance of the Class A Notes under the Indenture and under Section 2.1(b) of the Sale and Servicing Agreement shall have been satisfied and all conditions to the initial Class A Advance set forth under Section 6.02 hereof have been satisfied;

(c) the Class A Note Purchaser shall have received a duly executed, authorized and authenticated Class A Note registered as provided in Section 2.01 and stating that the principal amount thereof shall not exceed the Class A Maximum Invested Amount;

(d) the Issuer shall have paid all fees required to be paid by it on or prior to the date hereof, including all fees required under Section 3.01 hereof;

(e) the Class A Notes purchased by the Class A Note Purchaser hereunder shall be entitled to the benefit of the security provided in the Indenture and shall constitute the legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms;

(f) no Material Adverse Change shall have occurred with respect to CPS or the Issuer since September 30, 2006;

(g) the Class A Note Purchaser shall have received:

(i) a duly executed and delivered original counterpart of each Basic Document (other than any Basic Document that contemplates delivery on a date that is after the Class B Closing Date), each such document being in full force and effect;

(ii) certified copies of charter documents and each amendment thereto, and resolutions of (A) the Board of Directors of each of the Issuer and the Servicer authorizing or ratifying the execution, delivery and performance, respectively, of all Basic Documents to which it is a party, (B) the issuance of Class A Notes contemplated hereunder and the issuance of the Class B Notes contemplated under the Class B Note Purchase Agreement and (C) the granting of the security interests contemplated under the Basic Documents, certified by the Secretary or an Assistant Secretary of each of the Issuer and the Servicer as of the Class A Closing Date, which certificate shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded as of the date of such certificate;

(iii) a certificate of the Secretary or an Assistant Secretary of the Issuer and the Servicer, as applicable, certifying the names and the signatures of its officer or officers authorized to sign all transaction documents to which it is a party;

(iv) a certificate of a senior officer of CPS to the effect that the representations and warranties of the Seller and the Servicer in this Agreement and the other Basic Documents to which it is a party are true and correct as of the date hereof, and that the Seller and the Servicer have complied in all material respects with all agreements and satisfied all conditions on their part to be performed or satisfied at or prior to the date hereof;

(v) a certificate of a senior officer of the Issuer to the effect that the representations and warranties of the Issuer and the Purchaser in this Agreement and the other Basic Documents to which it is a party are true and correct as of the Class A Closing Date and that the Issuer and the Purchaser have complied in all material respects with all agreements and satisfied all conditions on their part to be performed or satisfied at or prior to the date hereof;

(vi) legal opinions (including opinions relating to true sale, non-consolidation, UCC, enforceability and corporate matters, any of which may take the form of a "bring-down" opinion from the opinions issued on the Class A Closing Date) in form and substance satisfactory to the Class A Note Purchaser;

(vii) evidence satisfactory to the Class A Note Purchaser of completion of all necessary UCC filings and search reports;

(viii) payment of Class A Note Purchaser's reasonable out-of-pocket fees and expenses in accordance with Section 3.01(c) hereof;

(ix) copies of certificates (long form) or other evidence from the Secretary of State or other appropriate authority of the States of Delaware and California, evidencing the good standing of the Issuer and the Servicer in the States of Delaware and California, in each case, dated no earlier than 15 days prior to the Class B Closing Date;

(x) copies (which may be delivered in electronic format) of any commitment or agreement between the Issuer and the Servicer and any lender or other financial institution, other than any such commitment or agreement (or portion thereof) which the Class A Note Purchaser specifically agrees are not required to be delivered hereunder; and

(xi) such other documents, opinions and information as the Class A Note Purchaser may reasonably request; and

(h) the Class A Note Purchaser shall have completed to its satisfaction its due diligence review of the Issuer and the Servicer and its respective management, controlling stockholders, systems, underwriting, servicing and collection operations, static pool performance and its loan files.

SECTION 6.02 Conditions to Each Class A Advance. The obligation of the Class A Note Purchaser to fund any Class A Advance on any day (including the initial Class A Advance) shall be subject to the conditions precedent that on the date of such Class A Advance, before and after giving effect thereto and to the application of any proceeds therefrom, the following statements shall be true:

(a) no Class A Funding Termination Event shall have occurred and be continuing;

(b) the Class A Facility Termination Date shall not have occurred and will not occur as a result of making such Class A Advance and no default under or breach of the Sale and Servicing Agreement or any other Basic Document exists or will exist;

(c) no later than four (4) Business Days prior to the requested Class A Funding Date, the Class A Note Purchaser shall have received a properly completed Class A Borrowing Base Certificate from the Servicer in the form of Exhibit A hereto;

(d) no later than four (4) Business Days prior to the requested Class A Funding Date, the Class A Note Purchaser shall have received a properly completed and executed Class A Advance Request, together with timely receipt of each other item required pursuant to Section 2.03 hereof;

(e) the Servicer shall have delivered to the Class A Note Purchaser the Servicer's Certificate for the immediately preceding Accrual Period pursuant to Section 4.9 of the Sale and Servicing Agreement;

(f) such Class A Advance shall be in an amount not less than $2,000,000;

(g) no more than two Class A Advances shall be made in the same week;

(h) after giving effect to such Class A Advance, the Class A Invested Amount will not exceed the Class A Maximum Invested Amount;

(i) the representations and warranties made by the Servicer, the Seller, the Purchaser, the Issuer and the Class B Note Purchaser in the Basic Documents are true and correct as of the date of such requested Class A Advance, with the same effect as though made on the date of such Class A Advance, and the Class A Note Purchaser shall have received (I) a certificate from the Servicer and the Seller to such effect with respect to its representations and warranties and that the Servicer and the Seller have complied in all material respects with all agreement and satisfied all conditions on their part to be performed or satisfied at or prior to the related Class A Funding Date, and (II) a certificate from the Issuer and the Purchaser to such effect with respect to its representations and warranties and that the Issuer and the Purchaser have complied in all material respects with all agreement and satisfied all conditions on their part to be performed or satisfied at or prior to the related Class A Funding Date, which certifications, in each case, may be included in the related Class A Advance Request;

(j) the Trustee shall (in accordance with the procedures contemplated in Section 3.4 of the Sale and Servicing Agreement) have confirmed receipt of the related Receivable File for each Eligible Receivable included in the Class A Borrowing Base calculation and shall have delivered to the Controlling Note Purchaser (with a copy thereof to each other Note Purchaser) a Trust Receipt with respect to the Receivable Files related to the Related Receivables to be purchased on such Class A Funding Date, or if requested by the Class A Note Purchaser, an aggregate Trust Receipt with respect to the Receivable Files for all of the Receivables;

(k) after giving effect to such Class A Advance, there shall be no Class A Borrowing Base Deficiency;

(l) all limitations and conditions specified in Section 2.02 of this Agreement and in Section 2.1(b) of the Sale and Servicing Agreement shall have been satisfied with respect to the making of such Class A Advance;

(m) after giving effect to such Class A Advance, no Material Adverse Change with respect to CPS or the Issuer shall have occurred and there shall have been no Material Adverse Effect;

(n) none of the Issuer, the Purchaser, the Seller or the Servicer shall have breached any of its covenants under the Basic Documents in any material respect;

(o) the Issuer shall have provided the Class A Note Purchaser with all other information that the Class A Note Purchaser may reasonably require, if the Class A Note Purchaser shall have given the Issuer reasonable advance notice of such requirements;

(p) all amounts due and owing to the Class A Noteholders and the Class A Note Purchaser under this Agreement or any of the other Basic Documents shall have been paid in full;

(q) after giving effect to such Class A Advance and the application of proceeds therefrom, no Default or Event of Default shall have occurred and be continuing on and as of the requested Class A Funding Date; and

(r) on and as of the requested Class A Funding Date, each of the representations and warranties set forth in Section 3.1 of the Sale and Servicing Agreement is true and correct for all Related Receivables being pledged by the Issuer to the Trustee for the benefit of the Noteholders and the Note Purchasers under the Indenture on such date and each Related Receivable is an Eligible Receivable. No such Related Receivable was originated in any jurisdiction in which the Seller is required to be licensed in order to own such Related Receivable unless the Seller has obtained such license prior to owning such Related Receivable. With respect to each such Related Receivable, the applicable Dealer or Consumer Lender (if such Consumer Lender is not the Seller), as applicable, has either been paid or received credit from Seller for all proceeds from the sale of such Related Receivable to the Seller.

The giving of any notice pursuant to Section 2.03 shall constitute a representation and warranty by the Issuer and the Servicer that all conditions precedent to such Class A Advance have been satisfied.

ARTICLE VII
COVENANTS

SECTION 7.01 Affirmative Covenants

Until the Class A Facility Termination Date:

(a) Notice of Defaults, Other Funding Termination Events, Litigation, Adverse Judgments, Etc. CPS or the Issuer, as applicable, shall give notice to each Note Purchaser promptly:

(i) upon CPS or the Issuer, as the case may be, becoming aware of, and in any event within three (3) Business Days after, the occurrence of any Event of Default or Default or any Class B Event of Default or Class B Default or any event of default or default under any other Basic Document or any other material agreement of CPS;

(ii) upon CPS or the Issuer, as the case may be, becoming aware of, and in any event within three (3) Business Days after, the occurrence of any Funding Termination Event,

(iii) upon, and in any event within three (3) Business Days after, service of process on CPS or the Issuer, as the case may be, or any agent thereof for service of process, in respect of any legal or arbitrable proceedings affecting CPS or the Issuer (x) that questions or challenges the validity or enforceability of any of the Basic Documents, (y) in which the amount in controversy exceeds $1,000,000 or (z) that, if adversely determined, would cause a Material Adverse Effect;

(iv) upon, and in any event within three (3) Business Days after, CPS or the Issuer, as the case may be, becoming aware of any event or change in circumstances that could have a Material Adverse Effect, constitute a Material Adverse Change or cause an Event of Default or a Class B Event of Default; and

(v) upon, and in any event within three (3) Business Days after, CPS or the Issuer, as the case may be, becoming aware of entry of a judgment or decree in respect of CPS or the Issuer, its respective assets or any of the Collateral in an amount in excess of $1,000,000.

Each notice pursuant to this subsection (a) shall be accompanied by a statement of an officer of CPS or the Issuer, as applicable, setting forth details of the occurrence referred to therein and stating what action CPS and the Issuer, as the case may be, have taken or propose to take with respect thereto.

(b) Taxes. Each of CPS and the Issuer shall pay and discharge all taxes and governmental charges upon it or against any of its properties or assets or its income prior to the date after which penalties attach for failure to pay, except to the extent that CPS or the Issuer, as applicable, shall be contesting in good faith in appropriate proceedings its obligation to pay such taxes or charges, adequate reserves having been set aside for the payment thereof in accordance with GAAP.

(c) Continuity of Business and Compliance With Agreement and Law. Each of CPS and the Issuer shall:

(i) preserve and maintain its legal existence;

(ii) comply with the requirements of all applicable laws, rules, regulations and orders of governmental authorities and other Requirements of Law (including, without limitation, Consumer Laws and all environmental laws);

(iii) keep adequate records and books of account, in which complete entries will be made in accordance with GAAP consistently applied;

(iv) not move its chief executive office or chief operating office from the addresses referred to herein or change its jurisdiction of organization unless it shall have provided the Class A Note Purchaser 30 days prior written notice of such change;

(v) pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained; and

(vi) continue in business in a prudent, reasonable and lawful manner with all licenses, rights, permits, franchises and qualifications necessary to perform its respective obligations under this Agreement, the Sale and Servicing Agreement, the Notes and the other Basic Documents.

(d) Ownership of the Issuer. CPS shall own beneficially and of record 100% of the membership interests in the Issuer free and clear of all Liens other than the Lien created pursuant to the Pledge Agreement.

(e) Class A Borrowing Base Certificates. The Issuer shall deliver to the Class A Note Purchaser, together with each Class A Advance Request, a Class A Borrowing Base Certificate in accordance with Section 2.03(a) hereof.

(f) Collateral Statements. The Issuer will furnish or cause to be furnished to the Class A Note Purchaser from time to time statements and schedules further identifying and describing the Collateral and the Bear Cross Collateral and such other reports in connection with the Collateral or the Bear Cross Collateral as the Class A Note Purchaser may reasonably request, all in reasonable detail, including without limitation each statement, certificate and report required to be delivered to the Trustee or the Noteholders under any Basic Document.

(g) Actions to Enforce Rights under Contracts. CPS and the Issuer shall take such reasonable and lawful actions as the Controlling Note Purchaser shall request to enforce the rights of the Note Purchasers and the Noteholders under the Basic Documents with respect to the Collateral, and, following the occurrence of an Event of Default, shall take such reasonable and lawful actions as are necessary to enable the Controlling Note Purchaser to exercise such rights in its own name.

(h) Hedging Strategy. The Issuer shall implement and maintain a hedging strategy that is reasonably acceptable to the Controlling Note Purchaser; provided, that, for purposes of this subparagraph (h), a hedging strategy consisting of the Seller sponsoring one or more securitizations of pools of Receivables at least every 120 days during the term of the Class A Notes shall be deemed acceptable to the Controlling Note Purchaser.

(i) Monthly Servicer's Certificate. The Issuer shall, or shall cause the Servicer (so long as CPS is Servicer) to, deliver to the Note Purchasers, the Trustee and the Backup Servicer, no later than 12:00 noon, New York City time, on each Determination Date, in a computer-readable format reasonably acceptable to each such Person, a Servicer's Certificate executed by a Responsible Officer or agent of Servicer containing all information required to be included in such Servicer's Certificate under Section 4.9 of the Sale and Servicing Agreement and related monthly data. The Issuer shall, or shall cause the Servicer (so long as the CPS is Servicer) to, deliver to each Note Purchaser, the Trustee and the Backup Servicer a hard copy of any such Servicer's Certificate upon request of such Person.

(j) Separate Existence; No Commingling. During each Class A Term, the Issuer shall limit its activities to such activities as are incident to and necessary or convenient to accomplish the following purposes: (i) to acquire, own, hold, pledge, finance and otherwise deal with Receivables to be pledged to the Trustee for the benefit of the Note Purchasers and the Noteholders pursuant to the Indenture and (ii) to sell, securitize or otherwise liquidate all or any portion of such Receivables in accordance with the provisions of the Basic Documents. In addition, during each Class A Term, the Issuer shall observe and comply with the applicable legal requirements for the recognition of the Issuer as a legal entity separate and apart from its Affiliates, including without limitation, those requirements set forth in Section 9(b)(iv) of the Issuer's Limited Liability Company Agreement. Without limiting the foregoing, the Issuer shall, and CPS shall cause itself and any other Affiliates of the Issuer to, maintain the truth and accuracy of all facts assumed by Andrews Kurth LLP in the true sale and non consolidation opinions of Andrews Kurth LLP; provided that in the event that any request is made for the Class A Note Purchaser to consent to or approve any matter that, if effectuated or consummated, would result in a change to the continuing truth and accuracy of any of the factual assumptions in the true sale or non-consolidation opinions of Andrews Kurth LLP, such request shall be accompanied by an opinion of Andrews Kurth LLP, or such other counsel as may be reasonably satisfactory to the Class A Note Purchaser, that the conclusions set forth in the true sale and non- consolidation opinions of Andrews Kurth LLP will be unaffected by such change.

(k) Other Liens or Interests. Except for the conveyances under the Sale and Servicing Agreement and the other Basic Documents, CPS shall not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any lien on or any interest in, the Receivables or the Other Conveyed Property. Except for the pledges pursuant to the Indenture and the other Basic Documents, the Issuer shall not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any lien on or any interest in, the Collateral or the Bear Cross Collateral (other than, in the case of the Bear Cross Collateral, the lien created pursuant to Granting Clause I of the Indenture), subject to the Intercreditor Agreement. CPS and the Issuer shall, at their own expense and in each case subject to the Intercreditor Agreement, defend (i) the Collateral and the Bear Cross Collateral against, and will take such other action as is necessary to remove, any Lien, security interest or claim on, in or to the Collateral or the Bear Cross Collateral, other than the security interests created under the Basic Documents, (ii) the right, title and interest of each Note Purchaser and each Noteholder in and to any of the Collateral, and (iii) subject to the Lien created pursuant to Granting Clause I of the Indenture, the right, title and interest of the UBS Indenture Trustee, each Class B note purchaser and each Class B noteholder under the UBS Basic Documents in and to any of the Bear Cross Collateral, in each case against the claims and demands of all Persons whomsoever.

(l) Books and Records; Other Information.

(i) Each of CPS and the Issuer shall maintain accounts and records as to each Receivable accurately and in sufficient detail to permit the reader thereof to know at any time the status of such Receivable, including payments and recoveries made and payments owing (and the nature of each). CPS shall maintain accurate and complete books and records with respect to the Receivables and the Other Conveyed Property and with respect to CPS's business. The Issuer shall maintain accurate and complete books and records with respect to the Collateral and the Issuer's business. All accounting books and records shall be maintained in accordance with GAAP.

(ii) CPS and the Issuer shall, and shall cause each of their respective Affiliates to, permit any representative of the Class A Note Purchaser to visit and inspect any of the properties of the Issuer and such Affiliates and to examine the books and records of CPS or the Issuer and such Affiliates, as applicable, and to make copies and take extracts therefrom, and to discuss the business, operations, properties, condition (financial or otherwise) or prospects of CPS or the Issuer and each such Affiliate, as applicable, or any of the Collateral with the officers and independent public accountants thereof and as often as the Class A Note Purchaser may reasonably request, and so long as no Default or Event of Default shall have occurred and be continuing, all at such reasonable times during normal business hours upon reasonable written notice; provided that, after a Default or Event of Default shall have occurred and be continuing, the Class A Note Purchaser may make such inspections, examine such documents, make such copies, take such extracts and conduct such discussions at such times as it may determine in its sole discretion during CPS's and the Issuer's normal business hours.

(iii) Each of CPS and the Issuer shall promptly provide to the Class A Note Purchaser all information regarding its respective operations and practices and the Collateral as the Class A Note Purchaser shall reasonably request.

(iv) CPS shall maintain its computer systems so that, from and after the time of each sale of Receivables under the Sale and Servicing Agreement to the Issuer, CPS's master computer records (including any back-up archives) that refer to a Receivable shall indicate clearly that such Receivable has been sold by CPS to the Issuer and that such Receivable has been pledged by the Issuer to the Trustee for the benefit of the Note Purchasers and the Noteholders. Indication of the Trustee's interest in such Receivable shall be deleted from or modified on CPS's computer systems when, and only when, the Receivable shall have been released from the Lien of the Indenture in accordance with the terms of the Indenture, and indication of the Issuer's interest in such Receivable shall be deleted from or modified on CPS's computer systems when, and only when, the Receivable shall have been paid in full or repurchased from the Issuer by CPS.

(v) Upon request, CPS shall furnish to the Class A Note Purchaser, within five (5) Business Days, (x) a list of all Receivables (by contract number and name of Obligor) then owned by the Issuer, together with a reconciliation of such list to the Schedule of Receivables, and (y) such other information as the Class A Note Purchaser may reasonably request.

(vi) If at any time CPS shall propose to sell, grant a security interest in, or otherwise transfer any interest in any automobile, van, sport utility vehicle or light duty truck receivables (other than the Receivables) to any prospective purchaser, lender, or other transferee, and if CPS shall give to such prospective purchaser, lender or other transferee computer tapes, records, or print-outs (including any restored from back-up archives, collectively "data records") that refer in any manner whatsoever to any Receivable, such data records shall indicate clearly that such Receivable has been sold by CPS to the Issuer and pledged by the Issuer to Trustee for the benefit of the Note Purchasers and the Noteholders unless such Receivable shall have been released from the Lien of the Indenture in accordance with the terms of the Indenture and shall have been paid in full or repurchased from the Issuer by CPS.

(m) Fulfillment of Obligations. Each of CPS and the Issuer shall pay and perform, as and when due, all of its obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of CPS or the Issuer, as applicable.

(n) Compliance with Laws, Etc. Each of CPS and the Issuer shall, and CPS shall cause each of its Subsidiaries to, comply (i) in all material respects with all Requirements of Law and any change therein or in the application, administration or interpretation thereof (including, without limitation any request, directive, guideline or policy, whether or not having the force of law) by any Governmental Authority charged with the administration or interpretation thereof; and (ii) with all indentures, mortgages, deeds of trust, agreements, or other instruments or contractual obligations to which it is a party, including without limitation, each Basic Document to which it is a party, or by which it or any of its properties may be bound or affected, or which may affect the Receivables.

(o) Compliance with Basic Documents. CPS, in its capacity as Seller and Servicer, or otherwise, shall comply with each of its covenants contained in the Basic Documents.

(p) Financing Statements. At the request of the Controlling Note Purchaser, CPS and the Issuer shall file such financing statements as the Controlling Note Purchaser determines may be required by law to perfect, maintain and protect the interest of the Note Purchasers and the Noteholders in the Collateral and the proceeds thereof.

(q) Payment of Fees and Expenses. CPS and the Issuer shall pay to the Class A Note Purchaser, on demand, any and all fees, costs or expenses that the Class A Note Purchaser pays to a bank or other similar institution arising out of or in connection with the return of payments from CPS or the Issuer deposited for collection by the Class A Note Purchaser.

(r) Financial Statements and Access to Records. CPS shall provide the Class A Note Purchaser with quarterly unaudited financial statements within sixty (60) days of the end of each of CPS's first three fiscal quarters, and CPS will provide the Class A Note Purchaser with audited financial statements within one hundred twenty (120) days of each of CPS's fiscal year-end audited by a nationally recognized independent certified public accounting firm. Upon request of the Class A Note Purchaser, CPS shall provide the Class A Note Purchaser with unaudited monthly financial statements. CPS shall deliver to the Class A Note Purchaser with each financial statement a certificate by CPS's chief financial officer, certifying that such financial statements are complete and correct in all material respects and that, except as noted in such certificate, such chief financial officer has no knowledge of any Default, Event of Default, Funding Termination Event or Servicer Termination Event. Notwithstanding the foregoing, CPS shall have no obligation to deliver any of the foregoing financial statements to the Class A Note Purchaser for so long as CPS is subject to, and in compliance with, the reporting requirements under Section 13(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In connection with each report filed by CPS under Section 13(a) of the Exchange Act during the Class A Term, CPS shall be deemed to have represented and warranted to the Class A Note Purchaser that, as of the related filing date, the financial statements contained in such report are complete and correct in all material respects and that, unless otherwise specified in such report, CPS has no knowledge of any Default, Event of Default, Funding Termination Event or Servicer Termination Event as of such filing date.

(s) Litigation Matters. CPS shall notify the Class A Note Purchaser in writing, promptly upon its learning thereof, of any litigation, arbitration or administrative proceeding which may reasonably be expected to have a Material Adverse Effect or result in a Material Adverse Change.

(t) Notice of Change of Chief Executive Office. CPS and the Issuer shall provide the Controlling Note Purchaser with not less than thirty (30) days prior written notice of any change in the chief executive office or jurisdiction of incorporation or organization of CPS or the Issuer to permit the Controlling Note Purchaser to make any additional filings necessary to continue the Trustee's perfected security interest in the Collateral for the benefit of the Note Purchasers and the Noteholders.

(u) Consolidated Total Adjusted Equity. CPS shall maintain minimum Consolidated Total Adjusted Equity of $60,000,000 as of the end of each fiscal quarter.

(v) Maximum Leverage Ratio. CPS shall maintain a maximum leverage ratio (total liabilities less all non-recourse debt/Consolidated Total Adjusted Equity) of less than six times as of the end of each fiscal quarter.

(w) Liquidity. CPS shall maintain cash and cash equivalents of at least $8.5 million as of the end of each calendar month.

(x) Deposit Account. All distributions made by the Issuer to CPS in respect of CPS's equity interest in the Issuer shall be deposited directly into the Deposit Account.

SECTION 7.02 Negative Covenants. Until the Class A Facility Termination Date:

(a) Adverse Transactions. Neither CPS nor the Issuer shall enter into any transaction that adversely affects the Collateral, the Bear Cross Collateral, the Class A Note Purchaser's rights under this Agreement, the Notes or any other Basic Document, the Issuer's interest in the Receivables and the Other Conveyed Property pursuant to the Sale and Servicing Agreement, the Trustee's security interest in the Collateral pursuant to the Indenture, or that could reasonably be expected to result in a Material Adverse Change with respect to the Issuer or CPS or a Material Adverse Event.

(b) Guarantees. The Issuer shall not guarantee or otherwise in any way become liable with respect to the obligations or liabilities of any other Person.

(c) Dividends. The Issuer shall not declare or pay any dividends except (i) to the extent of funds legally available therefor from payments received by the Issuer pursuant to Section 5.7(a) of the Sale and Servicing Agreement, or (ii) pursuant to Section 5.10 of the Sale and Servicing Agreement, in each case in compliance with Section 7.01(x) of this Agreement. Notwithstanding the foregoing, the Issuer shall not declare or pay any dividends on any date as of which a Default or an Event of Default or a Class B Default or a Class B Event of Default shall have occurred and is continuing.

(d) Investments. The Issuer shall not make any investment in any Person through the direct or indirect holding of securities or otherwise, other than in the ordinary course of business or in connection with the future securitization of Receivables.

(e) Changes in Capital Structure or Business Objectives of the Issuer. The Issuer shall not do any of the following if it will adversely affect the payment or performance of, or the Issuer's ability to pay and/or perform, its obligations to the Class A Note Purchaser with respect to this Agreement or any other Basic Document to which it is a party, or the Notes, or if it could reasonably be expected to result in a Material Adverse Change with respect to the Issuer or CPS or a Material Adverse Event: (i) cancel any of the membership interests in the Issuer, (ii) make any change in the capital structure of the Issuer, or (iii) make any material change in any of its business objectives, purposes or operations that would adversely affect the payment or performance of, or the Issuer's ability to pay and/or perform, its obligations to Class A Note Purchaser with respect to this Agreement or any other Basic Document to which it is a party, or the Notes.

(f) Asset Sales. The Issuer will not sell any Receivables or other Collateral related thereto if, following such sale, the Class A Invested Amount would exceed the Class A Borrowing Base after giving effect to the application of proceeds of such sale; provided that the foregoing shall not prohibit a foreclosure sale by or on behalf of the Class A Noteholders or the Class A Note Purchaser upon the occurrence of an Event of Default; provided further that in the event that the Issuer or CPS shall intend to sell any Receivables in a whole-loan transfer to any third party, the Issuer or CPS shall inform Class A Note Purchaser of such prospective sale and Class A Note Purchaser shall be permitted to bid on such Receivables in the same bidding process as that in which any third party is permitted to bid on such Receivables.

(g) No Liens on Equity Interests in the Issuer. Other than the Lien created pursuant to the Pledge Agreement, CPS shall not grant or otherwise create any Lien on the membership interests in the Issuer (or any other equity interest in the Issuer) without the prior written consent of the Controlling Note Purchaser.

(h) No Indebtedness. The Issuer will not at any time incur any Indebtedness, other than Indebtedness incurred under (or contemplated by) the terms of the Basic Documents.

(i) No Other Business. The Issuer will not at any time engage in any other business activities than the purchase of the Receivables and the Other Conveyed Property, pledging the Receivables and the other Collateral to the Trustee for the benefit of the Note Purchasers and the Noteholders pursuant to Granting Clause I of the Indenture, pledging the Pledged Subordinate Securities to the Trustee for the benefit of the Class B Note Purchasers and the Class B Noteholders pursuant to Granting Clause II of the Indenture, pledging the Bear Cross Collateral, subject to the Intercreditor Agreement, to the UBS Indenture Trustee for the benefit of the Class B note purchasers and the Class B noteholders under the UBS Basic Documents pursuant to Granting Clause III of the Indenture, transferring the Receivables and the Other Conveyed Property in connection with Securitization Transactions and in connection with whole-loan sales, acquiring the Pledged Subordinate Securities in connection with Securitization Transactions, issuing the Notes and other activities relating to the foregoing to the extent permitted by the organizational documents of the Issuer as in effect on the date hereof, or as amended with the prior written consent of the Controlling Note Purchaser. Without limitation of the foregoing, the Issuer will not at any time be an issuer of securities other than the Notes or a borrower under any loan or financing agreement, facility or other arrangement other than the facilities established pursuant to this Agreement and the other Basic Documents.

(j) No Amendment to Issuer's Operating Agreement or any Basic Document without Consent. Neither the Limited Liability Company Agreement of the Issuer, nor any Basic Document, shall be amended, supplemented or otherwise modified without the prior written consent of the Controlling Note Purchaser.

(k) Transactions with Affiliates. The Issuer shall not enter into, or be a party to, any transaction with any of its Affiliates, except in accordance with the requirements set forth in Section 9(b)(iv) of the LLC Agreement.

(l) Nonpetition. Notwithstanding any prior termination of this Agreement, neither the Servicer nor the Seller will, prior to the date that is one year and one day after the day upon which the outstanding principal amount of each class of Notes has been reduced to zero and all Secured Obligations and any and all other amounts due and owing to the Class A Note Purchaser and the Class A Noteholders pursuant to the Basic Documents have been paid in full, acquiesce, petition or otherwise invoke or cause the Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Issuer under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Issuer.

(m) Protection of Title to Collateral. None of the Seller, the Servicer, the Purchaser or the Issuer shall change its name, identity, jurisdiction of organization, form of organization or corporate structure in any manner that would, could or might make any financing statement or continuation statement filed with respect to the Collateral, the Bear Cross Collateral or the Deposit Account seriously misleading within the meaning of Section 9-506(a) of the UCC, unless it shall have given each Note Purchaser at least 30 days' prior written notice thereof and shall have promptly filed appropriate amendments to all previously filed financing statements or continuation statements.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

SECTION 8.01 Amendments. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by CPS, the Issuer or the Class A Note Purchaser therefrom, shall in any event be effective unless the same shall be in writing and signed by CPS, the Issuer and the Class A Note Purchaser.

SECTION 8.02 No Waiver; Remedies. Any waiver, consent or approval given by the Controlling Note Purchaser or any party hereto (other than any waiver, consent or approval which is contemplated by the express terms of this Agreement or any other Basic Document) shall be effective only in the specific instance and for the specific purpose for which given, and no waiver by a party of any breach or default under this Agreement or any other Basic Document shall be deemed a waiver of any other breach or default. No failure on the part of the Controlling Note Purchaser or any party hereto to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder, or any abandonment or discontinuation of steps to enforce the right, power or privilege, preclude any other or further exercise thereof or the exercise of any other right. Any waiver consent or approval given by the Controlling Note Purchaser under this Agreement or any other Basic Document shall be binding upon each Class A Noteholder and each Class B Noteholder and their respective successors and permitted assigns. No notice to or demand on any party hereto in any case shall entitle such party to any other or further notice or demand in the same, similar or other circumstances. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.03 Binding on Successors and Assigns.

(a) This Agreement shall be binding upon, and inure to the benefit of, the Issuer, the Purchaser, the Seller, the Servicer, the Class A Note Purchaser and their respective successors and assigns; provided, however, that none of the Issuer, the Purchaser, the Seller or the Servicer may assign its rights or obligations hereunder or in connection herewith or any interest herein (voluntarily, by operation of law or otherwise) without the prior written consent of the Class A Note Purchaser. Nothing expressed herein is intended or shall be construed to give any Person other than the Persons referred to in the preceding sentence any legal or equitable right, remedy or claim under or in respect of this Agreement.

(b) The Class A Note Purchaser may at any time grant a security interest in and Lien on all of its interests under this Agreement, the Class A Notes and all Basic Documents to any Person who, at any time now or in the future, provides program liquidity or credit enhancement, including without limitation, a surety bond or financial guaranty insurance policy for the benefit of the Class A Note Purchaser. The Class A Note Purchaser may assign the Class A Commitment or all of its interest under the Class A Notes, this Agreement and the Basic Documents to (i) any Affiliate of the Class A Note Purchaser at any time, (ii) to any other Person at any time that a Default has occurred and is continuing and (iii) at any other time with the prior written consent of the Issuer; provided that as a condition precedent to any such assignment, the assignee of the Class A Note Purchaser shall execute an agreement pursuant to which it agrees to assume and perform all of the obligations of the Class A Note Purchaser under the Basic Documents. Notwithstanding the foregoing, it is understood and agreed by the Issuer that the Class A Notes may be sold, transferred or pledged without the consent of the Issuer and without the execution of any such assumption agreement in compliance with, and as provided for under, Section 5.03(g). Notwithstanding any other provisions set forth in this Agreement, the Class A Note Purchaser may at any time create a security interest in all of its rights under this Agreement, the Class A Notes and the Basic Documents in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

(c) If, on or after the date of this Agreement, the Class A Note Purchaser reasonably determines that the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Class A Note Purchaser with any request or directive issued on or after the date of this Agreement (whether or not having the force of law) of any such authority, central bank or comparable agency, has made or would be likely to make it unlawful for the Class A Note Purchaser to purchase the Class A Advances, hold the Class A Notes or otherwise to perform the transactions contemplated to be performed by it pursuant to this Agreement and those contemplated to be performed by it pursuant to the Basic Documents to which the Class A Note Purchaser is a party, then (i) the Class A Note Purchaser shall so notify the Issuer; (ii) the obligation of the Class A Note Purchaser to purchase the Class A Advances from time to time as contemplated hereunder shall be suspended; and (iii) the Class A Note Purchaser may assign its rights and obligations hereunder and under the Basic Documents, the Class A Notes and its interests therein pursuant to and in compliance with Section 8.03(b); provided that a Class A Funding Termination Event shall occur if the Issuer or the Servicer fails to accept the proposed assignee chosen by the Class A Note Purchaser.

SECTION 8.04 Termination; Survival. The obligations and responsibilities of the Class A Note Purchaser created hereby shall terminate on the Class A Facility Termination Date. Notwithstanding the foregoing, all covenants, agreements, representations, warranties and indemnities made by the Servicer, the Seller, the Purchaser and/or the Issuer herein and/or in the Class A Notes delivered pursuant hereto shall survive the purchase and the repayment of the Class A Advances and the execution and delivery of this Agreement and the Class A Notes and shall continue in full force and effect until all interest and principal on the Class A Notes and other amounts owed hereunder and under the other Basic Documents have been paid in full and the commitment of the Class A Note Purchaser hereunder has been terminated. In addition, the obligations of the Issuer, the Purchaser, the Seller and the Servicer under Sections 3.02, 3.03, 3.04, 3.05(b), 8.05, 8.11, 8.12 and 8.13 shall survive the termination of this Agreement.

SECTION 8.05 Indemnification. In consideration of the Class A Note Purchaser's execution and delivery of this Agreement, the Issuer, the Purchaser, the Seller and the Servicer, jointly and severally, hereby agree to indemnify and hold the Class A Note Purchaser and each of its officers, directors, employees and agents (collectively, the "Indemnified Parties") harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and reasonable expenses incurred in connection therewith, as incurred (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought and including, without limitation, any liability in connection with the offering and sale of the Notes), including reasonable attorneys' fees and disbursements (collectively, the "Indemnified Liabilities"), incurred by the Indemnified Parties or any of them (whether in prosecuting or defending against such actions, suits or claims) as a result of, or arising out of, or relating to:

(i) any transaction financed or to be financed in whole or in part (including, without limitation, any Receivable constituting part of the Collateral), directly or indirectly, with the proceeds of any Class A Advance including, without limitation, any claim, suit or action related to such transaction, which claim is based on a violation of Consumer Laws or any applicable vicarious liability statutes, or the use or operation of any Financed Vehicle by any Person; or

(ii) this Agreement or any other Basic Document, or the entering into and performance of this Agreement or any other Basic Document by any of the Indemnified Parties,

except for any such Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the relevant Indemnified Party's gross negligence, bad faith or willful misconduct and, with respect to the Servicer, excluding any Indemnified Liabilities that would constitute recourse to the Servicer for loss by reason of the bankruptcy, insolvency (or other credit condition) of, or credit-related default by the related Obligor on any Receivable and not arising from defaults by the related Obligor arising from a claim by the related Obligor that any part of the debt evidenced by the Receivables is not due as a result of wrongful action by any Person, such as a breach of Consumer Laws. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Issuer and the Servicer hereby jointly and severally agree to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The indemnity set forth in this Section 8.05 shall in no event include indemnification for any Taxes (which indemnification is provided in Section 3.04). Upon the written request of the Class A Note Purchaser pursuant to this Section 8.05, the Issuer and the Servicer shall promptly reimburse the Class A Note Purchaser for the amount of any such Indemnified Liabilities incurred by the Class A Note Purchaser.

SECTION 8.06 Characterization as Basic Document; Entire Agreement. This Agreement shall be deemed to be a Basic Document for all purposes of the Indenture and the other Basic Documents. This Agreement, together with the Indenture, the Sale and Servicing Agreement, the documents delivered pursuant to Section 6.01 and the other Basic Documents, including the exhibits and schedules thereto, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all previous oral statements and other writings with respect thereto.

SECTION 8.07 Notices. All notices, amendments, waivers, consents and other communications provided to any party hereto under this Agreement shall be in writing and addressed, delivered or transmitted to such party at its address or facsimile number set forth below its signature hereto or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when transmitted and accompanied by telephonic confirmation of receipt.

SECTION 8.08 Severability of Provisions. Any covenant, provision, agreement or term of this Agreement that is prohibited or is held to be void or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement.

SECTION 8.09 Tax Characterization. Each party to this Agreement (a) acknowledges that it is the intent of the parties to this Agreement that, for accounting purposes and for all Federal, state and local income and franchise tax purposes, the Class A Notes will be treated as evidence of indebtedness issued by the Issuer, (b) agrees to treat the Class A Notes for all such purposes as indebtedness and (c) agrees that the provisions of the Basic Documents shall be construed to further these intentions.

SECTION 8.10 Full Recourse to Issuer. The obligations of the Issuer under this Agreement and the other Basic Documents shall be full recourse obligations of the Issuer. Notwithstanding the foregoing, no recourse shall be had for the payment of any amount owing in respect of this Agreement, including the payment of any fee hereunder or any other obligation or claim arising out of or based upon this Agreement, against any certificateholder, member, employee, officer, manager, director, affiliate or trustee of the Issuer; provided, however, nothing in this Section 8.10 shall relieve any of the foregoing Persons from any liability that any such Person may otherwise have as expressly set forth in any Basic Document or for its gross negligence, bad faith or willful misconduct. Nothing contained in this Section shall limit or be deemed to limit any obligations of the Issuer, the Purchaser, the Seller or the Servicer hereunder or under any other Basic Document, which obligations are full recourse obligations of the Issuer, the Purchaser, the Seller and the Servicer, respectively.

SECTION 8.11 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 8.12 Submission to Jurisdiction. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, OR ANY LEGAL PROCESS WITH RESPECT TO ITSELF OR ANY OF ITS PROPERTY, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

SECTION 8.13 Waiver of Jury Trial. THE PARTIES HERETO EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY PARTY AGAINST THE OTHER PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. THE PARTIES HERETO EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

SECTION 8.14 Counterparts. This Agreement may be executed in any number of counterparts (which may include facsimile) and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original, and all of which together shall constitute one and the same instrument. Any signature page to this Agreement containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the effect of delivery of an original manually signed signature page.

SECTION 8.15 Set-Off. The obligations of the Issuer, the Purchaser, the Seller and the Servicer hereunder are absolute and unconditional and each of the Issuer, the Purchaser, the Seller and the Servicer expressly waives any and all rights of set-off, abatement, diminution or deduction that the Issuer, the Purchaser, the Seller or the Servicer may otherwise at any time have under applicable law.

(b) In addition to any rights now or hereafter granted under applicable law and not by way of limitation of such rights, during the continuance of any Event of Default hereunder:

(i) the Class A Note Purchaser is hereby authorized at any time and from time to time, without notice to the Purchaser or the Issuer, such notice being hereby expressly waived, to set-off any obligation owing by the Class A Note Purchaser or any of its Affiliates to the Purchaser or the Issuer, or against any funds or other property of the Purchaser or the Issuer, held by or otherwise in the possession of the Class A Note Purchaser or any of its Affiliates, the respective obligations of the Purchaser and the Issuer to the Class A Note Purchaser under this Agreement and the other Basic Documents and irrespective of whether or not the Class A Note Purchaser shall have made any demand hereunder or thereunder; and

(ii) the Class A Note Purchaser is hereby authorized at any time and from time to time, without notice to the Seller or the Servicer, such notice being hereby expressly waived, to set-off any obligation owing by the Class A Note Purchaser or any of its Affiliates to the Seller or the Servicer, or against any funds or other property of the Seller or the Servicer held by or otherwise in the possession of the Class A Note Purchaser or any of its Affiliates, the respective obligations of the Seller and the Servicer to the Class A Note Purchaser under this Agreement and the other Basic Documents and irrespective of whether or not the Class A Note Purchaser shall have made any demand hereunder or thereunder.

SECTION 8.16 Nonpetition Covenants. Notwithstanding any prior termination of this Agreement, the Servicer and the Seller shall not, prior to the date that is one year and one day after the day upon which the outstanding principal amount of each class of Notes has been reduced to zero and all Secured Obligations and any and all other amounts due and owing to the Note Purchasers and the Noteholders pursuant to the Basic Documents have been paid in full, acquiesce, petition or otherwise invoke or cause the Purchaser or the Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Purchaser or the Issuer under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Purchaser of the Issuer or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Purchaser or the Issuer.

SECTION 8.17 Servicer References. All references to the Servicer herein shall apply to CPS, in its capacity as the initial Servicer, and not to a successor Servicer.

SECTION 8.18 Confidentiality; Press Releases. Unless required by law or regulation to do so or otherwise expressly permitted by the Basic Documents, neither the Class A Note Purchaser on the one hand, nor any of the Seller, the Servicer, the Purchaser or the Issuer on the other hand, shall publish or otherwise disclose any information relating to the material terms of the Class A Commitment or the Class B Commitment (including, without limitation, the Market Value calculations), any of the Basic Documents or the transactions contemplated hereby or thereby to any Person (other than its own advisors to the extent reasonably necessary) without the prior written consent of the other; provided that nothing herein shall be construed to prohibit any party from issuing a press release announcing the consummation of the transactions contemplated by the Basic Documents. Any party hereto issuing any such press release hereby agrees to provide the other parties hereto with a reasonable opportunity to review and comment on such press release prior to the issuance thereof. No party shall publish any press release naming the other party to which such other parties shall have reasonably objected. For avoidance of doubt, it is agreed that Seller is required by law (i) to report its entry into this Agreement and the other Basic Documents in a current report on Form 8-K of the Securities and Exchange Commission, which report must file as exhibits at least this Agreement, the Sale and Servicing Agreement, and the Indenture, and (ii) to make reference to such agreements and the Commitment in its periodic reports to be filed respecting time periods that include all or part of the Class A Term. This confidentiality agreement shall apply to any and all information relating to the Commitment, any of the Basic Documents and the transactions contemplated hereby and thereby at any time on or after the date hereof.

SECTION 8.19 Intercreditor Agreement to Control. The rights, obligations and remedies of the parties to this Agreement and under the other Basic Documents are subject in all respects to the terms and provisions of the Intercreditor Agreement; provided, however that to the extent such rights, obligations and remedies relate to the UBS Cross Collateral, such rights, obligations and remedies are subject in all respects to the terms and provisions of the UBS Intercreditor Agreement. In the event of any conflict between the terms of this Agreement or any other Basic Document and the Intercreditor Agreement, the Intercreditor Agreement shall control. In addition, in the event of any conflict between the terms of this Agreement or any other Basic Document and the UBS Intercreditor Agreement that relates to the UBS Cross Collateral, the UBS Intercreditor Agreement shall control.

[Remainder of Page Intentionally Blank]

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

PAGE THREE FUNDING LLC, as Issuer and Purchaser

By:_____
Name:_____
Title:_____

Address: 16355 Laguna Canyon Road
Irvine, California 92618
Attention: Company Secretary
Telephone: 949-753-6800
Facsimile: 949-753-6897

CONSUMER PORTFOLIO SERVICES, INC., as CPS, Seller and Servicer

By:_____
Name:_____
Title:_____

Address: 16355 Laguna Canyon Road
Irvine, California 92618
Attention: Corporate Secretary
Telephone: (949) 785-6691
Facsimile: (888) 577-7923

BEAR, STEARNS & CO. INC., as Class A Note Purchaser and as initial Class A Noteholder

By:_____
Name:_____
Title:_____

383 Madison Ave., 10th Floor
Attention: Brant Brooks
New York, New York 10179
Telephone: 212-272-6601
Facsimile: 917-849-1126

w/ a copy to:

Bear, Stearns & Co. Inc.,
383 Madison Ave.
Attention: General Counsel
New York, New York 10179

EXHIBIT 10.14.1

OPTION AGREEMENT - CONSUMER PORTFOLIO SERVICES, INC.

THIS OPTION AGREEMENT (THIS "AGREEMENT") IS THE "OPTION AGREEMENT" REFERRED TO ON THE REVERSE SIDE OF THIS PAGE. THE REVERSE SIDE OF THIS PAGE IS CAPTIONED "NOTICE OF GRANT OF STOCK OPTIONS AND OPTION AGREEMENT" (HEREIN, THE "NOTICE").

The Notice and this Agreement are to be read and interpreted as ONE DOCUMENT and are hereafter referred to, together, as "this Option."

This Option is by and between Consumer Portfolio Services, Inc., a California corporation (referred to herein, together with its subsidiaries, as the "Company" or "Consumer Portfolio Services") and the "Optionee." This Option is issued pursuant to the Company's 2006 Long-Term Equity Incentive Plan (referred to herein as the "Plan" or "Company's Stock Option Plan") and is designated by the Option Number recorded on the Notice. Capitalized terms used in this Option and not otherwise defined have the meanings given in the Plan. As used in this Option, the following terms have the meanings given below:

"Optionee" means the individual named on the Notice

"Date of Grant"means the date recorded next to the word "Effective" on the Notice

"Expiration Date" means the date recorded one or more times under the word "Expiration" in the Notice

"Maximum Grant"means the number preceding the word "shares" in the first paragraph of the Notice

"Option Price" means the price per share of the stock as recorded in the first paragraph of the Notice

1. GRANT OF OPTION. The Company hereby grants to Optionee the option to purchase, upon and subject to the terms and conditions of this Option and of the Plan, all or any part of the Maximum Grant of the Company's common stock (also referred to in the Notice as "stock"), at the Option Price specified above. The shares so purchased or available for purchase are referred to herein as the "Option Shares." This Option is not intended to qualify as an incentive option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

2. EXERCISABILITY. (a) This Option shall become exercisable in a single installment, in full on the date specified on the Notice. This Option shall remain exercisable as to all shares until the Expiration Date, at which time it shall expire in its entirety, unless this Option has expired or terminated earlier in accordance with the provisions hereof or of the Plan. In all events, the number of shares that may be purchased at any time under this Option is reduced by the number of shares previously so purchased.

(b) Notwithstanding paragraph (a), upon the occurrence of a Change of Control (as such term is defined in the Plan), any and all installments of shares that have not become exercisable according to the vesting schedule on the Notice shall automatically become exercisable on such date. This Option shall remain exercisable as to all of such shares until the Expiration Date, at which time it shall expire in its entirety, unless this Option has expired or terminated earlier in accordance with the provisions hereof or of the Plan. In all events, the number of shares that may be purchased at any time under this Option is reduced by the number of shares previously so purchased.

3. EXERCISE OF OPTION. This Option may be exercised by written notice delivered to the Company stating the number of Option Shares with respect to which this Option is being exercised, together with the full Option Price of such shares in cash, bank cashier's check, or such other form of payment as may be permitted by resolution of the board of directors of the Company or the committee of said board charged with administration of the Plan (said board or committee, the "Administrator"). Not less than ten (10) Option Shares may be purchased at any one time unless the number purchased is the total number that remains to be purchased under this Option, and in no event may this Option be exercised with respect to fractional shares. Upon exercise, the Optionee shall make appropriate arrangements and shall be responsible for the withholding of any federal or state income or employment taxes then due. Optionee agrees that the Company may decline to permit exercise in the absence of such withholding arrangements.

4. NOTIFICATION OF SALE. Optionee agrees that Optionee, or any person acquiring Option Shares upon exercise of this Option, will notify the Company in writing not more than one (1) business day after any sale or other disposition of such shares.

5. CESSATION OF SERVICE. Except as provided in Paragraphs 7, 8 or 12 hereof, if the Optionee ceases to serve as a director of the Company or any Subsidiary of the Company, this Option shall expire three months thereafter, but not later than the Expiration Date specified in Paragraph 2 hereof; provided, however, that if the termination of service is the result of Optionee's death or disability, then this Option shall expire one year after the termination of service, but not later than the Expiration Date specified in Paragraph 2 hereof. During such period or extended period after termination of service, this Option shall be exercisable only to the extent, if any, that it had become exercisable on the date of termination, and any rights of Optionee with respect to Option Shares not exercisable as of such date shall expire and terminate automatically on such date.

6. REDUCTION IN STATUS. [not applicable]

7. TERMINATION FOR CAUSE. If the Optionee should be removed from the board of directors of the Company or any Subsidiary of the Company for cause, this Option shall automatically expire unless reinstated by the Administrator within thirty (30) days of such termination by giving written notice of such reinstatement to the Optionee. In the event of such reinstatement, the Optionee may exercise this Option only to such extent, for such time, and upon such terms and conditions as in the case of the a termination for a reason other than cause, disability or death. Termination for cause shall include, but not be limited to: (a) gross neglect or willful failure to perform fully Optionee's duties and obligations to the Company; (b) indictment for or conviction of a felony or any other crime involving moral turpitude; (c) the commission of any fraudulent or dishonest acts affecting the business or assets of the Company or others with whom the Company has a business or client relationship; and (d) drug or alcohol abuse or dependency so as to adversely affect Optionee's ability to perform fully Optionee's duties and obligations to the Company. The determination of the Administrator with respect to the existence of cause for termination shall be final and conclusive.

8. DISABILITY OR DEATH OF OPTIONEE. If the Optionee's service to the Company or any Subsidiary of the Company is terminated by reason of death or disability or if the Optionee dies or becomes permanently and totally disabled (within the meaning of Section 22 of the Internal Revenue Code) during the period referred to in Paragraph 5 hereof, this Option shall automatically expire and terminate twelve (12) months after the date of the Optionee's disability or death, but no later than the Expiration Date specified in Paragraph 2 hereof. After Optionee's

death but before such expiration, the person or persons to whom the Optionee's rights under this Option shall have passed by order of a court of competent jurisdiction or by will or the applicable laws of descent and distribution, or the executor, administrator or conservator of the Optionee's estate, shall have the right to exercise this Option to the extent, if any, that it had become exercisable as of the date of termination of employment.

9. NONTRANSFERABILITY. This Option shall not be transferable except by will or by the laws of descent and distribution, and shall be exercisable during the Optionee's lifetime only by the Optionee.

10. EMPLOYMENT. [not applicable]

11. PRIVILEGES OF STOCK OWNERSHIP. Optionee shall have no rights as a stockholder with respect to the Option Shares unless and until said Option Shares are issued to the Optionee as provided in the Plan. Except as provided in Section 7(c) of the Plan, no adjustment will be made for dividends or other rights in respect of which the record date is prior to the date such stock certificates are issued.

12. MODIFICATION AND TERMINATION BY BOARD OF DIRECTORS. The rights of the Optionee are subject to modification and termination upon the occurrence of certain events as provided in Section 5 of the Plan (relating to stock splits and other corporate reorganization or recapitalization transactions) and Section 9 (relating to a Change in Control). Any such modification, to the extent authorized by the Plan, shall be effective at such time and upon such terms and conditions as may be specified in a notice sent to Optionee in accordance with Paragraph 13 hereof.

13. NOTICES. All notices to the Company provided for in this Option shall be addressed to the Company in care of its President at its principal office and all notices to the Optionee shall be addressed to the address appearing in Optionee's personnel file maintained by the Company, or to such other address as either may designate to the other in writing. Notice to the Company shall be effective upon receipt, and notice to the Optionee shall be effective on the second business day after mailing, or upon receipt, whichever is earlier.

14. GOVERNING LAW. This Agreement shall be governed by the internal laws of the State of California.

15. ENTIRE AGREEMENT; AMENDMENTS. This Option (together with the Plan) contains the entire understanding of the parties with respect to the subject matter hereof and may not be amended except by a written amendment signed by the party to be charged, or pursuant to Sections 5, 9 or 14 of the Plan. "The subject matter hereof" is any and all options to purchase Company securities that Optionee has earned or has any right to receive.

16. INCORPORATION OF PLAN. ALL OF THE PROVISIONS OF THE PLAN ARE INCORPORATED HEREIN BY REFERENCE AS IF SET FORTH IN FULL HEREIN. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF THE PLAN AND ANY PROVISION CONTAINED HEREIN, THE TERMS OF THE PLAN SHALL BE CONTROLLING AND THE CONFLICTING PROVISIONS HEREIN SHALL BE DISREGARDED.

OPTION AGREEMENT - CONSUMER PORTFOLIO SERVICES, INC.

THIS OPTION AGREEMENT (THIS "AGREEMENT") IS THE "OPTION AGREEMENT" REFERRED TO ON THE REVERSE SIDE OF THIS PAGE. THE REVERSE SIDE OF THIS PAGE IS CAPTIONED "NOTICE OF GRANT OF STOCK OPTIONS AND OPTION AGREEMENT" (HEREIN, THE "NOTICE").

The Notice and this Agreement are to be read and interpreted as ONE DOCUMENT and are hereafter referred to, together, as "this Option."

This Option is by and between Consumer Portfolio Services, Inc., a California corporation (referred to herein, together with its subsidiaries, as the "Company" or "Consumer Portfolio Services") and the "Employee." This Option is issued pursuant to the Company's 2006 Long-Term Equity Incentive Plan (referred to herein as the "Plan" or "Company's Stock Option Plan") and is designated by the Option Number recorded on the Notice. Capitalized terms used in this Option and not otherwise defined have the meanings given in the Plan. As used in this Option, the following terms have the meanings given below:

"Employee" means the individual named on the Notice

"Date of Grant"means the date recorded next to the word "Effective" on the Notice

"Expiration Date" means the date recorded one or more times under the word "Expiration" in the Notice

"Maximum Grant"means the number preceding the word "shares" in the first paragraph of the Notice

"Option Price" means the price per share of the stock as recorded in the first paragraph of the Notice

1. GRANT OF OPTION. The Company hereby grants to Employee the option to purchase, upon and subject to the terms and conditions of this Option and of the Plan, all or any part of the Maximum Grant of the Company's common stock (also referred to in the Notice as "stock"), at the Option Price specified above. The shares so purchased or available for purchase are referred to herein as the "Option Shares." This Option is intended to qualify as an incentive option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

2. EXERCISABILITY. (a) This Option shall become exercisable in installments. The number of shares exercisable at any particular time is determined according to the vesting schedule on the Notice, which outlines the timing (as recorded under the words "Full Vest") and number of shares (as recorded under the word "Shares") of each installment. This Option shall remain exercisable as to all of such shares until the Expiration Date, at which time it shall expire in its entirety, unless this Option has expired or terminated earlier in accordance with the provisions hereof or of the Plan. In all events, the number of shares that may be purchased at any time under this Option is reduced by the number of shares previously so purchased.

(b) Notwithstanding paragraph (a), upon the occurrence of a Change of Control (as such term is defined in the Plan), any and all installments of shares that have not become exercisable according to the vesting schedule on the Notice shall automatically become exercisable on such date. This Option shall remain exercisable as to all of such shares until the Expiration Date, at which time it shall expire in its entirety, unless this Option has expired or terminated earlier in accordance with the provisions hereof or of the Plan. In all events, the number of shares that may be purchased at any time under this Option is reduced by the number of shares previously so purchased.

3. EXERCISE OF OPTION. This Option may be exercised by written notice delivered to the Company stating the number of Option Shares with respect to which this Option is being exercised, together with the full Option Price of such shares in cash, bank cashier's check, or such other form of payment as may be permitted by resolution of the board of directors of the Company or the committee of said board charged with administration of the Plan (said board or committee, the "Administrator"). Not less than ten (10) Option Shares may be purchased at any one time unless the number purchased is the total number that remains to be purchased under this Option, and in no event may this Option be exercised with respect to fractional shares. Upon exercise, the Employee shall make appropriate arrangements and shall be responsible for the withholding of any federal or state income or employment taxes then due. Employee agrees that the Company may decline to permit exercise in the absence of such withholding arrangements.

4. NOTIFICATION OF SALE. Employee agrees that Employee, or any person acquiring Option Shares upon exercise of this Option, will notify the Company in writing not more than one (1) business day after any sale or other disposition of such shares.

5. CESSATION OF EMPLOYMENT. Except as provided in Paragraphs 7, 8 or 12 hereof, if the Employee ceases to be employed by the Company or any Subsidiary of the Company, this Option shall expire three months thereafter, but not later than the Expiration Date specified in Paragraph 2 hereof; provided, however, that if the termination of employment is the result of Employee's death or disability, then this Option shall expire one year after the termination of employment, but not later than the Expiration Date specified in Paragraph 2 hereof. During such period or extended period after termination of employment, this Option shall be exercisable only to the extent, if any, that it had become exercisable on the date of termination, and any rights of Employee with respect to Option Shares not exercisable as of such date shall expire and terminate automatically on such date.

6. REDUCTION IN STATUS. This Option is granted based on Employee's position or status within the Company at the Date of Grant. Should Employee at any time no longer be employed in such position, but rather in a position of substantially less responsibility, as determined by the Administrator, then from and after the date of such change in status ("Change Date") the number of shares as to which this Option shall be exercisable shall be the greater of (i) the number of shares as to which this Option was exercisable on the Change Date, and (ii) the number of shares as to which this Option would be exercisable if the Maximum Grant specified in Paragraph 1 hereof were a lesser number, determined by the Administrator, that would be equal to the maximum grant that the Company then customarily grants to individuals in positions similar to Employee's new position. Such lesser number may be zero. In no event shall such a change in terms of this Option result in either (i) an increase in the Maximum Grant, or (ii) Employee's losing the right to exercise this Option as to the Option Shares that Employee had the right to purchase on the Change Date.

7. TERMINATION FOR CAUSE. If the Employee's employment by the Company or any Subsidiary of the Company is terminated for cause, this Option shall automatically expire unless reinstated by the Administrator within thirty (30) days of such termination by giving written notice of such reinstatement to the Employee. In the event of such reinstatement, the Employee may exercise this Option only to such extent, for such time, and upon such terms and conditions as in the case of the a termination for a reason other than cause, disability or death. Termination for cause shall include, but not be limited to: (a) gross neglect or willful failure to perform fully Employee's duties and obligations to the Company; (b) indictment for or conviction of a felony or any other crime involving moral turpitude; (c) the commission of any fraudulent or dishonest acts affecting the business or assets of the Company or others with whom the Company has a business or client relationship; and (d) drug or alcohol abuse or dependency so as to adversely affect Employee's ability to perform fully Employee's duties and obligations to the Company. The determination of the Administrator with respect to the existence of cause for termination shall be final and conclusive.

8. DISABILITY OR DEATH OF EMPLOYEE. If the Employee's employment by the Company or any Subsidiary of the Company is terminated by reason of death or disability or if the Employee dies or becomes permanently and totally disabled (within the meaning of Section 22 of the Internal Revenue Code) during the period referred to in Paragraph 5 hereof, this Option shall automatically expire and terminate twelve (12) months after the date of the Employee's disability or death, but no later than the Expiration Date specified in Paragraph 2 hereof. After Employee's death but before such expiration, the person or persons to whom the Employee's rights under this Option shall have passed by order of a court of competent jurisdiction or by will or the applicable laws of descent and distribution, or the executor, administrator or conservator of the Employee's estate, shall have the right to exercise this Option to the extent, if any, that it had become exercisable as of the date of termination of employment.

9. NONTRANSFERABILITY. This Option shall not be transferable except by will or by the laws of descent and distribution, and shall be exercisable during the Employee's lifetime only by the Employee.

10. EMPLOYMENT. This Option shall not obligate the Company to employ Employee for any period, nor shall it interfere in any way with the right of the Company to increase or reduce the Employee's compensation, or to promote, demote or reassign Employee.

11. PRIVILEGES OF STOCK OWNERSHIP. Employee shall have no rights as a stockholder with respect to the Option Shares unless and until said Option Shares are issued to the Employee as provided in the Plan. Except as provided in Section 7(c) of the Plan, no adjustment will be made for dividends or other rights in respect of which the record date is prior to the date such stock certificates are issued.

12. MODIFICATION AND TERMINATION BY BOARD OF DIRECTORS. The rights of the Employee are subject to modification and termination upon the occurrence of certain events as provided in Section 5 of the Plan (relating to stock splits and other corporate reorganization or recapitalization transactions) and Section 9 (relating to a Change in Control). Any such modification, to the extent authorized by the Plan, shall be effective at such time and upon such terms and conditions as may be specified in a notice sent to Employee in accordance with Paragraph 13 hereof.

13. NOTICES. All notices to the Company provided for in this Option shall be addressed to the Company in care of its President at its principal office and all notices to the Employee shall be addressed to the address appearing in Employee's personnel file maintained by the Company, or to such other address as either may designate to the other in writing. Notice to the Company shall be effective upon receipt, and notice to the Employee shall be effective on the second business day after mailing, or upon receipt, whichever is earlier.

14. GOVERNING LAW. This Agreement shall be governed by the internal laws of the State of California.

15. ENTIRE AGREEMENT; AMENDMENTS. This Option (together with the Plan) contains the entire understanding of the parties with respect to the subject matter hereof and may not be amended except by a written amendment signed by the party to be charged, or pursuant to Sections 5, 9 or 14 of the Plan. "The subject matter hereof" is any and all options to purchase Company securities that Employee has earned or has any right to receive.

16. INCORPORATION OF PLAN. All of the provisions of the Plan are incorporated herein by reference as if set forth in full herein. In the event of any conflict between the terms of the Plan and any provision contained herein, the terms of the Plan shall be controlling and the conflicting provisions herein shall be disregarded.

EXHIBIT 21 - SUBSIDIARIES OF THE REGISTRANT.

The following corporations and limited liabilities are direct or indirect subsidiaries of the registrant. Each does business under its own name, except that The Finance Company also does business under the name Old Dominion Acceptance, Inc.

Name	State or other jurisdiction of incorporation or organization
CPS Leasing, Inc.	DE
CPS Marketing, Inc.	CA
CPS Receivables Corp.	CA
CPS Receivables Two Corp.	DE
CPS 123 Corp.	DE
MFN Financial Corporation	DE
TFC Enterprises, Inc.	DE
CPS Receivables Three Corp.	DE
CPS Residual Corp.	DE
71270 Corp.	DE
Page Funding LLC	DE
Pacific Coast Receivables Corp.	DE
Page Three Funding LLC	DE
Canyon Receivables Corp	DE
Autoloantoday.net, Inc.	DE
Folio Funding LLC	DE
Mercury Finance Corporation of Alabama	AL
Mercury Finance Company of Arizona	AZ
Mercury Finance Company of Colorado	DE
Mercury Finance Company of Delaware	DE
Mercury Finance Company of Florida	DE
Mercury Finance Company of Georgia	DE
Mercury Finance Company of Illinois	DE
Mercury Finance Company of Indiana	DE
Mercury Finance Company of Kentucky	DE
Mercury Finance Company of Louisiana	DE
Mercury Finance Company of Michigan	DE
Mercury Finance Company of Mississippi	DE
Mercury Finance Company of Missouri	MO
Mercury Finance Company of Nevada	NV
Mercury Finance Company of New York	DE
Mercury Finance Company of North Carolina	DE
Mercury Finance Company of Ohio	DE
MFC Finance Company of Oklahoma	DE
Mercury Finance Company of Pennsylvania	DE
Mercury Finance Company of South Carolina	DE
Mercury Finance Company of Tennessee	TN
MFC Finance Company of Texas	DE
Mercury Finance Company of Virginia	DE
Mercury Finance Company of Wisconsin	DE
Gulfco Investment, Inc.	LA
Gulfco Finance Company	LA
Midland Finance Co.	IL
MFN Insurance Company	Turks and Caicos
Mercury Finance Company LLC	DE
The Finance Company	VA
Recoveries, Inc.	VA
The Insurance Agency, Inc.	DE
TFC Receivables Corporation V	DE
TFC Receivables Corporation VI	DE
TFC Receivables Corporation VII	DE

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements (Nos. 333-58199, 333-35758, 333-75594, 333-115622 and 333-135907) on Form S-8, and (Nos. 333-135357 and 333-121913) on Form S-3 of Consumer Portfolio Services, Inc. of our reports dated March 8, 2007 relating to our audits of the consolidated financial statements and internal control over financial reporting, which appear in the Annual Report on Form 10-K of Consumer Portfolio Services, Inc. for the year ended December 31, 2006.

/S/ McGladrey & Pullen, LLP
McGladrey & Pullen, LLP

Irvine, California
March 8, 2007

EXHIBIT 31.1

CERTIFICATION

I, Charles E. Bradley, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Consumer Portfolio Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 9, 2007

By: /s/ CHARLES E. BRADLEY, JR.

Charles E. Bradley, Jr.
PRESIDENT AND CHIEF EXECUTIVE OFFICER

EXHIBIT 31.2

CERTIFICATION

I, Jeffrey P. Fritz, certify that:

1. I have reviewed this annual report on Form 10-K of Consumer Portfolio Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 9, 2007 By: /s/ JEFFREY P. FRITZ

Jeffrey P. Fritz, CHIEF FINANCIAL OFFICER

EXHIBIT 32

CERTIFICATION

Each of the undersigned hereby certifies, for the purposes of Section 1350 of chapter 63 of title 18 of the United States Code, in his capacity as an officer of Consumer Portfolio Services, Inc., that, to his knowledge, the Annual Report of Consumer Portfolio Services, Inc. on Form 10-K for the year ended December 31, 2006, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Consumer Portfolio Services, Inc.

March 9, 2007 By: /s/ CHARLES E. BRADLEY, JR.

Charles E. Bradley, Jr.

PRESIDENT AND CHIEF EXECUTIVE OFFICER

March 9, 2007 By: /s/ JEFFREY P. FRITZ

Jeffrey P. Fritz, CHIEF FINANCIAL OFFICER