UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2000

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

For the transition period from _______ to _______

Commission file number: 1-11416

CONSUMER PORTFOLIO SERVICES, INC.
(Exact name of registrant as specified in its charter)

CALIFORNIA	33-0459135
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
16355 LAGUNA CANYON ROAD, IRVINE, CALIFORNIA	92618
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: (949) 753-6800

Former name, former address and former fiscal year, if changed since last report: N/A

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

As of November 9, 2000, the registrant had 20,127,101 common shares outstanding.

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES
INDEX TO FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2000

Part I. Financial Information

Item 1. Financial Statements

Condensed consolidated balance sheets as of September 30, 2000 and December 31, 1999 3

Condensed consolidated statements of operations for the three and nine month periods Ended September 30, 2000 and 1999. 4

Condensed consolidated statements of cash flows for the nine month periods ended September 30, 2000 and 1999. 5

Notes to condensed consolidated financial statements. 6

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 14

Item 3. Quantitative and Qualitative Disclosures About Market Risk 20

Part II. Other Information

Item 1. Legal Proceedings 21

Item 6. Exhibits and Reports on Form 8-K 21

Signatures 21

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	September 30, 2000 (Unaudited)	December 31, 1999
ASSETS		
Cash	$ 28,746	$ 1,640
Restricted cash	500	1,684
Contracts held for sale (note 2)	5,418	2,421
Servicing fees receivable	5,957	9,919
Residual interest in securitizations (note 3)	117,285	172,530
Furniture and equipment, net	2,431	3,040
Taxes receivable (note 9)	3,275	4,914
Deferred financing costs	2,315	2,488
Investment in unconsolidated affiliates	--	755
Related party receivables	948	901
Deferred interest expense (note 7)	8,801	10,720
Other assets	9,977	12,553
	$ 185,653	$ 223,565
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Accounts payable & accrued expenses	$ 10,019	$ 13,637
Deferred tax liability (note 9)	--	6,318
Capital lease obligation	1,043	1,506
Notes payable	2,646	4,006
Senior secured debt	42,000	23,161
Subordinated debt	38,350	69,000
Related party debt	21,500	21,500
	115,558	139,128
SHAREHOLDERS' EQUITY		
Preferred stock, $1 par value; authorized 5,000,000 shares; none issued	--	--
Series A preferred stock, $1 par value; authorized 5,000,000 shares; 3,415,000 shares issued; none outstanding	--	--
Common stock, no par value; authorized 30,000,000 shares; 20,222,951 and 20,107,501 shares issued and outstanding at September 30, 2000 and December 31, 1999, respectively (note 8)	64,850	62,421
Retained earnings	6,555	22,016
Deferred compensation (note 8)	(1,085)	--
Treasury stock, 130,100 shares and none at September 30, 2000 and December 31, 1999, respectively, at cost	(225)	--
	70,095	84,437
	$ 185,653	$ 223,565

See accompanying notes to condensed consolidated financial statements

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
REVENUES:				
Gain (loss) on sale of contracts, net (note 4)	$ 4,787	$ (9,725)	$ 12,628	$ (16,161)
Interest income (note 5)	5,648	(5,312)	2,483	20,019
Servicing fees	3,585	6,288	12,969	22,235
Other income (loss)	236	(455)	100	(1,066)
	14,256	(9,204)	28,180	25,027
EXPENSES:				
Employee costs	6,339	7,062	18,716	23,156
General and administrative	2,684	4,084	10,697	14,639
Interest	4,241	5,912	13,011	23,586
Marketing	1,569	1,175	4,506	4,162
Occupancy	631	683	2,557	2,127
Depreciation and amortization	283	351	875	1,245
Related party consulting fees	--	88	12	263
	15,747	19,355	50,374	69,178
Loss before income taxes	(1,491)	(28,559)	(22,194)	(44,151)
Income tax benefit (note 9)	(313)	(11,990)	(6,733)	(18,545)
Net loss	$ (1,178)	$ (16,569)	$ (15,461)	$ (25,606)
Loss per share (note 6):				
Basic	$ (0.06)	$ (0.82)	$ (0.76)	$ (1.41)
Diluted	$ (0.06)	$ (0.82)	$ (0.76)	$ (1.41)
Number of shares used in computing loss per share (note 6):				
Basic	20,311	20,108	20,258	18,196
Diluted	20,311	20,108	20,258	18,196

See accompanying notes to condensed consolidated financial statements

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (15,461)	$ (25,606)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	875	1,245
Amortization of deferred financing costs	712	475
Provision for credit losses	800	4,843
Loss on sale of fixed asset	14	--
Deferred compensation	1,010	--
Equity net loss in unconsolidated affiliates	755	1,665
Releases of cash from Trusts to Company	60,427	8,750
Net deposits to spread accounts	(12,072)	(22,921)
Decrease in receivables from Trusts and investment in subordinated certificates	6,890	26,035
Changes in assets and liabilities:		
Restricted cash	1,184	(42)
Purchases of contracts held for sale	(457,802)	(306,725)
Liquidation of contracts held for sale	454,005	462,901
Other assets	8,720	6,358
Accounts payable and accrued expenses	(3,618)	5,680
Warehouse lines of credit	--	(151,857)
Deferred tax liability	(6,318)	--
Taxes payable/receivable	1,639	(18,584)
Net cash provided by (used in) operating activities	41,760	(7,783)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment in unconsolidated affiliate	--	979
Net related party receivables	(47)	2,237
Purchases of furniture and equipment	(232)	(33)
Net cash (used in) provided by investing activities	(279)	3,183
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in senior secured debt	16,000	5,000
Issuance of related party debt	--	1,500
Issuance of notes payable	--	1,395
Repayment of senior secured debt	(27,161)	(3,438)
Repayment of subordinated debt	(650)	--
Repayment of capital lease obligations	(463)	(462)
Repayment of notes payable	(1,360)	(551)
Payment of financing costs	(539)	(312)
Repurchase of common stock	(225)	--
Issuance of common stock	--	44
Exercise of options and warrants	23	--
Net cash (used in) provided by financing activities	(14,375)	3,176
Increase (decrease) in cash	27,106	(1,424)
Cash at beginning of period	1,640	1,940
Cash at end of period	$ 28,746	$ 516
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 10,249	$ 21,712
Income taxes	$ 1,026	$ 43
Supplemental disclosure of non-cash investing and financing activities:		
Issuance of common stock upon restructuring of debt	$ 311	$ --
Revaluation of common stock warrants	$ --	$ 9,844
Reclassification of subordinated debt	$ 30,000	$ --
Valuation of deferred compensation	$ 1,085	$ --

See accompanying notes to condensed consolidated financial statements

CONSUMER PORTFOLIO SERVICES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles and include all adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. All such adjustments are, in the opinion of management, of a normal recurring nature. In addition, certain items in prior period financial statements have been reclassified for comparability to current period presentation. Results for the three and nine month periods ended September 30, 2000, are not necessarily indicative of the operating results to be expected for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1999.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Consumer Portfolio Services, Inc. and its wholly-owned subsidiaries CPS Marketing, Inc., Alton Receivables Corp. ("Alton"), CPS Receivables Corp. ("CPSRC"), CPS Funding Corporation ("CPSFC") and CPS Warehouse Corp. ("CPSWC"). Alton, CPSRC, CPSFC and CPSWC are limited purpose corporations formed to accommodate the structures under which the Company has purchased and sold its Contracts. CPS Marketing, Inc. employs marketing representatives who solicit business from motor vehicle dealers ("Dealers"). The consolidated financial statements also include the accounts of SAMCO Acceptance Corp., LINC Acceptance Company, LLC, and CPS Leasing, Inc., which are 80% owned subsidiaries. Of these three subsidiaries, only CPS Leasing, Inc. has any current operations. All significant intercompany balances and transactions have been eliminated in consolidation. Investments in unconsolidated affiliates that are not majority owned are reported using the equity method. The excess of the purchase price of such subsidiaries over the Company's share of the net assets at the acquisition date ("goodwill") is being amortized over a period of up to fifteen years. Goodwill is reviewed for possible impairment when events or changed circumstances may affect the underlying basis of the asset. Impairment is measured by discounting operating income at an appropriate discount rate.

CONTRACTS HELD FOR SALE

Contracts held for sale include automobile installment sales contracts (generally, "Contracts") on which interest is precomputed and added to the principal amount financed. The interest on precomputed Contracts is included in unearned financed charges. Unearned financed charges are amortized over the remaining period to contractual maturity, using the interest method. Contracts held for sale are stated at the lower of cost or market value. Market value is determined by purchase commitments and prevailing market prices. Gains and losses are recorded as appropriate when Contracts are sold. The Company considers a transfer of Contracts, where the Company surrenders control over the Contracts, a sale to the extent that consideration, other than beneficial interests in the transferred Contracts, is received in exchange for the Contracts.

CONTRACTS HELD TO MATURITY

Contracts held to maturity are presented at cost and are included in other assets. Payments received on Contracts held to maturity are restricted to certain securitized pools, and the related Contracts cannot be resold.

ALLOWANCE FOR CREDIT LOSSES

The Company estimates an allowance for credit losses, which management believes provides adequately for known and inherent losses that may develop in the Contracts held for sale and Contracts held to maturity. Provision for loss is charged to gain on sale of Contracts. Charge-offs, net of recoveries, are charged to the allowance. Management evaluates the adequacy of the allowance by examining current delinquencies, the characteristics of the portfolio and the value of the underlying collateral.

CONTRACT ACQUISITION FEES

Upon purchase of a Contract from a Dealer, the Company generally charges the Dealer an acquisition fee. The acquisition fees associated with Contract purchases are deferred until the Contracts are sold, at which time the deferred acquisition fees are recognized as a component of the gain on sale. The Company also charges an origination fee for those Contracts that are sold on a flow basis. Those fees are recognized at the time the Contracts are sold, typically one day after they are purchased by the Company, and are also a component of the gain on sale.

FLOW PURCHASE PROGRAM

From May 1999 through the date of this report, the Company has purchased Contracts primarily for immediate and outright resale to non-affiliated third parties. Such sales are made on a servicing released basis, that is, with no residual interest retained, with no servicing obligation, and with no right to receive a servicing fee. The Company sells such Contracts for a mark-up above what the Company pays the Dealer. In such sales, the Company makes certain representations and warranties to the purchasers, normal in the industry, which relate primarily to the legality of the sale of the underlying motor vehicle and to the validity of the security interest that is being conveyed to the purchaser. These representations and warranties are generally similar to the representations and warranties given by the originating Dealer to the Company. In the event of a breach of such representations or warranties, the Company may incur liabilities in favor of the purchaser(s) of the Contracts, and there can be no assurance that the Company would be able to recover, in turn, against the originating Dealer(s).

RESIDUAL INTEREST IN SECURITIZATIONS AND GAIN ON SALE OF CONTRACTS

The Company has purchased Contracts with the primary intention of reselling them in securitization transactions as asset-backed securities. Although the Company has not been able to sell Contracts in a securitization transaction since December 1998, it does plan to securitize in the future, as to which there can be no assurance. The Company's securitization structure has been as follows: First, the Company sells a portfolio of Contracts to a wholly owned 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 either a grantor trust or an owner trust (the "Trust"). The Trust in turn issues interest-bearing asset-backed securities (the "Certificates"), generally in a principal amount equal to 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 Certificates issued by the Trust; the proceeds from the sale of the Certificates are then used to purchase the Contracts from the Company. The Company purchases a financial guaranty insurance policy, guaranteeing timely payment of principal and interest on the senior Certificates, from an insurance company (the "Certificate Insurer"). In addition, the Company provides a credit enhancement for the benefit of the Certificate Insurer and the investors in the form of an initial cash deposit to an account ("Spread Account") held by the Trust. The agreements governing the securitization transactions (collectively referred to as the "Securitization Agreements") require that the initial deposits to the Spread Accounts be supplemented by a portion of collections from the Contracts until the Spread Accounts reach specified levels, and then maintained at those levels. The specified levels are generally computed as a percentage of the principal amount remaining unpaid under the related Certificates. The specified levels at which the Spread Accounts are 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 Certificate Insurer and the trustee. Such levels have increased and decreased from time to time based on performance of the portfolios, and have also been varied by agreement. The specified levels applicable to the Company's sold pools increased significantly in 1998. Effective November 3, 1999, as applied to monthly measurement dates from September 1999 onward, the specified levels have decreased. See note 7 - "Liquidity".

At the closing of each securitization, the Company removes from its consolidated balance sheet the Contracts held for sale and adds to its consolidated balance sheet (i) the cash received and (ii) the estimated fair value of the ownership interest that the Company retains in Contracts sold in securitization. That retained interest (the "Residual") consists of (a) the cash held in the Spread Account and (b) 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 Certificates, and certain expenses. NIRs are included in receivable from Trusts as a component of the residual interest in securitizations in the accompanying balance sheet. The excess of the cash received and the assets retained by the Company over the carrying value of the Contracts sold, less transaction costs, equals the net gain on sale of Contracts recorded by the Company.

The Company allocates its basis in the Contracts between the Certificates and the Residuals retained based on the relative fair values of those portions on the date of the sale. The Company recognizes gains or losses attributable to the change in the fair value of the Residuals, which are recorded at estimated fair value and accounted for as "held-for-trading" securities. 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 and timing of anticipated cash flows released from the Spread Account (the cash out method), using a discount rate that the Company believes is appropriate for the risks involved. For that valuation, the Company has used an effective discount rate of approximately 14% per annum.

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 Residuals that represent collections on the Contracts in excess of the amounts required to pay principal and interest on the Certificates, the base servicing fees, and certain other fees (such as trustee and custodial fees). At the end of each collection period, the aggregate cash collections from the Contracts are allocated first to the base servicing fees and certain other fees such as trustee and custodial fees for the period, then to the Certificateholders for interest at the pass-through rate on the Certificates plus principal as defined in the Securitization Agreements. If the amount of cash required for the above allocations exceeds the amount collected during the collection period, the shortfall is drawn from the Spread Account. 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, the excess is released to the Company or in certain cases is transferred to other Spread Accounts that may be below their required levels. Pursuant to certain Securitization Agreements, excess cash collected during the period is used to make accelerated principal paydowns on certain Certificates to create excess collateral (over-collateralization or OC account). The over-collateralization is included in receivable from Trusts as a component of the residual interest in securitizations in the accompanying balance sheet. If the Spread Account balance is not at the required credit enhancement level, then the excess cash collected is retained in the Spread Account until the specified level is achieved. The 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. Spread Account balances are held by the Trusts on behalf of the Company as the owner of the Residuals.

The annual percentage rate payable on the Contracts is significantly greater than the pass through rate on the Certificates. Accordingly, the Residuals described above are a significant asset of the Company. In determining the value of the Residuals described above, the Company must estimate the future rates of prepayments, delinquencies, defaults and default loss severity as they affect the amount and timing of the estimated cash flows. The Company estimates prepayments by evaluating historical prepayment performance of comparable Contracts. The Company has used a constant prepayment estimate of approximately 4% per annum. The Company estimates defaults and default loss severity using available historical loss data for comparable Contracts and the specific characteristics of the Contracts purchased by the Company. In valuing the Residuals, the Company estimates that losses as a percentage of the original principal balance will range from 14% to 16.5% cumulatively over the lives of the related Contracts.

The primary components of receivable from Trusts are NIRs and over-collateralization, each net of estimated credit losses and the present value discount. Interest income is accreted over the estimated remaining lives of the underlying Contracts at the present value discount rate used in valuing the Residuals, on a level yield basis.

In future periods, the Company would recognize additional revenue from the Residuals if the actual performance of the Contracts were to be better than the original estimate, or the Company would increase the estimated fair value of the Residuals. If the actual performance of the Contracts were to be worse than the original estimate, then a downward adjustment to the carrying value of the Residuals would be required. Due to the inherent uncertainty of the future performance of the underlying Contracts, the Company during 1998 established a provision for losses on the Residuals.

The Certificateholders and the related securitization trusts have no recourse to the Company for failure of the Contract obligors to make payments on a timely basis. The Company's Residuals are subordinate to the Certificates until the Certificateholders are fully paid.

NEW ACCOUNTING PRONOUNCEMENTS

In March 2000, the Financial Accounting Standards Board issued Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation - an interpretation of APB Opinion No. 25" ("FIN 44"). This

Interpretation clarifies the definition of an employee for purposes of applying Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), the criteria for determining whether a plan qualifies as a noncompensatory plan, the accounting consequence of various modifications of a previously fixed stock option or award, and the accounting for an exchange of stock compensation awards in a business combination. This Interpretation is effective July 1, 2000, but certain conclusions in this Interpretation cover specific events that occur after either December 15, 1998 or January 12, 2000.

In September 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 140, " Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a replacement for FASB Statement No. 125" ("FAS 140"). The new statement, FAS 140, revises the standards for accounting for securitizations and for other transfers of financial assets and collateral. FAS 140 also requires certain disclosures that were not required under FASB Statement No. 125. The accounting provisions of FAS 140 will apply to the Company for transactions entered into after March 31, 2001, and the reclassification and disclosure provisions will apply to the Company beginning with the year 2000. Because most of the provisions of FASB Statement No. 125 are carried over into FAS 140 without change, the Company does not expect that the adoption and implementation of FAS 140 will have a material effect on its results of operations or financial condition.

(2) CONTRACTS HELD FOR SALE

The following table presents the components of Contracts held for sale:

	September 30, 2000	December 31, 1999
	(in thousands)	
Gross receivable balance	$ 6,389	$ 3,857
Unearned finance charges	(46)	(136)
Deferred acquisition fees and discount	(52)	(437)
Allowance for credit losses	(873)	(863)
Net contracts held for sale	$ 5,418	$ 2,421

During the nine month period ended September 30, 2000, the Company repurchased the assets of certain Trusts that had amortized to a level making such assets available for repurchase. The Trusts in turn used the proceeds received from the repurchase of such assets to repay in full the remaining balance of the certificates that such Trusts had issued. The assets repurchased consisted primarily of principal and interest remaining on Contracts. The principal amount related to the Contracts of such repurchases was $5.1 million, which is included in Contracts held for sale.

(3) RESIDUAL INTEREST IN SECURITIZATIONS

The following table presents the components of the residual interest in securitizations:

	September 30, 2000	December 31, 1999
	(in thousands)	
Cash, commercial paper, US government securities and other qualifying investments (Spread Account)	$ 77,771	126,126
Receivable from Trusts	39,506	46,288
Investment in subordinated certificates	8	116
Residual interest in securitizations	$ 117,285	$ 172,530

Cash released from the Trusts to the Company for the three month periods ended September 30, 2000 and 1999, was $22.2 million and $8.1 million, respectively. Cash released from the Trusts to the Company for the nine month periods ended September 30, 2000 and 1999, was $60.4 million and $8.8 million, respectively.

The following table presents estimated remaining undiscounted credit losses included in the fair value estimate of the Residuals as a percentage of the Company's servicing portfolio subject to recourse provisions:

	September 30, 2000	December 31, 1999
	(in thousands)	
Undiscounted estimated credit losses	$ 30,932	$ 77,480
Servicing subject to recourse provisions	$ 481,904	$ 813,061
Undiscounted estimated credit losses as percentage of servicing subject to recourse provisions	6.42%	9.53%

(4) GAIN (LOSS) ON SALE OF CONTRACTS

The following table presents components of net gain (loss) on sale of Contracts:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
	(in thousands)		(in thousands)	
Gains (loss) recognized on sale	$ 4,866	$ (8,644)	$ 13,649	$ (17,917)
Deferred acquisition fees and discounts	31	1,745	110	7,596
Expenses related to sales	(110)	(576)	(331)	(997)
Provision for credit losses	--	(2,250)	(800)	(4,843)
Net gain (loss) on sale of contracts	$ 4,787	$ (9,725)	$ 12,628	$ (16,161)

(5) INTEREST INCOME

The following table presents the components of interest income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
	(in thousands)		(in thousands)	
Interest on Contracts held for sale	$ 941	$ 3,695	$ 1,755	$ 28,213
Residual interest income, net	4,707	(9,007)	728	(8,194)
Net interest income	$ 5,648	$ (5,312)	$ 2,483	$ 20,019

(6) LOSS PER SHARE

Diluted loss per share for the three and nine months ended September 30, 2000 and 1999, was calculated using the weighted average number of shares outstanding for the related period. The following table reconciles the number of shares used in the computations of basic and diluted loss per share for the three and nine month periods ended September 30, 2000 and 1999:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
	(in thousands)		(in thousands)	
Weighted average number of common shares outstanding during the period used to compute basic loss per share	20,311	20,108	20,258	18,196
Incremental common shares attributable to exercise of outstanding options and warrants	--	--	--	--
Incremental common shares attributable to conversion of subordinated debt	--	--	--	--
Number of common shares used to compute diluted Loss per share	20,311	20,108	20,258	18,196

If the anti-dilutive effects of common stock equivalents were not considered, additional shares included in diluted loss per share calculation for the three and nine month periods ended September 30, 2000, would have included an additional 1.5 million from outstanding stock options and warrants and an additional 2.4 million from incremental shares attributable to the conversion of certain subordinated debt, for an aggregate total of approximately 24.3 million diluted shares for the three month period ending September 30, 2000, and 24.2 million diluted shares for the nine month period ending September 30, 2000.

(7) LIQUIDITY

The Company's business requires substantial cash to support its purchases of Contracts and other operating activities. The Company's primary sources of cash from operating activities have been proceeds from sales of Contracts, amounts borrowed under warehouse lines of credit, servicing fees on portfolios of Contracts previously sold, customer payments of principal and interest on Contracts held for sale, fees for origination of Contracts, and releases of cash from Spread Accounts. The Company's primary uses of cash have been the purchases of Contracts, repayment of amounts borrowed under warehouse lines and otherwise, operating expenses such as employee, interest, and occupancy expenses, the establishment of and further contributions to Spread Accounts, and income taxes. Internally generated cash may or may not be sufficient to meet the Company's cash demands, depending on the performance of securitized pools (which determines the level of releases from Spread Accounts), on the rate of growth or decline in the Company's servicing portfolio, and on the terms on which the Company is able to buy, borrow against and sell Contracts.

Contracts are purchased for a cash price close to their principal amount, and return cash over a period of years. As a result, the Company has been dependent on warehouse lines of credit to purchase Contracts, and on the availability of cash from outside sources in order to finance its continued operations, and to fund the portion of Contract purchase prices not borrowed under warehouse lines of credit. The Company is not presently party to any warehouse line of credit, and did not receive any material releases of cash from Spread Accounts from June 1998 through October 1999. The inability to borrow and the lack of cash releases resulted in a liquidity deficiency, which has been progressively alleviated since the November 1999 re-commencement of releases of cash from Spread Accounts.

The Company has maintained its Contract purchasing program in the absence of any warehouse line of credit by entering into flow purchase arrangements. Flow purchases allow the Company to purchase Contracts while maintaining only an immaterial level of Contracts held for sale. The Company's revenues from flow purchase of Contracts, however, are materially less than may be received by holding Contracts to maturity or by selling Contracts in securitization transactions. For the nine month period ended September 30, 2000, the Company purchased $452.7 million of Contracts on a flow basis, compared to $306.7 million of Contracts purchased, $123.6 million of which was purchased on

a flow basis, for the same period in the prior year. The Company expects to purchase Contracts only on a flow basis in the future until the Company is able to identify appropriate sources of capital to acquire and hold Contracts for the Company's own account.

Net cash provided by operating activities was $41.8 million for the nine month period ended September 30, 2000, compared to net cash used in operating activities of $7.8 million for the same period in the prior year. During the nine month periods ended September 30, 2000 and 1999, the Company did not complete a securitization transaction, and therefore, did not use any cash for initial deposits to Spread Accounts. Cash used for subsequent deposits to Spread Accounts for the nine month period ended September 30, 2000, was $12.1 million, a decrease of $10.8 million, or 47.3%, from cash used for subsequent deposits to Spread Accounts for the same period in the prior year. Cash released from Spread Accounts to the Company for the nine month period ended September 30, 2000, was $60.4 million, as compared with $8.8 million for the same period in the prior year. Changes in deposits to and releases from Spread Accounts are affected by the relative size, seasoning and performance of the various pools of sold Contracts that make up the Company's Servicing Portfolio. In particular, in the prior year's period the cash generated by Contracts held by the Trusts was directed, pursuant to the Securitization Agreements, to building Spread Accounts to their respective specified levels. Those levels having been reached in November 1999, cash subsequently generated has been available for release to the Company.

Beginning in June 1998, the Company's liquidity was adversely affected by the absence of releases from Spread Accounts. Such releases did not occur because a number of the Trusts had incurred cumulative net losses as a percentage of the original Contract balance or average delinquency ratios in excess of the predetermined levels specified in the respective Securitization Agreements. Accordingly, pursuant to the Securitization Agreements, the specified levels applicable to the Company's Spread Accounts were increased, in most cases to an unlimited amount. Due to cross collateralization provisions of the Securitization Agreements, the specified levels were increased on all but the two most recent of the Company's Trusts. In addition to requiring higher Spread Account levels, the Securitization Agreements provide the Certificate Insurer with certain other rights and remedies, some of which have been waived on a recurring basis by the Certificate Insurer with respect to all of the Trusts. Until the November 1999 effectiveness of an amendment to the Securitization Agreements, described below, no material releases from any of the Spread Accounts were available to the Company. Upon effectiveness of that amendment, the requisite Spread Account levels in general have been set at 21% of the outstanding principal balance of the Certificates issued by the related Trusts. (Higher percentages are applicable to those Trusts that have amortized to the point that "floor" or minimum levels of credit enhancement are applicable.)

The amendment agreement mentioned above (the "Amendment") fixes the amount of credit enhancement to be maintained for all but the two most recent of the Company's securitization Trusts. The amended level is 21% of the outstanding principal balance of the Certificates issued by such Trusts, computed on a pool by pool basis. The 21% level is subject to adjustment to reflect over collateralization. Older Trusts may require more than 21% of credit enhancement if the Certificate balance has amortized to such a level that "floor" or minimum levels of credit enhancement are applicable.

In the event of certain defaults by the Company, the specified level applicable to such credit enhancement could increase to an unlimited amount, but such defaults are narrowly defined, and the Company does not anticipate suffering such defaults. The Amendment by its terms is applicable from September 1999 onward, and on November 3, 1999, the necessary signatures and conditions were satisfied to make the Amendment effective. The Company on November 4, 1999, received its first material release of cash from the securitized portfolio pursuant to the terms of the Amendment. The releases of cash are expected to continue and to vary in amount from month to month. There can be no assurance that such releases of cash will continue in the future.

Purchase of Contracts on a flow basis, as compared with purchase of Contracts for the Company's own account, has materially reduced the Company's cash requirements. The Company's plan for meeting its liquidity needs is (1) to increase the quantity of Contracts that it purchases and sells on a flow basis, thus increasing the fees that it receives in connection with such purchases and sales, and (2) to continue to receive releases of cash from its Spread Accounts, pursuant to the Amendment. There can be no assurance that this plan will be successful.

The Company's ability to increase the quantity of Contracts that it purchases and sells on a flow basis will be subject to general competitive conditions and other factors. There can be no assurance that the current level of flow production can be maintained or increased. Obtaining releases of cash from the Spread Accounts is dependent on collections from the related Trusts generating sufficient cash in excess of the amended specified levels. There can be no assurance that collections from the related Trusts will generate cash in excess of the amended specified levels.

(8) COMMON STOCK

Included in common stock is additional paid in capital related to the valuation of certain stock options as required by FIN 44. Based on the adoption of FIN 44, common stock increased by approximately $2.1 million, of which $1.1 million relates to the expense of valuing currently vested options and $1.0 million relates to deferred compensation related to unvested options.

(9) INCOME TAXES

During the three and nine month periods ended September 30, 2000, the Company recorded income tax benefit of approximately $313,000 and $6.7 million, respectively, arising from operating losses. In order to realize the net deferred tax asset of $3.3 million, the Company will need to generate future taxable income of approximately $8.0 million. Management believes that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the net deferred tax asset. In reaching this conclusion, management anticipates that the Company will resume its securitization programs, which would be a key component to improved earnings in the future. As to such resumption there can be no assurance.

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

OVERVIEW

Consumer Portfolio Services, Inc. and its subsidiaries (collectively, the "Company") primarily engage in the business of purchasing, selling and servicing retail automobile installment sale contracts ("Contracts") originated by automobile dealers ("Dealers") located throughout the United States. Through its purchase of Contracts, the Company provides indirect financing to Dealer customers with limited credit histories, low incomes or past credit problems, who generally would not be expected to qualify for financing provided by banks or by automobile manufacturers' captive finance companies.

The major components of the Company's revenue are gains or losses recognized on the sale or securitization of its Contracts, residual interest earned from its securitized pools of Contracts, servicing fees earned on Contracts sold in securitizations and interest earned on Contracts held for sale. Because the servicing fees are dependent in part on the collections received on sold Contracts, the Company's income is affected by losses incurred on such Contracts.

The Company has purchased Contracts with the primary intention of reselling them in securitization transactions as asset-backed securities. Although the Company has not been able to sell Contracts in a securitization transaction since December 1998, it does plan to securitize in the future, as to which there can be no assurance. The Company's securitization structure has been as follows: First, the Company sells a portfolio of Contracts to a wholly owned 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 either a grantor trust or an owner trust (the "Trust"). The Trust in turn issues interest-bearing asset-backed securities (the "Certificates"), generally in a principal amount equal to 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 Certificates issued by the Trust; the proceeds from the sale of the Certificates are then used to purchase the Contracts from the Company. The Company purchases a financial guaranty insurance policy, guaranteeing timely payment of principal and interest on the senior Certificates, from an insurance company (the "Certificate Insurer"). In addition, the Company provides a credit enhancement for the benefit of the Certificate Insurer and the investors in the form of an initial cash deposit to an account ("Spread Account") held by the Trust. The agreements governing the securitization transactions (collectively referred to as the "Securitization Agreements") require that the initial deposits to the Spread Accounts be supplemented by a portion of collections from the Contracts until the Spread Accounts reach specified levels, and then maintained at those levels. The specified levels are generally computed as a percentage of the principal amount remaining unpaid under the related Certificates. The specified levels at which the Spread Accounts are 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 Certificate Insurer and the trustee. Such levels have increased and decreased from time to time based on performance of the portfolios, and have also been varied by agreement. The specified levels applicable to the Company's sold pools increased significantly in 1998. Effective November 3, 1999, as applied to monthly measurement dates from September 1999 onward, the specified levels have decreased. See note 7 - "Liquidity".

At the closing of each securitization, the Company removes from its consolidated balance sheet the Contracts held for sale and adds to its consolidated balance sheet (i) the cash received and (ii) the estimated fair value of the ownership interest that the Company retains in Contracts sold in securitization. That retained interest (the "Residual") consists of (a) the cash held in the Spread Account and (b) 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 Certificates, and certain expenses. NIRs are included in receivable from Trusts as a component of the residual interest in securitizations in the accompanying balance sheet. The excess of the cash received and the assets retained by the Company over the carrying value of the Contracts sold, less transaction costs, equals the net gain on sale of Contracts recorded by the Company.

The Company allocates its basis in the Contracts between the Certificates and the Residuals retained based on the relative fair values of those portions on the date of the sale. The Company recognizes gains or losses attributable to the change in the fair value of the Residuals, which are recorded at estimated fair value and accounted for as "held-for-trading" securities. 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 and timing of anticipated cash flows released from the Spread Account (the cash out method), using a discount rate that the Company believes is appropriate for the risks involved. For that valuation, the Company has used an effective discount rate of approximately 14% per annum.

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 Residuals that represent collections on the Contracts in excess of the amounts required to pay principal and interest on the Certificates, the base servicing fees, and certain other fees (such as trustee and custodial fees). At the end of each collection period, the aggregate cash collections from the Contracts are allocated first to the base servicing fees and certain other fees such as trustee and custodial fees for the period, then to the Certificateholders for interest at the pass-through rate on the Certificates plus principal as defined in the Securitization Agreements. If the amount of cash required for the above allocations exceeds the amount collected during the collection period, the shortfall is drawn from the Spread Account. 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, the excess is released to the Company or in certain cases is transferred to other Spread Accounts that may be below their required levels. Pursuant to certain Securitization Agreements, excess cash collected during the period is used to make accelerated principal paydowns on certain Certificates to create excess collateral (over-collateralization or OC account). The over-collateralization is included in receivable from Trusts as a component of the residual interest in securitizations in the accompanying balance sheet. If the Spread Account balance is not at the required credit enhancement level, then the excess cash collected is retained in the Spread Account until the specified level is achieved. The 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. Spread Account balances are held by the Trusts on behalf of the Company as the owner of the Residuals.

The annual percentage rate payable on the Contracts is significantly greater than the pass through rate on the Certificates. Accordingly, the Residuals described above are a significant asset of the Company. In determining the value of the Residuals described above, the Company must estimate the future rates of prepayments, delinquencies, defaults and default loss severity as they affect the amount and timing of the estimated cash flows. The Company estimates prepayments by evaluating historical prepayment performance of comparable Contracts. The Company has used a constant prepayment estimate of approximately 4% per annum. The Company estimates defaults and default loss severity using available historical loss data for comparable Contracts and the specific characteristics of the Contracts purchased by the Company. In valuing the Residuals, the Company estimates that losses as a percentage of the original principal balance will range from 14% to 16.5% cumulatively over the lives of the related Contracts.

The primary components of receivable from Trusts are NIRs and over-collateralization, each net of estimated credit losses and the present value discount. Interest income is accreted over the estimated remaining lives of the underlying Contracts at the present value discount rate used in valuing the Residuals, on a level yield basis.

In future periods, the Company would recognize additional revenue from the Residuals if the actual performance of the Contracts were to be better than the original estimate, or the Company would increase the estimated fair value of the Residuals. If the actual performance of the Contracts were to be worse than the original estimate, then a downward adjustment to the carrying value of the Residuals would be required. Due to the inherent uncertainty of the future performance of the underlying Contracts, the Company during 1998 established a provision for losses on the Residuals.

The Certificateholders and the related securitization trusts have no recourse to the Company for failure of the Contract obligors to make payments on a timely basis. The Company's Residuals are subordinate to the Certificates until the Certificateholders are fully paid.

The structure described above is applicable to securitization transactions conducted at least once quarterly from June 1994 through December 1998. The Company has not sold any Contracts in securitization transactions since December 1998, and there can be no assurance as to when it will next sell Contracts using the structure described above.

Since March 1999, the Company has changed its basic system of doing business. Previously, the Company would acquire Contracts for its own account, borrowing from 88% to 97% of the principal balance of such Contracts under "warehouse" lines of credit. Periodically (approximately once every quarter) the Company would then sell most or all of the recently acquired Contracts in a securitization transaction as described above. In such a sale, the Company would retain (1) a residual ownership interest in the Contracts sold, (2) the obligation to service the Contracts sold, and (3) the right to receive servicing

fees. At the end of March 1999, the Company learned that it would be unable to sell Contracts in securitization transactions for an indeterminate period. Accordingly, the Company commenced purchasing Contracts for immediate re-sale to a third party, which third party purchases the Contracts in turn on a daily basis. A second purchaser has since begun to purchase Contracts from the Company on similar terms. In these arrangements, the Company retains no residual interest in the Contracts, has no servicing obligation, and receives no servicing fee. For its services in acquiring Contracts for purchase, the Company receives a per-Contract fee from the third party. Such fees represent substantially all of the gain on sale of Contracts recognized in the current year.

RESULTS OF OPERATIONS

THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2000 COMPARED TO THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 1999

REVENUES. During the three months ended September 30, 2000, revenues increased by $23.5 million, from a loss of $9.2 million for the three months ended September 30, 1999 to revenues of $14.3 million. Gain on sale of Contracts increased by $14.5 million, from a loss of $9.7 million to a gain of $4.8 million. The primary reason for the increase is that the prior year's period included sales of some $83.8 million of Contracts for less than their acquisition cost, resulting in a loss on sale of $11.3 million. Gain on sale in the current period is the result of the Company's flow purchase program. During the three months ended September 30, 2000, the Company sold $156.4 million of Contracts on a flow basis, compared to $89.6 million for the same period in the prior year. Those sales resulted in fees earned of $4.9 million and $2.5 million, for the three months ended September 30, 2000 and 1999, respectively. In addition to the increase in the number of Contracts sold, the Company also received a higher average fee per Contract in the current year. Gain on sale of Contracts is reduced for the three month periods ended September 30, 2000 and 1999, by approximately $110,000 and $576,000, respectively, of expenses related to previous securitization transactions, including the amortization of a warrant issued to the Certificate Insurer in November 1998. In addition, for the three month period ended September 30, 2000 the Company did not charge against gain on sale any additional provision for losses on Contracts held for sale compared to a $2.3 million charge recorded for the three month period ended September 30, 1999.

Interest income increased by $11.0 million, and represented 39.6% of total revenue. During the three month period ended September 30, 2000, residual interest income increased by $13.7 million, from negative interest income of $9.0 million for the three months ended September 30, 1999, to residual interest income of $4.7 million for the current year's period. Prior to the three month period ended June 30, 2000, the Company recognized residual interest income as the excess cash flows generated by the Trusts over the related obligations of the Trusts, the result of which was further offset by the amortization of the NIRs. In the prior year's period, interest income included $9.4 million of such amortization. This method of residual interest income recognition approximated a level yield rate of residual interest income, primarily due to the continued addition of new securitizations. As a result of the Company's not having securitized any Contracts since December 1998, the Company's existing method of amortizing the Residuals would not reflect the appropriate level yield. Therefore, the Company refined its methodology to accrete residual interest income on a level yield basis, using an accretion rate that approximates the discount rate used to value the residual interest in securitizations. That rate is 14% per annum.

Servicing fees decreased by approximately $2.7 million, or 43.0%. The decrease in servicing fees is due to the decrease in the servicing portfolio. As of September 30, 2000, the Company was earning servicing fees on 64,333 sold Contracts with aggregate outstanding principal balances approximating $481.9 million, compared to 101,383 Contracts with aggregate outstanding principal balances approximating $948.0 million as of September 30, 1999. In addition to the $481.9 million in sold Contracts, on which servicing fees were earned, the Company was holding for sale and servicing an additional $8.1 million in Contracts, for an aggregate total servicing portfolio at September 30, 2000, of $490.0 million. The Company is not currently acquiring Contracts for its servicing portfolio. In addition, those Contracts that remain in the Company's servicing portfolio are amortizing, and the aggregate principal balance of the servicing portfolio therefore decreases over time. Accordingly, the Company expects that its servicing portfolio will continue to decrease, and that servicing fees to be earned will therefore also decrease, at least through the remainder of 2000, and until such time as the Company is again acquiring Contracts for its own servicing portfolio. There can be no assurance as to when the Company may be able to do so.

EXPENSES. During the three month period ended September 30, 2000, operating expenses decreased $3.6 million, or 18.6%, compared to the three month period ended September 30, 1999. Employee costs decreased by $723,000 or 10.2%,

and represented 40.3% of total operating expenses. The decrease is due to reductions in staff in accordance with the decrease in the Company's servicing portfolio and originations volume. The decrease was offset by an increase in employee costs of $1.0 million related to the valuation of certain stock options in accordance with recently issued and adopted accounting principles. General and administrative expenses decreased by $1.4 million or 34.3%, and represented 17.0% of total operating expenses.

Interest expense decreased $1.7 million, or 28.3%, and represented 26.9% of total operating expenses. The decrease is primarily due to the decrease in the Company's warehouse lines of credit and reduction of the principal balance of other debt. The warehouse lines of credit were paid in full and terminated in the second and third quarters of 1999. Accordingly, there was no warehouse interest expense in the quarter ended September 30, 2000, compared to warehouse interest expense of $1.3 million in the quarter ended September 30, 1999. Although senior secured debt increased from $29.6 million at September 30, 1999, to $42.0 million at September 30, 2000, $30.0 million of the balance at September 30, 2000, represents former subordinated debt that was exchanged for senior secured debt in a debt restructuring completed in March 2000. Overall, outstanding non-warehouse indebtedness of the Company for borrowed money decreased from $126.1 million at September 30, 1999, to $105.6 million at September 30, 2000.

THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2000, COMPARED TO THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 1999

REVENUES. During the nine months ended September 30, 2000, revenues increased by $3.2 million, or 12.6%, compared to the nine month period ended September 30, 1999. Net gain on sale of Contracts increased by $28.8 million, from a negative $16.2 million for the nine months ended September 30, 1999, to a gain on sale of $12.6 million for the nine month period ended September 30, 2000. The primary reason for the increase is that the prior year's period included sales of some $318.0 million of Contracts for less than their acquisition cost, resulting in a loss on sale of $17.6 million. Net gain on sale also increased due to an increase in the number of Contracts sold on a flow basis, and an increase in the average fee paid to the Company per Contract sold. During the nine months ended September 30, 2000, the Company sold $452.7 million of Contracts on a flow basis compared to $123.6 million of Contracts for the same period in the prior year.

Interest income decreased by $17.5 million or 87.6%. The primary reason for the decrease is that fewer Contracts are being held for sale. During the nine month period ended September 30, 2000, the Company earned interest on an average balance of Contracts held for sale of $6.5 million compared to an average of $162.6 million for the previous year period. Such a reduction in interest earned on Contracts held for sale was partially offset by the increase in residual interest income. Although residual interest income was $728,000 for the nine month period ended September 30, 2000, for the three month period ended September 30, 2000, residual interest income was $4.7 million. Prior to the second quarter, the Company recognized residual interest income as the excess cash flows generated by the Trusts over the related obligations of the Trusts. This method of residual interest income recognition approximated a level yield rate of residual interest income, net of the amortization of the NIRs, primarily due to the continued addition of new securitizations. As a result of the Company's not having securitized any Contracts since December 1998, the Company's existing method of amortizing the Residuals would not reflect the appropriate level yield. Therefore, the Company refined its methodology to accrete residual interest income on a level yield basis, using an accretion rate that approximates the discount rate used to value the residual interest in securitizations. That rate is 14% per annum.

Servicing fees decreased by $9.3 million, or 41.7%. The decrease in servicing fees is due to the decrease in the Company's servicing portfolio compared to the prior year's period.

EXPENSES. During the nine month period ended September 30, 2000, operating expenses decreased $18.8 million, or 27.2%, compared to the nine month period ended September 30, 1999. Employee costs decreased by $4.4 million, or 19.2%, and represented 37.2% of total operating expenses. The decrease is due to the reduction of staff in accordance with the decrease in the Company's servicing portfolio. The decrease was offset by an increase in employee costs of $1.0 million related to the valuation of certain stock options in accordance with recently issued and adopted accounting principles. General and administrative expenses decreased by $3.9 million, or 26.9%, and represented 21.2% of total operating expenses. Decreases in general and administrative expenses included decreases in telecommunications, stationery, credit reports and other related items as a result of the decrease in the Company's servicing portfolio.

Interest expense decreased $10.6 million, or 44.8%, and represented 25.8% of total operating expenses. The decrease is primarily due to the reductions in warehouse and non-warehouse indebtedness from the prior year's period.

LIQUIDITY AND CAPITAL RESOURCES

The Company's business requires substantial cash to support its purchases of Contracts and other operating activities. The Company's primary sources of cash from operating activities have been proceeds from sales of Contracts, amounts borrowed under warehouse lines of credit, servicing fees on portfolios of Contracts previously sold, customer payments of principal and interest on Contracts held for sale, fees for origination of Contracts, and releases of cash from Spread Accounts. The Company's primary uses of cash have been the purchases of Contracts, repayment of amounts borrowed under warehouse lines and otherwise, operating expenses such as employee, interest, and occupancy expenses, the establishment of and further contributions to Spread Accounts, and income taxes. Internally generated cash may or may not be sufficient to meet the Company's cash demands, depending on the performance of securitized pools (which determines the level of releases from Spread Accounts), on the rate of growth or decline in the Company's servicing portfolio, and on the terms on which the Company is able to buy, borrow against and sell Contracts.

Contracts are purchased from Dealers for a cash price close to their principal amount, and return cash over a period of years. As a result, the Company has been dependent on warehouse lines of credit to purchase Contracts, and on the availability of cash from outside sources in order to finance its continued operations, and to fund the portion of Contract purchase prices not borrowed under warehouse lines of credit. The Company is not presently party to any warehouse line of credit, and did not receive any material releases of cash from Spread Accounts from June 1998 through October 1999. The inability to borrow and the lack of cash releases resulted in a liquidity deficiency, which has been progressively alleviated since the November 1999 re-commencement of releases of cash from Spread Accounts.

The Company has maintained its Contract purchasing program in the absence of any warehouse line of credit by entering into flow purchase arrangements. Flow purchases allow the Company to purchase Contracts while maintaining only an immaterial level of Contracts held for sale. The Company's revenues from flow purchase of Contracts, however, are materially less than may be received by holding Contracts to maturity or by selling Contracts in securitization transactions. For the nine month period ended September 30, 2000, the Company purchased $452.7 million of Contracts on a flow basis, compared to $306.7 million of Contracts purchased, $123.6 million of which was purchased on a flow basis, for the same period in the prior year. The Company expects to purchase Contracts only on a flow basis in the future until the Company is able to identify appropriate sources of capital to acquire and hold Contracts for the Company's own account.

Net cash provided by operating activities was $41.8 million for the nine month period ended September 30, 2000, compared to net cash used in operating activities of $7.8 million for the same period in the prior year. During the nine month periods ended September 30, 2000, and 1999, the Company did not complete a securitization transaction, and therefore, did not use any cash for initial deposits to Spread Accounts. Cash used for subsequent deposits to Spread Accounts for the nine month period ended September 30, 2000, was $12.1 million, a decrease of $10.8 million, or 47.3%, from cash used for subsequent deposits to Spread Accounts for the same period in the prior year. Cash released from Spread Accounts to the Company for the nine month period ended September 30, 2000, was $60.4 million, as compared with $8.8 million for the same period in the prior year. Changes in deposits to and releases from Spread Accounts are affected by the relative size, seasoning and performance of the various pools of sold Contracts that make up the Company's Servicing Portfolio. In particular, in the prior year's period the cash generated by Contracts held by the Trusts was directed, pursuant to the Securitization Agreements, to building Spread Accounts to their respective specified levels. Those levels having been reached in November 1999, cash subsequently generated has been available for release to the Company.

Beginning in June 1998, the Company's liquidity was adversely affected by the absence of releases from Spread Accounts. Such releases did not occur because a number of the Trusts had incurred cumulative net losses as a percentage of the original Contract balance or average delinquency ratios in excess of the predetermined levels specified in the respective Securitization Agreements. Accordingly, pursuant to the Securitization Agreements, the specified levels applicable to the Company's Spread Accounts were increased, in most cases to an unlimited amount. Due to cross collateralization provisions of the Securitization Agreements, the specified levels were increased on all but the two most recent of the Company's Trusts. In addition to requiring higher Spread Account levels, the Securitization Agreements provide the Certificate Insurer with certain other rights and remedies, some of which have been waived on a recurring basis by the Certificate Insurer with respect to all of the Trusts. Until the November 1999 effectiveness of an amendment to the Securitization Agreements, described below, no material releases from any of the Spread Accounts were available to the Company. Upon effectiveness of that amendment, the requisite Spread Account levels in general have been set at 21% of the outstanding principal balance of the Certificates issued by the related

Trusts. (Higher percentages are applicable to those Trusts that have amortized to the point that "floor" or minimum levels of credit enhancement are applicable.)

The amendment agreement mentioned above (the "Amendment") fixes the amount of credit enhancement to be maintained for all but the two most recent of the Company's securitization Trusts. The amended level is 21% of the outstanding principal balance of the Certificates issued by such Trusts, computed on a pool by pool basis. The 21% level is subject to adjustment to reflect over collateralization. Older Trusts may require more than 21% of credit enhancement if the Certificate balance has amortized to such a level that "floor" or minimum levels of credit enhancement are applicable.

In the event of certain defaults by the Company, the specified level applicable to such credit enhancement could increase to an unlimited amount, but such defaults are narrowly defined, and the Company does not anticipate suffering such defaults. The Amendment by its terms is applicable from September 1999 onward, and on November 3, 1999, the necessary signatures and conditions were satisfied to make the Amendment effective. The Company on November 4, 1999, received its first material release of cash from the securitized portfolio pursuant to the terms of the Amendment. The releases of cash are expected to continue and to vary in amount from month to month. There can be no assurance that such releases of cash will continue in the future.

Purchase of Contracts on a flow basis, as compared with purchase of Contracts for the Company's own account, has materially reduced the Company's cash requirements. The Company's plan for meeting its liquidity needs is (1) to increase the quantity of Contracts that it purchases and sells on a flow basis, thus increasing the fees that it receives in connection with such purchases and sales, and (2) to continue to receive releases of cash from its Spread Accounts, pursuant to the Amendment. There can be no assurance that this plan will be successful.

The Company's ability to increase the quantity of Contracts that it purchases and sells on a flow basis will be subject to general competitive conditions and other factors. There can be no assurance that the current level of flow production can be maintained or increased. Obtaining releases of cash from the Spread Accounts is dependent on collections from the related Trusts generating sufficient cash in excess of the amended specified levels. There can be no assurance that collections from the related Trusts will generate cash in excess of the amended specified levels.

CREDIT EXPERIENCE

The Company's financial results are dependent on the performance of the Contracts in which it retains an ownership interest. The following is a summary of the Company's gross servicing portfolio, including Contracts held for sale, broken down by Contracts that are (i) more than 30 days delinquent, but not in repossession, and (ii) in repossession (dollars in thousands):

	September 30, 2000		September 30, 1999	
	Amount	Percent	Amount	Percent
Delinquent Contracts:				
31 to 60 days	$ 15,495	3.0%	$ 25,987	2.5%
Greater than 60 days	10,792	2.1%	28,664	2.8%
	26,287	5.1%	54,651	5.3%
In repossession	9,969	2.0%	31,122	3.1%
	$ 36,256	7.1%	$ 85,773	8.4%

The following table presents charge-off data with respect to the Company's servicing portfolio, including Contracts held for sale, (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
Net charge-offs (1)	$ 12,601	$ 25,145	$ 53,090	$ 79,646
Net charge-offs as an annualized percentage of average servicing portfolio outstanding	9.7%	9.8%	11.3%	7.9%

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(1) Charge-off amounts are net of recoveries which are recorded when received.

Delinquency and charge-off ratios typically fluctuate over time as a portfolio matures. There can be no assurance that future delinquency and credit losses will be comparable to data presented above.

FORWARD-LOOKING STATEMENTS

This report on Form 10-Q contains certain "forward-looking statements," including, without limitation, the statements to the effect that the Company (i) plans to hold Contracts pledged to a warehouse line of credit, and (ii) plans to securitize Contracts in the future. Such plans are dependent on the Company's ability to conclude transactions with third parties, over which third parties the Company has no control.

Specifically, the reader should bear in mind the following considerations: As to entering into a warehouse line of credit, the Company's ability to open such a line of credit and use proceeds thereunder to acquire Contracts is dependent on the willingness of prospective lenders to reach agreement with the Company on the terms and conditions of such a line of credit. Although the Company is in negotiations with respect to a proposed warehouse line of credit, there can be no assurance that mutually acceptable agreements will be reached.

As to future securitizations, there can be no assurance that the Company will have the liquidity or capital resources to enable it to post the reserves required for credit enhancement of such transactions, or that the securitization markets will be receptive at the time that the Company seeks to engage in such transactions. Financial guaranty insurance, if required in order to sell securities backed by receivables to be securitized by the Company, may or may not be available on acceptable terms at the time of any such transaction, and the credit performance or terms of the receivables that the Company would seek to securitize could cause securitization transactions to be difficult, unduly expensive or even impracticable.

In addition to the statements identified above, descriptions of the Company's business and activities set forth in this report and in other past and future reports and announcements by the Company may contain forward-looking statements and assumptions regarding the future activities and results of operations of the Company. Actual results may be adversely affected by various factors including the following: increases in unemployment or other changes in domestic economic conditions which adversely affect the sales of new and used automobiles and may result in increased delinquencies, foreclosures and losses on Contracts; adverse economic conditions in geographic areas in which the Company's business is concentrated; changes in interest rates, adverse changes in the market for securitized receivables pools, which could restrict the Company's ability to obtain cash for new Contract originations and purchases; increases in the amounts required to be set aside in Spread Accounts or to be expended for other forms of credit enhancement to support future securitizations; the reduction or unavailability of warehouse lines of credit which the Company plans to use to accumulate Contracts for securitization transactions; increased competition from other automobile finance sources; reduction in the number and amount of acceptable Contracts submitted to the Company by its automobile Dealer network; changes in government regulations affecting consumer credit; and other economic, financial and regulatory factors beyond the Company's control.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

INTEREST RATE RISK

There have been no significant changes in interest rate risk since December 31, 1999. The Company is not currently issuing interest bearing asset-backed securities nor is it holding any material amount of Contracts for sale. All Contracts purchased are primarily sold on a flow basis, for which the Company receives a fee. Therefore, any strategies the Company has used in the past to minimize interest rate risk do not apply currently. Described below are strategies the Company has used in the past to minimize interest rate risk.

The strategies the Company has used in the past to minimize interest rate risk include offering only fixed rate contracts to obligors, regular sales of Contracts to the Trusts, and pre-funding securitizations, whereby the amount of asset-backed securities 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 asset-backed securities outstanding.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On August 15, 2000, Linda McGee filed a lawsuit in the New Jersey Circuit Court, Gloucester County, alleging that she, and a purported 48-state class, were defrauded by a "conspiracy" among the Company and unspecified automobile dealers. The alleged object of the conspiracy was to conceal from plaintiff the minimum interest rate at which the Company would be willing to finance a vehicle purchase, and thus to gain for the dealer the additional amount that the Company is willing to pay for higher-rate Contracts. The complaint seeks damages in an unspecified amount. The 48-state class alleged by plaintiff is defined to exclude the states of Alabama and Tennessee, where similar lawsuits against other auto finance companies have failed. The Company has filed a motion to dismiss the complaint for failure to state a cognizable claim, which motion has not yet been set for a hearing. The Company plans to defend this matter vigorously.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) The following exhibit is filed as a part of this report.

27 Financial Data Schedule

During the quarter for which this report is filed, the Company filed no reports on Form 8-K.

SIGNATURES

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

CONSUMER PORTFOLIO SERVICES, INC.
(REGISTRANT)

Date: November 14, 2000 /s/ Charles E. Bradley, Jr.

Charles E. Bradley, Jr. President and
Chief Executive Officer
(PRINCIPAL EXECUTIVE OFFICER)

Date: November 14, 2000 /s/ James L. Stock

James L. Stock, Sr. Vice President and
Chief Financial Officer
(PRINCIPAL FINANCIAL OFFICER AND PRINCIPAL
ACCOUNTING OFFICER)

EXHIBIT INDEX

27	Financial Data Schedule

5
1,000

9-MOS
DEC-31-2000
JAN-01-2000
SEP-30-2000
29,246
0
11,375
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(6,733)
(15,461)
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0
0
(15,461)
(0.76)
(0.76)