SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. 1)*

CONSUMER PORTFOLIO SERVICES, INC.

(Name of Issuer)

Common Stock, no par value per share

(Title of Class of Securities)

210502 100

(CUSIP Number)

Arthur E. Levine	with a copy to:
President	James W. Loss, Esq.
Levine Leichtman Capital Partners, Inc.	Riordan & McKinzie
335 North Maple Drive, Suite 240	695 Town Center Drive, Suite 1500
Beverly Hills, California 90025	Costa Mesa, California 92626
(310) 275-5335	(714) 433-2626

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

April 15, 1999

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Sections 240.13d-1(e), 240.13-d1(f) or 240.13d-1(g), check the following box. / /

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Section 240.13d-7(b) for other parties to whom copies are to be sent.

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

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

SCHEDULE 13D

CUSIP No. 210502 100 Page 2 of 17 Pages

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Levine Leichtman Capital Partners II, L.P.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	(a) / / (b) / /
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) 00 (See Item 3)	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	/ /
6	CITIZENSHIP OR PLACE OF ORGANIZATION California	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER -0-	
	8 SHARED VOTING POWER 4,450,000 (See Item 5)	
	9 SOLE DISPOSITIVE POWER -0-	
	10 SHARED DISPOSITIVE POWER 4,450,000 (See Item 5)	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 4,450,000 (See Item 5)	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)	/ /
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 22.1% (See Item 5)	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) PN	

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) LLCP California Equity Partners II, L.P.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	(a) / / (b) / /
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) 00 (See Item 3)	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	/ /
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14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) CO	

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Arthur E. Levine	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	(a) / / (b) / /
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) 00 (See Item 3)	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	/ /
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14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IN	

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Lauren B. Leichtman	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	(a) / / (b) / /
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) 00 (See Item 3)	
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14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IN	

This Amendment No. 1 (this "Amendment") amends and supplements the Schedule 13D filed on November 25, 1998 (the "Original Schedule 13D") by the Reporting Persons. All capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings ascribed to such terms in the Original Schedule 13D.

ITEM 1. SECURITY AND ISSUER.

(a) Name of Issuer:

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

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

16355 Laguna Canyon Road, Irvine, CA 92618.

(c) Title of Class of Equity Securities:

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

ITEM 2. IDENTITY AND BACKGROUND.

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

(a) Partnership.

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

(b) General Partner.

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

(c) Capital Corp.

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

(d) Mr. Levine.

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

(e) Ms. Leichtman.

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

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

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

Pursuant to a Bridge Loan Agreement dated as of November 2, 1998 (the "Bridge Loan Agreement"), between the Issuer and the Purchaser, the Issuer issued and sold to the Partnership a Senior Bridge Note in the aggregate principal amount of $2,500,000 (the "Bridge Note") and a warrant to purchase 345,000 shares of Common Stock (the "Bridge Warrant" and, together with the Bridge Note, the "Bridge Securities"). The Bridge Securities were acquired by the Partnership for an aggregate purchase price of $2,500,000. On November 10, 1998, the Issuer repaid the Bridge Note in full.

Pursuant to a Securities Purchase Agreement dated as of November 17, 1998 (the "Securities Purchase Agreement"), between the Issuer and the Purchaser, a copy of which is attached as EXHIBIT 2 to the Original Schedule 13D, the Issuer issued and sold to the Partnership a Senior Subordinated Primary Note in the aggregate principal amount of $25,000,000 (the "Primary Note") and a warrant to purchase 3,105,000 shares of Common Stock. In lieu of issuing a warrant to purchase only 3,105,000 shares of Common Stock, the Issuer issued a single primary warrant to purchase 3,450,000 shares of Common Stock (the "Primary Warrant" and, together with the Primary Note, the "Primary Securities") to evidence (i) the warrant to purchase 3,105,000 shares of Common Stock and (ii) the issuance of 345,000 shares of Common Stock purchasable upon exercise of the Bridge Warrant which was surrendered to the Issuer for cancellation at the closing of the transactions contemplated by the Securities Purchase Agreement. The Primary Securities were acquired by the Partnership for an aggregate purchase price of $25,000,000. The Primary Note and the Primary Warrant are attached as EXHIBIT 3 and EXHIBIT 4 to the Original Schedule 13D, respectively.

The source of funds for the purchase of the Bridge Securities and the Primary Securities was capital contributions made by the partners of the Partnership in the aggregate amount of approximately $25,000,000 in response to a Call to Purchase Portfolio Securities dated October 5, 1998.

Pursuant to a First Amendment to Securities Purchase Agreement dated as of April 15, 1999 (together with the Securities Purchase Agreement, the "Amended Securities Purchase Agreement"), between the Issuer and the Partnership, a copy of which is attached as EXHIBIT 1 hereto, the Securities Purchase Agreement was amended to provide, among other things, for the waiver of certain defaults under the Securities Purchase Agreement, the issuance of a note (the "Amended Primary Note"), amending and restating the Primary Note, and the issuance of a warrant (the "Amended Primary Warrant"), amending and restating the Primary Warrant. Under the terms of the Amended Primary Warrant, the number of shares of Common Stock underlying the warrant was reduced to 3,115,000 shares from the 3,450,000 shares underlying the Primary Warrant and the exercise price of these shares was reduced from $3.00 to $0.01. The Amended Primary Note and the Amended Primary Warrant are attached as EXHIBIT 2 and EXHIBIT 3 hereto, respectively.

Pursuant to a Securities Purchase Agreement dated as of April 15, 1999 (the "April 1999 Securities Purchase Agreement"), between the Issuer and the Partnership, a copy of which is attached as EXHIBIT 4 hereto, the Issuer issued and sold to the Partnership a Senior Subordinated Note in the aggregate principal amount of $5,000,000 (the "April 1999 Note") and a warrant to purchase 1,335,000 shares of Common Stock (the "April 1999 Warrant"). The April 1999 Note and April 1999 Warrant were acquired by the Partnership for an aggregate purchase price of $5,000,000. The April 1999 Warrant is not exercisable until its issuance is approved by the shareholders of the Issuer. Thereafter, it can be exercised to purchase 1,335,000 shares of Common Stock for $0.01 per share. The April 1999 Note and April 1999 Warrant are attached as EXHIBIT 5 and EXHIBIT 6 hereto, respectively.

In connection with the issuance of the April 1999 Warrant, holders of 7,107,117 shares of Common Stock granted irrevocable proxies to two employees of Capital Corp., including Ms. Leichtman, or entered into voting agreements with the Partnership, whereby all of such shares will be voted at the annual meeting of the Issuer in favor of the issuance of the April 1999 Warrant.

On April 15, 1999, the Partnership exercised the Amended Primary Warrant in its entirety, thereby purchasing 3,115,000 shares of Common Stock.

Part of the consideration for the Amended Primary Note and Amended Primary Warrant was the waiver of certain defaults under the Securities Purchase Agreement. Part of the consideration for the repricing of the Amended Primary Warrant was the reduction in the number of shares underlying such warrant.

The source of funds for the purchase of the April 1999 Note and April 1999 Warrant and for the payment of the exercise price of the Amended Primary Warrant was capital contributions made by the partners of the Partnership in the aggregate amount of approximately $5.0 million in response to a Call to Purchase Portfolio Securities dated March 29, 1999.

ITEM 4. PURPOSE OF TRANSACTION.

Except as described below, the Partnership acquired the Bridge Securities pursuant to the Bridge Loan Agreement, the Primary Securities pursuant to the Securities Purchase Agreement, the Amended Primary Note and Amended Primary Warrant pursuant to the Amended Securities Purchase Agreement and the April 1999 Note and April 1999 Warrant pursuant to the April 1999 Securities Purchase Agreement for investment purposes. The Partnership exercised the Amended Primary Warrant for investment purposes and to obtain the voting rights associated with ownership of shares of Common Stock.

In connection with the acquisition by the Partnership of the Primary Securities, an Investor Rights Agreement dated as of November 17, 1998 (the "Investor Rights Agreement") was entered into by and among the Issuer, Charles E. Bradley, Sr., Charles E. Bradley, Jr., Jeffrey Fritz and the Partnership, a copy of which is attached as EXHIBIT 5 to the Original Schedule 13D. An amendment (the "Amendment to Investor Rights Agreement") was subsequently entered into by and among the same parties on April 15, 1999, a copy of which is attached as EXHIBIT 7 hereto. Pursuant to the Investor Rights Agreement, as amended, the Partnership acquired certain management and other rights from the Issuer, including, without limitation, the right to cause the Board of Directors of the Issuer to cause Mr. Levine (or another representative of the Partnership) to be elected or appointed as a member of the Board of Directors of the Issuer. Effective upon the consummation of the acquisition by the Partnership of the Primary Securities, the Board of Directors of the Issuer was expanded from six to seven members and Mr. Levine was appointed as a member of the Board of Directors (and the Compensation Committee thereof) of the Issuer. On April 2, 1999, Mr. Levine resigned from the Board of Directors of the Issuer. The Partnership retains the right to cause the Board of Directors of the Issuer to cause Mr. Levine (or another representative of the Partnership) to be elected or appointed as a member of the Board of Directors of the Issuer.

Pursuant to the Amendment to Investor Rights Agreement, the Partnership obtained the right to appoint two of the four members of an operating committee of the Issuer (the "Operating Committee"), which committee shall have the right to make suggestions and to recommend actions to the Board of Directors of the Issuer or to the Board of Directors of any subsidiary of the Issuer or to any committee of any such Board of Directors, either in writing or by attending, through a representative, a meeting of such Board of Directors or such committee.

Pursuant to the April 1999 Securities Purchase Agreement, the Issuer has covenanted to actively and diligently seek and solicit the approval by the shareholders of the Issuer of the issuance of the April 1999 Warrant so as to permit the April 1999 Warrant to become immediately exercisable. The Partnership's obligations under the April 1999 Securities Purchase Agreement are conditioned upon the delivery to the Partnership of irrevocable proxies or voting agreements from the holders of at least 7,107,117 shares of Common Stock authorizing a representative of Partnership to vote in favor of, or binding the beneficial owners of such shares to vote in favor of, the issuance of the April 1999 Warrant at the Issuer's 1999 Annual Meeting or at any other meeting of the Issuer's shareholders, or in an action by written consent.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

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

Each Reporting Person is deemed to be the beneficial owner (within the meaning of Rule 13d-3(a) of the Securities Exchange Act of 1934, as amended) of 4,450,000 shares of Common Stock (of which 1,335,000 are issuable upon exercise of the April 1999 Warrant), which constitutes 22.1% of such class (which percentage is based upon a total of 18,773,501 shares of Common Stock outstanding, 15,658,501 of which were outstanding as of April 14, 1999, according to the Issuer's Annual Report on Form 10-K, 3,115,000 of which were issued upon exercise of the Amended Primary Warrant on April 15, 1999 and 1,335,000 of which represent additional shares outstanding upon exercise of the April 1999 Warrant.)

Though the April 1999 Warrant is not currently exercisable, the Reporting Persons report beneficial ownership of the 1,335,000 share of Common Stock underlying such warrant because they may be deemed to have the right to acquire such shares within 60 days by virtue of the covenants and obligations of the Issuer regarding shareholder approval of the April 1999 Warrant, as described in Item 4 above. See EXHIBIT 4, the April 1999 Securities Purchase Agreement, for further details.

(b) VOTING AND DISPOSITIVE POWER:

The Partnership may be deemed to have (i) sole voting and dispositive power with respect to no shares of Common Stock and (ii) shared voting and dispositive power with all other Reporting Persons with respect to 4,450,000 shares of Common Stock.

By virtue of being the sole general partner of the Partnership, the General Partner may be deemed to have (i) sole voting and dispositive power with respect to no shares of Common Stock and (ii) shared voting and dispositive power with all other Reporting Persons with respect to 4,450,000 shares of Common Stock.

By virtue of being the sole general partner of the General Partner, Capital Corp. may be deemed to have (i) sole voting and dispositive power with respect to no shares of Common Stock and (ii) shared voting and dispositive power with all other Reporting Persons with respect to 4,450,000 shares of Common Stock.

By virtue of being the sole directors, executive officers and shareholders of Capital Corp., each of Levine and Leichtman may be deemed to have (i) sole voting and dispositive power with respect to no shares of Common Stock and (ii) shared voting and dispositive power with all other Reporting Persons with respect to 4,450,000 shares of Common Stock.

(c) TRANSACTIONS.

As previously described, on April 15, 1999, the Partnership, in a privately negotiated transaction in Orange County, California, amended and restated the Primary Warrant in the form of the Amended Primary Warrant, thereby reducing the number of shares underlying the Primary Warrant from 3,450,000 to 3,115,000 and reducing the exercise price from $3.00 per share to $0.01 per share. See EXHIBIT 1, the Amended Securities Purchase Agreement, and EXHIBIT 3, the Amended Primary Warrant, for further details on this transaction.

As previously described, on April 15, 1999, the Partnership, in a privately negotiated transaction in Orange County, California, purchased the April 1999 Warrant. The April 1999 Warrant, when it becomes exercisable, will allow the purchase of 1,335,000 shares of Common Stock at an exercise price of $0.01 per share. See EXHIBIT 4, the April 1999 Securities Purchase Agreement, and EXHIBIT 6, the April 1999 Warrant, for further details on this transaction.

As previously described, on April 15, 1999 in Orange County, California, the Partnership exercised the Amended Primary Warrant and tendered payment of the exercise price. See EXHIBIT 3, the Amended Primary Warrant, for further details on this transaction.

(d) INTERESTS OF OTHER PERSONS:

Not Applicable.

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

Not Applicable.

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

The Partnership funded its purchase of the Bridge Securities and the Primary Securities with capital contributions made by the partners of the Partnership in the aggregate amount of $25,000,000 in response to a Call to Purchase Portfolio Securities dated October 5, 1998.

On November 17, 1998, the Issuer issued and sold to the Partnership the Primary Note. On April 15, 1999, the Primary Note was amended and restated in the form of the Amended Primary Note, a copy of which is attached as EXHIBIT 2 hereto.

The Partnership funded its purchase of the April 1999 Note and April 1999 Warrant and the payment of the exercise price of the Amended Primary Warrant with capital contributions made by the partners of the Partnership in the aggregate amount of approximately $5.0 million in response to a Call to Purchase Portfolio Securities dated March 29, 1999.

On April 15, 1999, the Issuer sold to the Partnership the April 1999 Note, a copy of which is attached as EXHIBIT 5 hereto.

As described more fully in Item 4 above, pursuant to the Investor Rights Agreement, as amended by the Amendment to Investor Rights Agreement, the Partnership acquired certain management and other rights, including, without limitation, the right to cause the Board of Directors of the Issuer to cause Mr. Levine (or another representative of the Partnership) to be elected or appointed as a member of the Board of Directors of the Issuer and the right to appoint two of the four members of the Operating Committee. Such rights are described more fully in the Investor Rights Agreement, a copy of which is attached as EXHIBIT 5 to the Original Schedule 13D, and in the Amendment to Investor Rights Agreement, a copy of which is attached as EXHIBIT 7 hereto.

As described more fully in Item 4 above, pursuant to the April 1999 Securities Purchase Agreement, the Issuer has agreed to actively and diligently seek shareholder approval for the issuance of the April 1999 Warrant and has agreed to provide certain related irrevocable proxies to the Partnership. See EXHIBIT 4, the April 1999 Securities Purchase Agreement for further details on this arrangement.

Pursuant to a Registration Rights Agreement dated as of November 17, 1998 (the "Registration Rights Agreement"), between the Issuer and the Partnership, the Partnership has been granted certain "demand" and "piggyback" registration rights with respect to the shares of Common Stock issuable upon exercise of the Primary Warrant. Pursuant to an amendment (the "Amendment to Registration Rights Agreement") dated April 15, 1999,

the Registration Rights Agreeement has been amended to include the shares of Common Stock issued upon exercise of the Amended Primary Warrant and issuable upon exercise of the April 1999 Warrant. These rights are described more fully in the Registration Rights Agreement, a copy of which is attached as EXHIBIT 6 to the Original Schedule 13D, and in the Amendment to Registration Rights Agreement, a copy of which is attached as EXHIBIT 8 hereto.

Pursuant to an Investment Agreement and Continuing Guaranty dated as of April 15, 1999 (the "Investment Agreement and Continuing Guaranty"), by and among Stanwich Financial Services Corp., a Rhode Island corporation, the Partnership, the Issuer, Charles E. Bradley, Jr. and Charles E. Bradley, Sr. the parties thereto, except for the Partnership, agreed to provide certain future investments in the Issuer and agreed to guaranty certain obligations of the Issuer to the Partnership. These arrangements are described more fully in the Investment Agreement and Continuing Guaranty, a copy of which is attached as EXHIBIT 9 hereto.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

EXHIBIT 1. First Amendment to Securities Purchase Agreement dated as of April 15, 1999 (together with EXHIBIT 1 to the Original Schedule 13D, the "Amended Securities Purchase Agreement"), between the Issuer and the Partnership.

EXHIBIT 2. Senior Subordinated Primary Note in the principal amount of $25,000,000, as amended and restated pursuant to the Amended Securities Purchase Agreement.

EXHIBIT 3. Primary Warrant to Purchase 3,115,000 Shares of Common Stock, as amended and restated pursuant to the Amended Securities Purchase Agreement.

EXHIBIT 4. Securities Purchase Agreement dated as of April 15, 1999, between the Issuer and the Partnership.

EXHIBIT 5. Senior Subordinated Note in the principal amount of $5,000,000.

EXHIBIT 6. Warrant to Purchase 1,335,000 Shares of Common Stock.

EXHIBIT 7. First Amendment to Investors Rights Agreement, dated as of April 15, 1999, by and among the Partnership, the Issuer, Charles E. Bradley, Sr., Charles E. Bradley, Jr. and Jeffrey P. Fritz.

EXHIBIT 8. First Amendment to Registration Rights Agreement, dated as of April 15, 1999, between the Partnership and the Issuer.

EXHIBIT 9. Investment Agreement and Continuing Guaranty, dated as of April 15, 1999, by and among the Partnership, the Issuer, Charles E. Bradley, Sr., Charles E. Bradley, Jr. and Stanwich Financial Services Corp., a Rhode Island corporation.

SIGNATURE

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

Dated: April 20, 1999

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

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

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

By: /s/ Arthur E. Levine

Arthur E. Levine
Title: President

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

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

By: /s/ Arthur E. Levine

Arthur E. Levine
Title: President

LEVINE LEICHTMAN CAPITAL PARTNERS, INC., a California corporation

By: /s/ Arthur E. Levine

Arthur E. Levine
Title: President

/s/ Arthur E. Levine

ARTHUR E. LEVINE

/s/ Lauren B. Leichtman

LAUREN B. LEICHTMAN

FIRST AMENDMENT TO
SECURITIES PURCHASE AGREEMENT

THIS FIRST AMENDMENT TO SECURITIES PURCHASE AGREEMENT, dated as of the 15th day of April 1999 (this "Amendment"), is entered into by and between Levine Leichtman Capital Partners II, L.P., a California limited partnership (the "Purchaser"), and Consumer Portfolio Services, Inc., a California corporation (the "Company").

R E C I T A L S

A. The Purchaser and the Company are parties to that certain Securities Purchase Agreement dated as of November 17, 1998 (the "Securities Purchase Agreement"), pursuant to which, among other things, (i) the Company issued and sold to the Purchaser, and the Purchaser purchased from the Company, a Senior Subordinated Primary Note in the original principal amount of $25,000,000 (as amended, supplemented, modified, renewed, refinanced or restructured from time to time, the "Note"), and (ii) the Company issued and sold to the Purchaser, and the Purchaser purchased from the Company, the Primary Warrant, all on the terms and subject to the conditions set forth therein. The Primary Warrant evidences both (a) a warrant to purchase 3,105,000 shares of Common Stock issued concurrently with the closing of the issuance and sale of the Note by the Company to the Purchaser and (b) in connection with the surrender by the Purchaser of the Bridge Warrant at such closing, the issuance of 345,000 shares of Common Stock purchasable upon the exercise of the Bridge Warrant. Unless otherwise indicated, all capitalized terms used, but not defined, herein have the meanings given to such terms in the Securities Purchase Agreement.

B. Under Section 11 of the Securities Purchase Agreement, the Company has notified the Purchaser that several Events of Defaults by the Company and Stanwich Financial Services Corp., a Rhode Island corporation ("Stanwich"), have occurred under the Securities Purchase Agreement, all as more fully described in Schedule 1 (collectively, the "Existing Defaults").

C. The Company has requested that the Purchaser waive the Existing Defaults and amend the Securities Purchase Agreement on the terms and conditions set forth in this Amendment, and the Purchaser is willing to do so, but only upon the terms and subject to the conditions set forth herein. The waiver by the Purchaser of the Existing Defaults contemplated hereby and the amendments to the Securities Purchase Agreement contained herein shall be effective on and as of the date upon which all of the conditions precedent set forth in Section 3 have been satisfied (the "Effective Date").

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants, conditions and provisions contained herein, and for other good and valuable consideration,

the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to amend the Securities Purchase Agreement as follows:

SECTION 1. WAIVER OF EXISTING DEFAULTS. Effective on and as of the Effective Date, the Purchaser waives each of the Existing Defaults set forth on Schedule 1; provided, however, that the waiver provided for in this Section 1 shall only apply to the Existing Defaults by the Company upon the Company's satisfaction of the conditions precedent set forth in Section 3. Except for the foregoing waiver by the Purchaser, this Amendment shall not constitute a waiver of any other defaults or Events of Default by the Company or by Stanwich under the Securities Purchase Agreement or any Related Agreements, or any forbearance or agreement to forbear by the Purchaser of the exercise of any rights or remedies under the Securities Purchase Agreement or any Related Agreements. The parties acknowledge and agree that the Purchaser shall continue to have all rights and remedies under the Securities Purchase Agreement and the Related Agreements otherwise available to it.

SECTION 2. AMENDMENTS. Effective on and as of the Effective Date, the Securities Purchase Agreement shall be amended as follows:

2.1 Amendment of Section 1 (Definitions). Section 1 of the Securities Purchase Agreement shall be amended as follows:

(a) The definition of Agreement shall be deleted in its entirety and replaced with the following:

> "'Agreement' shall mean this Agreement, including the Exhibits, Schedules, Annex A and the Addendum, in each case as amended by the First Amendment to Securities Purchase Agreement dated as of April 15, 1999, and as further amended, supplemented or otherwise modified from time to time."

(b) The following new definition shall be added to Section 1 immediately before the definition of Affiliate:

> "'Amended November 1998 Note' shall mean the Amended and Restated Senior Subordinated Primary Note dated as of November 17, 1998, as amended and restated as of April 15, 1999, issued in connection with the closing of the transactions contemplated by the First Amendment and which amends and restates the Note, as the same may be amended, supplemented, modified, renewed, refinanced or restructured from time to time."

> "'Amended November 1998 Warrant' shall mean the Amended and Restated Primary Warrant to Purchase 3,115,000 Shares of Common Stock, dated as of November 17, 1998, as amended and restated as of April 15, 1999 issued in

connection with the closing of the transactions contemplated by the First Amendment and which amends and restates the Primary Warrant, as the same may be amended, supplemented, modified, renewed, refinanced or restructured from time to time."

"'April 1999 Note' shall mean a Senior Subordinated Note dated April 15, 1999, issued by the Company to the Purchaser in the principal amount of $5,000,000, as the same may be amended, supplemented, modified, renewed, refinanced or restructured from time to time."

"'April 1999 Note Documents' shall mean, collectively, the Securities Purchase Agreement dated as of April 15, 1999 (the "April 1999 Securities Purchase Agreement"), between the Company and the Purchaser, the April 1999 Note, the April 1999 Warrant and any and all other agreements, instruments and other documents contemplated by or relating to the April 1999 Securities Purchase Agreement or executed and/or delivered in connection therewith, as the same may be amended, supplemented or otherwise modified from time to time."

"'April 1999 Warrant' shall mean the Warrant to Purchase 1,335,000 Shares of Common Stock of the Company dated April 15, 1999, issued by the Company to the Purchaser in connection with the transactions contemplated under the April 1999 Securities Purchase Agreement, as the same may be amended, supplemented, modified, renewed, refinanced or restructured from time to time."

(c) The definition of ESFR Agreement shall be deleted in its entirety and replaced with the following:

"'ESFR Agreement' shall mean, collectively, that certain Residual Interest in Securitizations Revolving Credit and Term Loan Agreement, dated as of April 30, 1998, by and among the Company, State Street Bank and Trust Company, as "Agent" and the "Lender," The Structured Finance High Yield Fund, LLC, as "Lender," and The Prudential Insurance Company of America, as "Lender," as amended by ESFR Amendment No. 1, Amendment No. 2 and Amendment No. 3 dated as of April 15, 1999, and as further amended from time to time in accordance with Section 9.11(a)."

(d) The definition of Excess Warrant Shares shall be deleted in its entirety.

(e) The following new definition shall be added to Section 1 immediately after the defined term Financial Statements:

"'First Amendment' shall mean that certain First Amendment dated as of April 15, 1999, between the Company and the Purchaser, which amends the Securities Purchase Agreement."

"'First Amendment Documents' shall mean, collectively, the First Amendment, the Amended November 1998 Note, the Amended November 1998 Warrant, the Amended Investor Rights Agreement, the New Stanwich Subordination Agreement, and any and all other agreements, instruments and other documents contemplated by the First Amendment or executed and/or delivered in connection therewith, as the same may be amended, supplemented or otherwise modified from time to time."

(f) The following new definition shall be added to Section 1 immediately after the defined term Intellectual Property:

"'Investment and Guaranty Agreement' shall mean that certain Investment Agreement and Continuing Guaranty dated as of April 15, 1999, by and among Stanwich, Charles E. Bradley, Sr., Charles E. Bradley, Jr., the Company, certain Affiliates of the foregoing and the Purchaser, and as amended, supplemented or otherwise modified from time to time."

(g) The definition of Investor Rights Agreement shall be deleted in its entirety and replaced with the following:

"'Investor Rights Agreement' shall mean an Investor Rights Agreement dated as of November 17, 1998, among the Company, the Purchaser, Charles E. Bradley, Sr., Charles E. Bradley, Jr. and Jeffrey P. Fritz, as amended by a First Amendment to Investors Rights Agreement dated as of April 15, 1999, and as it may be further amended, supplemented or otherwise modified from time to time."

(h) The definition of Material Adverse Change shall be deleted in its entirety and replaced with the following:

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

(i) The following new definition shall be added to Section 1 immediately after the defined term New Senior Facility Note:

"New Stanwich Subordination Agreement" shall mean that certain Amendment to Subordination Agreement in the form attached to the First Amendment as Exhibit E by and among Stanwich, the Company and Purchaser (but not John Poole), as further amended, supplemented or otherwise modified from time to time."

(j) The following new definition shall be added to Section 1 immediately after the defined term Material Contracts:

"'NAB' means NAB Asset Corporation."

(k) The definition of NAB Loans shall be deleted in its entirety and replaced with the following:

"'NAB Loans" shall mean the loans and advances made by the Company to NAB Asset Corporation outstanding on the date hereof in the aggregate principal amount of approximately $700,000.

(l) Clause (ii) of the definition of New Senior Credit Facility shall be deleted in its entirety and replaced with the following:

"(ii) The Purchaser is a lender under such new facility and the Purchaser's principal term commitment is no less than $30,000,000;"

(m) The definition of Obligations to Purchaser shall be deleted in its entirety and replaced with the following:

""Obligations to Purchaser'" shall mean any and all Indebtedness, claims, liabilities or obligations of the Company, any of its Subsidiaries and Stanwich owing to the Purchaser or any Affiliate of the Purchaser (or any successor, assignee or transferee of the Purchaser or such Affiliate) under or with respect to this Agreement, the First Amendment Documents, the Registration Rights Agreement, the Investor Rights Agreement, the Stanwich Documents, ESFR Amendment No. 2, the Bridge Loan Documents, the April 1999 Note Documents and the Investment and Guaranty Agreement, and any and all agreements, instruments or other documents heretofore or hereafter executed or delivered in connection with any of the foregoing, of whatever nature, character or description (including, without limitation, any claims for rescission or other damages under federal or state securities laws and any obligations of the Company to indemnify the Purchaser), and whether presently existing or arising hereafter, together with interest, premiums and fees accruing thereon and costs and expenses (including, without limitation, attorneys' fees) of collection thereof (including, without limitation, interest, fees, costs and expenses accruing after the filing of a petition by or against the Company or any Subsidiaries under the Bankruptcy Laws or any similar federal or state statute), and any and all amendments, renewals, extensions, exchanges, restatements, refinancings or refundings thereof. Without limiting the generality of the foregoing, the Obligations to Purchaser shall include the Stanwich Investment Obligation (as such term is defined in the Investment and Guaranty Agreement) and the Guaranteed Covenants (as such term is defined in the Investment and Guaranty Agreement)."

(n) The following new definition shall be added to Section 1 immediately after the defined term Poole Replacement Note:

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

(o) The definition of Related Agreements shall be deleted in its entirety and replaced with the following:

"'Related Agreements' shall mean the Note, the Primary Warrant, the Registration Rights Agreement, the Investor Rights Agreement, the Stanwich Documents, ESFR Amendment No. 2, the Bridge Loan Documents, the First Amendment Documents, the April 1999 Note Documents and the Investment Agreement, and any and all agreements, instruments and other documents contemplated hereby or thereby or relating hereto or thereto, as the same may be amended, supplemented or otherwise modified from time to time."

(p) The definition of Senior Subordinated Indebtedness shall be deleted in its entirety and replaced with the following:

"Senior Subordinated Indebtedness" shall mean, collectively, the RISRS, the PENS, the Stanwich Senior Subordinated Debt, the Poole Replacement Note, the Indebtedness evidenced by the Amended November 1998 Note and the April 1999 Note and any other Indebtedness of the Company heretofore or hereafter consented to in writing by the Purchaser and which ranks pari passu with the RISRS, the PENS, the Stanwich Senior Subordinated Debt, and the Indebtedness evidenced by the Amended November 1998 Note and the April 1999 Note, provided, however, that such other Indebtedness is evidenced or governed by provisions that are satisfactory to the Purchaser, in each case as amended, supplemented, modified, refinanced, renewed, replaced, restructured or exchanged from time to time in accordance with Section 9.11(a)."

(q) The following new definition shall be added to Section 1 immediately after the defined term Stanwich Indebtedness:

"'Stanwich Investment Obligation' shall have the meaning set forth in Section 8.25(a)."

(r) The definition of Stanwich Indebtedness shall be deleted in its entirety and replaced with the following:

"'Stanwich Debt Agreements' shall mean, collectively, all agreements, instruments and other documents, whether now existing or hereafter entered into,

evidencing or governing any Stanwich Indebtedness, including, without limitation, (i) the 1997 Stanwich Notes, (ii) the 1998 Stanwich Notes, (iii) the Stanwich Replacement Note, (iv) the Poole Replacement Note, (v) the Stanwich Commitment, (vi) the Stanwich Debt Restructure Agreement, (vii) the Stanwich Subordination Agreement , (viii) the New Stanwich Subordination Agreement and (ix) the note or notes issued by the Company to evidence the Stanwich Investment Obligation, as the same may be amended, supplemented or otherwise modified from time to time in accordance with Section 9.11(a)."

(s) The definition of Stanwich Subordination Agreement shall be deleted in its entirety and replaced with the following:

"'Stanwich Subordination Agreement'" shall mean the Subordination Agreement dated as of November 17, 1998, between Stanwich, Poole, the Purchaser and the Company, as amended by the New Stanwich Subordination Agreement, as further amended, supplemented or otherwise modified from time to time."

(t) The definition of Stanwich Indebtedness shall be deleted in its entirety and replaced with the following:

"Stanwich Indebtedness" shall mean, collectively, any and all Indebtedness of the Company or its Subsidiaries or both owing to Stanwich or any of its shareholders, officers, directors, employees or Affiliates (other than the Company and its Subsidiaries), including, without limitation:

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

(ii) the Convertible Promissory Note dated August 13, 1998, issued by the Company to Stanwich in the principal amount of $500,000, the Convertible Promissory Note dated August 21, 1998, issued by the Company to Stanwich in the principal amount of $425,000, and the Convertible Promissory Note dated September 2, 1998, issued by the Company to Stanwich in the principal amount of $3,075,000 (collectively, the "1998 Stanwich Notes");

(iii) the Stanwich Replacement Note and the Poole Replacement Note issued by the Company pursuant to the Securities Purchase Agreement; and

(iv) Indebtedness with respect to the Stanwich Commitment Notes (as defined in Section 8.25);

in each of clauses (i) through (iv) above as amended, supplemented, modified, refinanced, renewed, replaced, restructured or exchanged from time to time in accordance with Section 9.11(a)."

(u) The definition of Stanwich Senior Subordinated Debt shall be deleted in its entirety and replaced with the following:

"'Stanwich Senior Subordinated Debt' shall mean all Stanwich Indebtedness outstanding under the "Previously Pledged Notes" (as such term is defined in the New Stanwich Subordination Agreement), specifically excluding "Stanwich Notes Pledged in 1999" as defined in the New Stanwich Subordination Agreement. Any Stanwich Indebtedness released from the relevant pledge shall automatically cease, under the terms of the New Stanwich Subordination Agreement, to be Senior Subordinated Indebtedness as defined in this Agreement, and shall be subordinate, under the terms of the New Stanwich Subordination Agreement, to all Senior Subordinated Indebtedness."

2.2 Amendment of Section 3 (Representations and Warranties). The Securities Purchase Agreement shall be amended by inserting the following new section immediately following Section 3.41:

3.42 LINC and Samco. Neither LINC Acceptance LLC nor Samco Acceptance Corp. have any material assets, properties or operations.

2.3 Amendment of Section 8.2 (Information Covenants). Section 8.2 of the Securities Purchase Agreement shall be amended by deleting the penultimate paragraph of such Section in its entirety and replacing it with the following:

"(a) In addition to the financial information described above, the Company will furnish or make available, or cause to be furnished or made available, to the Purchaser such other information regarding the business, affairs and condition of the Company and its Subsidiaries as the Purchaser may from time to time reasonably request.

(b) Immediately after the effective date of this Amendment, the officers of the Company will commence preparation of an annual budget for the 1999 fiscal year ("Budget") that shall be mutually acceptable to the officers of the Company and the Purchaser, and shall consult with the Purchaser in the process of preparing the Budget. A completed Budget shall be submitted to the Board of Directors of the Company (the "Board") at the next regularly scheduled Board meeting, on April 28, 1999. If the Budget as presented is not acceptable to the Board, the officers of the Company will promptly, and within 30 days, revise the Budget in a manner that is acceptable to Purchaser and that the officers believe would be

acceptable to the Board, and said revised Budget shall be submitted to the Board at its next meeting after the Budget is complete.

(c) No later than thirty (30) days prior to the commencement of each fiscal year of the Company, the Company shall furnish to the Purchaser an annual operating budget for the Company and its Subsidiaries for such fiscal year, in form and substance acceptable to the Purchaser."

2.4 Amendment of Section 8.7 (Repayment of NAB Loans). Section 8.7 of the Securities Purchase Agreement shall be amended by deleting such Section in its entirety and replacing it with the following:

"8.7 Repayment of NAB Loans. The Company shall cause the NAB Loans to be repaid in full on or prior to June 30, 1999;" provided, however, that in the event the company completes $250,000,000 of Automobile Contract Sales by May 15, 1999, then the date by which the NAB Loans shall be repaid shall be extended to August 31, 1999.

2.5 Amendment of Section 8.8 (Key-Man Life Insurance). Section 8.8 of the Securities Purchase Agreement shall be amended by deleting such Section in its entirety and replacing it with the following:

"8.8 Key-Man Life Insurance. On or prior to May 31, 1999, the Company shall procure a key-man life insurance policy, from a financially sound and reputable insurance company, on the life of Charles E. Bradley, Jr., the President and Chief Executive Officer of the Company, in an amount equal to $10,000,000, and shall cause the Purchaser to be named as the sole loss payee on such insurance policy. The Company shall be obligated to maintain such insurance policy so long as any Obligations to Purchaser remain outstanding."

2.6 Amendment of Section 8.21 (New Senior Credit Facility). Paragraph (b) of Section 8.21 of the Securities Purchase Agreement shall be amended by deleting such Section in its entirety and replacing it with the following:

"(b) At least twenty (20) days prior to the proposed New Senior Facility Establishment Date, the Company shall notify the Purchaser in writing that it intends to enter into the New Senior Credit Facility, stating the material terms thereof and the closing date, and will furnish to the Purchaser at such time copies of the agreements, instruments and other documents that will evidence or govern the New Senior Credit Facility."

2.7 Addition of New Section 8.25 (Stanwich Commitment). The Securities Purchase Agreement shall be amended by inserting the following new section immediately after Section 8.24:

"Section 8.25. Covenants of Stanwich, CEB and Bradley.

(a) Stanwich hereby unconditionally and irrevocably commits to the Company and LLCP to purchase securities from the Company (the "Stanwich Investment Obligation") as follows:

(i) Stanwich agrees to purchase and the Company agrees to sell $7,500,000 in junior subordinated debt securities of the Company having the terms described below ("Stanwich Commitment Notes") on or before July 31, 1999, and $7,500,000 in Stanwich Commitment Notes on or before August 31, 1999, for an aggregate commitment of $15,000,000.

(ii)The terms of the Stanwich Commitment Notes shall be no more favorable to Stanwich than the terms of the April 1999 Note are to Purchaser. The Stanwich Commitment Notes shall have the following terms:

(A) Principal payments will be due no earlier than June 1, 2004, unless accelerated pursuant to the terms of said Notes and as permitted under the subordination provisions set forth in the clauses below;

(B) the Stanwich Commitment Notes will be junior to all Obligations to Purchaser and subject to identical subordination terms as are set forth in the New Stanwich Subordination Agreement, with such terms being set forth in the text of said Stanwich Commitment Notes at the time of issuance;

(C) The Company shall issue to Stanwich warrants to purchase no more than 2,070,000 shares of Common Stock ("Stanwich Commitment Warrant") only upon the fulfillment in full, at or prior to the times specified in subsection (a) above, of the Stanwich Investment Obligation, and provided that the issuance of the April 1999 Warrant to Purchaser shall have been approved by the shareholders of the Company. The terms of the Stanwich Commitment Warrant shall be no more favorable to Stanwich than the terms of the April 1999 Warrant are to Purchaser, and shall have registration rights with respect to the shares of Common Stock issuable upon exercise thereof that are substantially identical to those in favor of the shares of Common Stock issuable upon conversion of

the Stanwich Replacement Note under the Consolidated Registration Rights Agreement dated as of November 17, 1998 among the Company, Stanwich and John G. Poole, and it shall be in form and substance acceptable to Purchaser prior to issuance; and

(D) In no event shall any fees, costs and expenses payable by the Company in connection with the issuance of Stanwich Commitment Securities cause the net proceeds of the issuance of the Stanwich Commitment Notes to be less than 97% of the face amount of the Stanwich Commitment Note. Stanwich hereby agrees to pay all of their own fees and expenses incurred in connection with the purchase of Stanwich Commitment Securities, and to reimburse the Company for all legal, accounting or similar fees and expenses the Company may incur with respect to the issuance of Stanwich Commitment Securities that would cause the net proceeds of the issuance to be less than 97% of the face amount of such note.

Any Stanwich Commitment Note, Stanwich Commitment Warrant and any purchase agreement to be executed by the Company in connection therewith shall be in form and substance acceptable to Purchaser prior to any issuance.

"(b) The commitments under Section 8.24 and 8.25 are not intended to be aggregated in dollar amount and the fulfillment of one section shall have the effect of satisfying the obligation under the other to the extent the terms are consistent."

2.8 Addition of New Section 8.26 (Engagement of Investment Bank). The Securities Purchase Agreement shall be amended by inserting the following new Section 8.26 to the Securities Purchase Agreement immediately after new Section 8.25:

"8.26 Engagement of Investment Bank. On or before May 15, 1999, the Company and First Boston Corporation, or another investment bank acceptable to the Purchaser, shall have executed a retainer agreement or engagement letter, on terms and conditions acceptable to the Purchaser, pursuant to which the investment bank will assist the Company in exploring various strategic alternatives for maximizing shareholder value. The Company shall furnish to the Purchaser an executed copy of such retainer agreement or engagement letter immediately upon its execution."

2.9 Addition of New Section 8.27 (Refinancing of CARSUSA Flooring Line). The Securities Purchase Agreement shall be amended by inserting the following new Section 8.27 to the Securities Purchase Agreement immediately after new Section 8.26:

"8.27 Refinancing of CARSUSA Flooring Line. Notwithstanding the terms of the CPS Operating Plan with respect to the refinancing of CARSUSA, Inc.'s flooring

line, on or before December 31, 2000, the Company shall, or shall cause CARSUSA, Inc. to, refinance its existing flooring line either by CARSUSA (a) entering into an agreement with an unaffiliated third party lender, pursuant to which all obligations to the Company will be indefeasibly paid in full with no remaining obligations to make loans or provide guarantees on the part of the Company or any of its Affiliates, and such that the Company will no longer record the CARSUSA Flooring Line on its balance sheet, or (b) refinancing the flooring line in a transaction with an Affiliate of the Company, in which event the terms and conditions of such transaction must be on terms and conditions acceptable to the Purchaser."

2.10 Addition of New Section 8.28 (Securities and Exchange Act Compliance). The Securities Purchase Agreement shall be amended by inserting the following new Section 8.28 to the Securities Purchase Agreement immediately after new Section 8.27:

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

2.11 Amendment of Section 9.3 (Limitations on Investments). Paragraph (e) of Section 9.3 of the Securities Purchase Agreement shall be amended by deleting such clause in its entirety and replacing it with the following:

"(e) Investments permitted under Section 9.15 and"

2.12 Amendment of Section 9.9 (Transactions with Affiliates). Section 9.9 of the Securities Purchase Agreement shall be amended by deleting such Section in its entirety and replacing it with the following:

"9.9 Transactions with Affiliates. The Company shall not, and shall not permit any of its Subsidiaries to, enter into any transaction with any officer, director, employee or Affiliate of the Company at any time on terms that are less favorable to the Company or such Subsidiary, as the case may be, than those that might be

obtained in an arm's length transaction at such time from a Person who is not an officer, director, employee or Affiliate of the Company or that would be a transaction prohibited under the Investment and Guaranty Agreement. Any transaction between the Company, on the one hand, and any Affiliate of the Company, on the other hand, shall be unanimously approved in advance by all of the members of the Board of Directors of the Company who are not interested in the transaction; provided, however, that no such Board approval shall be required with respect to sales of Automobile Contracts made by the Company to its Subsidiaries, or by its Subsidiaries to the Company, in the ordinary course of its business so long as such sales are made on terms that are no less favorable to the Company than those that might be obtained in an arm's length transaction with a Person who is not an Affiliate of the Company. This Section 9.9 shall not apply to (a) any transactions between the Company and CARSUSA, Inc. so long as such transactions are on terms that are no less favorable to the Company than those that might be obtained in an arm's length transaction from a Person who is not an Affiliate or otherwise related to the Company, or (b) compensation payable by the Company to Charles E. Bradley, Sr., the Chairman of the Company, so long as he remains as Chairman of the Board, at a rate not to exceed $125,000 per annum, and Poole, in the amount not to exceed $75,000 per annum; provided, the Company agrees to terminate Poole's compensation arrangement within ten (10) Business Days of the Closing.

2.13 Addition of New Section 9.15 (No New Loans and Advances). The Securities Purchase Agreement shall be amended by inserting the following new Section 9.15 to the Securities Purchase Agreement immediately after Section 9.14:

"9.15 No New Loans and Advances. From and after April 12, 1999, the Company shall not, and shall not permit any of its Subsidiaries to, make any loans or advances to any directors, officers or employees of the Company or any of its Subsidiaries, or renew, refinance or restructure any of such loans or advances or the terms thereof, without the prior written consent of the Purchaser; provided, however, that the Company and its Subsidiaries may make advances for reasonable and incidental business expenses approved in advance by the Chief Financial Officer of the Company and not to exceed $2,500 in any one month to any employee in the ordinary course of business, all of which shall be repaid within 30 days from the date such loan or advance is made. No later than June 3, 1999, the Company shall cause all outstanding loans and advances made by the Company prior to April 12, 1999 to be evidenced by a note or other written instrument or agreement (copies of which shall be provided to the Purchaser by June 3, 1999) which provides for the repayment in full in cash of such loans and advances. In addition, no later than June 3, 1999 and on the last Business Day of each month, the Company shall deliver to the Purchaser a certificate, duly signed by the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer of the Company, listing all such loans and advances, including the dates made, the names of the obligors and the outstanding principal, interest and other

amounts due, and certifying that such list is true, accurate and complete as of the date of such certificate."

2.14 Amendments to Annex A (Financial Covenants and Related Definitions). Annex A to the Securities Purchase Agreement shall be deleted in its entirety and replaced with the new Annex A (Financial Covenants and Related Definitions) attached as Exhibit A.

SECTION 3. CONDITIONS PRECEDENT TO AMENDMENTS. The obligation of the Purchaser to waive the Existing Defaults as provided in Section 1 and to amend the Securities Purchase Agreement as provided in Section 2 shall be subject to the satisfaction of all of the following conditions precedent:

3.1 Effective Date. The Effective Date shall occur on or before April 30, 1999, and the Purchaser shall have received at least two (2) Business Days' prior written notice thereof.

3.2 Payment of Interest. The Company shall have paid in cash to the Purchaser all interest accrued on the unpaid principal balance of the Note at the Default Rate (as defined in Section 2 of the Note) from and including April 1, 1999, through and including the Effective Date (which interest may be withheld by the Purchaser from the proceeds of the sale of the April 1999 Note).

3.3 Additional Note. The Company shall have issued and sold to the Purchaser, and the Purchaser shall have purchased from the Company, the April 1999 Note and a warrant to purchase 1,335,000 shares of Common Stock, all on terms and conditions satisfactory to the Purchaser, and all related documentation shall be in form and substance satisfactory to the Purchaser.

3.4 Stanwich Documents. Stanwich, Charles E. Bradley, Sr., Charles E. Bradley, Jr. certain of their Affiliates and the Company shall have duly executed and delivered the Investment and Guaranty Agreement, together with the Pledge Agreements and the Notice and Acknowledgment Agreements (each as described in the Investment and Guaranty Agreements, together with all other documents required under the Investment and Guaranty Agreement the execution and delivery of which is a condition to the Purchaser's entry into this Amendment, all in form and substance satisfactory to the Purchaser.

3.5 Certain Amendment Documents. The Purchaser shall have received from the Company all of the following documents, in form and substance satisfactory to the Purchaser:

(a) This Amendment, duly executed by the Company and Stanwich, together with all Exhibits and Schedules;

(b) An amended and restated Note (the "Amended November 1998 Note"), substantially in the form of Exhibit B, duly executed by the Company;

(c) An amended and restated Primary Warrant (the "Amended November 1998 Warrant"), substantially in the form of Exhibit C, duly executed by the Company;

(d) An amendment to the Investor Rights Agreement, substantially in the form of Exhibit D, duly executed by the Company, Charles E. Bradley, Sr., Charles E. Bradley, Jr. and Jeffrey P. Fritz;

(e) A third amendment to the ESFR Agreement, in form and substance satisfactory to the Purchaser, duly executed by the Company and the ESFR Lenders, pursuant to which, among other things, the ESFR Lenders consent to this Amendment, the April 1999 Note Documents and the transactions contemplated hereby;

(f) A fifth amendment to the Bank of America Facility, in form and substance satisfactory to the Purchaser, amending the provisions of the Bank of America Facility to provide for the Additional Note;

(g) A New Stanwich Subordination Agreement, substantially in the form of Exhibit E, duly executed by Stanwich and the Company;

(h) An amendment to the Registration Rights Agreement, substantially in the form of Exhibit F, duly executed by the Company;

(i) Agreements, in form and substance satisfactory to Purchaser, under which Stanwich, and Charles E. Bradley, Sr. agree to the amended provisions of Section 9.9, duly executed by Stanwich, and Charles E. Bradley, Sr.;

(j) A Secretary's Certificate of the Company, duly executed by the Secretary and the President and Chief Executive Officer of the Company, in form and substance satisfactory to the Purchaser; and

(k) A proposed form of press release to be issued by the Company with respect to the transactions contemplated by this Agreement and the other agreements and transactions contemplated hereby and to be consummated concurrently herewith, and with respect to such other matters as the Company may deem necessary or appropriate, all in form and substance acceptable to Purchaser.

(l) Such other agreements, certificates and documents as the Purchaser may reasonably request.

3.6 Insurance Matters. The Purchaser shall also have received from the Company, in form and substance satisfactory to the Purchaser, a summary of the Company's insurance

coverage and evidence of the Company's compliance with Section 8.11 of the Securities Purchase Agreement as it relates to the insurance coverage of the Company and its Subsidiaries.

3.7 Financial Package. At least two (2) Business Days prior to the Effective Date, the Company shall have delivered to the Purchaser the financial package regularly prepared by the Company, and furnished to the Purchaser pursuant to Section 1.3 of the Investor Rights Agreement, with respect to the fiscal quarter ended March 31, 1999, including, without limitation, the consolidated financial statements of the Company and its Subsidiaries for such fiscal quarter.

3.8 Opinion of Counsel. The Purchaser shall have received an opinion letter of Troy & Gould, special counsel to the Company, dated as of the Effective Date and addressed to the Purchaser, in form and substance satisfactory to the Purchaser and its counsel.

3.9 Representations and Warranties. Each of the representations and warranties of the Company contained in the Securities Purchase Agreement shall be true and correct on and as of the Effective Date as though made on and as of the Effective Date, no default or Event of Default (other than the Existing Defaults) shall have occurred or be continuing on and as of the Effective Date or result from the transactions contemplated by this Amendment or any agreement contemplated hereby or relating hereto and each of the conditions precedent set forth in this Section 3 shall have been satisfied, and the Company shall have delivered to the Purchaser an officers' certificate, signed by the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer of the Company, dated as of the Effective Date, to such effect.

3.10 Fees. The Company shall have paid to the Purchaser all fees and expenses provided for in Section 4.1 in accordance with the terms thereof.

3.11 Other Third Party Consents. The Company and each of its Subsidiaries shall have obtained all Consents required to be obtained in connection with this Amendment and the transactions contemplated hereby, and the Purchaser shall have approved the terms and conditions thereof.

3.12 No Material Adverse Change. No Material Adverse Change shall have occurred since April 5, 1999.

3.13 Corporate Proceedings. All proceedings taken or to be taken by or on behalf of the Company and any of its Subsidiaries in connection with this Amendment and the transactions contemplated hereby shall be in form and substance satisfactory to the Purchaser, and the Purchaser shall have received original or certified copies of any written evidence of the same.

3.14 Applicable Laws. The consummation of the transactions contemplated by this Amendment shall not be prohibited by or violate any Applicable Laws and shall not subject any party to any Tax, penalty or liability, under or pursuant to any Applicable Laws, and shall not be enjoined (temporarily or permanently) under, or prohibited by or contrary to, any injunction, order or decree.

3.15 General. All agreements, instruments and other documents and legal matters in connection with the transactions contemplated by this Amendment shall have been executed or delivered in form and substance satisfactory to the Purchaser and the Purchaser shall have received all such counterpart originals or certified copies thereof, signed by the proper authorities, corporate officials and other Persons, as the Purchaser may request.

SECTION 4. MISCELLANEOUS PROVISIONS.

4.1 Payment of Fees and Expenses. Concurrently with the execution hereof, or upon request of the Purchaser thereafter, the Company shall pay to third party service providers directly or shall reimburse the Purchaser upon demand for (a) all out-of-pocket costs and expenses of every type and nature incurred by the Purchaser in connection with the development, negotiation, preparation, execution and delivery of this Amendment and the agreements, instruments and other documents contemplated hereby or relating hereto, and (b) the preparation and filing of any and all amendments or supplements required to be filed with the SEC by the Purchaser and its affiliates in connection with the transactions contemplated by this Amendment, up to a maximum of $112,000 in the aggregate.

4.2 Governing Law. In all respects, including all matters of construction, validity and performance, this Amendment and the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to the choice of law or conflicts of law principles thereof.

4.3 Further Assurances. Each party agrees to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable to consummate the transactions contemplated by this Amendment.

4.4 Survival of Representations and Warranties. All of the Company's representations, warranties, covenants and obligations contained in this Amendment shall survive the execution and delivery hereof and any investigation made by the Purchaser.

4.5 Counterparts. This Amendment may be executed in any number of counterparts and by facsimile, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

4.6 Entire Agreement. This Amendment, together with the Exhibits and Schedules, the Securities Purchase Agreement and the Related Agreements constitute the full and entire agreement and understanding between the Purchaser and the Company relating to the subject matter hereof and thereof, and supersede all prior oral and written, and all contemporaneous oral, agreements and understandings relating to the subject matter hereof.

4.7 Successors and Assigns. This Amendment shall inure to the benefit of, and be binding upon, the parties and their respective successors and permitted assigns.

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

4.9 Full Force and Effect. This Amendment amends the Securities Purchase Agreement on and as of the Effective Date, and the Securities Purchase Agreement shall remain in full force and effect as amended hereby. The Securities Purchase Agreement, as amended hereby, is hereby ratified and affirmed by the parties in all respects.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

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

PURCHASER

LEVINE LEICHTMAN CAPITAL PARTNERS, INC., a California corporation

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

By: /s/ Lauren B. Leichtman

Lauren B. Leichtman
Chief Executive Officer

COMPANY

CONSUMER PORTFOLIO SERVICES, INC., a California corporation

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

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

By: /s/ Jeffrey P. Fritz

Jeffrey P. Fritz
Senior Vice President and Chief Financial Officer

ADDENDUM OF STANWICH

The undersigned has reviewed the foregoing Amendment to the Securities Purchase Agreement and understands its terms and conditions. The undersigned acknowledges and understands that the Purchaser is not waiving any Existing Defaults by the undersigned or releasing the undersigned from any liability for any such Existing Defaults or any other defaults or Events of Default by the undersigned under the Securities Purchase Agreement or any Related Agreement. Notwithstanding the foregoing, the undersigned hereby agrees to the terms of, and to be bound by, the provisions of Sections 2.7 and 2.11 of the Amendment and Sections 8.24 and 8.25 of the Securities Purchase Agreement, as amended by the Amendment, as if the undersigned were a party to the Amendment for all purposes. The undersigned hereby ratifies and affirms the Securities Purchase Agreement, as amended hereby, in all respects.

STANWICH FINANCIAL SERVICES CORP.,
a Rhode Island corporation

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

Charles E. Bradley, Sr.
President

EXHIBITS

Exhibit A	--	Annex A (Financial Covenants and Related Definitions)
Exhibit B	--	Form of Amended November 1998 Note
Exhibit C	--	Form of Amended November 1998 Warrant
Exhibit D	--	Form of First Amendment to Investor Rights Agreement
Exhibit E	--	Form of Amendment to Subordination Agreement
Exhibit F	--	Form of First Amendment to Registration Rights Agreement

SCHEDULES

Schedule 1	--	Existing Defaults

EXHIBIT A

Annex A (Financial Covenants and Related Definitions)

(a) Maximum Monthly Receivable Originations. The Company and its Subsidiaries shall not originate more than $20,000,000 of Automobile Contracts per month during the months of April 30, 1999 through September 30, 1999. After September 30, 1999, the Company and its Subsidiaries shall not originate more than $70,000,000 of Automobile Contracts per month. Provided, however, (i) the Company and its Subsidiaries shall not originate more than $10,000,000 of Automobile Contracts during the month of June, 1999 if the Company has not completed Automobile Contract Sales of more than $200,000,000 by May 15, 1999, (ii) the Company and its Subsidiaries shall not originate more than $10,000,000 of Automobile Contracts during the month of July, 1999 if the Company has not completed aggregate Automobile Contract Sales of more than $300,000,000 by June 15, 1999, (iii) the Company and its Subsidiaries shall not originate more than $10,000,000 of Automobile Contracts during the month of August, 1999 if the Company has not obtained $7,500,000 under the Stanwich Investment Obligation, and (iv) the Company and its Subsidiaries shall not originate more than $10,000,000 of Automobile Contracts during the month of September, 1999 if the Company has not obtained $15,000,000 under the Stanwich Investment Obligation.

(b) Maximum Monthly Operating Expenses. For each calendar month, commencing with the calendar month ending March 31, 1999, the monthly average of Operating Expenses incurred by the Company and its Subsidiaries over the three (3) month period ending at the end of such calendar month shall not exceed $6,000,000.

(c) Maximum Capital Expenditures. For the fiscal quarters ending March 31, 1999, June 30, 1999, September 30, 1999 and December 31, 1999, the Company and its Subsidiaries shall not incur Capital Expenditures in excess of $70,000. For each fiscal quarter thereafter, the Company and its Subsidiaries shall not incur Capital Expenditures in excess of $375,000.

(d) LLCP Coverage Ratio. Starting with the month ended May 31, 1999, the Company and its Subsidiaries shall not permit the Collateral Coverage Ratio to fall below 110% at the end of any monthly period.

(e) Maximum Over-due Trade Payables and Dealer Funding Percentage. The Company and its Subsidiaries shall not permit (i) the sum of all trade payables which are sixty (60) days past due at the end of any given month to exceed $500,000 and (ii) starting with the month ended October 31, 1999, the Dealer Funding Percentage to exceed 10.0%.

(f) Securitization Credit Triggers. During every two-month period, commencing with the two-month period beginning April 1, 1999 and ending May 31, 1999 (with the second two-month measurement period commencing May 1, 1999 and ending June 30, 1999), there shall be

at least one month in which none of the Company's Securitization Transactions provide for a spread account balance in excess of 21% of the related Automobile Contract principal balance.

(g) Amount in Repossession. The aggregate amount attributable to repossessed automobiles (where such repossessions were by or at the Company's or at its Subsidiary's direction) shall not exceed five percent (5%) of the aggregate Gross Principal Balance of all Automobile Contracts owned or serviced by the Company or its Subsidiaries.

(h) Amount of Deferral or Extension. The aggregate number of accounts with respect to which the Company grants a deferral or extension in any month shall not exceed two percent (2%) of the aggregate number of Automobile Contracts owned or serviced by the Company or its Subsidiaries as of that month's end.

(i) Amount of Cumulative Deferral or Extension. The cumulative number of accounts with respect to which the Company and its Subsidiaries have granted a deferral or extension shall not exceed eighteen percent (18.0%) of the aggregate number of Automobile Contracts owned or serviced by the Company and its Subsidiaries as of that month's end.

(j) Definitions. For purposes of this Annex A only, the following capitalized terms shall have the meanings set forth below. To the extent that any such capitalized terms are also defined in Section 1 of the Securities Purchase Agreement, the meanings set forth below shall govern for purposes of this Annex A:

"Aggregate Principal Balance" shall mean, with respect to any Determination Date and any Securitization Transaction, the sum of the Automobile Principal Balances (computed as of the end of the related Collection Period) for all Automobile Contracts (other than (i) any Liquidated Contract and (ii) Purchased Contract).

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

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

"Automobile Contracts" shall mean retail installment sale contracts for a Financed Vehicle which are owned by the Company or its Subsidiaries.

"Automobile Contract Sales" shall mean (i) the sale of Automobile Contracts by the Company and its Subsidiaries at a price not less than 96% of the outstanding principal balance

of such Automobile Contracts at the time of the closing of such sale, or (ii) the sale of Automobile Contracts in an asset-backed structure with an initial deposit of not more than 4% of the principal balance of the Automobile Contracts securitized.

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

"Average Delinquency Ratio" shall mean, with respect to any Securitization Transaction and any Determination Date, the arithmetic average of the Delinquency Ratios for such Determination Date and the two immediately preceding Determination Dates.

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

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

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

"Cumulative Default Rate" shall mean, with respect to any Securitization Transaction and with respect to any Determination Date, the fraction, expressed as a percentage, the numerator of which is equal to the Aggregate Principal Balance of all Automobile Contracts which became Defaulted Contracts from the Cut-Off Date as of the close of business at the end of the related Collection Period and the denominator of which is equal to the sum of (a) the original Aggregate Principal Balance of all Automobile Contracts as of the Cut-Off Date plus (b) the Aggregate Principal Balance of all Subsequent Contracts conveyed to such Securitization Transaction (determined as of the respective Subsequent Cut-Off Dates) through the last day of the related Collection Period.

"Cumulative Net Loss Rate" shall mean, with respect to any Securitization Transaction and with respect to any Determination Date, the fraction, expressed as a percentage, the numerator of which is equal to the amount, if any, by which (a) the sum of (i) the Automobile Principal Balance of all Automobile Contracts which became Liquidated Contracts as of the end of the related Collection Period since the Cut-Off Date, plus accrued and unpaid interest thereon at the applicable Annual Percentage Rate to the end of the related Collection Period, plus (ii) the aggregate of all Cram Down Losses that occurred as of the end of the related Collection Period since the Cut-Off Date, exceeds (b) the Net Liquidation Proceeds received as of the end of the related Collection Period since the Cut-Off Date in respect of all Liquidated Contracts and the denominator of which is equal to the sum of (i) the original Aggregate Principal Balance of all Automobile Contracts as of the Cut-Off Date plus (ii) the Aggregate Principal Balance of all Subsequent Contracts conveyed to such Securitization Transaction (determined as of the respective Subsequent Cut-Off Dates) through the last day of the related Collection Period.

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

"Dealer Funding Percentage" shall mean the fraction, expressed as a percentage, the numerator of which is equal to Dealer Funding In-Process (as shown in the monthly information delivered to Purchaser pursuant to the Investor Rights Agreement), the denominator of which is equal to the aggregate amount of Automobile Contracts purchased during the month that the ratio is being calculated.

"Defaulted Contracts" shall mean any Automobile Contracts with respect to which (i) any Automobile Contract Debtor has failed to make more than 90% of a Scheduled Payment of more than ten dollars for 180 days or more, (ii) the Servicer has repossessed the Financed Vehicle (and any applicable redemption period has expired), or (iii) the Servicer has determined in good faith that payments under the Automobile Contracts are not likely to be resumed.

"Delinquency Amount" shall mean, with respect to any Securitization Transaction, as of any Determination Date, the sum of the Automobile Principal Balance and Unearned Interest with respect to all Automobile Contracts with respect to which any Automobile Contract Debtor has failed to make more than 90% of a Scheduled Payment of more than ten dollars for 30 days or more as of the close of business on the last day of the related Collection Period or that became a Purchased Contract as of the close of business on the last day of the related Collection Period and with respect to which as of such date an Automobile Contract Debtor has failed to make more than 90% of a Scheduled Payment of more than ten dollars for 30 days or more.

Delinquency Ratio" shall mean, with respect to any Securitization Transaction, as of any Determination Date, the fraction (expressed as a percentage) computed by dividing (a) the Delinquency Amount by (b) the sum of the (i) Aggregate Principal Balance and (ii) Unearned Interest with respect to all Automobile Contracts as of the close of business on the last day of the related Collection Period.

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

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

"Gross Principal Balance" shall mean the outstanding principal balance of the Automobile Contracts plus Unearned Interest.

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

"Liquidated Contracts" shall mean any Automobile Contract (i) which has been liquidated by the Servicer through the sale of the Financed Vehicle or (ii) for which the related Financed Vehicle has been repossessed and 120 days have elapsed since the date of such repossession or (iii) as to which an Automobile Contract Debtor has failed to make more than 90% of a Scheduled Payment of more than ten dollars for 180 or more days as of the end of a Collection Period or (iv) with respect to which proceeds have been received which, in the Servicer's judgment, constitute the final amounts recoverable in respect of such Automobile Contract.

"LLCP Coverage Ratio" shall mean the fraction, expressed as a percentage, the numerator of which is equal to the sum of (i) cash and (ii) investments in credit enhancements (as shown on the internally-prepared monthly consolidated balance sheet of the Company), the denominator of which is equal to (i) the total liabilities of the Company (as shown on the internally-prepared monthly consolidated balance sheet of the Company) less (ii) all obligations of the Company that are expressly subordinated to both the April 1999 Note and

the Amended November 1998 Note less (iii) all amounts owing under the Company's warehouse lines of credit.

"Net Income" shall mean, with respect to any period, net income after provision for income taxes for such period, as determined in accordance with GAAP and reported on the financial statements for such period.

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

"Operating Expenses shall mean, with respect to any period, expenses for such period, as determined in accordance with GAAP and reported on the financial statements for such period, excluding the following expense items for such period: (i) Securitization Transaction expenses, (ii) provision for credit losses, (iii) interest, (iv) depreciation, (v) amortization and (vi) provision for income taxes.

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

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

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

"Securitization Transactions" shall mean any past, present or future transactions completed or to be completed by the Company and its Subsidiaries involving the pooling and sale of Automobile Contracts.

"Servicing Portfolio" shall mean all Automobile Contracts currently being serviced by the Servicer.

"Subsequent Contracts" shall mean Automobile Contracts sold to any existing Securitization Transactions existing at the time of such sale after the Initial Cut-Off Date with respect to that Securitization Transaction.

"Subsequent Cut-Off Dates" shall mean any Cut-Off Date after the Initial Cut-Off Date with respect to any Securitization Transaction.

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

"Unearned Interest" shall mean, with respect to any Automobile Contract as of any Determination Date, all interest on such Automobile Contract which is unpaid as of such Determination Date, whether or not such interest is due.

EXECUTION COPY

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

CONSUMER PORTFOLIO SERVICES, INC.

AMENDED AND RESTATED
SENIOR SUBORDINATED PRIMARY NOTE

$25,000,000.00

Irvine, California
As of November 17, 1998,
as amended April 15, 1999

FOR VALUE RECEIVED, Consumer Portfolio Services, Inc., a California corporation (the "Borrower" or the "Company"), hereby promises to pay to the order of Levine Leichtman Capital Partners II, L.P., a California limited partnership ("LLCP" or the "Purchaser"), and/or any registered assigns (collectively, with LLCP, the "Holder"), the sum of Twenty-Five Million Dollars ($25,000,000.00) in immediately available funds and in lawful money of the United States of America, all as provided below. This Amended and Restated Senior Subordinated Primary Note (this "Note"), due on the Maturity Date (as such term is defined below), is being issued in connection with the transactions contemplated by a First Amendment to Securities Purchase Agreement dated as of April 15, 1999 (the "First Amendment"), to that certain Securities Purchase Agreement, dated as of November 17, 1998 (as amended by the First Amendment and as it may be further amended, supplemented or otherwise modified from time to time, the "Securities Purchase Agreement"), between the Company and LLCP.

The Indebtedness evidenced by this Note, including the payment of principal of, premium, if any, and interest on this Note, shall be subordinate and subject in right of payment, to the extent and in the manner set forth in Section 11 hereof, to the prior payment in full of all Senior Indebtedness, and shall rank pari passu in right of payment with all Senior Subordinated Indebtedness.

1. Definitions. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Securities Purchase Agreement.

2. Payment of Interest; Default Rate.

(a) Subject to Section 2(b) hereof, the Borrower shall pay interest on the unpaid principal balance of this Note (a) from and including January 1, 1999 through and including April 15, 1999, at a rate per annum equal to 15.50%, and (b) from and after April 15, 1999, at a rate per annum equal to 14.50%. Interest shall be payable monthly in arrears on the last Business Day of each calendar month (or portion thereof), commencing on November 30, 1998 (each an "Interest Payment Date"). Interest shall be computed on the basis of the actual number of days elapsed over a 360-day year, including the first day and excluding the last day.

(b) If at any time (i) the Borrower fails to make any payment of principal as and when due (whether at stated maturity, upon acceleration or required prepayment or otherwise), (ii) the Borrower fails to make any payment of interest, premium, if any, fees, costs, expenses or other amounts due hereunder within one (1) Business Day after the date when due, or (iii) any other Default or Event of Default has occurred and is continuing, then, in addition to the rights and remedies available to the Holder under the Securities Purchase Agreement, the other Related Agreements and Applicable Laws, the outstanding principal balance of, premium, if any, and accrued and unpaid interest on this Note shall bear interest at a rate per annum equal to 16.50% (the "Default Rate") from the date on which such Event of Default is deemed to have first occurred (as provided in Section 11.1 of the Securities Purchase Agreement) until such time as such Event of Default is cured or waived.

3. Payment of Principal. The Borrower shall pay in full the entire outstanding principal balance of this Note, together with all premium, if any, accrued and unpaid interest on, and all other amounts due under this Note on the earlier to occur (the "Maturity Date") of (a) the New Senior Facility Establishment Date and (b) November 30, 2003.

4. Optional Prepayments.

(a) Except as provided in Section 5 and Section 6 below, the Borrower shall make no payment of the principal balance of this Note prior to October 31, 2000 (except on the New Senior Facility Establishment Date as provided for in Section 3). Thereafter, this Note may be voluntarily prepaid, at the option of the Borrower, in whole or in part, as follows: (i) at 103.0% of the principal amount being prepaid at any time on or after October 31, 2000, and on or prior to October 31, 2001; (ii) at 101.5% of the principal amount being prepaid at any time on or after November 1, 2001 and on or prior to October 31, 2002; and (iii) at 100.0% of the principal amount being prepaid at any time on or after November 1, 2002. (Each percentage set forth above is referred to herein as the "Prepayment Percentage" applicable to any prepayment.) Any prepayment of the Note under this Section 4 shall also include all accrued and unpaid interest on the outstanding principal balance of this Note through and including the date of prepayment.

(b) The Borrower shall give the Holder written notice of each voluntary prepayment not less than thirty (30) nor more than ninety (90) days prior to the date of

prepayment. Such notice shall specify the principal amount of this Note to be prepaid on such date. Notice of prepayment having been given as aforesaid, a payment in an amount equal to (i) the Prepayment Percentage applicable to such prepayment, if any, multiplied by (ii) the principal amount of the Note specified in such prepayment notice shall become due and payable on such prepayment date, together with all accrued and unpaid interest on the outstanding principal balance of this Note through and including the date of prepayment.

5. Mandatory Prepayments. In addition to the mandatory prepayments required to be made by the Company pursuant to Section 6 (and provided that, to the extent any ESFR Indebtedness remains outstanding at the time any such prepayments is required to be made, such prepayment would constitute an ESFR Permitted Payment), the Company shall make mandatory prepayments with respect to this Note as follows:

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

(b) Excess Cash Prepayments. For each twelve (12) month period ending on July 31st of any fiscal year of the Company, commencing with the twelve (12) month period ending July 31, 2000, the Company shall prepay the outstanding principal balance of the Note, together with all accrued and unpaid interest thereon, in an amount equal to 25.0% of the Excess Cash for such twelve (12) month period. Such mandatory prepayment shall be paid by the Company to the Holder not later than November 1st immediately following the end of such twelve (12) month period (the first payment of which shall be due and payable no later than November 1, 2000) and, concurrently with such payment, the Company shall deliver to the Holder an

officer's certificate, signed by the Chief Financial Officer of the Company, which shows in reasonable detail the calculation of such Excess Cash.

(c) Mandatory Prepayment From Proceeds of Key Man Life Insurance. The Company shall, within one (1) Business Day of the receipt thereof, apply the proceeds from any key-man life insurance policy maintained as required by Section 8.8 of the Securities Purchase Agreement to, first, the payment of all accrued interest on this Note, through the date of such payment, and, second, to the prepayment of the principal amount of this Note. Any proceeds after the payment in full as provided above shall be and remain the property of the Company.

The mandatory prepayments provided for in this Section 5 shall be paid at 100.0% of the principal amount required to be prepaid, plus premium, if any, and accrued and unpaid interest, all as provided for above. To the extent that any payment required by this Section 5 is not made because such payment does not constitute an ESFR Permitted Payment, the obligation to make such payment shall be deferred until such time as the ESFR Indebtedness is no longer outstanding or such payment becomes an ESFR Permitted Payment, and such payment shall be made on the next following Business Day. To the extent any mandatory prepayment is required to be made pursuant to this Section 5 at any time at which the April 1999 Note remains outstanding and contains provisions requiring a similar mandatory prepayment of the April 1999 Note, the aggregate amount required to be paid pursuant to this Section 5 shall be allocated between the prepayment of this Note and the prepayment of the April 1999 Note, pro rata in accordance with their respective outstanding principal amounts, and such prepayments shall be deemed to satisfy the obligations of the Company under both this Section 5 and the similar provisions of the April 1999 Note.

6. Change in Control Prepayment. The Holder may require the Borrower to prepay this Note, in whole or in part as requested by the Holder, at any time during the 90-day period following the consummation of a transaction which constitutes a Change in Control (as such term is defined below), at the prepayment amounts set forth below (and provided that, to the extent any ESFR Indebtedness remains outstanding at the time any such prepayments is required to be made, such prepayment would constitute an ESFR Permitted Payment). For the purposes of this Note, a "Change in Control" shall mean:

(i) Any transaction or other event (including, without limitation, any merger, consolidation, sale or other transfer of stock or voting rights with respect thereto, issuance of stock, death or other transaction or event) by virtue of which Charles E. Bradley, Jr. fails to own, directly or indirectly through one or more of his Affiliates, at least 2,250,000 shares of Common Stock (as adjusted from time to time, the "Base Bradley Shares"), after giving effect to any shares of Common Stock that may be acquired upon exercise of any Option Rights owned or held by Mr. Bradley as of the date hereof, but without giving effect to any stock splits or similar events occurring after the date hereof; provided, however, that (A) the Base Bradley Shares shall increase by the number of shares of Common Stock acquired by Mr. Bradley (whether by purchase, exercise of

Option Rights granted after the date hereof, bequest, inheritance, gift or otherwise) at any time after the date hereof, (B) shares of Common Stock owned by Charles E. Bradley, Sr. shall not be deemed to be owned by Mr. Bradley for purposes of this clause (i) (other than shares of Common Stock owned by Charles E. Bradley, Sr. which are subject to certain Option Rights in favor of Mr. Bradley), (C) the Base Bradley Shares shall be reduced by the number of shares of Common Stock held by Stanwich which constitute Base Bradley Shares that are sold or pledged by Stanwich after the date hereof, provided that Mr. Bradley does not, directly or indirectly, solicit, initiate, engage in or encourage in any manner whatsoever any discussions, or participate in any other activities, relating to such sale or pledge, (D) the Base Bradley Shares shall be reduced by shares of Common Stock included therein that are subject to Option Rights which expire at any time after the date hereof; and (E) the Base Bradley Shares shall not be affected by (x) any shares of Common Stock purchased by Mr. Bradley on the open market after the date hereof or (y) any shares of Common Stock purchased by Mr. Bradley on the open market after the date hereof and thereafter sold by Mr. Bradley on the open market; or

(ii) (A) The termination (whether voluntary or involuntary) of the employment of Charles E. Bradley, Jr. as the President and Chief Executive Officer of the Company with significant daily senior management responsibilities; or (B) the termination (whether voluntary or involuntary) of the employment of Jeffrey P. Fritz as the Chief Financial Officer of the Company with significant daily senior management responsibilities, provided that no Change in Control shall be deemed to occur under this clause (ii) (B) if, within ninety (90) days after the termination of the employment of Mr. Fritz, the Board of Directors of the Company shall have appointed a new Chief Financial Officer of the Company who is acceptable to the Purchaser; or

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

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

and such written notice within one (1) Business Day after its receipt of such written notice. To the extent that any payment required by this Section 6 is not made because such payment does not constitute an ESFR Permitted Payment, the obligation to make such payment shall be deferred until such time as the ESFR Indebtedness is no longer outstanding or such payment becomes an ESFR Permitted Payment, and such payment shall be made on the next following Business Day.

7. Holder Entitled to Certain Benefits Under Securities Purchase Agreement. This Note is the "Amended Note" referred to in the First Amendment and amends and restates, and supersedes, that certain Senior Subordinated Primary Note dated November 17, 1998, issued and sold by the Company to LLCP in connection with the transactions contemplated by the Securities Purchase Agreement, and the rights and obligations of the Company and LLCP thereunder. The Holder of this Note is entitled to the rights and benefits under this Note and the Securities Purchase Agreement.

8. Manner of Payment. Payments of principal, interest and other amounts due under this Note shall be made no later than 12:00 p.m. (noon) (Los Angeles time) on the date when due and in lawful money of the United States of America (by wire transfer in funds immediately available at the place of payment) to such account as the Holder may designate in writing to the Borrower and, if to LLCP, to: Bank of America, Century City, Private Banking, 2049 Century Park East, Los Angeles, California 90067; ABA No. 121000358; Account No. 11546-03239; Attention: Cheryl Stewart (or such other place of payment that LLCP may designate in writing to the Borrower). Any payments received after 12:00 p.m. (noon) (Los Angeles time) shall be deemed to have been received on the next succeeding Business Day. Any payments due hereunder which are due on a day which is not a Business Day shall be payable on the first succeeding Business Day and such extension of time shall be included in the computation.

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

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

11. Note Subordinated to Senior Indebtedness; Subrogation.

(a) The Indebtedness evidenced by this Note, including the payment of principal of, premium, if any, and other amounts on this Note, is hereby expressly made subordinate and

subject in right of payment, to the extent and in the manner set forth in this Section 11, to the prior payment in full of all Senior Indebtedness, and shall rank pari passu in right of payment with all Senior Subordinated Indebtedness.

(b) Until all Senior Indebtedness shall have been paid in full, the Holder shall be permitted to retain only the following payments of principal and interest paid by the Company with respect to this Note (all such payments being referred to herein as "Permitted Payments"), and all such payments that do not constitute Permitted Payments will be turned over by the Holder to the holder or holders of Senior Indebtedness or any agent therefor (a "Senior Agent") for the benefit of the holder or holders of Senior Indebtedness:

(i) principal payments on this Note, whether (A) on the Maturity Date, or (B) as provided for herein (including, without limitation, pursuant to Section 4 (Optional Prepayments), Section 5 (Mandatory Prepayments) or Section 6 (Change in Control Prepayments) hereof) or as required in the Securities Purchase Agreement; provided, however, that all such principal payments are subject to the restrictions set forth in Section 11(c) and Section 11(d) hereof; and

(ii) payments of interest with respect to this Note, so long as no default has occurred and is then continuing with respect to the payment of principal of or interest on the Senior Indebtedness (for such purposes, any such default which has been cured by payment or which has been waived shall not be deemed to be continuing).

(c) From and after receipt by the Company of a written notice (a "Default Notice") from the holder or holders of not less than fifty-one percent (51.0%) in principal amount of the outstanding Senior Indebtedness or any agent therefor (a "Senior Agent") specifying that a default in the payment of any obligation on any Senior Indebtedness when due, whether at the stated maturity of any such payment or by declaration of acceleration, call for redemption, mandatory repurchase, payment or prepayment or otherwise (a "Senior Payment Default") has occurred, the Company may not make any principal payments described in Section 11(b)(i) to the Holder, and the Holder may not accelerate the Maturity Date until the first to occur of the following:

(i) such Senior Payment Default is cured; or

(ii) such Senior Payment Default is waived by the holder or holders of such Senior Indebtedness or the Senior Agent; or

(iii) the expiration of one hundred eighty (180) days after the date the Default Notice is received by the Company, if the maturity of such Senior Indebtedness has not been accelerated at such time or the holder or holders of not less than fifty-one percent (51.0%) in principal amount of the outstanding Senior Indebtedness or any Senior Agent shall not have exercised any judicial or non-judicial remedy with respect to any

collateral securing such Senior Indebtedness at such time, and the provisions of this Section 11 otherwise permit the payment at such time.

(d) So long as any ESFR Indebtedness remains outstanding, the Company may not make any principal payments on this Note except (i) the Company may pay any or all of the outstanding principal amount of this Note on the New Senior Facility Establishment Date if, but only if, arrangements have been made which are reasonably satisfactory to the ESFR Agent to concurrently borrow funds under the New Senior Credit Facility established on the New Senior Facility Establishment Date to pay in full all ESFR Indebtedness then outstanding substantially concurrently with such principal payment (it being expressly contemplated that such payment may be effected immediately prior to the borrowing by the Company of such funds under the New Senior Credit Facility to the extent that the Holder uses the proceeds from such repayment to purchase a New Senior Facility Note immediately prior to the payment in full of all Indebtedness then outstanding under the ESFR Agreement), and (ii) the Company may make any principal payment required by Section 5(d) hereof (Mandatory Prepayment From Proceeds of Key Man Life Insurance).

(e) Upon a payment or distribution to creditors of the Company in a liquidation, dissolution, or winding up of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its properties or an assignment for the benefit of creditors or any marshaling of the Company's assets and liabilities:

(i) the holder or holders of Senior Indebtedness shall be entitled to receive payment of the full amount of the Senior Indebtedness before the Holder is entitled to receive any payment on account of the principal of, premium, if any, or interest on this Note; and

(ii) any payment by, or distribution of assets of, the Company of any kind or character, whether in cash, property or securities (other than securities of the Company as reorganized or readjusted or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in this Section 11 with respect to this Note, to the payment of all Senior Indebtedness, provided that the right of the holders of Senior Indebtedness are not impaired by such reorganization or readjustment) to which the Holder would be entitled except for the provisions of this Section 11 shall be paid or delivered by the Person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holder or holders of Senior Indebtedness or any Senior Agent, ratably according to the aggregate amounts remaining unpaid on account of the Senior Indebtedness held or represented by each, to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid after giving effect to any concurrent payment or distribution to the holder or holders of Senior Indebtedness, before any payment or distribution is made to the Holder; and

(iii) in the event, notwithstanding the foregoing, any payment by, or distribution of assets of, the Company of any kind or character, whether in cash, property or securities (other than securities of the Company as reorganized or readjusted or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in this Section 11 with respect to this Note, to the payment of all Senior Indebtedness, provided that the rights of the holders of Senior Indebtedness are not impaired by such reorganization or readjustment) shall be received by the Holder before all Senior Indebtedness is paid in full, such payment or distribution shall be paid over to the holder or holders of such Senior Indebtedness or any Senior Agent, ratably as aforesaid, for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

(f) The Holder acknowledges that the holders of Senior Indebtedness and the Holder, respectively, are entitled to exercise certain rights and powers with respect to the Company from time to time, whether before or after an occurrence of an Event of Default, and the exercise of any such right or power by one creditor may preclude the exercise of a similar right or power by one or more other creditors (any such right or power being herein called an "Exclusive Power"). To the extent that any holder or holders of Senior Indebtedness or any Senior Agent actually exercises any Exclusive Power, the Holder agrees to refrain from exercising any substantially similar Exclusive Power to the extent necessary to permit the holder or holders of Senior Indebtedness to benefit from their actions.

(g) No amendment, modification, extension, replacement, restatement or substitution of Senior Indebtedness, or of any agreement or note now or hereafter in effect pertaining to such Senior Indebtedness, shall nullify, impair, limit, alter or modify the provisions of this Section 11.

(h) For purposes of this Section 11, Senior Indebtedness shall include all fees, expenses and costs incurred by or on behalf of the holder or holders of Senior Indebtedness or the Senior Agent in connection with such Senior Indebtedness.

(i) Notices to holders of Senior Indebtedness shall be made to each holder of Senior Indebtedness or, if the holders of Senior Indebtedness have appointed a Senior Agent, then to such Senior Agent, and shall be made in the manner specified in the document evidencing such holder's Senior Indebtedness if such a manner is so specified therein.

(j) Subject to the payment in full of all Senior Indebtedness, the Holder shall be subrogated to the rights of the holder or holders of Senior Indebtedness to receive payments or distributions of cash, property or securities of the Company applicable to such Senior Indebtedness until all amounts owing on this Note shall be paid in full, and, as between the Company, its creditors other than holders of Senior Indebtedness and the Holder, no such payment

or distribution made to the holder or holders of Senior Indebtedness by virtue of this Section 11 which otherwise would have been made to the Holder shall be deemed to be a payment by the Company on account of any Senior Indebtedness, it being understood that the provisions of this Section 11 are and are intended solely for the purpose of defining the relative rights of the Holder, on the one hand, and the holder or holders of Senior Indebtedness, on the other hand.

(k) Nothing contained in this Section 11 or elsewhere in this Note is intended to or shall impair, as between the Company, its creditors other than the holders of Senior Indebtedness and the Holder, the obligations of the Company, which are absolute and unconditional, to pay to the Holder the principal of, premium, if any, and interest on this Note as and when the same shall become due and payable in accordance with the terms hereof and in the Securities Purchase Agreement, or is intended to or shall affect the relative rights of the Holder, on the one hand, and creditors of the Company other than the holders of Senior Indebtedness, on the other hand, nor shall anything herein or therein prevent the Holder from exercising all rights and remedies otherwise permitted by Applicable Laws upon default under this Note or the Securities Purchase Agreement, subject to the rights, if any, under this Section 11 of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

(l) Upon any payment or distribution of assets of the Company referred to in this Section 11, the Holder shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which any such dissolution, winding up, liquidation or reorganization proceeding affecting the affairs of the Company is pending or upon a certificate of the trustee in bankruptcy, receiver, assignee for the benefit of creditors, liquidating trustee or agent or other person making any payment or distribution, delivered to the Holder, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of the Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amounts paid or distributed thereon and all other facts pertinent thereto or to this Section 11.

12. Assignment and Transfer. Subject to Applicable Laws, the Holder may, at any time and from time to time and without the consent of the Company, assign or transfer to one or more Persons the entire outstanding principal balance of this Note or any portion thereof (but not less than $1,000,000 in principal amount in any single assignment (unless such lesser amount represents the entire outstanding principal balance hereof)). Upon surrender of this Note at the Company's principal executive office for registration of any such assignment or transfer, accompanied by a duly executed instrument of transfer, the Company shall, at its expense and within three (3) Business Days of such surrender, execute and deliver one or more new notes of like tenor in the requested principal denominations and in the name of the assignee or assignees and bearing the legend set forth on the face of this Note, and this Note shall promptly be canceled. Each assignment or transfer of this Note, in whole or in part, shall be registered on the register maintained by the Borrower pursuant to Section 12.3 of the Securities Purchase Agreement immediately following the surrender of this Note. If the entire outstanding principal balance of

this Note is not being assigned, the Borrower shall issue to the Holder hereof, within three (3) Business Days of the date of surrender hereof, a new note which evidences the portion of such outstanding principal balance not being assigned. If this Note is divided into one or more Notes and is held at any time by more than one Holder, any payments of principal of, or premium, if any, on this Note, and any payments of interest or other amounts which are not sufficient to pay all interest or other amounts due thereunder, shall be made pro rata with respect to all such Notes in accordance with the outstanding principal amounts thereof, respectively.

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

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

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

16. Governing Law; Interpretation. In all respects, including all matters of construction, validity and performance, this Note and the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to choice of law or conflicts of law principles. The Company and LLCP have each been represented by counsel in the negotiation and drafting of this Note and neither the Company nor LLCP nor their respective counsel shall be deemed the drafter of this Note for purposes of construing the provisions of this Note, and all provisions of this Note shall be construed in accordance with their fair meaning, and not strictly for or against the Company or the Holder.

17. WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE COMPANY AND THE HOLDER DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, AND UNDERSTANDING THEY ARE WAIVING A CONSTITUTIONAL RIGHT, THE COMPANY AND THE HOLDER (BY ACCEPTANCE HEREOF) WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO, THIS NOTE, THE SECURITIES PURCHASE AGREEMENT AND/OR ANY OTHER RELATED AGREEMENT OR THE TRANSACTIONS COMPLETED HEREBY OR THEREBY.

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

CONSUMER PORTFOLIO SERVICES, INC., a California corporation

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

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

By: /s/ Jeffrey P. Fritz

Jeffrey P. Fritz
Senior Vice President and Chief Financial Officer

Agreed to and Accepted by:

LEVINE LEICHTMAN CAPITAL PARTNERS, INC., a California corporation

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

By: /s/ Lauren B. Leichtman

Lauren B. Leichtman
Chief Executive Officer

EXECUTION COPY

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

WARRANT NO. LLA-1 As of November 17, 1998, as amended April 15, 1999

AMENDED AND RESTATED PRIMARY WARRANT TO PURCHASE 3,115,000 SHARES OF COMMON STOCK OF CONSUMER PORTFOLIO SERVICES, INC.

FOR VALUE RECEIVED, Consumer Portfolio Services, Inc., a California corporation (the "Company"), hereby certifies that Levine Leichtman Capital Partners II, L.P., a California limited partnership, or assigns (the "Holder"), is entitled to purchase, on the terms and subject to the conditions contained herein, 3,115,000 shares (the "Warrant Shares") of the Company's common stock, no par value per share ("Common Stock"), at the exercise price of $0.01 per Warrant Share (the "Warrant Purchase Price") at any time and from time to time during the Exercise Period (as such term is defined below), provided that the number of Warrant Shares that may be exercised hereunder may be restricted pursuant to Section 2.5. The number of Warrant Shares and the Warrant Purchase Price are subject to adjustment as set forth in Section 3.

This Warrant (this "Warrant") is subject to the following terms and conditions:

1. DEFINITIONS. For the purposes of this Warrant, (a) unless otherwise set forth herein, capitalized terms or matters of construction deemed or established in the Securities Purchase Agreement (as such term is defined herein) shall be applied herein as defined or established therein, and (b) the following additional capitalized terms shall have the respective meanings set forth below:

"Common Stock" has the meaning set forth in the preamble of this Warrant.

"Company" has the meaning set forth in the preamble of this Warrant.

"Convertible Securities" means any securities issued or issuable by the Company that are exercisable or exchangeable for, or convertible into, shares of Common Stock.

"Current Market Price" per share of Common Stock means, as of any specified date on which the Common Stock is publicly traded, the average of the daily market prices of the Common Stock over the twenty (20) consecutive trading days immediately preceding (and not including) such date. The 'daily market price' for each such trading day shall be (i) the closing sales price on such day on the principal stock exchange on which the Common Stock is then listed or admitted to trading or on Nasdaq, as applicable, (ii) if no sale takes place on such day on any such exchange or system, the average of the closing bid and asked prices, regular way, on such day for the Common Stock as officially quoted on any such exchange or system, (iii) if the Common Stock is not then listed or admitted to trading on any stock exchange or system, the last reported sale price, regular way, on such day for the Common Stock, or if no sale takes place on such day, the average of the closing bid and asked prices for the Common Stock on such day, as reported by Nasdaq or the National Quotation Bureau, (iv) if the Common Stock is not then listed or admitted to trading on any securities exchange and if no such reported sale price or bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reputable quotation service, or a newspaper of general circulation in the City of Los Angeles customarily published on each Business Day. If the daily market price cannot be determined for the twenty (20) consecutive trading days immediately preceding such date in the manner specified in the foregoing sentence, then the Common Stock shall not be deemed to be publicly traded as of such date.

"Designated Office" has the meaning set forth in Section 2.1 of this Warrant.

"Effective Date" means November 17, 1998.

"Exercise Period" means the period commencing on the Effective Date and ending on the Expiration Date.

"Expiration Date" means November 30, 2005.

"Fair Market Value" per share of Common Stock as of any specified date means (i) if the Common Stock is publicly traded on such date, the Current Market Price per share, or (ii) if the Common Stock is not publicly traded (or deemed not to be publicly traded) on such date, the fair market value per share of Common Stock as determined in good faith by the Board of Directors of the Company and set forth in a written notice to the Holder, subject to the Holder's right to dispute such determination under Section 3.8(e); provided, however, that with respect to the grant of Option Rights pursuant to the Option Pool, "Fair Market Value" means the average of the high and low selling prices of a share of Common Stock as reported in The Wall Street Journal (or other readily available public source designated by the compensation committee of the Board of Directors) for the last trading day for which such prices are available prior to the applicable transaction date, and if the compensation committee of the Board of Directors or such other committee as is designated by the Board of Directors determines that there is no readily available source of information regarding transactions in the Common Stock, then "Fair Market Value"

shall mean the fair market value of a share of Common Stock as determined by the compensation committee of the Board of Directors or such other committee as is designated by the Board of Directors.

"Holder" has the meaning set forth in the preamble of this Warrant.

"Nasdaq" means the Nasdaq, Inc. National Market System or SmallCap Market, as the case may be, or any successor reporting system thereof.

"Option Rights" means all warrants, rights or options to subscribe for or purchase, or obligations to issue, any shares of Common Stock, or any Convertible Securities.

"Other Property" has the meaning set forth in Section 3.5 of this Warrant.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, limited liability partnership, institution, public benefit corporation, entity or government (whether federal, state, county, city, municipal or otherwise, including, without limitation, any instrumentality, political subdivision, agency, body or department thereof).

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

"Securities Purchase Agreement" means the Securities Purchase Agreement, dated as of November 17, 1998, by and between the Company and the initial Holder of this Warrant, as amended by the First Amendment to Securities Purchase Agreement, dated as of April 15, 1999, by and between the Company and the initial Holder of this Warrant, and as it may be further amended, supplemented or otherwise modified from time to time.

"Warrant Purchase Price" has the meaning set forth in the preamble of this Warrant (as adjusted in accordance with the terms of this Warrant).

"Warrant" means this Warrant, any amendment of this Warrant, and any warrants issued upon transfer, division or combination of, or in substitution for, this Warrant or any other such warrant. All such Warrants shall at all times be identical as to terms and conditions and date, except as to the number of Warrant Shares for which they may be exercised.

"Warrant Shares" has the meaning set forth in the preamble of this Warrant.

2. EXERCISE.

2.1 Exercise; Delivery of Certificates. This Warrant may be exercised in whole or in part, at the option of the Holder, at any time and from time to time during the Exercise Period, by (a) delivering to the Company at its principal executive office (the "Designated Office") (i) a notice of exercise, in substantially the form attached hereto (the "Exercise Notice"), duly completed and signed by the Holder, and (ii) this Warrant, and (b) paying the Warrant Purchase Price pursuant to Section 2.2 for the number of Warrant Shares being purchased. The Warrant Shares being purchased under this Warrant will be deemed to have been issued to the Holder, as the record owner of such Warrant Shares, as of the close of business on the date on which payment therefor is made by the Holder pursuant to Section 2.2. Stock certificates representing the Warrant Shares so purchased shall be delivered to the Holder within three (3) Business Days after this Warrant has been exercised; provided, however, that in the case of a purchase of less than all of the Warrant Shares issuable upon exercise of this Warrant, the Company shall cancel this Warrant and, within three (3) Business Days after this Warrant has been surrendered, execute and deliver to the Holder a new Warrant of like tenor for the number of unexercised Warrant Shares. Each stock certificate representing the number of Warrant Shares purchased pursuant to this Warrant shall be registered in the name of the Holder or, subject to compliance with Applicable Laws, such other name as shall be designated by the Holder.

2.2 Payment of Warrant Price. Payment of the Warrant Purchase Price may be made, at the option of the Holder, by (i) certified or official bank check, (ii) wire transfer, (iii) instructing the Company to withhold and cancel a number of Warrant Shares then issuable upon exercise of this Warrant with respect to which the excess of the Fair Market Value over the Warrant Purchase Price for such canceled Warrant Shares is at least equal to the Warrant Purchase Price for the shares being purchased, (iv) to the extent permitted under the agreements, instruments or other documents existing on the date hereof evidencing or governing Indebtedness of the Company, surrender to the Company of shares of Common Stock previously acquired by the Holder with a Fair Market Value equal to the Warrant Purchase Price for the shares being purchased or (v) any combination of the foregoing.

2.3 No Fractional Shares. The Company shall not be required to issue fractional shares of Common Stock upon the exercise of this Warrant. If any fraction of a share of Common Stock would, except for the provisions of this paragraph, be issuable on the exercise of this Warrant (or specified portion thereof), the Company shall pay to the Holder an amount in cash calculated by it to be equal to the then Fair Market Value per share of Common Stock multiplied by such fraction computed to the nearest whole cent.

2.4 Restrictions on Exercise. If the exercise or sale or other disposition of this Warrant or any Warrant Shares pursuant to or in connection with any transaction that is subject to the provisions of Section 3.5 or in which a majority of the outstanding shares of Common Stock is sold in one transaction or a series of related transactions (a "Transaction") would be subject to

the provisions of Section 16(b) of the Exchange Act, then the Company shall pay to the Holder prior to or upon the consummation of such Transaction, in lieu of such exercise, sale or disposition and in satisfaction of this Warrant to the extent of the number of Warrant Shares set forth in clause (b) of this sentence, an amount in cash equal to the product of (a) the difference between the fair value of the consideration to be received for each share of Common Stock pursuant to such Transaction and the Warrant Purchase Price then in effect, multiplied by (b) the number of Warrant Shares, the sale or other disposition of which would then be subject to the provisions of Section 16(b) of the Exchange Act.

3. ADJUSTMENTS TO THE NUMBER OF WARRANT SHARES AND TO THE WARRANT PURCHASE PRICE. The number of Warrant Shares for which this Warrant is exercisable and the Warrant Purchase Price shall be subject to adjustment from time to time as set forth in this Section 3.

3.1 Stock Dividends, Subdivisions and Combinations. If at any time the Company:

(a) pays a dividend or other distribution on its Common Stock in shares of Common Stock or shares of any other class or series of Capital Stock,

(b) subdivides its outstanding shares of Common Stock into a larger number of shares of Common Stock, or

(c) combines its outstanding shares of Common Stock into a smaller number of shares of Common Stock,

then the number of Warrant Shares purchasable upon exercise of this Warrant immediately prior to the record date for such dividend or distribution or the effective date of such subdivision or combination shall be adjusted so that the Holder shall thereafter be entitled to receive upon exercise of this Warrant the kind and number of shares of Common Stock that the Holder would have owned or have been entitled to receive immediately after such record date or effective date had this Warrant been exercised immediately prior to such record date or effective date. Any adjustment made pursuant to this Section 3.1 shall become effective immediately after the effective date of such event, but be retroactive to the record date, if any, for such event.

Upon any adjustment of the number of Warrant Shares purchasable upon the exercise of this Warrant as herein provided, the Warrant Purchase Price per share shall be adjusted by multiplying the Warrant Purchase Price immediately prior to such adjustment by a fraction, the numerator of which shall be the number of Warrant Shares purchasable upon the exercise of this Warrant immediately prior to such adjustment and the denominator of which shall be the number of Warrant Shares so purchasable immediately thereafter.

3.2 Rights; Options; Warrants. If the Company issues (without payment of any consideration) to all holders of outstanding Common Stock any rights, options or warrants to subscribe for or purchase shares of Common Stock or securities convertible into or exchangeable for Common Stock, then the Company shall also distribute such rights, options, warrants or securities to the Holder as if this Warrant had been exercised immediately prior to the record date for such issuance.

3.3 Distribution of Assets or Securities. If the Company makes a distribution to all holders of outstanding Common Stock of any asset (other than cash) or security other than those referred to in Sections 3.1, 3.2 or 3.5, and other than in connection with the liquidation, dissolution or winding up of the Company, then and in each such case, the Warrant Purchase Price shall be adjusted to equal the number determined by multiplying the Warrant Purchase Price in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such distribution by a fraction (which shall not be less than zero), the numerator of which shall be the Fair Market Value per share of the Common Stock on the date fixed for such determination less the then fair market value of the portion of the assets, or the Fair Market Value of the portion of the securities, as the case may be, so distributed applicable to one share of Common Stock, and the denominator of which shall be such Fair Market Value per share of Common Stock, such adjustment to become effective immediately prior to the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such distribution. Upon any adjustment in the Warrant Purchase Price as provided in the foregoing, the number of shares of Common Stock purchasable upon the exercise of this Warrant shall also be adjusted and shall be that number determined by multiplying the number of Warrant Shares issuable upon exercise immediately prior to such adjustment by a fraction, the numerator of which is the Warrant Purchase Price in effect immediately prior to such adjustment and the denominator of which is the Warrant Purchase Price as so adjusted.

3.4 Issuance of Equity Securities at Less Than Fair Market Value. If the Company sells or issues shares of Common Stock, or rights, options, warrants or convertible or exchangeable securities representing the right to subscribe for or purchase shares of Common Stock (excluding (i) shares, rights, options, warrants or convertible or exchangeable securities issued in any of the transactions described in Sections 3.1, 3.2, 3.3 or 3.5, (ii) shares issued after the date hereof upon conversion, exercise or exchange of (A) rights, options, warrants or convertible or exchangeable securities outstanding on the date hereof (including, without limitation, the April 1999 Warrant), (B) rights, options, warrants or convertible or exchangeable securities issued after the date hereof for which an adjustment was made pursuant to this Section 3.4 or for which no adjustment is required under this Section 3.4, or (C) Warrants issued after the date hereof to Stanwich in connection with the performance of the Stanwich Investment Obligation, (iii) the issuance of this Warrant or any securities issued upon exercise hereof, and the issuance of Common Stock upon the exercise or conversion of Option Rights or Convertible Securities outstanding on the date this Warrant was first issued, (iv) shares of Common Stock issued pursuant to a bona fide public offering pursuant to an effective registration statement, or (v) the issuance of any warrant or

warrants issued in connection with the agreement with FSA contemplated by Section 8.6 of the Securities Purchase Agreement, provided that the exercise price of such warrant or warrants is not less than $3.00 per share, and any shares of Common Stock issued or issuable upon the exercise of any such warrant or warrants) at a price per share of Common Stock (determined in the case of such rights, options, warrants or convertible or exchangeable securities, by dividing (x) the total amount receivable by the Company in consideration of the sale and issuance of such rights, options, warrants or convertible or exchangeable securities, plus the total consideration payable to the Company upon exercise, conversion or exchange thereof, by (y) the maximum number of shares of Common Stock issuable upon conversion, exercise or exchange of such rights, options, warrants or convertible or exchangeable securities), that is lower than the Fair Market Value per share of Common Stock in effect immediately prior to such sale and issuance, then the Warrant Purchase Price shall be adjusted so that it shall equal the price determined by multiplying the Warrant Purchase Price in effect immediately prior thereto by a fraction, the numerator of which shall be an amount equal to the sum of (A) the number of shares of Common Stock outstanding immediately prior to such sale and issuance plus (B) the number of shares of Common Stock which the aggregate consideration received by the Company (determined as provided below) for such sale or issuance would purchase at such Fair Market Value per share, and the denominator of which shall be the total number of shares of Common Stock outstanding (or deemed to be outstanding as provided below) immediately after such sale or issuance. Adjustments shall be made successively whenever such an issuance is made. The foregoing notwithstanding, if any such sale or issuance of shares Common Stock, rights, options, warrants or convertible or exchangeable securities is effected pursuant to the terms of a bona fide agreement, commitment or letter of intent which is entered into or made prior to the date of such issuance and which specifies the "price per share of Common Stock" (as such phrase is used in this Section 3.4) to be paid in such issuance, then the determination of whether or not the "price per share of Common Stock" in such issuance is "lower than the Fair Market Value per share of Common Stock" required by this Section 3.4 shall be made as of close of business on the date such agreement or letter of intent is entered into or such commitment is made and shall not be made "immediately prior to such sale and issuance" as provided above. (For example, if the Company enters into an agreement to sell shares of Common Stock in a private placement and the price per share of Common Stock to be paid pursuant to such agreement is equal to or greater than the Fair Market Value per share of Common Stock as of the close of business on the date on which such agreement is entered into, then no adjustment shall be required under this Section 3.4 even if such price is less than the Fair Market Value per share of Common Stock on the date such private placement is consummated.)

For the purposes of such adjustments, the shares of Common Stock which the holder of any such rights, options, warrants or convertible or exchangeable securities shall be entitled to subscribe for or purchase shall be deemed to be issued and outstanding as of the date of the sale and issuance of the rights, warrants or convertible or exchangeable securities and the consideration received by the Company therefor shall be deemed to be the consideration actually received by the Company for such rights, options, warrants or convertible or exchangeable securities, plus the

consideration or premiums stated in such rights, options, warrants or convertible or exchangeable securities to be paid to acquire the shares of Common Stock covered thereby.

Upon any adjustment in the Warrant Purchase Price as provided in the penultimate paragraph above, the number of shares of Common Stock purchasable upon the exercise of this Warrant shall also be adjusted and shall be that number determined by multiplying the number of Warrant Shares issuable upon exercise immediately prior to such adjustment by a fraction, the numerator of which is the Warrant Purchase Price in effect immediately prior to such adjustment and the denominator of which is the Warrant Purchase Price as so adjusted.

Upon the expiration of any rights, options, warrants or convertible or exchangeable securities for which an adjustment was made pursuant to this Section 3.4, such adjustment shall be recomputed on the basis of the actual number of shares of Common Stock sold or issued pursuant to such rights, options, warrants or convertible or exchangeable securities and the actual consideration received by the Company for such rights, options, warrants or convertible or exchangeable securities plus the actual consideration or premium received by the Company for such sale or issuance of Common Stock.

If at any time the Company sells and issues shares of Common Stock or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock for a consideration consisting, in whole or in part, of property other than cash or its equivalent, then in determining the "price per share of Common Stock" and the "consideration received by the Company" for purposes of the preceding paragraphs of this Section 3.4, the Board of Directors of the Company shall determine, in good faith, the fair market value of property, subject to the Holder's rights under Section 3.8(e). There shall be no adjustment of the Warrant Purchase Price in respect of the Common Stock pursuant to this Section 3.4 if the amount of such adjustment is less than $0.001 per share of Common Stock; provided, however, that any adjustments which by reason of this provision are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

3.5 Reorganization, Reclassification, Merger, Consolidation or Disposition of Assets. If at any time the Company reorganizes its capital, reclassifies its capital stock, consolidates, merges or combines with or into another Person (where the Company is not the surviving corporation or where there is any change whatsoever in, or distribution with respect to, the outstanding Common Stock), or the Company sells, transfers or otherwise disposes of all or substantially all of its property, assets or business to another Person, other than in a transaction provided for in Section 3.1, 3.2, 3.3, 3.4 or 3.6, and, pursuant to the terms of such reorganization, reclassification, consolidation, merger, combination, sale, transfer or other disposition of assets, (i) shares of common stock of the successor or acquiring Person or of the Company (if it is the surviving corporation) or (ii) any cash, shares of stock or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) in addition to or in lieu of common stock of the successor or acquiring Person or the Company

("Other Property") are to be received by or distributed to the holders of Common Stock who are holders immediately prior to such transaction, then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the number of shares of Common Stock, common stock of the successor or acquiring Person, and/or Other Property which holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event would have owned or received immediately after and as a result of such event. In such event, the aggregate Warrant Purchase Price otherwise payable for the Warrant Shares issuable upon exercise of this Warrant shall be allocated among such securities and Other Property in proportion to the respective fair market values of such securities and Other Property as determined in good faith by the Board of Directors of the Company, subject to the Holder's rights under Section 3.8(e).

In case of any such event, the successor or acquiring Person (if other than the Company) shall expressly assume the due and punctual observance and performance of each and every covenant and condition of this Warrant to be performed and observed by the Company and all the obligations and liabilities hereunder, subject to such modifications as the Holder may approve in writing (as determined by resolution of the Board of Directors of the Company) in order to provide for adjustments of any shares of common stock of such successor or acquiring Person for which this Warrant thus becomes exercisable, which modifications shall be as equivalent as practicable to the adjustments provided for in this Section 3.5. For purposes of this Section 3, "common stock of the successor or acquiring Person" shall include stock or other equity securities, or securities that are exercisable or exchangeable for or convertible into equity securities, of such corporation, or other securities if such Person is not a corporation, of any class that is not preferred as to dividends or assets over any other class of stock of such corporation or Person and that is not subject to redemption and shall also include any evidences of indebtedness, shares of stock or other securities that are convertible into or exchangeable for any such stock, either immediately or upon the arrival of a specified date or the happening of a specified event and any warrants or other rights to subscribe for or purchase any such stock. The foregoing provisions of this Section 3.5 shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales, transfers and other dispositions of assets.

3.6 Dissolution, Total Liquidation or Winding-Up. If at any time there is a voluntary or involuntary dissolution, total liquidation or winding-up of the Company, other than as contemplated by Section 3.5, then the Company shall cause to be mailed (by registered or certified mail, return receipt requested, postage prepaid) to the Holder at the Holder's address as shown on the Warrant register, at the earliest practicable time (and, in any event, not less than thirty (30) calendar days before any date set for definitive action) written notice of the date on which such dissolution, liquidation or winding-up shall take place, as the case may be. Such notice shall also specify the date as of which the record holders of shares of Common Stock shall be entitled to exchange their shares for securities, money or other property deliverable upon such dissolution, liquidation or winding-up, as the case may be. On such date, the Holder shall be entitled to receive upon surrender of this Warrant the cash or other property, less the Warrant Purchase Price

for this Warrant then in effect, that the Holder would have been entitled to receive had this Warrant been exercised immediately prior to such dissolution, liquidation or winding-up. Upon receipt of the cash or other property, any and all rights of the Holder to exercise this Warrant shall terminate in their entirety. If the cash or other property distributable in the dissolution, liquidation or winding-up has a fair market value which is less than the Warrant Purchase Price for this Warrant then in effect, this Warrant shall terminate and be of no further force or effect upon the dissolution, liquidation or winding-up.

3.7 Other Dilutive Events. If any event occurs as to which the other provisions of this Section 3 are not strictly applicable but as to which the failure to make any adjustment would not protect the purchase rights represented by this Warrant in accordance with the intent and principles hereof then, in each such case, the Holder (or if the Warrant has been divided up, the Holders of Warrants exercisable for the purchase of more than fifty percent (50%) of the aggregate number of Warrant Shares then issuable upon exercise of all of the then exercisable Warrants) may appoint an independent investment bank or firm of independent public accountants which shall give its opinion as to the adjustment, if any, on a basis consistent with the intent and principles established herein, necessary to preserve the purchase rights represented by this Warrant (or such Warrants). Upon receipt of such opinion, the Company will mail (by registered or certified mail, return receipt requested, postage prepaid) a copy thereof to the Holder within three (3) Business Days and shall make the adjustments described therein. The fees and expenses of such investment bank or independent public accountants shall be borne by the Company.

3.8 Other Provisions Applicable to Adjustments Under this Section. The following provisions shall be applicable to the adjustments provided for pursuant to this Section 3:

(a) When Adjustments To Be Made. The adjustments required by this Section 3 shall be made whenever and as often as any specified event requiring such an adjustment shall occur. For the purpose of any such adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence.

(b) Record Date. If the Company fixes a record date of the holders of Common Stock for the purpose of entitling them to (i) receive a dividend or other distribution payable in shares of Common Stock or in shares of any other class or series of capital stock or securities convertible into or exchangeable for Common Stock or shares of any other class or series of capital stock or (ii) subscribe for or purchase shares of Common Stock or such other shares or securities, then all references in this Section 3 to the date of the issuance or sale of such shares of Common Stock or such other shares or securities shall be deemed to be references to that record date.

(c) When Adjustment Not Required. If the Company fixes a record date of the holders of its Common Stock for the purpose of entitling them to receive a dividend or distribution or subscription or purchase rights to which the provisions of Section 3.1 would apply, but shall,

thereafter and before the distribution to stockholders, legally abandon its plan to pay or deliver such dividend, distribution, subscription or purchase rights, then thereafter no adjustment shall be required by reason of the taking of such record and any such adjustment previously made in respect thereof shall be rescinded and annulled.

(d) Notice of Adjustments. Whenever the number of shares of Common Stock for which this Warrant is exercisable or the Warrant Purchase Price shall be adjusted or recalculated pursuant to this Section 3, the Company shall immediately prepare a certificate to be executed by the chief financial officer of the Company setting forth, in reasonable detail, the event requiring the adjustment or recalculation and the method by which such adjustment or recalculation was calculated, specifying the number of shares of Common Stock for which this Warrant is exercisable and (if such adjustment was made pursuant to Section 3.5) describing the number and kind of any other shares of stock or Other Property for which this Warrant is exercisable, and any related change in the Warrant Purchase Price, after giving effect to such adjustment, recalculation or change. The Company shall mail (by registered or certified mail, return receipt requested, postage prepaid) a signed copy of the certificate to be delivered to the Holder within three (3) Business Days of the event which caused the adjustment or recalculation. The Company shall keep at the Designated Office copies of all such certificates and cause them to be available for inspection at the Designated Office during normal business hours by the Holder or any prospective transferee of this Warrant designated by the Holder.

(e) Challenge to Good Faith Determination. Whenever the Board of Directors of the Company is required to make a determination in good faith of the fair market value of any item under this Warrant, or any item that may affect the value of this Warrant, that determination may be challenged in good faith by the Holder (or if the Warrant has been divided up, the Holders of Warrants exercisable for more than fifty percent (50%) of the aggregate number of Warrant Shares then issuable upon exercise of all of the then exercisable Warrants), and any dispute shall be resolved promptly, but in no event in more than thirty (30) days, by an investment banking firm of recognized national standing or one of the five (5) largest national accounting firms agreed upon by the Company and the Holders and whose decision shall be binding on the Company and the Holders. If the Company and the Holders cannot agree on a mutually acceptable investment bank or accounting firm, then the Holders, jointly, and the Company shall within five (5) Business Days each choose one investment bank or accounting firm and the respective chosen firms shall within five (5) Business Days jointly select a third investment bank or accounting firm, which shall make the determination promptly, but in no event in more than thirty (30) days, and such determination shall be binding upon all parties thereto. The Company shall bear all costs in connection with such determination, including without limitation, fees of the investment bank(s) or accounting firm(s).

(f) Independent Application. Except as otherwise provided herein, all subsections of this Section 3 are intended to operate independently of one another (but without

duplication). If an event occurs that requires the application of more than one subsection, all applicable subsections shall be given independent effect without duplication.

4. MISCELLANEOUS.

4.1 Restrictive Legend. This Warrant, any Warrant issued upon transfer of this Warrant and any Warrant Shares issued upon exercise of this Warrant or any portion thereof shall be imprinted with the following legend, in addition to any legend required under applicable state securities laws:

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

The legend shall be appropriately modified upon issuance of certificates for shares of Common Stock.

Upon request of the holder of a Common Stock certificate, the Company shall issue to that holder a new certificate free of the foregoing legend, if, with such request, such holder provides the Company with an opinion of counsel reasonably acceptable to the Company (provided that Riordan & McKinzie, a professional law corporation, shall be deemed to be acceptable to the Company) to the effect that the securities evidenced by such certificate may be sold without restriction under Rule 144 (or any other rule permitting resales of securities without restriction) promulgated under the Securities Act.

4.2 Amendment and Restatement; Holder Entitled to Benefits. This Warrant is the "Amended November 1998 Warrant" referred to in the certain Securities Purchase Agreement and amends and restates, and continues in force, that certain Primary Warrant to Purchase 3,450,000 Shares of Common Stock dated as of November 17, 1998, issued by the Company to the initial Holder in connection with the transactions contemplated by the Securities Purchase Agreement. The Holder is entitled to certain rights, benefits and privileges with respect to this Warrant and the Warrant Shares pursuant to the terms of this Warrant and the Securities Purchase Agreement.

4.3 Other Covenants. Without limiting the generality of Section 4.2, the Company covenants and agrees that, as long as this Warrant remains outstanding or any Warrant Shares are issuable with respect to this Warrant, the Company will perform all of the following covenants for the express benefit of the Holder: (a) the Warrant Shares shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable shares of Common Stock; (b) each

Holder shall, upon the exercise hereof in accordance with the terms hereof, receive good and marketable title to the Warrant Shares, free and clear of all voting and other trust arrangements to which the Company is a party or by which it is bound, preemptive rights of any stockholder, liens, encumbrances, equities and claims whatsoever, including, but not limited to, all Taxes, Liens and other charges with respect to the issuance thereof; (c) at all times prior to the Expiration Date, the Company shall have reserved for issuance a sufficient number of authorized but unissued shares of Common Stock, or other securities or property for which this Warrant may then be exercisable, to permit this Warrant (or if this Warrant has been divided, all outstanding Warrants) to be exercised in full; (d) the Company shall deliver to each Holder the information and reports described in Section 8.2 of the Securities Purchase Agreement; (e) the Company shall extend to the initial Holder the management rights set forth in the Investor Rights Agreement; and (f) the Company shall provide each Holder with notice of all corporate actions in the same manner and to the same extent as the shareholders of the Company; provided, however, that the Company shall not be obligated to perform the covenants in the foregoing clauses (d) and (e) of this Section 4.3 at any time that the sum of the Warrant Shares plus the number of shares of Common Stock held by the Holder is less than 345,000; provided, further, that notwithstanding the foregoing proviso the Company shall remain obligated to perform the covenants in the foregoing clauses (d) and (e) of this Section 4.3 if such performance is necessary in order to enable the Holder to satisfy the criteria then established for a "Venture Capital Operating Company" pursuant to ERISA.

4.4 Issue Tax. The issuance of shares of Common Stock upon the exercise of this Warrant shall be made without charge to the Holder for any issue tax in respect thereof.

4.5 Closing Of Books. The Company will at no time close its transfer books against the transfer of this Warrant or of any Warrant Shares in any manner which interferes with the timely exercise hereof unless required by Applicable Laws.

4.6 No Voting Rights; Limitation Of Liability. Except as expressly set forth in this Warrant and in the Securities Purchase Agreement, nothing contained in this Warrant shall be construed as conferring upon the Holder (i) the right to vote or to consent as a stockholder in respect of meetings of stockholders for the election of directors of the Company or any other matter, (ii) the right to receive dividends except as set forth in Section 3; or (iii) any other rights as a stockholder of the Company except as set forth in Section 4.2 and Section 4.3 hereof and in the Investor Rights Agreement. No provisions hereof, in the absence of affirmative action by the Holder to purchase shares of Common Stock, and no mere enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the Warrant Purchase Price or as a shareholder of the Company, whether such liability is asserted by the Company or by its creditors.

4.7 Modification And Waiver. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement is sought.

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

(a) If to the Holder, at:

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

(b) If to any other Holder, at:

such Holder's address as shown on the books of the Company.

(c) If to the Company, at:

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

or at such other address or addresses as the Holder or the Company, as the case may be, may specify by written notice given in accordance with this Section 4.8.

4.9 Successors and Assigns. Subject to the requirements of Applicable Laws, the Holder may assign all or any portion of this Warrant at any time or from time to time without the consent of the Company. Each assignment of this Warrant, in whole or in part, shall be registered on the books of the Company to be maintained for such purpose, upon surrender of this Warrant at the Designated Office, together with appropriate instruments of assignment, duly filled in and executed. Upon such surrender and delivery, the Company shall, at its own expense, within three (3) Business Days execute and deliver a new Warrant or Warrants in the name of the assignee or assignees specified in such assignment and in the denominations specified therein and this Warrant shall promptly be canceled. If any portion of this Warrant is not being assigned, the Company shall, at its own expense, within three (3) Business Days issue to the Holder a new Warrant

evidencing the portion not so assigned. This Warrant shall be binding upon and inure to the benefit of the Company, the Holder and their respective successors and permitted assigns, and shall include, with respect to the Company, any Person succeeding the Company by merger, consolidation, combination or acquisition of all or substantially all of the Company's assets, and in such case, except as expressly provided herein, all of the obligations of the Company hereunder shall survive such merger, consolidation, combination or acquisition.

4.10 Descriptive Headings. The descriptive headings of the paragraphs of this Warrant are for convenience of reference only and do not constitute a part of this Warrant and are not to be considered in construing or interpreting this Warrant. No party, nor its counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions of this Agreement, and all provisions of this Agreement shall be construed in accordance with their fair meaning, and not strictly for or against any party.

4.11 Lost Warrant or Certificates. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant or of a stock certificate evidencing Warrant Shares and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company or, in the case of any such mutilation, upon surrender and cancellation of the Warrant or stock certificate, the Company shall make and deliver to the Holder, within three (3) Business Days of receipt by the Company of such documentation, a new Warrant or stock certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or stock certificate.

4.12 Termination Of this Warrant. This Warrant shall terminate and shall no longer be exercisable after the Expiration Date.

4.13 No Impairment. The Company shall not by any action, including, without limitation, amending its charter documents or regulations or through any reorganization, reclassification, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of the Holder against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value (if any) of any shares of Common Stock receivable upon the exercise of this Warrant above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, free and clear of all liens, encumbrances, equities and claims, and (iii) use its best efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Company to perform its obligations under this Warrant.

4.14 Governing Law. In all respects, including all matters of construction, validity and performance, this Warrant and the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in California, without regard to principles thereof regarding conflicts of laws.

4.15 Remedies. If the Company fails to perform, comply with or observe any covenant or agreement to be performed, complied with or observed by it under this Warrant, the Holder may proceed to protect and enforce its rights by suit in equity or action at law, whether for specific performance of any term contained in this Warrant or for an injunction against the breach of any such term or in aid of the exercise of any power granted in this Warrant or to enforce any other legal or equitable right, or to take any one or more of such actions. The Company agrees to pay all fees, costs, and expenses, including, without limitation, fees and expenses of attorneys, accountants and other experts retained by the Holder, and all fees, costs and expenses of appeals, incurred or expended by the Holder in connection with the enforcement of this Warrant or the collection of any sums due hereunder, whether or not suit is commenced. None of the rights, powers or remedies conferred under this Warrant shall be mutually exclusive, and each right, power or remedy shall be cumulative and in addition to any other right, power or remedy whether conferred by this Warrant or now or hereafter available at law, in equity, by statute or otherwise.

4.16 WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE COMPANY AND THE HOLDER WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE COMPANY AND THE HOLDER DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, AND UNDERSTANDING THEY ARE WAIVING A CONSTITUTIONAL RIGHT, THE COMPANY AND THE HOLDER (BY ACCEPTANCE HEREOF) WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO, THIS WARRANT, THE SECURITIES PURCHASE AGREEMENT AND/OR ANY RELATED AGREEMENT OR THE TRANSACTIONS COMPLETED HEREBY OR THEREBY.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed and issued by its duly authorized representatives on the date first above written.

CONSUMER PORTFOLIO SERVICES, INC.,
a California corporation

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

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

By: /s/ Jeffrey P. Fritz

Jeffrey P. Fritz
Senior Vice President and Chief
Financial Officer

EXECUTION COPY

==========

SECURITIES PURCHASE AGREEMENT

by and between

LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P.,

as Purchaser,

and

CONSUMER PORTFOLIO SERVICES, INC.,

as Issuer

==========

Dated as of April 15, 1999

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (as amended, supplemented or otherwise modified from time to time, this "Agreement") is entered into as of April 15, 1999, by and between Levine Leichtman Capital Partners II, L.P., a California limited partnership, as purchaser (the "Purchaser"), and Consumer Portfolio Services, Inc., a California corporation (the "Company"), as issuer.

RECITALS

A. The Company desires to issue and sell to the Purchaser, and the Purchaser desires to purchase from the Company, on the terms and subject to the conditions set forth herein, a Senior Subordinated Note in the aggregate principal amount of $5,000,000.

B. As an inducement to the Purchaser to purchase the Senor Subordinated Note being sold by the Company hereunder, the Company desires to issue to the Purchaser, on the terms and subject to the conditions set forth herein, a warrant to purchase 1,335,000 shares of its Common Stock.

AGREEMENT

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

1. DEFINITIONS. The capitalized terms used in this Agreement which are not defined in this Agreement shall have the meanings given to such terms in that certain Securities Purchase Agreement dated as of November 17, 1998 by and between the Company and Purchaser (the "November 1998 Securities Purchase Agreement"), as amended by that certain First Amendment to Securities Purchase Agreement of even date herewith (the "First Amendment to November 1998 Securities Purchase Agreement"). The November 1998 Securities Purchase Agreement, as amended by the First Amendment to November 1998 Securities Purchase Agreement, is referred to herein as the "Amended November 1998 Securities Purchase Agreement." The Senior Subordinated Primary Note in the principal amount of $25,000,000 issued pursuant to the November 1998 Securities Purchase Agreement, as amended pursuant to the First Amendment to November 1998 Securities Purchase Agreement, is referred to herein as the "Amended November 1998 Note." The Primary Warrant to Purchase 3,450,000 Shares of Common Stock issued pursuant to the November 1998 Securities Purchase Agreement, as amended pursuant to the First Amendment to November 1998 Securities Purchase Agreement, is referred to herein as the "Amended November 1998 Warrant."

2. PURCHASE AND SALE OF THE SECURITIES.

2.1 Authorization. The Company has authorized the issuance, sale and delivery to the Purchaser of (a) a Senior Subordinated Note in the principal amount of $5,000,000, in substantially the form of Exhibit A hereto (as the same may be amended, supplemented, modified, renewed, refinanced or restructured from time to time, including any additional note or notes issued by the Company in connection with any Assignments, the "April 1999 Note"), and (b) a warrant in substantially the form of Exhibit B hereto (as the same may be amended, supplemented or otherwise modified from time to time, the "April 1999 Warrant") evidencing the right, subject to receipt of the requisite approval of the Company's shareholders as required by the Rules of the Nasdaq Stock Market, to purchase up to 1,335,000 shares of Common Stock. The April 1999 Note, including the payment of principal of, premium, if any, and interest on the April 1999 Note, shall be subordinate and subject in right of payment and rights upon liquidation, to the extent and in the manner set forth therein, to the prior payment in full of all Senior Indebtedness and shall rank pari passu in right of payment with all Senior Subordinated Indebtedness. The April 1999 Note and the April 1999 Warrant are collectively referred to herein as the "April 1999 Securities."

2.2 Purchase of the April 1999 Securities. At the Closing, subject to the terms and conditions contained herein, and in reliance upon the representations, warranties, covenants and agreements contained herein, the Company shall issue and sell to the Purchaser, and the Purchaser shall purchase from the Company, the April 1999 Note and the April 1999 Warrant. The aggregate purchase price to be paid by the Purchaser shall be $5,000,000 (the "Purchase Price"), which will be paid in accordance with Section 2.3.

2.3 Closing of Sale of the April 1999 Securities. The closing of the issuance, sale and delivery of the April 1999 Securities to be purchased by the Purchaser under this Agreement (the "Closing") shall take place at the offices of Riordan & McKinzie, 300 South Grand Avenue, Suite 2900, Los Angeles, California 90071, on the date hereof or as soon as practicable thereafter immediately following the satisfaction or waiver of the conditions precedent set forth in Section 6 and Section 7 (the "Closing Date"). At the Closing, the Company shall deliver to the Purchaser a certificate evidencing the April 1999 Note and a certificate evidencing the April 1999 Warrant, in each case duly executed by the Company, against payment of that portion of the Purchase Price allocated thereto as provided for in Schedule 2.2. The Purchase Price shall be paid by transfer of the amount provided for in Schedule 2.4 in immediately available funds to such bank as the Company may request (which request shall be made in writing at least one (1) Business Day prior to the Closing Date) for credit to an account designated by the Company in such request, provided that such request shall be consistent with the purposes set forth in Schedule 2.4.

2.4 Use of Proceeds. The proceeds to be received by the Company from the issuance and sale of the April 1999 Securities shall be used solely for the purposes set forth in Schedule 2.4 (and applied in accordance with the terms therein). The Company will not, directly or indirectly, use any of the proceeds from the issue and sale of the April 1999 Note for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any Margin Stock or maintaining or extending credit to others for such purpose or for any other purpose that violates the Margin Regulations. If requested by the Purchaser, the Company will promptly furnish to the Purchaser a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in the Margin Regulations.

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

3.1 Power and Authority. The Company has all requisite power and authority to (i) enter into this Agreement and each of the other agreements, instruments and documents contemplated hereby or relating hereto, (ii) enter into the First Amendment to November 1998 Securities Purchase Agreement and each of the other agreements, instruments and documents contemplated thereby or relating thereto and (iii) to issue, sell and deliver the April 1999 Securities to be issued and sold hereunder and to consummate the transactions contemplated hereby and by the First Amendment to November 1998 Securities Purchase Agreement.

3.2 Representations and Warranties. The representations and warranties set forth in the Amended November 1998 Securities Purchase Agreement, all of which are incorporated herein by this reference, are true and correct on and as of the date hereof with the same force and effect as if made as of the date hereof and set forth herein in their entirety, except to the extent qualified or limited by the disclosure schedule attached hereto (the "Updating Disclosure Schedule").

3.3 Authorization. The execution, delivery and performance of this Agreement, the First Amendment to November 1998 Securities Purchase Agreement and each of the other agreements, instruments and documents contemplated hereby or thereby or relating hereto or thereto, the issuance, sale and delivery of the April 1999 Securities and the consummation of the other transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Company and, if required, its Subsidiaries.

3.4 Due Execution and Delivery; Binding Obligations. This Agreement has been duly executed and delivered by the Company. This Agreement is, and at the time of the Closing each of the other agreements, instruments and documents contemplated hereby or relating hereto to which the Company is party will be, a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforcement may be limited by

bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability and except as rights of indemnity or contribution may be limited by federal or state securities or other laws or the public policy underlying such laws.

3.5 No Violation; Senior Subordinated Indebtedness; Senior Indebtedness.

(a) The execution, delivery and performance by the Company of this Agreement and each of the other agreements, instruments and documents contemplated hereby or relating hereto and the consummation of the transactions contemplated hereby and thereby (including, without limitation, the issuance, sale and delivery of the April 1999 Securities), do not and will not violate (i) the charter or bylaws of the Company or any of its Subsidiaries, as amended through the date hereof; (ii) any Applicable Laws; or (iii) any term of any lease, credit agreement, indenture, note, mortgage, instrument or other agreement to which the Company or any of its Subsidiaries is a party or by which any of its or their properties or assets are bound.

(b) The Indebtedness evidenced by the April 1999 Note ranks pari passu with the Amended November 1998 Note, the RISRS, the PENS and the Stanwich Senior Subordinated Debt. All Stanwich Indebtedness other than the Stanwich Senior Subordinated Debt ranks junior, and is subordinate in right to payment and rights upon liquidation, to the Indebtedness evidenced by the April 1999 Note. There is no existing agreement, indenture, instrument or other document to which the Company or any of its Subsidiaries is a party or by which it or they are bound that requires the subordination in right of payment or rights upon liquidation of any Obligations to Purchaser (as such term is defined below) to the repayment of any other Indebtedness of the Company or any of its Subsidiaries (other than the ESFR Agreement and the Bank of America Facility), nor are any Obligations to Purchaser subordinate in right of payment or rights upon liquidation to any other Indebtedness of the Company or its Subsidiaries (other than the ESFR Agreement and the Bank of America Facility and trade payables of the Company). As used in this Agreement, the term "Obligations to Purchaser" shall mean any and all Indebtedness, claims, liabilities or obligations of the Company or any of its Subsidiaries owing to the Purchaser or any Affiliate of the Purchaser (or any assignee or transferee of the Purchaser or such Affiliate) under or with respect to this Agreement, the April 1999 Note, the April 1999 Warrant, the Amended November 1998 Securities Purchase Agreement, the Amended November 1998 Note, the Amended November 1998 Warrant or any other agreement, instrument or document heretofore or hereafter executed or delivered in connection with any of the foregoing, of whatever nature, character or description (including, without limitation, any claims for rescission or other damages under federal or state securities laws and any obligations of the Company to indemnify the Purchaser), and whether presently existing or arising hereafter, together with interest, premiums and fees accruing thereon and costs and expenses (including, without limitation, attorneys' fees) of collection thereof (including, without limitation, interest, fees, costs and expenses accruing after the filing of a petition by or against the Company or any Subsidiaries under the Bankruptcy

Laws or any similar federal or state statute), and any and all amendments, renewals, extensions, exchanges, restatements, refinancings or refundings thereof.

3.6 Outstanding Shares of Common Stock. As of the date of this Agreement and without limiting the generality of the representation and warranty contained in Section 3.8 of the Amended November 1998 Securities Purchase Agreement which has been incorporated by reference herein pursuant to Section 3.2 hereof (subject to the Updating Disclosure Schedules), there are no more than 15,658,501 shares of Common Stock outstanding.

3.7 Governmental and Other Third Party Consents. Except for the Consents which have already been duly obtained or made, none of the Company, any of its Subsidiaries or any Affiliate of the Company is required to obtain any Consent, or required to make any declaration or filing (other than the filing of a Form 8-K) with, (i) any Governmental Authority or (ii) any trustee, credit enhancer, rating agency or other party to any Securitization Transaction in connection with the execution and delivery of this Agreement, or any other agreement, instrument or document contemplated hereby or relating hereto, or the issuance, sale and delivery of the April 1999 Securities hereunder.

3.8 The April 1999 Warrant Shares. The shares of Common Stock issuable upon exercise of the April 1999 Warrant and the shares of Common Stock issuable pursuant to Section 3.9 (Other Anti-Dilution Provisions) of the April 1999 Warrant (collectively, the "April 1999 Warrant Shares") have been duly reserved and, when issued, delivered and paid for pursuant to the terms of the April 1999 Warrant, will be duly and validly issued, fully paid and nonassessable.

3.9 Brokers; Certain Expenses. Neither the Company nor any of its Subsidiaries has paid or is obligated to pay any fee or commission to any broker, finder, investment banker or other intermediary in connection with this Agreement or any other agreement, instrument or document contemplated hereby or relating hereto or any of the transactions contemplated hereby or thereby.

3.10 Solvency. After giving effect to the transactions contemplated in this Agreement and each of the other agreements, instruments and documents contemplated hereby or relating hereto, the Company and each of its Subsidiaries (other than LINC Acceptance LLC and Samco Acceptance Corp.) has a positive net worth and is Solvent. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement and the other agreements, instruments and documents contemplated hereby or relating hereto with the intent to hinder, delay or defraud either present or future creditors of the Company or any of its Subsidiaries.

3.11 Disclosure. After due inquiry of the directors, executive officers and employees of the Company having knowledge of the matters represented, warranted or stated herein, no representation, warranty or other statement made by or on behalf of the Company, its Subsidiaries or its or their respective representatives and agents to the Purchaser, whether written or oral, whether included in any materials provided to the Purchaser prior to the date hereof or included in this Agreement or in any other agreement, instrument or document contemplated hereby or relating hereto or in any Exhibit or Schedule or in any other agreement, instrument or document delivered at any time prior to the Closing, is, or will be, untrue with respect to any material fact or omits, or will omit, to state a material fact necessary in order to make the statement made herein or therein, in light of the circumstances in which such statement was made, not misleading.

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

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

4.2 Authorization. The execution, delivery and performance of this Agreement and of each of the other agreements, instruments and documents contemplated hereby or relating hereto to which the Purchaser is a party, and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Purchaser.

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

4.4 No Violation. The execution, delivery and performance by the Purchaser of this Agreement and each of the other agreements, instruments and documents contemplated hereby or relating hereto to which the Purchaser is a party, and the consummation of the transactions contemplated hereby, do not violate (a) the limited partnership agreement of the Purchaser as in effect on the date hereof, (b) any law, statute, rule or regulation applicable to the Purchaser,

(c) any order, ruling, judgment or decree of any Governmental Authority binding on the Purchaser or (d) any term of any material indenture, mortgage, lease, agreement or instrument to which the Purchaser is a party.

4.5 Investment Intent. The Purchaser is acquiring the April 1999 Securities for its own account, for investment purposes, and not with a view to or for sale in connection with any distribution thereof. The Purchaser understands that the April 1999 Securities have not been registered under the Securities Act or registered or qualified under any state securities law in reliance upon specific exemptions therefrom, which exemptions may depend upon, among other things, the bona fide nature of the Purchaser's investment intent as expressed herein.

4.6 Accredited Investor Status. The Purchaser is an "accredited investor" (as such term is defined in Rule 501 of Regulation D under the Securities Act). By reason of its business and financial experience, the Purchaser has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the investment in the April 1999 Securities, has the capacity to protect its own interests and is able to bear the economic risk of such investment. The Purchaser has had an opportunity to review the books and records of the Company and to ask questions of representatives of the Company concerning the terms and conditions of the transactions contemplated by this Agreement.

4.7 Governmental Consents. The execution and delivery by the Purchaser of this Agreement and of the other agreements, instruments and documents contemplated hereby or relating hereto to which the Purchaser is a party, and the consummation by the Purchaser of the transactions contemplated hereby, do not and will not require any Consent of any Governmental Authority.

5. CONDUCT PRIOR TO CLOSING.

5.1 Conduct of Business Prior to Closing. Without the prior written consent of the Purchaser, from and after the date of this Agreement until the Closing, the Company shall, and shall cause each of its Subsidiaries to, conduct its business in the ordinary course. Notwithstanding the foregoing and except as contemplated hereby, the Company shall not, and shall not permit any of its Subsidiaries to:

(a) waive or release any right or any debt owed to it;

(b) satisfy or discharge any Lien or pay any obligation;

(c) change or amend any contract or arrangement by which the Company or any Subsidiary or any of their properties or assets is bound or subject;

(d) effect any act or omission which could have a Material Adverse Effect;

(e) create any contingent obligation, by way of guarantees or otherwise;

(f) declare or pay any dividend or other distribution or payment in cash, stock or property in respect of shares of its Capital Stock, or adopt or consider any plan or arrangement with respect thereto or make any direct or indirect redemption, retirement, purchase or other acquisition of any of its Capital Stock or split, combine or reclassify its outstanding shares of Capital Stock;

(g) issue any shares of Capital Stock or any Option Rights or Convertible Securities (other than shares of Common Stock issued upon the exercise of (i) stock options issued under the Existing Stock Plans and (ii) Convertible Securities and Option Rights set forth on Schedule 3.8);

(h) (i) increase the compensation of any officer or key employee; (ii) adopt any new employee benefit plan; or (iii) enter into any new employment or consulting agreement;

(i) (i) incur any Indebtedness; (ii) transfer, lease, license, sell, mortgage, pledge, dispose of, or encumber any asset of the Company with a value exceeding $10,000 individually, and $50,000 in the aggregate; (iii) purchase or acquire any business or any April 1999 Securities or assets of a business; (iv) enter into any joint venture or partnership; (v) settle any material litigation or waive or relinquish any material right or benefit; or (vi) accelerate payments on any Indebtedness;

(j) make any Capital Expenditures in excess of $25,000 in the aggregate;

(k) fail to preserve intact the business organization of the Company and each of its Subsidiaries, fail to keep available the services of their operating personnel, or fail to preserve the goodwill of those having business relationships with the Company or its Subsidiaries, including, without limitation, customers;

(l) fail to maintain its books and records in accordance with GAAP; or

(m) take any action which would be prohibited by any of the Related Agreements determined as if the transactions contemplated by this Agreement had been consummated.

In addition, the Company shall notify the Purchaser in writing of the occurrence of any Material Adverse Effect or breach of the representations and warranties of the Company under this Agreement within one (1) day following the occurrence thereof.

5.2 Access to Information and Documents. From and after the date of this Agreement until the Closing, the Company and each of its Subsidiaries shall give the Purchaser and its representatives and agents full access during normal business hours to the properties, documents, books and records of the Company and each of its Subsidiaries, and shall furnish the Purchaser with such information concerning the Company and each of its Subsidiaries as the Purchaser may request.

5.3 Covenant to Close. Each of the Company and the Purchaser shall use its best efforts to consummate the transactions contemplated by this Agreement pursuant to the terms hereof. Without limiting the generality of the foregoing, the Company shall use its best efforts to obtain all Consents from third parties which are required to be obtained in connection with the consummation of each of the transactions contemplated by this Agreement, including, without limitation, any Consents of the holders of any Indebtedness of the Company or of its Subsidiaries for the purpose of approving the incurrence by the Company of the Indebtedness evidenced by the April 1999 Note.

5.4 Covenant Concerning Annual Meeting. The Company shall actively and diligently seek and solicit the affirmative vote or written consent of the shareholders of the Company (the "Shareholders") to, and shall recommend to the Shareholders, all in accordance with Applicable Laws (including, without limitation, the proxy rules promulgated under the Exchange Act), the approval by the Shareholders of the issuance by the Company of the April 1999 Warrant so as to permit the April 1999 Warrant to become exercisable and the shares of Common Stock issuable pursuant to Section 3.9 (Other Anti-Dilution Provisions) to be issuable ("Shareholder Approval"). Without limiting the generality of the foregoing, the Company shall (i) no later than Monday, April 19, 1999, file preliminary proxy materials with the SEC with respect to the solicitation of proxies for the Company's 1999 Annual Meeting of Shareholders (the "1999 Annual Meeting"), which shall provide for a May 26, 1999 meeting date and shall include, in addition to any other proposals which may be submitted to the Company's shareholders at such meeting, a proposal to approve the issuance by the Company of the April 1999 Warrant so as to permit the April 1999 Warrant to become immediately exercisable and the shares of Common Stock issuable pursuant to Section 3.9 (Other Anti-Dilution Provisions) to be issuable (the "Shareholder Approval Proposal"), (ii) establish a record date for the 1999 Annual Meeting which is no earlier than two Business Days following the Closing Date, (iii) as soon as permitted by the rules and regulations of the SEC, mail notice of the 1999 Annual Meeting of Shareholders together with a proxy statement complying with the rules and regulations of the SEC recommending a vote "for" the Shareholder Approval Proposal and soliciting proxies to vote shares "for" the Shareholder Approval Proposal, (iv) hold the 1999 Annual Meeting of Shareholders no later than May 27, 1999 and (v) use its best efforts to obtain Shareholder Approval at the 1999 Annual Meeting, including, without limitation, retaining, if appropriate, a proxy solicitation firm to assist the Company in soliciting proxies for such Annual Meeting of Shareholders. In the event that Shareholder Approval is not obtained for any reason at the 1999 Annual Meeting, the Company

shall use its best efforts during the period from May 27, 1999 to September 30, 1999 to obtain Shareholder Approval by written consent of its shareholders or shall hold a special meeting of shareholders prior to September 30, 1999 for the purpose of again seeking to obtain Shareholder Approval. In the event that the Company is unable to obtain Shareholder Approval by written consent or at a special meeting of shareholders prior to September 30, 1999 as provided in the immediately preceding sentence, the Company shall, during the period from September 30, 1999 to March 31, 2000 again seek to obtain Shareholder Approval by written consent of its shareholders or at a special meeting of shareholders to be held no later than March 31, 2000. In the event that Shareholder Approval has not been obtained by written consent or at a special meeting of shareholders prior to March 31, 2000, the Company shall use its best efforts to obtain Shareholder Approval at the Annual Meeting of Shareholders to be held in 2000. Upon request of the Purchaser, the Company shall facilitate the exercise of the Amended November 1998 Warrant to enable the Purchaser to become a shareholder of record of the Company prior to the record date for the 1999 Annual Meeting.

5.5 Covenant to Cooperate in Connection With Actions Taken under the Stanwich Documents. The Company, the Purchaser, Stanwich Financial Services Corp. ("Stanwich"), Charles E. Bradley, Sr. ("CEB") and Charles E. Bradley, Jr. ("Bradley") have entered into an Investment Agreement and Continuing Guaranty of even date herewith (the "Investment Agreement"), pursuant to which Stanwich, CEB and Bradley have agreed to guarantee certain obligations owed by the Company to the Purchaser and have agreed to provide certain collateral, including shares of Common Stock held of record or beneficially by them (the "Pledged Shares") and certain promissory notes issued by the Company (the, "Pledged Notes") to secure such guarantees. In the event that the Purchaser forecloses on any Pledged Shares or any Pledged Notes as permitted by the agreements entered into in connection with the Investment Agreement, the Company shall cooperate and facilitate the transfer of record ownership of the Pledged Shares and the Pledged Notes to the Purchaser.

6. CONDITIONS TO THE OBLIGATIONS OF THE PURCHASER. The obligation of the Purchaser to consummate the transactions contemplated hereby, including, without limitation, to purchase the April 1999 Securities, is subject to the satisfaction, prior to or at the Closing, of the conditions set forth in this Section 6; provided, however, that any or all of such conditions may be waived, in whole or in part, by the Purchaser in its sole and absolute discretion:

6.1 Representations and Warranties; No Default. Each of the representations and warranties made by the Company contained in this Agreement, including the representations and warranties contained in the Amended November 1998 Securities Purchase Agreement which are incorporated herein by reference as provided in Section 3.2, shall be true and correct as of the date made, and shall be true and correct as of the Closing Date, with the same effect as if made on and as of the Closing Date, the Company shall have performed or satisfied each of its covenants, agreements and obligations hereunder to be performed or satisfied by it on or prior to

the Closing Date, and, except for Events of Defaults specifically noted as such on the Updating Disclosure Schedule, there shall not exist on the Closing Date any Event of Default or any event or condition which, with the giving of notice or the lapse of time or both, could become an Event of Default (a "Default"). The Company shall have delivered to the Purchaser an officers' certificate, signed by the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer of the Company, dated as of the Closing Date, to such effect and to the effect that each of the applicable conditions set forth in this Section 6 has been satisfied and fulfilled.

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

6.3 No Material Adverse Changes. Since April 5, 1999, there shall not have occurred any Material Adverse Change.

6.4 No Judgment or Order. There shall not be any judgment, ruling or order of any Governmental Authority which, in the judgment of the Purchaser, would prohibit the delivery of the April 1999 Securities or subject the Purchaser to any penalty if the April 1999 Securities were to be delivered hereunder.

6.5 Opinion of Counsel. The Purchaser shall have received an opinion letter of Troy & Gould, special counsel to the Company, dated as of the Closing Date and addressed to the Purchaser, in form and substance satisfactory to the Purchaser.

6.6 Delivery of Documents. The Purchaser shall have received the following documents:

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

(b) The April 1999 Note, duly executed by the Company;

(c) The April 1999 Warrant, duly executed by the Company;

(d) Irrevocable proxies from holders of at least [7,177,000] shares of Common Stock authorizing a representative of Purchaser to vote in favor of the Shareholder Approval

Proposal at the 1999 Annual Meeting or at any other meeting of Shareholders, or in an action by written consent, held or taken pursuant to Section 5.4 or otherwise;

(e) A capital plan and cash flow projections for the current fiscal year in form and substance satisfactory to the Purchaser; and

(f) A Secretary's Certificate of the Company, duly executed by the Secretary and the President and Chief Executive Officer of the Company, in form and substance satisfactory to the Purchaser.

(g) A proposed form of press release to be issued by the Company with respect to the transactions contemplated by this Agreement and the other agreements and transactions contemplated hereby and to be consummated concurrently herewith, and with respect to such other matters as the Company may deem necessary or appropriate, all in form and substance acceptable to Purchaser.

6.7 The Amended November 1998 Securities Purchase Agreement. The Amended November 1998 Securities Purchase Agreement shall have been fully executed by all parties thereto and all of the conditions precedent to the transactions contemplated thereby shall have been satisfied or waived. Without limiting the generality of the foregoing, the First Amendment to Investor Rights Agreement and the First Amendment to Registration Rights Agreement attached to the Amended November 1998 Securities Purchase Agreement as Exhibits shall have been executed and delivered by all of the parties thereto.

6.8 The Investment Agreement. The Investment Agreement and Continuing Guaranty, the Pledge and Security Agreement and the other agreements and documents required to be executed and delivered to the Purchaser pursuant thereto shall have been fully executed by all of the parties thereto and all of the conditions precedent to the transactions contemplated thereby shall have been satisfied or waived. Without limiting the generality of the foregoing, the Purchaser shall have received all of the collateral required to be delivered to the Purchaser under the Investment Agreement or any agreement entered into in connection therewith and shall have received such further documentation related thereto as the Purchaser may have reasonably requested.

6.9 The FSA Agreement. The Company shall have entered into an agreement with Financial Security Assurance, Inc. ("FSA") in form and substance acceptable to the Purchaser, and as to which the Purchaser shall be an express third party beneficiary (it being recognized by the Company that the Purchaser would not enter into this Agreement absent such an agreement with FSA) which shall provide, among other things, that (i) all securitizations completed prior to 98-3 will be treated as a single pool, (ii) cash will be released to the Company after the cash

collateral reaches 21% of the insured indebtedness, and (ii) all default trigger levels will be set consistent with the levels of 98-3 and 98-4.

6.10 Amendment of Compensation Arrangements. The Company shall have entered into agreements in form and substance satisfactory to the Purchaser with Stanwich and CEB pursuant to which (i) any and all obligations of the Company or NAB to compensate or otherwise make payments to Stanwich, CEB or their Affiliates (other than Charles E. Bradley, Jr.) shall be terminated (except for CEB receiving salary for so long as he is serving as Chairman of the Board of the Company, in an amount not to exceed $125,000 per annum) and (ii) Stanwich, CEB and their Affiliates shall agree to the termination of all such compensation without recourse of any kind against the Company or any Affiliate of the Company.

6.11 Closing and Other Fees. The Company shall have paid to the Purchaser, in immediately available funds, (i) a non-refundable, non-accountable closing fee of $200,000.00 (which closing fee may be withheld by the Purchaser from the proceeds of the April 1999 Note and which withholding shall constitute payment in full of the Company's obligation with respect to such closing fee), and (ii) an amount equal to the estimated costs and expenses which the Company is obligated to pay as provided in Section 12.15 (likewise subject to withholding at Closing).

6.12 Due Diligence. The Purchaser shall have completed its due diligence review of the Company, the Subsidiaries and their respective Affiliates to the Purchaser's satisfaction.

6.13 Documents in Satisfactory Form. All proceedings taken by the Company and any of its Subsidiaries in connection with the transactions contemplated by this Agreement, all agreements and documents referenced in this Section 6 and all other agreements, instruments and documents which the Purchaser may request in connection with the transactions contemplated by this Agreement, shall be in form and substance satisfactory to the Purchaser, all such documents, where appropriate, to be counterpart originals and/or certified by proper authorities, corporate officials and other Persons. Without limiting the generality of the foregoing, such arrangements shall have been made as may be requested by the Purchaser to ensure that the proceeds from the sale of the April 1999 Note are applied in the manner set forth in Schedule 2.4, including, without limitation, provision for the direct payment of the obligations of the Company to be paid from such proceeds as provided in Section 12.15, the withholding of fees payable to the Purchaser as provided in Section 12.15 and the segregation of funds to be paid to third parties concurrent with or following the Closing.

7. CONDITIONS TO THE OBLIGATIONS OF THE COMPANY. The obligation of the Company to consummate the transactions contemplated hereby is subject to the satisfaction, prior to the Closing, of the conditions set forth in this Section 7; provided, however, that any or all of

such conditions may be waived, in whole or in part, by the Company in its sole and absolute discretion:

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

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

7.3 No Material Judgment or Order. There shall not be any judgment, ruling or order of any Governmental Authority which, in the reasonable judgment of the Company, would prohibit the delivery of the April 1999 Securities or subject the Company or its Subsidiaries to any material penalty if the April 1999 Securities were to be delivered hereunder.

7.4 Payment for the April 1999 Securities. The Purchaser shall have paid the Purchase Price as required by Section 2.3.

8. AFFIRMATIVE COVENANTS.

8.1 Payment of Principal and Interest on the April 1999 Note. The Company shall pay all principal of, premium, if any, interest and other amounts due pursuant to the terms of the April 1999 Note on the dates and in the manner provided for therein including, without limitation, all mandatory prepayments of principal of and interest on the April 1999 Note as specifically required under the terms of the April 1999 Note.

8.2 Compliance with Covenants in Amended November 1998 Securities Purchase Agreement. So long as any Obligations to Purchaser remain outstanding or the Purchaser owns or has the right to acquire at any time, directly or indirectly, five percent (5%) or more of the issued and outstanding Common Stock, the Company shall perform, comply with and observe the covenants set forth in Section 8 of the Amended November 1998 Securities Purchase Agreement (including, without limitation, the financial covenants provided for in Section 8.3 of the Amended November 1998 Securities Purchase Agreement and Annex A referred to in such Section 8.3), all

of which are incorporated herein by this reference, to the same extent as if such covenants were set forth in their entirety herein .

8.3 Repayment of NAB Loans. Without intending to limit the generality of Section 8.2 and recognizing that the Amended November 1998 Securities Purchase Agreement contains an identical covenant, the Company shall cause the NAB Loans to be repaid in full on or prior to June 30, 1999; provided, however, that in the event the Company completes $250,000,000 of Automobile Contract Sales by May 15, 1999 then the date by which the NAB Loans shall be repaid shall be extended to August 31, 1999.

8.4 Key-Man Life Insurance. Without intending to limit the generality of Section 8.2 and recognizing that the Amended November 1998 Securities Purchase Agreement contains an identical covenant, on or prior to May 31, 1999, the Company shall procure a key-man life insurance policy, from a financially sound and reputable insurance company, on the life of Charles E. Bradley, Jr., the President and Chief Executive Officer of the Company, in an amount equal to $10,000,000, and shall cause the Purchaser to be named as the sole loss payee on such insurance policy. The Company shall be obligated to maintain such insurance policy so long as any Obligations to Purchaser remain outstanding.

8.5 Further Assurances. From time to time after the date hereof, the Company will execute and deliver, and will cause any of its Subsidiaries and any other Persons to execute and deliver, such additional instruments, certificates and documents, and will take all such actions, as the Purchaser may reasonably request, for the purposes of implementing or effectuating the provisions of this Agreement, the April 1999 Note, the April 1999 Warrant or any other agreement, instrument or document contemplated hereby or relating hereto. Upon exercise by the Purchaser of any power, right, privilege or remedy pursuant to this Agreement or any other agreement, instrument or document contemplated hereby or relating hereto which requires any Consent, the Company will execute and deliver, and will cause any of its Subsidiaries and any other Persons to execute and deliver, all applications, certifications, instruments and other documents and papers that may be required to be obtained for such Consent.

8.6 Nasdaq Listing. So long as the Purchaser continues to hold the April 1999 Warrant or the Amended November 1998 Warrant or any shares of Common Stock issued upon exercise thereof, the Company shall do or cause to be done all things necessary to (i) cause the April 1999 Warrant Shares and the shares of Common Stock issuable upon exercise of the Amended November 1998 Warrant to be approved for listing on the Nasdaq Stock Market and (ii) maintain the listing of its Common Stock on the Nasdaq Stock Market (or, if the Company is so eligible and so elects, to maintain a listing of its Common Stock on the New York Stock Exchange).

8.7 FSA Agreement. The Company shall use its best efforts to obtain as soon as practicable (and, in any event, within 30 days) following the Closing, an agreement among the Company, FSA and the requisite holders of Class B certificates authorizing and approving the agreement with FSA described in Section 6.9.

8.8 Compliance With Other Agreements. The Company shall fully perform all of its obligations under this Agreement, the April 1999 Warrant, the April 1999 Note, the Amended November 1998 Securities Purchase Agreement, the Investment Agreement, and all of the other agreements, instruments and documents contemplated hereby or thereby or relating hereto or thereto.

8.9 Securities and Exchange Act Compliance. If the exercise or sale or other disposition of the April 1999 Warrant or any April 1999 Warrant Shares pursuant to or in connection with any sale, reorganization, merger or other business combination involving the Company ("Transaction") would be subject to the provisions of Section 16(b) of the Exchange Act, then the Company shall pay to Purchaser prior to or upon the consummation of such Transaction, in lieu of such exercise, sale or disposition and in satisfaction of the April 1999 Warrant to the extent of the number of April 1999 Warrant Shares set forth in clause (b) of this sentence, an amount in cash equal to the product of (a) the difference between the fair value of the consideration to be received for each share of Common Stock pursuant to such Transaction and the Warrant Purchase Price (as defined in the April 1999 Warrant) then in effect, multiplied by (b) the number of April 1999 Warrant Shares, the sale or other disposition of which would then be subject to the provisions of Section 16(b) of the Exchange Act.

9. NEGATIVE COVENANTS. The Company covenants and agrees that, so long as any Obligations to Purchaser remain outstanding, the Company shall perform, comply with and observe the covenants set forth in Section 9 of the Amended November 1998 Securities Purchase Agreement, all of which are incorporated herein by this reference, to the same extent as if such covenants were set forth in their entirety herein; provided, however, that with respect to Section 9.7 through Section 9.12 of such Section 9, the Company shall be obligated to perform, comply and observe such covenants only so long as Purchaser owns or has the right to acquire, directly or indirectly, five percent (5%) or more of the issued and outstanding Common Stock.

10. INDEMNIFICATION.

10.1 Transfer Taxes. The Company shall pay all stamp, transfer and other similar Taxes (together in each case with interest and penalties, if any) payable or determined to be payable in connection with the execution and delivery of this Agreement or the issuance and sale of the April 1999 Note and the April 1999 Warrant and shall hold harmless the Purchaser from and against any and all liabilities with respect to or resulting from any delay in paying, or omission to pay, such Taxes.

10.2 Losses. Whether or not the transactions contemplated by this Agreement are consummated, the Company shall indemnify and hold harmless the Purchaser and its Affiliates, employees, partners, officers, directors, representatives, agents, attorneys, successors and assigns, and the persons holding or voting proxies as contemplated by Section 6.6(d) (the "Indemnified Parties") from and against any and all losses, claims, damages, liabilities, expenses and costs, including, without limitation, attorneys' fees and other fees and expenses incurred in, and the costs of preparing for, investigating or defending any matter (collectively, "Losses"), incurred by such Indemnified Party in connection with or arising from (i) any breach of any warranty or the inaccuracy of any representation made by the Company in, or the failure of the Company to fulfill any of its agreements or undertakings under, this Agreement or any other agreement, instrument, or document contemplated hereby or relating hereto, (ii) such Indemnified Party's service as the holder of the proxies received by the Purchaser as contemplated by Section 6.6(d) hereof and (iii) any actions taken by the Company or any of the Company's Affiliates, employees, officers, directors, representatives, agents or attorneys in connection with the transactions contemplated by this Agreement or the Amended November 1998 Securities Purchase Agreement. The Company shall either pay directly all Losses which it is required to pay hereunder or reimburse any Indemnified Party within ten (10) days after any request for such payment. The obligations of the Company to the Indemnified Parties under this Section 10 shall be separate obligations to each Indemnified Party, and the liability of the Company to such Indemnified Parties hereunder shall not be extinguished solely because any Indemnified Party is not entitled to indemnity hereunder. The obligations of the Company to the Indemnified Parties under this Section 10 shall survive (a) the payment of the April 1999 Note (whether at maturity, by prepayment or acceleration or otherwise), (b) any transfer of the April 1999 Note or any interest therein, (c) the termination of this Agreement or any other agreement, instrument or document contemplated hereby or relating hereto and (d) the exercise and/or sale of the April 1999 Warrant (or any portion thereof) or the sale of the April 1999 Warrant Shares.

10.3 Indemnification Procedures. Any Person entitled to indemnification under this Section 10 shall (a) give prompt written notice to the Company of any claim with respect to which it seeks indemnification and (b) permit the Company to assume the defense of such claim with counsel selected by the Company and reasonably acceptable to such Person; provided, however, that any Person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (i) the Company has agreed to pay such fees or expenses; (ii) the Company has failed to notify such Person in writing within ten (10) days of its receipt of such written notice of claim that it will assume the defense of such claim and employ counsel reasonably satisfactory to such Person; or (iii) in the judgment of any such Person, based upon the written advice of counsel, a conflict of interest may exist between such Person and the Company with respect to such claims (in which case, if the Person notifies the Company in writing that such Person elects to employ separate counsel at the expense of the Company, the Company shall not have the right to assume the defense of such claim on behalf of such Person).

The Company will not be subject to any liability for any settlement made without its consent (but such consent may not be unreasonably withheld). No Indemnified Party may, without the consent (which consent will not be unreasonably withheld) of the Company, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to the Company of a release from all liability in respect of such claim or litigation.

10.4 Contribution. If the indemnification provided for in this Section 10 is unavailable to the Purchaser or any other Indemnified Party in respect of any Losses, then the Company, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by the Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Company, on the one hand, and such Indemnified Party on the other hand, in connection with the actions, statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and such Indemnified Party on the other hand, shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been taken by, or relates to information supplied by, either the Company or such Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent any such action, statement or omission. The parties agree that it would not be just and equitable if contribution pursuant to this Section 10.4 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

11. DEFAULTS AND REMEDIES.

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

(a) The Company shall (i) fail to pay as and when due (whether at stated maturity, upon acceleration or required prepayment or otherwise) any principal on the April 1999 Note, or (ii) fail to pay any interest, premium, if any, fees, costs, expenses or other amounts payable under this Agreement, the April 1999 Note or any other agreement, instrument or document contemplated hereby or thereby or relating hereto or thereto within one (1) Business Day after the date due thereunder; or

(b) The Company shall breach or fail to perform, comply with or observe any agreement, covenant or obligation required to be performed by it under this Agreement or any other agreement, instrument or document contemplated hereby or relating hereto (other than as provided in Section 11.1(a)) and, if such breach or failure may be cured, such breach or failure

shall not have been remedied within ten (10) Business Days after any officer of the Company or any of its Subsidiaries becomes aware or should have become aware of such failure or breach; or

(c) The occurrence of an Event of Default under the Amended November 1998 Agreement or, the Amended November 1998 Note; or

(d) The Company shall fail to hold the 1999 Annual Meeting on or prior to May 31, 1999 or shall fail to obtain Shareholder Approval at the 1999 Annual Meeting; or

(e) Any representation or warranty made by the Company under, relating to or in connection with this Agreement, the Amended November 1998 Securities Purchase Agreement or any other agreement, instrument and document contemplated hereby or thereby or relating hereto or thereto shall be false or misleading when made; or

(f) The Company or any of its Subsidiaries (i) shall default in the payment (whether at stated maturity, upon acceleration or required prepayment or otherwise), beyond any period of grace provided therefor, of any principal of or interest on any other Indebtedness with a principal amount in excess of $100,000, or (ii) shall commit any breach of or default under any term of any agreement, indenture or instrument evidencing or governing any other Indebtedness, if the effect of such breach or default is to cause, or to permit the holder or holders of such other Indebtedness to cause (upon the giving of notice or the passage of time or both), such other Indebtedness to become or be declared due and payable, or required to be prepaid, redeemed, purchased or defeased (or an offer of prepayment, redemption, purchase or defeasance is made) prior to its stated maturity, unless such breach or default has been waived within ten (10) days following such breach or default by the Person or Persons entitled to give such waiver; or

(g) Any material provision of any other agreement, instrument or document contemplated hereby or relating hereto shall, for any reason, cease to be valid or enforceable in accordance with its terms, or shall be repudiated, revoked, renounced or terminated, including by operation of law; or

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

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

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

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

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

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

The foregoing Events of Default shall be deemed to have occurred, respectively, and any adjustments in the interest rate under the April 1999 Note or other remedies available to the Purchaser hereunder or thereunder shall begin to apply, at the following times: (i) in the case of the clause (a) above, as of 12:00 p.m. (noon) (Los Angeles time) on the day on which such payment is due but has not been paid; (ii) in the case of clause (b) above, as of the close of business on such tenth Business Day, if such breach or failure shall not have been cured, or as of the close of business on the day on which such breach or violation occurs, if such breach or failure cannot be cured; (iii) in the case of clause (c) above, as of the close of business on the day on which the Company first became aware, or should have become aware, that such representation or warranty was false or misleading when made; (iv) in the case of clause (d)(i) above, as of the close of business on the day on which such payment of principal or interest is due, or in the case of clause (d)(ii), as of the close of business on the tenth day following such breach or default if such breach or default has not been waived by the Person or Persons entitled to give such waiver; (v) in the case of clause (e) above, as of the close of business on the day such provision ceases to be enforceable or is repudiated, revoked, renounced or terminated; (vi) in the case of clause (h) above, as of the close of business on the last day of such thirty (30) day period if such judgment, writ, warrant or other order remains unsatisfied or unstayed; (vii) in the case of clauses

(f) and (g) above, immediately prior to the occurrence of any of the events enumerated therein; (viii) in the case of clause (i) above, immediately upon the occurrence of the Material Adverse Change occurs; and (ix) in the case of clauses (j) or (k) above, immediately upon the occurrence of the Change in Control or the "Special Redemption Event," as the case may be.

11.2 Acceleration. If any Event of Default (other than an Event of Default specified in clause (f) or (g) of Section 11.1) occurs and is continuing, the Purchaser may, by written notice to the Company, declare all outstanding principal of, and accrued and unpaid interest on, the April 1999 Note to be due and payable. Upon any such declaration of acceleration, such principal and interest shall become immediately due and payable. If an Event of Default specified in clause (f) or (g) of Section 11.1 occurs, all outstanding principal of, and accrued and unpaid interest on, the April 1999 Note shall become immediately due and payable without any declaration or other act on the part of the Purchaser. The Company hereby waives all presentment for payment, demand, protest, notice of protest and notice of dishonor, and all other notices of any kind to which it may be entitled under Applicable Law or otherwise.

11.3 Other Remedies. If any Default or Event of Default shall occur and be continuing, the Purchaser may proceed to protect and enforce its rights and remedies under this Agreement or any other agreement, instrument or document contemplated hereby or relating hereto by exercising all rights and remedies available under this Agreement, such other agreement, instrument or document or Applicable Laws (including, without limitation, the Code), either by suit in equity or by action at law, or both, whether for the collection of principal of or interest on the April 1999 Note, to enforce the specific performance of any covenant or other term contained in this Agreement or any other agreement, instrument or document contemplated hereby or relating hereto. No remedy conferred in this Agreement upon the Purchaser is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or now or hereafter existing at law or in equity or by statute or otherwise.

11.4 Waivers. The Purchaser may, by written notice to the Company, waive any Default or Event of Default and its consequences with respect to this Agreement, the April 1999 Note or any other agreement, instruments or document contemplated hereby or relating hereto; provided, however, that no such waiver will extend to any subsequent or other Default or Event of Default or impair any rights of the Purchaser which may arise as a result of such Default or Event of Default.

12. MISCELLANEOUS.

12.1 Notations. Before disposing of the April 1999 Note or any portion thereof, the Purchaser shall make a notation thereon (or on a schedule attached thereto) of the amount of all principal payments previously made by the Company with respect thereto.

12.2 Consent to Amendments. No amendment, supplement or other modification to this Agreement or any other agreement, instrument or document contemplated hereby or relating hereto shall be effective unless the same shall be in writing and signed by the Purchaser, and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if, and only if, the Company shall have obtained the prior written consent of the Purchaser to such action or omission. No course of dealing between the Company or its Subsidiaries, on the one hand, and the Purchaser (or any other Person, including, without limitation, the Purchaser, in whose name the April 1999 Note is registered in the register maintained by the Company pursuant to Section 12.3, hereinafter referred to as a "Holder"), on the other hand, nor any delay in exercising any rights hereunder or under the April 1999 Note or any other agreement, instrument or document contemplated hereby or thereby or relating hereto or thereto shall operate as a waiver of any rights of the Purchaser (or any other Holder).

12.3 Registration of Notes; Assignments. The Company shall maintain at its principal executive office a register in which it shall register the April 1999 Note and any Assignments thereof. Upon surrender at the Company's principal executive office of the April 1999 Note for registration of any Assignment, the Company shall, at its expense and within three (3) Business Days of such surrender, execute and deliver one or more new notes of like tenor in the requested principal denominations and register such new note or notes in the register to be maintained by the Company. At the option of the Purchaser, the April 1999 Note may be exchanged for one or more new notes of like tenor in the requested principal denominations.

12.4 Persons Deemed Owners; Participations. Prior to due presentment for registration of any Assignment, the Company may treat the Person in whose name any April 1999 Note is registered as the owner and Holder of such April 1999 Note for all purposes whatsoever, and the Company shall not be affected by notice to the contrary. Subject to the preceding sentence, the Purchaser may from time to time grant participations in all or any part of the April 1999 Note to any Person on such terms and conditions as may be determined by the Purchaser in its sole and absolute discretion. Notwithstanding anything to the contrary contained herein or otherwise, nothing in this Agreement or in any other agreement, instrument or document contemplated hereby or relating hereto or otherwise shall confer upon the participant any rights in this Agreement or any other agreement, instrument or document, and the Purchaser shall retain all rights with respect to the administration, waiver, amendment and enforcement of, compliance with and consent to the terms and provisions of this Agreement and the other agreements, instruments and documents contemplated hereby or relating hereto, and the Purchaser may, without the consent of the participant, give or withhold its consent or agreement to any amendments to or modifications of

this Agreement or any other agreement, instrument and document contemplated hereby or relating hereto or any waiver of any of the provisions hereof or thereof or any consents in respect hereof or thereof, or exercise or refrain from exercising any other rights or remedies which the Purchaser may have under this Agreement, any other agreement, instrument or document contemplated hereby or relating hereto or otherwise, except that the Purchaser will not give its agreement, without the prior written consent of the participant (which consent shall be given or affirmatively withheld not later than three (3) Business Days after the Purchaser's request therefor), (a) to reduce the principal of or rate of interest on the April 1999 Note or (b) to postpone the date fixed for payment of principal of or interest on the Indebtedness evidenced by the April 1999 Note. If the participant does not timely reply to the Purchaser's request for such consent, the participant shall be deemed to have consented to such agreement and the Purchaser may take such action in such manner as the Purchaser determines in the exercise of its independent business judgment.

12.5 Survival of Representations and Warranties. All representations, warranties, covenants and agreements contained herein, or made in writing by or on behalf of the Company pursuant to or in connection herewith, shall survive the execution and delivery of this Agreement, the issuance, sale and delivery of the April 1999 Securities, the repayment of the April 1999 Note and the exercise of the April 1999 Warrant, and any due diligence or other investigation made by or on behalf of the Purchaser.

12.6 Entire Agreement. This Agreement, together with the Updating Disclosure Schedule, the other Exhibits hereto and the Amended November 1998 Securities Purchase Agreement and the Exhibits, Schedules and Annex thereto, the April 1999 Note, the April 1999 Warrant and the other agreements, instruments and documents referenced herein or therein constitute the full and entire agreement and understanding between the Purchaser and the Company relating to the subject matter hereof and thereof, and supersede all other prior oral and written, and all contemporaneous oral, agreements and understandings relating to the subject matter hereof.

12.7 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

12.8 Successors and Assigns. This Agreement shall inure to the benefit of, and be binding upon, the parties and their respective successors and permitted assigns. The Purchaser may assign to any Person this Agreement and any or all of its rights hereunder without the consent of the Company, and the assignee thereof shall be entitled to all of the rights so assigned to the same extent as if such assignee were an original party hereof.

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

(i) If to the Purchaser, at:

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

with a copy to:

Riordan & McKinzie
695 Town Center Drive
Suite 1500
Costa Mesa, CA 92626
Attention: James W. Loss, Esq.
Telecopy: (714) 433-2900

(ii) If to the Company, at:

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

with a copy to:

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

Facsimile: (310) 201-4746

or at such other address or addresses as the Purchaser or the Company, as the case may be, may specify by written notice given in accordance with this Section 12.9.

12.10 Accounting Terms. For purposes of this Agreement, all accounting terms not otherwise defined herein shall have the meanings assigned to them by GAAP and all accounting determinations hereunder or pursuant hereto shall be made, and all financial statements required to be delivered by the Company and its Subsidiaries hereunder shall be prepared in accordance with GAAP.

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

12.12 Exhibits and Disclosure Schedules. The Exhibits and the Schedules hereto and the provisions of the Amended November 1998 Securities Purchase Agreement referenced in Section 3.2, 8.2 and 9.1 are incorporated herein and shall be an integral part of this Agreement.

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

12.14 Assignments of the April 1999 Note. Subject to Applicable Laws, the Purchaser may, at any time and from time to time and without the consent of the Company, assign or transfer to one or more Persons the April 1999 Note or any portion thereof (an "Assignment"), pursuant to the terms of the April 1999 Note. After any Assignment of the April 1999 Note or any portion thereof, the Holder or Holders that hold at least a majority in aggregate principal amount of the April 1999 Note (or April 1999 Notes) outstanding shall thereafter have the sole and exclusive right to enforce the rights of the Purchaser under this Agreement, including, without limitation, the right to consent to or waive any of the provisions of this Agreement.

12.15 Fees and Expenses. The Company shall pay to the Purchaser at Closing $112,000 for out-of-pocket costs and expenses of every type and nature (including, without limitation, fees and expenses of counsel, accounting fees and expenses, fees and expenses related to any due diligence investigation and all other deal-related costs and expenses) incurred by or on behalf of the Purchaser in connection with the preparation, negotiation, execution and delivery of this

Agreement, the April 1999 Note, the April 1999 Warrant, the Amended November 1998 Securities Purchase Agreement, the Amended November 1998 Note, the Amended November 1998 Warrant and the other agreements, instruments and documents contemplated hereby or thereby relating hereto or thereto and the consummation of the transactions contemplated hereby and thereby.

12.16 Governing Law. In all respects, including all matters of construction, validity and performance, this Agreement and the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to the choice of law or conflicts of law principles thereof.

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

12.18 WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, AND UNDERSTANDING THEY ARE WAIVING A CONSTITUTIONAL RIGHT, THE PARTIES WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO, THIS AGREEMENT AND/OR ANY OTHER AGREEMENT RELATED HERETO OR THE TRANSACTIONS COMPLETED HEREBY OR THEREBY.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

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

PURCHASER

LEVINE LEICHTMAN CAPITAL PARTNERS, INC.,
a California corporation

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

By: /s/ Lauren B. Leichtman

Lauren B. Leichtman
Chief Executive Officer

COMPANY

CONSUMER PORTFOLIO SERVICES, INC.,
a California corporation

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

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

By: /s/ Jeffrey P. Fritz

Jeffrey P. Fritz
Senior Vice President and Chief Financial Officer

ADDENDUM REGARDING STANWICH

The undersigned has reviewed this Agreement and understands its terms and conditions. Furthermore, the undersigned hereby agrees to the terms of, and to be bound by, the provisions of Section 8 of this Agreement, to the extent such Section 8 incorporates by reference Section 8.24 and Section 8.25 of the Amended November 1998 Securities Purchase Agreement, to the same extent as if the undersigned were a party to this Agreement for all purposes.

STANWICH FINANCIAL SERVICES CORP.,
a Rhode Island corporation

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

Name:

Title:

EXECUTION COPY

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

CONSUMER PORTFOLIO SERVICES, INC.

SENIOR SUBORDINATED NOTE

$5,000,000.00 Irvine, California
As of April 15, 1999

FOR VALUE RECEIVED, Consumer Portfolio Services, Inc., a California corporation (the "Borrower" or the "Company"), hereby promises to pay to the order of Levine Leichtman Capital Partners II, L.P., a California limited partnership ("LLCP" or the "Purchaser"), and/or any registered assigns (collectively, with LLCP, the "Holder"), the sum of Five Million Dollars ($5,000,000.00) in immediately available funds and in lawful money of the United States of America, all as provided below. This Senior Subordinated Note (this "Note"), due on the Maturity Date (as such term is defined below), is being issued in connection with the transactions contemplated by that certain Securities Purchase Agreement dated as of April 15, 1999 (as it may be further amended, supplemented or otherwise modified from time to time, the "April 1999 Securities Purchase Agreement") between the Company and LLCP.

The Indebtedness evidenced by this Note, including the payment of principal of, premium, if any, and interest on this Note, shall be subordinate and subject in right of payment, to the extent and in the manner set forth in Section 11 hereof, to the prior payment in full of all Senior Indebtedness, and shall rank pari passu in right of payment with all Senior Subordinated Indebtedness, including without limitation, that certain Amended and Restated Senior Subordinated Primary Note (the "Amended November 1998 Note") issued pursuant to that certain at certain Securities Purchase Agreement dated as of November 17, 1998 by and between the Company and LLCP, as amended by that certain First Amendment to Securities Purchase Agreement dated as of April 15, 1999 (as so amended and as it may be further amended, supplemented or otherwise modified from time to time, "Amended November 1998 Securities Purchase Agreement.").

1. Definitions. All capitalized terms used and not otherwise defined herein shall have the meanings given to such terms in the April 1999 Securities Purchase Agreement, or, if not used in the April 1999 Securities Purchase Agreement, the meanings given to them in the Amended November 1998 Securities Purchase Agreement.

2. Payment of Interest; Default Rate.

(a) Subject to Section 2(b) hereof, the Borrower shall pay interest on the unpaid principal balance of this Note from and including April 15, 1999 at a rate per annum equal to 14.50%. Interest shall be payable monthly in arrears on the last Business Day of each calendar month (or portion thereof), commencing on April 30, 1999 (each an "Interest Payment Date"). Interest shall be computed on the basis of the actual number of days elapsed over a 360-day year, including the first day and excluding the last day.

(b) If at any time (i) the Borrower fails to make any payment of principal as and when due (whether at stated maturity, upon acceleration or required prepayment or otherwise), (ii) the Borrower fails to make any payment of interest, premium, if any, fees, costs, expenses or other amounts due hereunder within one (1) Business Day after the date when due, or (iii) any other Default or Event of Default has occurred and is continuing, then, in addition to the rights and remedies available to the Holder under the April 1999 Securities Purchase Agreement, the other agreements, instruments and documents contemplated thereby or related thereto and Applicable Laws, the outstanding principal balance of, premium, if any, and accrued and unpaid interest on this Note shall bear interest at a rate per annum equal to 16.50% (the "Default Rate") from the date on which such Event of Default is deemed to have first occurred (as provided in Section 11.1 of the April 1999 Securities Purchase Agreement) until such time as such Event of Default is cured or waived.

3. Payment of Principal. The Borrower shall pay in full the entire outstanding principal balance of this Note, together with all premium, if any, accrued and unpaid interest on, and all other amounts due under this Note on the earlier to occur (the "Maturity Date") of (a) the New Senior Facility Establishment Date and (b) August 31, 2003.

4. Optional Prepayments.

(a) Except as provided in Section 5 and Section 6 below, the Borrower shall make no payment of the principal balance of this Note on or prior to April 15, 2001 (except on the New Senior Facility Establishment Date as provided for in Section 3, or as provided in subsection (c) below). Thereafter, this Note may be voluntarily prepaid, at the option of the Borrower, in whole or in part, as follows: (i) at 103.0% of the principal amount being prepaid at any time after April 15, 2001, and on or prior to April 15, 2002; (ii) at 101.5% of the principal amount being prepaid at any time on or after April 15, 2002 and on or prior to October 31, 2002; and (iii) at 100.0% of the principal amount being prepaid at any time on or after November 1, 2002. (Each percentage set forth above is referred to herein as the "Prepayment Percentage"

applicable to any prepayment.) Any prepayment of the Note under this Section 4 shall also include all accrued and unpaid interest on the outstanding principal balance of this Note through and including the date of prepayment.

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

(c) Notwithstanding the provisions of subsection (a) above, if fulfillment of the Stanwich Investment Obligation, as defined in that certain Investment Agreement and Continuing Guaranty dated as of the date hereof and referred to in the April 1999 Securities Purchase Agreement, results in receipt of net proceeds to the Company of at least $5,000,000 prior to July 31, 1999, the Company shall offer to prepay the Note in the manner set forth in subsection (b), provided, however, that Holder may, in its sole discretion decline to accept the prepayment in writing at any time prior to the date it is to be made.

5. Mandatory Prepayments. In addition to the mandatory prepayments required to be made by the Company pursuant to Section 6 (and provided that, to the extent any ESFR Indebtedness remains outstanding at the time any such prepayment is required to be made, such prepayment would constitute an ESFR Permitted Payment), the Company shall make mandatory prepayments with respect to this Note as follows:

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

fiscal year of the Company; provided, however, that in each of clauses (A), (B) and (C), the Company reinvests the proceeds of such sales in the operations of its business.

(b) Excess Cash Prepayments. For each twelve (12) month period ending on July 31st of any fiscal year of the Company, commencing with the twelve (12) month period ending July 31, 2000, the Company shall prepay the outstanding principal balance of the Note, together with all accrued and unpaid interest thereon, in an amount equal to 25.0% of the Excess Cash for such twelve (12) month period. Such mandatory prepayment shall be paid by the Company to the Holder not later than November 1st immediately following the end of such twelve (12) month period (the first payment of which shall be due and payable no later than November 1, 2000) and, concurrently with such payment, the Company shall deliver to the Holder an officer's certificate, signed by the Chief Financial Officer of the Company, which shows in reasonable detail the calculation of such Excess Cash.

(c) Mandatory Prepayment From Proceeds of Key Man Life Insurance. The Company shall, within one (1) Business Day of the receipt thereof, apply the proceeds from any key-man life insurance policy maintained as required by Section 8.8 of the Amended November 1998 Securities Purchase Agreement to, first, the payment of all accrued interest on this Note, through the date of such payment, and, second, to the prepayment of the principal amount of this Note. Any proceeds after the payment in full as provided above shall be and remain the property of the Company.

The mandatory prepayments provided for in this Section 5 shall be paid at 100.0% of the principal amount required to be prepaid, plus premium, if any, and accrued and unpaid interest, all as provided for above. To the extent that any payment required by this Section 5 is not made because such payment does not constitute an ESFR Permitted Payment, the obligation to make such payment shall be deferred until such time as the ESFR Indebtedness is no longer outstanding or such payment becomes an ESFR Permitted Payment, and such payment shall be made on the next following Business Day. To the extent any mandatory prepayment is required to be made pursuant to this Section 5 at any time at which the Amended November 1998 Note remains outstanding and contains provisions requiring a similar mandatory prepayment of the Amended November 1998 Note, the aggregate amount required to be paid pursuant to this Section 5 shall be allocated between the prepayment of this Note and the prepayment of the Amended November 1998 Note, pro rata in accordance with their respective outstanding principal amounts, and such prepayments shall be deemed to satisfy the obligations of the Company under both this Section 5 and the similar provisions of the Amended November 1998 Note.

6. Change in Control Prepayment. The Holder may require the Borrower to prepay this Note, in whole or in part as requested by the Holder, at any time during the 90-day period following the consummation of a transaction which constitutes a Change in Control (as such term is defined below), at the prepayment amounts set forth below (and provided that, to the extent any ESFR Indebtedness remains outstanding at the time any such prepayments is required to be made, such prepayment would constitute an ESFR Permitted Payment). For the purposes of this Note, a "Change in Control" shall mean:

(i) Any transaction or other event (including, without limitation, any merger, consolidation, sale or other transfer of stock or voting rights with respect thereto, issuance of stock, death or other transaction or event) by virtue of which Charles E. Bradley, Jr. fails to own, directly or indirectly through one or more of his Affiliates, at least 2,250,000 shares of Common Stock (as adjusted from time to time, the "Base Bradley Shares"), after giving effect to any shares of Common Stock that may be acquired upon exercise of any Option Rights owned or held by Mr. Bradley as of the date hereof, but without giving effect to any stock splits or similar events occurring after the date hereof; provided, however, that (A) the Base Bradley Shares shall increase by the number of shares of Common Stock acquired by Mr. Bradley (whether by purchase, exercise of Option Rights granted after the date hereof, bequest, inheritance, gift or otherwise) at any time after the date hereof, (B) shares of Common Stock owned by Charles E. Bradley, Sr. shall not be deemed to be owned by Mr. Bradley for purposes of this clause (i) (other than shares of Common Stock owned by Charles E. Bradley, Sr. which are subject to certain Option Rights in favor of Mr. Bradley), (C) the Base Bradley Shares shall be reduced by the number of shares of Common Stock held by Stanwich which constitute Base Bradley Shares that are sold or pledged by Stanwich after the date hereof, provided that Mr. Bradley does not, directly or indirectly, solicit, initiate, engage in or encourage in any manner whatsoever any discussions, or participate in any other activities, relating to such sale or pledge, (D) the Base Bradley Shares shall be reduced by shares of Common Stock included therein that are subject to Option Rights which expire at any time after the date hereof; and (E) the Base Bradley Shares shall not be affected by (x) any shares of Common Stock purchased by Mr. Bradley on the open market after the date hereof or (y) any shares of Common Stock purchased by Mr. Bradley on the open market after the date hereof and thereafter sold by Mr. Bradley on the open market; or

(ii) (A) The termination (whether voluntary or involuntary) of the employment of Charles E. Bradley, Jr. as the President and Chief Executive Officer of the Company with significant daily senior management responsibilities; or (B) the termination (whether voluntary or involuntary) of the employment of Jeffrey P. Fritz as the Chief Financial Officer of the Company with significant daily senior management responsibilities, provided that no Change in Control shall be deemed to occur under this clause (ii) (B) if, within ninety (90) days after the termination of the employment of Mr. Fritz, the Board of Directors of the Company shall have appointed a new Chief Financial Officer of the Company who is acceptable to the Purchaser; or

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

In the case of a Change in Control in respect of clauses (i) or (ii) above, the Company shall prepay an amount equal to 101.0% of the principal amount being prepaid, plus accrued and unpaid interest through and including the date of prepayment, and in the case of a Change in Control in respect of clause (iii) above, the Company shall prepay an amount equal to

100.0% of the principal amount being prepaid, plus accrued and unpaid interest through and including the date of prepayment. The Borrower shall notify the Holder of the date on which a Change in Control has occurred within one (1) Business Day after such date and shall, in such notification, inform the Holder of the Holder's right to require the Borrower to prepay this Note as provided in this Section 6 and of the date on which such right shall terminate. If the Holder elects to require the Borrower to prepay this Note pursuant to this Section 6, it shall furnish written notice to the Borrower advising the Borrower of such election and the amount of principal of this Note to be prepaid. The Borrower shall prepay this Note in accordance with this Section 6 and such written notice within one (1) Business Day after its receipt of such written notice. To the extent that any payment required by this Section 6 is not made because such payment does not constitute an ESFR Permitted Payment, the obligation to make such payment shall be deferred until such time as the ESFR Indebtedness is no longer outstanding or such payment becomes an ESFR Permitted Payment, and such payment shall be made on the next following Business Day.

7. Holder Entitled to Certain Benefits Under the April 1999 Securities Purchase Agreement. This Note is the "April 1999 Note" issued pursuant to the April 1999 Securities Purchase Agreement. The Holder of this Note is entitled to the rights and benefits under this Note and the April 1999 Securities Purchase Agreement.

8. Manner of Payment. Payments of principal, interest and other amounts due under this Note shall be made no later than 12:00 p.m. (noon) (Los Angeles time) on the date when due and in lawful money of the United States of America (by wire transfer in funds immediately available at the place of payment) to such account as the Holder may designate in writing to the Borrower and, if to LLCP, to: Bank of America, Century City, Private Banking, 2049 Century Park East, Los Angeles, California 90067; ABA No. 121000358; Account No. 11546-03239; Attention: Cheryl Stewart (or such other place of payment that LLCP may designate in writing to the Borrower). Any payments received after 12:00 p.m. (noon) (Los Angeles time) shall be deemed to have been received on the next succeeding Business Day. Any payments due hereunder which are due on a day which is not a Business Day shall be payable on the first succeeding Business Day and such extension of time shall be included in the computation.

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

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

11. Note Subordinated to Senior Indebtedness; Subrogation.

(a) The Indebtedness evidenced by this Note, including the payment of principal of, premium, if any, and other amounts on this Note, is hereby expressly made subordinate and subject in right of payment, to the extent and in the manner set forth in this Section 11, to the prior payment in full of all Senior Indebtedness, and shall rank pari passu in right of payment with all Senior Subordinated Indebtedness.

(b) Until all Senior Indebtedness shall have been paid in full, the Holder shall be permitted to retain only the following payments of principal and interest paid by the Company with respect to this Note (all such payments being referred to herein as "Permitted Payments"), and all such payments that do not constitute Permitted Payments will be turned over by the Holder to the holder or holders of Senior Indebtedness or any agent therefor (a "Senior Agent") for the benefit of the holder or holders of Senior Indebtedness:

(i) principal payments on this Note, whether (A) on the Maturity Date, or (B) as provided for herein (including, without limitation, pursuant to Section 4 (Optional Prepayments), Section 5 (Mandatory Prepayments) or Section 6 (Change in Control Prepayments) hereof) or as required in the April 1999 Securities Purchase Agreement; provided, however, that all such principal payments are subject to the restrictions set forth in Section 11(c) and Section 11(d) hereof; and

(ii) payments of interest with respect to this Note, so long as no default has occurred and is then continuing with respect to the payment of principal of or interest on the Senior Indebtedness (for such purposes, any such default which has been cured by payment or which has been waived shall not be deemed to be continuing).

(c) From and after receipt by the Company of a written notice (a "Default Notice") from the holder or holders of not less than fifty-one percent (51.0%) in principal amount of the outstanding Senior Indebtedness or any agent therefor (a "Senior Agent") specifying that a default in the payment of any obligation on any Senior Indebtedness when due, whether at the stated maturity of any such payment or by declaration of acceleration, call for redemption, mandatory repurchase, payment or prepayment or otherwise (a "Senior Payment Default") has occurred, the Company may not make any principal payments described in Section 11(b)(i) to the Holder, and the Holder may not accelerate the Maturity Date until the first to occur of the following:

(i) such Senior Payment Default is cured; or

(ii) such Senior Payment Default is waived by the holder or holders of such Senior Indebtedness or the Senior Agent; or

(iii) the expiration of one hundred eighty (180) days after the date the Default Notice is received by the Company, if the maturity of such Senior Indebtedness has not been accelerated at such time or the holder or holders of not less than fifty-one

percent (51.0%) in principal amount of the outstanding Senior Indebtedness or any Senior Agent shall not have exercised any judicial or non-judicial remedy with respect to any collateral securing such Senior Indebtedness at such time, and the provisions of this Section 11 otherwise permit the payment at such time.

(d) So long as any ESFR Indebtedness remains outstanding, the Company may not make any principal payments on this Note except (i) the Company may pay any or all of the outstanding principal amount of this Note on the New Senior Facility Establishment Date if, but only if, arrangements have been made which are reasonably satisfactory to the ESFR Agent to concurrently borrow funds under the New Senior Credit Facility established on the New Senior Facility Establishment Date to pay in full all ESFR Indebtedness then outstanding substantially concurrently with such principal payment (it being expressly contemplated that such payment may be effected immediately prior to the borrowing by the Company of such funds under the New Senior Credit Facility to the extent that the Holder uses the proceeds from such repayment to purchase a New Senior Facility Note immediately prior to the payment in full of all Indebtedness then outstanding under the ESFR Agreement), and (ii) the Company may make any principal payment required by Section 5(d) hereof (Mandatory Prepayment From Proceeds of Key Man Life Insurance).

(e) Upon a payment or distribution to creditors of the Company in a liquidation, dissolution, or winding up of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its properties or an assignment for the benefit of creditors or any marshaling of the Company's assets and liabilities:

(i) the holder or holders of Senior Indebtedness shall be entitled to receive payment of the full amount of the Senior Indebtedness before the Holder is entitled to receive any payment on account of the principal of, premium, if any, or interest on this Note; and

(ii) any payment by, or distribution of assets of, the Company of any kind or character, whether in cash, property or securities (other than securities of the Company as reorganized or readjusted or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in this Section 11 with respect to this Note, to the payment of all Senior Indebtedness, provided that the right of the holders of Senior Indebtedness are not impaired by such reorganization or readjustment) to which the Holder would be entitled except for the provisions of this Section 11 shall be paid or delivered by the Person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holder or holders of Senior Indebtedness or any Senior Agent, ratably according to the aggregate amounts remaining unpaid on account of the Senior Indebtedness held or represented by each, to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid after giving effect to any concurrent payment or distribution to the holder or holders of Senior Indebtedness, before any payment or distribution is made to the Holder; and

(iii) in the event, notwithstanding the foregoing, any payment by, or distribution of assets of, the Company of any kind or character, whether in cash, property or securities (other than securities of the Company as reorganized or readjusted or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in this Section 11 with respect to this Note, to the payment of all Senior Indebtedness, provided that the rights of the holders of Senior Indebtedness are not impaired by such reorganization or readjustment) shall be received by the Holder before all Senior Indebtedness is paid in full, such payment or distribution shall be paid over to the holder or holders of such Senior Indebtedness or any Senior Agent, ratably as aforesaid, for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

(f) The Holder acknowledges that the holders of Senior Indebtedness and the Holder, respectively, are entitled to exercise certain rights and powers with respect to the Company from time to time, whether before or after an occurrence of an Event of Default, and the exercise of any such right or power by one creditor may preclude the exercise of a similar right or power by one or more other creditors (any such right or power being herein called an "Exclusive Power"). To the extent that any holder or holders of Senior Indebtedness or any Senior Agent actually exercises any Exclusive Power, the Holder agrees to refrain from exercising any substantially similar Exclusive Power to the extent necessary to permit the holder or holders of Senior Indebtedness to benefit from their actions.

(g) No amendment, modification, extension, replacement, restatement or substitution of Senior Indebtedness, or of any agreement or note now or hereafter in effect pertaining to such Senior Indebtedness, shall nullify, impair, limit, alter or modify the provisions of this Section 11.

(h) For purposes of this Section 11, Senior Indebtedness shall include all fees, expenses and costs incurred by or on behalf of the holder or holders of Senior Indebtedness or the Senior Agent in connection with such Senior Indebtedness.

(i) Notices to holders of Senior Indebtedness shall be made to each holder of Senior Indebtedness or, if the holders of Senior Indebtedness have appointed a Senior Agent, then to such Senior Agent, and shall be made in the manner specified in the document evidencing such holder's Senior Indebtedness if such a manner is so specified therein.

(j) Subject to the payment in full of all Senior Indebtedness, the Holder shall be subrogated to the rights of the holder or holders of Senior Indebtedness to receive payments or distributions of cash, property or securities of the Company applicable to such Senior Indebtedness until all amounts owing on this Note shall be paid in full, and, as between the Company, its creditors other than holders of Senior Indebtedness and the Holder, no such payment or distribution made to the holder or holders of Senior Indebtedness by virtue of this Section 11 which otherwise would have been made to the Holder shall be deemed to be a payment by the

Company on account of any Senior Indebtedness, it being understood that the provisions of this Section 11 are and are intended solely for the purpose of defining the relative rights of the Holder, on the one hand, and the holder or holders of Senior Indebtedness, on the other hand.

(k) Nothing contained in this Section 11 or elsewhere in this Note is intended to or shall impair, as between the Company, its creditors other than the holders of Senior Indebtedness and the Holder, the obligations of the Company, which are absolute and unconditional, to pay to the Holder the principal of, premium, if any, and interest on this Note as and when the same shall become due and payable in accordance with the terms hereof and in the April 1999 Securities Purchase Agreement, or is intended to or shall affect the relative rights of the Holder, on the one hand, and creditors of the Company other than the holders of Senior Indebtedness, on the other hand, nor shall anything herein or therein prevent the Holder from exercising all rights and remedies otherwise permitted by Applicable Laws upon default under this Note or the April 1999 Securities Purchase Agreement, subject to the rights, if any, under this Section 11 of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

(l) Upon any payment or distribution of assets of the Company referred to in this Section 11, the Holder shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which any such dissolution, winding up, liquidation or reorganization proceeding affecting the affairs of the Company is pending or upon a certificate of the trustee in bankruptcy, receiver, assignee for the benefit of creditors, liquidating trustee or agent or other person making any payment or distribution, delivered to the Holder, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of the Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amounts paid or distributed thereon and all other facts pertinent thereto or to this Section 11.

12. Assignment and Transfer. Subject to Applicable Laws, the Holder may, at any time and from time to time and without the consent of the Company, assign or transfer to one or more Persons the entire outstanding principal balance of this Note or any portion thereof (but not less than $1,000,000 in principal amount in any single assignment (unless such lesser amount represents the entire outstanding principal balance hereof)). Upon surrender of this Note at the Company's principal executive office for registration of any such assignment or transfer, accompanied by a duly executed instrument of transfer, the Company shall, at its expense and within three (3) Business Days of such surrender, execute and deliver one or more new notes of like tenor in the requested principal denominations and in the name of the assignee or assignees and bearing the legend set forth on the face of this Note, and this Note shall promptly be canceled. Each assignment or transfer of this Note, in whole or in part, shall be registered on the register maintained by the Borrower pursuant to Section 12.3 of the April 1999 Securities Purchase Agreement immediately following the surrender of this Note. If the entire outstanding principal balance of this Note is not being assigned, the Borrower shall issue to the Holder hereof, within three (3) Business Days of the date of surrender hereof, a new note which evidences the portion of such outstanding principal balance not being assigned. If this Note is divided into one or more Notes and is held at any time by more than one Holder, any payments of principal of, or

premium, if any, on this Note, and any payments of interest or other amounts which are not sufficient to pay all interest or other amounts due thereunder, shall be made pro rata with respect to all such Notes in accordance with the outstanding principal amounts thereof, respectively.

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

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

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

16. Governing Law; Interpretation. In all respects, including all matters of construction, validity and performance, this Note and the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to choice of law or conflicts of law principles. The Company and LLCP have each been represented by counsel in the negotiation and drafting of this Note and neither the Company nor LLCP nor their respective counsel shall be deemed the drafter of this Note for purposes of construing the provisions of this Note, and all provisions of this Note shall be construed in accordance with their fair meaning, and not strictly for or against the Company or the Holder.

17. WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE COMPANY AND THE HOLDER DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, AND UNDERSTANDING THEY ARE WAIVING A CONSTITUTIONAL RIGHT, THE COMPANY AND THE HOLDER (BY ACCEPTANCE HEREOF) WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO, THIS NOTE, THE APRIL 1999 SECURITIES PURCHASE AGREEMENT AND/OR ANY OTHER RELATED AGREEMENT OR THE TRANSACTIONS COMPLETED HEREBY OR THEREBY.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

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

CONSUMER PORTFOLIO SERVICES, INC., a California corporation

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

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

By: /s/ Jeffrey P. Fritz

Jeffrey P. Fritz
Senior Vice President and Chief Financial Officer

Agreed to and Accepted by:

LEVINE LEICHTMAN CAPITAL PARTNERS, INC., a California corporation

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

By: /s/ Lauren B. Leichtman

Lauren B. Leichtman
Chief Executive Officer

EXECUTION COPY

WARRANT

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

WARRANT NO. LLB 4 As of April 15, 1999

WARRANT

FOR VALUE RECEIVED, Consumer Portfolio Services, Inc., a California corporation (the "Company"), hereby certifies that Levine Leichtman Capital Partners II, L.P., a California limited partnership, or assigns (the "Holder"), is entitled, subject to the limitations set forth herein, to purchase, on the terms and subject to the conditions contained herein, 1,335,000 shares (the "Warrant Shares") of the Company's common stock, no par value per share ("Common Stock"), at the exercise price of $0.01 per Warrant Share (the "Warrant Purchase Price") at any time and from time to time during the Exercise Period (as such term is defined below). THIS WARRANT MAY NOT BE EXERCISED PRIOR TO THE SHAREHOLDER APPROVAL DATE, AS SUCH TERM IS DEFINED BELOW. The number of Warrant Shares and the Warrant Purchase Price are subject to adjustment as set forth in Section 3.

This Warrant (this "Warrant") is subject to the following terms and conditions:

1. DEFINITIONS. For the purposes of this Warrant, (a) unless otherwise set forth herein, capitalized terms used herein shall have the meanings given to them in the April 1999 Securities Purchase Agreement, as such term is defined below, or, if not used in the April 1999 Securities Purchase Agreement, the meanings given to them in the Amended November 1998 Securities Purchase Agreement, as such term is defined below and (b) the following additional capitalized terms shall have the respective meanings set forth below:

"Amended November 1998 Securities Purchase Agreement" means the Securities Purchase Agreement, dated as of November 17, 1998, by and between the Company and the initial Holder of this Warrant, as amended by the First Amendment to Securities Purchase Agreement dated as of April 15, 1999 by and between the Company and the initial Holder of this Warrant, and as it may be further amended, supplemented or otherwise modified from time to time.

"Amended November 1998 Warrant" shall mean the Warrant issued pursant to the November 1998 Securities Purchase Agreement (which, after giving effect to the amendment of such agreement, represents the right to purchase 3,115,000 shares of Common Stock at an exercise price of $0.01 per share.

"April 1999 Securities Purchase Agreement" means the Securities Purchase Agreement, dated as of April 15, 1999, by and between the Company and the initial Holder of this Warrant, as it may be amended, supplemented or otherwise modified from time to time.

"Common Stock" has the meaning set forth in the preamble of this Warrant.

"Company" has the meaning set forth in the preamble of this Warrant.

"Convertible Securities" means any securities issued or issuable by the Company that are exercisable or exchangeable for, or convertible into, shares of Common Stock.

"Current Market Price" per share of Common Stock means, as of any specified date on which the Common Stock is publicly traded, the average of the daily market prices of the Common Stock over the twenty (20) consecutive trading days immediately preceding (and not including) such date. The 'daily market price' for each such trading day shall be (i) the closing sales price on such day on the principal stock exchange on which the Common Stock is then listed or admitted to trading or on Nasdaq, as applicable, (ii) if no sale takes place on such day on any such exchange or system, the average of the closing bid and asked prices, regular way, on such day for the Common Stock as officially quoted on any such exchange or system, (iii) if the Common Stock is not then listed or admitted to trading on any stock exchange or system, the last reported sale price, regular way, on such day for the Common Stock, or if no sale takes place on such day, the average of the closing bid and asked prices for the Common Stock on such day, as reported by Nasdaq or the National Quotation Bureau, (iv) if the Common Stock is not then listed or admitted to trading on any securities exchange and if no such reported sale price or bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reputable quotation service, or a newspaper of general circulation in the City of Los Angeles customarily published on each Business Day. If the daily market price cannot be determined for the twenty (20) consecutive trading days immediately preceding such date in the manner specified in the foregoing sentence, then the Common Stock shall not be deemed to be publicly traded as of such date.

"Designated Office" has the meaning set forth in Section 2.1 of this Warrant.

"Exercise Period" means the period commencing on the Shareholder Approval Date and ending on the Expiration Date.

"Expiration Date" means April 15, 2009.

"Fair Market Value" per share of Common Stock as of any specified date means (i) if the Common Stock is publicly traded on such date, the Current Market Price per share, or (ii) if the Common Stock is not publicly traded (or deemed not to be publicly traded) on such date, the fair market value per share of Common Stock as determined in good faith by the Board of Directors of the Company and set forth in a written notice to the Holder, subject to the Holder's right to dispute such determination under Section 3.8(e); provided, however, that with respect to the grant of Option Rights pursuant to the Option Pool, "Fair Market Value" means the average of the high and low selling prices of a share of Common Stock as reported in The Wall Street Journal (or other readily available public source designated by the compensation committee of the Board of Directors) for the last trading day for which such prices are available prior to the applicable transaction date, and if the compensation committee of the Board of Directors or such other committee as is designated by the Board of Directors determines that there is no readily available source of information regarding transactions in the Common Stock, then "Fair Market Value" shall mean the fair market value of a share of Common Stock as determined by the compensation committee of the Board of Directors or such other committee as is designated by the Board of Directors.

"Holder" has the meaning set forth in the preamble of this Warrant.

"Nasdaq" means the Nasdaq, Inc. National Market System or SmallCap Market, as the case may be, or any successor reporting system thereof.

"Option Rights" means all warrants, rights or options to subscribe for or purchase, or obligations to issue, any shares of Common Stock, or any Convertible Securities.

"Other Property" has the meaning set forth in Section 3.5 of this Warrant.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, limited liability partnership, institution, public benefit corporation, entity or government (whether federal, state, county, city, municipal or otherwise, including, without limitation, any instrumentality, political subdivision, agency, body or department thereof).

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

"Shareholder Approval Date" means the date on which the shareholders of the Company approve the issuance of this Warrant so as to permit this Warrant to become exercisable.

"Warrant Purchase Price" has the meaning set forth in the preamble of this Warrant (as adjusted in accordance with the terms of this Warrant).

"Warrant" means this Warrant, any amendment of this Warrant, and any warrants issued upon transfer, division or combination of, or in substitution for, this Warrant or any other such

warrant. All such Warrants shall at all times be identical as to terms and conditions and date, except as to the number of Warrant Shares for which they may be exercised.

"Warrant Shares" has the meaning set forth in the preamble of this Warrant.

2. EXERCISE.

2.1 Exercise; Delivery of Certificates. Subject to the provisions of Section 2.4, this Warrant may be exercised in whole or in part, at the option of the Holder, at any time and from time to time during the Exercise Period, by (a) delivering to the Company at its principal executive office (the "Designated Office") (i) a notice of exercise, in substantially the form attached hereto (the "Exercise Notice"), duly completed and signed by the Holder, and (ii) this Warrant, and (b) paying the Warrant Purchase Price pursuant to Section 2.2 for the number of Warrant Shares being purchased. Subject to the provisions of Section 2.4, the Warrant Shares being purchased under this Warrant will be deemed to have been issued to the Holder, as the record owner of such Warrant Shares, as of the close of business on the date on which payment therefor is made by the Holder pursuant to Section 2.2. Stock certificates representing the Warrant Shares so purchased shall be delivered to the Holder within three (3) Business Days after this Warrant has been exercised (or, if applicable, after the conditions set forth in Section 2.4 have been satisfied); provided, however, that in the case of a purchase of less than all of the Warrant Shares issuable upon exercise of this Warrant, the Company shall cancel this Warrant and, within three (3) Business Days after this Warrant has been surrendered, execute and deliver to the Holder a new Warrant of like tenor for the number of unexercised Warrant Shares. Each stock certificate representing the number of Warrant Shares purchased pursuant to this Warrant shall be registered in the name of the Holder or, subject to compliance with Applicable Laws, such other name as shall be designated by the Holder.

2.2 Payment of Warrant Price. Payment of the Warrant Purchase Price may be made, at the option of the Holder, by (i) certified or official bank check, (ii) wire transfer, (iii) instructing the Company to withhold and cancel a number of Warrant Shares then issuable upon exercise of this Warrant with respect to which the excess of the Fair Market Value over the Warrant Purchase Price for such canceled Warrant Shares is at least equal to the Warrant Purchase Price for the shares being purchased, (iv) to the extent permitted under the agreements, instruments or other documents existing on the date hereof evidencing or governing Indebtedness of the Company, surrender to the Company of shares of Common Stock previously acquired by the Holder with a Fair Market Value equal to the Warrant Purchase Price for the shares being purchased or (v) any combination of the foregoing.

2.3 No Fractional Shares. The Company shall not be required to issue fractional shares of Common Stock upon the exercise of this Warrant. If any fraction of a share of Common Stock would, except for the provisions of this paragraph, be issuable on the exercise of this Warrant (or specified portion thereof), the Company shall pay to the Holder an amount in cash calculated by it to be equal to the then Fair Market Value per share of Common Stock multiplied by such fraction computed to the nearest whole cent.

2.4. Antitrust Notification. If the Holder determines, in its sole judgment upon the advice of counsel, that an exercise of this Warrant pursuant to the terms hereof is subject to the provisions of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), the Company and the Holder shall, prior to the payment of the Warrant Purchase Price, file with the United States Federal Trade Commission (the "FTC") and the United States Department of Justice (the "DOJ") the notification and report form, if any, required in connection with the exercise of this Warrant, and any supplemental information required in connection therewith, pursuant to the HSR Act. Any such notification, report form and supplemental information will be in substantial compliance with the requirements of the HSR Act. The Company and the Holder will furnish to each other such necessary information and such reasonable assistance as the other may reasonably request in connection with the preparation of any filing or submission which is necessary under the HSR Act. The Company and the Holder shall keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, the FTC or the DOJ, and shall respond promptly to any such inquiries or requests. The Company shall bear the filing fees required to be paid by the Company and the Holder (or the "ultimate parent entity" of the Holder, if any) under the HSR Act and the Company and the Holder shall bear their own respective costs and expenses (including, without limitation, attorneys' fees) incurred by the Company and the Holder (or the "ultimate parent entity" of the Holder, if any) in connection with such filings. In the event that this Section 2.4 is applicable to any exercise of this Warrant, the purchase of the Warrant Shares subject to the Exercise Notice, and the payment of the Warrant Purchase Price, will be subject to the expiration or earlier termination of the waiting period under the HSR Act.

2.5 Restrictions on Exercise.

(a) This Warrant may not be exercised in whole or in part prior to the Shareholder Approval Date.

(b) The Company covenants and agrees to actively and diligently seek and solicit the affirmative vote or written consent of the shareholders of the Company (the "Shareholders") to, and shall recommend to the Shareholders, all in accordance with Applicable Laws (including, without limitation, the proxy rules promulgated under the Exchange Act), the approval by the Shareholders of the issuance by the Company of this Warrant and of the shares of Common Stock issuable pursuant hereto (including the shares of Common Stock issuable pursuant to Section 3.9 hereof) so as to permit this Warrant to become immediately exercisable ("Shareholder Approval"). Without limiting the generality of the foregoing, the Company shall (i) no later than Monday, April 19, 1999, file preliminary proxy materials with the SEC with respect to the solicitation of proxies for the Company's 1999 Annual Meeting of Shareholders (the "1999 Annual Meeting"), which shall provide for a May 27, 1999 meeting date and shall include, in addition to any other proposals which may be submitted to the Company's shareholders at such meeting, a proposal to approve the issuance by the Company of this Warrant and of the shares of Common Stock issuable pursuant hereto (including the shares of Common Stock issuable pursuant to Section 3.9 hereof) so as to permit this Warrant to become immediately exercisable (the

"Shareholder Approval Proposal"), (ii) establish a record date for the 1999 Annual Meeting which is no earlier than two Business Days following the date of issuance of this Warrant, (iii) as soon as permitted by the rules and regulations of the SEC, mail notice of the 1999 Annual Meeting of Shareholders together with a proxy statement complying with the rules and regulations of the SEC recommending a vote "for" the Shareholder Approval Proposal and soliciting proxies to vote shares "for" the Shareholder Approval Proposal, (iv) hold the 1999 Annual Meeting of Shareholders no later than May 27, 1999 and (v) use its best efforts to obtain Shareholder Approval at the 1999 Annual Meeting, including, without limitation, retaining, if appropriate, a proxy solicitation firm to assist the Company in soliciting proxies for such Annual Meeting of Shareholders. In the event that Shareholder Approval is not obtained for any reason at the 1999 Annual Meeting, the Company shall use its best efforts during the period from May 27, 1999 to September 30, 1999 to obtain Shareholder Approval by written consent of its shareholders or shall hold a special meeting of shareholders prior to September 30, 1999 for the purpose of again seeking to obtain Shareholder Approval. In the event that the Company is unable to obtain Shareholder Approval by written consent or at a special meeting of shareholders prior to September 30, 1999 as provided in the immediately preceding sentence, the Company shall, during the period from September 30, 1999 to March 31, 2000 again seek to obtain Shareholder Approval by written consent of its shareholders or at a special meeting of shareholders to be held no later than March 31, 2000. In the event that Shareholder Approval has not been obtained by written consent or at a special meeting of shareholders prior to March 31, 2000, the Company shall use its best efforts to obtain Shareholder Approval at the Annual Meeting of Shareholders to be held in 2000.

(c) If, at any time prior to the Shareholder Approval Date, the Company engages in a transaction that is subject to the provisions of Section 3.5 or a majority of the outstanding shares of Common Stock is sold in one transaction or a series of related transactions (a "Transaction"), then the Company shall either (i) obtain Shareholder Approval prior to or upon the consummation of such Transaction or (ii) pay to the Holder prior to or upon the consummation of such Transaction an amount in cash equal to the product of (A) the difference between the fair value of the consideration to be received for each share of Common Stock pursuant to such Transaction and the Warrant Purchase Price then in effect, multiplied by (B) the number of shares of Common Stock then issuable upon exercise of this Warrant.

(d) If the exercise or sale or other disposition of this Warrant or any Warrant Shares pursuant to or in connection with any Transaction would be subject to the provisions of Section 16(b) of the Exchange Act, then the Company shall pay to the Holder prior to or upon the consummation of such Transaction, in lieu of such exercise, sale or disposition and in satisfaction of this Warrant to the extent of the number of Warrant Shares set forth in clause (b) of this sentence, an amount in cash equal to the product of (a) the difference between the fair value of the consideration to be received for each share of Common Stock pursuant to such Transaction and the Warrant Purchase Price then in effect, multiplied by (b) the number of Warrant Shares, the sale or other disposition of which would then be subject to the provisions of Section 16(b) of the Exchange Act.

3. ADJUSTMENTS TO THE NUMBER OF WARRANT SHARES AND TO THE WARRANT PURCHASE PRICE. The number of Warrant Shares for which this Warrant is exercisable and the Warrant Purchase Price shall be subject to adjustment from time to time as set forth in this Section 3.

3.1 Stock Dividends, Subdivisions and Combinations. If at any time the Company:

(a) pays a dividend or other distribution on its Common Stock in shares of Common Stock or shares of any other class or series of Capital Stock,

(b) subdivides its outstanding shares of Common Stock into a larger number of shares of Common Stock, or

(c) combines its outstanding shares of Common Stock into a smaller number of shares of Common Stock,

then the number of Warrant Shares purchasable upon exercise of this Warrant immediately prior to the record date for such dividend or distribution or the effective date of such subdivision or combination shall be adjusted so that the Holder shall thereafter be entitled to receive upon exercise of this Warrant the kind and number of shares of Common Stock that the Holder would have owned or have been entitled to receive immediately after such record date or effective date had this Warrant been exercised immediately prior to such record date or effective date. Any adjustment made pursuant to this Section 3.1 shall become effective immediately after the effective date of such event, but be retroactive to the record date, if any, for such event.

Upon any adjustment of the number of Warrant Shares purchasable upon the exercise of this Warrant as herein provided, the Warrant Purchase Price per share shall be adjusted by multiplying the Warrant Purchase Price immediately prior to such adjustment by a fraction, the numerator of which shall be the number of Warrant Shares purchasable upon the exercise of this Warrant immediately prior to such adjustment and the denominator of which shall be the number of Warrant Shares so purchasable immediately thereafter.

3.2 Rights; Options; Warrants. If, at any time after April 15, 1999, the Company issues (without payment of any consideration) to all holders of outstanding Common Stock any rights, options or warrants to subscribe for or purchase shares of Common Stock or securities convertible into or exchangeable for Common Stock, then the Company shall also distribute, immediately after the Shareholder Approval Date, such rights, options, warrants or securities to the Holder as if this Warrant had been exercised immediately prior to the record date for such issuance.

3.3 Distribution of Assets or Securities. If, at any time after April 15, 1999, the Company makes a distribution to all holders of outstanding Common Stock of any asset (other than cash) or security other than those referred to in Sections 3.1, 3.2 or 3.5, and other than in connection with the liquidation, dissolution or winding up of the Company, then and in each such case, the Warrant Purchase Price shall be adjusted to equal the number determined by multiplying

the Warrant Purchase Price in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such distribution by a fraction (which shall not be less than zero), the numerator of which shall be the Fair Market Value per share of the Common Stock on the date fixed for such determination less the then fair market value of the portion of the assets, or the Fair Market Value of the portion of the securities, as the case may be, so distributed applicable to one share of Common Stock, and the denominator of which shall be such Fair Market Value per share of Common Stock, such adjustment to become effective immediately prior to the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such distribution. Upon any adjustment in the Warrant Purchase Price as provided in the foregoing, the number of shares of Common Stock purchasable upon the exercise of this Warrant shall also be adjusted and shall be that number determined by multiplying the number of Warrant Shares issuable upon exercise immediately prior to such adjustment by a fraction, the numerator of which is the Warrant Purchase Price in effect immediately prior to such adjustment and the denominator of which is the Warrant Purchase Price as so adjusted.

3.4 Issuance of Equity Securities at Less Than Fair Market Value. If, at any time after April 15, 1999, the Company sells or issues shares of Common Stock, or rights, options, warrants or convertible or exchangeable securities representing the right to subscribe for or purchase shares of Common Stock (excluding (i) shares, rights, options, warrants or convertible or exchangeable securities issued in any of the transactions described in Sections 3.1, 3.2, 3.3 or 3.5, (ii) shares issued after the date hereof upon conversion, exercise or exchange of (A) rights, options, warrants or convertible or exchangeable securities outstanding on the date hereof, including, without limitation, the Amended November 1998 Warrant, (B) rights, options, warrants or convertible or exchangeable securities issued after the date hereof for which an adjustment was made pursuant to this Section 3.4 or for which no adjustment is required under this Section 3.4, (iii) the issuance of this Warrant or any securities issued upon exercise hereof or pursuant to Section 3.9 hereof, and the issuance of Common Stock upon the exercise or conversion of Option Rights or Convertible Securities outstanding on the date this Warrant was first issued, (iv) shares of Common Stock issued pursuant to a bona fide public offering pursuant to an effective registration statement, or (v) the issuance of any warrant or warrants issued in connection with the agreement with FSA contemplated by Section 8.6 of the Amended November 1998 Securities Purchase Agreement, provided that the exercise price of such warrant or warrants is not less than $3.00 per share, and any shares of Common Stock issued or issuable upon the exercise of any such warrant or warrants) at a price per share of Common Stock (determined in the case of such rights, options, warrants or convertible or exchangeable securities, by dividing (x) the total amount receivable by the Company in consideration of the sale and issuance of such rights, options, warrants or convertible or exchangeable securities, plus the total consideration payable to the Company upon exercise, conversion or exchange thereof, by (y) the maximum number of shares of Common Stock issuable upon conversion, exercise or exchange of such rights, options, warrants or convertible or exchangeable securities), that is lower than the Fair Market Value per share of Common Stock in effect immediately prior to such sale and issuance, then the Warrant Purchase Price shall be adjusted so that it shall equal the price determined by multiplying the Warrant Purchase Price in effect immediately prior thereto by a fraction, the numerator of which shall be

an amount equal to the sum of (A) the number of shares of Common Stock outstanding immediately prior to such sale and issuance plus (B) the number of shares of Common Stock which the aggregate consideration received by the Company (determined as provided below) for such sale or issuance would purchase at such Fair Market Value per share, and the denominator of which shall be the total number of shares of Common Stock outstanding (or deemed to be outstanding as provided below) immediately after such sale or issuance; provided, however, that any adjustment in the Warrant Purchase Price as a result of the issuance of warrants in connection with the performance of the Stanwich Investment Obligation shall be limited to such extent as shall be necessary to limit the related increase in the number of Warrant Shares issuable upon exercise of this Warrant to no more than 50,000 additional shares. Adjustments shall be made successively whenever such an issuance is made. The foregoing notwithstanding, if any such sale or issuance of shares Common Stock, rights, options, warrants or convertible or exchangeable securities is effected pursuant to the terms of a bona fide agreement, commitment or letter of intent which is entered into or made prior to the date of such issuance and which specifies the "price per share of Common Stock" (as such phrase is used in this Section 3.4) to be paid in such issuance, then the determination of whether or not the "price per share of Common Stock" in such issuance is "lower than the Fair Market Value per share of Common Stock" required by this Section 3.4 shall be made as of close of business on the date such agreement or letter of intent is entered into or such commitment is made and shall not be made "immediately prior to such sale and issuance" as provided above. (For example, if the Company enters into an agreement to sell shares of Common Stock in a private placement and the price per share of Common Stock to be paid pursuant to such agreement is equal to or greater than the Fair Market Value per share of Common Stock as of the close of business on the date on which such agreement is entered into, then no adjustment shall be required under this Section 3.4 even if such price is less than the Fair Market Value per share of Common Stock on the date such private placement is consummated.)

For the purposes of such adjustments, the shares of Common Stock which the holder of any such rights, options, warrants or convertible or exchangeable securities shall be entitled to subscribe for or purchase shall be deemed to be issued and outstanding as of the date of the sale and issuance of the rights, warrants or convertible or exchangeable securities and the consideration received by the Company therefor shall be deemed to be the consideration actually received by the Company for such rights, options, warrants or convertible or exchangeable securities, plus the consideration or premiums stated in such rights, options, warrants or convertible or exchangeable securities to be paid to acquire the shares of Common Stock covered thereby.

Upon any adjustment in the Warrant Purchase Price as provided in the penultimate paragraph above, the number of shares of Common Stock purchasable upon the exercise of this Warrant shall also be adjusted and shall be that number determined by multiplying the number of Warrant Shares issuable upon exercise immediately prior to such adjustment by a fraction, the numerator of which is the Warrant Purchase Price in effect immediately prior to such adjustment and the denominator of which is the Warrant Purchase Price as so adjusted.

Upon the expiration of any rights, options, warrants or convertible or exchangeable securities for which an adjustment was made pursuant to this Section 3.4, such adjustment shall

be recomputed on the basis of the actual number of shares of Common Stock sold or issued pursuant to such rights, options, warrants or convertible or exchangeable securities and the actual consideration received by the Company for such rights, options, warrants or convertible or exchangeable securities plus the actual consideration or premium received by the Company for such sale or issuance of Common Stock.

If at any time the Company sells and issues shares of Common Stock or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock for a consideration consisting, in whole or in part, of property other than cash or its equivalent, then in determining the "price per share of Common Stock" and the "consideration received by the Company" for purposes of the preceding paragraphs of this Section 3.4, the Board of Directors of the Company shall determine, in good faith, the fair market value of property, subject to the Holder's rights under Section 3.8(e). There shall be no adjustment of the Warrant Purchase Price in respect of the Common Stock pursuant to this Section 3.4 if the amount of such adjustment is less than $0.001 per share of Common Stock; provided, however, that any adjustments which by reason of this provision are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

3.5 Reorganization, Reclassification, Merger, Consolidation or Disposition of Assets. If at any time the Company reorganizes its capital, reclassifies its capital stock, consolidates, merges or combines with or into another Person (where the Company is not the surviving corporation or where there is any change whatsoever in, or distribution with respect to, the outstanding Common Stock), or the Company sells, transfers or otherwise disposes of all or substantially all of its property, assets or business to another Person, other than in a transaction provided for in Section 3.1, 3.2, 3.3, 3.4 or 3.6, and, pursuant to the terms of such reorganization, reclassification, consolidation, merger, combination, sale, transfer or other disposition of assets, (i) shares of common stock of the successor or acquiring Person or of the Company (if it is the surviving corporation) or (ii) any cash, shares of stock or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) in addition to or in lieu of common stock of the successor or acquiring Person or the Company ("Other Property") are to be received by or distributed to the holders of Common Stock who are holders immediately prior to such transaction, then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the number of shares of Common Stock, common stock of the successor or acquiring Person, and/or Other Property which holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event would have owned or received immediately after and as a result of such event. In such event, the aggregate Warrant Purchase Price otherwise payable for the Warrant Shares issuable upon exercise of this Warrant shall be allocated among such securities and Other Property in proportion to the respective fair market values of such securities and Other Property as determined in good faith by the Board of Directors of the Company, subject to the Holder's rights under Section 3.8(e).

In case of any such event, the successor or acquiring Person (if other than the Company) shall expressly assume the due and punctual observance and performance of each and every

covenant and condition of this Warrant to be performed and observed by the Company and all the obligations and liabilities hereunder, subject to such modifications as the Holder may approve in writing (as determined by resolution of the Board of Directors of the Company) in order to provide for adjustments of any shares of common stock of such successor or acquiring Person for which this Warrant thus becomes exercisable, which modifications shall be as equivalent as practicable to the adjustments provided for in this Section 3.5. For purposes of this Section 3, "common stock of the successor or acquiring Person" shall include stock or other equity securities, or securities that are exercisable or exchangeable for or convertible into equity securities, of such corporation, or other securities if such Person is not a corporation, of any class that is not preferred as to dividends or assets over any other class of stock of such corporation or Person and that is not subject to redemption and shall also include any evidences of indebtedness, shares of stock or other securities that are convertible into or exchangeable for any such stock, either immediately or upon the arrival of a specified date or the happening of a specified event and any warrants or other rights to subscribe for or purchase any such stock. The foregoing provisions of this Section 3.5 shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales, transfers and other dispositions of assets.

3.6 Dissolution, Total Liquidation or Winding-Up. If at any time there is a voluntary or involuntary dissolution, total liquidation or winding-up of the Company, other than as contemplated by Section 3.5, then the Company shall cause to be mailed (by registered or certified mail, return receipt requested, postage prepaid) to the Holder at the Holder's address as shown on the Warrant register, at the earliest practicable time (and, in any event, not less than thirty (30) calendar days before any date set for definitive action) written notice of the date on which such dissolution, liquidation or winding-up shall take place, as the case may be. Such notice shall also specify the date as of which the record holders of shares of Common Stock shall be entitled to exchange their shares for securities, money or other property deliverable upon such dissolution, liquidation or winding-up, as the case may be. On such date, the Holder shall be entitled to receive upon surrender of this Warrant the cash or other property, less the Warrant Purchase Price for this Warrant then in effect, that the Holder would have been entitled to receive had this Warrant been exercised immediately prior to such dissolution, liquidation or winding-up. Upon receipt of the cash or other property, any and all rights of the Holder to exercise this Warrant shall terminate in their entirety. If the cash or other property distributable in the dissolution, liquidation or winding-up has a fair market value which is less than the Warrant Purchase Price for this Warrant then in effect, this Warrant shall terminate and be of no further force or effect upon the dissolution, liquidation or winding-up.

3.7 Other Dilutive Events. If any event occurs as to which the other provisions of this Section 3 are not strictly applicable but as to which the failure to make any adjustment would not protect the purchase rights represented by this Warrant in accordance with the intent and principles hereof then, in each such case, the Holder (or if the Warrant has been divided up, the Holders of Warrants exercisable for the purchase of more than fifty percent (50%) of the aggregate number of Warrant Shares then issuable upon exercise of all of the then exercisable Warrants) may appoint an independent investment bank or firm of independent public accountants which shall give its opinion as to the adjustment, if any, on a basis consistent with the intent and

principles established herein, necessary to preserve the purchase rights represented by this Warrant (or such Warrants). Upon receipt of such opinion, the Company will mail (by registered or certified mail, return receipt requested, postage prepaid) a copy thereof to the Holder within three (3) Business Days and shall make the adjustments described therein. The fees and expenses of such investment bank or independent public accountants shall be borne by the Company.

3.8 Other Provisions Applicable to Adjustments Under this Section. The following provisions shall be applicable to the adjustments provided for pursuant to this Section 3:

(a) When Adjustments To Be Made. The adjustments required by this Section 3 shall be made whenever and as often as any specified event requiring such an adjustment shall occur. For the purpose of any such adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence.

(b) Record Date. If the Company fixes a record date of the holders of Common Stock for the purpose of entitling them to (i) receive a dividend or other distribution payable in shares of Common Stock or in shares of any other class or series of capital stock or securities convertible into or exchangeable for Common Stock or shares of any other class or series of capital stock or (ii) subscribe for or purchase shares of Common Stock or such other shares or securities, then all references in this Section 3 to the date of the issuance or sale of such shares of Common Stock or such other shares or securities shall be deemed to be references to that record date.

(c) When Adjustment Not Required. If the Company fixes a record date of the holders of its Common Stock for the purpose of entitling them to receive a dividend or distribution or subscription or purchase rights to which the provisions of Section 3.1 would apply, but shall, thereafter and before the distribution to stockholders, legally abandon its plan to pay or deliver such dividend, distribution, subscription or purchase rights, then thereafter no adjustment shall be required by reason of the taking of such record and any such adjustment previously made in respect thereof shall be rescinded and annulled.

(d) Notice of Adjustments. Whenever the number of shares of Common Stock for which this Warrant is exercisable or the Warrant Purchase Price shall be adjusted or recalculated pursuant to this Section 3, the Company shall immediately prepare a certificate to be executed by the chief financial officer of the Company setting forth, in reasonable detail, the event requiring the adjustment or recalculation and the method by which such adjustment or recalculation was calculated, specifying the number of shares of Common Stock for which this Warrant is exercisable and (if such adjustment was made pursuant to Section 3.5) describing the number and kind of any other shares of stock or Other Property for which this Warrant is exercisable, and any related change in the Warrant Purchase Price, after giving effect to such adjustment, recalculation or change. The Company shall mail (by registered or certified mail, return receipt requested, postage prepaid) a signed copy of the certificate to be delivered to the Holder within three (3) Business Days of the event which caused the adjustment or recalculation. The Company shall keep at the Designated Office copies of all such certificates and cause them

to be available for inspection at the Designated Office during normal business hours by the Holder or any prospective transferee of this Warrant designated by the Holder.

(e) Challenge to Good Faith Determination. Whenever the Board of Directors of the Company is required to make a determination in good faith of the fair market value of any item under this Warrant, or any item that may affect the value of this Warrant, that determination may be challenged in good faith by the Holder (or if the Warrant has been divided up, the Holders of Warrants exercisable for more than fifty percent (50%) of the aggregate number of Warrant Shares then issuable upon exercise of all of the then exercisable Warrants), and any dispute shall be resolved promptly, but in no event in more than thirty (30) days, by an investment banking firm of recognized national standing or one of the five (5) largest national accounting firms agreed upon by the Company and the Holders and whose decision shall be binding on the Company and the Holders. If the Company and the Holders cannot agree on a mutually acceptable investment bank or accounting firm, then the Holders, jointly, and the Company shall within five (5) Business Days each choose one investment bank or accounting firm and the respective chosen firms shall within five (5) Business Days jointly select a third investment bank or accounting firm, which shall make the determination promptly, but in no event in more than thirty (30) days, and such determination shall be binding upon all parties thereto. The Company shall bear all costs in connection with such determination, including without limitation, fees of the investment bank(s) or accounting firm(s).

(f) Independent Application. Except as otherwise provided herein, all subsections of this Section 3 are intended to operate independently of one another (but without duplication). If an event occurs that requires the application of more than one subsection, all applicable subsections shall be given independent effect without duplication.

3.9 Other Anti-Dilution Provisions. To the extent that Levine Leichtman Capital Partners II, L.P. or any of its affiliates (collectively, "LLCP"), continues to hold this Warrant, in whole or in part, at any time at which the Company takes any action which would have resulted in an adjustment to the exercise price of, and the number of shares of Common Stock issuable pursuant to, the Amended November 1998 Warrant pursuant to the provisions of Section 3.4 thereof as in effect on the date hereof (a "Dilutive Issuance") then, to the extent that LLCP has exercised all or any portion of the Amended November 1998 Warrant prior to such time, the Company shall immediately issue to LLCP upon such Dilutive Issuance, without the payment of any further consideration of any kind, such number of additional shares of Common Stock as shall equal the difference between (i) the number of shares of Common Stock issuable upon the exercise of the Amended November 1998 Warrant to the extent held unexercised by LLCP at such time after giving effect to the adjustment thereto resulting from such Dilutive Issuance and (ii) the number of shares of Common Stock which would have been issuable upon exercise of the Amended November 1998 Warrant after giving effect to such Dilutive Issuance if the Amended November 1998 Warrant had not been exercised in any part.

4. MISCELLANEOUS.

4.1 Restrictive Legend. This Warrant, any Warrant issued upon transfer of this Warrant and any Warrant Shares issued upon exercise of this Warrant or any portion thereof shall be imprinted with the following legend, in addition to any legend required under applicable state securities laws:

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

The legend shall be appropriately modified upon issuance of certificates for shares of Common Stock.

Upon request of the holder of a Common Stock certificate, the Company shall issue to that holder a new certificate free of the foregoing legend, if, with such request, such holder provides the Company with an opinion of counsel reasonably acceptable to the Company (provided that Riordan & McKinzie, a professional law corporation, shall be deemed to be acceptable to the Company) to the effect that the securities evidenced by such certificate may be sold without restriction under Rule 144 (or any other rule permitting resales of securities without restriction) promulgated under the Securities Act.

4.2 Holder Entitled to Benefits. This Warrant is the "April 1999 Warrant" referred to in the April 1999 Securities Purchase Agreement. The Holder is entitled to certain rights, benefits and privileges with respect to this Warrant and the Warrant Shares pursuant to the terms of this Warrant and the April 1999 Securities Purchase Agreement.

4.3 Other Covenants. Without limiting the generality of Section 4.2, the Company covenants and agrees that, as long as this Warrant remains outstanding or any Warrant Shares are issuable with respect to this Warrant, the Company will perform all of the following covenants for the express benefit of the Holder: (a) the Warrant Shares shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable shares of Common Stock; (b) each Holder shall, upon the exercise hereof in accordance with the terms hereof, receive good and marketable title to the Warrant Shares, free and clear of all voting and other trust arrangements to which the Company is a party or by which it is bound, preemptive rights of any stockholder, liens, encumbrances, equities and claims whatsoever, including, but not limited to, all Taxes, Liens and other charges with respect to the issuance thereof; (c) at all times prior to the Expiration Date, the Company shall have reserved for issuance a sufficient number of authorized but unissued shares of Common Stock, or other securities or property for which this Warrant may then be exercisable, to permit this Warrant (or if this Warrant has been divided, all outstanding Warrants) to be exercised in full; (d) the Company shall deliver to each Holder the information and reports described in Section 8.2 of the Amended November 1998 Securities Purchase Agreement; (e) the Company shall extend

to the initial Holder the management rights set forth in the Investor Rights Agreement; and (f) the Company shall provide each Holder with notice of all corporate actions in the same manner and to the same extent as the shareholders of the Company; provided, however, that the Company shall not be obligated to perform the covenants in the foregoing clauses (d) and (e) of this Section 4.3 at any time that the sum of the Warrant Shares plus the number of shares of Common Stock held by the Holder plus the number of shares of Common Stock issuable upon the exercise of other warrants, options or similar securities or upon the conversion of any convertible security held by the Holder is less than 345,000; provided, further, that notwithstanding the foregoing proviso the Company shall remain obligated to perform the covenants in the foregoing clauses (d) and (e) of this Section 4.3 if such performance is necessary in order to enable the Holder to satisfy the criteria then established for a "Venture Capital Operating Company" pursuant to ERISA.

4.4 Issue Tax. The issuance of shares of Common Stock upon the exercise of this Warrant shall be made without charge to the Holder for any issue tax in respect thereof.

4.5 Closing Of Books. The Company will at no time close its transfer books against the transfer of this Warrant or of any Warrant Shares in any manner which interferes with the timely exercise hereof unless required by Applicable Laws.

4.6 No Voting Rights; Limitation Of Liability. Except as expressly set forth in this Warrant and in the April 1999 Securities Purchase Agreement, nothing contained in this Warrant shall be construed as conferring upon the Holder (i) the right to vote or to consent as a stockholder in respect of meetings of stockholders for the election of directors of the Company or any other matter, (ii) the right to receive dividends except as set forth in Section 3; or (iii) any other rights as a stockholder of the Company except as set forth in Section 4.2 and Section 4.3 hereof and in the Investor Rights Agreement. No provisions hereof, in the absence of affirmative action by the Holder to purchase shares of Common Stock, and no mere enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the Warrant Purchase Price or as a shareholder of the Company, whether such liability is asserted by the Company or by its creditors.

4.7 Modification And Waiver. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement is sought.

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

(a) If to the Holder, at:

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

(b) If to any other Holder, at:

such Holder's address as shown on the books of the Company.

(c) If to the Company, at:

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

or at such other address or addresses as the Holder or the Company, as the case may be, may specify by written notice given in accordance with this Section 4.8.

4.9 Successors and Assigns. Subject to the requirements of Applicable Laws, the Holder may assign all or any portion of this Warrant at any time or from time to time without the consent of the Company. Each assignment of this Warrant, in whole or in part, shall be registered on the books of the Company to be maintained for such purpose, upon surrender of this Warrant at the Designated Office, together with appropriate instruments of assignment, duly filled in and executed. Upon such surrender and delivery, the Company shall, at its own expense, within three (3) Business Days execute and deliver a new Warrant or Warrants in the name of the assignee or assignees specified in such assignment and in the denominations specified therein and this Warrant shall promptly be canceled. If any portion of this Warrant is not being assigned, the Company shall, at its own expense, within three (3) Business Days issue to the Holder a new Warrant evidencing the portion not so assigned. This Warrant shall be binding upon and inure to the benefit of the Company, the Holder and their respective successors and permitted assigns, and shall include, with respect to the Company, any Person succeeding the Company by merger, consolidation, combination or acquisition of all or substantially all of the Company's assets, and in such case, except as expressly provided herein, all of the obligations of the Company hereunder shall survive such merger, consolidation, combination or acquisition.

4.10 Descriptive Headings. The descriptive headings of the paragraphs of this Warrant are for convenience of reference only and do not constitute a part of this Warrant and are not to be considered in construing or interpreting this Warrant. No party, nor its counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions of this Agreement,

and all provisions of this Agreement shall be construed in accordance with their fair meaning, and not strictly for or against any party.

4.11 Lost Warrant or Certificates. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant or of a stock certificate evidencing Warrant Shares and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company or, in the case of any such mutilation, upon surrender and cancellation of the Warrant or stock certificate, the Company shall make and deliver to the Holder, within three (3) Business Days of receipt by the Company of such documentation, a new Warrant or stock certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or stock certificate.

4.12 Termination Of this Warrant. This Warrant shall terminate and shall no longer be exercisable after the Expiration Date.

4.13 No Impairment. The Company shall not by any action, including, without limitation, amending its charter documents or regulations or through any reorganization, reclassification, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of the Holder against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value (if any) of any shares of Common Stock receivable upon the exercise of this Warrant above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, free and clear of all liens, encumbrances, equities and claims, and (iii) use its best efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Company to perform its obligations under this Warrant.

4.14 Governing Law. In all respects, including all matters of construction, validity and performance, this Warrant and the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in California, without regard to principles thereof regarding conflicts of laws.

4.15 Remedies. If the Company fails to perform, comply with or observe any covenant or agreement to be performed, complied with or observed by it under this Warrant, the Holder may proceed to protect and enforce its rights by suit in equity or action at law, whether for specific performance of any term contained in this Warrant or for an injunction against the breach of any such term or in aid of the exercise of any power granted in this Warrant or to enforce any other legal or equitable right, or to take any one or more of such actions. The Company agrees to pay all fees, costs, and expenses, including, without limitation, fees and expenses of attorneys,

accountants and other experts retained by the Holder, and all fees, costs and expenses of appeals, incurred or expended by the Holder in connection with the enforcement of this Warrant or the collection of any sums due hereunder, whether or not suit is commenced. None of the rights, powers or remedies conferred under this Warrant shall be mutually exclusive, and each right, power or remedy shall be cumulative and in addition to any other right, power or remedy whether conferred by this Warrant or now or hereafter available at law, in equity, by statute or otherwise.

4.16 WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE COMPANY AND THE HOLDER WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE COMPANY AND THE HOLDER DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, AND UNDERSTANDING THEY ARE WAIVING A CONSTITUTIONAL RIGHT, THE COMPANY AND THE HOLDER (BY ACCEPTANCE HEREOF) WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO, THIS WARRANT, THE APRIL 1999 SECURITIES PURCHASE AGREEMENT AND/OR ANY RELATED AGREEMENT OR THE TRANSACTIONS COMPLETED HEREBY OR THEREBY.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed and issued by its duly authorized representatives on the date first above written.

CONSUMER PORTFOLIO SERVICES, INC.,
a California corporation

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

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

By: /s/ Jeffrey P. Fritz

Jeffrey P. Fritz
Senior Vice President and Chief
Financial Officer

EXECUTION COPY

FIRST AMENDMENT TO INVESTOR RIGHTS AGREEMENT

THIS FIRST AMENDMENT TO INVESTORS RIGHTS AGREEMENT, dated as of the 15th day of April 1998 (this "Amendment"), is entered into by and among Consumer Portfolio Services, Inc., a California corporation (the "Company"), Charles E. Bradley, Sr., an individual ("C. E. Bradley, Sr."), Charles E. Bradley, Jr., an individual ("C.E. Bradley, Jr." and, together with C.E. Bradley, Sr., the "Bradleys"), Jeffrey P. Fritz, an individual ("Mr. Jeff Fritz" and, together with the Bradleys, the "Senior Officers"), and Levine Leichtman Capital Partners II, L.P., a California limited partnership ("LLCP").

R E C I T A L S

A. The parties have entered into that certain Investors Rights Agreement dated as of November 17, 1998 (as amended, supplemented or otherwise modified from time to time, the "Investor Rights Agreement"), under which, among other things, the Company has granted to LLCP certain management, tag-along and other rights in connection with the Purchaser's investment in the Note and the Primary Warrant pursuant to that certain Securities Purchase Agreement dated as of November 17, 1998 (as amended, supplemented or otherwise modified from time to time, the "Securities Purchase Agreement"), between the Purchaser and the Company.

B. The Purchaser and the Company have entered into a First Amendment to Securities Purchase Agreement dated as of April 15, 1999 (the "First Amendment"), pursuant to which, among other things, the Purchaser has agreed to waive the Existing Defaults (as defined in the First Amendment) and amend the Securities Purchase Agreement, all on the terms and subject to the conditions set forth therein. Unless otherwise indicated, all capitalized terms used but are not defined herein have the meanings given to such terms in the Investor Rights Agreement.

C. It is a condition precedent to the effectiveness of the waiver by the Purchaser of the Existing Defaults and the amendments to the Securities Purchase Agreement that the parties execute and deliver this Amendment.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants, conditions and provisions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to amend the Securities Purchase Agreement as follows:

Section 1. Amendment of Section 1.3 (Operating Committee). On and as of the Effective Date, Section 1.3 of the Investor Rights Agreement shall be amended by deleting such Section in its entirety and replacing it with the following:

"1.3 Operating Committee.

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

(b) The Operating Committee shall at all times be comprised of two (2) members of senior management of the Company, who initially shall be C.E. Bradley, Jr. and Mr. Jeff Fritz, and two (2) members designated by LLCP. The Company shall cause its officers and other members of senior management to be available at each meeting of the Operating Committee to review financial information and discuss other matters.

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

(d) From and after April 15, 1999, regular meetings of the Operating Committee shall take place on Wednesday (or the next succeeding Business Day, if a Wednesday is not a Business Day) of each week (rather than on a monthly basis) to review the Company's weekly cash projections until the Operating Committee

determines by majority vote that the Company's financial condition and results of operations are such that weekly meetings are no longer necessary, in which case the Operating Committee shall meet on a monthly basis as provided above. All meetings of the Operating Committee may be conducted by telephone so long as each of the persons attending can hear each of the other persons attending the meeting.

(e) The Company's financial officers shall prepare a financial package for delivery to all Operating Committee members at least forty-eight (48) hours prior to each regularly scheduled weekly or monthly meeting, as the case may be. The financial package shall include, for each weekly meeting (as described in paragraph (d) above), (i) a rolling twelve-week cash flow projection in form and substance acceptable to the Purchaser and (ii) such other information as any member of the Operating Committee may from time to time request. The financial package for each monthly meeting described in paragraph (c) above will be similar to the package currently provided to the Board of Directors and consist of (w) a consolidated and consolidating balance sheet, statement of operations and statement of cash flows for the Company and its consolidated subsidiaries for the most recent one-month period and for the year-to-date period, (x) a comparison of the actual results of operations for such periods to the same periods in the prior year and to the budget and forecast, (y) an explanation of any variances in such actual results of operations from such budget and forecast, and (z) such other information as any member of the Operating Committee may from time to time request."

Section 2. Warrant Shares. The parties acknowledge, agree and affirm that the term "Warrant Shares" as used in the Investor Rights Agreement includes the aggregate of 4,450,000 shares of Common Stock issued or issuable upon exercise of (i) the Amended and Restated Warrant to purchase 3,115,000 shares of Common Stock, dated as of November 17, 1998, and amended and restated as of April 15, 1999, issued by the Company to the Purchaser in connection with the transactions contemplated by the Securities Purchase Agreement, as amended by the First Amendment, and (ii) the April 1999 Warrant to purchase 1,335,000 shares of Common Stock, dated as of April 15, 1999, issued by the Company to the Purchaser in connection with the transactions contemplated by the April 1999 Securities Purchase Agreement, dated as of April 15,1999.

Section 3. Miscellaneous Provisions.

(a) Governing Law. In all respects, including all matters of construction, validity and performance, this Amendment and the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to the choice of law or conflicts of law principles thereof.

(b) Further Assurances. Each party agrees to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable to consummate the transactions contemplated by this Amendment.

(c) Counterparts. This Amendment may be executed in any number of counterparts and by facsimile, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

(d) Full Force and Effect. This Amendment amends the Investor Rights Agreement on and as of the Effective Date, and the Investor Rights Agreement shall remain in full force and effect as amended hereby. The Investor Rights Agreement, as amended hereby, is hereby ratified and affirmed by the parties in all respects.

[REST OF PAGE LEFT INTENTIONALLY BLANK]

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

THE COMPANY

CONSUMER PORTFOLIO SERVICES,INC., a California corporation

By: /s/ Charles E. Bradley, Jr.
Charles E. Bradley, Jr.
President and Chief Executive Officer

By: /s/ Jeffrey P. Fritz
Jeffrey P. Fritz
Senior Vice President and Chief Financial Officer

LLCP

LEVINE LEICHTMAN CAPITAL PARTNERS, INC., a California corporation

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

By: /s/ Lauren B. Leichtman
Lauren B. Leichtman
Chief Executive Officer

THE SENIOR OFFICERS:

/s/ Charles E. Bradley, Sr.
CHARLES E. BRADLEY, SR.

/s/ Charles E. Bradley, Jr.
CHARLES E. BRADLEY, JR.

/s/ Jeffrey P. Fritz
JEFFREY P. FRITZ

EXECUTION COPY

FIRST AMENDMENT TO REGISTRATION RIGHTS AGREEMENT

THIS FIRST AMENDMENT TO REGISTRATION RIGHTS AGREEMENT (this "Amendment") is entered into as of April 15,1999 by and between Consumer Portfolio Services, Inc., a California corporation (the "Company"), and Levine Leichtman Capital Partners II, L.P., a California limited partnership ("LLCP").

RECITALS

A. The Company and LLCP are parties to that certain Registration Rights Agreement dated November 17, 1999 (the "Registration Rights Agreement") pursuant to which the Company granted to LLCP certain registration rights with respect to the shares of Common Stock issuable upon the exercise of that certain Warrant to Purchase 3,450,000 Shares of Common Stock (the "Original Warrant") issued pursuant to that certain Securities Purchase Agreement dated as of November 17, 1998 by and between the Company and LLCP (the "November 1998 Securities Purchase Agreement").

B. Concurrently with the execution hereof, the Company and LLCP are entering into that certain First Amendment to Securities Purchase Agreement of even date herewith (the "First Amendment to November 1998 Securities Purchase Agreement") pursuant to which the November 1998 Securities Purchase Agreement and the Original Warrant are being amended in certain respects.

C. Concurrently with the execution hereof, the Company and LLCP are entering into that certain Securities Purchase Agreement of even date herewith (the "April 1999 Securities Purchase Agreement") pursuant to which the Company will issue to LLCP a warrant to purchase 1,335,000 shares of Common Stock (the "April 1999 Warrant").

D. It is a condition precedent to the consummation of the transactions contemplated by the First Amendment to November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement that the Company and LLCP enter into this Amendment.

E. In consideration of the substantial direct and indirect benefits which the Company will realize from the consummation of the transactions contemplated by the First Amendment to November 1998 Securities Purchase Agreement and the April 1999 Securities Purchase Agreement, the Company desires to enter into this Agreement and to be bound by the terms and conditions hereof.

AGREEMENT

In consideration of the mutual covenants and agreements set forth herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Amendment of Section 1 of the Registration Rights Agreement.

(a) The definition of the term "Warrant" is hereby deleted from the Registration Rights Agreement and the following definitions are hereby added to Section 1 of the Registration Rights Agreement:

"Amended November 1998 Warrant" shall mean that certain Amended and Restated Primary Warrant initially issued pursuant to that certain Securities Purchase Agreement dated as of November 17,1998 by and between the Company and LLCP, as amended pursuant to that certain First Amendment to Securities Purchase Agreement dated as of April 15, 1999 by and among the Company and LLCP, as such warrant may be further amended, restated or amended and restated at any time and shall include (i) any new warrant or warrants issued upon the transfer of all or any portion of such warrant and (ii) any warrant or warrants issued upon the further transfer, division or combination of any such new warrant or warrants.

"April 1999 Warrant" shall mean that certain Warrant issued pursuant to that certain Securities Purchase Agreement dated as of April 15, 1999 by and among the Company and LLCP, as such warrant may be further amended, restated or amended and restated at any time and shall include (i) any new warrant or warrants issued upon the transfer of all or any portion of such warrant and (ii) any warrant or warrants issued upon the further transfer, division or combination of any such new warrant or warrants.

"Warrants" shall mean, collectively, the Amended November 1998 Warrant and the April 1999 Warrant and "Warrant" shall mean either of the Warrants, individually.

(b) The definition of the term "Shares" in the Registration Rights Agreement is hereby amended and restated to read in its entirety as follows:

"Shares" shall mean (i) the shares of Common Stock issued or issuable upon exercise of the Warrants and (ii) the shares of Common Stock issued pursuant to Section 3.9 (Other Anti-Dilution Provisions) of the April 1999 Warrant. As used in this Agreement, the holder of either Warrant or any portion thereof shall be deemed to be the holder of the shares of Common Stock

issuable upon exercise thereof and to the extent such shares of Common Stock constitute Registrable Securities, such holder shall be deemed to be the holder of such Registrable Securities.

Section 2. Amendment of Section 2.1(a) of the Registration Rights Agreement. The final sentence of Section 2.1(a) of the Registration Rights Agreement is hereby amended and restated to read in its entirety to read as follows:

The Company shall not be obligated to effect more than three Demand Registrations with respect to the Shares under this Section 2.1(a).

Section 3. Amendment of Section 2.4 of the Registration Rights Agreement. Section 2.4 of the Registration Rights Agreement is hereby amended and restated to read in its entirety to read as follows:

2.4 Purchase (and Exercise) of the Warrants by the Underwriters. Notwithstanding any other provision of this Agreement to the contrary, in connection with any Demand Registration or Piggy-Back Registration which is to be an underwritten offering, to the extent all or any portion of the Registrable Securities to be included in such registration consist of shares of Common Stock issuable upon exercise of either Warrant or any portion thereof, the holders of such Registrable Securities may require that the Underwriter or Underwriters purchase (and exercise) such Warrant or any portion thereof rather than require the holders of the Registrable Securities to exercise such Warrant or portion thereof in connection with such registration unless the Underwriters inform such holders that such a purchase and exercise of such Warrant will materially and adversely affect the proposed offering. The Company shall take all such action and provide all such assistance as may be reasonably requested by the holders of Registrable Securities to facilitate any such purchase (and exercise) of either Warrant agreed to by the Underwriter or Underwriters, including, without limitation, issuing the Common Stock issuable upon the exercise of such Warrant or any portion thereof to be issued within such time period as will permit the Underwriters to make and complete the distribution contemplated by the underwriting.

Section 4. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

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

THE COMPANY:

CONSUMER PORTFOLIO SERVICES, INC., a California corporation

By: /s/ Charles E. Bradley, Jr.
Charles E. Bradley, Jr.,
President and Chief Executive Officer

By: /s/ Jeffrey P. Fritz
Jeffrey P. Fritz,
Senior Vice President and Chief Financial Officer

LLCP:

LEVINE LEICHTMAN CAPITAL PARTNERS, INC., a California corporation

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

By: /s/ Lauren B. Leichtman
Lauren B. Leichtman,
Chief Executive Officer

INVESTMENT AGREEMENT

AND

CONTINUING GUARANTY

BY AND AMONG

STANWICH FINANCIAL SERVICES CORP.,

CHARLES E. BRADLEY, SR.,

CHARLES E. BRADLEY, JR.,

CONSUMER PORTFOLIO SERVICES, INC.

AND

LEVINE LEICHTMAN CAPITAL PARTNERS II, L.P.

APRIL 15, 1999

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EXHIBITS

SCHEDULES

INVESTMENT AGREEMENT
AND
CONTINUING GUARANTY

This Investment Agreement and Continuing Guaranty is entered into as of April 15, 1999 (this "Agreement"), by and among Levine Leichtman Capital Partners II, L.P., a California limited partnership ("LLCP"), Consumer Portfolio Services, Inc., a California corporation (the "Company"), Stanwich Financial Services Corp. a Rhode Island corporation ("Stanwich"), Charles E. Bradley, Sr., an individual ("CEB"), and Charles E. Bradley, Jr., an individual ("Bradley", and collectively with CEB and Stanwich, the "Guarantors").

RECITALS

A. Pursuant to that certain Securities Purchase Agreement ("November 1998 Securities Purchase Agreement") dated as of November 17, 1998 between the Company and LLCP, as amended by a First Amendment to Securities Purchase Agreement dated of even date herewith (the "First Amendment"), and as further amended, supplemented or otherwise modified from time to time, (the "Amended November 1998 Securities Purchase Agreement"), the Company issued and sold to LLCP (i) a Senior Subordinated Primary Note dated November 17, 1998, made payable to the Secured Party in the principal amount of $25,000,000 (as amended by an Amended and Restated Senior Subordinated Primary Note dated of even date herewith, and as further amended, supplemented, modified, renewed, refinanced or restructured from time to time, the "Note") and (ii) the Primary Warrant (as such term is defined in the Amended November 1998 Securities Purchase Agreement).

B. As more fully described in the First Amendment, the Company has notified LLCP that Existing Defaults (as such term is defined in the First Amendment) have occurred and are continuing. The Existing Defaults entitle LLCP to exercise all of its rights and remedies under the November 1998 Securities Purchase Agreement, the Note and the other Related Agreements (as such term is defined in the Amended November 1998 Securities Purchase Agreement), including, without limitation, declaring all outstanding principal of, and accrued and unpaid interest on, the Note to be due and payable.

C. The Company has requested that LLCP (i) waive the Existing Defaults and amend certain terms of the November 1998 Securities Purchase Agreement and (ii) purchase from the Company the April 1999 Note and the April 1999 Warrant. The Company and LLCP have agreed that LLCP will purchase the April 1999 Note and the April 1999 Warrant from the Company for total consideration of $5.0 million, conditioned upon, among other things, (i) the agreement of Stanwich to make certain investments in the Company on the dates and pursuant to the terms set forth herein, (ii) the Company having obtained all necessary Consents required to accept the investments to be made by Stanwich hereunder, (iii) the agreement the Guarantors to jointly and severally and unconditionally guarantee (x) the Company's obligations under the April 1999 Note, (y) the performance of certain covenants of the Company set forth in the April 1999 Securities Purchase Agreement (the "April 1999

SPA") dated of even date herewith by and among the Company and LLCP and the Amended November 1998 Securities Purchase Agreement, as more fully described in and limited by the terms of Section 3.9, and (z) the investment commitment of Stanwich, and (iv) the agreement of the Guarantors to pledge certain assets to LLCP in order to secure their obligations with respect to said guarantee and the Stanwich Investment Obligation, all as further described herein.

D. The Guarantors agree and acknowledge that but for their agreement to invest in the Company, guarantee the April 1999 Note, guarantee as specified herein the Guaranteed Covenants and provide collateral for those obligations, LLCP would not have agreed to waive the Existing Defaults, amend the November 1998 Securities Purchase Agreement, or purchase the April 1999 Note.

E. In addition, The Guarantors are willing, in consideration of the purchase by LLCP of the April 1999 Note, the execution and delivery of the Amended November 1998 Securities Purchase Agreement and the Amended November 1998 Note, and the extension of credit by LLCP contemplated thereby, to grant irrevocable proxies to LLCP as more fully described herein.

F. In order to induce LLCP to purchase the April 1999 Note, the Guarantors are willing to enter into this Agreement for the benefit of the Company and LLCP, on the terms and conditions set forth herein.

AGREEMENT

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

1. DEFINITIONS. The capitalized terms used in this Agreement which are not defined in this Agreement shall have the meanings given to such terms in the Amended November 1998 Securities Purchase Agreement or the April 1999 SPA.

To the extent a definition incorporated herein in this Agreement is applicable solely to the Company or any of its Subsidiaries, it shall be deemed to refer herein to any Person to which it relates herein, not just to the Company or any Subsidiary.

In addition, the following terms have the meanings set forth below:

"Asset Sale" shall mean any sale, lease, transfer, issuance or other disposition (or series of related sales, leases, transfers, issuances or dispositions) by any Guarantor or any of their controlled Affiliates, or by any person acting on one or more of their behalf (including any secured party, receiver, trustee or debtor-in-possession) of (i) any

Pledged Collateral, (ii) any Structural Settlement Assets, (iii) any Second Lien Assets or (iv) any of their Other Material Assets or properties.

"CARSUSA Flooring Line"means the existing line of credit issued by the Company to CARSUSA, Inc. in CARSUSA Inc.'s capacity as a Dealer.

"CCP" shall have the meaning specified in Section 4.5.

"Charge" shall mean any Federal, state, county, city, municipal, local, foreign or other Governmental Authority (including Pension Benefit Guaranty Corporation or any Person succeeding to the functions thereof) tax at the time due and payable, levy, assessment, charge, lien, claim or encumbrance upon or relating to: (i) the Collateral; (ii) the Obligations to LLCP or the Guaranty Obligations; (iii) the employees, payroll, income or gross receipts of any Guarantor; (iv) the ownership or use of any of the assets of any Guarantor; or (v) any other aspect of the business of any Guarantor.

"Collateral" shall mean any and all real or personal property subject to the Lien of LLCP under the Collateral Documents.

"Collateral Documents" shall mean, collectively, the Pledge Agreements, and all other security agreements, pledge agreements, mortgages, deeds of trust, assignments or other agreements or documents pursuant to which LLCP obtains or perfects a Lien upon collateral to secure the Obligations to LLCP or the Guaranty Obligations.

"Company" shall have the meaning specified in the preamble to this Agreement.

"Continuing Guaranty" shall mean the guaranty of the Guaranty Obligations of the Guarantors set forth in Section 4, and any amendment, modification, extension, renewal or restatement thereof from time to time.

"Foreclosure Event of Default" shall mean one or more of the following has occurred:

(a) in the event the Stanwich Investment Obligation has not then been fulfilled in full, the occurrence of a payment default by the Company under the April 1999 Note or the Amended November Note;

(b) in the event the Stanwich Investment Obligation has not then been fulfilled in full, the occurrence of a breach by the applicable Guarantor of a Guaranteed Covenant (it being understood, that in no event shall a breach by either of CEB or Stanwich, on the one hand, or a breach by Bradley, on the other hand, of their Guaranteed Covenants give LLCP the right to accelerate the Guaranty Obligations under Section 4.15

against the other party, or satisfy Obligations to LLCP out of the Pledged Collateral pledged by the other party);

(c) the failure by Stanwich to fulfill the Stanwich Investment Obligations at the times and in the manner specified in Section 3.1(b); or

(d) the failure by the Guarantors to comply with its covenants hereunder or the Pledge Agreement made directly for the benefit of LLCP (e.g., the obligation to reimburse LLCP for certain expenses it will incur under Section 10.10 hereof).

"Guaranteed Covenants" shall have the meaning specified in Section 3.9.

"Guaranty Obligations" shall mean (i) the Obligations to LLCP and (ii) all indebtedness, liabilities and obligations of any Guarantor to LLCP under this Agreement, whether now existing or hereafter arising, subject to the parenthetical in clause (b) of the definition of "Foreclosure Event of Default."

"Guaranty Termination Date" shall mean subject to reinstatement as provided in Section 4.14, the latest to occur of the date upon which (i) the Obligations to LLCP with respect to the April 1999 Note shall cease to be outstanding or the Guaranty with respect to the April 1999 Note has earlier terminated as specified in Section 4.11, (ii) the Stanwich Investment Obligation has been fulfilled in full, or (iii) the Guaranteed Covenants have been satisfied by the applicable Guarantor.

"Junior Subordinated Indebtedness" shall mean Indebtedness that is not Senior Indebtedness, or Senior Subordinated Indebtedness as such Indebtedness may be refinanced, renewed, replaced, restructured or exchanged from time to time, including without limitation Indebtedness subordinated to the Guaranty Obligations pursuant to Section 4.9.

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

"Material Assets" shall mean, with respect to any Person, assets, if securities, promissory notes or Instruments, having a value of $5,000 or more, if personal property, having a value of $100,000 or more, or if real property, having a value of $25,000 or more, prior to any Liens or discounts for minority interests, and includes the Pledged Collateral, Second Lien Assets and Structured Settlement Assets.

"Net Available Cash" shall mean:

(a) with respect to any Asset Sale of Pledged Collateral or Other Material Assets, all cash payments received from such Asset Sale (including cash payments

received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption of Indebtedness relating to the property that is the subject of such Asset Sale or received in any other non-cash form), in each case net of reasonable, bona-fide legal, title and recording Tax expenses, commissions and other reasonable, bona-fide fees and expenses incurred as a consequence of such Asset Sale;

(b) with respect to any Asset Sale of Second Lien Assets, all cash payments received from such Asset Sale (including cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption of Indebtedness relating to the property that is the subject of such Asset Sale or received in any other non-cash form), in each case net of (i) reasonable, bona-fide legal, title and recording Tax expenses, commissions and other reasonable, bona-fide fees and expenses incurred as a consequence of such Asset Sale, and (ii) all payments made on any Indebtedness which is secured by any property subject to such Asset Sale, in accordance with the terms of any Lien upon such property (other than Liens created pursuant to this Agreement or the Pledge Agreement), or which must by its terms or in order to obtain a necessary Consent to such Asset Sale, or under Applicable Laws, be repaid out of the proceeds from such Asset Sale;

(c) with respect to any Asset Sale of Structured Settlement Assets, all cash payments received from such Asset Sale (including cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption of Indebtedness relating to the property that is the subject of such Asset Sale or received in any other non-cash form), in each case net of (i) reasonable, bona-fide legal, title and recording Tax expenses, commissions and other reasonable, bona-fide fees and expenses incurred as a consequence of such Asset Sale, and (ii) cash applied by Stanwich to meet obligations to make cash payments under the Stanwich Structured Settlement Agreements arising on or before August 31, 1999;

(d) with respect to principal, interest, dividends or other cash distributions received due to ownership of Pledged, Collateral or Other Material Assets (including as a result of a prepayment or refinancing), the cash portion of such distribution, net of reasonable, bona-fide expenses incurred as a result of such distribution; provided, however, that regularly scheduled payments of interest and dividends shall only be treated as Net Available Cash if a Foreclosure Event of Default has occurred and is continuing;

(e) with respect to principal, interest, dividends or other cash distributions received due to ownership of Second Lien Assets, or a refinancing of a Guarantor's or Guarantor's Affiliate's Indebtedness secured by Second Lien Assets, the cash portion of

such distribution, net of (i) reasonable, bona-fide expenses incurred as a result of such distribution, and (ii) any payment made on any Indebtedness which is secured by such Second Lien Assets, in accordance with the Permitted Lien upon such property; and

(f) with respect to principal, interest, dividends or other cash distributions received due to ownership of Structured Settlement Assets (including as a result of a prepayment or refinancing), the cash portion of such distribution, net of (i) reasonable, bona-fide expenses incurred as a result of such distribution, and (ii) cash applied by Stanwich to meet obligations to make cash payments under the Stanwich Structured Settlement Agreements arising on or before August 31, 1999.

"New Stanwich Subordination Agreement" shall mean that certain Amendment to Stanwich Subordination Agreement dated as of the date hereof in the form attached hereto as Exhibit B.

"Obligations to LLCP" shall mean:

(a) Any and all obligations of the Company under the April 1999 Note, including without limitation obligations to pay principal, premium, or interest, and including obligations arising out of the acceleration of principal or other amounts due under the April 1999 Note as a result of any breach thereunder or under the April 1999 SPA of whatever nature, character or description (including, without limitation, and whether presently existing or arising hereafter, together with interest, premiums and fees accruing thereon and costs and expenses (including, without limitation, attorneys' fees) of collection thereof (including, without limitation, interest, fees, costs and expenses accruing after the filing of a petition by or against the Company or any of its Subsidiaries under the Bankruptcy Laws or any similar federal or state statute), and any and all amendments, renewals, extensions, exchanges, restatements, refinancings or refundings thereof (excluding any of the Company's obligations to LLCP under the April 1999 Warrant);

(b) The Stanwich Investment Obligation;

(c) The Guaranteed Covenants, limited in the manner as described in Section 3.9(c);

(d) The other obligations of the Guarantors under this Agreement, including without limitation indemnification of LLCP pursuant to Section 9;

"Other Material Assets" shall mean any Material Asset owned by a Guarantor (whether directly or indirectly), except Material Assets constituting Pledged Collateral, Second Lien Assets, or Structured Settlement Assets, and includes, without limitation, the Assets listed on Exhibit A-4.

"Permitted Lien" shall mean a Lien on an Asset of a Guarantor in existence on the date hereof and disclosed to LLCP in Exhibit A hereto, provided, that LLCP shall have been delivered true, correct and complete copies of the definitive documentation creating or evidencing such Permitted Lien.

"Pledge" shall mean the security interests granted to LLCP by the Guarantors in the Pledged Collateral, all as more fully provided in the Pledge Agreements.

"Pledge Agreements" shall mean collectively, the Pledge and Security Agreements dated as of the date hereof by and among each Guarantor, as pledgor, and LLCP, as pledgee, substantially in the form of Exhibit D.

"Pledged Collateral" shall mean the Pledged Debt and the Pledged Stock listed and described on Exhibit A-1 hereto.

"Pledged Debt" shall have the same meaning as given it in the Pledge and Security Agreements.

"Pledged Stock" shall have the same meaning as given it in the Pledge and Security Agreements.

"Real Property Lien" shall have the meaning specified in Section 4.5.

"Release Date" shall mean the earlier to occur (a) the Guaranty Termination Date, or (b), the date that LLCP and its successors and assigns hereunder have been indefeasibly paid in full all amounts owing under the Amended November 1998 Note and the April 1999 Note, and exercised, sold or permitted to expire the Amended November 1998 Warrant and the April 1999 Warrant, and have sold or otherwise disposed of all of their shares of Common Stock acquired pursuant to exercise of the Warrant (an "Investment Termination").

"Second Lien Assets" shall have the meaning specified in Section 3.2, and are the Assets described on Exhibit A-2.

"Shares" shall mean shares of Common Stock owned by a Guarantor, whether of record or beneficially, and any "new shares" (as defined in Section 5).

"Stanwich Commitment Notes" shall have the meaning specified in Section 3.1(a).

"Stanwich Commitment Securities" shall mean the Stanwich Commitment Notes and the Stanwich Commitment Warrants.

"Stanwich Commitment Warrant" shall have the meaning specified in Section 3.1.

"Stanwich Investment Obligation" shall mean the agreement of the Guarantors to purchase Stanwich Commitment Notes and Stanwich Commitment Warrants as set forth in Section 3.1.

"Stanwich Purchase Option" shall mean a Securities Option Agreement dated as of November 17, 1998, among the Company, LLCP and Stanwich.

"Stanwich Structured Settlement Agreements" shall mean agreements of Stanwich existing on the date hereof to make structured settlement payments to certain parties in the amounts and on the dates through December 31, 2001 shown on Exhibit C.

"Structured Settlement Assets" shall mean the Material Assets described on Exhibit A-3.

2. REPRESENTATIONS AND WARRANTIES OF STANWICH, CEB AND BRADLEY. The Guarantors hereby represent and warrant jointly and severally to LLCP and the Company that the following statements are true and complete as of the date hereof.

2.1 Organization and Good Standing. Stanwich is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and has all requisite power and authority to own or lease and operate its properties, to carry on its business as now being conducted and as proposed to be conducted, to enter into this Agreement, the Pledge Agreements, and the other Agreements required to be entered into by the Guarantors under Section 8 ("Other Agreement"), and to consummate the transactions contemplated hereby and thereby.

2.2 Qualification. Stanwich is duly qualified or licensed and in good standing as a foreign corporation or other entity duly authorized to do business in each jurisdiction in which the character of the properties owned or the nature of the activities conducted makes such qualification or licensing necessary, except where the failure to be so qualified or licensed could not have a material adverse effect.

2.3 Authorization. The execution, delivery and performance of this Agreement, the Pledge Agreements, and the Other Agreements, including, without limitation, the entry into the Continuing Guaranty and the fulfillment of the Stanwich Investment Obligation, and the consummation of the other transactions contemplated hereby and thereby have been duly authorized by all necessary corporate or other action on the part of Stanwich. No other corporate or other action on any of their parts is required to fulfill the Stanwich Investment Obligation.

2.4 Due Execution and Delivery; Binding Obligations. This Agreement, the Pledge Agreement and the Other Agreements have been duly executed and delivered by each Guarantor. This Agreement, the Pledge Agreements, and the Other Agreements are legal, valid and binding obligation of the Guarantors, enforceable against them in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability and except as rights of indemnity or contribution may be limited by federal or state securities or other laws or the public policy underlying such laws.

2.5 No Violation. The execution, delivery and performance by the Guarantors of this Agreement and the Pledge Agreements and the other Agreements, and the consummation of the transactions contemplated hereby do not and will not violate (i) with respect to Stanwich, the charter, bylaws or governing agreement of any corporate or partnership or other entity, as amended through the date hereof; (ii) any Applicable Laws; (iii) any term of any lease, credit agreement, indenture, note, mortgage, instrument or other material agreement to which a Guarantor is a party or by which any of its or their properties or assets are bound, or (iv) without limiting clause (iii), any agreement regarding other Indebtedness of a Guarantor or pursuant to which Material Assets of a Guarantor are subject to a Lien.

2.6 Governmental and Other Third Party Consents. Except for the Consents which have already been duly obtained or made, no Guarantor or any of their Affiliates (other than the Company) is required to obtain any Consent, or required to make any declaration or filing with, (i) any Governmental Authority or (ii) any third party in connection with the execution and delivery of this Agreement or the Pledge Agreement (including, without limitation, the Continuing Guaranty or the documents pursuant to which the Stanwich Investment Obligation will be fulfilled), or for the purpose of maintaining in full force and effect any Licenses and Permits (except where the failure to maintain any License and Permit could not have a Material Adverse Effect). Schedule 2.6 sets forth a true and correct list of all Consents which have been obtained or made, each of which is in full force and effect. The time within which any administrative or judicial appeal, reconsideration, rehearing or other review of any such Consent may be taken or instituted has lapsed, and no such appeal, reconsideration or rehearing or other review has been taken or instituted.

2.7 Title to Assets. Except as described on Exhibit A, the Guarantors are the owner, of record, or, as indicated thereon, beneficially, of the Pledged Collateral, Second Lien Assets, Structured Settlement Assets and Other Material Assets, free and clear of any Liens except as may be created by the Pledge Agreements. Exhibit A is a true, accurate and complete list of Pledged Collateral, Second Lien Assets, Structured Settlement Assets and Other Material Assets. All agreements affecting such securities as described in clause (iv) of Section 2.8 are described on Exhibit A. Except as indicated on Exhibit A, no Guarantor has any right, option, or other agreement whereby it will acquire an Other Material Asset.

2.8 Company Securities. Except as contemplated by this Agreement and as disclosed in Schedule 2.8, no Guarantor owns of record or beneficially any Capital Stock of the Company, Convertible Securities or Option Rights. There does not exist, with respect to Capital Stock, Convertible Securities or Option Rights owned by any Guarantor: (i) voting trusts, proxies, or other agreements or undertakings with respect to the voting of the Capital Stock of the Company (whether now owned or hereafter acquired); (ii) obligations on the part of the Company to purchase or redeem any outstanding shares of its Capital Stock, any Convertible Securities or any Option Rights; (iii) Liens effecting its Capital Stock, Convertible Securities or Option Rights, or (iv) agreements granting any Person any rights of first offer or first refusal, registration rights or "drag-along," "tag-along" or similar rights with respect to any transfer of any Capital Stock of the Company, any Convertible Securities or any Option Rights, except as any of the foregoing are disclosed on Schedule 2.8. No shares of Capital Stock of the Company will become issuable to any Guarantor pursuant to any "anti-dilution" provisions of any issued and outstanding securities of the Company on account of the issuance of the securities, the exercise of the Amended November 1998 Warrant or the April 1999 Warrant or the application of the "anti-dilution" provisions contained in the Amended November 1998 Warrant or the April 1999 Warrant.

2.9 Transactions with Affiliates. After the consummation of the transactions contemplated hereby, no Guarantor nor an Affiliate of a Guarantor will be engaged in any transaction or have any relationship with the Company or any of its Subsidiaries (other than the payment of compensation to CEB and Bradley and the ownership of securities or notes issued by the Company for fair market value at the time of issuance).

2.10 Solvency.

(a) No Guarantor is contemplating the filing of a petition under the Bankruptcy Law or the liquidation of all or any major portion of its assets or properties, and no Guarantor is aware of any Person contemplating the filing of any petition against it under the Bankruptcy Law.

(b) After giving effect to the transactions contemplated in this Agreement and the Pledge Agreement, each Guarantor has a positive net worth and is Solvent. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement and the Pledge Agreement with the intent to hinder, delay or defraud either present or future creditors of the Company or any of its Subsidiaries, or of any Guarantor.

2.11 Stanwich Purchase Option. The Company, CEB, and Stanwich acknowledge and agree that the Stanwich Purchase Option is no longer exercisable by its terms.

2.12 Disclosure. After due inquiry of the directors, executive officers and employees of any Guarantor having knowledge of the matters represented, warranted or stated herein, no representation, warranty or other statement made by or on behalf of a Guarantor or

its or their respective representatives and agents to LLCP, whether written or oral, whether included in any materials provided to LLCP prior to the date hereof or included in this Agreement, the Pledge Agreements or in any Exhibit or Schedule or in any other document or instrument delivered at any time prior to or at the Closing, is, or will be, untrue with respect to any material fact or omits, or will omit, to state a material fact necessary in order to make the statement made herein or therein, in light of the circumstances in which such statement was made, not misleading.

3. COVENANTS OF STANWICH, CEB AND BRADLEY.

3.1 Investment Commitment. Without the Company or LLCP waiving any rights or remedies they may have under Section 8.24 of the Amended November 1998 Securities Purchase Agreement, Stanwich hereby unconditionally and irrevocably commits to the Company and LLCP to purchase securities from the Company (the "Stanwich Investment Obligation") as follows:

(a) Stanwich agrees to purchase and the Company agrees to sell $7,500,000 in junior subordinated debt securities of the Company having the terms described below ("Stanwich Commitment Notes") on or before July 31, 1999, and $7,500,000 in Stanwich Commitment Notes on or before August 31, 1999, for an aggregate commitment of $15,000,000. The Guarantors covenant and agree to guarantee jointly and severally, pursuant to Section 4 below, that the investments are made in said amounts on or before the specified dates.

(b) The terms of the Stanwich Commitment Notes shall be no more favorable to Stanwich than the terms of the April 1999 Note are to LLCP. The Stanwich Commitment Notes shall have the following terms:

(1) Principal payments will be due no earlier than June 1, 2004, unless accelerated pursuant to the terms of said Notes and as permitted under the subordination provisions set forth in the clauses below;

(2) the Stanwich Commitment Notes will be junior to all Obligations to LLCP and subject to identical subordination terms as are set forth in the New Stanwich Subordination Agreement, with such terms being set forth in the text of said Stanwich Commitment Notes at the time of issuance;

(3) The Company shall issue to Stanwich warrants to purchase no more than 2,070,000 shares of Common Stock ("Stanwich Commitment Warrant") only upon the fulfillment in full, at or prior to the times specified subsection (a) above, of the Stanwich Investment Obligation, and provided that the issuance of the April 1999 Warrant to LLCP shall have been approved by the shareholders of the Company. The terms of the Stanwich Commitment Warrant shall be no more favorable to Stanwich than the terms of the

April 1999 Warrant are to LLCP, and shall have registration rights with respect to the shares of Common Stock issuable upon exercise thereof that are substantially identical to those in favor of the shares of Common Stock issuable upon conversion of the Stanwich Replacement Note under the Consolidated Registration Rights Agreement dated as of November 17, 1998 among the Company, Stanwich and John G. Poole, and it shall be in form and substance acceptable to LLCP prior to issuance; and

(4) In no event shall any fees, costs and expenses payable by the Company in connection with the issuance of Stanwich Commitment Securities cause the net proceeds of the issuance of the Stanwich Commitment Notes to be less than 97% of the face amount of the Stanwich Commitment Note. Stanwich and the Guarantors hereby agree to pay all of their own fees and expenses incurred in connection with the purchase of Stanwich Commitment Securities, and to reimburse the Company for all legal, accounting or similar fees and expenses the Company may incur with respect to the issuance of Stanwich Commitment Securities that would cause the net proceeds of the issuance to be less than 97% of the face amount of such note.

Any Stanwich Commitment Note, Stanwich Commitment Warrant and any purchase agreement to be executed by the Company in connection therewith shall be in form and substance acceptable to LLCP prior to any issuance.

(c) The Stanwich Commitment Notes shall be issued in face amounts of no less than $100,000 per Note at such times as Net Available Cash becomes available, as required by Section 3.5. The Guarantors agree to hold in trust for the benefit of the Company and LLCP any Net Available Cash aggregating from time to time less than $100,000 that has not yet been applied to fulfill the Stanwich Investment Obligation.

(d) This Section 3.1 represents the same commitment as is set forth in Section 8.25 of the Amended November 1998 Securities Purchase Agreement. As set forth in Section 8.25(b) thereof, the commitments under Sections 8.24 and 8.25 of the Amended November 1998 Securities Purchase Agreement are not intended to be aggregated in dollar amount and the fulfillment of one section shall have the effect of satisfying the obligation under the other, to the extent the terms are consistent (e.g., any note must be subordinated under the terms of the New Stanwich Subordination Agreement).

3.2 Pledge Agreements.

(a) Each Guarantor shall enter into a Pledge Agreement in the form attached hereto as Exhibit D. The Pledge shall secure the payment and performance of the Obligations to LLCP guaranteed by the Guarantors, and shall, as more fully set forth in Section 4.1, represent LLCP's sole recourse in the event of a breach hereof after the April 1999 Note has been repaid, or an offer of prepayment has been made under Section 4.11.

(b) The Assets to be pledged are the Pledged Collateral, consisting of the Pledged Stock and Pledged Notes listed on Exhibit A-1. Additionally, at such time a Permitted Lien is removed, the Material Assets listed on Exhibit A-2 already subject to such Permitted Lien ("Second Lien Assets") shall be pledged to LLCP pursuant to a Pledge Agreement and shall then constitute Pledged Collateral with no further action on the part of any party.

3.3 Removal of Prior Liens. Each Guarantor hereby covenants and agrees that at such time any Permitted Lien on a Second Lien Asset is removed, such Guarantor will grant LLCP, under the terms of the Pledge Agreement, a first priority security interest in such Second Lien Assets and cause such first priority security interest to be perfected by transfer of the certificate or Instrument to custody of LLCP and by taking any other actions or making any other deliveries that LLCP may require. No Guarantor shall take, or refrain from taking, any action that would prevent or inhibit the perfection of a first priority security interest in favor of LLCP at such time as that may be required by the Pledge Agreement. The Guarantors shall use their best efforts to obtain a Notice and Acknowledgment Agreement, or other form of consent, from a Permitted Lien holder whereby LLCP's second priority Lien shall be suffered to exist, and shall instruct the Permitted Lien holders in writing, in the form attached hereto as Exhibit F, and use best efforts to obtain the written acknowledgment of such Permitted Lien holders, to pay, subject to Section 4.1(a)(ii) in the case of CEB, any proceeds of the sale or refinancing of the Second Lien Asset to an account designated by LLCP, with such funds to be held on behalf of the Guarantor as Net Available Cash until invested pursuant to Section 3.1. If at any time LLCP receives any Net Available Cash in respect of any Asset of Guarantor in an amount in excess of such Guarantor's liability in respect of the Obligations to LLCP at such time, LLCP shall hold such excess in trust and promptly pay the same over to such Guarantor.

3.4 Stanwich Structured Settlement Agreements. Prior to satisfaction of the Stanwich Investment Obligation, the Stanwich Structural Settlement Agreements shall not be amended or modified, nor shall the duty of Stanwich to make payments accelerated thereunder.

3.5 Sale or Refinance of Assets.

(a) If any Net Available Cash is received in respect of any Asset of a Guarantor (including interest, dividends or other distributions on a Material Asset if a Foreclosure Event of Default shall have occurred and be continuing), subject to Section 4.1(a)(ii) in the case of CEB, the Net Available Cash shall be applied to fulfill the Stanwich Investment Obligation by purchasing Stanwich Commitment Note, subject to Section 3.1(c), in a principal amount equal to the Net Available Cash. LLCP shall be given at least five (5) Business Days prior notice of any Asset Sale or refinancing of Indebtedness secured by Other Material Assets or Structured Settlement Assets (except for marketable securities, for which notice shall be as much time as practicable) and shall have the right to review the documentation relating to any proposed Asset Sale or refinancing, prior to the date of such sale or refinancing, to ensure that the Net Available Cash will be used to satisfy the Stanwich

Investment Obligation. Each Guarantor shall use its best efforts to obtain an agreement from each Permitted Lien holder to allow LLCP the rights of notice and review, and to application of the proceeds, as provided by this section upon the sale of or refinancing of Indebtedness secured by Second Lien Assets.

(b) No Guarantor shall sell, assign, pledge, encumber, hypothecate or otherwise transfer (by gift or otherwise) any Material Asset for less than its fair market value, or not otherwise in compliance with this Agreement or the Pledge Agreements, until the Release Date, unless LLCP has given its prior written consent, subject to any existing pledge agreements under which a Guarantor is obligated as of the date hereof. No Guarantor will amend, modify, extend, restate, substitute, renew or refinance any agreement that creates a Lien on the Second Lien Assets.

3.6 Reporting. After the date hereof, until the Release Date, each Guarantor shall, on a monthly basis, provide to LLCP by the 10th day of each month a report which updates Exhibit A. The report shall indicate (a) the purchase or sale of any Material Assets by a Guarantor since the date of the last report, (b) any change since the date of the last report in the terms and conditions of any agreements governing such Guarantor's rights, title or interest in and to such Material Assets, and (c) provide all financial statements (income statements, balance sheet, and cash flow if available) for the Guarantor and each business that is the issuer of a Material Asset shown on Schedule 3.6 prepared in the ordinary course of business. The financial statement of a Guarantor shall detail, to the extent possible, the value of each Material Asset shown thereon. This covenant shall be incorporated by reference into the Pledge Agreement and the failure to comply shall be a default thereunder.

3.7 Covenant Regarding Compensation. As of the Closing Date, CEB shall not, and shall cause Stanwich and Stanwich Partners, Inc. to agree not to take, receive, or accrue any compensation (whether paid or accrued as salary, consulting fees, commission, bonus or in any other manner) from the Company or NAB Asset Corporation, provided, however, that CEB may receive salary from the Company so long as he is serving as Chairman of the Board of the Company, in an amount not to exceed $125,000 per annum, and, after (i) the NAB Loans have been repaid in full, (ii) the Stanwich Investment Obligation has been fulfilled, and (iii) the NAB notes pledged as collateral have been repaid, may receive salary as Chairman of the Board of NAB. The Stanwich Consulting Agreement is hereby terminated. Each of the Guarantors further agrees to, and to cause any Affiliate of any Guarantor to terminate, on or prior to date of this agreement, any other agreement, contract or arrangement pursuant to which such Affiliate is entitled to receive money from the Company, and shall deliver evidence of termination of all such arrangements, agreements or contracts to LLCP prior to the effective date of this Agreement. This covenant shall be a continuing covenant, and shall not expire upon fulfillment of the Stanwich Investment Obligation, or termination of the Continuing Guaranty or Pledge Agreement.

3.8 CARSUSA Flooring Line. CEB shall use his best efforts to refinance the CARSUSA Flooring Line.

3.9 Guaranteed Covenants. The Guarantors shall fulfill, or, as applicable, cause the Company to fulfill, the following covenants (collectively, the "Guaranteed Covenants"):

(a) Covenants Related to CEB and Stanwich. CEB, and Stanwich covenant and agree to cause each of the following events to occur in the manner specified in the Amended November 1998 Securities Purchase Agreement:

(1) the Stanwich Investment Obligation shall be satisfied in full in accordance with Section 3.1,

(2) the Company shall have caused the NAB Loans to be repaid,

(3) at a meeting duly called and held of the Company's shareholders, a majority of the shares present at the meeting shall have voted in favor of the issuance or ratification of the April 1999 Warrant, or duly executed written consent of a majority of shares shall have been approved, the issuance or ratified the issuance of the April 1999 Warrant.

(4) the Company shall have engaged an investment bank acceptable to LLCP to sell the Company, in accordance with Section 8.26 of the Amended November Securities Purchase Agreement,

(5) CEB will have advocated for, at any meeting of directors of Reunion Industries, Inc. the purchase of CPS Leasing, Inc. by Reunion Industries, Inc. with the purchase price resulting in cash to the Company at least equal to the equity value of the leases held by CPS Leasing, Inc., and

(6) in his capacity as a director of the Company, CEB shall have voted in favor of terminating salary payments to John G. Poole within ten (10) Business Days of the Closing Date.

(b) Covenants to be Performed by Bradley. Bradley covenants and agrees to do, or cause the Company to do, the following:

(1) the CARSUSA Flooring Line shall have been refinanced by CARSUSA either (a) entering into an agreement with an unaffiliated third party lender, pursuant to which all obligations to the Company will be indefeasibly paid in full with no remaining obligations to make loans or provide guarantees on the part of the Company or any of its Affiliates, and such that the Company will no longer record the CARSUSA Flooring Line on its balance sheet, or (b) refinancing the flooring line in a transaction with an Affiliate of the Company, in which event the terms and conditions of such transaction must be on terms and conditions acceptable to the Purchaser.

(2) the Company shall have procured a key-man life insurance policy on the life of Charles E. Bradley, Jr. in an amount equal to $10,000,000 (provided such life insurance is not denied for health reasons, in which case the obligation shall be deemed to have been satisfied) in accordance with Section 8.8 of the Amended November Securities Purchase Agreement, and

(3) at a meeting duly called and held of the Company's shareholders, a majority of the shares present at the meeting shall have voted in favor of the issuance or ratification of the April 1999 Warrant, or duly executed written consent of a majority of shares shall have been approved, the issuance or ratified the issuance of the April 1999 Warrant.

(c) Limitation on Remedies of LLCP. LLCP acknowledges that the Guaranteed Covenants are not monetary obligations of the Guarantors, and if the Guaranteed Covenants are breached prior to fulfillment of the Stanwich Investment Obligation in full, LLCP's remedy shall be the right to exercise its rights of foreclosure under the Pledge Agreement of the breaching party, and apply the proceeds of any foreclosure sale that generates Net Available Cash to fulfillment of the Stanwich Investment Obligation. The net proceeds of the investment shall be offered by the Company to prepay the April 1999 Note, unless the Guaranty with respect thereto has been terminated under Section 4.11. Once the Stanwich Investment Obligation has been satisfied in full, LLCP shall no longer have any foreclosure rights, but the restrictions created by this Agreement and the Pledge Agreements shall continue through the Release Date if the Guaranteed Covenants have not been satisfied.

4. GUARANTY.

4.1 Guaranty of the Obligations.

(a) Guaranty.

(i) Each Guarantor hereby unconditionally, irrevocably, and jointly and severally (except with respect to the Guaranteed Covenants) guarantees to LLCP and its successors, endorsees, transferees, and assigns, the prompt payment (whether at stated maturity, by acceleration or otherwise) and performance of the Obligations to LLCP, whether now or hereafter existing, and whether for principal, interest, fees, expenses, or otherwise, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent or now or hereafter existing or due or to become due (including in all cases all such amounts which would become due but for the operation of the provisions of any Bankruptcy Law).

(ii) Notwithstanding Clause (i) of this subsection, CEB's Guaranty Obligations shall not exceed $1,000,000, provided, that CEB shall use his best efforts to cause to be removed or waived any contractual restrictions preventing him from providing a guaranty of $5,000,000 in Guaranty Obligations, and upon the amendment, modification or waiver of such restrictions, this provision shall be deemed to be automatically amended

consistent therewith. CEB shall report to LLCP his progress and steps taken to obtain removal of the restrictions at least weekly for the four weeks after the date hereof.

(b) This Guaranty constitutes a guaranty of payment and performance when due and not of collection, and each Guarantor specifically agrees that it shall not be necessary or required that LLCP or any of its successors, endorsees, transferees, or assigns assert any claim or demand or enforce any remedy whatsoever against the Company or any other Person before, or as a condition to, the obligations of such Guarantor under this Guaranty.

(c) Secured Guaranty, Non-Recourse in Part. The Guaranty is secured by the pledge of Pledged Collateral under the Pledge Agreements. To the extent the April 1999 Note has not been repaid, or the Guaranty with respect thereto has not been terminated as provided in Section 4.11, in the event of a Foreclosure Event of Default, LLCP may seek fulfillment of the Guaranty Obligations directly from the Guarantors, or may elect to exercise the remedies afforded it under the Pledge Agreements. If principal, interest, and premium, if any, on the April 1999 Note has been repaid in full (including any amounts due with respect thereto under the April 1999 SPA), or the Guaranty with respect thereto has terminated under Section 4.11, then, notwithstanding that the Guaranty continues with respect to the Obligations to LLCP arising specifically from this Agreement or the Pledge Agreement, then LLCP hereby waives recourse against or demand upon any and all assets of the Guarantor except the Pledged Collateral, notwithstanding its rights to make immediate demand for payment under this Guaranty at the time of a Foreclosure Event of Default.

(d) Guaranteed Covenants. This Guaranty is not joint and several as to the Guaranteed Covenants, except that CEB and Stanwich (but not Bradley) are jointly and severally liable for performance of the Guaranteed Covenants set forth in Section 3.9(a). Bradley, and not CEB or Stanwich, is liable for performance of the covenants in Section 3.9(b). LLCP shall take no action under the Pledge Agreements in a manner that is inconsistent with this subsection or subsection (c) of Section 3.9.

4.2 Absolute Guaranty. The Guaranty Obligations shall remain in full force and effect without regard to, and shall not be impaired or affected by, or be deemed to be satisfied by, nor shall any Guarantor or any Pledged Collateral be exonerated, discharged, or released by, any of the following events:

(a) LLCP's exercise or enforcement of, or failure or delay in exercising or enforcing, legal proceedings to collect the Obligations to LLCP or the Guaranty Obligations or any power, right, or remedy with respect to any of the Obligations to LLCP, the Guaranty Obligations or the Pledged Collateral, including: (i) any action or inaction of LLCP to perfect, protect, or enforce any Lien upon any Pledged Collateral; (ii) any impairment or invalidity of the Pledged Collateral or any suspension of LLCP's right to enforce against the Company, any Guarantor or any other guarantor of the Obligations to LLCP, any Obligations to LLCP, any Guaranty Obligations, or any Lien upon the Pledged Collateral; or (iii) any change in the time, manner, or place of payment of, or in any other term of, any or all of the Obligations to

LLCP, or any other amendment to, or waiver of, the April 1999 SPA, the April 1999 Note, this Agreement, the Pledge Agreements, or any other agreement or instrument governing or evidencing any of the Obligations to LLCP or the Guaranty Obligations;

(b) any insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, assignment for the benefit of creditors, appointment of a receiver or trustee for all or any part of the Company's or any Guarantor's assets or of the assets of any other guarantor of the Obligations to LLCP, liquidation, winding-up, or dissolution of the Company, any Guarantor, or any other guarantor of the Obligations;

(c) any limitation, discharge, cessation, or partial satisfaction of the Obligations to LLCP, the Guaranty Obligations, or the obligations of any other guarantor of the Obligations to LLCP, whether by operation of any statute, regulation, or rule of law, or otherwise (but other than full satisfaction), regardless of the intervention or omission of LLCP, or any invalidity, voidability, unenforceability, or irregularity, or future change to or amendment of, in whole or in part, the April 1999 SPA, the April 1999 Note, this Agreement, the Pledge Agreements, or any other document evidencing any Obligations to LLCP or Guaranty Obligations;

(d) any merger, acquisition, consolidation or change in structure of the Company, any Guarantor, or any other guarantor of the Obligations to LLCP; or any sale, lease, transfer, or other disposition of any or all the assets or shares of the Company, any Guarantor, or any other guarantor of the Obligations to LLCP;

(e) any assignment or other transfer, in whole or in part, of LLCP's interest in and rights under the April 1999 SPA, April 1999 Note, this Agreement or the Pledge Agreements, including this Guaranty, or of LLCP's interest in the Obligations to LLCP, the Guaranty Obligations, or the Pledged Collateral;

(f) any claim, defense, counterclaim, or setoff, other than (i) any defense of prior performance or (ii) any defense based on any applicable provision of the Code requiring that the Pledged Collateral be disposed of in a commercially reasonable manner, which claim, defense counterclaim or setoff the Company, any Guarantor, or any other guarantor of the Obligations may have or assert, including any defense of incapacity, disability, or lack of corporate or other authority to execute any documents relating to the Obligations to LLCP, the Guaranty Obligations, the Pledged Collateral, or any other guaranty of the Obligations to LLCP;

(g) any cancellation, renunciation, or surrender of any pledge, guaranty, or any debt instrument evidencing the Obligations to LLCP or the Guaranty Obligations;

(h) LLCP's vote, claim, distribution, election, acceptance, action, or inaction in any bankruptcy or reorganization related to the Obligations to LLCP, the Guaranty Obligations, or the Collateral;

(i) any other action or circumstance that might otherwise constitute a defense available to, or a legal or equitable discharge of, any surety, guarantor or pledgor; or

(j) the fact that any of the Obligations to LLCP or the Guaranty Obligations may become due or payable in connection with, or by reason of, any agreement or transaction that may be illegal, invalid, or unenforceable in whole or in part, it being agreed by each Guarantor that the Guaranty Obligations shall not be discharged until the Guaranty Termination Date (and then after the Guaranty Termination Date, the Guaranty Obligations shall be subject to reinstatement under Section 4.14).

4.3 Demand by LLCP. In addition to the terms set forth in Sections 4.1 and 4.2, and in no manner imposing any limitation on such terms, but subject to the limitations referenced in Section 4.17, it is expressly understood and agreed that, if any of the Obligations to LLCP become immediately due and payable, then each Guarantor shall, upon demand in writing therefor by LLCP to such Guarantor, immediately pay the Guaranty Obligations to LLCP, or, as directed by LLCP, to the Company as provided under Section 3.1. Payment by Guarantors shall be made (i) if the April 1999 Note has not been paid in full, and if prepayment of the April 1999 Note has not been theretofore declined in accordance with Section 4.11 hereof, to LLCP if LLCP so directs to be credited and applied to the Obligations to LLCP in accordance with Section 4.16 in immediately available funds in lawful money of the United States of America to an account designated by LLCP at 335 North Maple Drive, Suite 240, Beverly Hills, California 90210 or at any other address that may be specified in writing from time to time by LLCP or to the Company under Section 3.1 if so directed by LLCP, or (ii) in all other instances to the Company, to be credited and applied to the Obligations to LLCP, in immediately available funds of the United States of America to an account designated by the Company at Bank of America, ABA No. 121-000-458, Account No. 1458425131 or at such other address as may be specified in writing from time to time by the Company, the proceeds of such payment to be immediately applied to the Stanwich Investment Obligation (the proceeds of which shall be offered to prepay the April 1999 Note if required), and the Company shall reimburse LLCP for any costs related thereto. This Section 4.3 shall in no way affect LLCP's right to resort to the Pledged Collateral without demand, as provided in Section 4.15, subject to the limitations referenced in Section 4.17. Any payment received by LLCP or the Company with respect to the Obligations to LLCP shall reduce the Guaranty Obligations by the amount of such payment so long as the Company offers to prepay the April 1999 Note in accordance with its terms.

4.4 Guarantor Waivers. In addition to any other waivers contained herein, each Guarantor waives and agrees as follows:

(a) The Guaranty Obligations are the immediate, direct, primary, and absolute liabilities of such Guarantor, and are independent of, the Obligations to LLCP or the obligations of any other guarantor thereof. Except to the extent this Guaranty becomes non-recourse by its terms, such Guarantor expressly alone waives any right he or it as the case may be may now or in the future have to require LLCP to, and LLCP shall not have any obligation

to, first pursue or enforce against the Company, any properties or assets of the Company, the Pledged Collateral, or any other security, guaranty, or pledge that may now or hereafter be held by LLCP for the Obligations to LLCP or for the Guaranty Obligations, or to apply such security, guaranty, or pledge to the Obligations to LLCP or to the Guaranty Obligations, or to pursue any other remedy in LLCP's power that such Guarantor may or may not be able to pursue alone and that may lessen such Guarantor's burden, before proceeding against the Pledged Collateral. Such Guarantor agrees that any notice or directive given at any time to LLCP that is inconsistent with the waiver in the immediately preceding sentence shall be null and void and may be ignored by LLCP, and, in addition, may not be pleaded or introduced as evidence in any litigation or other dispute resolution procedure relating to this Guaranty for the reason that such pleading or introduction would be at variance with the written terms of this Guaranty, unless LLCP has specifically agreed otherwise in writing. Such Guarantor shall remain liable for the Guaranty Obligations, notwithstanding any judgment LLCP may obtain against the Company, any Guarantor, any other guarantor of the Obligations to LLCP, or any other Person, or any modification, extension, or renewal with respect thereto.

(b) Such Guarantor has entered into this Guaranty based solely upon the Guarantor's independent knowledge of the Company's and each other Guarantor's financial condition and such Guarantor assumes full responsibility for obtaining any further information with respect to such Person or the conduct of its business. Such Guarantor represents that it is now, and during the term of this Guaranty will be, responsible for ascertaining the financial condition of the Company and each other Guarantor. Such Guarantor hereby waives any duty on the part of LLCP to disclose to such Guarantor, and agrees that it is not relying upon or expecting LLCP to disclose to it, any fact known or hereafter known by LLCP relating to the operation or condition of the Company or any other Guarantor or its business or relating to the existence, liability, or financial condition of any other guarantor of the Obligations to LLCP. Such Guarantor knowingly accepts the full range of risk encompassed in a contract of continuing guaranty, which risk includes the possibility that the Company may incur Obligations to LLCP after the Company's financial condition or its ability to pay its debts as they mature has deteriorated.

(c) LLCP shall be under no obligation to marshal any assets in favor of any Guarantor or in payment of any or all of the Obligations to LLCP or the Guaranty Obligations.

(d) Except as specifically provided in this Section 4.4 or as otherwise provided for in this Guaranty or applicable law, such Guarantor waives, to the fullest extent permitted by applicable law: (i) presentment, demand and protest, and notice of presentment, dishonor, intent to accelerate, acceleration, protest, default, nonpayment, maturity, release, compromise, settlement, extension of renewal of the April 1999 SPA, or the April 1999 Note, notes, commercial paper, accounts, contract rights, documents, instruments, chattel paper and guaranties at any time held by LLCP on which such Guarantor may in any way be liable, and hereby ratifies and confirms whatever LLCP may do in this regard; (ii) all rights to notice and a hearing prior to LLCP's taking possession or control of, or to LLCP's reply, attachment or levy upon, the Pledged Collateral or any bond or security which might be required by any

court prior to allowing LLCP to exercise any of its remedies; (iii) the benefit of all valuation, appraisal and exemption laws; (iv) notice of any extension, modification, renewal, or amendment of any term of the April 1999 SPA or the April 1999 Note relating to the Obligations to LLCP or the Guaranty Obligations; (v) notice of the occurrence of any default, or event of default with respect to the Obligations to LLCP, the Guaranty Obligations, the Pledged Collateral or otherwise; and (vi) notice of any exercise or non-exercise by LLCP of any right, power, or remedy with respect to the Obligations to LLCP, the Guaranty Obligations or the Pledged Collateral.

(e) Such Guarantor acknowledges that he has been advised by counsel of his choice with respect to this Agreement, the April 1999 SPA and the April 1999 Note and the transactions evidenced hereby and thereby.

(f) Such Guarantor agrees that, until the Guaranty Termination Date, it shall have no right of subrogation, reimbursement, indemnity, or contribution, and shall have no right of recourse with respect to the Pledged Collateral or any Lien held therefor, all of which such Guarantor expressly waives. Notwithstanding the foregoing, each Guarantor waives any right of subrogation it may have on a payment resulting in the issuance to it or to Stanwich of Stanwich Commitment Notes until the Guaranty Termination Date.

(g) If LLCP may, under applicable law, proceed to realize its benefits under this Agreement, the Pledge Agreements, the April 1999 SPA, the April 1999 Note, or any agreement giving LLCP a Lien upon any Pledged Collateral, whether owned by a Guarantor or by any other Person, either by judicial foreclosure or by nonjudicial sale or enforcement, then LLCP may, at its sole option, determine which of its remedies or rights it may pursue without affecting any of its rights and remedies under this Guaranty. In the event LLCP shall bid at any foreclosure or trustee's sale or at any public or private sale permitted by law, LLCP may bid all or less than the amount of the Obligations to LLCP or the Guaranty Obligations and the amount of such bid must be paid by LLCP in cash to be invested on behalf of Stanwich to fill all or a portion of the Stanwich Investment Obligations. The amount of the successful bid at any such sale, whether or not LLCP or any other party (including any Guarantor) is the successful bidder, shall be deemed to be prima facie evidence of the fair market value of the Pledged Collateral and the amount remaining after application of such bid amount to the Guaranty Obligations in the manner set forth in the Pledge Agreements shall be deemed to be prima facie evidence of the amount of the remaining Guaranty Obligations guaranteed under this Guaranty, notwithstanding that any present or future law or court decision or ruling may have the effect of reducing the amount of any deficiency claim to which LLCP might otherwise be entitled but for such bidding at any such sale.

(h) Such Guarantor agrees and represents that the Obligations to LLCP and Guaranty Obligations are and shall be incurred by the Company and such Guarantor for business and commercial purposes only. Such Guarantor agrees that any claim of LLCP against such Guarantor arising out of this Guaranty arises out of the conduct by such Guarantor of its trade, business, or profession. Such Guarantor undertakes all the risks

encompassed in this Agreement, the Pledge Agreements, the April 1999 SPA, and the April 1999 Note as they may be now or are hereafter agreed upon by the parties thereto. Such Guarantor agrees that prior to the Guaranty Termination Date (and for any period of reinstatement of this Guaranty after the Guaranty Termination Date pursuant to Section 4.14), LLCP, in such manner and upon such terms and at such time as it deems best, and with or without notice to any Guarantor, may release, add, subordinate or substitute security for the Obligations to LLCP or the Guaranty Obligations.

(i) Such Guarantor waives and agrees that it shall not at any time insist upon, plead, or in any manner whatever claim or take the benefit or advantage of any appraisal, valuation, stay, extension, or redemption laws, or exemption, whether now or at any time hereafter in force, which may delay, prevent, or otherwise affect the performance by such Guarantor of the Guaranty Obligations or the enforcement by LLCP of this Guaranty.

(j) A separate action or actions may be brought and prosecuted by LLCP against any Guarantor whether or not an action is brought against the Company or any other Guarantor, or whether or not the Company or any other Guarantor is joined in any such action or actions. Without limiting the generality of the foregoing, such Guarantor expressly waives the benefit of any statute of limitations affecting the Obligations to LLCP for the period ending three years following the expiration of the Statute and any extension thereof, and expressly agrees that during such period the running of a period of limitation on, or LLCP's delay or omission in, any action by LLCP against the Company or for the foreclosure or enforcement of any Lien upon the Collateral shall not exonerate or affect such Guarantor's liability to pay and perform the Guaranty Obligations.

4.5 Waivers Under Statutes. Each Guarantor expressly acknowledges that, subject to the limitations referenced in Section 4.17:

(a) If the Company defaults in the payment or performance of the Obligations to LLCP and such Guarantor pays to LLCP all or part of the Obligations to LLCP, such Guarantor would have a right to proceed against the Company to the extent of the Obligations so paid by such Guarantor and to have the benefit of any Lien held by LLCP for the Obligations to LLCP to the extent of the Obligations to LLCP so paid by such Guarantor. Such right is commonly known as the "right of subrogation."

(b) If the Company defaults in the payment or performance of the Obligations to LLCP, LLCP, among other things, may enforce any Lien upon any interest in real property ("Real Property Lien") by means of judicial action or by nonjudicial action commonly known as a "nonjudicial foreclosure," "trustee's sale" or "power of sale foreclosure."

(c) If the Company so defaults and LLCP enforces any Real Property Lien by means of a nonjudicial foreclosure, trustee's sale or power of sale foreclosure, such Guarantor's right of subrogation to proceed against the Company would be extinguished by the

operation of California Code of Civil Procedure ("CCP") Section 580d or any other comparable provisions of any other state, and, in such case, such Guarantor might have a defense against payment under this Guaranty.

(d) If the Company so defaults and LLCP enforces any Real Property Lien by means of judicial action, such Guarantor's right to proceed against the Company might be limited by the operation of CCP Section 580a or any other comparable provisions of any other state, in which case such Guarantor might have a complete or partial defense against payment under this Guaranty.

Nevertheless, such Guarantor expressly waives and relinquishes any and all rights, defenses or benefits such Guarantor might have under CCP Sections 580a or 580d or any other comparable provisions of any other state. In addition, such Guarantor also expressly waives and relinquishes any and all rights, defenses or benefits such Guarantor may have based upon an election of remedies by LLCP which in any manner impairs, affects, reduces, releases, destroys or extinguishes such Guarantor's subrogation rights or such Guarantor's rights to proceed against the Company or against any other Person or any security for the Guaranty Obligations to LLCP by way of subrogation, indemnity, contribution, reimbursement or otherwise. In particular, such Guarantor agrees that this Guaranty will remain fully effective and such Guarantor will be liable to LLCP for any Guaranty Obligations even if LLCP enforces any Real Property Lien that secures the Obligations to LLCP by means of a nonjudicial foreclosure, trustee's sale or power of sale foreclosure and the effect of such sale is to prevent such Guarantor from taking any action against the Company to recover any amounts paid by such Guarantor to LLCP under this Guaranty or otherwise limits or destroys such Guarantor's right of subrogation.

Such Guarantor also agrees that this Guaranty will remain fully effective and such Guarantor will be liable to LLCP for any Guaranty Obligations even if LLCP sells real property by judicial foreclosure action and such Guarantor's rights against the Company are limited by the operation of CCP Sections 580a or 580d or any other comparable provisions of any other state.

4.6 Waivers of Defenses. Such Guarantor waives any defense based upon or arising by reason of: (a) any disability or other defense of the Company or any other Person; (b) the cessation of liability or limitation from any cause whatsoever of the Obligations to LLCP or any portion thereof, other than payment in full; (c) any lack of authority of any agent or other person acting or purporting to act on behalf of the Company, or any defect in the formation of the Company; (d) the application by the Company of the proceeds of the Obligations to LLCP for purposes other than the purposes represented to, or intended or understood by, LLCP or such Guarantor; (e) any act or omission by LLCP that directly or indirectly results in or aids the discharge of the Company or any portion of the Obligations to LLCP by operation of law or otherwise; or (f) any modification of the Obligations to LLCP in any form whatsoever, including the renewal, extension, acceleration or other change in time

for payment of the Obligations to LLCP, or other change in the terms of the Obligations to LLCP or any part thereof, including increase or decrease of the rate of interest thereon.

4.7 Benefits of Guaranty. The provisions of this Guaranty are for the benefit of LLCP and its successors, transferees, endorsees, and assigns, and nothing herein shall impair, as between the Company, Guarantors, and LLCP, the Obligations to LLCP. No such transfer, endorsement, or assignment shall increase or diminish any of the Guaranty Obligations hereunder. This Guaranty binds each Guarantor, and no Guarantor may assign, transfer, or endorse this Guaranty. In the event all or any part of the Obligations to LLCP are transferred, endorsed, or assigned by LLCP to any Person or Persons, any reference to "LLCP" herein shall be deemed to refer equally to such Person or Persons.

4.8 Continuing Guaranty. Each Guarantor agrees that (a) this is a continuing guaranty, (b) this Guaranty shall remain in full force and effect until the Guaranty Termination Date (and may be reinstated after the Guaranty Termination Date pursuant to Section 4.14), and (c) the Guaranty Obligations hereunder shall extend to each and every extension or renewal, if any, of the Obligations to LLCP.

4.9 Subordination.

(a) Each Guarantor hereby agrees that, until the Guaranty Termination Date (and for any period during which this Guaranty is reinstated pursuant to Section 4.14), all obligations and all indebtedness of the Company to such Guarantor (excluding all Previously Pledged Notes), including any and all future indebtedness regardless of its nature or manner of origination (except in the nature of compensation) now or hereafter to become due and owing by the Company to such Guarantor (collectively, the "Junior Subordinated Indebtedness"), are hereby subordinated and postponed and shall be inferior, in all respects, to the Guaranty Obligations.

(b) In no circumstance shall any Junior Subordinated Indebtedness be entitled to any collateral security; provided, that in the event any such collateral security exists, each Guarantor hereby agrees that any now existing or hereafter arising Lien upon any of the assets of the Company in favor of such Guarantor, whether created by contract, assignment, subrogation, reimbursement, indemnity, operation of law, principles of equity or otherwise, shall be junior and inferior to, and is hereby subordinated in priority to any now existing or hereafter arising Liens in favor of LLCP, or in and against the Pledged Collateral, regardless of the time, manner or order of creation, attachment or perfection of the respective Liens.

(c) Each Guarantor hereby agrees that such Guarantor shall not: (i) assert, collect, accept payment on or enforce any of the Junior Subordinated Indebtedness or take collateral or other security to secure payment of the Subordinated Indebtedness until the Guaranty Termination Date (and for any period during which this Guaranty is reinstated pursuant to Section 4.14); (ii) demand payment of, accelerate the maturity of, or declare a

default or event of default under the Junior Subordinated Indebtedness until the Guaranty Termination Date (and for any period during which this Guaranty is reinstated pursuant to Section 4.14); (iii) cause or permit the Company to make or give, or receive or accept, payment in any form (direct or indirect, including by transfer to an affiliate or subsidiary of the Company or any Guarantor) on account of the Junior Subordinated Indebtedness, or make any transfers in respect of the Junior Subordinated Indebtedness, or give any collateral security for the Junior Subordinated Indebtedness. Any payment, transfer, or collateral security so made or given by the Company and received or accepted by such Guarantor shall be held in trust by such Guarantor for LLCP, and such Guarantor shall immediately turn over, in kind, any such payment to LLCP for application in reduction of, or (in the case of property other than cash) as security for, the Guaranty Obligations.

(d) This Section 4.9 shall not be deemed a modification of Section 1.4 of the New Stanwich Subordination Agreement and to the extent the terms of this Section 4.9 and that agreement shall conflict, the terms of Section 1.4 of the New Stanwich Subordination Agreement shall govern.

4.10 No Setoff, Defense or Counterclaim. Each Guarantor represents, warrants and agrees that, as of the date of this Guaranty, the Guaranty Obligations are not subject to any setoff or defense of any kind against LLCP or the Company, and such Guarantor specifically waives its right to assert any such defense or right of setoff. Each Guarantor further agrees that the Guaranty Obligations shall not be subject to any counterclaims, setoffs or defenses against LLCP or the Company that may arise in the future, except for (a) any defense of prior performance or payment, or (b) any defense based on any applicable provision of the UCC requiring that the Pledged Collateral be disposed of in a commercially reasonable manner, which the Company, any Guarantor or other guarantor of the Obligations to LLCP may have or assert.

4.11 Early Termination of Guaranty. This Guaranty (but not this Agreement) shall terminate, notwithstanding that Guaranty Obligations may be outstanding, if all of the following have occurred:

(a) the Company shall have received proceeds on the issuance of Stanwich Commitment Notes in aggregate amount of at least $15.0 million due to the fulfillment of the Stanwich Investment Obligation, on or prior to August 31, 1999;

(b) all accrued and unpaid interest on the April 1999 Note and the Amended November Note shall have been paid, and the Company and Guarantors are in compliance with all of their covenants under this Agreement, the financial covenants set forth in Annex A to the Amended November 1998 Securities Purchase Agreement, the financial covenants set forth in Annex A to the April 1999 SPA and any Related Agreements entered into solely in connection with the April 1999 SPA, unless such compliance has been waived in writing by LLCP;

(c) the Company has made a written offer to LLCP to prepay the April 1999 Note in full in accordance with the terms of the April 1999 Note; and

(d) either,

(1) the prepayment has been made in cash in accordance with the terms of the April 1999 Note (including all amounts due and payable under the April 1999 SPA); or

(2) within the time period between notice of prepayment and the date of prepayment as provided in Section 4(b) of the April 1999 Note, LLCP has declined in writing to accept full prepayment (provided, that LLCP may accept any partial prepayment in its sole discretion).

In all other circumstances, this Guaranty shall be outstanding and continuing so long as the Guaranty Obligations are outstanding, subject to reinstatement as provided in Section 4.14. This Section 4.11 shall be of no further force and effect if the Stanwich Investment Obligation is not fulfilled in all respects (time being of the essence).

After the Guaranty Termination Date, the Guarantors shall remain jointly and severally obligated hereunder to fulfill the Stanwich Investment Obligation, but LLCP's sole recourse in a Foreclosure Event of Default shall be to the Pledged Collateral.

4.12 Further Assurances. Each Guarantor agrees that it will, at its expense, upon the written request of LLCP, from time to time, promptly execute and deliver to LLCP any additional instruments or documents considered necessary by LLCP to cause this Guaranty to be, become, or remain valid and effective in accordance with its terms.

4.13 Payments Free and Clear of Taxes. Any and all payments by or on behalf of any Guarantor shall be made, in accordance with this Section 4, free and clear of and without deduction for any and all present or future Taxes. If any Guarantor shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to LLCP or the Company, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 4.13), LLCP receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Guarantor shall make such deductions and (iii) such Guarantor shall pay the full amount deducted to the relevant taxing or other authority in accordance with applicable law. Upon request by LLCP, each Guarantor shall furnish to LLCP a receipt for any Taxes paid by such Guarantor pursuant to this Section 4.13 or, if no Taxes are payable with respect to any payments required to be made by such Guarantor hereunder, either a certificate from each appropriate taxing authority or an opinion of counsel acceptable to LLCP, in either case stating that such payment is exempt from or not subject to Taxes. If Taxes are paid by LLCP as a result of payments under this Guaranty, each Guarantor will, upon demand of LLCP, and whether or not such Taxes shall be correctly or legally asserted,

indemnify LLCP for such payments, together with any interest, penalties, and expenses in connection therewith plus interest thereon at 14.50% per annum.

4.14 Reinstatement. This Guaranty shall remain in full force and effect and continue to be effective, as the case may be, if at any time payment or performance of the Obligations to LLCP or the Guaranty Obligations, or any part thereof, is, pursuant to applicable law, avoided, rescinded or reduced in amount, or must otherwise be restored or returned by LLCP, or any other obligee of the Obligations to LLCP or the Guaranty Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is avoided, rescinded, reduced, restored, or returned, the Obligations to LLCP or the Guaranty Obligations, as the case may be, shall be reinstated and deemed reduced only by such amount paid and not so avoided, rescinded, reduced, restored, or returned.

4.15 Defaults and Remedies. In the event of a Foreclosure Event of Default, LLCP may, subject to the limitations referenced in Section 4.17, declare all of the Guaranty Obligations, immediately and without demand, notice or legal process of any kind, to be, and such Guaranty Obligations shall immediately become, due and payable, and then, or at any subsequent time, LLCP may exercise any or all of its rights and remedies under this Guaranty (as limited by Section 4.1(c)), and the Pledge Agreement and under applicable law, and may, in addition:

(a) make demand upon any Guarantor for the payment of the Guaranty Obligations; and

(b) resort to the Pledged Collateral for payment of the Guaranty Obligations, without notice, declaration, or demand by LLCP to the extent not prohibited by applicable law;

provided, that upon the occurrence of an Event of Default specified in clause (h) or (i) of Section 11.1 of the April 1999 SPA, the Guaranty Obligations shall become immediately due and payable without declaration, notice or demand.

4.16 Application of Payments. Any payment made by any Guarantor under this Guaranty shall be applied by LLCP, first, (i) to the satisfaction of Guarantors' covenants in favor of LLCP hereunder, including indemnification liabilities pursuant to Section 8, then (ii) to the payment of Obligations to LLCP with respect to accrued but unpaid interest on the April 1999 Note, then (iii) to the payment of the principal amount of the April 1999 Note, then (iv) to the Stanwich Investment Obligation, and then (v) to all other outstanding Obligations to LLCP, provided, that LLCP's rights with respect to clauses (ii) and (iii) may terminate under Section 4.11.

4.17 Senior Subordinated Status of the Guaranties. Guarantor covenants and agrees, and LLCP, by its acceptance of the April 1999 Note, likewise covenants and agrees, that all payments pursuant to this Guaranty by Guarantor shall be subordinated to all Senior Indebtedness to the same extent and in the same manner as the April 1999 Note is subordinated to the Senior Indebtedness pursuant to its terms.

4.18 Direct Purchase of Participation Interest in Note. Upon exercise of LLCP's rights under this Guaranty, if necessary to effect the intent of the parties that funds available to fulfill the Stanwich Investment Obligation will be used to prepay the April 1999 Note, and if LLCP believes that circumstances make prepayment in the manner contemplated hereby impracticable (including, due to effect on the Company's financial condition, due to Tax effects, or due to the requirement to obtain a Consent to make a prepayment), then upon the written request of LLCP, Stanwich shall purchase from LLCP or its assignee a participating interest in all or part of the April 1999 Note, provided, that the rights under the purchased Note shall not include the covenants set forth in Sections 8 and 9 of the April 1999 SPA, and the Company and Stanwich will amend the purchased Note to extend the maturity date to June 1, 2004, and to include, in lieu of the subordination provisions contained therein, identical provisions to those incorporated in the New Stanwich Subordination Agreement, all in form and substance satisfactory to LLCP and such transaction shall not be subject to Section 4.9 or 4.17.

5. GRANT OF IRREVOCABLE PROXY; COVENANTS; REPRESENTATIONS.

5.1 Grant of Irrevocable Proxy. In consideration of LLCP's willingness to extend credit to the Company by purchasing the April 1999 Note, each Guarantor who owns directly and of record Common Stock agrees to grant or has granted to LLCP, or its designee, an irrevocable proxy to vote his or its Shares in the form attached hereto as Exhibit E, for the purpose of granting the proxy holder the right to vote the Shares at the annual meeting of shareholders of the Company, at any subsequent meeting of shareholders, or in any action of the Company's shareholders by written consent, in favor of issuing or ratifying the issuance of the April 1999 Warrant and against any competing proposal. In the event that any Shares are not subject to the irrevocable proxy, each Guarantor covenants and agrees to vote the Shares or direct the vote of Shares owned by such person beneficially at the annual meeting, or any subsequent meeting of shareholders of the Company, or in action by written consent taken by the shareholders of the Company, in favor of the issuance of or ratification of the issuance of the April 1999 Warrant and against any competing proposal. This covenant shall terminate on October 15, 2000, unless Shareholder Approval has not been obtained, in which event the covenant shall be renewed on a year-to-year basis until Shareholder Approval is obtained. With respect to the Shares that have been pledged pursuant to one or more Permitted Liens existing prior to the date hereof, LLCP hereby agrees that, in the event the right to vote any of the Shares vests in a pledgee under the terms of any such Permitted Lien, then, in such case, LLCP shall terminate, or cause to be terminated, the irrevocable proxy in so far as it relates to that portion of the Shares which such Permitted Lien holder has the right to vote, provided that

the Guarantor shall execute and deliver to LLCP a substitute irrevocable proxy, substantially in the form of Exhibit E, relating to that portion of the Shares which the Guarantor then has the right to vote.

5.2 Agreement to Retain Shares. Until October 15, 2000, each Guarantor agrees not to transfer, assign, sell, exchange, pledge or otherwise dispose of or encumber any of his, her or its Shares or any New Shares, as defined in Section 5.3 below, or enter into any contract, option or other arrangement or understanding with respect to the direct or indirect sale, assignment, transfer, encumbrance or other disposition of Shares, at any time prior to the expiration of the irrevocable proxy, except for Permitted Liens existing prior to the date hereof and disclosed on Exhibit A, sales by a holder of a Permitted Lien, and Liens in favor of LLCP under the Pledge Agreement. If the covenant to deliver the proxy is renewed due to failure to obtain Shareholder Approval prior to October 15, 2000, then any transferee of a Guarantor who is an Affiliate of the Guarantor shall likewise deliver a proxy in the form of Exhibit E, and the Guarantors shall use their best efforts to have all of their Affiliates holding Shares to deliver a proxy in the form of Exhibit E.

5.3 Additional Purchases. Each Guarantor agrees that any shares of Capital Stock that such Guarantor purchases or with respect to which such Guarantor otherwise acquires beneficial ownership (including by conversion of Convertible Securities or exercise of Options) after the execution of this Agreement and prior to the expiration of the irrevocable proxy ("New Shares") and shall be subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares, and that an irrevocable proxy in the form of Exhibit E shall be granted to LLCP for any New Shares. No Guarantor shall seek or solicit any such acquisition or sale, assignment, transfer, encumbrance or other disposition or any such contract, option or other arrangement or understanding with respect thereto without the prior written consent of LLCP. In the event LLCP consents to the Company's delivery of Stanwich Commitment Warrants prior to the date the issuance of the April 1999 Warrant is approved, Stanwich agrees to promptly exercise such Warrants (in any event, at least one (1) business day prior to the Record Date for the taking of any vote or consent of the Company's shareholders), and to immediately upon exercise grant an irrevocable proxy as to such Shares to LLCP in the form attached as Exhibit E.

5.4 Protective Covenants.

(a) No Guarantor shall enter into any transaction, take any action, or by inaction permit any event to occur, that would result in any of the representations or warranties of such Guarantor related to the Shares to not be true and correct at and as of the time immediately after the occurrence of such transaction, action or event.

(b) No Guarantor shall, directly or indirectly, except for the irrevocable proxy granted to LLCP and the pledge agreements governing any Permitted Liens as of the date hereof, grant any proxies or enter into any voting trust or other agreement or arrangement

with respect to the voting of any of the Shares held of record or beneficially by such Guarantor.

(c) Each Guarantor shall execute and deliver any additional documents requested by LLCP as necessary or desirable to implement and effect the provisions of this Agreement. Each Guarantor shall assist LLCP in preparing and filing in a timely manner, if required by law, any filings under the Exchange Act related to the Shares.

(d) Any certificates representing the Shares subject to the irrevocable proxy and not subject to a Permitted Lien shall bear the following legend:

> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO AN IRREVOCABLE PROXY DATED APRIL ___, 1999, A COPY OF WHICH IS AVAILABLE FROM THE HOLDER.

5.5 Representations and Warranties of the Guarantors Related to the Shares. Each Guarantor hereby represents and warrants (with respect to such Guarantor and the Shares held of record and beneficially by them) to LLCP that:

(a) Such Guarantor owns of record Shares as described on Schedule 2.8 and is the beneficial owner of additional Shares as shown on Schedule 2.8 . With respect to Shares owned beneficially by such Guarantor, the Guarantor has the requisite power and authority to cause the record owner to cause them to vote in favor of the issuance or ratification of the April 1999 Warrant.

(b) Except as set forth on Schedule 2.8, no Guarantor nor any Shares are the subject of any other proxy, voting agreement, voting trust, Lien or other instrument under the terms of which the grant of an irrevocable proxy to LLCP contemplated hereby would conflict, create a breach or default under, or require a consent of a third party to become effective, except for consents obtained prior to the date hereof.

5.6 Equitable Relief. Each Party acknowledges and agrees that it may be impossible to measure in money the damage to the other Parties in the event of a breach of or default under any of the terms and provisions of this Section, and that, in the event of any such breach or default, LLCP, in addition to all other rights, powers, privileges and remedies that it may have, shall be entitled to injunctive relief, specific performance or such other equitable relief as it may request to exercise or otherwise enforce any of the terms and provisions of this Section and to enjoin or otherwise restrain any act of any Guarantor prohibited thereby, and the Parties will not raise and each Party hereby expressly waives any objection or defense that there is an adequate remedy available at law. In furtherance of the foregoing, the Guarantor waive specifically any right to require LLCP to post a bond or other security in order to obtain an injunction or other order permitting it to obtain relief under this section.

6. ACTIONS TO BE TAKEN BY THE COMPANY; RELEASE OF COLLATERAL.

6.1 Covenant to Issue Stanwich Commitment Notes and Stanwich Commitment Warrants. Immediately upon approval by LLCP and Stanwich of the form of documents to be entered into in connection with the fulfillment by Stanwich of the Stanwich Investment Obligation, the Company shall execute and deliver binding agreements whereby the Company shall issue Stanwich Commitment Notes and, as permitted, Stanwich Commitment Warrants as required by Section 3.1 above. The Company represents and warrants that all corporate and other approvals required to issue the Stanwich Commitment Securities have been obtained, and that it has duly authorized and reserved for issuance the Common Stock issuable upon exercise of the Stanwich Commitment Warrants. The Company shall not incur fees and expenses that are not reimbursed by the Guarantor, and shall not pay Stanwich's expenses in connection with the issuance.

7. RIGHT TO DISPOSE OF STANWICH COMMITMENT NOTES. Stanwich, or its designee (who may include CEB), shall have the right to sell up to $10,000,000 in Stanwich Commitment Notes after August 31, 1999, if, and only if, each of the Guarantors and the Company has complied with, satisfied or discharged all of its obligations and agreements set forth in this Agreement, in the manner and within the times provided herein. Any such sale of Stanwich Commitment Notes shall be subject to agreements of the Company and its Affiliates regarding a Change of Control of the Company, including without limitation any such agreement set forth in the Amended November 1998 Securities Purchase Agreement or the April 1999 SPA.

8. CONDITIONS. LLCP's obligation to purchase the April 1999 Note in reliance upon this Agreement, and which respect to Sections 8.1 and 8.2 only, the Guarantors' obligation to enter into this Agreement and the Pledge Agreements, is contingent upon satisfaction of the following conditions.

8.1 Approval by Independent Directors. The Independent Directors of the Company shall have approved (i) the issuance of the April 1999 Note and the April 1999 Warrant and the entry by the Company into the April 1999 SPA, (ii) the entry by the Company into the Amended November Securities Purchase Agreement, the Amended November 1998 Note and Amended November 1998 Warrant, (iii) the preparation of a proxy statement soliciting approval of the issuance of the April 1999 Warrant, (iv) the Stanwich Investment Obligation and the issuance of the Stanwich Commitment Notes and Stanwich Commitment Warrants on the terms and conditions set forth in this Agreement (and have authorized the Common Stock issuable upon exercise of the Stanwich Commitment Warrants), and (v) any other transactions contemplated by the Amended November 1998 Securities Purchase Agreement and the April 1999 SPA.

8.2 Simultaneous Closing of LLCP Investment. The April 1999 SPA shall have been executed and delivered by the Company and LLCP, and the transactions contemplated thereby shall have been consummated concurrently herewith, and the First Amendment shall

have been executed and delivered by the Company and LLCP, and the transactions contemplated thereby consummated concurrently herewith.

8.3 Good Standing; etc. Stanwich shall have delivered to LLCP and the Company evidence of Stanwich's good standing in its state of incorporation and resolutions of its Board of Directors, certified by the Corporate Secretary.

8.4 Compensation Arrangements. Evidence of termination of compensation arrangements as required by Section 3.7 shall have been delivered by CEB and Stanwich to the Company, with a copy provided to LLCP.

8.5 Delivery of Documents, Collateral; etc. The Guarantors shall have delivered to LLCP the following:

(a) Fully executed Pledge Agreements;

(b) A fully executed New Stanwich Subordination Agreement;

(c) A fully executed Notice and Acknowledgment Agreement in the form attached hereto as Exhibit F, executed by each of the Persons holding Permitted Liens on Pledged Collateral;

(d) UCC-1 Financing Statements in form and substance acceptable to LLCP;

(e) The Pledged Securities and the Pledged Notes (except to the extent held as collateral by a Person with a first priority Lien), accompanied in each case with a stock power or other instrument of transfer duly endorsed in blank;

(f) the Guarantors shall have delivered the irrevocable proxies required by Section 5; and

(g) LLCP shall have received such other documents, agreements, or other instruments as LLCP may request.

8.6 Company's Representations and Warranties. The representations and warranties of the Company set forth in the Amended November 1998 Securities Purchase Agreement and the April 1999 SPA shall be true and correct on the date hereof as if made on this date and pursuant to this Agreement and the Company shall have delivered to LLCP an officer's certificate in form and substance acceptable to LLCP to that effect.

9. INDEMNIFICATION.

9.1 Losses.

(a) The Guarantors shall, jointly and severally, indemnify and hold harmless LLCP and its Affiliates, employees, partners, officers, directors, representatives, agents, attorneys, successors and assigns, and the persons holding or voting proxies as contemplated by Section 5 (the "Indemnified Parties") from and against any and all losses, claims, damages, liabilities, expenses and costs, including, without limitation, attorneys' fees and other fees and expenses incurred in, and the costs of preparing for, investigating or defending any matter (collectively, "Losses"), incurred by such Indemnified Party in connection with or arising from (i) any breach of any warranty or the inaccuracy of any representation made by any Guarantor or the failure of any Guarantor to fulfill any of its agreements or undertakings (other than the Guaranteed Covenants) under this Agreement or any other agreement, instruments or document contemplated hereby or relating hereto, (ii) such Indemnified Party's service as the holder of the proxies delivered to LLCP as contemplated by Section 5 and (iii) any actions taken by any of LLCP's Affiliates, employees, officers, directors, representatives, agents or attorneys in connection with the transactions contemplated by this Agreement, the April 1999 SPA or the Amended November 1998 Securities Purchase Agreement. Notwithstanding the foregoing, the Guarantors shall not have any liability for any Loss that results from or is a direct result of (A) a violation of Applicable Law by any Indemnified Party, (B) any material breach by any Indemnified Party of its obligations under this Agreement, the April 1999 Securities Purchase Agreement, the Amended November 1998 Securities Purchase Agreement or any of the agreements, documents and instruments executed in connection herewith or therewith, (C) any breach by Arthur E. Levine of any fiduciary duty to the Company in his capacity as a director prior to the date hereof or (D) the willful misconduct or gross negligence of any Indemnified Party. The Guarantors shall either pay directly all Losses which it is required to pay hereunder or reimburse any Indemnified Party within ten (10) days after any request for such payment. The obligations of the Guarantors to the Indemnified Parties under this Section 9 shall be separate obligations to each Indemnified Party, and the liability of any Guarantors to such Indemnified Parties hereunder shall not be extinguished solely because any Indemnified Party is not entitled to indemnity hereunder. The obligations of the Guarantors to the Indemnified Parties under this Section 9 shall survive for the period ending one year after all statutes of limitations relevant hereto have expired, including any extensions thereof, and shall be extended as necessary to resolve any indemnification claim by an Indemnified Party asserted prior to that date.

9.2 Indemnification Procedures. Any Person entitled to indemnification under this Section 9 shall (a) give prompt written notice to the Guarantors or the Company, as the case may be, (the "Indemnifying Party") of any claim with respect to which it seeks indemnification and (b) permit the Indemnifying Party to assume the defense of such claim with counsel selected by the Indemnifying Party and reasonably acceptable to such Person; provided, however, that any Person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and

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

9.3 Contribution. If the indemnification provided for in this Section 9 is unavailable to LLCP or any other Indemnified Party in respect of any Losses, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by the Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Party on the other hand, in connection with the actions, statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party, on the one hand, and such Indemnified Party on the other hand, shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been taken by, or relates to information supplied by, either the Indemnifying Party or such Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent any such action, statement or omission. The parties agree that it would not be just and equitable if contribution pursuant to this Section 9.3 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

9.4 Limitation on Liability. Neither LLCP nor any other Indemnified Party shall be responsible or liable to any other party hereto, any successor, assignee or third party beneficiary of such person or any other person asserting claims derivatively through such party, for indirect, punitive, exemplary or consequential damages which may be alleged as a result of the entry into or consummation of the transactions contemplated by this Agreement (including the granting of proxies under Section 5), or under the Pledge Agreements.

9.5 Lost Certificate Indemnity. CEB and Bradley shall deliver a lost certificate indemnity in the form attached hereto as Exhibit G with respect to the lost Stock Certificates for CARSUSA, Inc. and Cars Holdings, Inc., and cause the Company to issue replacement certificates as necessary.

10. MISCELLANEOUS.

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

10.2 Survival of Representations and Warranties. All representations, warranties, covenants and agreements contained herein, or made in writing by or on behalf of the Guarantors or the Company pursuant to or in connection herewith, shall survive indefinitely.

10.3 Entire Agreement. This Agreement, together with the Exhibits and Schedules and the Related Agreements constitute the full and entire agreement and understanding between LLCP, the Guarantors and the Company relating to the subject matter hereof and thereof, and supersede all prior oral and written, and all contemporaneous oral, agreements and understandings relating to the subject matter hereof.

10.4 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

10.5 Successors and Assigns. This Agreement shall inure to the benefit of, and be binding upon, the parties and their respective successors and permitted assigns. LLCP may assign to any Person (including any subsequent Holder of or participant in ownership of the April 1999 Note or the Amended November 1998 Note) this Agreement and any or all of its rights hereunder without the consent of the Company, or the Guarantors, and the assignee thereof shall be entitled to all of the rights so assigned to the same extent as if such assignee were an original party hereof. No Guarantor may assign or delegate its rights or obligations hereunder.

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

if delivered personally or by recognized commercial courier with receipt acknowledged, or upon the expiration of 72 hours after mailing, if mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

(1) If to LLCP, at:

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

with a copy to:

Riordan & McKinzie
695 Town Center Drive
Suite 1500
Costa Mesa, CA 92626
Attention: James W. Loss, Esq.
Telecopy: (714) 433-2900

(2) If to the Company, at:

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

with a copy to:

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

(3) If to any Guarantor,
at the address shown on the signature page hereto

or at such other address or addresses as a party may specify by written notice given in accordance with this Section 10.6.

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

10.8 Exhibits and Disclosure Schedules. The Exhibits and the Schedules are incorporated herein and shall be an integral part of this Agreement.

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

10.10 Fees and Expenses. The Company shall pay all actual and estimated out-of-pocket costs and expenses of every type and nature (including, without limitation, fees and expenses of counsel, accounting fees and expenses, fees and expenses related to any due diligence investigation and all other deal-related costs and expenses) incurred by or on behalf of LLCP in connection with the preparation, negotiation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and, as directed by LLCP, the Company shall reimburse third party providers directly for any of such costs and expenses (which withholding and, as the case may be, such direct reimbursement, shall constitute payment in full of the Company's obligation with respect to such costs and expenses), in any case subject to the terms of the April 1999 SPA. The Guarantors and shall pay all of their out of pocket costs and expenses incurred in connection with their entry into this Agreement, the Pledge Agreement, and the consummation of the transactions contemplated hereby and thereby, and shall reimburse LLCP for any fees payable to any Governmental Authority in connection with the perfection of the security interests granted under the Pledge Agreement, plus the reasonable fees and costs of any third party provider or law firm handling the perfection.

10.11 Governing Law. In all respects, including all matters of construction, validity and performance, this Agreement and the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to the choice of law or conflicts of law principles thereof. Each Guarantor hereby consents and agrees that the state or federal courts located in Los Angeles, California shall have non-exclusive jurisdiction to hear and determine any claims or disputes pertaining to this

Agreement and/or any related agreement or to any matter arising out of or related to this Agreement and/or any related agreement; provided, that each Guarantor acknowledges that any appeals from those courts may have to be heard by a court located outside of Los Angeles, California; and further provided, that nothing in this Agreement shall be deemed or operate to preclude LLCP from bringing suit or taking other legal action in any other jurisdiction to collect the obligations or the guaranty obligations, to realize on the Pledged Collateral or any other security for the obligations or the guaranty obligations, or to enforce a judgment or other court order in favor of LLCP. Each Guarantor expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and each Guarantor hereby waives any objection that such guarantor may have based upon lack of personal jurisdiction, improper venue or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Each Guarantor hereby waives personal service of the summons, complaint and other process issued in any such action or suit and agrees that service of such summons, complaint and other process may be made by registered or certified mail addressed to such Guarantor at the address shown on the signature page hereto at such other address that may be specified from time to time in writing to LLCP by any Guarantor and that service so made shall be deemed completed upon the earlier of actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

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

10.13 WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, AND UNDERSTANDING THEY ARE WAIVING A CONSTITUTIONAL RIGHT, THE PARTIES WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO, THIS AGREEMENT AND/OR ANY AGREEMENT RELATED HERETO OR THE TRANSACTIONS COMPLETED HEREBY OR THEREBY.

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

LLCP

LEVINE LEICHTMAN CAPITAL PARTNERS, INC.,
a California corporation

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

By: /s/ Lauren B. Leichtman

Lauren B. Leichtman
Chief Executive Officer

COMPANY

CONSUMER PORTFOLIO SERVICES, INC.,
a California corporation

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

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

By: /s/ Jeffrey P. Fritz

Jeffrey P. Fritz
Senior Vice President and Chief Financial Officer

GUARANTORS

STANWICH FINANCIAL SERVICES CORP., a Rhode Island Corporation

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

Its:

Address for Notice:

"CEB"

/s/ Charles E. Bradley, Sr.

Charles E. Bradley, Sr.

Address for Notice:
One Stamford Landing
62 South Field Avenue
Stamford, CT 06902

"BRADLEY"

/s/ Charles E. Bradley, Jr.

Charles E. Bradley, Jr.

Address for Notice: