==========

As filed with the Securities and Exchange Commission on April 13, 2005

Reg. No. 333-121913

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

_____

AMENDMENT NO. 1 TO
FORM S-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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

CALIFORNIA	33-0459135
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

16355 LAGUNA CANYON ROAD IRVINE, CALIFORNIA 92618 (949) 450-3014 (Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)	CHARLES BRADLEY, JR. CHIEF EXECUTIVE OFFICER 16355 LAGUNA CANYON ROAD IRVINE, CALIFORNIA 92618 (949) 450-3014 (Name, address, including zip code, and telephone number, including area code, of agent for service)

copies to:

PATRICK C. SARGENT ANDREWS KURTH LLP 1717 MAIN STREET, SUITE 3700 DALLAS, TEXAS 75201 (214) 659-4400	MICHAEL J. KOLAR OPPENHEIMER WOLFF & DONNELLY LLP 45 SOUTH SEVENTH STREET, SUITE 3300 MINNEAPOLIS, MINNESOTA 55402 (612) 607-7000

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date. If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.: [x]

If the registrant elects to deliver its latest annual report to security holders, or a complete and legal facsimile thereof, pursuant to Item 11(a)(1) of this Form, check the following box. [x]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(2)
Renewable Unsecured Subordinated Notes	$ 100,000,000	(1)	$ 100,000,000	$ 11,770.00

(1) The Renewable Unsecured Subordinated Notes will be issued in denominations selected by the purchasers in any amount equal to or exceeding $1,000.

(2) Paid to the Commission in connection with the initial filing of this Registration Statement on January 7, 2005.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION; DATED APRIL__, 2005

$100,000,000
CONSUMER PORTFOLIO SERVICES, INC.

THREE AND SIX MONTH RENEWABLE UNSECURED SUBORDINATED NOTES

ONE, TWO, THREE, FOUR, FIVE AND TEN YEAR RENEWABLE UNSECURED SUBORDINATED NOTES

We are offering an aggregate principal amount of up to $100,000,000 of our renewable unsecured subordinated notes. We may offer the notes from time to time with maturities ranging from three months to ten years. However, depending on our capital needs, notes with certain terms may not always be available. We will establish interest rates on the securities offered in this prospectus from time to time in interest rate supplements to this prospectus. The notes are unsecured obligations and your right to payment is subordinated in right of payment to substantially all of our existing and future senior, secured, unsecured and subordinate indebtedness. Upon maturity, your notes will be automatically renewed for the same term as your maturing notes and at an interest rate that we are offering at that time to other investors with similar aggregate note portfolios for notes of the same term, unless we elect not to have your notes renewed or unless you notify us within 15 days after the maturity date for your notes that you want your notes repaid. If notes of the same term are not then being offered, the interest rate upon renewal will be the rate specified by us on or before maturity or, if no such rate is specified, the rate of the existing note. The interest rate on your renewed note may differ from the interest rate applicable to your note during the prior term. After giving you thirty days' advance notice, we may redeem all or a portion of your notes for their original principal amount plus accrued and unpaid interest. You also may request us to repurchase your notes prior to maturity; however, unless the request is due to your death or total permanent disability, we may, in our sole discretion, decline your request or, if we elect to repurchase your notes, we will charge you a penalty of up to three months' interest on notes with three month maturities and up to six months' interest on all other notes. Our obligation to repurchase notes for any reason is limited in any single calendar quarter to the greater of (a) $1 million or (b) 2% of the aggregate principal amount of all notes outstanding at the end of the previous quarter.

The notes will be marketed and sold through Sumner Harrington Ltd., which is acting as our selling agent for the notes. The notes will not be listed on any securities exchange or quoted on Nasdaq or any over-the-counter market. Sumner Harrington Ltd. does not intend to make a market in the notes and we do not anticipate that a market in the notes will develop. There will be significant restrictions on your ability to transfer or resell the notes. Sumner Harrington Ltd. also will act as our servicing agent in connection with our ongoing administrative responsibilities for the notes. We have not requested a rating for the notes; however, third parties may independently rate them.

THE NOTES ARE NOT CERTIFICATES OF DEPOSIT OR SIMILAR OBLIGATIONS OF, AND ARE NOT GUARANTEED OR INSURED BY, ANY DEPOSITORY INSTITUTION, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE SECURITIES INVESTOR PROTECTION CORPORATION OR ANY OTHER GOVERNMENTAL OR PRIVATE FUND OR ENTITY. INVESTING IN THE NOTES INVOLVES RISKS, WHICH ARE DESCRIBED IN "RISK FACTORS" BEGINNING ON PAGE 6 OF THIS PROSPECTUS.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	PER NOTE	TOTAL
Public offering price	100.00%	100.00%
Selling agent commissions	3.00%	3.00%
Proceeds to CPS, before expenses	97.00%	97.00%

The selling agent will not receive the entire 3.0% gross commission on notes with terms of less than three years unless the notes are successively renewed for a total term of three years or more. See "Plan of Distribution" for a description of additional compensation payable to the selling agent and its affiliates in connection with services rendered in offering and selling the notes, serving as the servicing agent and providing and managing the advertising and marketing functions related to the sale of the notes. There will be no underwriting discount.

Sumner Harrington Ltd. is not required to sell any specific number or dollar amount of notes but will use its best efforts to sell the notes offered.

We will issue the notes in book-entry or uncertificated form. Subject to certain limited exceptions, you will not receive a certificated security or a negotiable instrument that evidences your notes. Sumner Harrington Ltd. will deliver written confirmations to purchasers of the notes. Wells Fargo Bank National Association, Minneapolis, Minnesota, will act as trustee for the notes.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUMNER HARRINGTON LTD.

The date of this Prospectus is April [__], 2005

TABLE OF CONTENTS

PROSPECTUS SUMMARY

THIS SUMMARY HIGHLIGHTS SELECTED INFORMATION FROM THIS PROSPECTUS AND MAY NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ THE ENTIRE PROSPECTUS AND THE OTHER INFORMATION THAT IS INCORPORATED BY REFERENCE INTO THIS PROSPECTUS BEFORE MAKING AN INVESTMENT DECISION. CERTAIN INDUSTRY TERMS THAT WE USE ARE DEFINED IN THE GLOSSARY, WHICH BEGINS ON PAGE 37.

CPS

We are a specialized consumer finance company engaged in purchasing, securitizing and servicing motor vehicle retail installment contracts originated by franchised and select independent automobile dealerships in the United States. We focus our efforts on acquiring contracts that are secured by late model used and, to a lesser extent, new automobiles entered into with purchasers with sub-prime credit. Such purchasers generally have limited credit history, lower than average income or past credit problems, and generally would not be expected to qualify for traditional financing, such as that provided by commercial banks or automobile manufacturers' captive finance companies.

We started purchasing, originating and servicing motor vehicle contracts in October 1991. Through December 31, 2004, we have purchased approximately $5.4 billion of motor vehicle contracts from dealers.

In 2002 and 2003, we also obtained a total of approximately $530 million of motor vehicle contracts in our acquisition by merger of MFN Financial Corporation and its subsidiaries in March 2002 and TFC Enterprises, Inc. and its subsidiaries in May 2003. Both of the acquired companies were engaged in businesses similar to ours. MFN ceased to purchase motor vehicle contracts shortly after we acquired it; TFC continues to purchase motor vehicle contracts as our subsidiary. Additionally, in April 2004, we purchased approximately $72.3 million of motor vehicle contracts, gross of discount, then held by SeaWest Financial Corporation and were appointed the servicer of approximately $111.8 million of motor vehicle contracts that SeaWest had previously securitized. CPS reported a loss in the amount of $15.9 million for the year ended December 31, 2004.

As of December 31, 2004, we had a total servicing portfolio, net of unearned interest on pre-computed installment contracts, of approximately $906.9 million, including the remaining outstanding balance of motor vehicle contracts acquired in the TFC and MFN acquisitions, acquired in the Seawest purchase and serviced under the SeaWest securitizations.

We purchase motor vehicle contracts with the intention of placing them into securitizations. Securitizations are transactions in which we sell a specified pool of contracts to a special purpose entity of ours, which in turn issues asset-backed securities to fund the purchase of the pool of contracts from us. Depending on the structure of the securitization, the transaction may be properly accounted for as a sale of the contracts or as a secured financing. Since September 2003, we have structured our securitization transactions to be reflected as secured financings for financial accounting purposes.

We were incorporated in California in 1991. Our principal executive offices are located at 16355 Laguna Canyon Road, Irvine, California 92618, and our telephone number is (949) 753-6800.

THE OFFERING

ISSUER	Consumer Portfolio Services, Inc.
TRUSTEE	Wells Fargo Bank, National Association
SELLING AND SERVICING AGENT	Sumner Harrington Ltd.
PAYING AGENT	Wells Fargo Bank, National Association
SECURITIES OFFERED	Renewable Unsecured Subordinated Notes. The notes represent our unsecured promise to repay principal at maturity and to pay interest during the term or at maturity. By purchasing a note, you are lending money to us.
METHOD OF PURCHASE	Prior to your purchase of notes, you will be required to complete a subscription agreement that will set forth the principal amount of your purchase, the term of the notes and certain other information regarding your ownership of the notes. The form of subscription agreement is filed as an exhibit to the registration statement of which this prospectus is a part. As our servicing agent, Sumner Harrington Ltd. will mail you written confirmation that your subscription has been accepted.
DENOMINATION	You may choose the denomination of the notes you purchase in any principal amount of $1,000 or more, including odd amounts.
OFFERING PRICE	100% of the principal amount per note.
RESCISSION RIGHT	You may rescind your investment within five business days of the postmark date of your purchase confirmation without incurring an early redemption penalty. In addition, if your subscription agreement is accepted by our servicing agent at a time when we have determined that a post-effective amendment to the registration statement of which this prospectus is a part must be filed with the Securities and Exchange Commission, but such post-effective amendment has not yet been declared effective, you will be able to rescind your investment subject to the conditions set forth in this prospectus. See "Description of the Notes -- Rescission Right" for additional information.
MATURITY	You may generally choose maturities for your notes of 3 or 6 months or 1, 2, 3, 4, 5 or 10 years; however, depending on our capital requirements, we may not sell notes of all maturities at all times.
INTEREST RATE	The interest rate of the notes will be established at the time you purchase them, or at the time of renewal, based upon the rates we are offering in our latest interest rate supplement to this prospectus, and will remain fixed throughout each term. We may offer higher rates of interest to investors with larger aggregate note portfolios, as set forth in the then current interest rate supplement.

INTEREST PAYMENT DATES	You may choose to receive interest payments monthly, quarterly, semiannually, annually or at maturity. If you choose to receive interest payments monthly, you may choose the day on which you will be paid. Subject to our approval, you may change the interest payment schedule or interest payment date once during each term of your notes.
PRINCIPAL PAYMENT	We will not pay principal over the term of the notes. We are obligated to pay the entire principal balance of the outstanding notes upon maturity.
PAYMENT METHOD	Principal and interest payments will be made by direct deposit to the account you designate in your subscription documents.
RENEWAL OR REDEMPTION AT MATURITY	Upon maturity, the notes will be automatically renewed for the same term at the interest rate we are offering at that time to other investors with similar aggregate note portfolios for notes of the same maturity, unless we notify you prior to the maturity date that we intend to repay the notes. You may also notify us within 15 days after the maturity date that you want your notes repaid. This 15 day period will be automatically extended if you would otherwise be required to make the repayment election at a time when we have determined that a post-effective amendment to the registration statement of which this prospectus is a part must be filed with the Securities and Exchange Commission, but such post-effective amendment has not yet been declared effective. If notes with similar terms are not being offered at the time of renewal, the interest rate upon renewal will be (a) the rate specified by us on or before the maturity date or (b) if no such rate is specified, the rate of your existing notes. The interest rate being offered upon renewal may, however, differ from the interest rate applicable to your notes during the prior term. See "Description of the Notes -- Renewal or Redemption on Maturity."
OPTIONAL REDEMPTION OR REPURCHASE	After giving you 30 days' prior notice, we may redeem some or all of your notes at a price equal to their original principal amount plus accrued but unpaid interest. You may request us to repurchase your notes prior to maturity; however, unless the request is due to your death or total permanent disability, we may, in our sole discretion, decline to repurchase your notes, and will, if we elect to repurchase your notes, charge you a penalty of up to three months of interest for notes with a three month maturity and up to six months of interest for all other notes. The total principal amount of notes that we will be required to repurchase prior to maturity, for any reason in any calendar quarter, will be limited to the greater of $1 million or 2% of the total principal amount of all notes outstanding at the end of the previous quarter.

	See "Description of Notes -- Redemption or Repurchase Prior To Stated Maturity."
CONSOLIDATION, MERGER OR SALE	Upon any consolidation, merger or sale of our company, we will either redeem all of the notes or our successor will be required to assume our obligations to pay principal and interest on the notes pursuant to the indenture for the notes. For a description of these provisions see "Description of the Notes - Consolidation, Merger or Sale."
RANKING; NO SECURITY	The notes: o are unsecured; o rank junior to our existing and future secured debt, including the debt of our special purpose entities; o rank junior to our existing and future senior unsecured debt, including debt we may incur under our existing and future credit facilities; and o rank junior to our existing and future subordinated debt, except for $15 million of outstanding unsecured subordinate debt and offerings of additional renewable unsecured subordinated notes, all of which will rank PARI PASSU with the notes. As of December 31, 2004, we had approximately $660.5 million of debt outstanding that is senior to the notes, of which $599.3 million was issued by our consolidated special purpose entities. Including an additional $206.7 million of debt that does not appear on our consolidated financial statements (which was issued by our off-balance sheet special purpose entities), we had $867.2 million of debt outstanding that is senior to the notes. See "Capitalization."
RESTRICTIVE COVENANTS	The indenture governing the notes contains limited restrictive covenants. These covenants: o require us to maintain a positive net worth, which includes stockholders' equity and any debt that is subordinated to the notes; o prohibit us from paying dividends on our capital stock if there is an event of default with respect to the notes or if payment of the dividend would result in an event of default; and o restrict us from entering into certain transactions with affiliates. The covenants set forth in the indenture are more fully dscribed under "Description of Notes -- Restrictive covenants." These covenants have significant exceptions. We do not plan to issue any debt that is subordinate to the notes.

USE OF PROCEEDS	If all the notes are sold, with original or aggregate maturities of three years or more, we would expect to receive approximately $96.8 million of net proceeds from this offering after deducting the selling agent's commissions and estimated offering expenses payable by us. The exact amount of net proceeds may vary considerably depending on how long the notes are offered and other factors. We intend to use the net proceeds to fund the purchase of motor vehicle contracts and for other general corporate purposes, which may include the payment of general and administrative expenses. See "Use of Proceeds."
ABSENCE OF PUBLIC MARKET AND RESTRICTIONS ON TRANSFERS	There is no existing market for the notes. Sumner Harrington Ltd. has advised us that it does not intend to make a market in the notes after the completion of this offering and we do not anticipate that a secondary market for the notes will develop. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes in any automated dealer quotation system, including without limitation Nasdaq or any over-the-counter market. You will be able to transfer or pledge the notes only with our prior written consent. See "Description of the Notes - Transfers."
BOOK ENTRY	The notes will be issued in book entry or uncertificated form only. Except under limited circumstances, the notes will not be evidenced by certificated securities or negotiable instruments. See "Description of the Notes -- Book Entry Registration and Transfers."

RISK FACTORS

THE RISKS DESCRIBED BELOW SET FORTH THE MATERIAL RISKS ASSOCIATED WITH THE PURCHASE OF NOTES AND OUR COMPANY. BEFORE YOU INVEST IN THE NOTES, YOU SHOULD CAREFULLY CONSIDER THESE RISK FACTORS, AS WELL AS THE OTHER INFORMATION REGARDING THE NOTES AND THE COMPANY CONTAINED IN THIS PROSPECTUS AND IN THE DOCUMENTS INCORPORATED BY REFERENCE INTO THIS PROSPECTUS.

RISK FACTORS RELATING TO THE NOTES

BECAUSE OF THEIR CHARACTERISTICS, THE NOTES MAY NOT BE A SUITABLE INVESTMENT FOR YOU.

The notes may not be a suitable investment for you, and we advise you to consult your investment, tax and other professional financial advisors prior to purchasing notes. The characteristics of the notes, including maturity, interest rate and lack of liquidity, may not satisfy your investment objectives. The notes may not be a suitable investment for you based on your ability to withstand a loss of interest or principal or other aspects of your financial situation, including your income, net worth, financial needs, investment risk profile, return objectives, investment experience and other factors. Prior to purchasing any notes, you should consider your investment allocation with respect to the amount of your contemplated investment in the notes in relation to your other investment holdings and the diversity of those holdings.

BECAUSE THE NOTES RANK JUNIOR TO SUBSTANTIALLY ALL OF OUR EXISTING AND FUTURE DEBT AND OTHER FINANCIAL OBLIGATIONS, YOUR NOTES WILL LACK PRIORITY IN PAYMENT.

Your right to receive payments on the notes is junior to substantially all of our existing indebtedness and future borrowings (including debt of our special purpose entities). Your notes will be subordinated to the prior payment in full of all of our other debt obligations, other than $15 million of debt issued in 1995, as to which your notes will rank PARI PASSU. As of December 31, 2004, we had approximately $660.5 million of debt outstanding, including indebtedness held by our special purpose entities, which will rank senior to your notes. Including an additional $206.7 million of indebtedness issued by our off-balance sheet special purpose entities, we had $867.2 of debt outstanding that is senior to your notes. We may also incur substantial additional indebtedness in the future that would also rank senior to your notes. Because of the subordination provisions of the notes, in the event of our bankruptcy, liquidation or dissolution, our assets would be available to make payments to you under the notes only after all payments had been made on all of our secured and unsecured indebtedness and other obligations that are senior to the notes. Sufficient assets may not remain after all such senior payments have been made to make any payments to you under the notes, including payments of interest when due or principal upon maturity.

BECAUSE THERE WILL BE NO TRADING MARKET FOR THE NOTES AND BECAUSE TRANSFERS OF THE NOTES REQUIRE OUR CONSENT, IT MAY BE DIFFICULT TO SELL YOUR NOTES.

Your ability to liquidate your investment is limited because of transfer restrictions, the lack of a trading market and the limitation on repurchase requests prior to maturity. Your notes may not be transferred without our prior written consent. In addition, there will be no trading market for the notes. Due to the restrictions on transfer of the notes and the lack of a market for the sale of the notes, even if we permitted a transfer, you might be unable to sell, pledge or otherwise liquidate your investment. Except in the case of death or total permanent disability, repurchases of the notes prior to maturity are subject to our approval and to repurchase penalties of up to three months interest on notes with three month maturities and up to six months interest on notes with maturities of six months or longer. The total principal amount of notes that we would be required to repurchase in any calendar quarter, for any reason, will be limited to the greater of $1 million or 2% of the aggregate principal amount of all notes outstanding at the end of the previous quarter. See "Description of the Notes."

BECAUSE THE NOTES WILL HAVE NO SINKING FUND, SECURITY, INSURANCE OR GUARANTEE, YOU MAY LOSE ALL OR A PART OF YOUR INVESTMENT IN THE NOTES IF WE DO NOT HAVE ENOUGH CASH TO PAY THE NOTES.

There is no sinking fund, security, insurance or guarantee of our obligation to make payments on the notes. The notes are not secured by any of our assets. We will not contribute funds to a separate account, commonly known as a sinking fund, to make interest or principal payments on the notes. The notes are not certificates of deposit or similar obligations of, and are not guaranteed or insured by, any depository institution, the Federal Deposit

Insurance Corporation, the Securities Investor Protection Corporation, or any other governmental or private fund or entity. Therefore, if you invest in the notes, you will have to rely only on our cash flow from operations and other sources of funds for repayment of principal at maturity or redemption and for payment of interest when due. If our cash flow from operations and other sources of funds are not sufficient to pay the notes, then you may lose all or part of your investment.

THE NOTES WILL AUTOMATICALLY RENEW UNLESS YOU REQUEST REPAYMENT.

Upon maturity, the notes will be automatically renewed for the same term as your maturing note and at an interest rate that we are offering at that time to other investors with similar aggregate note portfolios for notes of the same term, unless we notify you prior to the maturity date that we intend to repay the notes or you notify us within 15 days after the maturity date that you want your notes repaid. This 15 day period will be automatically extended if you would otherwise be required to make the repayment election at a time when we have determined that a post-effective amendment to the registration statement of which this prospectus is a part must be filed with the Securities and Exchange Commission, but such post-effective amendment has not yet been declared effective. If notes with the same term are not then being offered, the interest rate upon renewal will be the rate specified by us on or before the maturity date, or the rate of the existing note if no such rate is specified. The interest rate on your renewed note may be lower than the interest rate of your original note. Any requests for repurchases after your notes are renewed will be subject to our approval, which we may generally withhold or deny for any reason, and to repurchase penalties and the limitations on the amount of notes we would be willing to repurchase in any calendar quarter.

BECAUSE WE HAVE SUBSTANTIAL INDEBTEDNESS THAT IS SENIOR TO THE NOTES, OUR ABILITY TO PAY THE NOTES MAY BE IMPAIRED.

We have now and, after we sell these notes, will continue to have a substantial amount of indebtedness. At December 31, 2004, we had approximately $882.2 million of debt outstanding, comprising (in thousands):

Warehouse lines of credit (1)		34,279	
Notes payable		1,421	
Residual interest financing		22,204	
Securitization trust debt (1)		542,815	
Senior secured debt		59,829	
Subordinated debt (2)		15,000	
Total on balance sheet debt		675,548	
Off-balance sheet securitization trust debt (1)(3)			206,651
Total on and off-balance sheet debt			882,199

(1) Debt obligations of our special purpose entities

(2) Existing debt, issued in 1995, which will rank PARI PASSU with the notes

(3) Debt obligations of our special purpose entities where the securitization transactions were structured as sales for accounting purposes

Our debt to net worth ratio at December 31, 2004 was 9.7 (including all debt issued by off-balance sheet special purpose entities our debt to net worth ratio was 12.6 and excluding all securitization trust debt, our debt to net worth ratio was 1.9), and our ratio of earnings to fixed charges, including interest expense on the above-mentioned debt, was 0.52.

Our substantial indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under the notes by, among other things:

- increasing our vulnerability to general adverse economic and industry conditions;

- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing amounts available for working capital, capital expenditures and other general corporate purposes;

- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

- placing us at a competitive disadvantage compared to our competitors that have less debt; and

- limiting our ability to borrow additional funds.

Although we believe we will generate sufficient free cash flow to service this debt and our obligations under the notes, there is no assurance that we will be able to do so. If we do not generate sufficient operating profits, our ability to make required payments on our senior debt, as well as on the debt represented by the notes described in this prospectus, may be impaired.

IF WE INCUR SUBSTANTIALLY MORE INDEBTEDNESS THAT IS SENIOR TO YOUR NOTES, OUR ABILITY TO PAY THE NOTES MAY BE IMPAIRED.

Subject to limitations contained in our credit facility and in the indenture, we may incur substantial additional indebtedness in the future. While the indenture for the notes requires us to maintain a positive net worth, it does not prohibit us from incurring additional indebtedness. Any such borrowings would be senior to the notes. If we borrow more money, the risks to noteholders described in this prospectus could intensify.

OUR MANAGEMENT HAS BROAD DISCRETION OVER THE USE OF PROCEEDS FROM THE OFFERING.

We expect to use the proceeds from the offering to fund the purchase of motor vehicle contracts and for other general corporate purposes, which may include the payment of general and administrative expenses. Because no specific allocation of the proceeds is required in the indenture, our management will have broad discretion in determining how the proceeds of the offering will be used. See "Use of Proceeds."

BECAUSE WE ARE SUBJECT TO MANY RESTRICTIONS IN OUR EXISTING CREDIT FACILITIES, OUR ABILITY TO PAY THE NOTES MAY BE IMPAIRED.

The terms of our existing credit facilities and our securitization trust debt impose significant operating and financial restrictions on us and our subsidiaries and require us to meet certain financial tests. The indenture for the notes also imposes certain limited restrictions on our ability and that of our subsidiaries to take certain actions. Such terms and restrictions may be amended or supplemented from time to time without requiring any notice to or consent of the holders of the notes or the trustee. These restrictions may have an adverse impact on our business activities, results of operations and financial condition. These restrictions may also significantly limit or prohibit us from engaging in certain transactions, including the following:

- incurring or guaranteeing additional indebtedness;

- making capital expenditures in excess of agreed upon amounts;

- paying dividends or other distributions to our stockholders or redeeming, repurchasing or retiring our capital stock or subordinated obligations;

- making investments;

- creating or permitting liens on our assets or the assets of our subsidiaries;

- issuing or selling capital stock of our subsidiaries;

- transferring or selling our assets;

- engaging in mergers or consolidations;
- permitting a change of control of our company;
- liquidating, winding up or dissolving our company;
- changing our name or the nature of our business, or the names or nature of the business of our subsidiaries; and
- engaging in transactions with our affiliates outside the normal course of business.

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

BECAUSE THERE ARE LIMITED RESTRICTIONS ON OUR ACTIVITIES UNDER THE INDENTURE, YOU WILL HAVE ONLY LIMITED PROTECTIONS UNDER THE INDENTURE.

In comparison to the restrictive covenants that are imposed on us by our existing credit facilities and other borrowing arrangements, the indenture governing the notes contains relatively minimal restrictions on our activities. In addition, the indenture contains only limited events of default other than our failure to timely pay principal and interest on the notes. Because there are only very limited restrictions and limited events of default under the indenture, we will not be restricted from issuing additional debt senior to your notes or be required to maintain any ratios of assets to debt in order to increase the likelihood of timely payments to you under the notes. Further, if we default in the payment of the notes or otherwise under the indenture, you will likely have to rely on the trustee to exercise your remedies on your behalf. You may not be able to seek remedies against us directly. See "Description of the Notes - Events of Default."

BECAUSE WE MAY REDEEM THE NOTES AT ANY TIME PRIOR TO THEIR MATURITY, YOU MAY BE SUBJECT TO REINVESTMENT RISK.

We have the right to redeem any note at any time prior to its stated maturity upon 30 days written notice to you. The notes would be redeemed at 100% of the principal amount plus accrued but unpaid interest up to but not including the redemption date. Any such redemption may have the effect of reducing the income or return on investment that any investor may receive on an investment in the notes by reducing the term of the investment. If this occurs, you may not be able to reinvest the proceeds at an interest rate comparable to the rate paid on the notes. See "Description of the Notes - Redemption or Repurchase Prior To Stated Maturity."

BECAUSE WE MAY TERMINATE THE DISTRIBUTION AND MANAGEMENT AGREEMENT UPON PRIOR NOTICE TO SUMNER HARRINGTON LTD., YOU SHOULD NOT RELY ON SUMNER HARRINGTON LTD. TO MARKET, SELL AND ADMINISTER THE NOTES.

The distribution and management agreement between us and Sumner Harrington Ltd. may be terminated by us upon prior notice. Therefore, it is not certain Sumner Harrington Ltd. will be responsible for the marketing, sale and administration of the notes for the duration of this offering. Other parties, including our company, may take over the functions currently provided by Sumner Harrington Ltd. Therefore, you should not rely on Sumner Harrington Ltd. continuously being responsible for the marketing, sale and administration of the notes.

UNDER CERTAIN CIRCUMSTANCES, YOU MAY BE REQUIRED TO PAY TAXES ON ACCRUED INTEREST ON THE NOTES PRIOR TO RECEIVING A SUFFICIENT AMOUNT OF CASH INTEREST PAYMENTS.

If you choose to have interest on your note paid at maturity and the term of your note exceeds one year, you may be required to pay taxes on the accrued interest prior to our making any interest payments to you. You should consult your tax advisor to determine your tax obligations.

RISK FACTORS RELATING TO CPS

BECAUSE WE REQUIRE A SUBSTANTIAL AMOUNT OF CASH TO SERVICE OUR DEBT, WE MAY NOT BE ABLE TO PAY THE NOTES.

To service our indebtedness, we require a significant amount of cash. Our ability to generate cash depends on many factors, including our successful financial and operating performance. We cannot assure you that our business strategy will succeed or that we will achieve our anticipated financial results. Our financial and operational performance depends upon a number of factors, many of which are beyond our control. These factors include, without limitation:

- the current economic and competitive conditions in the asset-backed securities market;
- the current credit quality of our motor vehicle contracts;
- the performance of our residual interests;
- any operating difficulties or pricing pressures we may experience;
- our ability to obtain credit enhancement;
- our ability to establish and maintain dealer relationships;
- the passage of laws or regulations that affect us adversely;
- any delays in implementing any strategic projects we may have;
- our ability to compete with our competitors; and
- our ability to acquire motor vehicle contracts.

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

BECAUSE WE NEED SUBSTANTIAL LIQUIDITY TO OPERATE OUR BUSINESS, WE MAY NOT BE ABLE TO PAY THE NOTES.

We have historically funded our operations principally through internally generated cash flows, sales of debt and equity securities, including through securitizations and warehouse credit facilities, borrowings from a private equity fund and sales of subordinated notes. However, we may not be able to obtain sufficient funding for our operations through either or a combination of (1) future access to the capital markets for equity or debt issuances, including securitizations or (2) future borrowings or other financings on acceptable terms to us.

If we are unable to access the capital markets or obtain acceptable financing, our results of operations, financial condition and cash flows would be materially and adversely affected and we may be unable to make payments on the notes. We require a substantial amount of cash liquidity to operate our business. Among other things, we use such cash liquidity to:

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

Prior to the third quarter of 2003, when we securitized our motor vehicle contracts, we reported a gain on the sale of those contracts. This gain represented a substantial portion of our revenues prior to the third quarter of 2003. However, although we reported this gain at the time of sale, we received the monthly cash payments on those contracts (representing revenue previously recognized) over the life of the motor vehicle contracts, rather than at the time of sale. As a result, a substantial portion of our reported revenues prior to the third quarter of 2003 did not represent immediate cash liquidity. See "Recent Developments".

OUR ABILITY TO PAY THE NOTES WILL DEPEND ON OUR ABILITY TO SECURE AND MAINTAIN CREDIT AND WAREHOUSE FINANCING ON FAVORABLE TERMS.

We depend on credit and warehouse facilities to finance our purchases of motor vehicle contracts. Our business strategy requires that these credit and warehouse financing sources continue to be available to us from the time of purchase or origination of a motor vehicle contract until its sale through a securitization.

Our primary source of day-to-day liquidity is our warehouse lines of credit, in which we sell or pledge motor vehicle contracts, as often as once a week, to special-purpose affiliated entities where they are "warehoused" until they are securitized. We depend substantially on two warehouse lines of credit; (i) a $125 million warehouse line of credit with Paradigm Funding LLC, which was renewed in April 2004 and, unless earlier terminated upon the occurrence of certain events, will expire in May 2005 and (ii) a $100 million warehouse line of credit with UBS Real Estate Securities Inc., which was executed in June 2004 and, unless earlier terminated upon the occurrence of certain events, will expire in June 2007. These warehouse facilities will remain available to us only if, among other things, we comply with certain financial covenants contained in the documents governing these facilities. These warehouse facilities may not be available to us in the future and we may not be able to obtain other credit facilities on favorable terms to fund our operations. See "Recent Developments".

If we are unable to arrange new warehousing or credit facilities or extend our existing warehouse or credit facilities when they come due, our results of operations, financial condition and cash flows could be materially and adversely affected and we may be unable to make payments on the notes.

OUR ABILITY TO PAY THE NOTES WILL DEPEND ON OUR ABILITY TO SECURITIZE OUR PORTFOLIO OF MOTOR VEHICLE CONTRACTS.

We are dependent upon our ability to continue to finance pools of motor vehicle contracts in term securitizations in order to generate cash proceeds for new purchases of motor vehicle contracts. We have historically depended on securitizations of motor vehicle contracts to provide permanent financing of those contracts. By "permanent financing" we mean financing that extends to cover the full term of the contracts. By contrast, our warehouse credit facilities permit us to borrow against the value of such receivables only for limited times. There can be no assurance that any securitization transaction will be available on terms acceptable to us, or at all. The timing of any securitization transaction is affected by a number of factors beyond our control, any of which could cause substantial delays, including, without limitation,

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

Adverse changes in the market for securitized contract pools may result in our inability to securitize contracts and may result in a substantial extension of the period during which our contracts are financed through our warehouse facilities, which would burden our financing capabilities, could require us to curtail our purchase of contracts, and could have a material adverse effect on us and our ability to make payments on the notes.

OUR ABILITY TO PAY THE NOTES WILL DEPEND ON CASH FLOWS FROM OUR RESIDUAL INTERESTS IN OUR SECURITIZATION PROGRAM AND OUR WAREHOUSE CREDIT FACILITIES.

When we sell or pledge our motor vehicle contracts in securitizations and warehouse credit facilities, we receive cash and a residual interest in the securitized assets. This residual interest represents the right to receive the future cash flows to be generated by the motor vehicle contracts in excess of (i) the interest and principal paid to investors on the indebtedness issued in connection with the financing (ii) the costs of servicing the contracts and (iii) certain other costs incurred in connection with completing and maintaining the securitization or warehousing. We sometimes refer to these future cash flows as "excess spread cash flows."

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

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

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

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

IF WE ARE UNABLE TO OBTAIN CREDIT ENHANCEMENT FOR OUR SECURITIZATION PROGRAM OR OUR WAREHOUSE CREDIT FACILITIES UPON FAVORABLE TERMS, OUR ABILITY TO PAY THE NOTES MAY BE IMPAIRED.

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

- credit enhancement in any form from FSA, XL or Radian or any other provider of credit enhancement on acceptable terms; or
- similar ratings for future securitizations.

We also rely on a financial guaranty insurance policy issued by XL to reduce our borrowing cost under our warehouse facility with Paradigm. If XL's credit rating is downgraded or if XL withdraws our credit enhancement from the Paradigm warehouse facility, we could be subject to higher interest costs for our future securitizations and higher financing costs during the warehousing period. Higher interest and financing costs could have a material adverse effect on our results of operations, financial condition and cash flows and our ability to make interest payments on, or repay, the notes.

IF OUR PORTFOLIO OF MOTOR VEHICLE CONTRACTS EXPERIENCES HIGHER LEVELS OF DEFAULTS, DELINQUENCIES OR LOSSES THAN WE ANTICIPATE, OUR ABILITY TO PAY THE NOTES MAY BE IMPAIRED.

We specialize in the purchase, sale and servicing of contracts to finance automobile purchases by customers with impaired or limited credit histories or "sub-prime" customers, which entail a higher risk of non-performance, higher delinquencies and higher losses than contracts with more creditworthy customers. While we believe that the underwriting criteria and collection methods we employ enable us to control the higher risks inherent in contracts with sub-prime customers, no assurance can be given that such criteria and methods will afford adequate protection against such risks. We have in the past experienced fluctuations in the delinquency and charge-off performance of our contracts. In the event that portfolios of contracts securitized and serviced by us experience greater defaults, higher delinquencies or higher net losses than anticipated, our income could be negatively affected and our ability to make payments on the notes could be impaired. A larger number of defaults than anticipated could also result in adverse changes in the structure of future securitization transactions, such as a requirement of increased cash collateral or other credit enhancement in such transactions.

IF THE ECONOMY OF ALL OR CERTAIN REGIONS OF THE UNITED STATES SLOWS OR ENTERS INTO A RECESSION, OUR ABILITY TO PAY THE NOTES MAY BE IMPAIRED.

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

IF AN INCREASE IN INTEREST RATES RESULTS IN A DECREASE IN OUR CASH FLOW FROM EXCESS SPREAD, OUR ABILITY TO PAY THE NOTES MAY BE IMPAIRED.

Our profitability is largely determined by the difference, or "spread," between the effective interest rate received by us on the motor vehicle contracts which we acquire and the interest rates payable under our warehouse credit facilities during the warehousing period and on the securities issued in our securitizations.

Several factors affect our ability to manage interest rate risk. Specifically, we are subject to interest rate risk during the period between when motor vehicle contracts are purchased from dealers and when such contracts are sold and financed in a securitization. Interest rates on our warehouse credit facilities are adjustable while the interest rates on the contracts are fixed. Therefore, if interest rates increase, the interest we must pay to the lenders under our warehouse credit facilities is likely to increase while the

interest realized by us under those warehoused contracts remains the same, and thus, during the warehousing period, the excess spread cash flow received by us would likely decrease. Additionally, contracts warehoused and then securitized during a rising interest rate environment may result in less excess spread cash flow realized by us under those securitizations as, historically, our securitization facilities pay interest to securityholders on a fixed rate basis set at prevailing interest rates at the time of the closing of the securitization, which may be several months after the contracts securitized were originated and entered the warehouse, while our customers pay fixed rates of interest on the contracts. A decrease in excess spread cash flow could adversely affect our earnings and cash flow and our ability to make payments on the notes.

To mitigate, but not eliminate, the short-term risk relating to interest rates payable by us under the warehouse facilities, we generally hold motor vehicle contracts in the warehouse facilities for less than four months. To mitigate, but not eliminate, the long-term risk relating to interest rates payable by us in securitizations, we have in the past, and intend to continue to, structure some of our securitization transactions to include pre-funding structures, whereby the amount of securities issued exceeds the amount of contracts initially sold into the securitization. In pre-funding, the proceeds from the pre-funded portion are held in an escrow account until we sell the additional contracts into the securitization in amounts up to the balance of the pre-funded escrow account. In pre-funded securitizations, we effectively lock in our borrowing costs with respect to the contracts we subsequently sell into the securitization. However, we incur an expense in pre-funded securitizations equal to the difference between the money market yields earned on the proceeds held in escrow prior to subsequent delivery of contracts and the interest rate paid on the securities outstanding, the amount as to which there can be no assurance. Despite these mitigation strategies, an increase in prevailing interest rates would cause us to receive less excess spread cash flows on motor vehicle contracts, and thus could adversely affect our earnings and cash flows and our ability to make payments on the notes.

IF WE ARE UNABLE TO SUCCESSFULLY COMPETE WITH OUR COMPETITORS, OUR ABILITY TO PAY THE NOTES MAY BE IMPAIRED.

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

IF OUR DEALERS DO NOT SUBMIT A SUFFICIENT NUMBER OF SUITABLE MOTOR VEHICLE CONTRACTS TO US FOR PURCHASE, OUR ABILITY TO PAY THE NOTES MAY BE IMPAIRED.

We are dependent upon establishing and maintaining relationships with a large number of unaffiliated automobile dealers to supply us with motor vehicle contracts. During the year ended December 31, 2003, no dealer accounted for more than 1.0% of the contracts we purchased. The agreements we have with dealers to purchase contracts do not require dealers to submit a minimum number of contracts for purchase. The failure of dealers to submit contracts that meet our underwriting criteria could result in reductions in our revenues or the cash flows available to us, and, therefore, could have an adverse effect on our ability to make payments on the notes.

IF A SIGNIFICANT NUMBER OF OUR MOTOR VEHICLE CONTRACTS PREPAY OR EXPERIENCE DEFAULTS, OUR ABILITY TO PAY THE NOTES MAY BE IMPAIRED.

If motor vehicle contracts that we purchase or service are prepaid or experience defaults, this could materially and adversely affect our results of operations, financial condition and cash flows and our ability to make payments on the notes. Our results of operations, financial condition, cash flows and liquidity, and consequently our ability to make payments on the notes, depend,

to a material extent, on the performance of motor vehicle contracts which we purchase, warehouse and securitize. A portion of the motor vehicle contracts acquired by us will default or prepay. In the event of payment default, the collateral value of the motor vehicle securing a motor vehicle contract will most likely not cover the outstanding principal balance on that contract and the related costs of recovery. We maintain an allowance for credit losses on motor vehicle contracts held on our balance sheet, which reflects our estimates of probable credit losses which can be reasonably estimated for on-balance sheet securitizations and warehoused contracts. If the allowance is inadequate, then we would recognize the losses in excess of the allowance as an expense and our results of operations could be adversely affected. In addition, under the terms of our warehouse facilities with Paradigm and UBS, we are not able to borrow against defaulted motor vehicle contracts.

Our servicing income can also be adversely affected by prepayment of, or defaults under, motor vehicle contracts in our servicing portfolio. Our contractual servicing revenue is based on a percentage of the outstanding principal balance of the motor vehicle contracts in our servicing portfolio. If motor vehicle contracts are prepaid or charged off, then our servicing revenue will decline while our servicing costs may not decline proportionately.

The value of our residual interest in the securitized assets in each off-balance sheet securitization reflects our estimate of expected future credit losses and prepayments for the motor vehicle contracts included in that securitization. If actual rates of credit loss or prepayments, or both, on such motor vehicle contracts exceed our estimates, the value of our residual interest and the related cash flow would be impaired. We periodically review our credit loss and prepayment assumptions relative to the performance of the securitized motor vehicle contracts and to market conditions. Our results of operations and liquidity could be adversely affected if actual credit loss or prepayment levels on securitized motor vehicle contracts substantially exceed anticipated levels. Under certain circumstances, we could be required to record an impairment charge through a reduction to interest income.

THE EFFECTS OF TERRORISM AND MILITARY ACTION MAY IMPAIR OUR ABILITY TO PAY THE NOTES.

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

IF WE LOSE SERVICING RIGHTS ON OUR PORTFOLIO OF MOTOR VEHICLE CONTRACTS, OUR ABILITY TO PAY THE NOTES WILL BE IMPAIRED.

The loss of our servicing rights could materially and adversely affect our results of operations, financial condition and cash flows and our ability to make payments on the notes. Our results of operations, financial condition and cash flows, and our ability to make interest payments on, or repay, the notes, would be materially and adversely affected if any of the following were to occur:

- the loss of our servicing rights under the sale and servicing agreements for our warehouse facilities with Paradigm Funding and UBS;
- the loss of our servicing rights under the applicable sale and servicing agreement relating to motor vehicle contracts which we have sold in our securitizations or service on behalf of third parties, including servicing rights acquired from Seawest; or
- the occurrence of certain trigger events under our insurance agreements with FSA, XL or Radian or with any other credit enhancer in each of our securitizations that would block the release of excess spread cash flows or cash releases from the spread accounts in those securitizations.

We are entitled to receive servicing fees only while we act as servicer under the applicable sale and servicing agreement for motor vehicle contracts entered into in connection with our warehouse facilities and securitizations and the agreements under which we service motor vehicle contracts in connection with the Seawest securitizations. Under our warehouse facilities and securitizations and the Seawest securitizations, we may be terminated as servicer upon the occurrence of certain events, including:

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

IF WE LOSE KEY PERSONNEL, OUR ABILITY TO PAY THE NOTES MAY BE IMPAIRED

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

IF WE FAIL TO COMPLY WITH REGULATIONS, OUR ABILITY TO PAY THE NOTES MAY BE IMPAIRED.

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

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

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

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

IF WE EXPERIENCE UNFAVORABLE LITIGATION RESULTS, OUR ABILITY TO PAY THE NOTES MAY BE IMPAIRED.

Unfavorable outcomes in any of our current or future litigation proceedings could materially and adversely affect our results of operations, financial conditions and cash flows and our ability to make payments on the notes. As a consumer finance company, we are subject to various consumer claims

and litigation seeking damages and statutory penalties based upon, among other things, disclosure inaccuracies and wrongful repossession, which could take the form of a plaintiff's class action complaint. We, as the assignee of finance contracts originated by dealers, may also be named as a co-defendant in lawsuits filed by consumers principally against dealers. We are also subject to other litigation common to the motor vehicle industry and businesses in general. The damages and penalties claimed by consumers and others in these types of matters can be substantial. The relief requested by the plaintiffs varies but includes requests for compensatory, statutory and punitive damages.

While we intend to vigorously defend ourselves against such proceedings, there is a chance that our results of operations, financial condition and cash flows could be materially and adversely affected by unfavorable outcomes, which, in turn, could affect our ability to make interest payments on, or repay, the notes.

IF WE EXPERIENCE PROBLEMS WITH OUR ACCOUNTING AND COLLECTION SYSTEMS, OUR ABILITY TO PAY THE NOTES MAY BE IMPAIRED.

Problems with our in-house loan accounting and collection systems could materially and adversely affect our collections and cash flows and our ability to make payments on the notes. Any significant failures or defects with our accounting and collection systems could adversely affect our results of operations, financial conditions and cash flows and our ability to perform our obligations under the notes.

FORWARD-LOOKING STATEMENTS

This prospectus contains certain statements of a forward-looking nature relating to future events or our future performance. These forward-looking statements are based on our current expectations, assumptions, estimates and projections about us and our industry. When used in this prospectus, the words "expects," "believes," "anticipates," "estimates," "intends" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to, statements of our plans, strategies and prospects under the captions "Prospectus Summary," "Risk Factors," "Use of Proceeds," and other statements contained elsewhere in this prospectus.

These forward-looking statements are only predictions and are subject to risks and uncertainties that could cause actual events or results to differ materially from those projected. The cautionary statements made in this prospectus should be read as being applicable to all related forward-looking statements wherever they appear in this prospectus. We assume no obligation to update these forward-looking statements publicly for any reason. Actual results could differ materially from those anticipated in these forward-looking statements.

The risk factors discussed above and additional risks discussed in the documents incorporated by reference into this prospectus could cause our actual results to differ materially from those expressed in any forward-looking statements.

RATIOS OF EARNINGS TO FIXED CHARGES

	1999	2000	2001	2002	2003	2004
Ratio of earnings to fixed charges(1)	-1.54	-0.77	1.02	1.12	1.02	0.52
Deficiency(2)($000s)	72,163	32,403				15,888

- ------------------

(1) For purposes of computing our ratios of earnings to fixed charges, we calculated earnings by adding fixed charges to income before income taxes. Fixed charges consist of gross interest expenses and one-third of our rent expense, which is the amount we believe is representative of the interest factor component of our rent expense.

(2) The deficiency is the amount by which the sum of earnings plus fixed charges, as calculated above, fell short of fixed charges. It is thus equal to our pre-tax loss recorded in the years ended December 31, 1999 and 2000, and the year ended December 31, 2004.

USE OF PROCEEDS

If all of the notes are sold with maturities of three years or more, we would expect to receive approximately $96.8 million of net proceeds from this offering after deducting the selling agent commissions and estimated offering expenses payable by us. Although we have no specific plan to allocate the proceeds, the general purpose of the offering is to raise capital to purchase motor vehicle contracts and for other general corporate purposes, which may include payment of general and administrative expenses.

CAPITALIZATION

The following table sets forth our capitalization, as of December 31, 2004. For a description of the application of the net proceeds, assuming all of the notes are sold with maturities of two years or more, see "Use of Proceeds" and "Risk Factors - Risk Factors Relating to the Notes - Our Management has Broad Discretion Over the Use of Proceeds."

	As of December 31, 2004 (in 000's)	
	Actual	As adjusted
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	$ 18,153	$ 18,153
Warehouse lines of credit	34,279	34,279
Tax liabilities, net	2,978	2,978
Notes payable	1,421	1,421
Residual interest financing	22,204	22,204
Securitization trust debt	542,815	542,815
Senior secured debt	59,829	59,829
Subordinated debt	15,000	115,000
	696,679	796,679
SHAREHOLDERS' EQUITY		
Preferred stock, $1 par value; authorized 5,000,000 shares; none issued	--	--
Series A preferred stock, $1 par value; authorized 5,000,000 shares; 3,415,000 shares issued; none outstanding	--	--
Common stock, no par value; authorized 30,000,000 shares; 21,403,409 shares issued and outstanding at December 31, 2004	66,283	66,283
Retained earnings	5,104	5,104
Comprehensive loss - minimum pension benefit obligation, net	(1,017)	(1,017)
Deferred compensation	(450)	(450)
Total Shareholders' Equity	69,920	69,920
Total capitalization	$ 766,599	$ 866,599

RECENT DEVELOPMENTS

2004 FINANCIAL RESULTS.

We reported a loss in the amount of $15.9 million for the year ended December 31, 2004, and $12.2 million for the quarter ended that date. Our financial results for the fourth quarter of 2004 included two significant non-cash charges: a $9.1 million impairment loss on our residual interest in our securitizations and a $4.5 million provision for credit losses related to the portfolio of receivables that we purchased from SeaWest Financial Corporation in 2004. Further information concerning our results of operations for 2004 is contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2005.

Certain of our securitization transactions and our warehouse credit facilities contain various financial covenants requiring certain minimum financial ratios and results. Such covenants include maintaining minimum levels of liquidity and net worth and not exceeding maximum leverage levels and maximum financial losses. In addition, certain of our securitization and non-securitization related debt contains cross-default provisions which would allow certain of our creditors to declare a default if a default were declared under a different facility. As a result of waivers and amendments to these covenants and cross-default provisions throughout 2004 and during the first quarter of 2005, we were in compliance with all such covenants and cross-default provisions as of December 31, 2004 and as of the date of this prospectus. There can be no assurance that we will remain in compliance with any of the covenants and cross-default provisions in our securitization transactions or our warehouse credit facilities (as the same have been and/or may be amended from time to time) or that we will be able to obtain waivers or amendments to any such covenants and cross default provisions from our senior lenders in the future. See "Risk Factors -- Our ability to pay the notes will depend on our ability to secure and maintain credit and warehouse financing on favorable terms."

SHARE REPURCHASE PROGRAM

We have announced that a new share repurchase program has been authorized. The maximum dollar amount we expect to spend on purchases of our shares is $5 million; no minimum amount is committed. Purchases under such program have not commenced as of the date of this prospectus, and there can be no assurance as to the amount or timing of any such purchases.

AMENDMENT OF PARADIGM FUNDING WAREHOUSE CREDIT FACILITY

In November 2004, we amended the agreements governing our warehouse credit facility with Paradigm Funding. The principal change was to allow us to borrow against auto receivables originated by our subsidiary, TFC.

DESCRIPTION OF THE NOTES

GENERAL. The renewable unsecured subordinated notes we are offering will represent subordinated, unsecured debt obligations of CPS. We will issue the notes under an indenture between us and Wells Fargo Bank, National Association, as trustee. The terms and conditions of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939. The following is a summary of the material provisions of the indenture. For a complete understanding of the notes, you should review the definitive terms and conditions contained in the indenture, which include definitions of certain terms used below. A copy of the indenture has been filed with the SEC as an exhibit to the registration statement of which this prospectus is a part and is available from us at no charge upon request.

The notes will be subordinated in right of payment to the prior payment in full of all our secured, unsecured, senior and subordinate debt, and other financial obligations, whether outstanding on the date of the indenture or incurred following the date of the indenture. Subject to limited restrictions contained in the indenture discussed below, there is no limit under the indenture on the amount of additional debt we may incur. See " - Subordination" below.

The notes are not secured by any collateral or lien and we are not required to establish or maintain a sinking fund to provide for payments on the notes. See " - No Security; No Sinking Fund" below. In addition, the notes are not bank certificates of deposit and are not insured by the Federal Deposit Insurance Corporation, the Securities Investor Protection Corporation or any other agency or company.

You may select the amount (subject to a minimum principal amount of $1,000) and term (ranging from 3 months to 10 years) of the notes you would like to purchase when you subscribe; however, depending upon our capital requirements, we may not always offer notes with the requested terms. See " - Denomination" and " - Term" below.

We will determine the rate at which we will pay you interest on the notes at the time of subscription and the rate will be fixed for the term of your note. Currently available rates will be set forth in interest rate supplements to this prospectus. The interest rate will vary based on the term to maturity of the note you purchase and the total principal amount of all notes owned by you and your immediate family. We may change the interest rates at which we are offering new or renewed notes based on market conditions, the demand for notes and other factors. See " - Interest Rate" below.

Upon acceptance of your subscription to purchase notes, our servicing agent will create an account in a book-entry registration and transfer system for you, and credit the principal amount of your subscription to your account. Our servicing agent will send you a purchase confirmation that will indicate our acceptance of your subscription. You will have five business days from the postmark date of your purchase confirmation to rescind your subscription. If your subscription is rejected by us or our servicing agent, or if you rescind your subscription during the rescission period, all funds deposited will be promptly returned to you without any interest. See " - Book-Entry Registration and Transfer" and " - Rescission Right" below. Investors whose subscriptions for notes have been accepted and anyone who subsequently acquires notes in a qualified transfer are referred to as "holders" or "registered holders" in this prospectus and in the indenture.

We may modify or supplement the terms of the notes described in this prospectus from time to time in a supplement to the indenture and a supplement to this prospectus. Except as set forth under " - Amendment, Supplement And Waiver" below, any modification or amendment will not affect notes outstanding at the time of such modification or amendment.

DENOMINATION. You may purchase notes in the minimum principal amount of $1,000 or any amount in excess of $1,000. You will determine the original principal amount of each note you purchase when you subscribe. You may not cumulate purchases of multiple notes with principal amounts less than $1,000 to satisfy the minimum denomination requirement.

TERM. We may offer notes with the following terms to maturity:

- three months
- six months
- one year
- two years
- three years
- four years
- five years
- ten years

You will select the term of each note you purchase when you subscribe. You may purchase multiple notes with different terms by filling in investment amounts for more than one term on your subscription agreement. However, we may not always sell notes with all of the above terms.

INTEREST RATE. The rate of interest we will offer to pay you on notes at any particular time will vary based upon market conditions, and will be determined by the length of the term of the notes, the total principal amount of all notes owned by you and your immediate family, our capital requirements and other factors described below. The interest rate on a particular note will be determined at the time of subscription or renewal, and then remain fixed for the original or renewal term of the note. We will establish and may change the interest rates payable for notes of various terms and at various investment levels in an interest rate supplement to this prospectus.

The notes will earn incrementally higher interest rates when, at the time they are purchased or renewed, the aggregate principal amount of the note portfolios of the holder and the holder's immediate family is at least $25,000, $50,000, $75,000 or $100,000. The interest rates payable at each level of investment will be set forth in an interest rate supplement to this prospectus. Immediate family members include parents, children, siblings, grandparents, and grandchildren. Members of sibling families are also considered immediate family members if the holder's sibling is also a note holder. An investor must identify his or her immediate family members in the subscription agreement in order to use their notes to determine the interest rate for such investor's notes.

Interest rates we offer on the notes may vary based on numerous factors in addition to length of the term and aggregate principal amount. These factors may include, but are not limited to:

- the desire to attract new investors;
- whether the notes exceed certain principal amounts;
- whether the notes are being renewed by existing holders; and
- whether the notes are beneficially owned by persons residing in particular geographic localities.

COMPUTATION OF INTEREST. We will compute interest on notes on the basis of a calendar year consisting of 365 days. Interest will compound daily and accrue from the date of purchase. The date of purchase will be the date we receive and accept funds if the funds are received prior to 12:01 p.m. central time on a business day, or the next business day if the funds are received on a non-business day or at or after 12:01 p.m. central time on a business day. Our business days are Monday through Friday, except for legal holidays in the State of Minnesota.

INTEREST PAYMENT DATES. Holders of notes may elect at the time a subscription agreement is completed to have interest paid either monthly, quarterly, semiannually, annually or at maturity. If you choose to have interest paid monthly, you may elect the day of the month on which interest will be paid, subject to our approval. For all other payment periods, interest will be paid on the same day of the month as the purchase date of your note. You will not earn interest on any rescinded note. See "--Rescission Right" below for additional information on your right to rescind your investment.

The period or day of interest payment for each note may be changed one time only by the holder during the term of the note, subject to our approval. Requests to change the election must be made in writing to our servicing agent and will be effective no later than the first business day following the 45th day after the election change request is received. No specific change in election form is required and there is no charge to change the election once during the term of a note. Any interest not paid on an interest payment date will be paid at maturity.

PLACE AND METHOD OF PAYMENT. We will pay principal and interest on the notes by direct deposit to the account you specify in your subscription documents. We will not accept subscription agreements from investors who are unwilling to receive their interest payments via direct deposit. If the foregoing payment method is not available, principal and interest on the notes will be payable at our principal executive office or at such other place as we may designate for payment purposes.

SERVICING AGENT. We have engaged Sumner Harrington Ltd., the investment banking firm that is helping us sell the notes, to act as our servicing agent for the notes. Sumner Harrington Ltd.'s responsibilities as servicing agent will involve the performance of certain administrative and customer service functions for the notes that we are responsible for performing as the issuer of the notes. For example, as our servicing agent, Sumner Harrington Ltd. will serve as our registrar and transfer agent and will manage all aspects of the customer service function for the notes, including handling all phone inquiries, mailing investment kits, meeting with investors, processing subscription agreements, issuing quarterly investor statements and redeeming and repurchasing notes. In addition, as servicing agent, Sumner Harrington Ltd. will provide us with monthly reports and analysis regarding the status of the notes, the marketing efforts and the amount of notes that remain available for purchase and also will have the ability to exercise certain limited discretion with respect to waiving early repurchase penalties, changing interest payment dates and rejecting subscription agreements. Other duties of Sumner Harrington Ltd. as our servicing agent under the distribution and management agreement are described throughout this section and under "Plan of Distribution."

As compensation for its services as servicing agent, we will pay Sumner Harrington Ltd. an annual portfolio management fee equal to 0.25% of the weighted average daily principal balance of the notes so long as Sumner Harrington Ltd. is engaged as our servicing agent, subject to certain maximum payment provisions set forth below in "Plan of Distribution." The ongoing fee will be paid monthly. The distribution and management agreement may be terminated by either party by prior notice. Sumner Harrington Ltd.'s duties and compensation as selling agent under the same agreement are described under "Plan of Distribution."

You may contact our servicing agent with any questions about the notes at the following address and telephone number:

Sumner Harrington Ltd.
11100 Wayzata Boulevard, Suite 170
Minneapolis, MN 55305
Telephone: (800) 234-5777
Fax: (952) 546-5585

BOOK-ENTRY REGISTRATION AND TRANSFER. The notes are issued in book entry form, which means that no physical note is created. Evidence of your ownership is provided by written confirmation. Except under limited circumstances described below, holders will not receive or be entitled to receive any physical delivery of a certificated security or negotiable instrument that evidences their notes. The issuance and transfer of notes will be accomplished exclusively through the crediting and debiting of the appropriate accounts in our book-entry registration and transfer system. Our servicing agent will maintain the book-entry system.

The holders of the accounts established upon the purchase or transfer of notes will be deemed to be the owners of the notes under the indenture. The holder of the notes must rely upon the procedures established by the trustee to exercise any rights of a holder of notes under the indenture. Our servicing agent will regularly provide the trustee with information regarding the establishment of new accounts and the transfer of existing accounts.

Our servicing agent will also regularly provide the trustee with information regarding the total amount of any principal and/or interest due to holders with regard to the notes on any interest payment date or upon redemption.

On each interest payment date, the servicing agent will credit interest due on each account and direct payments to the holders. The servicing agent will determine the interest payments to be made to the book-entry accounts and maintain, supervise and review any records relating to book-entry beneficial interests in the notes.

Book-entry notations in the accounts evidencing ownership of the notes are exchangeable for actual notes in principal denominations of $1,000 and any amount in excess of $1,000 and fully registered in those names as we direct only if:

- we, at our option, advise the trustee in writing of our election to terminate the book-entry system, or
- after the occurrence of an event of default under the indenture, holders of more than 50% of the aggregate outstanding principal amount of the notes advise the trustee in writing that the continuation of a book-entry system is no longer in the best interests of the holders of notes and the trustee notifies all registered holders of the occurrence of any such event and the availability of certificated securities that evidence the notes.

Subject to the exceptions described above, the book-entry interests in these securities will not be exchangeable for fully registered certificated notes.

RESCISSION RIGHT. A purchaser of notes has the right to rescind his or her investment, without penalty, upon written request to our servicing agent within five business days from the postmark date of the purchase confirmation (but not upon transfer or automatic renewal of a note). You will not earn interest on any rescinded note. We will promptly return any funds sent with a subscription agreement that is properly rescinded. A written request for rescission, if personally delivered or delivered via electronic transmission, must be received by our servicing agent on or prior to the fifth business day following the mailing of written confirmation by us of the acceptance of your subscription. If mailed, the written request for rescission must be postmarked on or before the fifth business day following the mailing of such written confirmation by us.

In addition, if your subscription agreement is accepted by our servicing agent at a time when we have determined that a post-effective amendment to the registration statement of which this prospectus is a part must be filed with the Securities and Exchange Commission, but such post-effective amendment has not yet been declared effective, our servicing agent will send to you at your registered address a notice and a copy of the post-effective amendment once it has been declared effective. You will have the right to rescind your investment upon written request to our servicing agent within five business days from the postmark date of the notice that the post-effective amendment has been declared effective. We will promptly return any funds sent with a subscription agreement that is properly rescinded without penalty, although any interest previously paid on the notes being rescinded will be deducted from the funds returned to you upon rescission. A written request for rescission, if personally delivered or delivered via electronic transmission, must be received by our servicing agent on or prior to the fifth business day following the mailing of the notice that the post-effective amendment has been declared effective. If mailed, the written request for rescission must be postmarked on or before the fifth business day following the mailing of such notice.

The limitations on the amount of notes that can be redeemed early in a single calendar quarter described under "- Redemption or Repurchase Prior to Stated Maturity" below do not affect your rescission rights.

RIGHT TO REJECT SUBSCRIPTIONS. Our servicing agent may reject any subscription for notes in its sole discretion. If a subscription for notes is rejected, we will promptly return any funds sent with that subscription, without interest.

RENEWAL OR REDEMPTION ON MATURITY. Approximately 15, but not less than 10 days prior to maturity of your note, our servicing agent will send you a notice at your registered address indicating that your note is about to mature and whether we will allow automatic renewal of your note. If we allow you to renew your note, our servicing agent will also send to you a current interest

rate supplement and, if the prospectus has changed since the delivery of this prospectus in connection with your original subscription or any prior renewal, a current prospectus or prospectus supplement. The interest rate supplement will set forth the interest rates then in effect. The notice will recommend that you review the prospectus and any prospectus supplement, along with the interest rate supplement, prior to exercising one of the below options. If we do not send you a new prospectus because the prospectus has not changed since the delivery of this prospectus in connection with your original subscription or any prior renewal, we will send you a new prospectus upon your request. Unless the election period is extended as described below, you will have until 15 days after the maturity date to exercise one of the following options:

- You can do nothing, in which case your note will automatically renew for a new term equal to the original term at the interest rate in effect at the time of renewal. If your note pays interest only at maturity, all accrued interest will be added to the principal amount of your note upon renewal. For notes with other payment options, interest will be paid on the renewed note on the same schedule as the original note.

- You can elect repayment of your note, in which case the principal amount will be repaid in full along with any accrued but unpaid interest. If you choose this option, your note will not earn interest on or after the maturity date.

- You can elect repayment of your note and use all or part of the proceeds to purchase a new note with a different term or principal amount. To exercise this option, you will need to complete a subscription agreement for the new note and mail it along with your request to our servicing agent. The issue date of the new note will be the maturity date of the old note. Any proceeds from the old note that are not applied to the new note will be sent to you.

- If your note pays interest only at maturity, you can receive the accrued interest that you have earned during the note term just ended while allowing the principal amount of your note to roll over and renew for the same term at the interest rate then in effect. To exercise this option, you will need to call, fax or send a written request to our servicing agent.

The foregoing options will be available to holders until termination or redemption under the indenture and the notes by either the holder or us. Interest will accrue from the first day of each renewed term. Each renewed note will retain all its original provisions, including provisions relating to payment, except that the interest rate payable during any renewal term will be the interest rate that is being offered at that time to other holders with similar aggregate note portfolios for notes of the same term as set forth in the interest rate supplement delivered with the maturity notice. If similar notes are not then being offered, the interest rate upon renewal will be the rate specified by us on or before the maturity date, or the rate of the existing note if no such rate is specified.

If we notify the holder of our intention to repay a note at maturity, we will pay the holder the principal amount and any accrued but unpaid interest on the stated maturity date. Similarly, if, within 15 days after a note's stated maturity date (or during any applicable extension of the 15 day period, as described below), the holder requests repayment with respect to a note, we will pay the holder the principal amount of the note plus accrued but unpaid interest up to, but not including, the note's stated maturity date. In the event that a holder's regularly scheduled interest payment date falls after the maturity date of the note but before the date on which the holder requests repayment, the holder may receive interest payments that include interest for periods after the maturity date of the note. If this occurs, the excess interest will be deducted from our final payment of the principal amount of the note to the holder. We will initiate payment to any holder timely requesting repayment by the later of the maturity date or five business days after the date on which we receive such notice from the holder. Because payment is made by ACH transfer, funds may not be received in the holder's account for 2 to 3 business days. Requests for repayment should be made to our servicing agent in writing.

We will be required from time to time to file post-effective amendments to the registration statement of which this prospectus is a part to update the information it contains. If you would otherwise be required to elect to have your notes renewed or repaid following their stated maturity at a time when we have determined that a post-effective amendment must be filed with the Securities and Exchange Commission, but such post-effective amendment has not yet been declared effective, the period during which you can elect renewal or

repayment will be automatically extended until ten days following the postmark date of a notice that will be sent to you at your registered address by the servicing agent that the post-effective amendment has been declared effective. In the event that a holder's regularly scheduled interest payment date falls after the maturity date of the note but before the date on which the holder requests repayment, the holder may receive an interest payment that includes interest for periods after the maturity date of the note. If this occurs, the excess interest will be deducted from our final payment of the principal amount of the note to the holder. All other provisions relating to the renewal or redemption of notes upon their stated maturity described above shall remain unchanged.

REDEMPTION OR REPURCHASE PRIOR TO STATED MATURITY. The notes may be redeemed prior to stated maturity only as set forth in the indenture and described below. The holder has no right to require us to prepay or repurchase any note prior to its maturity date as originally stated or as it may be extended, except as indicated in the indenture and described below.

REDEMPTION BY US. We have the right to redeem any note at any time prior to its stated maturity upon 30 days written notice to the holder of the note. The holder of the note being redeemed will be paid a redemption price equal to the outstanding principal amount thereof plus but accrued and unpaid interest up to but not including the date of redemption without any penalty or premium. We may use any criteria we choose to determine which notes we will redeem if we choose to do so. We are not required to redeem notes on a pro rata basis.

REPURCHASE ELECTION UPON DEATH OR TOTAL PERMANENT DISABILITY. Notes may be repurchased prior to maturity, in whole and not in part, at the election of a holder who is a natural person (including notes held in an individual retirement account), by giving us written notice within 45 days following the holder's total permanent disability, as established to our satisfaction, or at the election of the holder's estate, by giving written notice within 45 days following his or her death. Subject to the limitations described below, we will repurchase the notes within 10 days after the later to occur of the request for repurchase or the establishment to our satisfaction of the holder's death or total permanent disability. The repurchase price, in the event of such a death or total permanent disability, will be the principal amount of the notes, plus interest accrued and not previously paid up to but not including the date of repurchase. If spouses are joint registered holders of a note, the right to elect to have us repurchase will apply when either registered holder dies or suffers a total permanent disability. If the note is held jointly by two or more persons who are not legally married, none of these persons will have the right to request that we repurchase the notes unless all joint holders have either died or suffered a total permanent disability. If the note is held by a person who is not a natural person such as a trust, partnership, corporation or other similar entity, the right to request repurchase upon death or total permanent disability does not apply.

REPURCHASE AT REQUEST OF HOLDER. In addition to the right to elect repurchase upon death or total permanent disability, a holder may request that we repurchase one or more of the holders' notes prior to maturity, in whole and not in part, at any time by giving us written notice. Subject to approval, at our sole discretion, and the limitations described below, we will repurchase the holder's note(s) specified in the notice within 10 days of receipt of the notice. The repurchase price, in the event we elect to repurchase the notes, will be the principal amount of the note, plus interest accrued and not previously paid (up to but not including the date of repurchase), minus a repurchase penalty. The early repurchase penalty for a note with a three month maturity is the interest accrued on such note up to the date of repurchase, not to exceed three months of simple interest at the existing rate. The early repurchase penalty for a note with a maturity of six months or longer is the interest accrued on such note up to the date of repurchase, not to exceed six months of simple interest at the existing rate. The penalty for early repurchase may be waived or reduced at the limited discretion of our servicing agent.

LIMITATIONS ON REQUIREMENTS TO REPURCHASE. Our obligation to repurchase notes prior to maturity for any reason will be subject to a calendar quarter limit equal to the greater of $1 million of aggregate principal amount for all holders or 2% of the total principal amount of all notes outstanding at the end of the previous calendar quarter. This limit includes any notes we repurchase upon death or total permanent disability of the holder and any notes that we repurchase pursuant to the holders' right to elect repurchase. Repurchase requests will be honored in the order in which they are received, to the extent

possible, and any repurchase request not honored in a calendar quarter will be honored in the next calendar quarter, to the extent possible, since repurchases in the next calendar quarter are also subject to the same calendar quarter limitation. For purposes of determining the order in which repurchase requests are received, a repurchase request will be deemed made on the later of the date on which it is received by us or, if applicable, the date on which the death or total permanent disability is established to our reasonable satisfaction.

MODIFICATIONS TO REPURCHASE POLICY. We may modify the policies on repurchase in the future. No modification will affect the right of repurchase applicable to any note outstanding at the time of any such modification.

TRANSFERS. The notes are not negotiable debt instruments and, subject to certain exceptions, will be issued only in book-entry form. The purchase confirmation issued upon our acceptance of a subscription is not a certificated security or negotiable instrument, and no rights of record ownership can be transferred without our prior written consent. Ownership of notes may be transferred on the servicing agent's register only as follows:

- The holder must deliver written notice requesting a transfer to our servicing agent signed by the holder(s) or such holder's duly authorized representative on a form to be supplied by our servicing agent.

- We must provide our written consent to the proposed transfer.

- We or our servicing agent may require a legal opinion from counsel satisfactory to the servicing agent that the proposed transfer will not violate any applicable securities laws.

- We or our servicing agent may require a signature guarantee in connection with such transfer.

Upon transfer of a note, our servicing agent will provide the new holder of the note with a purchase confirmation that will evidence the transfer of the account on our servicing agent's records. We or our servicing agent may charge a reasonable service charge in connection with the transfer of any note.

QUARTERLY STATEMENTS. Our servicing agent will provide holders of the notes with quarterly statements, which will indicate, among other things, the account balance at the end of the quarter, interest credited, redemptions or repurchases made, if any, and the interest rate paid during the quarter. These statements will be mailed not later than the 10th business day following the end of each calendar quarter. Our servicing agent may charge such holders a reasonable fee to cover the charges incurred in providing such information.

SUBORDINATION. The indebtedness evidenced by the notes, and any interest thereon, is subordinated in right of payment to all of our senior debt, including indebtedness held by our subsidiaries that are special purpose entities. "Senior debt" means all of our secured, unsecured, senior or subordinate indebtedness, as well as other financial obligations of the company, whether outstanding on the date of this prospectus or incurred after the date of this prospectus, whether such indebtedness is or is not specifically designated as being senior debt in its defining instruments, other than (i) existing outstanding unsecured subordinated indebtedness in the amount of $15 million, and (ii) any future offerings of additional renewable unsecured subordinated notes, both of which will rank equally with the notes. Any documents, agreements or instruments evidencing or relating to any senior debt may be amended, restated, supplemented and/or renewed from time to time without requiring any notice to or consent of any holder of notes or any person or entity acting on behalf of any such holder or the trustee.

The indenture does not prevent holders of senior debt from disposing of, or exercising any other rights with respect to, any or all of the collateral securing the senior debt. As of December 31, 2004, we had approximately $660.5 million of debt outstanding that is senior to the notes, of which $599.3 million was issued by our consolidated special purpose entities. Including an additional $206.7 million of debt that does not appear on our consolidated financial statements (which was issued by our off-balance sheet special purpose entities), we had $867.2 million of debt outstanding that is senior to the notes.

Except for certain limited restrictions, the terms of the notes or the indenture do not impose any limitation on the amount of senior debt or other indebtedness we may incur, although our existing senior debt agreements may restrict us from incurring new senior debt. See "Risk Factors - Risk Factors Relating to the Notes - You Lack Priority in Payment on the Notes."

The notes are not guaranteed by any of our subsidiaries, affiliates or control persons. Accordingly, in the event of a liquidation or dissolution of one of our subsidiaries, creditors of that subsidiary will be paid in full, or provision for such payment will be made, from the assets of that subsidiary prior to distributing any remaining assets to us as a shareholder of that subsidiary. Therefore, in the event of liquidation or dissolution of a subsidiary, no assets of that subsidiary may be used to make payment to the holders of the notes until the creditors of that subsidiary are paid in full from the assets of that subsidiary.

In the event of any liquidation, dissolution or any other winding up of us, or of any receivership, insolvency, bankruptcy, readjustment, reorganization or similar proceeding under the U.S. Bankruptcy Code or any other applicable federal or state law relating to bankruptcy or insolvency, or during the continuation of any event of default on the senior debt, no payment may be made on the notes until all senior debt has been paid in full or provision for such payment has been made to the satisfaction of the senior debt holders. If any of the above events occurs, holders of senior debt may also submit claims on behalf of holders of the notes and retain the proceeds for their own benefit until they have been fully paid, and any excess will be turned over to the holders of the notes. If any distribution is nonetheless made to holders of the notes, the money or property distributed to them must be paid over to the holders of the senior debt to the extent necessary to pay senior debt in full.

We will not make any payment, direct or indirect (whether for interest, principal, as a result of any redemption or repurchase at maturity, on default, or otherwise), on the notes and any other indebtedness being subordinated to the payment of the notes, and neither the holders of the notes nor the trustee will have the right, directly or indirectly, to sue to enforce the indenture or the notes, if a default or event of default under any senior debt has occurred and is continuing, or if any default or event of default under any senior debt would result from such payment, in each case unless and until:

- the default and event of default has been cured or waived or has ceased to exist; or
- the end of the period commencing on the date the trustee receives written notice of default from a holder of the senior debt and ending on the earlier of
  - -- the trustee's receipt of a valid waiver of default from the holder of senior debt; or
  - -- the trustee's receipt of a written notice from the holder of senior debt terminating the payment blockage period.

Provided, however, that if any of the blockage events described above has occurred and 179 days have passed since the trustee's receipt of the notice of default without the occurrence of the cure, waiver or termination of all blockage periods described above, the trustee may thereafter sue on and enforce the indenture and the notes as long as any funds paid as a result of any such suit or enforcement action shall be paid toward the senior debt until it is indefeasibly paid in full before being applied to the notes.

NO SECURITY; NO SINKING FUND. The notes are unsecured, which means that none of our tangible or intangible assets or property, nor any of the assets or property of any of our subsidiaries, has been set aside or reserved to make payment to the holders of the notes in the event that we default on our obligations to the holders. In addition, we will not contribute funds to any separate account, commonly known as a sinking fund, to repay principal or interest due on the notes upon maturity or default. See "Risk Factors - Risk Factors Relating to the Notes - The Notes will have No Sinking Fund, Security, Insurance or Guarantee."

RESTRICTIVE COVENANTS. The indenture contains certain limited restricted covenants that require us to maintain certain financial standards and restrict us from certain actions as set forth below.

The indenture provides that, so long as the notes are outstanding:

- we will maintain a positive net worth, which includes stockholder's equity and any of our debt that is subordinate to the notes;

- we will not declare or pay any dividends or other payments of cash or other property to our stockholders (other than a dividend paid in shares of our capital stock on a pro rata basis to all our stockholders) unless no default and no event of default with respect to the notes exists or would exist immediately following the declaration or payment of the dividend or other payment; and

- we will not guarantee, endorse or otherwise become liable for any obligations of any of our control persons, or other parties controlled by or under common control with any of our control persons, provided however, that we and our subsidiaries may make investments in and guarantee the obligations of our special purpose entities.

See "Risk Factors - Risk Factors Relating to the Notes - You Will Have Only Limited Protection Under the Indenture."

CONSOLIDATION, MERGER OR SALE. The indenture generally permits a consolidation or merger between us and another entity. It also permits the sale or transfer by us of all or substantially all of our property and assets. These transactions are permitted if:

- the resulting or acquiring entity, if other than us, is a United States corporation, limited liability company or limited partnership and assumes all of our responsibilities and liabilities under the indenture, including the payment of all amounts due on the notes and performance of the covenants in the indenture; and

- immediately after the transaction, and giving effect to the transaction, no event of default under the indenture exists.

If we consolidate or merge with or into any other entity or sell or lease all or substantially all of our assets, according to the terms and conditions of the indenture, the resulting or acquiring entity will be substituted for us in the indenture with the same effect as if it had been an original party to the indenture. As a result, the successor entity may exercise our rights and powers under the indenture, in our name and we will be released from all our liabilities and obligations under the indenture and under the notes.

EVENTS OF DEFAULT. The indenture provides that each of the following constitutes an event of default:

- failure to pay interest on a note within 15 days after the due date for such payment (whether or not prohibited by the subordination provisions of the indenture);

- failure to pay principal on a note within 10 days after the due date for such payment (whether or not prohibited by the subordination provisions of the indenture);

- our failure to observe or perform any material covenant, condition or agreement or our breach of any material representation or warranty, but only after we have been given notice of such failure or breach and such failure or breach is not cured within 30 days after our receipt of notice;

- defaults in certain of our other financial obligations that are not cured within 30 days; and

- certain events of bankruptcy or insolvency with respect to us.

If any event of default occurs and is continuing (other than an event of default involving certain events of bankruptcy or insolvency with respect to us), the trustee or the holders of at least a majority in principal amount of the then outstanding notes may by notice to us declare the unpaid principal of and any accrued interest on the notes to be due and payable immediately. So long as any senior debt is outstanding, however, and a payment blockage on the notes

is in effect, a declaration of this kind will not be effective, and neither the trustee nor the holders of notes may enforce the indenture or the notes, except as otherwise set forth above in "- Subordination". In the event senior debt is outstanding and no payment blockage on the notes is in effect, a declaration of this kind will not become effective until the earlier of:

- the day which is five business days after the receipt by us and the holders of senior debt of such written notice of acceleration; or

- the date of acceleration of any senior debt.

In the case of an event of default arising from certain events of bankruptcy or insolvency, with respect to us, all outstanding notes will become due and payable without further action or notice.

Holders of the notes may not enforce the indenture or the notes except as provided in the indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding notes may direct the trustee in its exercise of any trust power. The trustee may withhold from holders of the notes notice of any continuing default or event of default (except a default or event of default relating to the payment of principal or interest on the notes) if the trustee in good faith determines that withholding notice would have no material adverse effect on the holders.

The holders of a majority in aggregate principal amount of the notes then outstanding by notice to the trustee may, on behalf of the holders of all of the notes, waive any existing default or event of default and its consequences under the indenture, except:

- a continuing default or event of default in the payment of interest on, or the principal of, a note held by a non-consenting holder; or

- a waiver that would conflict with any judgment or decree.

We are required to deliver to the trustee within 120 days of the end of our fiscal year a certificate regarding compliance with the indenture, and we are required, upon becoming aware of any default or event of default, to deliver to the trustee a certificate specifying such default or event of default and what action we are taking or propose to take with respect to the default or event of default.

AMENDMENT, SUPPLEMENT AND WAIVER. Except as provided in this prospectus or the indenture, the terms of the indenture or the notes then outstanding may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the notes then outstanding, and any existing default or compliance with any provision of the indenture or the notes may be waived with the consent of the holders of a majority in principal amount of the then outstanding notes.

Notwithstanding the foregoing, an amendment or waiver will not be effective with respect to the notes held by a holder who has not consented if it has any of the following consequences:

- reduces the aggregate principal amount of notes whose holders must consent to an amendment, supplement or waiver;

- reduces the principal of or changes the fixed maturity of any note or alters the repurchase or redemption provisions or the price at which we shall offer to repurchase or redeem the note;

- reduces the rate of or changes the time for payment of interest, including default interest, on any note;

- waives a default or event of default in the payment of principal or interest on the notes, except a rescission of acceleration of the notes by the holders of at least a majority in aggregate principal amount of the then outstanding notes and a waiver of the payment default that resulted from such acceleration;.

- makes any note payable in money other than that stated in this prospectus;

- makes any change in the provisions of the indenture relating to waivers of past defaults or the rights of holders of notes to receive payments of principal of or interest on the notes;

- makes any change to the subordination provisions of the indenture that has a material adverse effect on holders of notes;

- modifies or eliminates the right of the estate of a holder or a holder to cause us to repurchase a note upon the death or total permanent disability of a holder; or

- makes any change in the foregoing amendment and waiver provisions.

Notwithstanding the foregoing, without the consent of any holder of the notes, we and the trustee may amend or supplement the indenture or the notes:

- to cure any ambiguity, defect or inconsistency;

- to provide for assumption of our obligations to holders of the notes in the case of a merger, consolidation or sale of all or substantially all of our assets;

- to provide for additional uncertificated or certificated notes;

- to make any change that does not adversely affect the legal rights under the indenture of any such holder, including but not limited to an increase in the aggregate dollar amount of notes which may be outstanding under the indenture;

- to modify our policy regarding repurchases elected by a holder of notes prior to maturity and our policy regarding repurchase of the notes prior to maturity upon the death or total permanent disability of any holder of the notes, but such modifications shall not materially adversely affect any then outstanding notes; or

- to comply with requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act.

THE TRUSTEE. Wells Fargo Bank, National Association has agreed to be the trustee under the indenture. The indenture contains certain limitations on the rights of the trustee, should it become one of our creditors, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any claim as security or otherwise. The trustee will be permitted to engage in other transactions with us.

Subject to certain exceptions, the holders of a majority in principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee. The indenture provides that in case an event of default specified in the indenture shall occur and not be cured, the trustee will be required, in the exercise of its power, to use the degree of care of a reasonable person in the conduct of his own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holder of notes, unless the holder shall have offered to the trustee security and indemnity satisfactory to it against any loss, liability or expense.

RESIGNATION OR REMOVAL OF THE TRUSTEE. The trustee may resign at any time, or may be removed by the holders of a majority of the aggregate principal amount of the outstanding notes. In addition, upon the occurrence of contingencies relating generally to the insolvency of the trustee or the trustee's ineligibility to serve as trustee under the Trust Indenture Act of 1939, as amended, we may remove the trustee. However, no resignation or removal of the trustee may become effective until a successor trustee has accepted the appointment as provided in the indenture.

REPORTS TO TRUSTEE. Our servicing agent will provide the trustee with quarterly reports containing any information reasonably requested by the trustee. These quarterly reports will include information on each note outstanding during the preceding quarter, including outstanding principal balance, interest credited and paid, transfers made, any redemption or repurchase and interest rate paid.

NO PERSONAL LIABILITY OF OUR OR OUR SERVICING AGENT'S DIRECTORS, OFFICERS, EMPLOYEES AND STOCKHOLDERS. No director, officer, employee, incorporator or stockholder of ours or our servicing agent, will have any liability for any of our obligations under the notes, the indenture or for any claim based on, in respect to, or by reason of, these obligations or their creation. Each holder of the notes waives and releases these persons from any liability, including any liability arising under applicable securities laws. The waiver and release are part of the consideration for issuance of the notes. We have been advised that the waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

SERVICE CHARGES. We and our servicing agent may assess service charges for changing the registration of any note to reflect a change in name of the holder, multiple changes in interest payment dates or transfers (whether by operation of law or otherwise) of a note by the holder to another person.

ADDITIONAL SECURITIES. We may offer additional classes of securities with terms and conditions different from the notes currently being offered in this prospectus. We will amend or supplement this prospectus if and when we decide to offer to the public any additional class of security under this prospectus. If we sell the entire principal amount of notes offered in this prospectus, we may register and sell additional notes by amending this prospectus, but we are under no obligation to do so.

VARIATIONS BY STATE. We may offer different securities and vary the terms and conditions of the offer (including, but not limited to, different interest rates and service charges for all notes) depending upon the state where the purchaser resides.

INTEREST WITHHOLDING. We will withhold 28% (which rate is scheduled to increase to 31% for payments made after December 31, 2010) of any interest paid to any investor who has not provided us with a social security number, employer identification number, or other satisfactory equivalent in the subscription agreement (or another document) or where the Internal Revenue Service has notified us that backup withholding is otherwise required. Please read "Material Federal Income Tax Consequences - Reporting and Backup Withholding."

LIQUIDITY. There is not currently a trading market for the notes, and we do not expect that a trading market for the notes will develop.

SATISFACTION AND DISCHARGE OF INDENTURE. The indenture shall cease to be of further effect upon the payment in full of all of the outstanding notes and the delivery of an officer's certificate to the trustee stating that we do not intend to issue additional notes under the indenture or, with certain limitations, upon deposit with the trustee of funds sufficient for the payment in full of all of the outstanding notes.

REPORTS. We currently publish annual reports containing financial statements and quarterly reports containing financial information for the first three quarters of each fiscal year. We will send copies of these reports, at no charge, to any holder of notes who sends a written request to:

Consumer Portfolio Services, Inc.
16355 Laguna Canyon Road
Irvine, California 92618
Attention: Corporate Secretary
(949) 753-6800.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The following discussion is our counsel's opinion of the material federal income tax consequences relating to the ownership and disposition of the notes. The discussion is based upon the current provisions of the Internal Revenue Code of 1986, as amended, regulations issued under the Internal Revenue

Code and judicial or ruling authority, all of which are subject to change that may be applied retroactively. The discussion assumes that the notes are held as capital assets and does not discuss the federal income tax consequences applicable to all categories of investors, some of which may be subject to special rules such as banks, tax-exempt organizations, insurance companies, dealers in securities or currencies, persons that will hold notes as a position in a hedging, straddle or conversion transactions, or persons that have a functional currency other than the U.S. dollar. If a partnership holds notes, the tax treatment of a partner will generally depend on the status of the partner and on the activities of the partnership. In addition, it does not deal with holders other than original purchasers. You are urged to consult your own tax advisor to determine the specific federal, state, local and any other tax consequences applicable to you relating to your ownership and disposition of the notes.

INTEREST INCOME ON THE NOTES

Subject to the discussion below applicable to "non-U.S. holders," interest paid on the notes will generally be taxable to you as ordinary income as the income is paid if you are a cash method taxpayer or as the income accrues if you are an accrual method taxpayer.

However, a note with a term of one year or less, which we refer to in this discussion as a "short-term note," will be treated as having been issued with original issue discount or "OID" for tax purposes equal to the total payments on the note over its issue price. If you are a cash method holder of a short-term note you are not required to include this OID as income currently unless you elect to do so. Cash method holders who make that election and accrual method holders of short-term notes are generally required to recognize the OID in income currently as it accrues on a straight-line basis unless the holder elects to accrue the OID under a constant yield method. Under a constant yield method, you generally would be required to include in income increasingly greater amounts of OID in successive accrual periods.

Cash method holders of short-term notes who do not include OID in income currently will generally be taxed on stated interest at the time it is received and will treat any gain realized on the disposition of a short-term note as ordinary income to the extent of the accrued OID generally reduced by any prior payments of interest. In addition, these cash method holders will be required to defer deductions for certain interest paid on indebtedness related to purchasing or carrying the short-term notes until the OID is included in the holder's income.

There are also some situations in which a cash basis holder of a note having a term of more than one year may have taxable interest income with respect to a note before any cash payment is received with respect to the note. If you report income on the cash method and you hold a note with a term longer than one year that pays interest only at maturity, you generally will be required to include OID accrued during the original term (without regard to renewals) as ordinary gross income as the OID accrues. OID accrues under a constant yield method, as described above.

TREATMENT OF DISPOSITIONS OF NOTES

Upon the sale, exchange, retirement or other taxable disposition of a note, you will recognize gain or loss in an amount equal to the difference between the amount realized on the disposition and your adjusted tax basis in the note. Your adjusted tax basis of a note generally will equal your original cost for the note, increased by any accrued but unpaid interest (including OID) you previously included in income with respect to the note and reduced by any principal payments you previously received with respect to the note. Any gain or loss will be capital gain or loss, except for gain representing accrued interest not previously included in your income. This capital gain or loss will be short-term or long-term capital gain or loss, depending on whether the note had been held for more than one year or for one year or less.

NON-U.S. HOLDERS

Generally, if you are a nonresident alien individual or a non-U.S. corporation and do not hold the note in connection with a United States trade or business, interest paid and OID accrued on the notes will be treated as "portfolio interest" and therefore will be exempt from a 30% United States withholding tax. In that case, you will be entitled to receive interest payments on the notes free of United States federal income tax provided that you

periodically provide a statement on applicable IRS forms certifying under penalty of perjury that you are not a United States person and provide your name and address. In addition, in that case you will not be subject to United States federal income tax on gain from the disposition of a note unless you are an individual who is present in the United States for 183 days or more during the taxable year in which the disposition takes place and certain other requirements are met. Interest paid and accrued OID paid to a non-U.S. person are not subject to withholding if they are effectively connected with a United States trade or business conducted by that person and we are provided a properly executed IRS Form W-8ECI. They will, however, generally be subject to the regular United States income tax.

REPORTING AND BACKUP WITHHOLDING

We will report annually to the Internal Revenue Service and to holders of record that are not excepted from the reporting requirements any information that may be required with respect to interest or OID on the notes.

Under certain circumstances, as a holder of a note, you may be subject to "backup withholding" at a 28% rate. After December 31, 2010, the backup withholding rate is scheduled to increase to 31%. Backup withholding may apply to you if you are a United States person and, among other circumstances, you fail to furnish on IRS Form W-9 or a substitute Form W-9 your Social Security number or other taxpayer identification number to us. Backup withholding may apply, under certain circumstances, if you are a non-U.S. person and fail to provide us with the statement necessary to establish an exemption from federal income and withholding tax on interest on the note. Backup withholding, however, does not apply to payments on a note made to certain exempt recipients, such as corporations and tax-exempt organizations, and to certain non-U.S. persons. Backup withholding is not an additional tax and may be refunded or credited against your United States federal income tax liability, provided that you furnish certain required information.

This federal tax discussion is included for general information only and may not be applicable depending upon your particular situation. You are urged to consult your own tax advisor with respect to the specific tax consequences to you of the ownership and disposition of the notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in federal or other tax laws.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a distribution and management agreement between us and Sumner Harrington Ltd., Sumner Harrington Ltd. has agreed to serve as our selling agent and to use its best efforts to sell the notes on the terms set forth in this prospectus. The selling agent is not obligated to sell any minimum amount of notes or to purchase any of the notes.

The selling agent proposes to offer the notes to the public on our behalf on the terms set forth in this prospectus and the prospectus supplements that we file from time to time. The selling agent plans to market the notes directly to the public through newspaper, radio, internet, direct mail and other advertising. In addition, our selling agent will manage certain administrative and customer service functions relating to the notes, including handling all inquiries from potential investors, mailing investment kits, meeting with investors, processing subscription agreements and responding to all written and telephonic questions relating to the notes. Upon prior written notice to the selling agent, we may elect to use a different selling agent or perform these duties ourselves. The selling agent's servicing responsibilities are described under "Description of the Notes - Servicing Agent."

We have agreed to reimburse the selling agent for its out-of-pocket expenses incurred in connection with the offer and sale of the notes, including document fulfillment expenses, legal and accounting fees, regulatory fees, due diligence expenses and marketing costs. Under the terms of the distribution and management agreement, we also will pay our selling agent a commission equal to 3.00% of the principal amount of all notes sold. For notes with maturities of three years or more, the entire 3.00% commission will be paid to the selling agent at the time of issuance and no additional commission will be paid upon renewal. For notes with maturities of less than three years, the gross 3.00% commission will be paid in PRO RATA installments upon the original issuance and each renewal, if any, over the first three years. Accordingly, the selling agent will not receive the entire 3.00% gross commission on notes with terms of less than three years unless the notes are successively renewed for three years. The selling agent may engage or allow selected brokers or dealers to sell notes for a commission, at no additional cost to us.

Under the distribution and management agreement, we have also agreed to pay Sumner Harrington Ltd. an annual portfolio management fee equal to 0.25% of the weighted average principal balance of the notes outstanding for its services as servicing agent. See "Description of the Notes - Servicing Agent." The amount of this fee will depend upon a number of variables, including the pace at which notes are sold, the terms of the notes sold and whether the notes are redeemed or repurchased.

The distribution and management agreement may be terminated by either us or Sumner Harrington Ltd. upon giving prior notice.

The selling agent and we have engaged Sumner Harrington Agency, Inc., an advertising and marketing subsidiary of Sumner Harrington Ltd., to directly provide or manage the advertising and marketing functions related to the sale of the notes. These services include media planning, media buying, creative and copy development, direct mail services, literature fulfillment, commercial printing, list management, list brokering, and other similar activities. Sumner Harrington Agency, Inc. is compensated directly by us or its sub-service providers for these advertising and marketing services. This compensation is consistent with accepted normal advertising and marketing industry standards for similar services.

The selling agent and its affiliate will only be compensated to the extent that notes are sold in the offering. The table below summarizes the estimated amounts of compensation or reimbursement that we will pay the selling agent and its affiliate for services rendered in offering and selling the notes, serving as the servicing agent, and providing and managing the advertising and marketing functions related to the sale of the notes. In no event will the total commission plus the total cost of the remaining line items exceed 8% of the aggregate principal amount of the notes.

Compensation and Reimbursement	% of Offering	Amount(1)
Total commissions	3.000%	$ 3,000,000(2)
Selling agent's legal counsel fees	0.750%	$ 75,000
Document fulfillment expenses	0.100%	$ 100,000
Annual portfolio management fee	2.250%	$ 2,250,000
Media placement and management fee	2.575%	$ 2,575,000

- ---

(1) All amounts assume the sale of 100% of aggregate principal amount of notes offered and represent the maximum possible amount payable to the selling agent or its affiliate over the entire term of the offering. If less than 100% of the aggregate principal amount of the notes are sold in the offering, the amounts actually paid to the agent or its affiliate for commissions and annual portfolio management fees will be less. In no event will the compensation paid to the selling agent or its affiliates for commissions and annual portfolio management fees exceed the percentage amounts shown, as applied to the notes actually sold.

(2) Assumes that each note with a term of less than three years is successively renewed for a total of three years.

The distribution and management agreement provides for reciprocal indemnification between us and the selling agent, including the selling agent's and our officers, directors and controlling persons, against civil liabilities in connection with this offering, including certain liabilities under the Securities Act of 1933, as amended. Insofar as indemnification for liabilities arising under the Securities Act may be permitted pursuant to such indemnification provisions, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Prior to the offering, there has been no public market for the notes. We do not intend to list the notes on any securities exchange or include them for quotation on Nasdaq. The selling agent is not obligated to make a market in the notes and does not intend to do so. We do not anticipate that a secondary market for the notes will develop.

The foregoing is a summary of the material provisions relating to selling and distribution of the notes in the distribution and management agreement. The provisions of the distribution and management agreement relating to our retention of Sumner Harrington Ltd. to act as our servicing agent in performing our ongoing administrative responsibilities for the notes are described under "Description of the Notes." Any amendment to the distribution and management agreement will be filed as an exhibit to an amendment to the registration statement of which this prospectus is a part.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference into this prospectus is an important part of this prospectus. Specifically, we are incorporating by reference the documents listed below:

- Our Annual Report on Form 10-K for the year ended December 31, 2004;
- Our Current Reports on Form 8-K filed with the SEC on March 29, 2005 and April 6, 2005.

You should rely only on the information we include or incorporate by reference in this prospectus and any applicable prospectus supplement. We have not authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus. The information contained in this prospectus and any applicable prospectus supplement is accurate only as of the date on the front of those documents, regardless of the time of delivery of this prospectus or the applicable prospectus supplement or of any sale of our securities.

Any statement contained in this prospectus or in a document incorporated by reference in this prospectus is deemed to be modified or superseded for purposes of this prospectus to the extent that any of the following modifies or supersedes a statement in this prospectus or incorporated by reference in this prospectus:

- in the case of a statement in a previously filed document incorporated by reference in this prospectus, a statement contained in this prospectus;
- a statement contained in any accompanying prospectus supplement relating to a specific offering of notes; or
- a statement contained in any other subsequently filed document that is also incorporated by reference in this prospectus.

Any modified or superseded statement will not be deemed to constitute a part of this prospectus or any accompanying prospectus supplement, except as modified or superseded. Except as provided by the above mentioned exceptions, all information appearing in this prospectus and each accompanying prospectus supplement is qualified in its entirety by the information appearing in the documents incorporated by reference.

A copy of our above-mentioned Form 10-K and a copy of our latest subsequently filed Form 10-Q are being delivered with this prospectus. We will provide without charge to each person to whom a copy of this prospectus is delivered, upon his or her written or oral request, a copy of any or all of the documents incorporated in this prospectus by reference, other than exhibits to the documents, unless the exhibits are incorporated specifically by reference in the documents. Requests for copies should be directed to:

Consumer Portfolio Services, Inc.
16355 Laguna Canyon Road
Irvine, California 92618
Attention: Corporate Secretary
(949) 753-6800

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our SEC filings are also available to the public at the SEC's web site at http://www.sec.gov.

We have also filed a registration statement on Form S-2 under the Securities Act with the SEC with respect to the notes offered by this prospectus. This prospectus has been filed as part of that registration statement. This prospectus does not contain all of the information set forth in the registration statement because parts of the registration statement are omitted in accordance with the rules and regulations of the SEC. The registration statement is available for inspection and copying as set forth above.

LEGAL MATTERS

Certain legal matters in connection with the notes will be passed upon for us by Andrews Kurth LLP, Dallas, Texas. Certain legal matters in connection with the notes will be passed upon for Sumner Harrington Ltd. by Oppenheimer Wolff & Donnelly LLP, Minneapolis, Minnesota.

EXPERTS

The consolidated financial statements of Consumer Portfolio Services, Inc. as of December 31, 2004 have been incorporated by reference herein in reliance upon the report of McGladrey & Pullen LLP, independent registered public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Consumer Portfolio Services, Inc. as of December 31, 2003, and for each of the years in the two-year period ended December 31, 2003, have been incorporated by reference herein in reliance upon the report of KPMG LLP, independent registered public accountants, incorporated by reference herein, an upon the authority of said firm as experts in accounting and auditing.

GLOSSARY

ASSET-BACKED SECURITIES -- Securities that are backed by financial assets, such as automobile contracts and loans.

CREDIT ENHANCEMENT -- Credit enhancement refers to a mechanism that is intended to protect the holders of the asset-backed securities against losses due to defaults by the obligors under the contracts.

EXCESS SPREAD CASH FLOWS -- The difference between the cash collected from contracts in a securitization or warehouse credit facility in any period and the sum of (i) the interest and principal paid to investors on the indebtedness issued in connection with the securitization or warehouse credit facility, (ii) the costs of servicing the contracts and (iii) certain other costs incurred in connection with completing and maintaining the securitization or warehousing.

MOTOR VEHICLE CONTRACT -- A retail installment sales contract or installment loan agreement secured by a new or used automobile, light-duty truck or van.

OVERCOLLATERALIZATION -- With respect to a securitization or warehouse credit facility, the excess of (a) the aggregate principal balance of the securitized or warehoused pool of motor vehicle contracts over (b) the aggregate outstanding principal amount of the related indebtedness.

SECURITIZATION OR SECURITIZED -- The process through which contracts and other receivables are accumulated or pooled and sold to a trust which issues securities representing interests in the trust to investors.

SERVICING PORTFOLIO -- All of the motor vehicle contracts that we own and that we have sold in securitizations and into our warehouse credit facilities and service in connection with the Seawest securitizations and, in each case, continue to service.

SPECIAL PURPOSE ENTITIES -- Our subsidiaries that were formed for the specific purpose of securitizing our motor vehicle contract receivables and facilitating our warehouse, residual and other financing facilities.

SPREAD ACCOUNT -- An account required by the credit enhancer of a securitization or warehouse credit facility in order to protect the credit enhancer against credit losses. Generally, excess spread cash flow from the pool of contracts is credited to the account and retained until the account balance reaches a set maximum balance. If the maximum balance set forth under the terms of a particular securitization or warehouse credit facility is attained, the excess spread cash flows and any surplus in the spread account are returned to us, our residual lenders or the purchaser of a residual interest, as the case may be. The maximum balance in a particular securitization may increase or decrease over time, and also may never be attained in any particular securitization or warehouse credit facility. Any remaining spread account balance is released to us, our residual lenders or the purchaser of a residual interest, as the case may be, upon termination of the securitization or warehouse credit facility.

WAREHOUSING -- A method in which contracts are financed by financial institutions on a short-term basis. In a warehousing arrangement, which we also refer to as a "warehouse credit facility", contracts are accumulated or pooled on a daily or less frequent basis and assigned or pledged as collateral for short-term borrowings until they are financed in a securitization.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

Set forth below are expenses (other than the selling agent's commissions and expenses) expected to be incurred in connection with the issuance and distribution of the securities registered hereby. With the exception of the Securities and Exchange Commission registration fee and the NASD filing fee, the amounts set forth below are estimates and actual expenses may vary considerably from these estimates depending upon how long the notes are offered and other factors:

Securities and Exchange Commission registration fee	$ 11,770
NASD filing fee	*
Accounting fees and expenses	*
Blue Sky fees and expenses	*
Legal fees and expenses	*
Printing expenses	*
Trustee's fees and expenses	*
Selling agent's expenses and counsel fees	*
Miscellaneous	*
TOTAL	$ *

(*) To be filed by amendment

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Subsection (a) Under California law, a California corporation may eliminate or limit the personal liability of a director of the corporation for monetary damages for breach of the director's duty of care as a director, provided that the breach does not involve certain enumerated actions, including, among other things, intentional misconduct or knowing and culpable violation of the law, acts or omissions which the director believes to be contrary to the best interests of the corporation or its shareholders or which reflect an absence of good faith on the director's part, the unlawful purchase or redemption of stock, payment of unlawful dividends, and receipt of improper personal benefits. The registrant's Board of Directors believes that such provisions have become commonplace among major corporations and are beneficial in attracting and retaining qualified directors, and the registrant's Articles of Incorporation include such provisions.

The registrant's Articles of Incorporation and Bylaws also impose a mandatory obligation upon the registrant to indemnify any director or officer to the fullest extent authorized or permitted by law (as now or hereinafter in effect), including under circumstances in which indemnification would otherwise be at the discretion of the registrant.

Under Section 7.02 of the Distribution and Management Agreement filed as Exhibit 1.1 to this Registration Statement, the selling agent has agreed to indemnify, under certain conditions, CPS, its officers and directors, and persons who control CPS within the meaning of the Securities Act of 1933, as amended, against certain liabilities.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

EXHIBIT NO.	DESCRIPTION
**1.1	Form of Distribution and Management Agreement
**3.1	Articles of Incorporation of the registrant
**3.2	Bylaws of the registrant
*4.1	Form of Indenture (Previously filed as Exhibit 4.1 to this Registration Statement No. 333-121913)
*4.2	Form of Notes (Previously filed as Exhibit 4.2 to this Registration Statement No. 333-121913)
**4.3	Form of Note Confirmation
**4.4	Form of Subscription Agreement
**5.1	Opinion of Andrews Kurth LLP with respect to legality of Notes
**8.1	Opinion of Andrews Kurth LLP with respect to tax matters
*10.1	Indenture re: Rising Interest Subordinated Redeemable Securities (RISRS) (see Exh. 4.1 to Registration Statement No. 33-99652)
*10.2	First Supplemental Indenture re RISRS (see Exh. 4.2 to Registration Statement No. 33-99652)
*10.5	Third Amended and Restated Securities Purchase Agreement dated as of January 29, 2004, between the registrant and Levine Leichtman Capital Partners II, L.P. (LLCP) (see Exhibit 99.16 to the Schedule 13D filed by LLCP with respect to the registrant on February 3, 2004)
*10.6	Amendment to Agreement filed as Exhibit 10.5, dated as of March 25, 2004 (see Exhibit 99.22 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.7	Amendment to Agreement filed as Exhibit 10.5, dated as of April 2, 2004 (see Exhibit 99.23 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.8	Amendment to Agreement filed as Exhibit 10.5, dated as of May 28, 2004 (see Exhibit 99.25 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.9	Amendment to Agreement filed as Exhibit 10.5, dated as of June 25, 2004 (see Exhibit 99.29 to the Schedule 13D filed by LLCP with respect to the registrant on June 29, 2004)
*10.10	Secured Senior Note due February 28, 2003 issued by the registrant to LLCP (see Exhibit 4.2 to registrant's Form 8-K filed on March 25, 2002)
*10.11	Second Amended and Restated Secured Senior Note due November 30, 2003 issued by the registrant to LLCP (see Exhibit 4.3 to registrant's Form 8-K filed on March 25, 2002)
*10.12	12.00% Senior Secured Note due 2008 issued by the registrant to LLCP (see Exhibit 4.4 to registrant's Form 8-K filed on March 25, 2002)
*10.13	Sale and Servicing Agreement, dated as of March 1, 2002, among the registrant, CPS Auto Receivables Trust 2002-A, CPS Receivables Corp., Systems and Services Technologies, Inc. and Bank One Trust Company, N.A. (see Exhibit 4.5 to registrant's Form 8-K filed on March 25, 2002)
*10.14	Indenture, dated as of March 1, 2002, between CPS Auto Receivables Trust 2002-A and Bank One Trust Company, N.A. (see Exhibit 4.6 to registrant's Form 8-K riled on March 25, 2002)

*10.15	Third Amended and Restated Secured Senior Note Due 2005 (see Exhibit 99.17 to Schedule 13D filed by LLCP with respect to the registrant on February 3, 2004)
*10.16	Amended and Restated Secured Senior Note (see Exhibit 99.18 to Schedule 13D filed by LLCP with respect to the registrant on February 3, 2004)
*10.17	11.75% Secured Senior Note Due 2006 (see Exhibit 99.26 to Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.18	11.75% Secured Senior Note Due 2006 (see Exhibit 99.30 to Schedule 13D filed by LLCP with respect to the registrant on June 29, 2004)
**10.19	1991 Stock Option Plan
**10.20	1997 Long-Term Incentive Stock Plan, as amended to date
*10.22	Lease Agreement re Chesapeake Collection Facility (see Exhibit 10.11 to registrant's Form 10-K filed March 31, 1997)
*10.23	Lease of Headquarters Building (see Exhibit 10.22 to registrant's Form 10-Q filed Nov. 14, 1997)
*10.26	Warrant to Purchase 1,335,000 Shares of Common Stock (see Exhibit 6 to the Schedule 13D filed by LLCP with respect to the registrant on April 21, 1999)
*10.28	Amendment to Master Spread Account Agreement (see Exhibit 10.32 to registrant's Form 10-K filed March 30, 2000)
**10.29	Amended and Restated Sale and Servicing Agreement dated November 30, 2004 by and among CPS Warehouse Trust (CPSWT), CPS, Wells Fargo Bank, National Association (WFBNA) and WestLB AG (WLBAG)
**10.30	Amended and Restated Annex A to Agreement filed as Exhibit 10.29
**10.31	Amended and Restated Indenture dated as of November 30, 2004 by and among CPSWT, WLBAG and WFBNA
**10.33	Amended and Restated Note Purchase Agreement dated November 30, 2004 by and among CPSWT, CPS, Paradigm Funding LLC and WLBAG
**10.35	Sale and Servicing Agreement dated June 30, 2004 by and among Page Funding LLC (PFLLC), CPS and WFBNA
**10.36	Annex A to Agreement filed as Exhibit 10.35
**10.37	Indenture dated as of June 30, 2004 by and among PFLLC, UBS Real Estate Securities, Inc. (UBSRES) and WFBNA
**10.38	Note Purchase Agreement dated as of June 30, 2004 by and among PFLLC, UBSRES and WFBNA
**10.39	Variable Funding Note dated June 30, 2004 by PFLLC
*16.1	Letter of KPMG LLP to the Securities and Exchange Commission pursuant to Item 304(a)(3) of Regulation S-K (see Exhibit 16.1 to registrant's Form 8-K filed November 19, 2004)
*21.1	Subsidiaries of the Registrant (see Exhibit 21 to registrant's Form 10-K filed March 30, 2005)
**23.1	Consent of Andrews Kurth LLP (included in Exhibits 5.1 and 8.1)
**23.2	Consent of McGladrey & Pullen LLP
**23.3	Consent of KPMG LLP

*24.1	Power of Attorney (Previously filed as Exhibit 24.1 to this Registration Statement No. 333-121913)
*25.1	Statement of Eligibility of Trustee (Previously filed as Exhibit 25.1 to this Registration Statement No. 333-121913)

---

* Previously filed with this registration statement, or incorporated by reference to the specified filing.
** Filed herewith.

ITEM 17. UNDERTAKINGS

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Securities Act") may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, an increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned registrant undertakes that it will:

(1) For determining any liability under the Securities Act, treat the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1), or (4), or 497(h) under the Securities Act as part of this registration statement as of the time the Commission declared it effective.

(2) For determining any liability under the Securities Act, treat each post-effective amendment that contains a form of prospectus as a new registration statement for the securities offered in the registration statement, and that offering of the securities at that time as the initial bona fide offering of those securities.

The undersigned registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and where interim financial information required to be presented by Article 3 of Regulation S-X are not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-2 and has duly caused this Amendment No. 1 to Registration Statement on Form S-2 to be signed on its behalf by the undersigned, thereunto duly authorized, in Irvine, State of California, on April 13, 2005.

Consumer Portfolio Services, Inc.

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

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

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to Registration Statement on Form S-2 has been signed by the following persons in the capacities and on the dates indicated below.

SIGNATURE	TITLE	DATE
/s/ Charles E. Bradley, Jr. Charles E. Bradley, Jr.	Chairman of the Board of Directors, President, and Chief Executive Officer (Principal Executive Officer)	April 13, 2005
/s/ Robert E. Riedl Robert E. Riedl	Chief Financial Officer (Principal Financial and Accounting Officer)	April 13, 2005
/s/ Thomas L. Chyrstie * Thomas L. Chrystie	Director	April 13, 2005
/s/ E. Bruce Fredrikson * E. Bruce Fredrikson	Director	April 13, 2005
/s/ John E. McConnaughy * John E. McConnaughy	Director	April 13, 2005
/s/ John G. Poole * John G. Poole	Director	April 13, 2005
/s/ William B. Roberts * William B. Roberts	Director	April 13, 2005
/s/ John C. Warner * John C. Warner	Director	April 13, 2005
/s/ Daniel S. Wood * Daniel S. Wood	Director	April 13, 2005

* by Charles E. Bradley, Jr., as attorney-in-fact

INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION
**1.1	Form of Distribution and Management Agreement
**3.1	Articles of Incorporation of the registrant
**3.2	Bylaws of the registrant
*4.1	Form of Indenture (Previously filed as Exhibit 4.1 to this Registration Statement No. 333-121913)
*4.2	Form of Notes (Previously filed as Exhibit 4.2 to this Registration Statement No. 333-121913)
**4.3	Form of Note Confirmation
**4.4	Form of Subscription Agreement
**5.1	Opinion of Andrews Kurth LLP with respect to legality of Notes
**8.1	Opinion of Andrews Kurth LLP with respect to tax matters
*10.1	Indenture re: Rising Interest Subordinated Redeemable Securities (RISRS) (see Exh. 4.1 to Registration Statement No. 33-99652)
*10.2	First Supplemental Indenture re RISRS (see Exh. 4.2 to Registration Statement No. 33-99652)
*10.5	Third Amended and Restated Securities Purchase Agreement dated as of January 29, 2004, between the registrant and Levine Leichtman Capital Partners II, L.P. (LLCP) (see Exhibit 99.16 to the Schedule 13D filed by LLCP with respect to the registrant on February 3, 2004)
*10.6	Amendment to Agreement filed as Exhibit 10.5, dated as of March 25, 2004 (see Exhibit 99.22 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.7	Amendment to Agreement filed as Exhibit 10.5, dated as of April 2, 2004 (see Exhibit 99.23 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.8	Amendment to Agreement filed as Exhibit 10.5, dated as of May 28, 2004 (see Exhibit 99.25 to the Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.9	Amendment to Agreement filed as Exhibit 10.5, dated as of June 25, 2004 (see Exhibit 99.29 to the Schedule 13D filed by LLCP with respect to the registrant on June 29, 2004)
*10.10	Secured Senior Note due February 28, 2003 issued by the registrant to LLCP (see Exhibit 4.2 to registrant's Form 8-K filed on March 25, 2002)
*10.11	Second Amended and Restated Secured Senior Note due November 30, 2003 issued by the registrant to LLCP (see Exhibit 4.3 to registrant's Form 8-K filed on March 25, 2002)
*10.12	12.00% Senior Secured Note due 2008 issued by the registrant to LLCP (see Exhibit 4.4 to registrant's Form 8-K filed on March 25, 2002)
*10.13	Sale and Servicing Agreement, dated as of March 1, 2002, among the registrant, CPS Auto Receivables Trust 2002-A, CPS Receivables Corp., Systems and Services Technologies, Inc. and Bank One Trust Company, N.A. (see Exhibit 4.5 to registrant's Form 8-K filed on March 25, 2002)

*10.14	Indenture, dated as of March 1, 2002, between CPS Auto Receivables Trust 2002-A and Bank One Trust Company, N.A. (see Exhibit 4.6 to registrant's Form 8-K filed on March 25, 2002)
*10.15	Third Amended and Restated Secured Senior Note Due 2005 (see Exhibit 99.17 to Schedule 13D filed by LLCP with respect to the registrant on February 3, 2004)
*10.16	Amended and Restated Secured Senior Note (see Exhibit 99.18 to Schedule 13D filed by LLCP with respect to the registrant on February 3, 2004)
*10.17	11.75% Secured Senior Note Due 2006 (see Exhibit 99.26 to Schedule 13D filed by LLCP with respect to the registrant on June 4, 2004)
*10.18	11.75% Secured Senior Note Due 2006 (see Exhibit 99.30 to Schedule 13D filed by LLCP with respect to the registrant on June 29, 2004)
**10.19	1991 Stock Option Plan
**10.20	1997 Long-Term Incentive Stock Plan, as amended to date
*10.22	Lease Agreement re Chesapeake Collection Facility (see Exhibit 10.11 to registrant's Form 10-K filed March 31, 1997)
*10.23	Lease of Headquarters Building (see Exhibit 10.22 to registrant's Form 10-Q filed Nov. 14, 1997)
*10.26	Warrant to Purchase 1,335,000 Shares of Common Stock (see Exhibit 6 to the Schedule 13D filed by LLCP with respect to the registrant on April 21, 1999)
*10.28	Amendment to Master Spread Account Agreement (see Exhibit 10.32 to registrant's Form 10-K filed March 30, 2000)
**10.29	Amended and Restated Sale and Servicing Agreement dated November 30, 2004 by and among CPS Warehouse Trust (CPSWT), CPS, Wells Fargo Bank, National Association (WFBNA) and WestLB AG (WLBAG)
**10.30	Amended and Restated Annex A to Agreement filed as Exhibit 10.29
**10.31	Amended and Restated Indenture dated as of November 30, 2004 by and among CPSWT, WLBAG and WFBNA
**10.33	Amended and Restated Note Purchase Agreement dated November 30, 2004 by and among CPSWT, CPS, Paradigm Funding LLC and WLBAG
**10.35	Sale and Servicing Agreement dated June 30, 2004 by and among Page Funding LLC (PFLLC), CPS and WFBNA
**10.36	Annex A to Agreement filed as Exhibit 10.35
**10.37	Indenture dated as of June 30, 2004 by and among PFLLC, UBS Real Estate Securities, Inc. (UBSRES) and WFBNA
**10.38	Note Purchase Agreement dated as of June 30, 2004 by and among PFLLC, UBSRES and WFBNA
**10.39	Variable Funding Note dated June 30, 2004 by PFLLC
*16.1	Letter of KPMG LLP to the Securities and Exchange Commission pursuant to Item 304(a)(3) of Regulation S-K (see Exhibit 16.1 to registrant's Form 8-K filed November 19, 2004)
*21.1	Subsidiaries of the Registrant (see Exhibit 21 to registrant's Form 10-K filed March 30, 2005)
**23.1	Consent of Andrews Kurth LLP (included in Exhibits 5.1 and 8.1)
**23.2	Consent of McGladrey & Pullen LLP
**23.3	Consent of KPMG LLP
*24.1	Power of Attorney (Previously filed as Exhibit 24.1 to this Registration Statement No. 333-121913)
*25.1	Statement of Eligibility of Trustee (Previously filed as Exhibit 25.1 to this Registration Statement No. 333-121913)

---

* Previously filed with this registration statement, or incorporated by reference to the specified filing.

** Filed herewith.

EXHIBIT 1.1

TABLE OF CONTENTS

DISTRIBUTION AND MANAGEMENT AGREEMENT

DATED AS OF _____, 2005

CONSUMER PORTFOLIO SERVICES, INC.

AND

SUMNER HARRINGTON LTD.

$100,000,000.00

RENEWABLE UNSECURED SUBORDINATED NOTES

DISTRIBUTION AND MANAGEMENT AGREEMENT

THIS DISTRIBUTION AND MANAGEMENT AGREEMENT is entered into as of this ___ day of _____, 2005 by and between Consumer Portfolio Services, Inc., a California corporation (the "Company"), and Sumner Harrington Ltd., a Minnesota corporation (the "Agent").

RECITALS

WHEREAS, the Company proposes to register and publicly offer and sell an aggregate principal amount of up to $100,000,000.00 of renewable, unsecured, subordinated notes of the Company; and

WHEREAS, subject to the termination rights set forth herein, the Company desires to appoint the Agent to act as the Company's exclusive selling agent in connection with the offer, sale and renewal of such notes on a best effort basis and as the Company's servicing agent to provide certain administrative services with respect to the notes, and Agent desires to accept such duties, all as provided for by the terms of this Agreement.

NOW, THEREFORE, in consideration of the above and for other good and valuable consideration, receipt of which is acknowledged, and in consideration of the mutual promises, covenants, representations and warranties hereinafter set forth, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01 DEFINED TERMS. Whenever used in this Agreement, the following terms have the respective meanings set forth below. The definitions of such terms are applicable to the singular as well as to the plural forms of such terms.

(a) ACCEPTED NOTE PRACTICES. As applicable to the context in which this term is used, those procedures and practices with respect to the offering, marketing, selling, servicing and administration of the Notes that satisfy the following: (i) meet at least the same demonstrable standards that Agent would follow in exercising reasonable care in offering, marketing, selling, servicing and administering similar programs for publicly offered notes or securities; (ii) comply with all Governmental Rules; (iii) comply with the provisions of this Agreement and the Indenture; and (iv) give due consideration to the accepted standards of practice of prudent investment banking firms that offer, market, sell, service or administer comparable programs for publicly offered notes or securities and the reliance of the Company on the Agent for the offering, marketing, selling, servicing and administration of the Renewable Note Program.

(b) AGENT. Sumner Harrington Ltd., a Minnesota corporation, or its successors in interest or assigns, if approved by the Company as provided in Sections 5.02(c) and 9.03, below.

(c) AGREEMENT. This Distribution and Management Agreement, including any exhibits or attachments hereto, as originally executed, and as amended or supplemented from time to time in accordance with the terms hereof.

(d) BUSINESS DAY. Any day other than (a) a Saturday or Sunday or (b) another day on which banking institutions in the State of New York or the State of Minnesota are authorized or obligated by law, executive order, or governmental decree to be closed.

(e) COMMISSION or SEC. The Securities and Exchange Commission.

(f) COMPANY. Consumer Portfolio Services, Inc., or its successors or assigns, if approved by Agent as provided in Section 9.03, below.

(g) DUE PERIOD. The monthly, quarterly, semi-annual, or annual periods, or the full term of the Note if interest is due at maturity, for which scheduled payments of interest will be paid on any Note.

(h) EXCHANGE ACT. The Securities Exchange Act of 1934, as amended, and as hereafter amended, and the rules and regulations thereunder.

(i) GOVERNMENTAL RULES. Any law, rule, regulation, ordinance, order, code, interpretation, judgment, decree, policy, decision or guideline of any governmental agency, court or authority.

(j) HOLDER. The registered owner of any Note as it appears on the records of the Registrar, including any purchaser or any subsequent transferee or other holder thereof.

(k) INCORPORATED DOCUMENTS. All documents that, on or at any time after the effective date of the Registration Statement, are incorporated by reference therein, in the Prospectus, or in any amendment or supplement thereto.

(l) INDENTURE. That certain Indenture dated on or about _____, 2005, by and between the Company and the Trustee with respect to the Notes.

(m) INITIAL CLOSING DATE. _____, 2005, or such later date as may be agreed by the Company and the Agent.

(n) INVESTOR. Any person who purchases Notes or who contacts the Agent expressing an interest in purchasing the Notes or requesting information concerning the Notes.

(o) MATERIAL AGREEMENT. With respect to a person, any agreement, contract, joint venture, lease, commitment, guaranty or other contractual arrangement or any bond, debenture, indenture, mortgage, deed of trust, loan or security agreement, note, instrument or other evidence of indebtedness, which in the case of any of the foregoing is material to the business, assets, operations, condition or prospects, financial or otherwise, of such person or which is material to the ability of such person to perform its obligations under this Agreement.

(p) NASD. National Association of Securities Dealers, Inc.

(q) NOTE CONFIRMATION. With respect to the issuance and ownership of the Notes in book-entry form, an appropriate written confirmation of the issuance and ownership or transfer of ownership of a Note to a Holder, the format of which shall comply with the provisions of the Indenture.

(r) NOTE PORTFOLIO. The aggregate of individual Notes, as it exists from time to time, which, unless the context otherwise requires or provides, determined by the principal balances of the Notes.

(s) NOTES. The renewable, unsecured, subordinated notes of the Company that are being offered and sold pursuant to the Registration Statement and that have an aggregate principal amount up to $60,000,000.00 and such other terms as described in the Prospectus, and any additional principal amount of the same or similar notes as may be registered from time to time pursuant to the Registration Statement.

(t) OFFERING. The offer and sale of the Notes in accordance with the terms and subject to the conditions set forth in the Registration Statement.

(u) PAYING AGENT. Wells Fargo Bank, National Association or its successors or assigns, or such other paying agent with respect to the Notes as may be subsequently appointed by the Company pursuant to the Indenture.

(v) PAYING AGENT AGREEMENT. That certain agreement by and between the Company and the Paying Agent relating to the Company's engagement of the Paying Agent to act as the paying agent for the Notes.

(w) PAYING AGENT FEES. All fees and expenses payable to the Paying Agent in accordance with the Paying Agent Agreement.

(x) PROPOSAL. That certain proposal made by the Agent to, and accepted by, the Company dated November 22, 2004 with respect to the Renewable Note Program, as amended.

(y) PROPRIETARY RIGHTS. All rights worldwide in and to copyrights, rights to register copyrights, trade secrets, inventions, patents, patent rights, trademarks, trademark rights, confidential and proprietary information protected under contract or otherwise under law, and other similar rights or interests in intellectual or industrial property.

(z) PROSPECTUS. The prospectus included in the Registration Statement at the time it was declared effective by the Commission, as supplemented by all prospectus supplements (including interest rate supplements) related to the Notes that are filed with the Commission pursuant to Rules 424(b) or (c) under the Securities Act. References to the Prospectus shall be deemed to refer to and include the Incorporated Documents to the extent incorporated by reference therein.

(aa) REDEMPTION PAYMENT. The payment of principal plus any accrued and unpaid interest that is being made at the discretion of the Company in accordance with the Indenture.

(bb) REGISTRATION STATEMENT. That certain Registration Statement on Form S-2 (File No. 333-121913) of the Company with respect to the Notes filed with the Securities and Exchange Commission under the Securities Act on or about January 7, 2005, as amended and declared effective by the Commission, including the respective copies thereof filed with the Commission. References to the Registration Statement shall be deemed to refer to and include the Incorporated Documents to the extent incorporated by reference therein.

(cc) RENEWABLE NOTE PROGRAM. The marketing, subscription and sale, administration, customer service and investor relations, registration of ownership, reporting, payment, repurchase, redemption, renewal and related activities associated with the Notes.

(dd) REPURCHASE PAYMENT. The payment of principal plus any accrued and unpaid interest, less any penalties upon the repurchase of any Note, that is being made at the request of the Holder in accordance with the Indenture.

(ee) SCHEDULED PAYMENT. For any Due Period and any Note, the amount of interest and/or principal indicated in such Note as required to be paid by the Company under such Note for the Due Period and giving effect to any rescheduling or reduction of payments in any insolvency or similar proceeding and any portion thereof.

(ff) SECURITIES ACT. The Securities Act of 1933, as amended, and as hereafter amended, and the rules and regulations thereunder.

(gg) SUBSCRIPTION AGREEMENT. A subscription agreement entered into by a Person under which such Person has committed to purchase certain Notes as identified thereby, in such form and substance as mutually agreed by the parties and as filed as an exhibit to the Registration Statement.

(hh) TRUST ACCOUNT. The trust account established by the Trustee pursuant to the Indenture.

(ii) TRUST INDENTURE ACT. The Trust Indenture Act of 1939, as amended, and as hereafter amended, and the rules and regulations thereunder.

(jj) TRUSTEE. Wells Fargo Bank, National Association, or its successors or assigns, or any replacement Trustee under the terms of the Indenture.

(kk) TRUSTEE'S FEES. All fees and expenses payable to the Trustee in accordance with the Indenture.

SECTION 1.02 ACCOUNTING TERMS. Unless otherwise specified in this Agreement, all accounting terms used in this Agreement shall be interpreted, all accounting determinations under this Agreement shall be made, and all financial statements required to be delivered by any person pursuant to this Agreement shall be prepared, in accordance with U.S. generally accepted accounting principles, as in effect from time to time and as applied on a consistent basis. To the extent such principles do not apply to certain reports or accounting practices of the Agent, the parties will mutually agree on the accounting practices and assumptions.

ARTICLE II

APPOINTMENT OF THE AGENT AND RELATED AGREEMENTS

SECTION 2.01 APPOINTMENT; EXCLUSIVITY. On the basis of the representations, warranties and agreements herein contained, and subject to the terms and conditions set forth herein and in the Prospectus during the term of this Agreement, the Company appoints the Agent as its exclusive agent for purposes of selling, including the offer and sale of the Notes, and servicing, including the servicing and administration of the Notes, in each case, under the Renewable Note Program upon the terms and conditions set forth herein, including, without limitation, compliance and conformity with Accepted Note Practices and Governmental Rules, and the Agent agrees to use its best efforts as such agent to offer and sell the Notes to Investors until the later of the termination of the Offering or the sale of all of the Notes, or until the termination of this Agreement, if earlier. In connection with the administration of the Renewable Note Program, the Agent will carry out the duties provided for herein and as described in the Prospectus as being carried out by the Agent. During the term of this Agreement, the Company agrees to direct to the Agent all inquiries it receives with respect to sales of the Notes or administration of the Renewable Notes Program, as applicable.

SECTION 2.02 SCOPE OF AGENCY. In the performance of its duties hereunder, the Agent shall have full power and authority to take any and all actions for purposes of selling, including the offer and sale of Notes, and servicing, including the servicing and administration of the Notes, in each case, under the Renewable Note Program that the Agent, in its discretion, deems necessary or appropriate, subject in all respects to compliance and conformity with Accepted Note Practices and Governmental Rules. Such discretion shall include, without limitation, the right to accept or reject Subscription Agreements, waive or reduce early repurchase penalties when appropriate, change interest payment dates, enforce early repurchase penalties and allow prepayment of Notes, with or without penalty, subject, in each case to such limitations or conditions as may be provided in the Indenture. Notwithstanding the foregoing, the Agent's authority to take any action on the Company's behalf, other than the rejection of Subscription Agreements, which has an immediately discernable, direct, financial impact of $500 or more shall be subject to receiving the prior written consent of the Company. In the performance of its duties hereunder, the Agent shall (i) act as the agent of the Company in connection with the Renewable Note Program; (ii) hold, in trust and as custodian, all Subscription Agreements, notices or other documents received by it in connection with the Renewable Note Program for the sole and exclusive use and benefit of the Company; and (iii) make dispositions of the items in clause (ii) only in accordance with this Agreement or at the written direction of the Company. Except as set forth herein with respect to the Renewable Note Program, the Agent shall have no authority, express or implied, to act in any manner or by any means for or on behalf of the Company.

SECTION 2.03 COMPENSATION TO THE AGENT.

(a) THE AGENT'S FEES AND COMMISSIONS. In consideration of the agreement of the Agent to provide its services as set forth in this Agreement, the Company will pay the Agent the following amounts:

(i) a commission as set forth in Exhibit B to the Proposal (which exhibit is hereby incorporated by reference), which shall be payable in consideration for the Agent's selling and marketing of Notes; and

(ii) an annual portfolio management fee equal to 0.25% of the weighted average daily principal balance of the Note Portfolio, to be invoiced monthly as provided below, which shall be payable in consideration for the administrative services provided by the Agent; provided, however, that in no event will the Company pay or cause to be paid aggregate portfolio management fees totaling more than 2.25% of the aggregate principal amount of the Notes pursuant to the provisions of this Section 2.03(a)(ii).

(b) THE AGENT'S EXPENSES. The Company agrees with the Agent that whether or not this Agreement is terminated or cancelled or the sale of the Notes hereunder is consummated, and regardless of the reason for or cause of any such termination, cancellation, or failure to consummate, the Company will pay or cause to be paid to the applicable persons the following, whether incurred prior or subsequent to the date of this Agreement:

(i) subject to the prior written approval by the Company and in addition to such other costs specifically provided for below, all reasonable out-of-pocket costs of the Agent or its affiliates incurred in connection with the Offering, including, but not limited to, designing, printing and mailing all offering and advertising materials, document fulfillment services, advertisements in newspapers, on the radio, on the internet and through direct mail, operating a toll-free telephone number, and assisting the Company with creating a web site, including any costs of a web developer or other third party consultants;

(ii) all reasonable fees and expenses of persons (other than the Agent and its affiliates), including, without limitation, fees and expenses of the Company's auditors and legal counsel, in connection with the preparation, printing, filing, and delivery of the Registration Statement (including the financial statements therein and all amendments, schedules, and exhibits thereto), the Prospectus, and any amendment thereof or supplement thereto;

(iii) to the extent applicable, all reasonable fees and expenses incurred in connection with the qualification of the Notes for offer and sale under the securities or Blue Sky laws of the states and other jurisdictions which the Agent may designate (with the prior approval of the Company) in accordance with the terms herewith;

(iv) all reasonable out-of-pocket costs incurred by the Agent or any other contractor in connection with the preparation, printing, filing, and delivery of maturity and renewal notices, quarterly statements, newsletters and any other materials to be sent to Holders in connection with the Notes or the Offering;

(v) all reasonable fees and expenses of the Agent's legal counsel related to the Offering and the ongoing servicing and administration of the Renewable Note Program as provided herein;

(vi) all fees and expenses of the Trustee and the Paying Agent in connection with the Notes, and

(vii) all reasonable out-of-pocket costs incidental to the performance of the Agent's obligations hereunder with respect to the ongoing servicing and administration of the Renewable Note Program that are not otherwise specifically described herein.

The provisions of this Section are intended to relieve the Agent from the payment of reasonable fees, expenses and out-of-pocket costs that the Company hereby agrees to pay and shall not impair or limit any of the other obligations of the Company hereunder to the Agent; provided, however, that except as provided above regarding reimbursement of expenses in the event of termination of this Agreement (and in Section 2.03(d) below) and except for fees payable directly to the Trustee, in no event will the Company pay or cause to be paid amounts totaling more than .175% of the aggregate principal amount of the Notes pursuant to the provisions of this Section 2.03(b).

(c) PAYMENT OF FEES AND COMMISSIONS. On the last Business Day of each month, or as soon thereafter as practicable, the Agent shall provide the Company with a written invoice for such month's fees and commissions that are payable with respect to Notes issued up to the last five Business Days of such month, and Notes issued in the last five Business Days of the immediately preceding month that are, in each case, not rescinded. Such commissions and fees will be due and payable by the later of the fifteenth (15th) day of every month or fifteen (15) days after the date such invoice is received.

(d) PRIOR PAYMENTS. The parties hereby acknowledge prior payment of $25,000 to the Agent as a deposit against its due diligence costs, which amount was paid upon execution of the Proposal. Upon the request of the Company, the Agent will provide a written accounting of this deposit to the Company. Any remaining funds from this deposit will be applied against the Agent's expenses related to marketing and administering the Notes. To the extent that this Agreement is terminated, the Agent will promptly refund the excess of any unused portion of such funds over amounts otherwise owed hereunder.

SECTION 2.04 BROKERS AND DEALERS. The Agent may, in its sole discretion and at no additional obligation or expense to the Company, use the services of other brokers or dealers who are members in good standing of the NASD in connection with the offer and sale of the Notes. The Agent may enter into agreements with any such broker or dealer to act as its sub-agents for the sale of the Notes and shall be solely responsible for the payment of any portion of the Agent's compensation hereunder to such broker or dealer.

SECTION 2.05 THE AGENT'S UNRELATED ACTIVITIES. The Company agrees that the Agent may sell other notes or securities in offerings similar to the Offering for other issuers during the course of the Offering, and the Agent (and the Agency as defined in Section 3.01(b) below) may advertise other notes or securities of other issuers on websites, in print, by radio, or by any other means and at such times as they may determine. The Agent shall have the right to advertise or otherwise disclose to unrelated prospective issuers, at its own expense, its relationship with the Company, the services it provides in connection with the Notes and the amount of money that it raised through the Offering and the performance of the Offering.

SECTION 2.06 BEST EFFORTS; INDEPENDENT CONTRACTOR. Anything to the contrary notwithstanding, the Agent shall have no obligation to sell any minimum principal amount of Notes or to purchase Notes for its own account, for resale or for any other purpose, but rather the Agent shall use its best efforts as selling agent in connection with the Offering of the Notes. During the term of this Agreement, all actions taken by the Agent pursuant to this Agreement shall be in the capacity of an independent contractor, all sales of Notes conducted by the Agent shall be solely for the account and at the risk of the Company, and in no event shall the Agent have any obligations under the Notes.

SECTION 2.07 ISSUANCE AND PAYMENT. The Notes shall be issued pursuant to the Indenture and all Scheduled Payments, Redemption Payments and Repurchase Payments shall be made by electronic funds transfer or automated clearing house (i.e., ACH) remittance from the Trust Account by the Paying Agent in accordance with the Paying Agent Agreement and the Indenture.

ARTICLE III
SERVICES; STANDARD OF CARE

SECTION 3.01 SERVICES FOR THE NOTES. The services to be provided to the Company by the Agent pursuant to and during the term of this Agreement shall include the following:

(a) NOTE STRUCTURE AND INTEREST RATES. During the term of this Agreement, the Agent shall advise the Company regarding the structure of the Notes and provide sample document forms. Throughout the Offering, the Agent shall assist the Company in determining appropriate Note terms and interest rates based on current market conditions and the Company's capital goals.

(b) MARKETING AND ADVERTISING. During the term of this Agreement, the Agent shall develop and execute a direct response marketing strategy for the Notes designed to meet the Company's capital goals in a timely manner, which shall be subject to the prior approval of the Company. The Agent shall also oversee designing and printing all marketing materials, in accordance with the Securities Act, including the applicable rules and regulations and any other requirements of the SEC and the NASD and any other Governmental Rules.

(i) For purposes of Sections 2.05 and 3.01 only, Sumner Harrington Agency, Inc., an affiliate of the Agent (the "Agency"), is hereby made a party to this Agreement. During the term of the Agent's activities to market and sell the Notes hereunder, the Agency will provide the Company with media planning, media buying, media production, media placement and other marketing services related to the Offering as described on EXHIBIT A hereto, and the terms of which shall be binding upon the Company and the Agency.

(ii) Notwithstanding the foregoing, the authority of the Agent and the Agency with respect to all ad placements and use of all marketing materials shall be subject to receiving the prior written approval of the Company.

(iii) In order to minimize advertising costs, the Agent and/or the Agency may recommend that the Company enter into long term contracts (not to exceed one year) with various newspapers and radio stations, and in such event, in addition to the direct cost of the advertisements themselves, the Company shall be responsible for any termination fees that result from the early cancellation of such contracts if approved by the Company.

(iv) During the term of this Agreement, the Company shall allow the Agent and the Agency to use the Company's logo, corporate colors, trademarks, trade names, fonts, and other aspects of corporate identity in advertisements and marketing materials related to the Notes and on the Agent's website, subject to the Company's prior written approval of the specific use of these items in writing in each instance (which shall not be unreasonably withheld). Neither the Agent nor the Agency will make use of the Company's logo, corporate colors, trademarks or trade names in any manner that would reasonably be expected to disparage or damage such marks or the reputation of the Company or diminish the Company's goodwill. It is expressly agreed that neither the Agent nor the Agency is acquiring any right, title or interest in the Company's logo, corporate colors, trademarks or trade names, and the rights of the Agent and Agency to use the same shall terminate upon the termination of this Agreement.

(c) SUBSCRIPTION, SALE AND OWNERSHIP. During the term of this Agreement, the Agent shall review and process each Subscription Agreement for the Notes received from an Investor with the objective of determining whether (i) such agreement is complete and accurate in all material respects, including without limitation the execution thereof by such Investor, (ii) such Investor timely remits the proper purchase price for the Notes in accordance with the Subscription Agreement, and (iii) the principal amount, interest rate and term to maturity and any other material terms of the Notes are verified for accuracy and completeness. Upon delivery by each Investor of a completed Subscription Agreement for Notes and full payment of the principal amount of such Notes in accordance with the Investor's Subscription Agreement, and subject to the prior written consent of the Company if required pursuant to Section 2.02 (which, for the avoidance of doubt, may be given in the form of general directives to sell up to a particular aggregate amount of Notes) the Agent shall promptly (i) accept or reject such Subscription Agreements on the Company's behalf based upon such factors as the Agent shall determine, including, without limitation, the suitability of the proposed Investor, (ii) verify that the payment of the principal amount of such Investor's accepted subscription for the Notes is being remitted to the Company in accordance with the Subscription Agreement in an account established by the Company for such purpose or in such other manner as may be directed by the Company from time to time, and (iii) remit to the Trustee electronic or hard copies of all accepted Subscription Agreements and related records as may be reasonably requested by the Trustee, including without limitation, a record of each deposit relating to the payment of the subscription amount of the Notes. Pursuant to the preceding sentence, Notes shall be issued by the Agent on the Company's behalf in book-entry form only and the Agent shall deliver a Note Confirmation to each Holder with respect to such Holder's respective accepted Subscription Agreement and the receipt of full payment for such Holder's Notes. The Company hereby appoints the Agent, and the Agent hereby accepts such appointment, as its initial Registrar (as such term is defined in the Indenture) for the Notes pursuant to the terms of the Indenture. For so long as the Agent shall serve as the Registrar for the Notes, the Agent shall perform, in accordance with the terms of the Indenture, all of the duties and obligations of the Registrar under the Indenture, including, without limitation, the obligation to maintain a book-entry registration and transfer system for the ownership of the Notes in accordance with the terms of the Indenture.

(d) INVESTOR RELATIONS AND REPORTING. During the term of this Agreement, the Agent, in conjunction with the Trustee, shall manage all aspects of the customer service and investor relations functions with respect to the Offering, including, but not limited to, handling all inquiries from Investors, mailing investment kits, delivering to each Investor the Prospectus and Subscription Agreement, meeting with Investors, processing Subscription Agreements, responding to all written or telephonic questions by Investors and Holders relating to the Notes, recording changes in Holders' addresses or accounts, issuing maturity and renewal notices, quarterly statements and newsletters to Holders, directing the Paying Agent to make Scheduled Payments, Repurchase Payments and Redemption Payments to Holders in a timely manner, and directing the Paying Agent to issue Form 1099INT's to Holders as required by law. In addition, the Agent shall provide the Trustee (and copy the Company) with management reports regarding the Notes as required under the Indenture.

(e) WEB SITE DEVELOPMENT. Subject to compliance and conformity with Accepted Note Practices by the Agent, the Agent (or a third party service provider working at the Agent's direction) shall assist the Company in developing a dedicated Internet web site separate from the Company's corporate site to allow Investors to view online and download copies of the Offering documents (including the Prospectus and Subscription Agreement) and marketing materials that are included in the investment kit or comparable information.

(f) OWNERSHIP OF WEB PAGES. Any and all web pages developed or maintained by the Agent in connection with the marketing and selling of the Notes (the "Web Pages"), and all associated Proprietary Rights, shall be owned exclusively by the Agent; provided, however, it is expressly acknowledged and agreed that the Company shall retain, and the Agent shall not hereby acquire, any Proprietary Rights in the Company's logos, corporate colors, trademarks, trade names, and slogans, any descriptions of the Company's business. The Agent hereby grants the Company a nonexclusive, perpetual, worldwide license to use the Web Pages for the purpose of marketing and selling the Notes.

SECTION 3.02 MAINTENANCE OF FILES AND RECORDS. The Agent shall establish and maintain at all times during the term of this Agreement files and records (including, without limitation, computerized records) regarding the Notes and the Note Portfolio, with full and correct entries of all transactions or modifications in a reasonably secure, up-to-date manner and in accordance with the following:

(a) LOCATION. All Note and Note Portfolio files and records shall be stored and maintained at the Agent's principal place of business, or other location as designated by the Agent. The Agent shall keep in its files all correspondence received or sent regarding each Note, each Investor, and each Holder, whether upon any purchase or transfer of a Note.

(b) ORIGINAL DOCUMENTS. The Agent will store all original Subscription Agreements, Note Confirmations, correspondence from Investors and Holders and other materials relating to the Renewable Note Program in a reasonably secure manner at the Agent's principal offices or such other location as may be agreed upon with the Company. The Agent shall exercise due care in handling and delivering the original documents and the other documents in the Note files and records. The Agent shall not grant or allow any person an interest in original documents or rights thereunder, and all original documents in the possession of the Agent shall be deemed to be in the possession of the Company.

(c) EXAMINATION. At any time during the Agent's normal business hours, the Company and its agents and representatives may physically inspect any documents, files or other records relating to the Renewable Note Program and discuss the same with the Agent's officers and employees. The Agent shall supply copies of any such documents, files, or other records upon the request of the Company, as soon as is reasonably and commercially practicable at the Company's cost and expense.

(d) RETENTION. Unless otherwise requested by the Company, or unless otherwise required by Governmental Rules, the Agent shall retain, with respect to each Note, for a period of 24 months from the date the Note is fully paid, all records, files and documents related to each such Note. At the end of such 24-month period, all such items shall be transferred to the Company, or to a third party as designated by the Company, at the Company's sole cost and expense. The Agent shall be permitted to retain copies of any such documents for its own files for its own account and at its own expense. The Agent shall maintain the privacy of the Investors and Holders in accordance with all applicable Governmental Rules.

(e) RETURN. If this Agreement is terminated, the Agent shall promptly deliver to the Company or its designee, as the case may be, all Note files and records (including, without limitation, copies of computerized records and servicing and other software, except as may be prohibited by any third party contract or license) related to the selling and servicing of the Notes and all monies collected by it relating to the Renewable Note Program (less any fees or expenses due to the Agent). The Agent shall be entitled to make and keep copies of such records, at its cost and expense. In addition to delivering such data and monies, the Agent shall use its best efforts to effect the orderly and efficient transfer of the selling and servicing of the Notes to the Company or other party designated by the Company to assume responsibility for such selling and servicing, including, without limitation, directing Holders to remit all repurchase or other notices to the address designated by the Company. All costs of conversion and transfer of such records to the Company or another agent shall be paid by the Company.

(f) SECURITY. The parties shall take appropriate security measures to protect customer nonpublic personal information ("NPI"), as defined in the Gramm-Leach-Bliley Act of 1999, Title V, and its implementing regulations, against accidental or unlawful destruction and unauthorized access, tampering, and copying during storage in either party's computing or paper environment. Access to NPI must be restricted to only the personnel that have a business need relating to the Renewable Note Program. NPI must be stored in a secured format within all systems at both parties' location and any other locations where the data may reside. Transmission of such NPI between the parties or vendors must be done in a secure manner, in a method mutually agreed upon by both parties. Each party will engage appropriate and industry-standard measures necessary to meet information security guidelines as required by the Gramm-Leach-Bliley Act, Title V and its implementing regulations as applicable to such party to effectuate this Agreement.

SECTION 3.03 INFORMATION TO THE COMPANY. As agreed by the parties, the Agent shall make reports and analyses available to the Company regarding the status of the Note Portfolio, the marketing efforts and the amount of Notes remaining available for issuance under the Registration Statement. The Agent shall also provide interim or custom reports at the Company's request as is commercially reasonable, including, without limitation, a weekly update via email identifying new Holders by name, address and principal amount of Notes purchased.

ARTICLE IV

REPRESENTATIONS AND COVENANTS OF THE COMPANY

SECTION 4.01 REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE COMPANY. The Company represents and warrants to and agrees with the Agent as follows, which representations and warranties shall be deemed to be made continuously from and as of the date hereof until this Offering is terminated and all then outstanding Notes have been paid in full or such earlier date that this Agreement has been terminated, except for those representations and warranties that address matters only as of a particular date, which representations and warranties shall be deemed to be made as of such date.

(a) The Company satisfies all of the requirements for the use of Form S-2 with respect to the offer and sale of securities as contemplated by the Offering. The Commission has not issued any order preventing or suspending the use of the Registration Statement or Prospectus and no proceeding for that purpose has been instituted or, to the Company's knowledge, threatened by the Commission or the securities authority of any state or other jurisdiction.

(b) The Registration Statement, in the form in which it became effective and also in such form as it may be when any post-effective amendment thereto shall become effective, and the Prospectus, and any supplement or amendment thereto when filed with the Commission under Rule 424 under the Securities Act, complied or will comply with the provisions of the Securities Act and the Trust Indenture Act, and did not or will not at any such times contain an untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading, except that this representation and warranty does not apply to: (i) any statements in, or omissions from the Agent Disclosure Statements (as defined in Section 5.01(f) below) in the Registration Statement or the Prospectus, or any amendment thereof or supplement thereto; or (ii) statements in or omissions from the Registration Statement (or any amendment thereto) related to or resulting from the specific terms of the Offering, which terms are included in the Prospectus.

(c) The Incorporated Documents previously filed, at the time they were filed, complied in all material respects with the requirements of the Exchange Act, and all subsequently filed Incorporated Documents will, at the time they are filed, comply in all material respects with the requirements of the Exchange Act. No such previously filed Incorporated Document, when filed, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading; and no such further Incorporated Document, when filed, will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, except that this representation and warranty does not apply to the extent that any misstatement or omission in any Incorporated Document is superseded by a subsequent Incorporated Document, but in such case only with respect to the period from and after the filing of the subsequent Incorporated Document.

(d) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of California, with full power and authority to own, lease and operate its properties and conduct its business as described in the Registration Statement, the Prospectus and the Incorporated Documents. The Company is duly qualified to do business and is in good standing in each jurisdiction in which the ownership or lease of its properties or the conduct of its business requires such qualification and in which the failure to be qualified or in good standing would have a material adverse effect on the condition (financial or otherwise), earnings, operations or business of the Company and, to the best of the Company' s knowledge, no proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing, or seeking to revoke, limit or curtail, such power and authority or qualification.

(e) Each subsidiary of the Company has been duly incorporated or organized and is validly existing in good standing under the laws of the jurisdiction of its incorporation or organization, with full power and authority to own, lease and operate its properties and conduct its business as described in the Registration Statement, the Prospectus and the Incorporated Documents. Each such subsidiary is duly qualified to do business and is in good standing in each jurisdiction in which the ownership or lease of its properties or the conduct of its business requires such qualification and in which the failure to be qualified or in good standing would have a material adverse effect on the condition (financial or otherwise), earnings, operations or business of the Company and, to the best of the Company' s knowledge, no proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing, or seeking to revoke, limit or curtail, such power and authority or qualification.

(f) The Company and each subsidiary has operated and is operating in material compliance with all authorizations, licenses, certificates, consents, permits, approvals and orders of and from all state, federal and other governmental regulatory officials and bodies necessary to own its properties and to conduct its business as described in the Registration Statement, the Prospectus and the Incorporated Documents, all of which are, to the best of the Company's knowledge, valid and in full force and effect. The Company and each subsidiary is conducting its business in substantial compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting business, and the Company and each subsidiary is not in material violation of any applicable law, order, rule, regulation, writ, injunction, judgment or decree of any court, government or governmental agency or body, domestic or foreign, having jurisdiction over the Company or any such subsidiary or their respective over its properties.

(g) The Company and each subsidiary is not in violation of its certificate or articles of incorporation or bylaws (or similar governing documents) or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any Material Agreement to which it is a party or by which it or its properties are bound.

(h) The Company has full requisite power and authority to enter into this Agreement and perform the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement on the part of the Company, enforceable against the Company in accordance with its terms subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity. The performance of this Agreement and the consummation of the transactions herein contemplated will not result in a breach or violation of any of the terms and provisions of, or constitute a default under:

(i) any Material Agreement to which the Company or any subsidiary is a party or by which the Company or any subsidiary or their respective properties may be bound;

(ii) the articles of incorporation or bylaws of the Company, or

(iii) any applicable law, order, rule, regulation, writ, injunction, judgment or decree of any court, government or governmental agency or body, domestic or foreign, having jurisdiction over the Company or any subsidiary or their respective properties.

(i) No consent, approval, authorization or order of or qualification with any court, governmental agency or body, domestic or foreign, having jurisdiction over the Company or over its properties is required for the execution and delivery of this Agreement and the consummation by the Company of the transactions herein contemplated, except such as may be required under the Securities Act, the Exchange Act, the Trust Indenture Act, or under state or other securities or blue sky laws, all of which requirements have been satisfied.

(j) Except as is otherwise expressly described in or incorporated by reference into the Registration Statement or Prospectus, there is neither pending nor, to the best of the Company's knowledge, threatened, any action, suit, claim or proceeding against the Company or any subsidiary or any of their respective officers or properties, assets or rights before any court, government or governmental agency or body, domestic or foreign, having jurisdiction there over which, if successful, would be likely to (A) result in any material adverse change in the condition (financial or otherwise), earnings, operations or business of the Company or might materially and adversely affect its properties, assets or rights, or (B) prevent consummation of the transactions contemplated hereby.

(k) The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectus and the shares of issued and outstanding Common Stock set forth thereunder have been duly authorized, validly issued, are fully paid and non-assessable, have been issued in compliance with all federal and state securities laws, were not issued in violation of or subject to any preemptive rights or other rights to subscribe for or purchase securities, and the authorized and outstanding capital stock of the Company conforms in all material respects with the statements relating thereto contained or incorporated by reference in the Registration Statement and the Prospectus. The Notes to be sold hereunder by the Company have been duly authorized for issuance and sale pursuant to the Indenture and

this Agreement and, when issued and delivered against payment therefor in accordance with the terms of the Indenture and this Agreement, will be duly and validly issued and fully paid and non-assessable and will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity and will be sold free and clear of any pledge, lien, security interest, encumbrance, claim or equitable interest; and no preemptive right, co-sale right, registration right, right of first refusal or other similar right of stockholders exists with respect to any of the Notes to be sold hereunder by the Company or the issuance and sale thereof.

(l) KPMG LLP, which has expressed its opinion with respect to certain of the financial statements filed or incorporated by reference as part of the Registration Statement, is an independent accounting firm within the meaning of the Securities Act. The financial statements of the Company set forth or incorporated by reference in the Registration Statement and Prospectus comply in all material respects with the requirements of the Securities Act and fairly present the financial position and the results of operations of the Company at the respective dates and for the respective periods to which they apply in accordance with generally accepted accounting principles consistently applied throughout the periods involved; and the supporting schedules included or incorporated by reference in the Registration Statement present fairly the information required to be stated therein.

(m) Subsequent to the respective dates as of which information is given in the Registration Statement and Prospectus, except as is otherwise disclosed in the Registration Statement or Prospectus or as is otherwise incorporated into the Registration Statement pursuant to the Securities Act, there has not been (i) any material adverse change in the condition, financial or otherwise, earnings, affairs or business prospects of the Company or any subsidiary, or (ii) any material transactions entered into by the Company, or any of its subsidiaries, other than those in the ordinary course of business, including, without limitation:

(i) any material change in the capital stock or long-term debt (including any capitalized lease obligation) or material increase in the short-term debt of the Company;

(ii) any material issuance of options (other than to directors and employees of the Company), warrants, convertible securities or other rights to purchase the capital stock of the Company;

(iii) any material adverse change, or any development involving a material adverse change, in or affecting the condition (financial or otherwise), earnings, operations, business or business prospects, management, financial position, stockholders' equity, results of operations or general condition of the Company;

(iv) any transaction entered into by the Company that is material to the Company, except transactions entered into by the Company in the ordinary course of business that are consistent with past practices (including without limitation any securitization transaction);

(v) any material obligation, direct or contingent, incurred by the Company, except obligations incurred in the ordinary course of business; or

(vi) any loss or damage (whether or not insured) sustained to the property of the Company, which has a material adverse effect on the condition (financial or otherwise), earnings, operations or business of the Company.

(n) Except as is otherwise expressly disclosed in the Registration Statement or Prospectus or as is otherwise incorporated into the Registration Statement pursuant to the Securities Act:

(i) the Company and its subsidiaries have good and marketable title to all of the property, real and personal, and assets described in the Registration Statement or Prospectus as being owned by them, free and clear of any and all pledges, liens, security interests, encumbrances, equities, charges or claims, other than such as would not have a material adverse effect on the condition (financial or otherwise), earnings, operations or business of the Company;

(ii) the Material Agreements to which the Company or any subsidiary is a party described in the Registration Statement and Prospectus are valid agreements, enforceable by the Company or such subsidiary except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally or by judicial limitations on the right of specific performance; and

(iii) except as set forth in the Registration Statement and Prospectus, the Company and each of its subsidiaries owns or leases all such properties as are necessary to their operations as now conducted.

(o) The Company has timely filed (or has timely requested an extension of time to file) all necessary federal and state income and franchise tax returns. The Company has paid all taxes shown on such tax returns as due and payable, and there is no tax deficiency that has been or, to the best of the Company's knowledge, could be asserted against the Company that might have a material adverse effect on the condition (financial or otherwise), earnings, operations, business or properties of the Company, and all tax liabilities are adequately provided for in the books of the Company; provided, however, that the Company has not paid, and a deficiency may have been asserted for, taxes which are being contested by the Company in good faith and by proper proceedings and for which appropriate and reasonable reserves have been provided.

(p) The Company and its subsidiaries own, or possess adequate rights to use, all patents, patent rights, inventions, trade secrets, know-how, technology, service marks, trade names, copyrights, trademarks and other intellectual property rights or information which are necessary for the conduct of their present or intended business as described in the Registration Statement or Prospectus or incorporated by reference therein. The expiration of any patents, patent rights, trade secrets, trademarks, service marks, trade names or copyrights would not have a material adverse effect on the condition (financial or otherwise), earnings, operations or business of the Company and the Company has not received any notice of, and has no knowledge of, any infringement of or conflict with the asserted rights of others with respect to any patents, inventions, trade secrets, know-how, technology, service marks, trade names, copyrights, trademarks and other intellectual property rights that, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, might have a material adverse effect on the condition (financial or otherwise), earnings, operations, business or business prospects of the Company.

(q) The Company has not taken and will not take, directly or indirectly, any action (and does not know of any action by its directors, officers, employees, or other agents) which has constituted or is designed to, or which might reasonably be expected to, cause or result in stabilization or manipulation, as defined in the Exchange Act or otherwise, to facilitate the sale or resale of the Notes. The Company has not distributed and will not distribute prior to the completion of the distribution of the Notes, any offering material in connection with the offering and sale of the Notes other than the Prospectus, the Registration Statement and other materials, if any, permitted by the Securities Act.

(r) The Company and its subsidiaries maintain insurance, which is in full force and effect, with insurers of recognized financial responsibility of the types and in the amounts generally deemed adequate for its business and the Company has no reason to believe that it or its subsidiaries will not be able to renew such existing insurance coverage as and when such coverage expires or obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not materially and adversely affect the condition (financial or otherwise), earnings, operations, business or business prospects of the Company.

(s) The Company has not at any time during the last five years made any unlawful contribution to any candidate for an office or failed to disclose fully any contribution in violation of law, or made any payment to any federal or state governmental officer or official, domestic or foreign, or other person charged with similar public or quasi-public duties, other than payments required or permitted by the laws of the United States or any jurisdiction thereof. The Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that transactions are executed in accordance with management's general or specific authorizations and transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting

principles. To maintain accountability for assets, access to assets is permitted only in accordance with management's general or specific authorization, and the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(t) Except as set forth in the Registration Statement and Prospectus or as is otherwise incorporated into the Registration Statement pursuant to the Securities Act:

(i) the Company is in material compliance with all material rules, laws and regulations relating to the use, treatment, storage and disposal of toxic substances and protection of health or the environment (the "Environmental Laws") which are applicable to its business;

(ii) the Company has received no notice from any governmental authority or third party of an asserted claim under Environmental Laws, which claim is required to be disclosed in the Registration Statement and the Prospectus;

(iii) to the best of the Company's knowledge, the Company will not be required to make any future material capital expenditures to comply with Environmental Laws: and

(iv) no property that is owned, leased or occupied by the Company has been designated as a Superfund site pursuant to the Comprehensive Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. ss. 9601, ET SEQ.), or otherwise designated as a contaminated site under applicable state or local law.

(u) The historical financial information, financial projections and due diligence information of the Company presented to the Agent for its review, were prepared in good faith and represent the Company's best present estimate of the Company's financial condition prior to, and immediately following, completion of the sale of the Notes.

(v) During the term of this Agreement, and except as set forth herein and in the Registration Statement, the Company has not taken any action to create a right in any person or entity other than the Agent to any compensation or other payments from either the Company or the Agent, as a finder, underwriter or agent in connection with the Offering or any other proposed transaction between the Company and the Agent. The Company agrees to promptly notify the Agent of any such relationships, including consulting or prior agency agreements entitling other parties to compensation for the Offering and agrees to provide the Agent with a copy of such agreements.

(w) Any certificate signed by any officer of the Company and delivered to the Agent or to the Agent's counsel shall be deemed a representation and warranty by the Company to the Agent as to the matters covered thereby that have a material relationship to the Offering, the Registration Statement or the Renewable Note Program.

SECTION 4.02 COVENANTS OF THE COMPANY. The Company hereby covenants and agrees with the Agent as follows:

(a) If the Registration Statement has not already been declared effective by the Commission, the Company will use its best efforts to cause the Registration Statement and any post-effective amendments thereto to become effective as promptly as possible. The Company will notify the Agent promptly of the time when the Registration Statement or any post-effective amendment to the Registration Statement has become effective or any supplement to the Prospectus has been filed and of any request by the Commission for any amendment or supplement to the Registration Statement or Prospectus or additional information. The Company will prepare and file with the Commission, promptly upon the Agent's reasonable request, any amendments or supplements to the Registration Statement or Prospectus that, in the Agent's opinion may be necessary or advisable in connection with the Offering of the Notes by the Agent. In the event that the Company files any amendment or supplement to the Registration Statement or Prospectus to which the Agent shall reasonably object, the Agent will be relieved of its obligations with respect to the Offering (but not the administration) of the Notes until such time as the Company shall have filed such further amendments or supplements such that the Agent is reasonably satisfied with the Registration Statement and the Prospectus, as then amended or supplemented.

(b) The Company will advise the Agent, promptly after it shall receive notice or obtain knowledge thereof, of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement, of the suspension of the qualification of the Notes for offering or sale in any jurisdiction, or of the initiation or receipt of any specific threat of any proceeding for any such purpose. The Company will promptly use its best efforts to prevent the issuance of any stop order or to obtain its withdrawal if such a stop order should be issued.

(c) Within the time during which a Prospectus relating to the Notes is required to be delivered under the Securities Act, the Company will comply as far as it is able with all requirements imposed upon it by the Securities Act, so far as necessary to permit the continuance of sales of or dealings in the Notes as contemplated by the provisions hereof and the Prospectus. If, during the longer of such period or the term of this Agreement, any event or change occurs that could reasonably be considered material to the Offering or that causes any of the representations and warranties of the Company contained herein to be untrue in any material respect, or as a result of which the Prospectus would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if, during such period, it is necessary to amend the Registration Statement or supplement the Prospectus to comply with the Securities Act, then the Company will promptly notify the Agent, and, if necessary, will amend the Registration Statement or supplement the Prospectus (at the expense of the Company) so as to correct such statement or omission or effect such compliance. Without limiting the foregoing, if this Agreement is terminated for any reason, the Company shall promptly amend the Prospectus and any related Offering materials to delete references to the Agent.

(d) The Company will use its best efforts to take such action as requested by the Agent in order to arrange for the qualification of the Notes for offering and sale under the securities laws of such jurisdictions as the Agent may reasonably designate (with the prior approval of the Company) and to continue such qualifications in effect for so long as may be required for purposes of the Offering. In each jurisdiction in which the Notes shall have been qualified as herein provided, the Company will make and file such statements and reports in each year as are or may be reasonably required by the laws of such jurisdiction.

(e) The Company will furnish to the Agent copies of the Registration Statement, the Prospectus, and all amendments and supplements to such documents, in each case as soon as available and in such quantities as the Agent may from time to time reasonably request.

(f) For such period as this Agreement may be in effect, the Company shall make available to the Agent, as soon as the same shall be sent to its stockholders generally, copies of all annual or interim stockholder reports of the Company and will, for the same period, also furnish the Agent one copy of any report, application or document (other than exhibits, which, however, will be furnished on the Agent's request) filed by the Company with the Commission, The Nasdaq Stock Market or any other securities exchange.

(g) At all times during the term of this Agreement, the Company shall provide all information reasonably requested by the Agent that relates to the Renewable Note Program in a timely manner and shall use its best efforts to insure that such information is complete and accurate.

(h) The Company will, during the term of this Agreement, furnish directly to the Agent quarterly profit and loss statements and reports of the Company's cash flow as reported on the applicable quarterly report on Form 10-Q; and (ii) within five days following the filing of any quarterly report on Form 10-Q, provide or cause McGladrey & Pullen LLP (or another nationally recognized firm of independent public accountants) to provide to the Agent a letter from McGladrey & Pullen LLP or such other firm with respect to the Form 10-Q, confirming that performance of the procedures and providing such comfort as set forth in Sections 6.01(g)(ii)(A), (B) and (C), 6.01(g)(iii)(A) and (B), and 6.01(g)(iv) of this Agreement with respect to the unaudited interim financial statements or other data, as the case may be, contained therein.

(i) The Company will apply the net proceeds from the sale of the Notes substantially in the manner set forth under the caption "Use of Proceeds" in the Prospectus.

(j) The Company will not take, and will use its best efforts to cause each of its officers and directors not to take, directly or indirectly, any action designed to or which might reasonably be expected to cause or result in stabilization or manipulation as defined in the Exchange Act of the price of any security of the Company to facilitate the sale or resale of the Notes.

(k) The Company hereby authorizes the Agent to conduct due diligence investigations (limited to one per calendar year following the date hereof) to verify the Company's ability to offer and perform its obligations under the Notes during the term of this Agreement and agrees to provide the Agent with access to its relevant books and records for the purpose of performing quarterly cash flow analysis.

ARTICLE V

REPRESENTATIONS AND COVENANTS OF THE AGENT; CONDITIONS

SECTION 5.01 REPRESENTATIONS AND WARRANTIES OF THE AGENT. The Agent hereby represents and warrants to the Company as follows, which representations and warranties shall be deemed to be made continuously from and as of the date hereof until this Offering is terminated or such earlier date that this Agreement has been terminated:

(a) The Agent (i) has been duly organized, is validly existing and in good standing as a Minnesota corporation, (ii) has qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of its properties or the nature of its activities (including without limitation activities of the Agent hereunder) makes such qualification necessary, and (iii) has full power, authority and legal right to own its property, to carry on its business as presently conducted, and to enter into and perform its obligations under this Agreement. The Agent is a member in good standing of the NASD.

(b) The Agent has full requisite power and authority to enter into this Agreement and perform the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by the Agent and is a valid and binding agreement on the part of the Agent, enforceable against the Agent in accordance with its terms subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity. The performance of this Agreement and the consummation of the transactions herein contemplated will not result in a breach or violation of any of the terms and provisions of, or constitute a default under:

(i) any Material Agreement to which the Agent is a party or by which the Company or its properties may be bound;

(ii) the articles of incorporation or bylaws of the Agent, or

(iii) any applicable law, order, rule, regulation, writ, injunction, judgment or decree of any court, government or governmental agency or body, domestic or foreign, having jurisdiction over the Agent or over its properties.

(c) The Agent has obtained all governmental consents, licenses, approvals and authorizations, registrations and declarations which are necessary for the execution, delivery, performance, validity and enforceability of the Agent's obligations under this Agreement. The Agent is a registered broker-dealer in good standing under the appropriate laws and regulations of each of the states in which offers or solicitations of offers to subscribe for the Notes will be made by the Agent.

(d) There are no actions, suits or proceedings pending or, to the knowledge of the Agent, threatened against or affecting the Agent, before or by any court, administrative agency, arbitrator or governmental body with respect to any of the transactions contemplated by this Agreement, or which will, if determined adversely to the Agent, materially and adversely affect it or its business, assets, operations or condition, financial or otherwise, or adversely affect the Agent's ability to perform its obligations under this Agreement. The Agent is not in default with respect to any order of any court, administrative agency, arbitrator or governmental body so as to materially and adversely affect the transactions contemplated by this Agreement.

(e) The Agent has obtained all necessary consents, approvals, waivers and notifications of creditors, lessors and other nongovernmental persons in connection with the execution and delivery of this Agreement, and the consummation of all the transactions herein contemplated.

(f) When the Prospectus Supplement is or was filed with the Commission and at all times subsequent thereto until the termination of the Offering, the Agent Disclosure Statements in the Prospectus (as amended or supplemented, if the Company shall have filed with the Commission any amendment thereof or supplement thereto) will not or did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading. "Agent Disclosure Statements" shall mean any statements or disclosures included within or the subject of the Registration Statement or the Prospectus, which, when the Prospectus Supplement is or was filed with the Commission and at all times subsequent thereto, are either (i) included within the disclosure under the heading "Plan of Distribution" in the Prospectus, or (ii) based upon and conform to written information relating to the Agent furnished in writing to the Company by the Agent specifically for use in the preparation of the Prospectus, or any supplement to the Prospectus; provided, however, the Agent makes no representation with respect to any Agent Disclosure Statement made without the consent of the Agent, or with respect to which the Agent has provided the Company a written objection.

(g) The Agent has operated and is operating in material compliance with all authorizations, licenses, certificates, consents, permits, approvals and orders of and from all state, federal and other governmental regulatory officials and bodies necessary to conduct its business as contemplated by and described in this Agreement, all of which are, to the Agent's knowledge, valid and in full force and effect. The Agent is conducting its business in substantial compliance with all applicable Governmental Rules, laws, rules and regulations of the jurisdictions in which it is conducting business, and the Agent is not in material violation of any applicable Governmental Rules, law, order, rule, regulation, writ, injunction, judgment or decree of any court, government or governmental agency or body, domestic or foreign, having jurisdiction over the Agent or over its properties.

(h) The Agent has not distributed and will not distribute prior to the completion of the Offering, any offering material in connection with the Offering, other than the Prospectus, the Registration Statement, the Incorporated Documents, and other materials, if any, permitted by and in compliance with the Securities Act.

(i) The Agent maintains insurance, which is in full force and effect, with insurers of recognized financial responsibility of the types and in the amounts generally deemed adequate for its business and, to the best of the Agent's knowledge, in line with the insurance maintained by similar companies and businesses; and the Agent shall add the Company as a beneficiary or additional insured against any covered loss and shall provide the Company with a copy of the respective insurance policies; and the Agent has no reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not materially and adversely affect the financial condition or business operations of the Agent.

SECTION 5.02 COVENANTS OF THE AGENT. The Agent hereby covenants to the Company as follows, which covenants shall be deemed in force unless and until this Agreement is terminated as provided herein:

(a) The Agent shall punctually perform and observe all of its obligations and agreements contained in this Agreement.

(b) Except as provided in this Agreement, the Agent shall not take any action, or permit any action to be taken by others, which would excuse any person from any of its covenants or obligations under any Note, or under any other instrument related to a Note, or which would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any Note or any such instrument or any right in favor of the Company in a Note or such instrument, without the written consent of the Company.

(c) The Agent shall not assign this Agreement or any of its rights, powers, duties or obligations hereunder without the express prior written consent of the Company, which shall not be unreasonably withheld.

(d) Within the shorter of the time during which a prospectus relating to the Notes is required to be delivered under the Securities Act or the term of this Agreement, the Agent will comply with all requirements imposed upon it by the Securities Act, so far as necessary to permit the continuance of sales of or dealings in the Notes as contemplated by the provisions hereof and the Prospectus. If, during the shorter of such period or the term of this Agreement, to the Agent's best knowledge, any event or change occurs that could reasonably be considered material to the Offering or that causes any of the representations and warranties of the Agent contained herein to be untrue in any material respect, or as a result of which the Prospectus would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if, during such period, to the Agent's best knowledge, it is necessary to amend the

Registration Statement or supplement the Prospectus to comply with the Securities Act, then the Agent will promptly notify the Company, and, if necessary, use reasonable efforts to assist the Company in amending the Registration Statement or supplementing the Prospectus (at the expense of the Company) so as to correct such statement or omission or effect such compliance.

(e) The Agent will use reasonable efforts (i) to determine and designate the states or jurisdictions, if any, where the qualification or registration of the Notes is necessary or advisable in connection with the Offering and (ii) to assist the Company in arranging for the qualification or registration of the Notes for offering and sale under the securities laws of such states or jurisdictions and to continue such qualifications or registrations in effect for so long as may be required for purposes of the distribution of the Notes. In each state or jurisdiction in which the Notes shall have been qualified or registered as herein provided, the Agent will assist with making and filing the Company statements and reports in each year as are or may be reasonably required by the laws of such states or jurisdiction.

(f) At all times during the term of this Agreement, the Agent shall provide all information relating to the Offering, the Renewable Note Program or the Note Portfolio reasonably requested by the Company in a timely manner and shall use its best efforts to insure that such information is complete and accurate in all material respects.

(g) The Agent shall take such additional action as is reasonably requested by the Company in order to carry out the purposes of this Agreement.

ARTICLE VI
CONDITIONS

SECTION 6.01 CONDITIONS OF THE AGENT'S OBLIGATIONS. The obligation of the Agent to sell the Notes on a best efforts basis as provided herein shall be subject to the accuracy of the representations and warranties of the Company, to the performance by the Company of its obligations hereunder, and to the satisfaction of the following additional conditions:

(a) The Registration Statement shall be effective, and no stop order suspending the effectiveness thereof shall have been issued and no proceedings for that purpose shall have been initiated or, to the knowledge of the Company, or the Agent, threatened by the Commission or any state securities commission or similar regulatory body. Any request of the Commission for additional information (to be included in the Registration Statement or the Prospectus or otherwise) shall have been complied with to the satisfaction of the Agent and the Agent's counsel.

(b) The Agent shall not have advised the Company of its reasonable belief that the Registration Statement or Prospectus, or any amendment thereof or supplement thereto, contains any untrue statement of a fact which is material or omits to state a fact which is material and is required to be stated therein or is necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, or, if the Agent has so advised the

Company, the Company shall not have taken reasonable action to investigate such belief and, where appropriate, amend the Registration Statement or supplement the Prospectus so as to correct such statement or omission or effect such compliance.

(c) There shall not have occurred any change, or any development involving a prospective change, that materially and adversely affects the Company's condition (financial or otherwise), earnings, operations, properties, business or business prospects from that set forth in the Registration Statement or Prospectus, and which is material and adverse or that makes it impracticable or inadvisable to proceed with the Offering of the Notes as contemplated by the Prospectus and this Agreement.

(d) The Indenture shall have been duly authorized, executed and delivered by the Company and duly qualified under the Trust Indenture Act and shall constitute a valid and binding obligation of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(e) All corporate proceedings and other legal matters in connection with this Agreement, the form of Registration Statement and the Prospectus, and the registration, authorization, issue, sale and delivery of the Notes shall have been reasonably satisfactory to the Agent's counsel, in all material respects, and the Agent's counsel shall have been furnished with such papers and information as it may reasonably have requested to enable it to pass upon the matters referred to in this Section.

(f) The Agent shall have received the opinion of Andrews Kurth LLP, counsel for the Company, dated as of the Initial Closing Date, satisfactory in form and substance to the Agent and the Agent's counsel, which includes the opinions as set forth in EXHIBIT B attached hereto. Such counsel, in rendering the foregoing opinion, may rely as to questions of fact upon representations or certificates of officers of the Company and of government officials, in which case its opinion is to state such reliance. Copies of any opinion, representation or certificate so relied upon shall be delivered to the Agent and to the Agent's counsel.

(g) On the Initial Closing Date, the Agent shall have received from KPMG LLP a letter, dated as of the Initial Closing Date, in form and substance satisfactory to the Agent, to the effect that they are independent accountants with respect to the Company within the meaning of the Securities Act and the applicable rules and regulations thereunder, and further stating that:

(i) In their opinion, the consolidated balance sheets of the Company as of December 31, 2003 and 2002, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the years in the two-year period then ended, all audited by them and included or incorporated by reference in the Registration Statement, comply as to form in all material respects with the applicable accounting requirements of the Act and the related rules and regulations adopted by the SEC.

(ii) For purposes of the letter they have:

(A) read the minutes of the stockholders' and directors' meetings of the Company;

(B) inquired of certain officials of the Company responsible for financial and accounting matters;

(C) performed the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in Statement of Auditing Standards No. 71, INTERIM FINANCIAL INFORMATION, on any unaudited financial statements included or incorporated by reference in the Registration Statement; and

(D) reviewed the unaudited consolidated balance sheet of the Company as of September 30, 2004 and the unaudited consolidated statements of income for the three and nine-month periods ended September 30, 2004, each of which has been included or incorporated by reference in the Registration Statement.

(iii) Nothing came to their attention as a result of the procedures described above that caused them to believe that:

(A) any material modifications should be made to the unaudited consolidated financial statements included or incorporated by reference in the Registration Statement, for them to be in conformity with accounting principles generally accepted in the United States of America;

(B) the unaudited consolidated financial statements included or incorporated by reference in the Registration Statement do not comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Securities Exchange Act of 1934, as amended, or were not prepared in conformity with generally accepted accounting principles and practices applied on a basis consistent in all material respects with those followed in the preparation of the audited financial statements of the Company included therein;

(C) the unaudited amounts of revenues, income before provision for income taxes, net income and ratio of earnings to fixed charges of the Company included or incorporated by reference in the Prospectus, or any amendment thereof or supplement

thereto, were not derived from financial statements prepared in conformity with generally accepted accounting principles and practices applied on a basis consistent in all material respects with those followed in the preparation of the audited financial statements of the Company included therein;

(D) at a specified date not more than five Business Days prior to the date of the letter, there was any change in: (i) the capital stock, (ii) short term indebtedness or long-term debt of the Company and its consolidated subsidiaries, or (iii) stockholders' equity, as compared with amounts shown on the latest balance sheet incorporated by reference in the Registration Statement; or

(E) for the period from the closing date of the latest income statement filed on a Form 10-Q incorporated by reference in the Registration Statement to the closing date of the latest available income statement read by such accountants, there were any changes, as compared with the corresponding period of the previous year, in consolidated revenues, net income or in the ratio of earnings to fixed charges;

except in all cases set forth in clauses (C) and (D) above, for changes which the Registration Statement discloses have occurred or may occur or which are described in such letter.

(iv) They have compared specified dollar amounts (or percentages derived from such dollar amounts) and other financial information contained in the Registration Statement (in each case to the extent that such dollar amounts, percentage and other financial information are derived from the general accounting records of the Company and its subsidiaries subject to the internal controls of the Company's accounting system or are derived directly from such records by analysis or computation) with the results obtained from inquires, a reading of such general accounting records and other procedures specified in such letter and have found such dollar amounts, percentages and other financial information to be in agreement with such results, except as otherwise specified in such letter.

(h) The Agent shall have received from the Company a certificate, dated as of the Initial Closing Date, of the principal financial officer of the Company, to the effect that:

(i) The representations and warranties of the Company in this Agreement are true and correct as if made on and as of the date of the certificate, and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under this Agreement.

(ii) No stop order or other order suspending the effectiveness of the Registration Statement or any amendment thereof or the qualification of the Notes for offering or sale have been issued, and no proceedings for that purpose have been instituted or, to the best of his knowledge, are contemplated by the Commission or any state or regulatory body.

(iii) The signer of said certificate has carefully examined the Registration Statement and the Prospectus and any amendments thereof or supplements thereto.

(iv) Such documents contain all statements and information required to be included therein; the Registration Statement, or any amendment thereof, does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and the Prospectus, as amended or supplemented, does not include any untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(v) There has not occurred any change, or any development involving a prospective change, which materially and adversely affects the Company's condition (financial or otherwise), earnings, operations, properties, business or business prospects except as set forth on contemplated in the Prospectus (or in the Incorporated Documents as of the date of such certificate).

(vi) Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, the Company has not incurred any material liabilities or material obligations, direct or contingent, or entered into any Material Agreements, not in the ordinary course of business consistent with past practice, and except as disclosed in the financial statements incorporated by reference in the Registration Statement, there has not been any material change in the capital stock, or any material increase in the short-term debt or long-term debt (other than consistent with past practices), or in the issuance of options (other than to directors and employees of the Company), warrants, convertible securities or other rights to purchase the capital stock, of the Company, or any material adverse change or any development involving a prospective material adverse change (whether or not arising in the ordinary course of business) in the general affairs, condition (financial or otherwise), business, key personnel, property, prospects, net worth or results of operations of the Company.

(vii) Except as stated in the Registration Statement and Prospectus, there is not pending or, to their knowledge, threatened or contemplated, any action, suit or proceeding to which the Company is a party before or by any court or governmental agency, authority or body, or any arbitrator, which might result in any material adverse change of the condition, (financial or otherwise), business, prospects, or results of operations of the Company.

(i) The Agent shall have received a certificate of the Secretary of the Company, dated as of such Initial Closing Date, with the documents listed herein attached, and to the effect and certifying as follows:

(i) Attached thereto are true and correct copies of the certificate of incorporation of the Company, as amended to the date of the certificate, and stating that there have been no changes or amendments to the attached certificate of incorporation of the Company, and no resolutions have been adopted by the Board of Directors or stockholders of the Company relating to (A) the amendment of said certificate of incorporation; (B) the merger, consolidation or dissolution of the Company; or (C) the sale of all or substantially all of the assets or business of the Company, and that the Company is in good standing in the State of Delaware and has paid all of its corporate franchise taxes due as of the date of such certificate.

(ii) Attached thereto is a true and correct copy of the bylaws of the Company as in effect as of the date of such certificate and no resolutions have been adopted by the Board of Directors or stockholders of the Company relating to changes or amendments to the attached bylaws.

(iii) Attached thereto are true and correct copies of the resolutions of the Board of Directors of the Company relating to the preparation and signing of the Registration Statement and this Agreement, the issuance and sale of the Notes and other related matters, and such resolutions have not been amended, modified or rescinded and are in full force and effect as of the date of such certificate and are the only resolutions adopted by the Board of Directors of the Company with respect to the Offering.

(iv) The persons who have signed the Registration Statement and all amendments thereto were duly elected at the respective times of such signing and duly acting as officers and directors of the Company or as an attorney-in-fact therefor, as set forth in the Registration Statement.

(j) Andrews Kurth LLP shall deliver to the Agent a Blue Sky Memorandum reasonably satisfactory to the Agent confirming that all requisite actions for the offer and sale of the Notes in all jurisdictions requested by the Agent have been taken.

(k) The Company shall have furnished to the Agent and to the Agent's counsel such additional certificates, documents and evidence as the Agent shall reasonably request.

All such opinions, certificates, letters and documents will be in compliance with the provisions hereof only if they are reasonably satisfactory to the Agent and the Agent's counsel. All statements contained in any certificate, letter or other document delivered pursuant hereto by, or on behalf of, the Company shall be deemed to constitute representations and warranties of the Company.

The Agent may waive in writing the performance of any one or more of the conditions specified in this Section or extend the time for their performance.

If any of the conditions specified in this Section shall not have been fulfilled when and as required by this Agreement to be fulfilled and if the fulfillment of said condition has not been waived by the Agent, this Agreement and all obligations of the Agent hereunder may be canceled at, or at any time prior to, the Initial Closing Date by the Agent. Any such reasonable cancellation shall be without liability of the Agent to the Company and shall not relieve the Company of its obligations under Article VII hereof. Notice of such cancellation shall be given to the Company as specified in Section 8.03.

SECTION 6.02 CONDITIONS OF THE COMPANY'S OBLIGATIONS. The obligations of the Company as provided herein shall be subject to the accuracy of the representations and warranties of the Agent, the performance by the Agent of its obligations hereunder and to the Company's receipt, within five Business Days of the Initial Closing Date, of the opinion of Oppenheimer Wolff & Donnelly LLP, counsel for the Agent, dated as of the Initial Closing Date, satisfactory in form and substance to the Company and the Company's counsel, which includes the opinions as set forth in EXHIBIT C hereto. Such counsel, in rendering the foregoing opinion, may rely as to questions of fact upon representations or certificates of officers of the Agent and of government officials, in which case its opinion is to state such reliance. Copies of any opinion, representation or certificate so relied upon shall be delivered to the Company and to the Company's counsel.

ARTICLE VII
INDEMNIFICATION AND CONTRIBUTION

SECTION 7.01 THE COMPANY'S INDEMNIFICATION OF THE AGENT. The Company hereby agrees to indemnify and hold harmless the Agent, and each person, if any, who controls the Agent within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities that arise out of, or are based upon, (i) any breach, in any material respect, of any representation, warranty, agreement or covenant of the Company contained in this Agreement; (ii) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof or supplement thereto, or the omission or alleged omission to state in the Registration Statement or any amendment thereof or supplement thereto a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) any untrue statement or alleged untrue statement of a material fact contained in the Prospectus or any related preliminary prospectus

or prospectus supplement, or the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; or (iv) any untrue statement or alleged untrue statement of a material fact contained in any application or other statement executed by the Company or based upon written information furnished by the Company filed in any jurisdiction in order to qualify the Notes under, or exempt the Notes or the sale thereof from qualification under, the securities laws of such jurisdiction, or the omission or alleged omission to state in such application or statement a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company will reimburse the Agent and each such controlling person (subject to the limitation set forth in Section 7.03 hereof) for any legal or other expenses reasonably incurred by the Agent or controlling person in connection with investigating or defending against any such loss, claim, damage, liability or action. However, the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission (i) made in reliance upon and in conformity with the Agent Disclosure Statements or any written information furnished to the Company by the Agent specifically for use in any application or other statement executed by the Company or the Agent filed in any jurisdiction in order to qualify the Notes under, or exempt the Notes or the sale thereof from qualification under, the securities laws of such jurisdiction (unless the Agent provided the Company with written notice of such untrue statement or omission within a reasonable time prior to the use thereof and the Company failed to undertake prompt action to correct such untrue statement or omission before its use, in which case the Company's indemnification shall nevertheless apply); or (ii) is corrected in any amendment or supplement to the Registration Statement or the Prospectus; provided that the Company has performed its obligations hereunder in respect of such amendment or supplement and, to the extent that a prospectus relating to the Notes was required to be delivered by the Agent under the Securities Act, the Agent, having been furnished by or on behalf of the Company with copies of the Prospectus as so amended or supplemented, thereafter fails to deliver such amended or supplemented Prospectus prior to or concurrently with the sale of the Notes to the person asserting such loss, claim, damage or liability.

SECTION 7.02 THE AGENT'S INDEMNIFICATION OF THE COMPANY. The Agent agrees to indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the Registration Statement, and each person who controls the Company within the meaning of Section 15 of the Securities Act against any losses, claims, damages or liabilities that arise out of, or are based upon, (i) any breach, in any material respect, of any representation, warranty, agreement, obligation or covenant of the Agent contained in this Agreement, (ii) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof or supplement thereto, or the omission or alleged omission to state in the Registration Statement or any amendment thereof or supplement thereto, a material fact required to be stated therein or necessary to make the statements therein not misleading; (iii) any untrue statement or alleged untrue statement of a material fact contained in the Prospectus (as amended or as supplemented), or the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; or (iv) any untrue statement or alleged untrue statement of a material fact contained in any application or other statement executed by the Company or by the Agent and filed in any jurisdiction in order to qualify the Notes under, or exempt the Notes or

the sale thereof from qualification under, the securities laws of such jurisdiction, or the omission or alleged omission to state in such application or statement a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that indemnification under subsections (ii) through (iv) above shall extend only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with the Agent Disclosure Statements or any written information furnished to the Company by, or on behalf of, the Agent specifically for use in any application or other statement executed by the Company or by the Agent and filed in any jurisdiction (unless the Agent provided the Company with written notice of such untrue statement or omission within a reasonable time prior to the use thereof and the Company failed to undertake prompt action to correct such untrue statement or omission before its use in which case the Agent's indemnification shall not apply). The Agent will reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer, or controlling person (subject to the limitation in Section 7.03 hereof) in connection with investigating or defending against any such loss, claim, damage, liability or action. This indemnity agreement is in addition to any liability which the Agent may otherwise have.

SECTION 7.03 NOTICE OF INDEMNIFICATION CLAIM. Promptly after receipt by an indemnified party under Sections 7.01 or 7.02 of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against any indemnifying party under Sections 7.01 or 7.02, notify in writing the indemnifying party of the commencement thereof. Failure or delay to so notify the indemnifying party will not relieve it from any liability under Sections 7.01 or 7.02 as to the particular item for which indemnification is then being sought, except to the extent that the indemnifying party incurs or sustains damages or losses or is otherwise materially prejudiced as a result of such failure to notify or delay in notification. In case any such action is brought against any indemnified party, and the indemnified party notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, to assume the defense thereof, with counsel who shall be reasonably satisfactory to such indemnified party. After notice from the indemnifying party to such indemnified party of the indemnifying party's election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under Sections 7.01 or 7.02 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that if the defendants in any such action include both the indemnified party and the indemnifying party, and the indemnified party shall have reasonably concluded that there may be legal defenses available to it or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select one separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties, in which event the fees and expenses of such separate counsel shall be borne by the indemnifying party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel for each indemnified party separate from the indemnifying party's respective counsel(s) for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. Any such indemnifying party shall not be liable to any such indemnified party on account of any settlement of any claim or action effected without the consent of such indemnifying party.

SECTION 7.04 CONTRIBUTION. In order to provide for just and equitable contribution in any action in which the Agent or the Company (or any person who controls the Agent or the Company within the meaning of Section 15 of the Securities Act) makes claim for indemnification pursuant to Sections 7.01 or 7.02 hereof, but such indemnification is unavailable or insufficient to hold harmless and indemnify a party under Sections 7.01 or 7.02, as applicable, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in Sections 7.01 or 7.02, as applicable, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Agent on the other from the offering of the Notes hereunder or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (i) but also the relative fault of the Company on the one hand and the Agent on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Agent on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Notes (before deducting expenses) received by the Company bear to the total commissions received by the Agent. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Agent and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Agent agree that it would not be just and equitable if contributions pursuant to this Section 7.04 were to be determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in this Section 7.04. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in this Section 7.04 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending against any action or claim which is the subject of this Section 7.04. Notwithstanding the provisions of this Section, the Agent shall not be required to contribute any amount in excess of the amount by which (x) the total price at which the Notes which are the subject of the action were distributed to the public exceeds (y) the amount of any damages that the Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. 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 is not guilty of such fraudulent misrepresentation.

SECTION 7.05 NOTICE OF CONTRIBUTION CLAIM. Promptly after receipt by a party to this Agreement of notice of the commencement of any action, suit or proceeding, such person will, if a claim for contribution in respect thereof is to be made against another party (the "Contributing Party"), notify the Contributing Party of the commencement thereof, but the failure to so notify the Contributing Party will not relieve the Contributing Party from any liability which it may have to any party other than under Section 7.04. Any notice given pursuant to Section 7.03 hereof shall be deemed to be like notice under this Section 7.05. In case any such action, suit or proceeding is brought against any party, and such person notifies a Contributing Party of the commencement thereof, the Contributing Party will be entitled to participate therein with the notifying party and any other Contributing Party similarly notified.

SECTION 7.06 REIMBURSEMENT. In addition to its other obligations under Section 7.01 and 7.04 hereof, the indemnifying party, as applicable, agrees that, as an interim measure during the pendency of any claim, action, investigation, inquiry or other proceeding described in Section 7.01, it will reimburse the indemnified party on a monthly basis for all legal or other expenses incurred in connection with investigating or defending any such claim, action, investigation, inquiry or other proceeding, notwithstanding the absence of a judicial determination as to the propriety and enforceability of the indemnifying party's obligation to reimburse the indemnified party for such expenses and the possibility that such payments might later be held to have been improper by a court of competent jurisdiction. To the extent that any such interim reimbursement payment is so held to have been improper, the indemnified party shall promptly return such payment to the indemnifying party.

SECTION 7.07 ARBITRATION. Any controversy rising out of the operation of the interim reimbursement arrangements set forth in Section 7.06 hereof, including the amounts of any requested reimbursement payments and the method of determining such amounts, shall be settled by arbitration conducted pursuant to the Code of Arbitration Procedure of the NASD. Any such arbitration must be commenced by service of a written demand for arbitration or a written notice of intention to arbitrate, therein electing the arbitration tribunal. If the party demanding arbitration does not make such designation of an arbitration tribunal in such demand or notice, then the party responding to said demand or notice is authorized to do so. Any such arbitration will be limited to the operation of the interim reimbursement provisions contained in Section 7.06 hereof and will not resolve the ultimate propriety or enforceability of the obligation to indemnify for expenses which is created by the provisions of Sections 7.01 and 7.02 hereof or the obligation to contribute to expenses which is created by the provisions of Section 7.04 hereof.

SECTION 7.08 INTELLECTUAL PROPERTY INFRINGEMENT. The Agent agrees that it shall defend, indemnify and hold harmless, at its own expense, all suits and claims against the Company and any officers, directors, employees and affiliates of the Company (collectively, the "Company Indemnified Parties"), for infringement or violation of any patent, trademark, copyright, trade secret or other intellectual property rights of any third party that relates to this Agreement or the Offering, sale or servicing of the Notes. The Agent agrees that it shall pay all sums, including without limitation, reasonable attorneys' fees and other costs incurred by the Company, in defense of, by final judgment or decree, or in settlement of any suit or claim asserted or assessed against, or incurred by, any of the Company Indemnified Parties on account of such infringement or violation, provided that the Company Indemnified Parties involved shall cooperate in all reasonable respects with the Agent and its attorneys in the investigation, trial and defense of such lawsuit or action and any appeal arising therefrom; provided, however, that the Company Indemnified Parties may, at their own cost, participate in the investigation, trial and defense of such lawsuit or action and any appeal arising therefrom. The parties shall cooperate with each other in any notifications to insurers.

SECTION 7.09 CONFIDENTIALITY. The parties to this Agreement acknowledge and agree that all information, whether oral or written, concerning a disclosing party and its business operations, prospects and strategy, which is furnished by the disclosing party to the other party is deemed to be confidential, restricted and proprietary to the disclosing party (the "Proprietary Information"). Proprietary Information supplied shall not be disclosed, used or reproduced in

any form except as required to accomplish the intent of, and in accordance with the terms of, this Agreement and the Indenture. The receiving party shall provide the same care to avoid disclosure or unauthorized use of Proprietary Information as it provides to protect its own proprietary information, including without limitation retaining Proprietary Information in a secure place with limited access, but in no event shall the receiving party fail to use reasonable care under the circumstances to avoid disclosure or unauthorized use of Proprietary Information. Unless otherwise specified in writing, all Proprietary Information shall (i) remain the property of the disclosing party, (ii) be used by the receiving party only for the purpose for which it was intended under this Agreement and the Indenture, and (iii) together with all copies of such information, be returned to the disclosing party or destroyed upon request of the disclosing party, and, in any event, upon termination of this Agreement, except as otherwise provided or contemplated by this Agreement, including Sections 3.02(b) and (e) and 8.05 hereof. Proprietary Information does not include information which is: (a) published or included as disclosure within the Registration Statement or otherwise available in the public domain through no fault of the receiving party; (b) lawfully received from a third party having rights in the information without restriction of the third party's right to disseminate the information and without notice of any restriction against its further disclosure; or (c) produced under order of a court of competent jurisdiction or other similar requirement of a governmental agency or authority, so long as the party required to disclose the information provides the other party with prior notice of such order or requirement and its cooperation to the extent reasonable in preserving its confidentiality. Because damages may be difficult to ascertain, and without limiting any other rights and remedies specified herein, an injunction may be sought against the party who has breached or threatened to breach this Section.

ARTICLE VIII
TERM AND TERMINATION

SECTION 8.01 EFFECTIVE DATE OF THIS AGREEMENT. This Agreement shall become effective as of the date first set forth above, and shall continue in full force and effect until terminated as provided below.

SECTION 8.02 TERMINATION PRIOR TO INITIAL CLOSING DATE. This Agreement may be terminated by the Agent, at its option, by giving notice to the Company, if (i) the Company shall have failed, refused, or been unable, at or prior to the Initial Closing Date, to perform any agreement on its part to be performed hereunder; (ii) any other condition of the Agent's obligations hereunder is not fulfilled or waived by the Agent; (iii) a banking moratorium shall have been declared by federal, New York or Minnesota authorities; (iv) there shall have been such a serious, unusual and material change in general economic, monetary, political or financial conditions, or the effect of international conditions on the financial markets in the United States shall be such as, in the judgment of the Agent, makes it inadvisable to proceed with the delivery of the Notes; (v) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority which, in the reasonable judgment of the Agent, materially and adversely affects or will materially and adversely affect the business or operations of the Company; or (vi) there shall be a material outbreak of hostilities or material escalation and deterioration in the political and military situation between the United States and any foreign power, or a formal declaration of war by the United States of America shall have occurred. Any such termination shall be

without liability of any party to any other party, except as provided in Sections 7.01, 7.02 and 7.04 hereof; provided, however, that the Company shall remain obligated to pay costs and expenses to the extent provided in Section 2.03 hereof.

SECTION 8.03 NOTICE OF TERMINATION. If the Agent elects to terminate this Agreement as provided in Section 8.02, it shall notify the Company and the Company's counsel promptly by telephone or transmitted by any standard form of telecommunication, confirmed by letter sent to the address specified in Section 9.02 hereof.

SECTION 8.04 TERMINATION AFTER INITIAL CLOSING DATE. The Company or the Agent may terminate this Agreement at any time subsequent to the Initial Closing Date in whole or in part as more specifically provided below, and in such case, the Agent will be paid fees and commissions incurred up to the date of such termination plus its expenses accrued as of such date within 30 days of such termination:

(a) The Company will have the ability to terminate this Agreement in the following manner:

(i) with respect to the Company's termination of the Agent's activities to market and sell the Notes, the Company must provide at least seven days prior written notice to the Agent, and

(ii) with respect to the Company's termination of the Agent's administration activities relating to the Notes, the Company will provide at least 30 days prior written notice to the Agent;

(b) The Agent will have the ability to terminate this Agreement in the following manner:

(i) with respect to the termination of the Agent's activities to market and sell the Notes, the Agent must provide at least 30 days prior written notice to the Company, except as otherwise provided herein or in the event of any material breach hereof by the Company, in which case such termination may be effective upon one days' notice, and

(ii) with respect to the termination of the Agent's other activities relating to the Notes, the Agent must provide at least 60 days prior written notice to the Company; provided, however, that in either case of clause (i) or (ii) of this sentence, the Company may decrease the time periods for terminating the Agent's activities by providing the Agent with notice for termination consistent with the preceding Section 8.04(a).

(c) In the event of termination of the Agent's activities to market and sell the Notes under Sections 8.04(a)(i) or (b)(i), above, but not the administration activities as set forth in Sections 8.04(a)(ii) or (b)(ii), the Company will continue to be obligated to pay the portfolio fee under Section 2.03(a)(ii) but will have no obligation to pay commissions under Section 2.03(a)(i) and Section 2.03(c) accruing from and after the effective date of such termination.

(d) In the event of the termination of the administration of the Notes by the Agent pursuant to Sections 8.04(a)(ii) or (b)(ii), but not the termination of the sales and marketing of the Notes by the Agent pursuant to Sections 8.04(a)(i) or (b)(i), the Company will continue to be obligated to pay the commission fee under Section 2.03(a)(i), but will not be obligated to pay the portfolio fee under Section 2.03(a)(ii) for periods after the effective date of such termination.

SECTION 8.05 TERMINATION WITHOUT TERMINATION OF OFFERING. Anything to the contrary notwithstanding, the termination of this Agreement shall not prevent the Company from commencing or cause the Company to terminate the Offering. In the event this Agreement is terminated without a termination of the Offering, then the Company, or its agents, shall be entitled to use all materials developed by the Agent related to the Notes as provided elsewhere herein.

ARTICLE IX
MISCELLANEOUS

SECTION 9.01 SURVIVAL. The respective indemnity and contribution agreements of the Company and the Agent set forth herein and the respective representations, warranties, covenants and agreements of the Company and the Agent set forth herein, shall remain operative and in full force and effect, regardless of any investigation made by, or on behalf of, the Agent, the Company, any of its officers and directors, or any controlling person referred to in Article VII and shall survive the sale of the Notes and any termination or cancellation of this Agreement. Any successor of any party or of any such controlling person, or any legal representative of such controlling person, as the case may be, shall be entitled to the benefit of the respective indemnity and contribution agreements.

SECTION 9.02 NOTICES. All notices or communications hereunder, except as herein otherwise specifically provided, shall be in writing and shall be mailed, delivered or transmitted by any standard form of telecommunication, as follows:

If to the Agent, to:
Sumner Harrington Ltd.
11100 Wayzata Boulevard
Suite 170
Minneapolis, Minnesota 55305
Attention: K. Edward Elverud
Tel. (952) 542-7952

with a copy to:
Oppenheimer Wolff & Donnelly LLP
45 South 7th Street
Suite 3300
Minneapolis, Minnesota 55402
Attention: Michael J. Kolar
Tel. (612) 607-7000

If to the Company, to: Consumer Portfolio Services, Inc.
16355 Laguna Canyon Road
Irvine, CA 92618
Attention: Chief Financial Officer
Telecopier: 949-753-6897

with copies to: Andrews Kurth LLP
1717 Main Street, Suite 3700
Dallas, TX 75201
Attention: Mark Harris
Tel. 214-659-4773

SECTION 9.03 SUCCESSORS AND ASSIGNS; TRANSFER. This Agreement shall inure to the benefit of and be binding upon the Agent and the Company and their respective successors and permitted assigns, and the officers, directors and controlling persons referred to in Article VII. Nothing expressed in this Agreement is intended or shall be construed to give any person or corporation, other than the parties hereto, their respective successors and assigns, and the controlling persons, officers and directors referred to in Article VII, any legal or equitable right, remedy or claim under, or in respect of, this Agreement or any provision herein contained; this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and their respective executors, administrators, successors, assigns and such controlling persons, officers and directors, and for the benefit of no other person or corporation. Neither party may assign its rights and obligations under this Agreement without the written consent of the other party.

SECTION 9.04 CUMULATIVE REMEDIES. Unless otherwise expressly provided herein, the remedies of the parties provided for herein shall be cumulative and concurrent, and may be pursued singularly, successively or together, at the sole discretion of the party for whose benefit such remedy is provided, and may be exercised as often as occasion therefor shall arise.

SECTION 9.05 ATTORNEYS' FEES. In the event of any action to enforce or interpret this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs, whether or not such action proceeds to judgment.

SECTION 9.06 ENTIRE AGREEMENT. Except as otherwise expressly provided herein, this Agreement constitutes the entire agreement of the parties hereto with respect to the matters addressed herein and supersedes all prior or contemporaneous contracts, promises, representations, warranties and statements, whether written or oral (including, but not limited to, the Proposal), with respect to such matters.

SECTION 9.07 CHOICE OF LAW; VENUE. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota, without regard to conflict of law principles.

SECTION 9.08 RIGHTS TO INVESTOR LISTS. The parties acknowledge that the Offering will produce a list of investors that purchase Notes, a list of prospects that respond to advertisements, but do not purchase any Notes, a list of former investors who redeemed their Notes, and a list of former investors

whose Notes the Company redeemed. Subject to any privacy laws, both the Company and the Agent will be able to use these lists for their own business purposes as long as doing so does not interfere with the marketing, sale or administration of the Notes.

SECTION 9.09 WAIVER; SUBSEQUENT MODIFICATION. Except as expressly provided herein, no delay or omission by any party in insisting upon the strict observance or performance of any provision of this Agreement, or in exercising any right or remedy, shall be construed as a waiver or relinquishment of such provision, nor shall it impair such right or remedy, and no waiver by any party or any failure or refusal of the other party to comply with its obligations under this Agreement shall be deemed a waiver of any other or subsequent failure or refusal to so comply by such other party. No waiver or modification of the terms hereof shall be valid unless in writing and signed by the party to be charged, and then only to the extent therein set forth.

SECTION 9.10 SEVERABILITY. If any term or provision of this Agreement or application thereof to any person or circumstance shall, to any extent, be found by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

SECTION 9.11 JOINT PREPARATION. The preparation of this Agreement has been a joint effort of the parties and the resulting document shall not, solely as a matter of judicial construction, be construed more severely against one of the parties than the other.

SECTION 9.12 CAPTIONS. The title of this Agreement and the headings of the various articles, section and subsections have been inserted only for the purpose of convenience, are not part of this Agreement and shall not be deemed in any manner to modify, explain, expand or restrict any of the provisions of this Agreement.

SECTION 9.13 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

SECTION 9.14 THIRD PARTY CONTRACTORS. SECTION 9.15 In the event that the Company engages a third party to perform any of the obligations of the Agent under this Agreement, including, without limitation, coordinating the receipt and logging of incoming Subscription Agreements to purchase Notes and accompanying funds and documents, the Company shall provide written notice to the Agent of such engagement, the Agent shall thereafter be relieved of any such obligations for which the third party was engaged, and in no event shall the Agent be liable for, or be obligated to indemnify the Company with regard to, any act (or failure to act) of such third party. The Company agrees to indemnify the Agent against any loss, claim, damage or liability arising from the Company's engagement of any such third party or such third party's acts (or failures to act) in a manner consistent with the provisions of Article VII hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Distribution and Management Agreement is hereby entered into by the undersigned parties as of the date first set forth above.

CONSUMER PORTFOLIO SERVICES, INC.

By: _____
Name: _____
Title: _____

SUMNER HARRINGTON LTD.

By: _____
Name: K. Edward Elverud
Title: President

SUMNER HARRINGTON AGENCY, INC.
(for purposes of Sections 2.05 and 3.01 only)

By: _____
Name: _____
Title: _____

EXHIBIT A

SUMNER HARRINGTON AGENCY, INC. SERVICES

The following describes the media planning, media buying and other marketing services to be provided by Sumner Harrington Agency, Inc ("Agency") to Consumer Portfolio Services, Inc. ("Company") in connection with the offer and sale of Company's renewable, unsecured, subordinated notes (the "Notes"), as more specifically defined in, and pursuant to the terms of, the Distribution and Management Agreement between Company and Sumner Harrington Ltd., the parent company of Agency ("Agent") to which this description is an exhibit.

1. AGENCY SERVICES.

Agency will perform the following services for Company:

- Employ on Company's behalf Agency's knowledge of the available media and marketing approaches that can effectively be used to promote the issuance of the Notes on a "direct to the consumer" basis.
- Acting on the study, analysis and knowledge of the product described above, formulate and recommend a marketing and media plan (or plans).
- In the execution of the plan (or plans), when approved by Company:
- Order space, time or other marketing services and materials to be used for advertising, endeavoring to secure the most advantageous rates available.
- Check and verify insertions, displays, broadcasts or other means used.
- Audit invoices for space and time and other marketing services performed on Company's behalf.

2. GENERAL PROVISIONS.

APPROVAL OF EXPENDITURES: Agency agrees to secure Company's written approval of all expenditures in connection with Company's plans.

CANCELLATION OF PLANS: Company reserves the right to modify, reject, cancel or stop any and all plans, schedules or work in progress. In such event Agency shall take reasonable steps to carry out Company's instructions as promptly as practicable. Company agrees to assume liability for all commitments made by Agency on its behalf, and to reimburse Agency for any losses (including cancellation penalties) that Agency may sustain derived therefrom and for all expenses incurred in connection with Company approved plans on its authorization, and to pay Agency any service charges relating thereto, in accordance with the provisions hereof.

FAILURE OF SUPPLIERS TO PERFORM: Agency will endeavor to the best of its knowledge and ability guard against any loss to Company through failure of media or suppliers to properly execute their commitments, but shall not be held responsible for any failure on their part.

CONFIDENTIALITY: Agency acknowledges its responsibility to use all reasonable efforts to preserve the confidentiality of any proprietary or confidential information or data developed by Agency on behalf of Company or disclosed by Company to Agency.

RESPONSIBILITY OF AND INDEMNIFICATION BY AGENCY: Agency agrees to indemnify and hold Company, its officers, directors, agents and employees harmless from and against any claims, liabilities, losses, costs, expenses, or the like, including reasonable attorneys' fees, incurred in respect to any material breach by Agency hereof or Agency's negligence and/or intentional wrongdoing in connection with the services.

RESPONSIBILITY OF AND INDEMNIFICATION BY COMPANY: Company agrees to indemnify and hold Agency, its officers, directors, agents and employees harmless from and against any claims, liabilities, losses, costs, expenses, or the like, including reasonable attorneys' fees, incurred in respect to any material breach by Company of this Agreement or Company's negligence and/or intentional wrongdoing in connection with the services. Company shall be responsible for the accuracy, completeness and propriety of information concerning its products and services that it furnishes to Agency in connection with the performance of the services.

3. CHARGES.

- CHARGES FOR ADVERTISING SPACE AND TIME: Company agrees to pay the media expense directly to Agency. Payment will be at current published gross rates (or at lower gross rates when available) for advertising that runs in all media or the difference between the published gross advertising rates and the net advertising rates or an equivalent mark-up.
- RATE ADJUSTMENTS:
  - SHORT RATES: If, in a medium having a schedule of graduated rates, less space or time than contracted for is used, Company is to pay the difference, if any, between the rate billed and the rate actually earned.
  - OTHER REFUNDS: Agency shall refund or credit Company any other refunds received by us in connection with advertising space or time.
- OTHER MARKETING EXPENSES. Company agrees to pay Agency for all other out of pocket, non-media charge marketing expenses related to the development and production of all direct marketing and promotional materials. All work will be outlined in a Project Fee Estimate and must be approved in writing by Company.

- MAXIMUM CHARGES. Notwithstanding anything to the contrary herein, in no event will the amounts paid to Agency for its aggregate mark-up of the advertising and media costs exceed 2.575% of the aggregate principal amount of the Notes sold in the Offering.

4. TERMS OF PAYMENT.

- TIMING OF PAYMENT: To the extent that the aggregate mark-up owed to Agency hereunder exceeds 2.575% of the Notes sold in the Offering, the excess amount of such mark-up will accrue until such time when Company has sold a sufficient amount of the Notes. To the extent Agency's mark-up is permitted to be paid pursuant to the foregoing sentence, Agent will issue an invoice to Company for such amount.

- TERMS OF PAYMENT: Payment of invoices will be due either by check or wire transfer, as requested by Agency, within 30 days.

- WIRE INSTRUCTIONS: Payment of invoices are to be made by wire transfer to:

  The Business Bank
  Minnetonka, MN
  ABA# 091017099
  FC: Sumner Harrington Agency, Inc.
  Acct# 102657

- COMPANY AGREEMENT TO PAY: Company agrees to pay Agency invoices on payment dates stated thereon. So that Company may have sufficient time to audit and pay Agency bills and that Agency may have sufficient time to pay the media suppliers, by payment date, Agency will mail media invoices at least 15 days before payment due date.

- RIGHT TO CHANGE PAYMENT TERMS: Agency reserves the right in case of delinquency in Company payments, or such impairment of Company's credit as in Agency's opinion might endanger future payments to Agency, to change the requirements as to terms of payment under this Agreement, including but not limited to, payment in advance for all Agency services and purchases including media advertising when applicable.

5. TERMINATION.

- PERIOD OF SERVICES: The services provided by Agency shall begin upon execution and delivery of the Distribution and Management Agreement and shall continue until termination of Agent's activities to market and sell the Notes thereunder.

- PAYMENT FOR PURCHASES AND WORK DONE: Any materials, services, etc. Agency has committed to purchase for Company's account, or with Company's approval (or any uncompleted work previously approved by Company either specifically or as part of a plan) prior to termination of the Services shall be paid for by Company in accordance with the provisions of this Agreement.

EXHIBIT 3.1

Restated Articles of Incorporation of
CONSUMER PORTFOLIO SERVICES, INC.
(filed December 13, 1993)

Charles E. Bradley, Jr. and Jeffrey P. Fritz certify that:

1. They are the President and Secretary, respectively, of CONSUMER PORTFOLIO SERVICES, INC., a California corporation (the "Corporation").

2. The Articles of Incorporation of the Corporation, as amended to the date of the filing of this certificate, including amendments set forth herein but not separately filed (and with the omissions required by Section 910 of the Corporation Code) are restated as follows:

ARTICLE I - NAME. The name of the Corporation is: CONSUMER PORTFOLIO SERVICES, INC.

ARTICLE II - PURPOSE. The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code:

ARTICLE III - DIRECTOR LIABILITY. The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

ARTICLE IV - INDEMNIFICATION. The Corporation is authorized to provide indemnification of agents (as defined in Section 317 of the Corporations Code) for breach of duty to the Corporation and its stockholders through bylaw provisions or through agreements with agents, or both, in excess of the indemnification otherwise permitted by Section 317 of the Corporations Code, subject to the limits on such excess indemnification set forth in Section 204 of the Corporations Code.

ARTICLE V - CAPITAL STRUCTURE. The Corporation is authorized to issue two (2) classes of shares of stock. One class of shares is to be called "Common Stock," the second class of shares is to be called "Serial Preferred Stock." The total number of shares of stock which the Corporation shall have authority to issue is Forty Million (40,000,000), of which Thirty Million (30,000,000) shall be Common Stock, without par value, and Ten Million (10,000,000) shall be Serial Preferred Stock, having a par value of $1.00 per share.

The designations and the powers, preferences, and rights and the qualifications, limitations or restrictions thereof, of each class of stock of the corporation shall be as follows:

(a) SERIAL PREFERRED STOCK The Serial Preferred Stock may be issued from time to time in one or more series, including but not limited to the Series A Preferred Stock established by ARTICLE VI hereof (hereinafter referred to as the "Series A Preferred Stock"). Excluding with respect to said Series A Preferred Stock, the Board of Directors is hereby authorized, without further approval of the holders of the Common Stock of the Corporation, to fix or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of preferred shares, and the number of shares constituting any such series and a designation thereof, or any of them; and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

(b) COMMON STOCK. Except where otherwise provided in these Articles of Incorporation or required by law, the holders of the Common Stock shall have the exclusive voting rights and power of the Corporation, including the exclusive right to notice of shareholders' meetings. Subject to the rights of the Serial Preferred Stock as provided in these Articles, dividends may b e paid on the Common Stock as and when declared by the Board of Directors out of any funds of the Corporation legally available for the payment of such dividends.

ARTICLE VI - SERIES A PREFERRED STOCK. The rights, preferences, privileges and restrictions of the Series A Preferred Stock are as follows:

(a) The number of authorized shares of Series A Preferred Stock is 5,000,000.

(b) No dividends shall be paid with respect to the Series A Preferred Stock until after the Corporation has consummated an initial public offering of its Common Stock ("IPO") and the Corporation's net income, on a cumulative basis from and after the date of the consummation of the IPO, has equalled or exceeded $5,000,000. Thereafter, the Series A Preferred Stock shall be entitled to receive out of funds legally available therefore, dividends at an annual rate of 6% per share, payable in cash or additional shares of Series A Preferred Stock, payable when and as declared by the Board of Directors of the Corporation. No dividends or other distributions shall be made with respect to the Common Stock during any fiscal year of the Corporation until dividends have been declared and paid or set apart during that fiscal year. Dividends on the Series A Preferred Stock shall not be cumulative and no rights shall accrue to the Series A Preferred Stock by reason of the fact that the Corporation may fail to declare or pay dividends for any fiscal year, whether or not the earnings of the Corporation were or are sufficient to pay such dividends in whole or in part. After dividends on the Series A Preferred Stock shall have been declared and paid or set apart during any fiscal year, if the Board of Directors shall elect to declare additional dividends out of funds legally available therefore during such fiscal year, such additional dividends shall be declared solely with respect to the Common Stock.

(c) Upon the voluntary or involuntary liquidation, winding up or dissolution of the Corporation, out of the assets available for distribution to shareholders, the Series A Preferred Stock shall be entitled to receive, in preference to any payment on the Common Stock, an amount equal to $1.00 per share plus any dividends previously declared and which remain unpaid and no more. After the full preferential liquidation amount has been paid to, or determined and set apart for, the Series A Preferred Stock, the remaining assets shall be distributed solely with respect to the Common Stock. In the event the assets of the Corporation are insufficient to pay the full preferential liquidation amount required to be paid to the Series A Preferred Stock, the entire remaining assets shall be paid to the Series A Preferred Stock, and the Common Stock shall receive nothing. A reorganization shall not be considered to be a liquidation, winding up or dissolution within the meaning of this subdivision (c) and the Series A Preferred Stock shall be entitled only to the rights provided in the plan of reorganization, Division 1, Chapter 17, Article 5 of the Financial Code of the State of California, and Chapters 12 and 13 of the California General Corporation Law.

(d) Without the approval of at least a majority of the outstanding shares of Series A Preferred Stock, the Corporation shall not:

(i) amend the Articles of Incorporation to alter or change any rights, preferences or privileges of the Series A Preferred Stock;

(ii) increase the authorized number of shares of Series A Preferred Stock;

(iii) authorize another class of shares senior to or on a parity with the Series A Preferred Stock with respect to dividends or distribution of assets on liquidation;

(iv) enter into a reorganization with any other corporation or sell all or substantially all of the assets to any other corporation, even though the transaction is not a reorganization, except a reorganization not requiring approval of the Common Stock;

(v) establish special qualifications of persons who may be holders of Series A Preferred Stock;

(vi) restrict the transfer or hypothecation of shares of Series A Preferred Stock other than as required by federal or state securities laws or regulations;

(vii) voluntarily elect to wind up and dissolve; or

(viii) redeem any of the outstanding shares of Series A Preferred Stock if such redemption is at a price per share less than the original purchase price paid per share redeemed plus an amount equal to declared but unpaid dividends.

(e) Except as otherwise expressly provided by law or by these Articles of Incorporation, the Common Stock has exclusive voting rights on all matters requiring a vote of shareholders, including election of directors, and the Series A Preferred Stock has no voting rights. If the Corporation fails to declare and pay dividends on the Series A Preferred Stock for four (4) or more consecutive quarters as provided for in subdivision (b) of this ARTICLE VI, whether or not funds are legally available therefore, the Series A Preferred Stock shall have the right to elect one (1) direct and the Common Stock shall have the right to elect the remaining directors. Such right in the Series A Preferred Stock shall continue until the Corporation declares and pays dividends on the Series A Preferred Stock for the then current fiscal year, after which the exclusive right to elect directors shall revert to the Common Stock, subject to renewal of the voting right of the Series A Preferred Stock from time to time. At any time after the right to elect only one (1) director is vested in the Series A Preferred Stock, and at any time after the exclusive right to elect directors shall revert to the Common Stock, the holders of 10% or more of the outstanding shares of Series A Preferred Stock or Common Stock, as the case may be, have a right to call a special meeting of shareholders for the purpose of electing all of the members of the Board of Directors, such right to be exercisable by delivering a request in writing for the calling of the special meeting to the president or secretary, or to the chairman of the board or vice-president if there be such. The officer receiving the request shall forthwith cause notice to be given to the shareholders entitled to vote that a meeting will be held at a time requested by the person or persons calling the meeting, not less than 35 nor more than 60 days after the receipt of the request. If the notice is not given within 30 days after receipt of the request, the shareholders calling the meeting shall have the rights accorded to them pursuant to subdivision (c) of Section 601 of the California Corporation Code. Upon the election of one (1) director by the Series A Preferred Stock at a special meeting, the terms of all persons who were directors immediately prior thereto shall terminate and the director elected by the Series A Preferred Stock together with those elected at the special meeting by the Common Stock shall serve until the exclusive right to elect directors has reverted to the Common Stock, at which time the terms of all persons who were directors immediately prior thereto shall terminate and the directors elected by the Common Stock shall constitute the directors of Corporation until the next annual meeting.

(f) The Series A Preferred Stock is subject to redemption, out of funds legally available therefore, in whole, or from time to time in part, at the option of the Board of Directors of the Corporation; provided, however, that no such redemption, in whole or in part, shall occur until after March 31, 1994. In the case of a partial redemption, the shares to be redeemed shall be selected at the discretion of or in any manner approved by, the Board of Directors, which selection need not be, but may be, determined prorata or by lot. The redemption price shall be $1.00 per share plus an amount equal to accrued but unpaid dividends per share (herein called the "redemption price").

(g) The Corporation shall mail a notice of redemption to each holder of record of shares to be redeemed addressed to the holder at the address of such holder appearing on the books of the purpose of notice, or if not such address appears or is given at the place where the principal executive office of the Corporation is located, not earlier than 60 nor later than 20 days before the date fixed for redemption. The notice of redemption shall include (i) the class of shares or the part of shares to be redeemed, (ii) the date fixed for redemption, (iii) the redemption price, (iv) the place at which the shareholders may obtain payment of the redemption price upon surrender or their share certificates and (v) the last date prior to the date of redemption that the right of conversion may be exercised. If funds are available on the date fixed for the redemption, then whether or not the share certificates are surrendered for payment of the redemption price, the shares shall no longer be outstanding and the holders thereof shall cease to be shareholders after the date fixed for redemption and shall be entitled only to receive the redemption price without interest upon surrender of the share certificate. If less than all the shares represented by one share certificate are to be redeemed, the Corporation shall issue a new share certificate for the shares not redeemed.

(h) If, on or prior to any date fixed for redemption, the Corporation deposits with any bank or trust company in this state as a trust fund a sum sufficient to redeem, on the date fixed for redemption thereof, the shares called for redemption, with irrevocable instructions and authority to the bank or trust company to publish the notice of redemption thereof (or to complete such publication if theretofore commenced) and to pay, on and after the date fixed for redemption or prior thereto, the redemption price of the shares to their respective holders upon the surrender of their share certificates, then shares so called and tendered shall be redeemed on the date fixed for redemption. The deposit shall constitute full payment of the shares to their holders and from and after the date of the deposit the shares shall no longer be outstanding and the holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the right to receive from the bank or trust company payment of the redemption price of the shares without interest, upon surrender of their certificate therefore, and the right to convert the shares in accordance with subdivision (i) of ARTICLE VI. The bank or trust company forthwith shall return to the Corporation funds deposited for shares converted. After 120 days, the bank or trust company shall return to the Corporation funds deposited and not claimed and thereafter the holder of a share certificate for shares redeemed shall look to the Corporation for payment.

(i) Shares of Series A Preferred Stock are not convertible into Common Stock of the Corporation.

3. This certificate has been duly approved by the Board of Directors of the Corporation.

4. The article amendment as included in the Restated Articles of Incorporation (other than omissions required by Section 910 of the Corporations Code) has been duly approved by the required vote of shareholders of the Corporation in accordance with Section 902 of the Corporations Code. As of the record date for determining shareholders entitled to vote on such amendment, the Corporation had 4,200,000 shares of Common Stock and 3,415,000 shares of Series A Preferred Stock issued and outstanding. The number of shares of Common Stock and Series A Preferred Stock voting in favor of the amendment equalled or exceeded the vote required. The percentage vote of both Common Stock and Series A Preferred Stock required for the approval of the amendment was more than 50%.

Dated: December 9, 1993

_____/S/_____ _____/S/_____

Charles E. Bradley, Jr., President Jeffrey P. Fritz, Secretary

VERIFICATION

Charles E. Bradley, Jr. and Jeffrey P. Fritz declare under penalty of perjury that they have read the foregoing Restated Articles of Incorporation and know the contents thereof and that the same are true of their own knowledge.

Dated: December 9, 1993

_____/S/_____ Charles E. Bradley, Jr.

_____/S/_____ Jeffrey P. Fritz

CERTIFICATE OF AMENDMENT

TO

RESTATED

ARTICLES OF INCORPORATION

OF

CONSUMER PORTFOLIO SERVICES, INC.

(filed March 7, 1996)

Charles E. Bradley, Jr. and Jeffrey P. Fritz, certify that:

1. They are the President and Secretary, respectively, of Consumer Portfolio Services, Inc., a California corporation (the "Corporation").

2. The first paragraph of Article V of the Restated Articles of Incorporation of the Corporation is hereby amended to read as follows:

"The Corporation is authorized to issue two (2) classes of shares of stock. One class of shares is to be called "Common Stock, the second class of shares is to be called "Serial Preferred Stock." The total number of shares of stock which the Corporation shall have authority to issue is Forty Million (40,000,000), of which Thirty Million (30,000,000) shall be Common Stock, without par value, and Ten Million (10,000,000) shall be Serial Preferred Stock, having a par value of $1.00 per share. Upon this amendment of the first paragraph of this Article V each outstanding share of Common Stock is divided into two shares of Common Stock."

3. The foregoing amendment to the Corporation's Restated Articles of Incorporation has been duly approved by the Board of Directors.

4. The foregoing amendment to the Corporation's Restated Articles of Incorporation was one which may be adopted with approval by th2 Board of Directors alone pursuant to Section 902(c) of the California Corporations Code. The shares of Common Stock are the only shares of stock of the Company outstanding.

5. We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: March 1, 1996

_____/S/_____
Charles E. Bradley, Jr.,
President

_____/S/_____
Jeffrey P. Fritz, Secretary

EXHIBIT 3.2

AMENDED AND RESTATED BYLAWS

OF

CONSUMER PORTFOLIO SERVICES, INC.
(a California corporation)

ARTICLE I
OFFICES

SECTION 1. PRINCIPAL OFFICES. The board of directors shall fix the location of the principal executive office of the corporation at any place within or outside the State of California. If the principal executive office is located outside this state, and the corporation has one or more business offices in this state, the board of directors shall fix and designate a principal business office in the State of California.

SECTION 2. OTHER OFFICES. The board of directors may establish other business offices at any place or places where the corporation is qualified to do business.

ARTICLE II
MEETINGS OF SHAREHOLDERS

SECTION 1. PLACE OF MEETINGS. Meetings of shareholders shall be held at any place within or outside the State of California designated by the board of directors. In the absence of any such designation, shareholders' meetings shall be held at the principal executive office of the corporation.

SECTION 2. ANNUAL MEETING. The annual meetings of shareholders shall be held each year on the third Tuesday of May unless another date shall be designated by the board of directors. At each annual meeting directors shall be elected, and any other proper business may be transacted.

SECTION 3. SPECIAL MEETING. A special meeting of the shareholders may be called at any time by the board of directors, or by the chairman of the board, or by the president, or by one or more shareholders holding shares in the aggregate entitled to cast not less than 10% of the votes at the meeting.

If a special meeting is called by any person or persons other than the board of directors, the request shall be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the chairman of the board, the president, any vice president, or the secretary of the corporation. The officer receiving the request shall cause notice to be promptly given to the shareholders entitled to vote, in accordance with the provisions of Section 4 and 5 of this Article II, that a meeting will be held at the time requested by the person or persons calling the meeting, not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the person or persons requesting the meeting may give the notice. Nothing construed as limiting, fixing or affecting the time when a meeting of shareholders is called by action of the board of directors may be held.

SECTION 4. NOTICE OF SHAREHOLDERS' MEETING. All notices of meetings of shareholders shall be sent or otherwise given in accordance with Section 5 of this Article II not less than ten (10) nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date and hour of the meeting. The notice shall specify the place, date and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted, or (ii) in the case of an annual meeting, those matters which the board of directors, at the time of giving the notice, intends to present for action by the shareholders. The notice of any meeting at which directors are to be elected shall include the name of any nominee or nominees whom, at the time of the notice, management intends to present for election.

If action is proposed to be taken at any meeting for approval of (i) a contract or transaction in which a director has a direct or indirect financial interest, pursuant to Section 310 of the Corporations Code of California, (ii) an amendment of the articles of incorporation, pursuant to Section 902 of that Code, (iii) a reorganization of the corporation, pursuant to Section 1201 of that Code, (iv) a voluntary dissolution of the corporation, pursuant to Section 1900 of that Code, with the rights of outstanding preferred shares, pursuant to Section 2007 of that Code, the notice shall also state the general nature of that proposal.

SECTION 5. MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE. Notice of any meeting of shareholders shall be given either personally or by first-class mail or telegraphic or other written communication, charges prepaid, addressed to the shareholder at the address of that shareholder appearing on the books of the corporation or given by the shareholder to the corporation for the purpose of notice. If no such address appears on the corporation's books or is given, notice shall be deemed to have been given if sent to that shareholder by first-class mail or telegraphic or other written communication to the corporation's principal executive office, or if published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have given at the time when delivered personally or deposited in the mail or sent by telegram or the means of written communication.

If any notice addressed to a shareholder at the address of that shareholder appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice to the shareholder at that address, all future notices or reports shall be deemed to have been duly given without further mailing if these shall be available to the shareholder on written demand of the shareholder at the principal executive office of the corporation for a period of one year from the date of the giving of the notice.

An affidavit of the mailing or other means of giving any notice of any shareholders' meeting shall be executed by the secretary, assistant secretary, or any transfer agent of the corporation giving the notice, and shall be filed and maintained in the minute book of the corporation.

SECTION 6. QUORUM. The presence in person or by proxy of the holders of a majority of the shares entitled to vote at any meeting of shareholders shall constitute a quorum for the transaction of business. The shareholders present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

SECTION 7. ADJOURNED MEETING; NOTICE. Any shareholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the shares represented at that meeting, either in person or by proxy, but in the absence of a quorum, no other business may be transacted at that meeting, except as provided in Section 6 of this Article II.

When any meeting of the shareholders, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at a meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than forty-five (45) days from the date set for the original meeting, in which case the board of directors shall set a new record date. Notice of any such adjourned meeting shall be given to each shareholder of record entitled to vote at the adjourned meeting in accordance with the provisions of Sections 4 and 5 of this Article II. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

SECTION 8. VOTING. The shareholders entitled to vote at any meeting of shareholders shall be determined in accordance with the provisions of Section 11 of this Article II, subject to the provisions of Section 702 to 704, inclusive, of the Corporations Code of California (relating to voting shares held by a fiduciary, in the name of a corporation, or in joint ownership). The shareholders' vote may be by voice vote or by ballot; provided, however, that any election for directors must be by ballot if demanded by any shareholder before the voting has begun. On any matter other than elections of directors, any shareholder may vote part of the shares in favor of the proposal and refrain from voting the remaining shares or vote them against the proposal, but, if the shareholder fails to specify the number of shares which the shareholder is voting affirmatively, it will be conclusively presumed that the shareholder's approving vote is with respect to all shares that the shareholder is entitled to vote. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on any matter (other than the election of directors) shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by California General Corporation Law or by the Articles of Incorporation.

SECTION 9. WAIVER OF NOTICE OR CONSENT BY ABSENT SHAREHOLDERS. The transactions of any meeting of shareholders, either annual or special, however called and noticed, and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting, or an approval of the minutes. The waiver of notice of consent need not specify either the business to be transacted or the purpose of any annual or special meeting of

shareholders, except that if action is taken or proposed to be taken for approval of any of those matters specified in the second paragraph of Section 4 of this Article II, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting if that objection is expressly made at the meeting.

SECTION 10. SHAREHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING. Any action which may be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote on that action were present and voted. In the case of election of directors, such a consent shall be effective only if signed by the holders of all outstanding shares entitled to vote for the election of directors; provided, however, that a director may be elected at any time to fill a vacancy on the board of directors that has not been filled by the directors, by the written consent of the holders of a majority of the outstanding shares entitled to vote for the election of directors. All such consents shall be filed with the secretary of the corporation and shall be maintained in the corporate records. Any shareholder giving a written consent, or the shareholder's proxy holders, or a transferee of the shares or a personal representative of the shareholder or their respective proxy holders, may revoke the consent by a writing received by the secretary of the corporation before written consents of the number of shares required to authorize the proposed action have been filed with the secretary.

If the consents of all shareholders entitled to vote have not been solicited in writing, and if the unanimous written consent of all such shareholders shall not have been received, the secretary shall give prompt notice of the corporate action approved by the shareholders without a meeting. This notice shall be given in the manner specified in Section 5 of this Article II. In the case of approval of (i) contracts or transactions in which a director has a direct or indirect financial interest, pursuant to Section 310 of the Corporations Code of California, (ii) Section 317 of that Code, (iii) a reorganization of the corporation, pursuant to Section 1201 of that Code, and (iv) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, pursuant to Section 2007 of that Code, the notice shall be given at least ten (10) days before the consummation of any action authorized by that approval.

SECTION 11. RECORD DATE FOR SHAREHOLDER NOTICE, VOTING, AND GIVING CONSENTS. For purposes of determining the shareholders entitled to notice of any meeting or to vote or entitled to give consent to corporate action without a meeting, the board of directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of any such meeting nor more than sixty (60) days before any such action without a

meeting, and in this event only shareholders of record on the date so fixed are entitled to notice and to vote or give consents, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date, except as otherwise provided in the California General Corporation Law.

If the board of directors does not so fix a record date: (a) the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting was held; (b) the record date for determining shareholders entitled to give consent to corporate action in writing without a meeting, (i) when no prior action by the board has been taken, shall be the day on which the first written consent is given, or (ii) when prior action of the board has been taken, shall be at the close of business on the day on which the board adopts the resolution relating to that action, or the sixtieth (60th) day before the date of such other action, whichever is later.

SECTION 12. PROXIES. Every person entitled to vote for directors or any other matter shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the secretary of the corporation. A proxy shall be deemed signed if the shareholder's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the shareholder or shareholder's attorney in fact. A validly executed proxy which does not state that unless (i) revoked by the person executing it, before the vote pursuant to that proxy, by a writing delivered to the corporation stating that the proxy is revoked, or by a subsequent proxy executed by, or attendance at the meeting and voting in person by, the person executing the proxy; or (ii) written notice of the death or incapacity of the make of the proxy is received by the corporation before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 705(e) and 705(f) of the Corporations Code of California.

SECTION 13. INSPECTORS OF ELECTION. Before any meeting of shareholders, the Board of Directors may appoint any persons other than nominees for office to act as inspectors of election at the meeting or its adjournment. If no inspectors of election are so appointed, the chairman of the meeting may, and on the request of any shareholder or shareholder's proxy shall, appoint inspectors of election at the meeting. The number of inspectors shall be either one (1) or three (3). If inspectors are appointed at a meeting on the request of one or more shareholders or proxies, the holders of a majority of shares or their proxies present at the meeting shall determine whether one (1) or three (3) inspectors are to be appointed. If any person appointed as inspector fails to appear or fails or refuses to act, the chairman of the meeting may, and upon the request of any shareholder or a shareholder's proxy shall, appoint a person to fill that vacancy.

These inspectors shall (a) determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies; (b) receive votes, ballots, or consents; (c) hear and determine all challenges and questions

in any way arising in connection with the right to vote; (d) count and tabulate all votes or consents; (e) determine when the polls shall close; and (f) do any other acts that may be proper to conduct the election or vote with fairness to all shareholders.

ARTICLE III
DIRECTORS

SECTION 1. POWERS. Subject to any provision of the California General Corporation Law and any limitations in the articles of incorporation and these bylaws relating to action required to be approved by the shareholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the board of directors.

SECTION 2. NUMBER AND QUALIFICATION OF DIRECTORS. The authorized number of directors of this corporation shall be not less than five nor more than nine. The exact number of authorized Directors shall be eight until changed, within the limits specified above, by a bylaw amending this Section 2, duly adopted by the Board of Directors or by the Shareholders. [Bylaw adopted by the Board of Directors on 2-27-2003 increased the number of directors from six to eight]

SECTION 3. ELECTION AND TERM OF OFFICE OF DIRECTORS. Directors shall be elected at each annual meeting of the shareholders to hold office until the next annual meeting. Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

SECTION 4. VACANCIES. Vacancies in the board of directors may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, except that a vacancy created by the removal of a director by the vote or written consent of the shareholders or by court order may be filled only by the vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present, or by the written consent of holders of a majority of the outstanding shares entitled to vote. Each director so elected shall hold office until the next annual meeting of the shareholders and until a successor has been elected and qualified.

A vacancy or vacancies in the board of directors shall be deemed to exist in event of the death, resignation or removal of any director, or if the board of directors by resolution declares vacant the office of a director who has been declared of unsound mind by an order of court or convicted of a felony, or if the authorized number of directors is increased, or if any director or directors are elected, to elect the number of directors to be voted for at that meeting.

The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors, but any such election by written consent shall require the consent of a majority of the outstanding shares entitled to vote.

Any director may resign effective upon giving written notice to the chairman of the board, the president, the secretary or the board of directors of the corporation, unless the notice specifies a later time for the effectiveness

of such resignation. If the resignation of a director is effective at a future time, the board of directors may elect a successor to take office when the resignation becomes effective.

No reduction of the authorized number of directors shall have the effect or removing any director prior to the expiration of his term of office.

SECTION 5. PLACE OF MEETINGS AND MEETINGS BY TELEPHONE. Regular meetings of the board of directors may be held at any place within or outside the State of California that has been designated from time to time by resolution of the board. In the absence of such a designation, regular meetings shall be held at the principal executive office of the corporation. Special meetings of the board may be held at any place within or outside the State of California that has been designated in the notice of meeting, or, if not stated in the notice or there is no notice, at the principal executive office of the corporation. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at the meeting.

SECTION 6. ANNUAL MEETING. Immediately following each annual meeting of shareholders, the board of directors shall hold a regular meeting for the purpose of organization, any desired election of officers, and the transaction of other business. Notice of this meeting shall not be required.

SECTION 7. OTHER REGULAR MEETINGS. Other regular meetings of the board of directors shall be held without call at such time as shall from time to time be fixed by the board of directors. Such regular meetings may be held without notice.

SECTION 8. SPECIAL MEETINGS. Special Meetings of the board of directors for any purpose of purposes shall be called at any time by the chairman of the board or the president or any vice president or the secretary or any two directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each director or sent by first-class mail or telegram, charges prepaid, addressed to each director at that director's address as it is shown on the records of the corporation. In case the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. In case the notice is delivered personally, or be telephone or telegram, it shall be personally or by telephone to the telegraph company at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose of the meeting nor the place if the meeting is to be held at the principal executive office of the corporation.

SECTION 9. QUORUM. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 11 of this Article III. Every act or decision done or made

by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the board of directors, subject to the provisions of Section 310 of the Corporations Code of California (as to approval of contracts or transactions in which a director has a direct or indirect material financial interest), and Section 317(e) of that Code (as to indemnification of directors). A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

SECTION 10. WAIVER OF NOTICE. The transactions of any meeting of the board of directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement, the lack of notice to that director.

SECTION 11. ADJOURNMENT. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

SECTION 12. NOTICE OF ADJOURNMENT. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four hours, in which case notice of the time and place meeting is adjourned for more than twenty-four house, in which case notice of the time and place shall be given before the time of the adjourned meeting, in the manner specified in Section 8 of this Article III, to the directors who were not present at the time of the adjournment.

SECTION 13. ACTION WITHOUT MEETING. Any action required or permitted to be taken by board of directors may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the board of directors. Such written consent or consents shall be filled with the minutes of the proceedings of the board.

SECTION 14. FEES AND COMPENSATION OF DIRECTORS. Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be fixed or determined by resolution of the board. This Section 14 shall not be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation for those services.

ARTICLE IV
COMMITTEES

SECTION 1. COMMITTEES OF DIRECTORS. The board of directors may, by resolution adopted by a majority of the authorized number of directors, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the board. The board may designate one or more

directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. Any committee, to the extent provided in the resolution of the board, shall have all the authority of the board, except with respect to:

(a) the approval of any action which, under the General Corporation Law of California, also requires shareholders' approval of the outstanding shares;

(b) the filling of vacancies on the board of directors for serving on the board or on any committee;

(c) the fixing of compensation of the directors for serving on the board or on any committee;

(d) the amendment or repeal of bylaws or the adoption of new bylaws;

(e) the amendment or repeal of any resolution of the board of directors which by its express terms is not so amendable or repealable;

(f) a distribution to the shareholders of the corporation, except at a rate or in a periodic amount or within a price range determined by the board of directors; or

(g) the appointment of any other committees of the board of directors or the members of these committees.

SECTION 2. MEETINGS AND ACTION OF COMMITTEES. Meetings and action of committees shall be governed by, and held and taken in accordance with, the provisions of Article III of these Bylaws, Section 5 (Place of Meeting), 7 (Regular Meetings), 8 (Special Meetings and Notice), 9 (Quorum), 10 (Waiver of Notice), 11 (Adjournment), 12 (Notice of Adjournment), and 13 (Action Without Meeting), with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the board of directors and its members, except that the time of regular meetings of committees may be determined either by resolution of the board of directors or by resolution of the committee; special meetings of committees may also be called by resolution of the board of directors; and notice of all special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

ARTICLE V
OFFICERS

SECTION 1. OFFICERS. The officers of the corporation shall be a president and secretary, and a treasurer and chief financial officer. The corporation may also have, at the discretion of the board of directors, a chairman of the board, one or more vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. Any number of offices may be held by the same person.

SECTION 2. ELECTION OF OFFICERS. The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article V, shall be chosen by the board of directors, and each shall serve at the pleasure of the board.

SECTION 3. SUBORDINATE OFFICERS. The board of directors may appoint, and may empower the president to appoint, such other officers as the business of corporation may require, each of whom shall hold office, such period, have such authority and perform such duties as provided in the bylaws or as the board of directors from time to time determine.

SECTION 4. REMOVAL AND RESIGNATION OF OFFICERS. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either without cause, by the board of directors, at any or special meeting of the board, or, except in case of an officer chosen by the board of directors, by any officer upon whom such power of removal may be conferred by the board of directors.

Any officer may resign at any time by giving written notice to the corporation. Any such resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

SECTION 5. VACANCIES IN OFFICES. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these bylaws for regular appointments to that office.

SECTION 6. CHAIRMAN OF THE BOARD. The chairman of the board, if such an officer be elected, shall, if present, preside at meetings of the board of directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the board of directors or prescribed by the bylaws. If there is no president, the chairman of the board shall in addition be the chief executive officer of the corporation and shall have the powers and duties prescribed in Section 7 of this Article V.

SECTION 7. PRESIDENT. Subject to such supervisory powers, if any, as may be given by the board of directors to the chairman of the board, if there be such an officer, and in the absence of any other specifically named chief executive officer of the corporation, the president shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, have general supervision, direction and control of the business and officers of the corporation. He shall preside at all meetings of the shareholders and, in the absence of the chairman of the board, or if there be none, at all meetings of the board of directors. Subject to the authority granted to any specifically designated chief executive officer, the president shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the board of directors or the bylaws.

SECTION 8. VICE PRESIDENT. In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the board of directors or, if not ranked, a vice president designated by the board of directors shall perform all the duties of the president, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the board of directors or the bylaws, and the president, or the chairman of the board. A vice president may, if the board of directors so elects, be designated as the chief executive officer of the corporation.

SECTION 9. SECRETARY. The secretary shall keep or cause to be kept, at the principal executive office or such other place as the board of directors, committees or directors may elect, a book of minutes of all meetings and actions of directors, committees of directors, and shareholders, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at directors' meetings, the number of shares present or represented at shareholders' meetings, and the proceedings.

The secretary shall keep, or cause to be kept, at the principal executive office or at the office of the corporation's transfer agent or registrar, a share register, or a duplicate share register, showing the names of the shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The secretary shall give, or cause to be given, notice of all the meetings of the shareholders and of the board of directors required by the bylaws or by law to be given, and he shall keep the seal of the corporation if one be adopted, in safe custody, and shall have such other and perform such other duties as may be prescribed by the board of directors or by the bylaws.

SECTION 10. CHIEF FINANCIAL OFFICER. The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any director.

The chief financial officer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the board of directors. He shall disburse the funds of the corporation as may be ordered by the board of directors, shall render to the president and directors, whenever they request it, on account of all of his transactions as chief financial officer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or the bylaws.

SECTION 11. DISALLOWANCE OF COMPENSATION AND EXPENSE DEDUCTIONS. Any payments made to an officer of the corporation, such as salary, commission, bonus, interest, rent, travel or entertainment expense incurred by such officer, which shall be disallowed in whole or in part as a deductible expense by the Internal Revenue Service or the California Franchise Tax Board, shall be reimbursed by such officer to the corporation to the full extent of such disallowance. It shall be the duty of the directors, as a board, to enforce payment of such amount disallowed. In lieu of payment by the officer, subject to the determination of the directors, proportionate amounts may be withheld from his future compensation payments until the amount owed to the corporation has been recovered.

ARTICLE VI
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

SECTION 1. AGENTS, PROCEEDINGS, AND EXPENSES. For the purposes of this Article, "agent" means any person who is or was a director, officer, employee, or other agent of this corporation, or is or was serving at the request of this corporation as a director, officer, employee, or agent of another foreign or

domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation which was a predecessor corporation of this corporation or of another enterprise at the request of such predecessor corporation; "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative, or investigative; and "expenses" includes, without limitation, attorneys' fees and any expenses of establishing a right to indemnification under Section 4 or Section 5(c) of this Article.

SECTION 2. ACTIONS OTHER THAN BY THE CORPORATION. This corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding (other than an action by or in the right of this corporation) by reason of the fact that such person is or was an agent of this corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if that person acted in good faith and in a manner that person reasonably believed to be in the best interests of this corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of that person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of this corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

SECTION 3. ACTIONS BY THE CORPORATION. This corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of this corporation to procure a judgment in its favor by reason of the fact that person is or was an agent of this corporation, against expenses actually and reasonably incurred by that person in connection with the defense or settlement of that action if that person acted in good faith, in a manner that person believed to be in the best interests of this corporation and with such case, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 3:

(a) In respect of any claim, issue or matter as to which that person shall have been adjudged to be liable to this corporation in the performance of that person's duty to this corporation, unless and only to the extent that the court in which that action was brought shall determine upon application that, in view of all the circumstances of the case, that person is fairly and reasonably entitled to indemnity for the expenses which the court shall determine;

(b) Of amounts paid in settling or otherwise disposing of a threatened or action, with or without court or pending approval;

(c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

SECTION 4. SUCCESSFUL DEFENSE BY AGENT. To the extent that an agent of this corporation has been successful on the merits in defense of any proceeding referred to in Sections 2 or 3 of this Article, or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonable incurred by the agent in connection therewith.

SECTION 5. REQUIRED APPROVAL. Except as provided in Section 4 of this Article, any indemnification under this Article shall be made by this corporation only if authorized in the specific case on a determination the indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Section 2 or 3 of this Article, by:

(a) A majority vote of a quorum consisting of directors who are not parties to the proceeding;

(b) Approval by the affirmative vote of a majority of the shares of this corporation entitled to vote represented at a duly held meeting at which a quorum is present or by the written consent of holders of a majority of the outstanding shares entitled to vote. For this purpose, the shares owned by the person to be indemnified shall not be considered outstanding or entitled to vote thereon; or

(c) The court in which the proceeding is or was pending, on application made by this corporation or the agent of the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by this corporation.

SECTION 6. ADVANCE OF EXPENSES. Expenses incurred in defending any proceeding may be advanced by this corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

SECTION 7. OTHER CONTRACTUAL RIGHTS. Nothing contained in this Article shall affect any right to indemnification to which persons other than directors and officers of this corporation or any subsidiary hereof may be entitled by contract or otherwise.

SECTION 8. LIMITATIONS. No indemnification or advance shall be made under this Article, except as provided in Section 4 or Section 5(c), in any circumstance where it appears:

(a) That it would be inconsistent with a provision of the articles, a resolution of the shareholders, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

SECTION 9. INSURANCE. Upon and in the event of a determination by the board of directors of this corporation to purchase such insurance, this corporation shall purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not this corporation would have the power to indemnify the agent against that liability under the provisions of this Section.

SECTION 10. FIDUCIARIES OF CORPORATE EMPLOYEE BENEFIT PLAN. This Article does not apply to any proceeding against any trustee, investment manager, or other fiduciary of any employee benefit plan in that person's capacity as such, even though that person may also be an agent of the corporation as defined in Section 1 of this Article. Nothing contained in this Article shall limit any

right to indemnification to which such a trustee, investment manager, or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by applicable law other than this Article.

ARTICLE VII
RECORDS AND REPORTS

SECTION 1. MAINTENANCE AND INSPECTION OF SHARE REGISTER. The corporation shall keep at its principal executive office, or at the office of its transfer agent or registrar, if either be appointed and as determined by resolution of the board of directors, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of shares held by each shareholder.

Shareholder or shareholders of the corporation holding at least five percent (5%) in the aggregate of the outstanding voting shares of the corporation may (i) inspect and copy the records of shareholders' names and addresses and shareholdings during usual business hours on five (5) days' prior written demand on the corporation, and (ii) obtain from the transfer agent of the corporation, on written demand and on the tender of such transfer agent's usual charges for such list, a list of the shareholders' names and addresses who are entitled to vote for the election of directors, and their shareholdings, as of the most recent record date for which that list has been compiled or as of a date specified by the shareholder after the date of demand. This list shall be made available to any such shareholder by the transfer agent on or before the later of five (5) days after the demand is received or the date specified in the demand as the date as of which the list is to be compiled. The record of shareholders shall also be open to inspection on the written demand of any shareholder or holder of a voting trust certificate, at any time during usual business hours, for a purpose reasonably related to the holder's interests as a shareholder of a voting trust certificate. Any inspection and copying under this Section 1 may be made in person or by an agent or attorney of the shareholder or holder of a voting trust certificate making the demand.

SECTION 2. MAINTENANCE AND INSPECTION OF BYLAWS. The corporation shall keep at its principal executive office, or if its principal executive office is not in the State of California, at its principal business office in this state, the original or a copy of the bylaws as amended to date, which shall be open to inspection by the shareholders at all reasonable times during office hours. If the principal executive office of the corporation is outside the State of California and the corporation has no principal business office in this state, the secretary shall, upon the written request of any shareholder, furnish to that shareholder a copy of the bylaws as amended to date.

SECTION 3. MAINTENANCE AND INSPECTION OF OTHER CORPORATE RECORDS. The accounting books and records and minutes of proceedings of the shareholders and the board of directors and any committee or committees of the board of directors shall be kept at such place or places designated by the board of directors, or, in the absence of such designation, at the principal executive office of the corporation. The minutes shall be kept in written form and the accounting books and records shall be kept either in written form or in any other form capable of being converted into written form. The minutes and accounting books and records shall be open to inspection upon the written demand of any shareholder or holder of a voting trust certificate, at any reasonable time during usual business hours, for a purpose reasonably related to the holder's interests as a shareholder or as the holder of a voting trust certificate. The inspection may

be made in person or by an agent or attorney, and shall include the right to copy and make extracts. These rights of inspection shall extend to the records of each subsidiary corporation of the corporation.

SECTION 4. INSPECTION BY DIRECTORS. Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and the physical properties of the corporation and each of its subsidiary corporations. This inspection by a director may be made in person or by agent or attorney and the right of inspection includes the right to copy and make extracts of documents.

SECTION 5. ANNUAL REPORT TO SHAREHOLDERS. The board of directors shall cause an annual report to be sent to the shareholders not later than one hundred twenty (120) days after the close of the fiscal year adopted by the corporation. This report shall be sent at least fifteen (15) days before the annual meeting of shareholders to be held during the next fiscal year and in the manner specified in this Section 5 of Article II of the bylaws for giving notice to shareholders of the corporation. The annual report shall contain a balance sheet as of the end of the fiscal year and an income statement and statement of changes in financial position for the fiscal year, accompanied by any report of independent accounts or, if there is no such report, the certificate of an authorized officer of the corporation that the statements were prepared without audit from the books and records of the corporation.

SECTION 6. FINANCIAL STATEMENTS. A copy of any annual financial statement and any income statement of the corporation for each quarterly period of each fiscal year, and any accompanying balance sheet of the corporation as of the end of each such period, that has been prepared by the corporation shall be kept on file in the principal executive office of the corporation for twelve (12) months and each such statement shall be exhibited at all reasonable times to any shareholder demanding an examination of any such statement or a copy shall be mailed to any such shareholder.

If a shareholder or shareholders holding at least five percent (5%) of the outstanding shares of any class of stock of the corporation makes a written request to the corporation for an income statement of the corporation for the three-month, six-month or nine-month period of the then current fiscal year ended more than thirty (30) days before the date of the request, and a balance sheet of the corporation as of the end of that period, the chief financial officer shall cause that statement to be prepared, if not already prepared, and shall deliver personally or mail that statement or statements to the person making the request within thirty (30) days after the receipt of the old request. If the corporation has not sent to the shareholders its annual report for the last fiscal year, this report shall likewise be delivered or mailed to the shareholder or shareholders within thirty (30) days after the request.

The corporation shall also, on the written request of any shareholder, mail to the shareholder a copy of the last annual, semi-annual, or quarterly income statement which it has prepared, and a balance sheet as of the end of that period.

The quarterly income statements and balance sheets referred to in this section shall be accompanied by the report, if any, of any independent accountants engaged by the corporation or the certificate of an authorized officer of the corporation that the financial statements were prepared without audit from the books and records of the corporation.

SECTION 7. ANNUAL STATEMENT OF GENERAL INFORMATION. The corporation shall, during the period commencing on March 1 ending on August 31 of each year, file with the Secretary of State of the State of California, on the prescribed form, a statement setting forth the authorized number of directors, the names and complete business address or residence address of all incumbent directors, the names and complete business or residence addresses of the chief executive officer, secretary, and chief financial officer, the street address of its principal executive office and principal business office in the state, and the general type of business constituting the principal business activity of the corporation, together with a designation of the agent of the corporation for the purpose of service of process, all in compliance with Section 1502 of the Corporations Code of California.

ARTICLE VIII
GENERAL CORPORATE MATTERS

SECTION 1. RECORD DATE FOR PURPOSES OTHER THAN NOTICE AND VOTING. For purposes of determining the shareholders entitled to receive payment of any dividend or other dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action (other than action by shareholders by written consent without a meeting), which shall not be more than sixty (60) days before any such action, and in that case only shareholders of record on the date so fixed are entitled to receive the dividend, distribution, or allotment of rights or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date so fixed, except as otherwise provided in the California General Corporation Law.

If the board of directors does not so fix a record date, the record date for determining shareholders for any such purpose shall be at the close of business on the day on which the board adopts the applicable resolution or the sixtieth (60th) day before the date of that action, whichever is later.

SECTION 2. CHECKS, DRAFTS, EVIDENCES OF INDEBTEDNESS. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the board of directors.

SECTION 3. CORPORATE CONTRACTS AND INSTRUMENTS; HOW EXECUTED. The board of directors, except as otherwise provided in these bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation, and this authority may be general or confined to specific instances; and, unless so authorized or ratified by the board of directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

SECTION 4. CERTIFICATE FOR SHARES. A certificate or certificates for shares of the capital stock of the corporation shall be issued to each shareholder when any of these shares are fully paid, and the board of directors may authorize the issuance of certificates of shares as party paid provided that these certificates shall state the amount of the consideration to be paid for them and the amount paid. All certificates shall be signed in the name of the corporation by the chairman of the board or vice chairman of the board or the

president or vice president and by the chief financial officer or an assistant treasurer or the secretary or any assistant secretary, certifying the number of shares and the class or series owned by the shareholder. Any or all of the signatures on the certificate may be facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed on a certificate shall have ceased to be that officer, transfer agent, or registrar before that certificate is issued, it may be issued by the corporation with the same effect as if that person were an officer, transfer agent, or registrar at the date of issue.

SECTION 5. LOST CERTIFICATES. Except as provided in this Section 5, no new certificates for shares shall be issued to replace an old certificate unless the latter is surrendered to the corporation and canceled at the same time. The board of directors may, in case any share certificate or certificate for any other security is lost, stolen, or destroyed, authorize the issuance of a replacement certificate on such terms and conditions as the board may require, including provision for indemnification of the corporation secured by a bond or other adequate security sufficient to protect the corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft, or destruction of the certificate or the issuance of the replacement certificate.

SECTION 6. REPRESENTATION OF SHARES OF OTHER CORPORATION. The chairman of the board, the president, or any vice president, or any other person authorized by resolution of the board of directors or by any of the foregoing designated officers, is authorized to vote on behalf of the corporation any and all shares of any other corporation or corporations, foreign or domestic, standing in the name of the corporation. The authority granted to these officers to vote or represent on behalf of the corporation any and all shares held by the corporation in any other corporation or corporations may be exercised either by such officers in person or by any other person authorized to do so by proxy duly executed by these officers.

SECTION 7. CONSTRUCTION AND DEFINITIONS. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California General Corporation Law shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular, and the term "person" includes both a corporation and a natural person.

ARTICLE IX
AMENDMENTS

SECTION 1. AMENDMENT BY SHAREHOLDERS. New bylaws may be adopted or these bylaws may be amended or repealed by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that if the articles of incorporation of the corporation set forth the number of authorized directors of the corporation, the authorized number of directors may be changed only by an amendment of the articles of incorporation.

SECTION 2. AMENDMENT BY DIRECTORS. Subject to the right of shareholders as provided in Section 1 of this Article IX, to adopt, amend, or repeal by laws, bylaws may be adopted, amended, or repealed by the board of directors, provided, however, that the board of directors may adopt a bylaw or amendment of a bylaw changing the authorized number of directors only for the purpose of fixing the exact number of directors within the limits specified in the articles of incorporation or in Section 2 of Article III of these bylaws.

Exhibit 4.3

CONSUMER PORTFOLIO SERVICES, INC.
16355 Laguna Canyon Road
Irvine, California 92618

PURCHASE CONFIRMATION

[Investor name and address] STATEMENT DATE: _____,200___

TRANSACTION INFORMATION
- ----------

SECURITY DESCRIPTION: Consumer Portfolio Services, Inc. Renewable Unsecured Subordinated Note
TRANSACTION: PURCHASE
TYPE OF OWNERSHIP: _____
SSN: _____

NOTE ID	TERM	PURCHASE DATE	MATURITY DATE	PAYMENT SCHEDULE

PRINCIPAL AMOUNT	INTEREST RATE	COMMISSION/FEES	NET AMOUNT

NOTE: These securities are issued in book-entry form only; no physical certificates will be provided.

INTEREST PAYMENT INFORMATION
- ----------

ACCOUNT NAME: BANK:
ACCOUNT #: ROUTING NUMBER:
INTEREST PAYMENT METHOD: ACH (Direct Deposit) FOR FURTHER CREDET:

Your interest payments will be automatically deposited directly into the account listed above. Please verify the account information. If it is incorrect, please call Sumner Harrington Investor Services at 800-234-5777.

All interest payments will be made in accordance with the Interest payment schedule shown in the previous section. If your note pays interest monthly and the monthly interest payment date you selected is within five business days of the Purchase Date, your first interest payment will be made the following month and will include all of the interest earned since the Note Issue Date. If an interest payment date falls on a Saturday, Sunday, or legal holiday, the payment will be made on the next business day.

SECURITIES OFFERED THROUGH SUMNER HARRINGTON LTD.
- ----------

Sumner Harrington Ltd. was the selling agent for the Issuer in this transaction and is sending you this confirmation statement on the Issuer's behalf. The Issuer will pay Sumner Harrington Ltd. a commission of up to 3% of the Net Amount plus other fees for its role in this transaction.

PLEASE CALL SUMNER HARRINGTON LTD. INVESTOR SERVICES AT 800-234-5777 IF YOU HAVE ANY QUESTIONS.

Sumner Harrington Ltd. (800) 234-5777
11100 Wayzata Blvd., Suite 170 investorservices@sumnerharrington.com
Minneapolis, MN 55305 www.sumnerharrington.com

Exhibit 4.4

CPS Logo

Consumer Portfolio Services, Inc. Subscription Agreement

Renewable Unsecured Subordinated Note Subscription Agreement

To purchase a renewable unsecured subordinated note(s), please complete this form and write a check made payable to Consumer Portfolio Services, Inc. Send this form along with your check and any other documents requested below to the selling agent for the notes, SUMNER HARRINGTON LTD., 11100 WAYZATA BOULEVARD, SUITE 170, MINNEAPOLIS, MINNESOTA 55305. If you have any questions, call the selling agent for the notes, SUMNER HARRINGTON LTD., at 800-234-5777.

NOTE PURCHASE AMOUNT (minimum principal amount $1,000 per note)

INTEREST PAYMENT SCHEDULE (please select one for each note)

NOTE TERM	PRINCIPAL AMOUNT	MONTHLY*	QUARTERLY	SEMI-ANNUALLY	ANNUALLY	MATURITY
Three Month	$_____	[ ]	[ ]	N/A	N/A	[ ]
Six Month	$_____	[ ]	[ ]	[ ]	N/A	[ ]
One Year	$_____	[ ]	[ ]	[ ]	[ ]	[ ]
Two Year	$_____	[ ]	[ ]	[ ]	[ ]	[ ]
Three Year	$_____	[ ]	[ ]	[ ]	[ ]	[ ]
Four Year	$_____	[ ]	[ ]	[ ]	[ ]	[ ]
Five Year	$_____	[ ]	[ ]	[ ]	[ ]	[ ]
Ten Year	$_____	[ ]	[ ]	[ ]	[ ]	[ ]
TOTAL	$_____	*Monthly interest payment date (e.g. 1st, 15th, etc.)				

Form of Ownership (please select one)

[ ] Individual Investor (with optional beneficiary)

[ ] Joint Tenants with Right of Survivorship

[ ] Custodian for a Minor

[ ] Other IRA, SEP, 401(k), 403(b), Keogh, trust, corporation, partnership, etc. (Please include with this form a trust resolution or the appropriate corporation or partnership documents authorizing you to make this investment.)

Note Purchaser (please circle one)

Full Name of Individual Investor/First Joint Tenant/Minor/Entity/Administrator/Trustee

_____ _____ _____ _____ _____

First Name Middle Name Last Name Social Security Number/Tax ID Number Date of Birth (if applicable)

Full Name of Beneficiary/Second Joint Tenant/Custodian/Transfer on Death (please circle one if applicable)

_____ _____ _____ _____ _____

First Name Middle Name Last Name Social Security Number/Tax ID Number Date of Birth (not required for custodians)

Other Family CPS Note Investors_____

Primary Address (Original correspondence will be sent to this address.)

_____

Individual Investor, IRA Administrator, Trustee, Custodian, Partnership, etc.

_____

Address

_____

City State Zip

_____

Daytime Phone (Include Area Code) E-mail Address

Secondary Address (Optional--copies of correspondence will be sent to this address.)

_____

Beneficiary, IRA Owner, Joint Tenant, Partner, etc.

_____

Address

_____

City State Zip

_____

Daytime Phone (Include Aera Code) E-mail Address

DIRECT DEPOSIT CPS will electronically deposit your principal and interest payments directly into the account listed in the Direct Deposit section on the reverse side of this form. Please complete and sign the reverse side of this form for automatic deposit to either your checking or savings account.

PASSWORD When you call Sumner Harrington Ltd. to discuss your investment, you may be asked to verify your identification by answering the following question.

What is your mother's maiden name?_____

CERTIFICATION Under penalties of perjury, I hereby declare and certify that: (i) I am a bona fide resident of the state listed in the primary mailing address; (ii) I have received and read the prospectus provided by Consumer Portfolio Services, Inc. and understand the risks related to the notes and to Consumer Portfolio Services, Inc.; (iii) Sumner Harrington Ltd. has neither recommended this investment to me nor given me investment, legal or tax advice regarding the notes and the creditworthiness of Consumer Portfolio Services, Inc.; (iv) I have independently determined that this investment is suitable for me without relying on such advice from Sumner Harrington Ltd.; (v) the notes are illiquid due to

significant transfer restrictions and the lack of a secondary market; (vi) I risk the loss of my entire principal amount and all accrued but unpaid interest when purchasing the notes and have the financial ability to withstand these losses; (vii) I am purchasing the notes to fulfill my investment objective of earning current taxable interest income; (viii) the social security number or tax identification number listed above is correct; and (ix) I am not subject to backup withholding, either because the Internal Revenue Service has not notified me that I am subject to backup withholding as a result of a failure to report all interest or dividends or I have been notified that I am no longer subject to backup withholding. I understand that my purchase offer is subject to the terms contained in the prospectus, may be rejected in whole or in part and will not become effective until accepted by Consumer Portfolio Services, Inc. or its selling agent.

_____

Signature of Individual Investor/First Joint Tenant/Custodian/Authorized Person Date

_____

Signature of Second Joint Tenant (If applicable) Date

Office Use Only ACTP_____ DATE_____ COMM_____ ADVR_____ SHDB_____ SALU_____

CPS Logo

DIRECT DEPOSIT

Direct Deposit Account Information (please check one)

[ ] I currently receive direct deposit payments from an existing CPS note. Please deposit all principal and interest payments for this new note into the same account.

[ ] Please deposit my payments into the account listed below. (If this option is chosen, the account owner must attach a VOIDED check -- or deposit slip if this is a savings account -- to the bottom of this form.)

_____

Account Owner Name(s)

_____ [ ] Checking [ ] Savings [ ] Other

Account Number

[ ][ ][ ][ ][ ][ ][ ][ ][ ]
Bank Routing Number (9 digits)

_____
Bank Name

_____
Branch Location

Some financial institutions (e.g. brokerage firms, custodians, mutual savings banks, credit unions, money market funds, etc.) also require "for further credit" information to correctly indentify direct deposit accounts. If your financial institution requires this additional information, please list it below. If you are unsure if this additional information is required, please call your financial institution.

For further credit:_____

DIRECT DEPOSIT AUTHORIZATION

As the investor of record and authorized signatory of the account listed above, I hereby authorize Consumer Portfolio Services, Inc., its affiliates, or its agents (collectively referred to hereinafter as "CPS") to deposit interest and principal payments owed to me, by initiating credit entries in the account to my financial institution listed on this form. Further, I authorize my financial institution to accept and to credit any credit entries initiated by CPS to the listed account. In the event of an erroneous credit entry, I also authorize CPS to debit the account for an amount not to exceed the original amount of the erroneous credit.

This authorization is to remain in full force and effect until CPS and my financial institution have received written notice from me of its termination in such time and in such manner as to afford CPS and my financial institution reasonable opportunity to act on it. In the event the listed account is closed I will promptly notify CPS of an alternate account into which payments can be made.

_____ _____

Authorized Signature Date

Mail to:
Sumner Harrington Ltd.
11100 Wayzata Boulevard
Suite 170
Minneapolis, Minnesota 55305

ATTACH VOIDED CHECK or DEPOSIT SLIP HERE

Exhibit 5.1

April 7, 2005

Consumer Portfolio Services, Inc.
16355 Laguna Canyon Road
Irvine, California 92618

Re: Registration Statement on Form S-2 (No. 333-121913)
Renewable Unsecured Subordinated Notes

Gentlemen:

We are acting as special counsel for Consumer Portfolio Services, Inc., a California corporation (the "Company") in connection with a public offering of up to $100,000,000 aggregate principal amount of its Renewable Unsecured Subordinated Notes (the "Notes"), to be issued under an indenture (the "Indenture") to be entered into between the Company and Wells Fargo Bank, National Association (the "Trustee").

This opinion is delivered in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act of 1933, as amended (the "Securities Act").

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the following:

(i) the Registration Statement of the Company on Form S-2 relating to the Notes, filed with the Securities and Exchange Commission (the "Commission") on January 7, 2005 under the Securities Act, as amended by Amendment No. 1 to be filed with the commission on or about April 7, 2005 (such Registration Statement, as amended, the "Registration Statement");

(ii) the Distribution and Management Agreement to be entered into between the Company and Sumner Harrington, Ltd. (the "Servicing Agent"), filed as an exhibit to the Registration Statement (the "Distribution and Management Agreement");

(iii) the Indenture filed as an exhibit to the Registration Statement;

(iv) the Form T-1 of the Trustee files as an exhibit to the Registration Statement;

(v) the Articles of Incorporation of the Company, as presently in effect, incorporated by reference in the Registration Statement;

(v) certain resolutions adopted by the Board of Directors of the Company relating to the Notes (the "Resolutions"); and

(vi) the form of the Notes.

We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such records of the Company and such agreements, certificates of public officials, certificates of officers or other representatives of the Company and others, and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity and completeness of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies and the authenticity of the originals of such latter documents. In making our examination of documents executed or to be executed by the parties thereto, we have assumed that such parties had or will have the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and execution and delivery by such parties of such documents and the validity and binding effect thereof. We have also assumed that (i) the execution and delivery of the agreements referred to herein, and the performance of the obligations of the parties thereto under such agreements, do not and will not conflict with, contravene, violate or constitute a default under (a) the charter or by-laws or

other organizational documents of any such party, (b) any lease, indenture, instrument or other agreement to which any party to such agreements or its property is subject, (c) any law, rule or regulation to which any party to such agreements is subject or (d) any judicial or administrative order or decree of any governmental authority, and (ii) no authorization, consent or other approval of, notice to or registration, recording or filing with any court, governmental authority or regulatory body is required to authorize or is required in connection with the execution or delivery of any of such agreements or the performance of any obligations thereunder or the consummation of any transactions contemplated thereby. As to any facts material to the opinion expressed herein which we have not independently established or verified, we have relied upon statements and representations of officers and other representatives of the Company and others.

Members of our firm are admitted to the Bar in the State of New York and we do not express any opinion as to the laws of any other jurisdiction.

Based upon and subject to the foregoing, we are of the opinion that when (i) the Registration Statement becomes effective and the Indenture has been qualified under the Trust Indenture Act of 1939, as amended; (ii) the Indenture and the Distribution and Management Agreement have been duly executed and delivered; and (iii) the Notes shall have been duly executed and authenticated in accordance with the terms of the Indenture and delivered to and paid for by the Holders as contemplated by the Distribution and Management Agreement, then the issuance and sale of the Notes will have been duly authorized, and the Notes will be valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except to the extent that enforcement thereof may be limited by (1) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws now or hereafter in effect, relating to creditors' rights generally, and (2) general principles of equity (regardless of whether enforceability is considered a proceeding at law or in equity).

Our opinion above with respect to the enforceability of the New York choice of law provisions set forth in the Notes is rendered solely in reliance upon New York General Obligations Law ss.5-1401 and in that regard we express no opinion as to the effect on said opinion of any provisions contained in the Note that purports to require the disregard of conflicts of law principles.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement. We also consent to the reference to our firm under the heading "Legal Matters" in the Registration Statement. In giving this consent, we do not thereby admit that we are included in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission.

Very truly yours,

/S/ ANDREWS KURTH LLP

ANDREWS KURTH LLP

Exhibit 8.1

April 7, 2005

Consumer Portfolio Services, Inc.
16355 Laguna Canyon Road
Irvine, California 92618

Re: Registration Statement on Form S-2 (No. 333-121913)
Renewable Unsecured Subordinated Notes

Ladies and Gentlemen:

We are acting as counsel for Consumer Portfolio Services, Inc. (the "Company") in connection with a public offering of up to $100,000,000 aggregate principal amount of its renewable Unsecured Subordinated Notes (the "Notes"), to be issued under an indenture (the "Indenture") to be entered into between the Company and Wells Fargo Bank, National Association (the "Trustee").

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the Registration Statement of the Company on Form S-2 relating to the Notes, filed with the Securities and Exchange Commission (the "Commission") on January 7, 2005 under the Securities Act, as amended by Amendment No. 1 thereto to be filed with the Commission on or about April 7, 2005 (such Registration Statement being hereafter referred to as the "Registration Statement"); (ii) the form of the Indenture relating to the Notes to be entered into by the Company and the Trustee, to be filed as an exhibit to the Registration Statement; (iii) the Articles of Incorporation of the Company, as presently in effect, incorporated by reference to the Registration Statement; and (iv) the form of the Notes. We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such records of the Company and such agreements, certificates of public officials, certificates of officers or other representatives of the Company and others, and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies and the authenticity of the originals of such latter documents. In making our examination of documents executed or to be executed by parties other than the Company, we have assumed that such parties had or will have the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and execution and delivery by such parties of such documents and the validity and binding effect thereof. As to any facts material to the opinion expressed herein which we have not independently established or verified, we have relied upon statements and representations of officers and other representatives of the Company and others.

On the basis of the foregoing and subject to the limitations and qualifications set forth below, the description of federal income tax consequences appearing under the heading "Material Federal Income Tax Consequences" in the prospectus contained in the Registration Statement is our opinion of the material federal income tax consequences to holders of the Notes under existing law and subject to the qualifications and assumptions stated therein.

The opinion herein is based upon our interpretations of current law, including court authority and existing Final and Temporary Regulations, which are subject to change both prospectively and retroactively, and upon the facts and assumptions discussed herein. This opinion letter is limited to the matters set forth herein, and no opinions are intended to be implied or may be inferred beyond those expressly stated herein. Our opinion is rendered as of the date hereof and we assume no obligation to update or supplement this opinion or any matter related to this opinion to reflect any change of fact, circumstances, or law after the date hereof. In addition, our opinion is based on the assumption that the matter will be properly presented to the applicable court. Furthermore, our opinion is not binding on the Internal Revenue Service or a court. In addition, we must note that our opinion represents merely our best legal judgment on the matters presented and that others may disagree with our conclusion. There can be no assurance that the Internal Revenue Service will not take a contrary position or that a court would agree with our opinion if litigated.

We consent to the use and filing of this opinion as Exhibit 8.1 to the Registration Statement and to the reference to our firm under the caption "Legal Matters" in the Prospectus contained therein. In giving such consent we do not imply or admit that we are within the category of persons whose consent is required under Section 7 of the 1933 Act or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/S/ ANDREWS KURTH LLP

ANDREWS KURTH LLP

EXHIBIT 10.19

CONSUMER PORTFOLIO SERVICES, INC.

a California corporation

1991 STOCK OPTION PLAN as amended

Adopted December 16, 1991

Shareholder Approval - December 20, 1991

I. PURPOSE

The purpose of this 1991 Stock Option Plan (the "Plan") is to strengthen Consumer Portfolio Services, Inc. (the "Corporation") and those corporations which are or hereafter become subsidiary corporations of the Corporation by providing an additional means of attracting and retaining competent managerial personnel and by providing to participating directors, full-time salaried officers and employees added incentive for high levels of performance and for unusual efforts to increase the earnings of the Corporation and any subsidiary corporations. The Plan seeks to accomplish these purposes and achieve these results by providing a means whereby such directors, officers and employees may purchase shares of the Common Stock of the Corporation pursuant to the Options granted in accordance with the Plan. The Plan is intended to comply with the requirements of Rule 16b-3 under the Securities Exchange Act of 1934, as amended by the Securities and Exchange Commission in February 1991.

Options granted pursuant to this Plan are intended to be "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") or "non-qualified' stock options, and shall be determined and designated as such upon the grant of each Option hereunder.

2. ADMINISTRATION

The Plan is administered by a committee of the Corporation's Board of Directors (the "Stock Option Committee") consisting of two or more non-employee directors who are appointed by and serve at the discretion of the full Board of Directors, provided that no such member shall at any time during the previous one-year period have been granted options under the Plan, except pursuant to the prescribed formula or participated in any other plan of the Corporation or any affiliated issuer other than a so-called formula, plan within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934. Each member of the Stock Option Committee shall be automatically granted an option each year to purchase no more than 100,000 shares of Common Stock at an exercise price equal to the fair market value of such stock on the date of grant of such option. The number of options granted to each member shall be based on a formula that will be approved by the Board of Directors in the future and will be structured to comply with Rule 16b-3. Any action of the Stock Option Committee with respect to the administration of the Plan shall be taken pursuant to a majority vote, or pursuant to the unanimous written consent of its members.

Subject to the express provisions of the Plan, the Stock Option Committee shall have the authority to grant options, establish the terms and conditions of any Options granted under the Plan, construe and interpret the Plan, to define the terms used therein, to prescribe, amend, and rescind rules

and regulations relating to the administration of the Plan, to determine the duration and purposes of leaves of absence which may be granted to participants without constituting a termination of employment for the purposes of the Plan, and to make all other determinations necessary or advisable for administration of the Plan. Determinations of the Stock Option Committee on matters referred to in this Section 2 shall be final and conclusive.

3. PAR

(a) Eligibility Directors, full-time salaried officers and employees of the Corporation or a subsidiary corporation, (as that term is defined in Section 425(t) of the Code), if any, shall be eligible for selection to participate in the Plan; provided, however, that no director who is not also a salaried officer or key employee, with a customary work week in either case of at least forty (40) hours in the employ of the Corporation or a subsidiary corporation ("non-officer director"), may be granted an Option hereunder unless such Option is approved by a majority of the Board of Directors, and provided further, that non-officer directors of the Corporation or a subsidiary corporation shall be eligible to receive only non-qualified options under the Plan. Subject to the express provisions of the Plan, the Stock Option Committee shall select from the class of eligible participants and make recommendations to the Board of Directors concerning the individuals to whom Options shall be granted, the terms and provisions of the respective Option agreements (which need not be identical), the times at which suck Options shall be granted, and the number of shares subject to each Option. An individual who has been granted an Option hereunder (the "Optionee") may, if otherwise eligible, be granted additional Options if the Board of Directors shall so determine.

Members of the Stock Option Committee shall not be eligible to receive grants of Options under this Plan, except that each member of the Stock Option Committee shall be automatically granted an option each year to purchase no more than 100,000 shares of Common Stock at an exercise price equal to the fair market value of such stock on the date of grant of such Option. The number of options granted to each member shall be based on a formula that will be approved by the Board of Directors in the future and will be structured to comply with Rule l6b-3.

The Board of Directors shall determine the individuals who shall receive Options and the terms and provisions of the Options, and shall grant such Options to such individuals. Notwithstanding the above, however, the Board of Directors may delegate to the Stock Option Committee the power to determine the individuals who shall receive Options, the terms and provisions of such Options, and to grant Options to such individuals.

(b) Shareholder-Employees Notwithstanding anything to the contrary contained herein and subject to Section 4 herein, an Option granted to any eligible director, officer or employee of the Corporation or a subsidiary corporation who owns, directly or indirectly, at the time of the grant of the Option, more than ten percent (10%) of the total combined voting power of all classes of capital stock of the Corporation or a subsidiary corporation shall not qualify as an Incentive Stock Option unless (I) the purchase price for the stock subject to the Option is at least 110% of the fair market value of the stock determined at the time such Option is granted and (ii) the Option by its terms is not exercisable after five (5) years from the time the Option is granted. The attribution rules of Section 425(d) of the Internal Revenue Code of 1986, as amended, shall apply in the determination of ownership of stock for these purposes.

(c) Maximum Value of Incentive Stock Options The aggregate fair market value (determined at the time the Option is granted) of the stock with respect to which Incentive Stock Options are exercisable for the first time by each Optionee under the terms of the Plan during any calendar year is limited to $100,000, but the value of stock for which options may be granted to an employee in a given year may exceed $100,000.

(d) Substituted Options Any options granted by any other corporation for which Options under the Plan are substituted ("Substituted Options") pursuant to a merger, consolidation, acquisition of property or stock, corporate separation or reorganization or liquidation, shall qualify as Incentive Stock Options under the Plan, provided that the original options exchanged for the Substituted Options were Incentive Stock Options.

(e) Non-Qualified Options All Options and Substituted Options granted (which are not in accordance with the provisions of Section 3(b) hereof; (2) which are in excess oldie fair market value limitations set forth in Section 3(c) or 3(d) hereof or (3) which are designated at the time of grant as "non-qualified" shall be deemed "non-qualified" and shall not qualify as incentive stock options under Section 422 of the Code. Non-qualified options granted or substituted hereunder shall be so designated in the Stock Option Agreement entered into between the Corporation and the Optionee.

4. STOCK SUBJECT TO THE PLAN

As of December 16, 1991, and subject to adjustment as provided in Section 14 hereof, the stock to be offered under the Plan shall be shares of the Corporation's authorized but unissued Common Stock, (herein called "Shares"), and the aggregate amount of Shares to be delivered upon exercise of all Options granted under the Nan shall not exceed 1,100,000 shares. If any Option shall be cancelled, surrendered, or expire for any reason without having been exercised in full, the unpurchased shares subject thereto shall again be available for purposes of the Plan.

5. OPTION PRICE

(a) Except as provided in Section 3(b) above and in Section 5(b) below, the purchase price of stock subject to each Option shall be determined by the Board of Directors (or the Stock Option Committee, if authorized), but shall no be less than one hundred percent (100%) of the fair market value of such stock at the time such Option is granted.

(b) Where the outstanding shares of stock of another corporation are changed into or exchanged for the shares of stock of the Corporation without consideration to that other corporation, subject to the approval of the Board of Directors, Options may be granted in exchange for options of the other corporation, and the purchase price of stock subject to each Option so granted may be fixed at a price less than one hundred percent (100%) of the fair market value of such stock at the time such Option is granted if the purchase price has been computed to be not less that the purchase price set forth in the option of the other corporation, with appropriate adjustment to reflect the exchange ratio of the shares of stock of the other corporation into shares of stock of the Corporation.

(c) The purchase price of shares purchased under the Plan ("Purchase Price") shalt be paid in full at the time of each such purchase in cash, or bank cashier's or certified check. In the event the Corporation determines that it is required to withhold State or Federal income tax as a result of the exercise of an Option, as a condition to the exercise thereof an Optionee may be required to make arrangements satisfactory to the Corporation to enable it to satisfy such withholding requirements.

(d) For purposes of this Paragraph 5, the fair market value of the Corporation's stock shall be determined in accordance with any reasonable valuation method, including the valuation methods described in Treasury Regulations Section 20.2031-2.

6. CONTINUATION OF EMPLOYMENT

Nothing contained in the Plan or in any Option agreement shall obligate the Corporation or any subsidiary corporation to continue to employ any Optionee or maintain any director's status as suck for any period, or interfere in any way with the right of the Corporation or a subsidiary corporation to reduce the Optionee's compensation.

7. OPTION PERIOD AND EXERCISE OF OPTIONS

(a) Each Option and all rights or obligations thereunder shall vest and be exercisable immediately upon grant or shall vest and be exercisable over a period of time and in such installments, which need not be equal, and shall expire, all as the Board of Directors (or the Stock Option Committee if authorized) may determine, but not later that ten (10) years from the date of grant, subject to earlier termination as provided elsewhere in the Plan; provided, however, that any Option granted to an individual who at the time of the grant of such Option owns ten percent (10%) or more of the outstanding Shares of the Corporation, and all rights and obligations under said Option, shall expire no later that five (5) years from the date of grant, subject to earlier termination as provided elsewhere in the Plan. If an Optionee shall not in any given installment period purchase all of the shares which the Optionee is entitled to purchase in such installment period, the Optionee's right to purchase any Shares not purchased in such installment period shall continue until expiration of such Option. No Option or installment thereof shall be exercisable except with respect to whole shares and fractional share interests shalt be disregarded except that they may be accumulated for purposes of applying the preceding sentence.

(b) Options granted hereunder shall be exercised by written notice delivered to the Corporation stating the number of shares with respect to which the Option is being exercised, together with the purchase price of such shares as provided in Paragraph 5 (c) hereof if the Option is being exercised by any person other than the Optionee, said notice shall be accompanied by proof satisfactory to counsel for the Corporation, of the right of such person to exercise the Option.

(c) Not less than ten shares may be purchased at one time unless the number purchased is the total number which may be purchased under the Option.

(d) No shares shall be issuable upon exorcise of any Option unless and until (i) in the opinion of the counsel for the Corporation, all applicable requirements of law and of regulatory bodies having jurisdiction over such issuance shall have been fully complied with and (ii) if required by federal or state law or regulation, the Optionee shall have paid to the Corporation the amount, if any, required to be withheld on the amount deemed to be compensation to Optionee as a result of exercise of his or her Option, or make other arrangements satisfactory to the Corporation, in its sole discretion, to satisfy all applicable income tax withholding requirements.

(e) Notwithstanding any provision in any stock option agreement pertaining to the time of exercise of a Stock Option, or part thereof, and subject to the terms of Section 15 hereof; upon delivery of notice to the Optionee from the Stock Option Committee or the Board of Directors of the pendency of a Terminating Event, as defined in Section 15 hereof; which notice shall be given at least thirty (30) days prior to the Terminating Event, the entire Stock Option shall be exercisable in full and not only as to those shares with respect to which installments, if any, have then accrued, subject, however, to actual consummation of the Terminating Event and subject to earlier expiration or termination as provided elsewhere in the Plan. If the Terminating Event is not consummated, after notice thereof is given to the Optionee, then the Stock Option shall remain exercisable in accordance with its terms.

8. EXTENSION OF TERM OF STOCK OPTION AGREEMENTS

With the consent of the Optionee, the Corporation may amend an outstanding stock option agreement to extend its term or modify its vesting or exercise periods, so long as the amended Option could have been granted originally on the same terms as the amended Option.

9. NONTRANSFERABILITY OF OPTIONS

Each Option shall, by its terms, be nontransferable by the Optionee other than by will or the laws of descent and distribution and shall be exercisable during the Optionee's lifetime only by the Optionee.

10. CESSATION OF EMPLOYMENT

Except as provided in Section II hereof, if, for any reason ether than death, an Optionee ceases to be employed by the Corporation or a subsidiary corporation, or ceases to be a director of the Corporation or a subsidiary, the Options granted to such Optionee shall expire not later than ninety (90) days thereafter or on the day specified pursuant to the provisions of Section 7 (a) hereof, whichever is earlier. During the 90-day period after cessation of employment or service as a director, such Options shall be exercisable only as to those installments, if any, which were accrued as of the date on which such Optionee ceased to be employed by the Corporation or the subsidiary corporation or ceased to serve as a director of the Corporation or the subsidiary corporation.

11. TERMINATION OF CAUSE

If the Stock Option Agreement so provides and if an Optionees employment by the Corporation or a subsidiary corporation is terminated for cause, the Options granted to such Optionee shalt expire immediately upon notice of such option termination given by the Board to the Optionee. Termination for cause shall include termination for malfeasance or gross negligence in the performance of duties or conviction of illegal activity in connection therewith or any conduct detrimental to the interests of the Corporation or a subsidiary corporation and, in any event, the determination of the Board of Directors with respect thereto shall be final and conclusive.

12. DEATH OF OPTIONEE

If an Optionee dies while employed by the Corporation or a subsidiary corporation, or while serving as a director of the corporation, or during the 90-day period referred to in Section 10 hereof, the Options granted to such Optionee shall expire one year after the date of such death or on the day specified pursuant to the provisions of Section 7 (a) hereof, whichever is earlier. After such death but before such expiration, the person or persons to whom such Optionee rights under the Options shall have passed by will or by the applicable laws of descent and distribution, or the executor or administrator of the Optionees estate, shall have the right to exercise such Options to the extent that installments, if any, were accrued as of the date on which the Optionee died.

13. DISABILITY OF OPTIONEE

If an Optionee is disabled while employed by the Corporation or a subsidiary corporation, or while serving as a director of the Corporation or a subsidiary corporation, or during the 90-day period referred to in Section 10 hereof, the Options granted to such Optionee shall expire one year after the date of such disability or on the day specified pursuant to the provisions of Section 7 (a) hereof, whichever is earlier. After such disability but before such expiration, such Optionee or a guardian or conservator of the 0ptionee's estate, as duly appointed by a court of competent jurisdiction, shall have the right to exercise such Options to the extent that installments, if any, have accrued as of the date on which the

Optionee became disabled or ceased to be employed by the Corporation or a subsidiary corporation or ceases to be a director as a result of his or her disability. For the purpose of this Section 13, an Optionee shall be deemed to have become "disabled" if it shall appear to the Board of Directors (or the Stock Option Committee, if authorized), upon written certification delivered to the Corporation by a qualified licensed physician, that the Optionee has become permanently and totally unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than twelve months.

14. ADJUSTMENT UPON CHANGES IN CAPITALIZATION

If the outstanding shares of stock of the Corporation are increased, decreased, or changed into, or exchanged for a different number or kind of shares or securities of the Corporation through reorganization, merger, recapitalization, reclassification, stock split, stock dividend, stock consolidation, or otherwise, without consideration to the Corporation, an appropriate and proportionate adjustment shall be made in the number and kind of shares as to which Options may be granted. A corresponding adjustment changing the number or kind of shares and the exercise prices per share allocated to unexercised Options, or portions thereof, which shall have been granted prior to any such change shall likewise be made. Any such adjustment, however, in an outstanding Option shall be made without change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each share subject to the Option. Any adjustment under this Section shall be made by the Board of Directors, whose determination as to what adjustments shall be made, and the extent thereof, shall be final anti conclusive. No fractional shares of stock shall be issued or made available under the Plan on account of any such adjustment and fractional share interests shall be disregarded, except that they may be accumulated for purposes of applying Section 7 (a) hereof.

15. TERMINATING EVENTS

Not less than thirty (30) days prior to consummation of a plan of dissolution or liquidation of the Corporation, or consummation of a plan of reorganization, merger or consolidation of the Corporation with one or more corporations, as a result of which the Corporation is not the surviving corporation, or upon the sale of all or substantially all the assets of the Corporation to another corporation, person or entity, or in the event of any other transaction involving the Corporation where there is a change in ownership of fifty percent (50%) or more of the voting power of the stock of the Corporation then outstanding ("Change in Control"), except as may result from a transfer of shares to another corporation in exchange for at least eighty percent (80%) control of that corporation, each such event being referred to herein as a "Terminating Event", the Stock Option Committee or the Board of Directors shall notify each Optionee in writing of the pendency of the Terminating Event. Upon delivery of said notice, any Option granted prior to the Terminating Event shall be, notwithstanding the provisions of Section 7 hereof, exercisable in full and not only as to those shares with respect to which installments, if any, have then accrued, subject, however, to actual consummation of the Terminating Event and subject to earlier expiration or termination as provided elsewhere in the Plan.

Upon the effective date of any Change in Control, any Option or portion thereof not exercised pursuant to the Section 15 shall remain exercisable in accordance with its terms and the Plan shall not terminate but shall remain in full force and effect.

Upon the effective date of any Terminating Event other than a Change in Control, any Option or portion thereof not exercised shall terminate; provided, however, that such Option or portion thereof not exercised shall not terminate if any Optionee elects, in the discretion of such Optionee, not to exercise all or any portion of his or her Option prior to the effective date of the Terminating Event and the successor employer corporation, or a parent or subsidiary corporation thereof, solely at the option of such successor corporation or parent or subsidiary corporation, agrees to assume such Options theretofore granted or to substitute for such Options new options covering stock of a successor employer corporation, of a parent or subsidiary corporation thereof, with appropriate adjustments as to the number and kind of shares and prices.

Upon the effective date of any Terminating Event other than a Change in Control, the Plan shall terminate, unless provision is made in connection with the Terminating Event for assumption of Options theretofore granted, or substitute for such Options new options covering stock of a successor employer corporation, or a parent of subsidiary corporation thereof; solely at the option of such successor corporation or parent or subsidiary corporation, with appropriated adjustments as to number and kind of shares and prices.

If for any reason the Terminating Event is not consummated, Stock Options granted pursuant to the Plan shall remain exercisable in accordance with their respective terms.

16. AMENDMENT AND TERMINATION OF PLAN

The Board of Directors of the Corporation may at any time and from time to time suspend, amend, or terminate the Plan and may, with the consent of Optionee, make such modifications of the terms and conditions of the Option as it shall deem advisable; provided that, except as permitted under the provisions of Section 14 hereof, no amendment of modification may be adopted without the Corporation having first obtained the approval of the affirmative vote of at least a majority of the Corporations outstanding Shares entitled to vote, if such amendment or modification would:

(a) increase the maximum number of shares which may be purchased pursuant to Options granted under the Plan, either in the aggregate or by an individual;

(b) change the minimum purchase price of stock subject to Options;

(c) increase the maximum term of Options provided for herein beyond the term permitted in the Plan;

(d) permit Options to be granted to anyone other that a full-time salaried officer or a key employee of the Corporation or a subsidiary corporation; or

(e) change any provision of the Plan which would affect the qualification as an Incentive Stock Option within the meaning of Section 422 of the Code of any option granted as an Incentive Stock Option under the Plan.

Notwithstanding the above, the Board of Directors (and the Stock Option Committee, if authorized) may grant to an Optionee, if otherwise eligible, additional Options or, with the consent of Optionee, grant a new Option in lieu of an outstanding Option for a number of shares, at a purchase price, and for a term which in any respect is greater or less than that of the earlier Option, subject to the limitations of Sections 3, 4, 5 and 7 (a) hereof; and subject further to the condition that an Optionees Incentive Stock Options cannot be cancelled, exchanged or substituted for any other option.

No Option may be granted during any suspension of the Plan or after termination of the Plan. Amendment, suspension, or termination of the Plan shall not (except as otherwise provided in Section 1 4 hereof), without the consent of the Optionee, alter or impair any rights or obligations under any Option theretofore granted.

17. TIME OF GRANTING OPTIONS

The time an Option is granted shall be the day of the action of the Board of Directors (or action of the Stock Option Committee, if authorized) described in the second paragraph of Section 3 (a) hereof; provided, however, that if appropriated resolutions of the Board of Directors (or the Stock Option Committee, if authorized) indicate that an Option is granted as of a future date, the time such Option is granted shall be such future dale. if action by the Board of Directors (or the Stock Option Committee, if authorized) is taken by unanimous written consent of its members, the action of the Board of Directors (or the Stock Option Committee) member signs the consent. All Options granted under this Plan shall he granted on or before December 15, 2001.

18. PRIVILEGES OF STOCK OWNERSHIP; SECURITIES LAW COMPLIANCE; NOTICE OF SALE

No Optionee shall be entitled to the privileges of stock ownership as to shares of stock not actually issued and delivered. No shares shall be purchased upon the exercise of an Option unless and until all then applicable requirements of all regulatory agencies having jurisdiction and applicable requirements of

securities exchanges upon which the stock of the Corporation is listed, if any, shall have been fully complied with. The Optionee shall, not more than five days after each such sale or other disposition, give the Corporation notice in writing of the sale or other disposition of shares purchased pursuant to Options granted hereunder.

19. EFFECTIVE DATE OF THE PLAN

The Plan shall be deemed adopted as of December 16, 1991, the date of its approval by the Board of Directors, and shall be effective immediately subject to approval by the holders of at least a majority of the Corporation's outstanding Shares entitled to vote thereon, by unanimous written consent or voting in person or by proxy, at a duly held stockholders' meeting.

20. TERMINATION

Unless previously terminated by the Board of Directors or a provided in Section 15 hereof, the Plan shall terminate at the close of business on December 15, 2001, and no Options shall be granted under the Plan thereafter, but such termination shall not affect any Option theretofore granted.

21. OPTION AGREEMENT

Each Option shall be evidenced by a written Stock Option Agreement executed by the Corporation and the Optionee and shall contain each of the provisions and agreements herein specifically required to be contained therein, and such other terms and conditions as are deemed desirable and are not inconsistent with the Plan.

22. EXCULPATION AND INDEMNIFICATION

To the extent permitted by applicable law in effect from time to time, no member of the Board of Directors or Stock Option Committee shall be liable for any action or omission of any other member of the Board of Directors or Stock Option Committee nor for any act or omission on the member's own part except the member's own willful misconduct or gross negligence. The Corporation and its subsidiary corporations shall pay expenses incurred by, and shall satisfy a judgment of fine rendered or levied against, a present or former director or member of the Stock Option Committee in any action brought by a third party against such person (whether or not the Corporation is joined as a party defendant) to impose a liability or penalty on such person while a director or member of the Stock Option Committee arising with respect to the Plan or administration thereof or out of membership on the Stock Option Committee or by the Corporation, or all or any combination of the preceding; provided, that the Board of Directors determines in good faith that such director or member was acting in good faith, within what such director or member reasonably believed to be the scope of his or her authority and for a purpose which he or she reasonably believed to be in the best interest of the Corporation or its subsidiaries, if any. Payments authorized hereunder include amounts paid and expenses incurred in settling any such action or threatened action. This Section shall not apply to any action instituted or maintained in the right of the Corporation by a shareholder or holder of a voting trust certificate representing shares of the Corporation or any subsidiary corporation thereof The provisions of this Section shall apply to the estate, executor, administrator, heirs legatees and devisees of directors and members of the Stock Option Committee, and the term "person" as used in this Section shall include the estate, executor, administrator, heirs, legatees and devisees of such person.

END OF PLAN

CONSUMER PORTFOLIO SERVICES, INC.
1997 Long-Term Incentive Stock Plan (as Amended April 26, 2004)

1. PURPOSES OF THE PLAN

The purposes of the 1997 Long-Term Incentive Stock Plan (the "Plan") of Consumer Portfolio Services, Inc., a California corporation (the "Company") are to: promote the interests of the Company and its stockholders by strengthening the Company's ability to attract and retain highly competent officers and other key employees; permit the awarding of opportunities for Plan participants to be rewarded using stock-based incentives; and to provide a means to encourage stock ownership and proprietary interest in the Company by the recipients of awards made under the Plan.

2. DEFINITIONS

a) "1934 Act" means the Securities and Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

b) "Award" means an Option (including an ISO), an SAR, a stock Award, a stock payment, any other award made pursuant to the terms of the Plan, or any combination of them, as described in and granted under the Plan.

c) "Board" means the board of directors of the Company.

d) "Change of Control" is defined in Section 11.

e) "Code" means the Internal Revenue Code of 1986, as amended, including any rules and regulations promulgated thereunder.

f) "Committee" means the Compensation Committee of the Board or such other committee as may be appointed by the Board to administer the Plan.

g) "Company" means Consumer Portfolio Services, Inc., a California corporation.

h) "Eligible Person" means any natural person who at the time of an Award (i) is an employee, consultant or director of the Company or any Subsidiary, or (ii) is an employee of a business acquired by or an entity merged into the Company or any Subsidiary; provided, however, that with respect to an Award of ISOs, an "Eligible Person" means only a natural person who is at the time of grant an employee of the Company or of a corporation to which the Company is a parent corporation as defined in Section 424 of the Code, or successor provision.

i) "Fair Market Value" means the average of the high and low selling prices of a Share as reported in The Wall Street Journal (or other readily available public source designated by the Committee) for the last trading day for which such prices are available prior to the applicable transaction date under the Plan. If the Committee determines that there is no readily available source of information regarding transactions in Shares, then Fair Market Value shall mean the fair market value of a Share as determined by the Committee.

j) "ISO" means an incentive stock option as defined in Section 422 of the Code.

k) "Option" means an Award under the Plan of an option to purchase Shares, and includes ISO Awards and options that do not meet the requirements of Section 422 of the Code.

l) "Participant" means an Eligible Person who has been granted an Award under the Plan.

m) "Plan Year" means a twelve-month period beginning with January 1 of each year, commencing with January 1, 1997.

n) "Prior Plan" means the Consumer Portfolio Services, Inc. 1991 Stock Option Plan.

o) "SAR" means a stock appreciation right.

p) "Shares" means the common stock of the Company, no par value.

q) "Subsidiary" mean any entity that is directly or indirectly controlled by the Company, or any entity, including an acquired entity, in which the Company has a significant equity interest, as determined by the Committee.

3. EFFECTIVE DATE OF PLAN AND DURATION OF PLAN

The Plan shall become effective upon its adoption by the Board. Any Awards hereunder may be made immediately upon such effectiveness; provided, however, (i) that the Plan and any such Awards shall be void ab initio if the shareholders of the Company do not approve the Plan within one year after its adoption by the Board, and (ii) no ISO or SAR may be exercised prior to shareholder approval. Unless previously terminated by the Board of Directors, the Plan shall expire at the close of business on April 30, 2007.

4. PLAN ADMINISTRATION

a) Committee -- The Committee shall administer the Plan. The Committee shall comprise two or more members of the Board, each of whom shall be both (i) a non-employee director within the meaning of Rule 16b-3 under the 1934 Act and (ii) an outside director within the meaning of Section 162(m) of the Code; provided, however, that the Board may by resolution specifically declaring that compliance with said restrictions of Rule 16b-3 or Section 162(m), or both, is no longer necessary or advisable, name to the Committee individuals who do not meet such definitions. Each member of the Committee shall serve for such term as the Board may determine, subject to removal by the Board at any time.

b) Committee Authority -- The Committee shall have full and exclusive authority to interpret the Plan and to adopt such rules, regulations and guidelines for carrying out the Plan as it may deem necessary or proper, all of which authority shall be executed in the best interests of the Company and in keeping with the provisions and objectives of the Plan. Without limiting the preceding grant of authority, the Committee shall have the authority (i) to select Award recipients, (ii) to establish all Award terms and conditions, (iii) to adopt procedures and regulations governing Awards, (iv) to approve forms of Award agreements for use under this Plan, (v) to amend the terms of any outstanding Award, including a reduction in the exercise price of any Option or SAR to reflect a decrease in Fair Market Value, subject to consent of the Participant to the extent required by the applicable Award agreement, (vi) to construe and interpret the Plan and any Award agreements, and (vii) to make all other determinations necessary or advisable for the administration of this Plan, including the authority in the event of a spin-off or other corporate transaction to replace an Award under the Plan with an award from another issuer or plan or an award relating to property other than Shares. All decisions made by the Committee shall be conclusive, final and binding on all persons affected by such decisions.

c) No member of the Committee shall be liable for any action or determination with respect to the Plan, and the members shall be entitled to indemnification and reimbursement in the manner provided in the Company's Articles of Incorporation and its bylaws, as amended. In the performance of its functions under the Plan, the Committee shall be entitled to rely upon information and advice furnished by the Company's officers, accountants, counsel and any other party the Committee deems necessary, and no member of the Committee shall be liable for any action taken or not taken in reliance upon any such advice.

5. PARTICIPATION

The Committee may from time to time grant Awards under the Plan to any Eligible Person. The Committee may impose such terms and conditions on any such Award as the Committee may find advisable.

6. AVAILABLE SHARES OF COMMON STOCK

a) Subject to any adjustment pursuant to Section 6(c), grants of Awards are subject to the following limitations:

(i) the aggregate number of Shares as to which Awards may be granted shall not exceed 6,900,000.

(ii) In addition, awards may be granted with respect to the following: any Shares available for grants under the Prior Plan that have not been committed for issuance under grants made under the Prior Plan; any Shares that are represented by grants or portions of grants made under the Plan or the Prior Plan that are forfeited, expire or are canceled without the issuance of Shares; and any Shares that may be tendered, either actually or by attestation, by a person as full or partial payment made to the Company in connection with the exercise of any stock option under the Plan or the Prior Plan.

(iii) The aggregate number of Shares that may be represented by Awards granted to any one individual under Sections 7(b), 7(c), 7(d) and 7(e) of the Plan shall not exceed 1,500,000 over the life of the Plan.

(iv) The aggregate number of Shares that may be used in settlement of Awards pursuant to Section 7(d) of the Plan shall not exceed 30% of total number of Shares available under this Section 6(a).

b) Exclusions and Source of Shares -- Any Shares issued, and any Awards that are granted through the assumption of, or in substitution for, outstanding awards previously granted by an acquired entity shall not be counted against the Shares available for Awards under the Plan. No fractional Shares shall be issued under the Plan. Cash may be paid in lieu of any fractional Shares in settlements of awards under the Plan.

c) Adjustments -- In the event of any stock dividend, stock split, combination or exchange of equity securities, merger, consolidation, recapitalization, spin-off or other distribution (other than normal cash dividends) of Company's assets to stockholders, or any other change affecting Shares or Share price the Committee in its discretion may make such proportionate adjustments as it may deem appropriate to reflect such change with respect to: (i) the limitations on the numbers of Shares that may be issued and represented by Awards as set forth in Section 6(a); (ii) each outstanding Award; and (iii) the exercise price per Share for any outstanding Options, SARs or similar Awards.

7. AWARDS

a) General -- The Committee shall determine the type or types of Award(s), if any, to be made to each Eligible Person. Awards may be granted singly, in combination or in tandem. Awards also may be made in combination or in tandem with, in replacement of, as alternatives to grants or rights under the Plan or any other employee compensation plan of the Company, including the plan of any acquired entity. The types of Awards that may be granted under the Plan are:

b) Stock Options -- An Option shall represent a right to purchase a specified number of Shares during a specified period as determined by the Committee. The purchase price per Share shall be as specified in the Committee resolution granting same, or, in the absence of any specification, shall be the Fair Market Value of one Share. The Committee shall designate each Option as an ISO or as an Option other than an ISO. The Shares covered by an Option may be purchased, in accordance with the applicable Award agreement , by cash payment or any other method permitted by the Committee, which other methods may include (i) tender (either actually or by attestation) of Shares valued at the Fair Market Value at the date of exercise; (ii) authorizing a third party to sell the Shares (or a sufficient portion thereof) acquired upon exercise of a stock option, and assigning for delivery to the Company a sufficient amount of the sale proceeds to pay for all the Shares acquired through such exercise and any tax withholding obligations resulting from such exercise; (iii) delivery of the Participant's promissory note with such recourse, interest, term, security and other provisions as the Committee deems appropriate, or (iv) any combination of the above. Unless some other method of payment is explicitly authorized, either by resolution of the Committee or the terms of the written Option agreement, payment for Shares shall be by delivery of cash to the Company prior to the issuance of such Shares. The Committee may grant Options that provide for the grant of a subsequent restoration Option if the exercise price has been paid for by tendering Shares to the Company. Any restoration Option may cover up to the number of Shares tendered in exercising the predecessor Option, with the Option purchase price set at the then-current Fair Market Value, and the term of such restoration Option may not extend beyond the remaining term of the original option.

c) SARs -- An SAR shall represent a right to receive a payment, in cash, Shares or a combination, equal to the excess of the Fair Market Value of a specified number of Shares on the date the SAR is exercised over the Fair Market Value on the date the SAR was granted as set forth in the applicable Award agreement; except that if an SAR is granted retroactively in tandem with or in a substitution for a stock option, the designated Fair Market Value in the applicable Award agreement may be the Fair Market Value on the date such stock option was granted.

d) Stock Awards -- A stock Award shall represent an Award made in Shares or denominated in units equivalent in value to Shares. All or part of any stock Award may be subject to conditions and restrictions established by the Committee, and set forth in the Award agreement, which may include, but are not

limited to, continuous service with the Company, the achievement of performance goals, or both. The vesting period of any stock Award will be not less than six months. The performance criteria that the Committee may use in granting stock Awards contingent on performance goals for officers to whom Section ss.162(m) of the Code is applicable shall consist of Fair Market Value of Shares, earnings, return on equity, and revenues. The Committee may select one criterion or multiple criteria for measuring performance, and the measurement may be based on absolute Company or business unit performance or based on performance as compared with other companies.

e) Stock Payment -- A Stock Payment shall represent an issuance of Shares as payment for compensation which otherwise would have been delivered in cash (including without limitation any compensation that is intended to qualify as performance-based compensation for purposes of Section 162(m) of the Code). No minimum vesting period need apply to Shares issued as a Stock Payment. Any Shares used for such payment will be valued at their Fair Market Value at the time of payment and shall be subject to such restrictions (including without limitation restrictions on transfer), if any, and other terms and conditions as may be determined by the Committee at the time of payment.

8. DIVIDENDS AND DIVIDEND EQUIVALENTS

The Committee may provide that any Awards may earn dividends or dividend equivalents, which shall not be deemed earned in the absence of explicit provision therefor. Such dividends or dividend equivalents may be paid currently or may be credited to a Participant's account. Any crediting of dividends or dividend equivalents may be subject to such restrictions and conditions as the Committee may establish, including reinvestment in additional Shares or share equivalents.

9. PAYMENTS AND PAYMENT DEFERRALS

Payment of Awards may be in the form of cash, Shares, other Awards or combinations thereof as the Committee shall determine, and with such restrictions as it may impose. The Committee also may require or permit Participants to elect to defer the issuance of Shares from Stock Options or Stock Awards or the settlement of Awards in cash under such rules and procedures as it may establish under the Plan. It also may provide that deferred settlements include the payment or crediting of interest on the deferred amounts, or the payment or crediting of dividend equivalents where the deferred amounts are denominated in Share equivalents. In addition, the Committee may stipulate in an Award agreement, either at time of grant or by subsequent amendment, that a payment or portion of a payment of an Award be delayed in the event that Section 162(m) of the Code (or any successor or similar provision of the Code affecting tax deductibility) would operate to disallow a tax deduction by the Company for all or a portion of such payment. The period of any such delay in payment shall be until the payment, or portion thereof, is tax deductible, or such earlier date as the Committee may determine.

Shares shall not be issued pursuant to an Award unless the issuance and delivery of such Shares pursuant thereto would comply with all applicable laws, and shall be further subject to the approval of counsel for the Company with respect to such compliance. The Company shall have no obligation to cause compliance with any applicable law. In particular, but without limitation, the Company shall have no obligation to register under the Securities Act of 1933 the Shares issuable pursuant to any Award.

As a condition to the issuance of Shares to a Participant, the Company may require the Participant to represent and warrant at the time of any such issuance that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any applicable law.

10. TRANSFERABILITY

Awards under the Plan shall not be transferable or assignable other than by will or the laws of descent and distribution, except that the Committee may provide for the transferability of particular Awards, other than ISOs:

a) by gift or other transfer to (i) any trust or estate in which the original Award recipient or such person's spouse or other immediate relative has a beneficial interest; or (ii) a spouse or other immediate relative, provided, however, that the Participant continues to have substantial beneficial interest in the Shares covered by the Award after such transfer; or

b) pursuant to a qualified domestic relations order.

In the event that a Participant terminates employment with the Company or any Subsidiary to assume a position with a governmental, charitable, educational or similar non-profit institution, the Committee may subsequently authorize a third party, including but not limited to a "blind" trust, to act on behalf of and for the benefit of such Participant regarding any outstanding Award held by the Participant subsequent to such termination of employment. If so permitted by the Committee, a Participant may designate a beneficiary or beneficiaries to exercise the rights of the Participant and receive any distribution under the Plan upon the death of the Participant.

11. CHANGE OF CONTROL

a) In order to maintain the Participants' rights in the event of a Change of Control, the Committee in its sole discretion may, either at the time an Award is made hereunder or at any time prior to, or coincident with or after the time of a Change of Control:

i) provide for the acceleration of any time periods relating to the exercise or realization of such Awards so that such Awards may be exercised or realized in full on or before a date fixed by the Committee;

ii) provide for the purchase of such Awards, upon the Participant's request, for an amount of cash equal to the amount which could have been obtained upon the exercise or realization of such rights had such Awards been currently exercisable or payable;

iii) make such adjustment to the Awards then outstanding as the Committee deems appropriate to reflect such transaction or change; or

iv) cause the Awards then outstanding to be assumed, or new rights substituted therefore, by the surviving corporation in such change.

b) The Committee may, in its discretion, include such further provisions and limitations in any agreement documenting such Awards as it may deem equitable and in the best interests of the Company.

c) A "Change of Control" shall be deemed to occur if and when:

i) any person, including a "person" as such term is used in Section 14(d)(2) of the 1934 Act (a "Person"), is or becomes a beneficial owner (as such term is defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding securities, but excluding any such person who holds such voting power as of the date of adoption of the Plan;

ii) any plan or proposal for the liquidation or dissolution of the Company is adopted by its shareholders;

iii) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then constituting the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

iv) all or substantially all or the assets of the Company are sold, liquidated or distributed; or

v) there occurs a reorganization, merger, consolidation or other corporate transaction involving the Company (a "Transaction"), in each case, with respect to which the shareholders of the Company immediately prior to such Transaction do not, immediately after the Transaction, own more than 50 percent of the combined voting power of the Company or other corporation resulting from such Transaction.

d) Any good faith determination by the Incumbent Board of whether a Change of Control within the meaning of this definition has occurred shall be conclusive.

12. AWARD AGREEMENTS

Awards under the Plan shall be evidenced by agreements that set forth the terms, conditions and limitations for each Award, which may include the term of the Award (except that in no event shall the term of any ISO exceed a period of ten years from the date of its grant), the provisions applicable in the event the Participant's employment terminates, and the Company's authority unilaterally or bilaterally to amend, modify, suspend, cancel or rescind any Award. The Committee need not require the execution of any such Agreement by the Participant, in which case acceptance of the Award by the Participant shall constitute agreement by the Participant to the terms of the Award.

13. PLAN AMENDMENT

The Board may at any time amend, suspend or terminate the Plan as it deems necessary or appropriate to better achieve the purposes of the Plan, except that the Board may not, without the approval of the Company's stockholders, materially increase the number of shares available for issuance in accordance with Section 6 of the Plan.

14. TAX WITHHOLDING

The Company shall have the right to deduct from any settlement of an Award made under the Plan, including the delivery or vesting of Shares, a sufficient amount to cover withholding of any federal, state or local taxes required by law or such greater amount of withholding as the Committee shall determine from time to time, or to take such other action as may be necessary to satisfy any such withholding obligations. If the Committee permits or requires Shares to be used to satisfy required tax withholding, such Shares shall be valued at the Fair Market Value as of the tax recognition date for such Award. No Shares or other property shall be delivered under the Plan to any Participant or other person until such Participant or other person has made arrangements acceptable to the Committee for the satisfaction of any foreign, federal, state, or local income and employment tax withholding obligations, including, without limitation, obligations incident to the receipt of shares or the disqualifying disposition of shares received on exercise of an ISO. Upon exercise of an Option, the Company shall withhold or collect from the Participant an amount sufficient to satisfy such tax obligations.

15. OTHER BENEFIT AND COMPENSATION PROGRAMS

Unless otherwise specifically determined by the Committee, settlements of Awards received by participants under the Plan shall not be deemed a part of a participant's regular, recurring compensation for purposes of calculating payments or benefits from any Company benefit plan or severance program. Further, the Company may adopt other compensation programs, plans or arrangements as it deems appropriate or necessary.

16. UNFUNDED PLAN

Unless otherwise determined by the Board, the Plan shall be unfunded and shall not create (or be construed to create) a trust or a separate fund or funds. The Plan shall not establish any fiduciary relationship between the Company and any participant or other person. To the extent any person holds any rights by virtue of an Award granted under the Plan, such rights shall constitute general unsecured liabilities of the Company and shall not confer upon any Participant any right, title or interest in any assets of the Company.

17. USE OF PROCEEDS

The cash proceeds received by the Company from the issuance of Shares pursuant to the exercise of stock options or the settlement of other Awards under the Plan may be used for general corporate purposes.

18. REGULATORY APPROVALS

The implementation of the Plan, the grant of any Award under the Plan, and the issuance of Shares upon the exercise or settlement of any Award shall be subject to the Company's receiving all approvals and permits required by regulatory authorities having jurisdiction over the Plan, Awards or the Shares issued pursuant to Awards.

19. FUTURE RIGHTS

No person shall have any claim or rights to be granted an Award under the Plan, and no Participant shall have any rights under the Plan to be retained in the employment of the Company. Likewise, participation in the Plan will not in any way affect the Company's right to terminate the employment of the Participant at any time with or without cause. Any discretionary authority held by the Committee or the Board shall not give rise to any duty on the part of such body to exercise such discretion for the benefit of any Participant; and all such discretion may be exercised for the exclusive benefit of the Company.

20. GOVERNING LAW

The validity, construction and effect of the Plan and any actions taken or relating to the Plan shall be determined in accordance with the internal laws of the State of California and applicable federal law.

21. SUCCESSORS AND ASSIGNS

The Plan shall be binding on all successors and assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors. However, no Award or other interest in the Plan may be assigned, pledged or otherwise alienated, except to the extent permitted in accordance with Section 10 of the Plan and the applicable Award agreement.

Exhibit 10.29

AMENDED AND RESTATED SALE AND SERVICING AGREEMENT

among

CPS WAREHOUSE TRUST,
as Purchaser,

CONSUMER PORTFOLIO SERVICES, INC.,
as Seller and Servicer

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Backup Servicer and Trustee

and

WESTLB AG,
as Agent

Dated as of November 30, 2004

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

SCHEDULES

EXHIBITS

ANNEXES

AMENDED AND RESTATED SALE AND SERVICING AGREEMENT (this "AGREEMENT") dated as of November 30_, 2004, among CPS WAREHOUSE TRUST, a Delaware statutory trust (the "PURCHASER"), CONSUMER PORTFOLIO SERVICES, INC., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER," respectively), WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as successor-by-merger to Wells Fargo Bank Minnesota, National Association, as successor-in-interest to Bank One Trust Company, N.A. (in its capacity as Backup Servicer, the "BACKUP SERVICER" and as Trustee, the "TRUSTEE," respectively) and WESTLB AG (f/k/a/ Westdeutsche Landesbank Girozentrale) (the "AGENT").

WHEREAS, the Purchaser, the Servicer, the Seller, Systems & Services Technologies, Inc., the Backup Servicer and Trustee entered into that Sale and Servicing Agreement dated as of March 7, 2002 (as amended as of April 18, 2002, July 25, 2002, October 31, 2002, December 10, 2002, March 6, 2003, July 18, 2003, March 3, 2004 and April 2, 2004, the "ORIGINAL SALE AND SERVICING AGREEMENT"), pursuant to which the Purchaser purchased, from time to time, receivables arising in connection with motor vehicle retail installment sale contracts acquired by Consumer Portfolio Services, Inc., from motor vehicle dealers and independent finance companies;

WHEREAS, the Purchaser, the Servicer, the Seller, the Backup Servicer, the Trustee and the Agent desire to amend and restate the Original Sale and Servicing Agreement to reflect the amendments thereto and to make such other changes reflected herein regarding the terms upon which such parties have agreed to continue to act in their respective capacities;

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

ARTICLE I

DEFINITIONS

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

SECTION 1.2. OTHER DEFINITIONAL PROVISIONS.

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

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

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

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

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

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

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

SECTION 1.4. MATERIAL ADVERSE EFFECTSECTION 1.5.. Whenever a determination is to be made under this Agreement as to whether a given event, action, course of conduct or set of facts or circumstances could or would have a material adverse effect on the Purchaser or the Noteholder (or any such similar or analogous determination), such determination shall be made without taking into account the insurance provided by the Note Policy. Whenever a determination is to be made under this Agreement whether a breach of a representation, warranty or covenant has or could have a material adverse effect on a Receivable or the interest therein of the Purchaser, the Noteholder or the Insurer (or any similar or analogous determination), such determination shall be made by the Controlling Party in its sole discretion.

ARTICLE II

CONVEYANCE OF RECEIVABLES

SECTION 2.1. CONVEYANCE OF RECEIVABLES. In consideration of the Purchaser's delivery to or upon the order of the Seller on any Funding Date of the Purchase Price therefor, the Seller does hereby sell, transfer, assign, set over and otherwise convey to the Purchaser, without recourse (subject to the obligations set forth herein) all right, title and interest of the Seller, whether now existing or hereafter arising, in, to and under:

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

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

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

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

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

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

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

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

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

(x) each TFC Assignment; and

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

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

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

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

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

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

(v) the Servicer shall have established a Lockbox Account acceptable to the Controlling Party;

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

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

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

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

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

(xi) as a result of the transfer of the Related Receivables to be sold on such Funding Date to the Purchaser, the then current rating of the Note (without giving consideration to the Note Policy) by each Rating Agency will not be withdrawn or downgraded PROVIDED, HOWEVER that the Seller shall not be required to obtain written confirmation from the Rating Agencies that such purchase will not result in a reduction or withdrawal of the then current Rating of the Note;

(xii) the Controlling Party, in its reasonable discretion shall not have disapproved the transfer of the Related Receivables to be sold on such Funding Date to the Purchaser and the Controlling Party shall have been reimbursed by the Seller for any fees and expenses incurred by the Controlling Party in connection with the granting of such approval;

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

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

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

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

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

(xviii) on or prior to such Funding Date, the Purchaser will purchase an interest rate cap with a strike rate equal to the Required Cap Rate in order to hedge against interest rate fluctuations such that the aggregate principal amount of all such interest rate caps (together with the notional amount of other Hedge Agreements) is equal to the then Invested Amount after taking into account the Advance to occur on such Funding Date. All costs associated with the entering into such Hedge Agreements will be paid for by the Purchaser. Each Hedge Agreement will conform to the standard rating agency rating criteria for hedge agreements related to securities whose ratings are "swap dependent." Each Hedge Counterparty shall have a short term debt rating of at least "A-1" and "P-1" by S&P and Moody's, respectively; and

(xix) on or prior to the Funding Date that is scheduled to occur on March 15, 2002, the Seller and the Purchaser shall deliver to the Insurer, the Agent, the Owner Trustee and the Trustee any item specified as a condition precedent or a condition to closing that has not been previously delivered.

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

(c) PAYMENT OF PURCHASE PRICE. In consideration for the sale of the Related Receivables and Other Conveyed Property described in SECTION 2.1(a) or the related Assignment, the Purchaser shall, on each Funding Date on which Related Receivables are transferred hereunder, pay to or upon the order of the Seller the applicable Purchase Price in the following manner: (i) cash in an amount equal to the amount of the Advance received by the Purchaser under the Note on such Funding Date and (ii) to the extent the Purchase Price for the related Receivables and Other Conveyed Property exceeds the amount of cash described in (i), such excess shall be treated as a capital contribution by the Seller to the Purchaser. On any Funding Date on which funds are on deposit in the Principal Funding Account, the Purchaser may direct the Trustee to withdraw therefrom an amount equal to the lesser of (i) the Purchase Price to be paid to the Seller for Related Receivables and Other Conveyed Property to be conveyed to the Purchaser and pledged to the Trustee on such Funding Date (or a portion thereof) and (ii) the amount on deposit in the Principal Funding Account, and, subject to the satisfaction of the conditions set forth in SECTION 2.1(b) after giving effect to such withdrawal, pay such amount to or upon the order of the Seller in consideration for the sale of the Related Receivables and Other Conveyed Property on such Funding Date.

SECTION 2.2. TRANSFERS INTENDED AS SALES. It is the intention of the Seller that each transfer and assignment contemplated by this Agreement and each Assignment shall constitute a sale of the Related Receivables and Other Conveyed Property from the Seller to the Purchaser free and clear of all liens and rights of others and it is intended that the beneficial interest in and title to the Related Receivables and Other Conveyed Property shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. In the event that, notwithstanding the intent of the Seller, the transfer and assignment contemplated hereby or by any Assignment is held not to be a sale, this Agreement and each Assignment shall constitute a grant of a security interest in the property referred to in SECTION 2.1 and each Assignment to the Purchaser which security interest has been assigned to the Trustee, acting on behalf of the Noteholder and the Insurer.

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

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

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

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

ARTICLE III

THE RECEIVABLES

SECTION 3.1. REPRESENTATIONS AND WARRANTIES OF SELLER. The Seller makes the following representations and warranties as to the Related Receivables to the Insurer, the Purchaser and to the Trustee for the benefit of the Noteholder on which the Purchaser relies in acquiring the Receivables, on which the Insurer relies in issuing the Note Policy and on which the Noteholder has relied in purchasing the Note and will rely in paying the Advance Amount to the Purchaser. Such representations and warranties speak as of the Closing Date and as of each Funding Date; PROVIDED that to the extent such representations and warranties relate to the Related Receivables conveyed on any Funding Date, such representations and warranties shall speak as of the related Funding Date, but shall survive the sale, transfer and assignment of the Related Receivables to the Purchaser and the pledge thereof by the Purchaser hereunder to the Trustee pursuant to the Indenture.

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

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

(A) each Related Receivable (other than the TFC Receivables) has (1) an original term of 24 to 72 months; (2) an original Amount Financed of at least $3,000 and not more than $35,000; and (3) had an APR of at least 10% and not more than 27% (subject to applicable laws);

(B) each Related Receivable is not more than 30 days past due with respect to more than 10% of any Scheduled Receivable Payment as of the related Cutoff Date and is not due from a Delinquent Obligor;

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

(D) each Related Receivable satisfies in all material respects the applicable Seller's Contract Purchase Guidelines in effect on the Closing Date or as otherwise amended from time to time; provided, that such amendments do not have a material adverse effect on the Noteholder or the Insurer;

(E) the Seller's credit rating with respect to each related Obligor for a Related Receivable that is a CPS Receivable shall be no greater than 52; and

(F) no Financed Vehicle financed under a Related Receivable that is a CPS Receivable is on the Seller's vehicle exclusion list, as the same may be amended from time to time.

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

(iv) COMPLIANCE WITH LAW. Each Related Receivable, the sale of the Financed Vehicle and the sale of any physical damage, credit life and credit accident and health insurance and any extended warranties or service contracts complied at the time the Related Receivable was originated or made and at the execution of the applicable Assignment complies in all material respects with all requirements of applicable Federal, State, and local laws, and regulations thereunder including, without limitation, usury laws, the Federal Truth-in-Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Federal Trade Commission Act, the Magnuson-Moss Warranty Act, the Federal Reserve Board's Regulations B and Z, the Soldiers' and Sailors' Civil Relief Act of 1940, the Texas Consumer Credit Code, the California Automobile Sales Finance Act and State adaptations of the National Consumer Act and of the Uniform Consumer Credit Code, and other consumer credit laws and equal credit opportunity and disclosure laws.

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

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

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

(viii) NO WAIVER. Except as permitted under SECTION 4.2 and CLAUSE (IX) below, no provision of a Related Receivable has been waived, altered or modified in any respect since its origination.

(ix) NO AMENDMENTS. Except as permitted under SECTION 4.2, no Related Receivable has been amended.

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

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

(xii) NO DEFAULT; REPOSSESSION. Except for payment delinquencies continuing for a period of not more than 30 days as of the related Cutoff Date, no default, breach, violation or event permitting acceleration under the terms of any Related Receivable has occurred; and no continuing condition that with notice or the lapse of time would constitute a default, breach, violation or event permitting acceleration under the terms of any Related Receivable has arisen; and neither the Seller nor TFC shall waive or has waived any of the foregoing (except in a manner consistent with SECTION 4.2); and no Financed Vehicle financed under a Related Receivable shall have been repossessed.

(xiii) INSURANCE; OTHER. (A) Each Obligor under the Related Receivables has obtained an insurance policy covering the Financed Vehicle as of the execution of the Receivable insuring against loss and damage due to fire, theft, transportation, collision and other risks generally covered by comprehensive and collision coverage and either the Seller or TFC, as applicable, and its successors and assigns are named the loss payee or an additional insured of such insurance policy, and each Related Receivable requires the Obligor to obtain and maintain such insurance naming the Seller or TFC, as applicable, and its successors and assigns as loss payee or an additional insured, (B) each Related Receivable that finances the cost of premiums for credit life and credit accident and health insurance is covered by an insurance policy or certificate of insurance naming the Seller or TFC, as applicable, as policyholder (creditor) under each such insurance policy and certificate of insurance and (C) as to each Related Receivable that finances the cost of an extended service contract, the respective Financed Vehicle which secures the Related Receivable is covered by an extended service contract.

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

(xv) LAWFUL ASSIGNMENT. No Related Receivable has been originated in, or is subject to the laws of, any jurisdiction under which the sale, transfer, and assignment of such Related Receivable under this Agreement or pursuant to transfers of the Note shall be unlawful, void, or voidable. Neither the Seller nor TFC has entered into any agreement with any account debtor that prohibits, restricts or conditions the assignment of any portion of the Related Receivables.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xxx) PERFECTION OF SECURITY INTEREST IN TRUST ESTATE. The Seller has caused the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Trust Estate granted to the Purchaser for the benefit of the Noteholder and the Insurer hereunder pursuant to SECTION 2.1 and the related Assignment.

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

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

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

(xxxiv) ADDITIONAL CHARACTERISTICS OF THE TFC RECEIVABLES. Each Related Receivable that is a TFC Receivable has (1) an original term of 9 to 60 months; (2) an original Amount Financed of at least $1,000 and not more than $25,000; and (3) had an APR of at least 9.90% an not more than 30% (subject to applicable laws). Each Obligor under a TFC Receivable (A) was signed up for allotment at the time of origination of such TFC Receivable and (B) is currently enlisted in a branch of the U.S. military.

SECTION 3.2. REPURCHASE UPON BREACH. The Seller, the Servicer, the Insurer or the Trustee, as the case may be, shall inform the other parties to this Agreement promptly, in writing, upon the discovery of any breach of the Seller's representations and warranties made pursuant to SECTION 3.1 (without regard to any limitations therein as to the Seller's knowledge). Unless the breach shall have been cured by the last day of the next Accrual Period following the discovery thereof by the Trustee or the Insurer or receipt by the Trustee and the Insurer of notice from the Seller or the Servicer of such breach, the Seller shall repurchase any Receivable if the value of such Receivable is materially and adversely affected by the breach as of the last day of such next Accrual Period (or, at the Seller's option, the last day of the first Accrual Period following the discovery). In consideration of the purchase of any Receivable, the Seller shall remit the Purchase Amount, in the manner specified in SECTION 5.6. The sole remedy of the Purchaser, the Trustee, the Noteholder or the Insurer with respect to a breach of representations and warranties pursuant to SECTION 3.1 shall be to enforce the Seller's obligation to purchase such Receivables; PROVIDED, HOWEVER, that the Seller shall indemnify the Trustee, the Backup Servicer, the Insurer, the Purchaser, the Agent and the Noteholder against all costs, expenses, losses, damages, claims and liabilities, including reasonable fees and expenses of counsel, which may be asserted against or incurred by any of them as a result of third party claims arising out of the events or facts giving rise to such breach. Upon receipt of the Purchase Amount in respect of any Defective Receivables and written instructions from the Servicer, the Trustee shall release to the Seller or its designee the related Receivables File and shall execute and deliver all reasonable instruments of transfer or assignment, without recourse, as are prepared by the Seller and delivered to the Trustee and necessary to vest in the Seller or such designee title to such Defective Receivables including a Trustee's Certificate in the form of EXHIBIT E.

SECTION 3.3. CUSTODY OF RECEIVABLES FILES.

(a) In connection with each sale, transfer and assignment of Receivables and related Other Conveyed Property to the Purchaser pursuant to this Agreement and each Assignment, and each pledge thereof by the Purchaser to the Trustee pursuant to the Indenture, the Trustee shall act as custodian of the following documents or instruments in its possession which shall be delivered to the Trustee on or before the Closing Date or the related Funding Date in accordance with SECTION 3.4 (with respect to each Receivable) (excluding the Funding Date that is to occur on March 15, 2002):

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

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

(b) Upon payment in full of any Receivable, the Servicer will notify the Trustee pursuant to a certificate of an officer of the Servicer in the form of EXHIBIT C (which certificate shall include a statement to the effect that all amounts received in connection with such payments which are required to be deposited in the Collection Account pursuant to SECTION 4.2 have been so deposited) and shall request delivery of the Receivable and Receivable File to the Servicer.

SECTION 3.4. ACCEPTANCE OF RECEIVABLE FILES BY TRUSTEE. In connection with any Funding Date (excluding the first Funding Date that is to occur on March 15, 2002), the Seller shall cause to be delivered to the Trustee the Receivable Files for the Related Receivables to be purchased not less than four Business Days prior to the related Funding Date. The Trustee shall within two Business Days after receipt of such files, execute and deliver to the Insurer and the Agent, a Trust Receipt for the Receivable Files received by the Trustee. By its delivery of a Trust Receipt, the Trustee shall be deemed to have (a) acknowledged receipt of the files (or the Receivables) which the Seller has represented are and contain the Receivable Files for the Related Receivables purchased by the Purchaser on the related Funding Date, (b) reviewed such files or Receivables and (c) determined that it has received a file (or a Receivable) for each Related Receivable identified in SCHEDULE A to the related Assignment. The Trustee declares that it will hold and will continue to hold such files and any amendments, replacements or supplements thereto and all Other Conveyed Property as Trustee, custodian, agent and bailee in trust for the use and benefit of each present and future Noteholder and the Insurer. The Trustee agrees to review each file delivered to it no later than (x) 20 days if less than 7,500 files and (y) 30 days if greater than 7,500 files after the related Funding Date to determine whether such Receivable Files contain the documents referred to in SECTION 3.3(a). If the Trustee has found or finds that a file for a Receivable has not been received, or that a file is unrelated to the Receivables identified in SCHEDULE A to the related Assignment or that any of the documents referred to in SECTION 3.3(a)(i) or (ii) are not contained in a Receivable File, the Trustee shall inform the Purchaser, the Seller, the Agent and the Insurer promptly, in writing, of the failure to receive a file with respect to such Receivable (or the failure of any of the aforementioned documents to be included in the Receivable File) or shall return to the Purchaser, as the Seller's designee any file unrelated to a Receivable identified in SCHEDULE A to the related Assignment (it being understood that the Trustee's obligation to review the contents of any Receivable File shall be limited as set forth in the preceding sentence). Unless such defect with respect to such Receivable File shall have been cured by the last day of the next Accrual Period following discovery thereof by the Trustee, the Controlling Party shall cause the Seller to repurchase any such Receivable as of such last day. In consideration of the purchase of the Receivable, the Seller shall remit the Purchase Amount for such Receivable, in the manner specified in SECTION 5.6. The sole remedy of the Trustee, the Purchaser, the Noteholder and the Insurer with respect to a breach pursuant to this SECTION 3.4 shall be to require the Seller to purchase the applicable Receivables pursuant to this SECTION 3.4; PROVIDED, HOWEVER, that the Seller shall indemnify the Trustee, the Backup Servicer, the Insurer, the Purchaser, the Agent and the Noteholder against all costs, expenses, losses, damages, claims and liabilities, including reasonable fees and expenses of counsel, which may be asserted against or incurred by any of them as a result of third party claims arising out of the events or facts giving rise to such breach. Upon receipt of the Purchase Amount for a Receivable and written instructions from the Servicer, the Trustee shall release to the Seller or its designee the related Receivable File and shall execute and deliver all reasonable instruments of transfer or assignment, without recourse, as are prepared by the Seller and delivered to the Trustee and are necessary to vest in the Seller or such designee title to the Receivable including a Trustee's Certificate in the form of EXHIBIT E. The Trustee shall make a list of Receivables for which an application for a certificate of title but not an

original certificate of title or, with respect to Receivables that finance a vehicle in the States listed in Annex B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, is included in the Receivable File as of the date of its review of the Receivable Files and deliver a copy of such list to the Servicer, the Agent and the Insurer. On the date which is 180 days following the related Funding Date, and monthly thereafter, the Trustee shall inform the Seller and the other parties to this Agreement and the Insurer of any Receivable for which the related Receivable File on such date does not include an original certificate of title or, with respect to Financed Vehicles in the States listed in Annex B, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, and the Seller shall repurchase any such Receivable as of the last Business Day of the Accrual Period in which the expiration of such 180 days occurs. In consideration of the purchase of the Receivable, the Seller shall remit the Purchase Amount for such Receivable, in the manner specified in SECTION 5.6.

SECTION 3.5. ACCESS TO RECEIVABLE FILES. The Trustee shall permit the Servicer and the Controlling Party access to the Receivable Files at all reasonable times during the Trustee's normal business hours. The Trustee shall, within two Business Days of the request of the Servicer or the Controlling Party, execute such documents and instruments as are prepared by the Servicer or the Controlling Party and delivered to the Trustee, as the Servicer or the Controlling Party deems necessary to permit the Servicer, in accordance with its customary servicing procedures, to enforce the Receivable on behalf of the Purchaser and any related insurance policies covering the Obligor, the Receivable or Financed Vehicle so long as such execution in the Trustee's sole discretion does not conflict with this Agreement or the Indenture and will not cause it undue risk or liability. The Trustee shall not be obligated to release any document from any Receivable File unless it receives a trust receipt signed by a Servicing Officer in the form of EXHIBIT C hereto (the "SERVICER RECEIPT"). Such Servicer Receipt shall obligate the Servicer to return such document(s) to the Trustee when the need therefor no longer exists unless the Receivable shall be liquidated, in which case, upon receipt of a certificate of a Servicing Officer substantially in the form of EXHIBIT C hereto to the effect that all amounts required to be deposited in the Collection Account with respect to such Receivable have been so deposited, the Servicer Receipt shall be released by the Trustee to the Servicer.

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

SECTION 3.7. TRUSTEE TO MAINTAIN SECURE FACILITIES. The Trustee shall maintain or cause to be maintained continuous custody of the Receivables Files in secure and fire resistant facilities in accordance with customary standards for such custody.

ARTICLE IV

ADMINISTRATION AND SERVICING OF RECEIVABLES

SECTION 4.1. DUTIES OF THE SERVICER. The Servicer, as agent for the Purchaser, the Noteholder and the Insurer (to the extent provided herein) shall manage, service, administer and make collections on the Receivables with reasonable care, using that degree of skill and attention customary and usual for institutions which service motor vehicle retail installment sale contracts similar to the Receivables and, to the extent more exacting, that the Servicer exercises with respect to all comparable automotive receivables that it services for itself or others. In performing such duties, the Servicer shall comply with its current servicing policies and procedures, as such servicing policies and procedures may be amended from time to time, so long as such amendments will not materially adversely affect the interests of the Noteholder or the Insurer, and notice of such amendments is given to the Insurer prior to the effectiveness thereof. The Servicer's duties shall include collection and posting of all payments, responding to inquiries of Obligors on such Receivables, investigating delinquencies, sending payment statements to Obligors, reporting tax information to Obligors, accounting for collections, furnishing monthly and annual statements to the Trustee and the Insurer with respect to distributions. Without limiting the generality of the foregoing, and subject to the servicing standards set forth in this Agreement including, without limitation, the restrictions set forth in SECTION 4.6, the Servicer is authorized and empowered by the Purchaser to execute and deliver, on behalf of itself, the Purchaser or the Noteholder, any and all instruments of satisfaction or cancellation, or partial or full release or discharge, and all other comparable instruments, with respect to such Receivables or to the Financed Vehicles securing such Receivables and/or the

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

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

(a) Consistent with the standards, policies and procedures required by this Agreement, the Servicer shall make reasonable efforts to collect all payments called for under the terms and provisions of the Receivables as and when the same shall become due and shall follow such collection procedures as it follows with respect to all comparable automotive receivables that it services for itself or others; PROVIDED, HOWEVER, that promptly after the Closing Date (or the related Funding Date, as applicable) the Servicer shall notify each Obligor to make all payments with respect to the Receivables to the Post-Office Box. The Servicer will provide each Obligor with a monthly statement in order to notify such Obligors to make payments directly to the Post-Office Box. The Servicer shall allocate collections between principal and interest in accordance with the customary servicing procedures it follows with respect to all comparable automotive receivables that it services for itself or others and in accordance with the terms of this Agreement. Except as provided below, the Servicer, for as long as the Seller is the Servicer, may, in accordance with the applicable Seller's Contract Purchase Guidelines grant extensions on a Receivable; provided, however, that the Servicer may not, without the prior written consent of the Controlling Party, grant (x) more than one (1) extension per calendar year with respect to a CPS Receivable or grant an extension with respect to a CPS Receivable for more than one (1) calendar month or grant more than three (3) extensions in the aggregate with respect to a CPS Receivable and (y) more than two (2) extensions per calendar year with respect to a TFC Receivable or grant an extension with respect to a TFC Receivable for more than one (1) calendar month or grant more than four (4) extensions in the aggregate with respect to a TFC Receivable. In no event shall the principal balance of a Receivable be reduced, except in connection with a settlement in the event the Receivable becomes a Defaulted Receivable. If the Servicer is not the Seller or the Backup Servicer, the Servicer may not make any extension on a Receivable without the prior written consent of the Controlling Party. The Servicer may in its discretion waive any prepayment charge, late payment charge or any other similar fees that may be collected in the ordinary course of servicing a Receivable. Notwithstanding anything to the contrary contained herein, the Servicer shall not agree to any alteration of the interest rate on any Receivable or of the amount of any Scheduled Receivable Payment on Receivables, other than to the extent that such alteration is required by applicable law.

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

definition thereof; PROVIDED, HOWEVER, that the Trustee shall give the Servicer prior written notice of any change made at the request of the Controlling Party in the location of the Lockbox Account. The Trustee shall establish and maintain the Post-Office Box at a United States Post Office Branch in the name of the Purchaser for the benefit of the Noteholder and the Insurer.

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

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

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

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

SECTION 4.4. INSURANCE.

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

(b) To the extent applicable, the Servicer shall not take any action which would result in noncoverage under any Receivables Insurance Policy which, but for the actions of the Servicer, would have been covered thereunder. The Servicer, on behalf of the Purchaser, shall take such reasonable action as shall be necessary to permit recovery under each Receivables Insurance Policy. Any amounts collected by the Servicer under any Receivables Insurance Policy shall be deposited in the Collection Account pursuant to SECTION 5.6.

SECTION 4.5. MAINTENANCE OF SECURITY INTERESTS IN VEHICLES.

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

(b) Upon the occurrence of an Insurance Agreement Event of Default, the Insurer may (so long as it is the Controlling Party) instruct the Trustee and the Servicer to take or cause to be taken, or, if the Insurer is not the Controlling Party, upon the occurrence of a Servicer Termination Event, the Trustee, and the Servicer shall take or cause to be taken such action as may, in the opinion of counsel to the Trustee, which opinion shall not be an expense of the Trustee, be necessary to perfect or re-perfect the security interests in the Financed Vehicles securing the Receivables in the name of the Trustee on behalf of the Noteholder and the Insurer by amending the title documents of such Financed Vehicles or by such other reasonable means as may, in the opinion of counsel to the Trustee, which opinion shall not be an expense of the Trustee, be necessary or prudent. The Seller hereby agrees to pay all expenses related to such perfection or re-perfection and to take all action necessary therefor. In addition, prior to the occurrence of an Insurance Agreement Event of Default, the Controlling Party may instruct the Trustee and the Servicer to take or cause to be taken such action as may, in the opinion of counsel to the Controlling Party, be necessary to perfect or re-perfect the security interest in the Financed Vehicles underlying the Receivables in the name of the Trustee on behalf of the Noteholder and the Insurer, including by amending the title documents of such Financed Vehicles or by such other reasonable means as may, in the opinion of counsel to the Controlling Party, be necessary or prudent; PROVIDED, HOWEVER, that if the Controlling Party requests that the title documents be amended prior to the occurrence of an Insurance Agreement Event of Default, the out-of-pocket expenses of the Servicer or the Trustee in connection with such action shall be reimbursed to the Servicer or the Trustee, as applicable, by the Controlling Party.

SECTION 4.6. ADDITIONAL COVENANTS OF SERVICER. The Servicer shall not release the Financed Vehicle securing each Receivable from the security interest granted by such Receivable in whole or in part except in the event of payment in full by the Obligor thereunder or repossession or other liquidation of the Financed Vehicle, nor shall the Servicer impair the rights of the Noteholder in such Receivables, nor shall the Servicer amend or otherwise modify a Receivable, except as permitted in accordance with SECTION 4.2. The Servicer shall obtain and/or maintain all necessary licenses, approvals, authorizations, orders or other actions of any person, corporation or other organization, or of any court, governmental agency or body or official, required in connection with the execution, delivery and performance of this Agreement and the other Basic Documents.

SECTION 4.7. PURCHASE OF RECEIVABLES UPON BREACH OF COVENANT. Upon discovery by any of the Servicer, the Purchaser, the Insurer or the Trustee of a breach of any of the covenants of the Servicer set forth in SECTION 4.2(a), 4.4, 4.5 or 4.6, the party discovering such breach shall give prompt written notice to the others; PROVIDED, HOWEVER, that the failure to give any such notice shall not affect any obligation of the Servicer under this SECTION 4.7. Unless the breach shall have been cured by the last day of the next Accrual Period following such discovery, the Servicer shall purchase any Receivable materially and adversely affected by such breach. In consideration of the purchase of such Receivable, the Servicer shall remit the Purchase Amount for such Receivable in the manner specified in SECTION 5.6. The sole remedy of the Trustee, the Purchaser, the Insurer or the Noteholder with respect to a breach of SECTION 4.2(A), 4.3, 4.4, 4.5 or 4.6 shall be to require the Servicer to repurchase Receivables pursuant to this SECTION 4.7; PROVIDED, HOWEVER, that the Servicer shall indemnify the Trustee, the Backup Servicer, the Insurer, the Purchaser, the Agent and the Noteholder against all costs, expenses, losses, damages, claims and liabilities, including reasonable fees and expenses of counsel, which may be asserted against or incurred by any of them as a result of third party claims arising out of the events or facts giving rise to such breach.

SECTION 4.8. SERVICING FEE. The "SERVICING FEE" for each Settlement Date shall be equal to the product of one twelfth times the Servicing Fee Percentage times the Aggregate Principal Balance of the Eligible Receivables as of the first day of the related Accrual Period. The Servicing Fee shall also include all late fees, prepayment charges including, in the case of a Rule of 78's Receivable that is prepaid in full, to the extent not required by law to be remitted to the related Obligor, the difference between the Principal Balance of such Rule of 78's Receivable (plus accrued interest to the date of prepayment) and the principal balance of such Receivable computed according to the "Rule of 78's", and other administrative fees or similar charges allowed by applicable law with respect to Receivables, collected (from whatever source) on the Receivables. On each Settlement Date occurring after the date, if any, on which CPS is terminated as Servicer pursuant to Section 10.2, the Servicing Fee payable to the Backup Servicer or any other Person acting in the capacity of a successor Servicer shall be calculated in accordance with the Fee Schedule.

SECTION 4.9. SERVICER'S CERTIFICATE. No later than 9:00 am. Minneapolis time on each Determination Date, the Servicer shall deliver (facsimile delivery being acceptable) to the Trustee, the Insurer, the Rating Agencies, the Agent and the Purchaser, a Servicer's Certificate containing among other things, (i) all information necessary to enable the Trustee to make any withdrawal and deposit required by SECTION 5.5 and to make the distributions required by SECTION 5.7, (ii) the total number of Receivable Files held (in whole or in part) by the Servicer rather than the Trustee at the end of the applicable Accrual Period, (iii) all information necessary for the Trustee to send statements to the Noteholder and the Insurer pursuant to SECTION 5.8(B) and 5.9, (iv) a listing of all Purchased Receivables purchased as of the related Accounting Date, identifying the Receivables so purchased, (v) the calculation of the CPS Borrowing Base and the TFC Borrowing Base and (vi) all information necessary to enable the Backup Servicer to verify the information specified in SECTION 4.14(B) and to complete the accounting required by SECTION 5.9, including, to the extent necessary, a breakdown of the information relating to the CPS Receivables and the TFC Receivables. Receivables purchased by the Servicer or by the Seller from the Purchaser in accordance with this Agreement by the related Accounting Date and each Receivable which became a Liquidated Receivable or which was paid in full during the related Accrual Period shall be

identified by account number (as set forth in the Schedule of Receivables). In addition to the information set forth in the preceding sentence, the Servicer's Certificate shall also state whether to the knowledge of the Servicer, an Insurance Agreement Event of Default, an Insurance Agreement Indenture Cross Default, a Servicer Termination Event, a Funding Termination Event or a TFC Funding Termination Event has occurred.

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

(a) The Servicer shall deliver to the Purchaser, to the Trustee for delivery to the Agent and the Noteholder, the Backup Servicer, the Insurer, and each Rating Agency, on or before February 28 of each year beginning February 28, 2003, an Officer's Certificate, dated as of December 31 of the preceding year, stating that (i) a review of the activities of the Servicer during the preceding 12-month period (or, in the case of the first such certificate, the period from the initial Cutoff Date to December 31, 2002) and of its performance under this Agreement has been made under such officer's supervision and (ii) to the best of such officer's knowledge, based on such review, the Servicer has fulfilled all its obligations under this Agreement throughout such year (or, in the case of the first such certificate, such shorter period), or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof.

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

SECTION 4.11. INDEPENDENT ACCOUNTANTS' REPORTS.

(a) Unless the Backup Servicer is the Servicer, the Servicer shall cause a firm of nationally recognized independent certified public accountants (the "INDEPENDENT ACCOUNTANTS"), who may also render other services to the Servicer or to the Purchaser, to deliver to the Trustee, the Backup Servicer, the Insurer, the Agent, the Noteholder and each Rating Agency, on or before March 31 of each year beginning March 31, 2003, a report dated as of December 31 of the preceding year (the "ACCOUNTANTS' REPORT") and reviewing the Servicer's activities during the preceding 12-month period (or, in the case of the first such report, the period from the Cutoff Date with respect to Receivables transferred to the Purchaser on the initial Funding Date to December 31, 2002), addressed to the Board of Directors of the Servicer, to the Trustee, the Backup Servicer and to the Insurer, to the effect that such firm has examined the financial statements of the Servicer and issued its report therefor and that such examination (1) was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as such firm considered necessary in the circumstances; (2) included tests relating to auto loans serviced for others in accordance with the requirements of the Uniform Single Attestation Program for Mortgage Bankers (the "PROGRAM"), to the extent the procedures in the Program are applicable to the servicing obligations set forth in this Agreement; (3) included an examination of the delinquency and loss statistics relating to the Servicer's portfolio of automobile and light truck installment sale contracts; and (4) except as described in the report, disclosed no exceptions or errors in the records relating to automobile and light truck loans serviced for others that, in the firm's opinion, paragraph four of the Program requires such firm to report. The accountant's report shall further state that (1) a review in accordance with agreed upon procedures was made of three randomly selected Servicer Certificates; (2) except as disclosed in the report, no exceptions or errors in the Servicer Certificates were found; and (3) the delinquency and loss information relating to the Receivables and the stated amount of Liquidated Receivables, if any, contained in the Servicer Certificates were found to be accurate. In the event such firm requires the Trustee and/or the Backup Servicer to agree to the procedures performed by such firm, the Servicer shall direct the Trustee and/or the Backup Servicer, as applicable, in writing to so agree; it being understood and agreed that the Trustee and/or the Backup Servicer will deliver such letter of agreement in conclusive reliance upon the direction of the Servicer, and neither the Trustee nor the Backup Servicer makes any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

The Report will also indicate that the firm is independent of the Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

(b) As soon as practical but not later than 30 days after the Servicer's Certificate for the second Interest Period, a nationally recognized firm of independent public accountants will perform certain agreed upon procedures with respect to the accuracy of the Servicer's Certificates with respect to the first two Interest Periods in relation to the Servicer's records and files and the degree of the Servicer's compliance with respect to deadlines for cash remittances to the Collection Account. If such review indicates a high degree of accuracy in the Servicer's Certificate and a high degree of compliance with respect to the remittance requirements, in each case in the reasonable judgment of the Controlling Party, such firm will perform the same procedures on a quarterly basis with respect to one Servicer's Certificate delivered during the most recently ended quarter. If the review of the Servicer's Certificate for the first two Interest Periods indicate a low degree of accuracy in the reporting or adherence to such remittance requirements, such procedures will continue at a frequency rate determined by the Controlling Party, until such time as a high degree of accuracy has been obtained.

SECTION 4.12. ACCOUNTANTS' REVIEW OF RECEIVABLE FILES. Commencing on June 30, 2002 and on each September 30, December 31, March 31 and June 30, and prior to the Final Scheduled Settlement Date (or such other dates as the Controlling Party may determine in its sole and absolute discretion from time to time by prior written notice to the Seller, the Servicer, the Purchaser, the Agent and the Trustee), the Seller at its own expense shall cause Independent Accountants acceptable to the Controlling Party to conduct a post-funding review of the Seller's compliance with its stated underwriting policies and verify certain characteristics of the Receivables as of each Funding Date. The Independent Accountants shall within ten Business Days complete such physical inspection and limited review and execute and deliver to Seller, the Servicer, the Purchaser, the Trustee, the Insurer and the Agent an Independent Accountant's Report with respect to such review substantially in the form of EXHIBIT E hereto. If such review reveals, in the Controlling Party's reasonable opinion, an unsatisfactory number of exceptions, the Controlling Party, in its sole and absolute discretion, may require a full review of every Receivable File by the Independent Accounts at the expense of the Seller. The Trustee must receive no less than 5 Business Days' prior written notice of any review of the Receivables Files under this SECTION 4.12. The Servicer shall be required to pay any and all costs incurred by the Trustee in connection with any such review.

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

SECTION 4.14. VERIFICATION OF SERVICER'S CERTIFICATE.

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

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

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

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

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

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

SECTION 4.15. RETENTION AND TERMINATION OF SERVICER. As long as the Seller acts as Servicer, the Servicer hereby covenants and agrees to act as such under this Agreement for an initial term commencing on the Closing Date and ending on June 30, 2002, which term may be extended by the Controlling Party for successive quarterly terms ending on each successive September 30, December 31, March 31 and June 30 (or, at the discretion of the Controlling Party exercised pursuant to revocable written standing instructions from time to time to the Servicer and the Trustee, for any specified number of terms greater than one), until such time as the Note have been paid in full, and all amounts due to the Insurer have been paid in full. Each such notice (including each notice pursuant to standing instructions, which shall be deemed delivered at the end of successive terms for so long as such instructions are in effect) (a "SERVICER EXTENSION NOTICE") shall be delivered by the Controlling Party to the Trustee and the Servicer. The Servicer hereby agrees that, upon its receipt of any such Servicer Extension Notice, the Servicer shall become bound, for the duration of the term covered by such Servicer Extension Notice, to continue as the Servicer subject to and in accordance with the other provisions of this Agreement. Until such time as an Insurer Default shall have occurred and be continuing, the Trustee agrees that if as of the fifteenth day prior to the last day of any term of the Servicer, the Trustee shall not have received any Servicer Extension Notice from the Controlling Party, the Trustee shall, within five days thereafter, give written notice of such non-receipt to the Controlling Party. If the Controlling Party does not deliver a Servicer Extension Notice to the Trustee and the Servicer on or prior to the last day of any term of the Servicer, the Person then acting as Servicer shall, unless otherwise agreed to in writing by the Controlling Party, cease to be the Servicer hereunder in accordance with SECTION 10.3.

SECTION 4.16. FIDELITY BOND. The Servicer shall maintain a fidelity bond in such form and amount as is customary for entities acting as custodian of funds and documents in respect of consumer contracts on behalf of institutional investors.

SECTION 4.17. LIEN SEARCHES; OPINIONS AS TO TRANSFERS AND SECURITY INTERESTS. The Servicer shall, on the Closing Date and, thereafter annually on or before each anniversary of the Closing Date, deliver (or cause to be delivered) to the Trustee, the Insurer and the Agent an Opinion of Counsel, in form and substance satisfactory to the Insurer, with respect to (a) the "true sale" nature of the transfers of Receivables and, to the extent applicable, related Other Conveyed Property hereunder and under each related Assignment, (b) the "backup security interest" with respect to the transfers of Receivables and, to the extent applicable, related Other Conveyed Property hereunder and under

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

SECTION 4.18. SUBSERVICING ARRANGEMENTS.The Servicer may arrange for the subservicing of all or any portion of the Receivables by a subservicer; provided, however, that such subservicing arrangement must provide for the servicing of such Receivables in a manner consistent with the servicing arrangements contemplated hereunder; provided, further, that any such subservicing arrangement with a Person that is not an Affiliate of CPS shall require the prior written consent of the Insurer and the Noteholder. Unless the context otherwise requires, references in this Agreement to actions taken or to be taken by the Servicer in servicing the Receivables include actions taken or to be taken by a subservicer on behalf of the Servicer. Notwithstanding the provisions of any subservicing agreement, any of the provisions of this Agreement relating to agreements or arrangements between the Servicer and a subservicer or reference to actions taken through a subservicer or otherwise, the Servicer shall remain obligated and liable to the Purchaser, the Trustee, the Backup Servicer, the Agent, the Insurer and the Noteholders for the servicing and administration of the Receivables in accordance with the provisions of this Agreement without diminution of such obligation or liability by virtue of such subservicing agreements or arrangements or by virtue of indemnification from the subservicer and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Receivables. All actions of each subservicer performed pursuant to a subservicing arrangement shall be performed as an agent of the Servicer with the same force and effect as if performed directly by the Servicer. The subservicer under each subservicing arrangement shall be engaged by the Servicer upon terms consistent with the engagement of the Servicer hereunder. Each subservicer shall be simultaneously terminated in the event that the Servicer is terminated hereunder. In addition, if a subservicing arrangement relates to TFC Receivables, the related subservicer may be terminated by the Insurer upon the occurrence of a TFC Funding Termination Event. The fees paid by the Servicer to the related subservicer under each subservicing arrangement shall not exceed the Servicing Fees paid to the Servicer hereunder.

ARTICLE V

ACCOUNTS; DISTRIBUTIONS; STATEMENTS TO THE NOTEHOLDER

SECTION 5.1. ESTABLISHMENT OF PLEDGED ACCOUNTS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 5.2. [RESERVED]

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

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

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

SECTION 5.5. RESERVE ACCOUNT.

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

(b) In the event that the Servicer's Certificate with respect to any Determination Date shall state that the Available Funds with respect to the related Settlement Date are insufficient to make the payments required to be made on the related Settlement Date pursuant to SECTIONS 5.7(a)(ii) through (VIII) and (X) (such deficiency being a "DEFICIENCY CLAIM AMOUNT"), then on the Deficiency Claim Date, the Trustee shall deliver to the Insurer, and the Servicer, by hand delivery, telex or facsimile transmission, a written notice (a "DEFICIENCY NOTICE") specifying the Deficiency Claim Amount for such Settlement Date. Such Deficiency Notice shall direct the Trustee to remit such Deficiency Claim Amount (to the extent of the funds available on deposit in the Reserve Account) for deposit in the Collection Account on the related Settlement Date and distribution pursuant to SECTIONS 5.7(a)(ii) through (viii) and (x), as applicable.

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

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

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

SECTION 5.6. ADDITIONAL DEPOSITS. The Servicer or the Seller, as the case may be, shall deposit or cause to be deposited in the Collection Account the aggregate Purchase Amount with respect to Purchased Receivables together with any proceeds from any Receivables Insurance Policies received by the Servicer with respect to Financed Vehicles. All such deposits shall be made, in immediately available funds, on the Business Day preceding the related Determination Date. On or before each Draw Date, the Trustee shall remit to the Collection Account any amounts withdrawn from the Reserve Account pursuant to SECTION 5.5.

SECTION 5.7. DISTRIBUTIONS.

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

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

(ii) to the Backup Servicer (so long as the Backup Servicer is not the Servicer) and the Trustee, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(b) and SECTION 5.10(a), in respect of Backup Servicing Fees, Owner Trustee Fees, Custodial Fees and Trustee Fees, the Backup Servicing Fee and all unpaid Backup Servicing Fees from prior Accrual Periods, the Owner Trustee Fee and all unpaid Owner Trustees Fees from prior Accrual Periods, the Custodial Fee and all unpaid Custodial Fees from prior Accrual Periods and the Trustee Fee and all unpaid Trustees Fees from prior Accrual Periods;

(iii) to the Servicer, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(b) and SECTION 5.10(a), in respect of Servicing Fees, the Servicing Fee and all unpaid Servicing Fees from prior Accrual Periods and all reimbursements to which the Servicer is entitled pursuant to SECTION 5.3;

(iv) to the Note Distribution Account, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(B) and SECTION 5.10(a), the Capped Monthly Interest;

(v) to the Insurer, from Available Funds and any amount deposited in the Collection Account pursuant to SECTION 5.5(b), so long as no Insurer Default shall have occurred and be continuing, the Ordinary Insurance Premium;

(vi) to the Insurer, from Available Funds and any amount deposited in the Collection Account pursuant to SECTION 5.5(b), reimbursement for payments made by the Insurer in respect of the Noteholder's Interest Distributable Amount and not previously reimbursed plus accrued interest thereon;

(vii) to the Note Distribution Account, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(b) and SECTION 5.10(a), the Noteholder's Principal Distributable Amount for such Settlement Date;

(viii) to the Note Distribution Account, from Available Funds and any amounts deposited in the Collection Account pursuant to Section 5.5(d), the Additional Principal Payment Amount for such Settlement Date;

(ix) to the Insurer, from Available Funds and any amount deposited in the Collection Account pursuant to SECTION 5.5(b), reimbursement for payments made by the Insurer in respect of the Noteholder's Principal Distributable Amount and not previously reimbursed plus accrued interest thereon;

(x) so long as any amounts are outstanding on the Note, to the Trustee, for deposit in the Reserve Account, from Available Funds, an amount equal to the excess of (A) the Required Reserve Account Amount for such Settlement Date over (B) the amount on deposit in the Reserve Account;

(xi) to the Note Distribution Account, from Available Funds, the Noteholder's Interest Distributable Amount for such Settlement Date, to the extent not previously paid pursuant to SECTION 5.7(a)(i) and SECTION 5.7(a)(v) above;

(xii) to the Insurer, from Available Funds, so long as no Insurer Default shall have occurred and be continuing, the Default Insurance Premium;

(xiii) to the Noteholder and the Insurer, from Available Funds PARI PASSU the Unused Facility Fee for such Settlement Date (with one half of such payable to the Noteholder and one half payable to the Insurer);

(xiv) to the Insurer, from Available Funds any amounts owing to the Insurer under this Agreement and the Insurance Agreement and not paid and if an Insurer Default is continuing, the Insurance Premium (as defined in the Premium Letter), to the extent not previously paid;

(xv) if any Person other than the Backup Servicer becomes the successor Servicer, to such successor Servicer from Available Funds, its servicing fees in excess of the Servicing Fee and, to the extent not previously paid by the predecessor Servicer pursuant to this Agreement, reasonable transition expenses (up to a maximum of $50,000 for all such expenses) incurred in becoming the successor Servicer;

(xvi) to the Note Distribution Account, from Available Funds, any other amounts due to the Noteholder pursuant to the Basic Documents;

(xvii) to the Backup Servicer, from Available Funds, any amounts owing to the Backup Servicer pursuant to the Fee Schedule to the extent not previously paid pursuant to SECTION 5.7(a)(ii); and

(xviii) to the Certificateholders, the remaining Available Funds, if any, and any amounts released from the Reserve Account pursuant to SECTION 5.5(e).

(b) On each Settlement Date, the Trustee shall (based solely on the information contained in the Servicer's Certificate delivered with respect to the related Determination Date, unless the Insurer shall have notified the Trustee in writing of any errors or deficiencies with respect thereto) distribute the Deficiency Claim Amount, if any, from the Reserve Account and the Note Policy Claim Amount, if any, from the Collection Account, and deposit in the Note Distribution Account any excess of the Scheduled Payments (as defined in the Note Policy) due on such Settlement Date over the amount previously deposited in the Note Distribution Account with respect to the related Settlement Date, which amount shall be applied solely to the payment of amounts then due and unpaid on the Note in accordance with the priorities set forth in SECTION 5.8(a).

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

SECTION 5.8. NOTE DISTRIBUTION ACCOUNT.

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

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

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

(iii) to the Noteholder, the Additional Principal Payment Amount, PROVIDED that if there are not sufficient funds in the Note Distribution Account to pay the aggregate outstanding principal amount of the Note, the amount in the Note Distribution Account shall be applied to the payment of such principal pro rata among the Holders of the Note; and

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

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

SECTION 5.9. STATEMENTS TO THE NOTEHOLDER.

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

(i) the amount of such distribution allocable to principal of the Note;

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

(iii) the amount, if any, of such distribution payable out of amounts withdrawn from the Reserve Account or pursuant to a claim on the Note Policy;

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

(v) the aggregate outstanding principal amount of the Note;

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

(vii) the amount of each of the Backup Servicing Fee, the Owner Trustee Fee and the Trustee Fee paid to the Backup Servicer, the Owner Trustee and the Trustee as applicable, with respect to the related Accrual Period, and the amount of any unpaid Backup Servicing Fees, the Owner Trustee Fees and Trustee Fees and the change in such amounts from the prior Settlement Date;

(viii) the Noteholder's Interest Carryover Shortfall and the Noteholder's Principal Carryover Shortfall, if any;

(ix) the number of Receivables and the aggregate gross amount scheduled to be paid thereon, including unearned finance and other charges, for which the related Obligors are delinquent in making Scheduled Receivable Payments for 31 to 60 days as of the last day of the related Accrual Period;

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

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

(xii) the amount of payments, if any, made with respect to the related Settlement Date pursuant to SECTIONS 5.10(a)(i) or (ii), respectively;

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

(xiv) the cumulative amount of Realized Losses from the initial Cutoff Date to the last day of the related Accrual Period.

Each amount set forth pursuant to PARAGRAPHS (i), (ii), (iii), (vi), (vii), (viii) and (xi) above shall be expressed as a dollar amount per $1,000 of the aggregate outstanding principal amount of the Note as of the related Settlement Date.

(b) Within 60 days after the end of each calendar year, commencing February 28, 2003 the Servicer shall deliver to the Trustee, and the Trustee shall, provided it has received the necessary information from the Servicer, promptly thereafter furnish to each Person who at any time during the preceding calendar year was a Noteholder of record and received any payment thereon (a) a report (prepared by the Servicer) as to the aggregate of the amounts reported pursuant to subclauses (i), (ii), (vi) and (vii) of SECTION 5.9(a) for such preceding calendar year or applicable portion thereof during which such person was the Noteholder, and (b) such information as may be reasonably requested by the Noteholder or required by the Code and regulations thereunder, to enable the Holder to prepare its Federal and State income tax returns. The obligation of the Trustee set forth in this paragraph shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Servicer to the Noteholder pursuant to any requirements of the Code.

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

SECTION 5.10. OPTIONAL DEPOSITS BY THE INSURER; NOTICE OF WAIVERS.

(a) The Insurer shall at any time have the option (but shall not be required, except as provided in SECTION 6.1) to deliver amounts to the Trustee for deposit into the Collection Account for any of the following purposes: (i) to provide funds in respect of the payment of fees or expenses of any provider of services to the Purchaser with respect to such Settlement Date, or (ii) to the extent that without such amount a draw would be required to be made on the Note Policy.

(b) If the Insurer hereby waives the satisfaction of any of the events that might trigger an Insurance Agreement Event of Default, and so notifies the Trustee in writing pursuant to SECTION 5.2(d) of the Insurance Agreement, the Trustee shall notify Moody's, S&P and the Noteholder of such waiver.

SECTION 5.11. DIVIDEND OF INELIGIBLE RECEIVABLES. With the prior written consent of the Controlling Party, the Issuer may, on the last day of the month in which any Receivables are sold into a term securitization transaction or on the last day of each calendar quarter during the term of this Agreement, distribute any Ineligible Receivables to the Certificateholder (as such term is defined in the Trust Agreement) as a dividend.

ARTICLE VI

THE NOTE POLICY CLAIMS UNDER NOTE POLICY.

(a) In the event that the Trustee has delivered a Deficiency Notice with respect to any Determination Date pursuant to SECTION 5.5 hereof, the Trustee shall on the related Draw Date determine whether the application of funds in accordance with SECTION 5.7(a), together with any amounts deposited by the Insurer pursuant to SECTION 5.10 and the application of any Deficiency Claim

Amount pursuant to SECTION 5.5 would result in a shortfall in amounts distributable pursuant to SECTIONS 5.7(a)(iv) on any Settlement Date and 5.7(a)(vii) on any Settlement Date occurring on or after the Final Scheduled Settlement Date (any such shortfall, a "NOTE POLICY CLAIM AMOUNT"). If the Note Policy Claim Amount for such Settlement Date is greater than zero, the Trustee shall furnish to the Insurer no later than 10:00 a.m. New York City time on the related Draw Date a completed Payment Notice (as defined in CLAUSE (b) below) in the amount of the Note Policy Claim Amount. Amounts paid by the Insurer pursuant to a claim submitted under this SECTION 6.1 shall be deposited by the Trustee into the Note Distribution Account for payment to the Noteholder on the related Settlement Date.

(b) Any notice delivered by the Trustee to the Insurer pursuant to SECTION 6.1(a) shall specify the Note Policy Claim Amount claimed under the Note Policy and shall constitute a "PAYMENT NOTICE" (as defined in the Note Policy) under the Note Policy. In accordance with the provisions of the Note Policy, the Insurer is required to pay to the Trustee the Note Policy Claim Amount properly claimed thereunder by 2:00 p.m., New York City time, on the later of (i) the next Business Day (as defined in the Note Policy) following receipt on a Business Day of the Payment Notice, and (ii) the applicable Settlement Date. Any payment made under the Note Policy by the Insurer shall be applied solely to the payment of the Note, and for no other purpose.

(c) The Trustee shall (i) receive as attorney-in-fact of the Noteholder any Note Policy Claim Amount from the Insurer and (ii) deposit the same in the Note Distribution Account for distribution to the Noteholder. Any and all Note Policy Claim Amounts disbursed by the Trustee from claims made under the Note Policy shall not be considered payment by the Purchaser or from the Reserve Account with respect to the Note, and shall not discharge the obligations of the Purchaser with respect thereto. The Insurer shall, to the extent it makes any payment with respect to the Note, become subrogated to the rights of the recipients of such payments to the extent of such payments. Subject to and conditioned upon any payment with respect to the Note by or on behalf of the Insurer, the Trustee and the Noteholder shall assign to the Insurer all rights to the payment of interest or principal with respect to the Note which are then due for payment to the extent of all payments made by the Insurer, and the Insurer may exercise any option, vote, right, power or the like with respect to the Note to the extent that it has made payment pursuant to the Note Policy. To evidence such subrogation, the Note Registrar (as defined in the Indenture) shall note the Insurer's rights as subrogee upon the register of the Noteholder upon receipt from the Insurer of proof of payment by the Insurer of any Noteholder's Interest Distributable Amount or Noteholder's Principal Distributable Amount. The foregoing subrogation shall in all cases be subject to the rights of the Noteholder to receive all Scheduled Payments (as defined in the Note Policy) in respect of the Note.

(d) The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Note Distribution Account and the allocation of such funds to payment of interest on and principal paid in respect of any Note. The Insurer shall have the right to inspect such records at reasonable times upon one Business Day's prior notice to the Trustee.

(e) The Trustee shall be entitled to enforce on behalf of the Noteholder the obligations of the Insurer under the Note Policy. Notwithstanding any other provision of this Agreement or any other Basic Document, the Noteholder is not entitled to make any claims under the Note Policy or institute proceedings directly against the Insurer.

SECTION 6.2. PREFERENCE CLAIMS.

(a) In the event that the Trustee has received a certified copy of an order of the appropriate court that any Scheduled Payment (as defined in the Note Policy) paid on the Note has been avoided in whole or in part as a preference payment under applicable bankruptcy law, the Trustee shall so notify the Insurer, shall comply with the provisions of the Note Policy to obtain payment by the Insurer of such avoided payment, and shall, at the time it provides notice to the Insurer, notify the Noteholder by mail that, in the event that the Noteholder's payment is so recoverable, the Noteholder will be entitled to payment pursuant to the terms of the Note Policy. The Trustee shall furnish to the Insurer its records evidencing the payments of principal of and interest on Note, if any, which have been made by the Trustee and subsequently recovered from the Noteholder, and the dates on which such payments were made. Pursuant to the terms of the Note Policy, the Insurer will make such payment on behalf of the Noteholder to the Trustee on behalf of the applicable "Owner" as defined in the Note Policy.

(b) The Trustee shall promptly notify the Insurer of any proceeding or the institution of any action (of which the Trustee has actual knowledge) seeking the avoidance as a preferential transfer under applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (a "PREFERENCE CLAIM") of any distribution made with respect to the Note. The Holder, by its purchase of the Note, and the Trustee hereby agrees that so long as it is the Controlling Party, the Insurer may at any time during the continuation of any proceeding relating to a Preference Claim direct all matters relating to such Preference Claim including, without limitation, (i) the direction of any appeal of any order relating to any Preference Claim and (ii) the posting of any surety, supersedeas or performance bond pending any such appeal at the expense of the Insurer, but subject to reimbursement as provided in the Insurance Agreement. In addition, and without limitation of the foregoing, as set forth in SECTION 6.1(c), the Insurer shall be subrogated to, and the Noteholder and the Trustee hereby delegate and assign, to the fullest extent permitted by law, the rights of the Trustee and the Noteholder in the conduct of any proceeding with respect to a Preference Claim, including, without limitation, all rights of any party to an adversary proceeding action with respect to any court order issued in connection with any such Preference Claim.

SECTION 6.3. SURRENDER OF NOTE POLICY. The Trustee shall surrender the Note Policy to the Insurer for cancellation upon the expiration of such policy in accordance with the terms thereof.

ARTICLE VII

THE PURCHASER

SECTION 7.1. REPRESENTATIONS OF PURCHASER. The Purchaser makes the following representations on which the Insurer shall be deemed to have relied in executing and delivering the Note Policy and the Noteholder shall be deemed to have relied in purchasing the Note. The representations speak as of the execution and delivery of this Agreement and as of each Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof to the Trustee pursuant to the Indenture.

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

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

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

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

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

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

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

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

(i) CHIEF EXECUTIVE OFFICE. The chief executive office of the Purchaser is at the Corporate Trust Office of the Owner Trustee.

ARTICLE VIII

THE SELLER

SECTION 8.1. REPRESENTATIONS OF SELLER. The Seller makes the following representations on which the Insurer shall be deemed to have relied in executing and delivering the Note Policy and on which the Purchaser is deemed to have relied in acquiring the Receivables and a which the Noteholder are deemed to have relied in purchasing the Note. The representations speak as of the execution and delivery of this Agreement, as of the Closing Date and as of each Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof by the Purchaser to the Trustee pursuant to the Indenture.

(a) ORGANIZATION AND GOOD STANDING. The Seller has been duly organized and is validly existing as a corporation solely under the laws of the State of California and is in good standing under the laws of the State of California, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted,

and had at all relevant times, and now has, power, authority and legal right to acquire, own and sell the Receivables and the Other Conveyed Property transferred to the Purchaser and to perform its other obligations under this Agreement or any other Basic Documents to which it is a party.

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 8.2. ADDITIONAL COVENANTS OF THE SELLER.

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

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

(c) CHANGES TO SELLER'S CONTRACT PURCHASE GUIDELINES. The Seller covenants that it will not make or permit to be made any material changes to the applicable Seller's Contract Purchase Guidelines, or the classification of Obligors within such programs unless (i) the Controlling Party and the Agent expressly consent in writing to such changes and (ii) after giving effect to any such changes, the Rating Agency Condition is satisfied.

SECTION 8.3. LIABILITY OF SELLER; INDEMNITIES. Subject to the limitation of remedies set forth in SECTION 3.2 hereof with respect to a breach of any representations and warranties contained in SECTION 3.1 hereof, the Seller shall indemnify the Purchaser, the Insurer, the Backup Servicer, the

Trustee, the Owner Trustee, the Noteholder, the Agent and their respective officers, directors, agents and employees for any liability as a result of the failure of a Receivable to be originated in compliance with all requirements of law and for any breach of any of its representations, warranties or other agreements contained herein.

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

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

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

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

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

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

SECTION 8.4. MERGER OR CONSOLIDATION OF, OR ASSUMPTION OF THE OBLIGATIONS OF, SELLER. Seller shall not merge or consolidate with any other person, convey, transfer or lease substantially all its assets as an entirety to another Person, or permit any other Person to become the successor to Seller's business unless, after the merger, consolidation, conveyance, transfer, lease or succession, the successor or surviving entity shall be capable of fulfilling the duties of Seller contained in this Agreement. Any corporation (i) into which Seller may be merged or consolidated, (ii) resulting from any merger or

consolidation to which Seller shall be a party, (iii) which acquires by conveyance, transfer, or lease substantially all of the assets of Seller, or (iv) succeeding to the business of Seller, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of Seller under this Agreement and, whether or not such assumption agreement is executed, shall be the successor to Seller under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release Seller from any obligation. Seller shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, the Noteholder, the Insurer and each Rating Agency. Notwithstanding the foregoing, Seller shall not merge or consolidate with any other Person or permit any other Person to become a successor to Seller's business, unless (x) immediately after giving effect to such transaction, no representation or warranty made pursuant to SECTION 8.1 shall have been breached (for purposes hereof, such representations and warranties shall be deemed made as of the date of the consummation of such transaction) and no event that, after notice or lapse of time, or both, would become an Insurance Agreement Event of Default or an Event of Default shall have occurred and be continuing, (y) Seller shall have delivered to the Trustee, the Rating Agencies, the Agent and the Insurer an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (z) Seller shall have delivered to the Trustee, the Rating Agencies, the Agent and the Controlling Party an Opinion of Counsel, stating in the opinion of such counsel, either (A) all financing statements and continuation statements and amendments thereto have been authorized and filed that are necessary to preserve and protect the interest of the Purchaser and the Trustee, respectively, in the Receivables and the Other Conveyed Property and reciting the details of the filings or (B) no such action shall be necessary to preserve and protect such interest.

SECTION 8.5. LIMITATION ON LIABILITY OF SELLER AND OTHERS. The Seller and any director or officer or employee or agent of the Seller may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person respecting any matters arising under any Basic Document. The Seller shall not be under any obligation to appear in, prosecute or defend any legal action that shall not be incidental to its obligations under this Agreement, and that in its opinion may involve it in any expense or liability.

SECTION 8.6. ADMINISTRATIVE DUTIES.

(a) DUTIES WITH RESPECT TO THE INDENTURE. The Servicer shall perform all its duties and the duties of the Issuer under the Indenture. In addition, the Servicer shall consult with the Owner Trustee as the Servicer deems appropriate regarding the duties of the Issuer under the Indenture. The Servicer shall monitor the performance of the Issuer and shall advise the Owner Trustee when action is necessary to comply with the Issuer's duties under the Indenture. The Servicer shall prepare for execution by the Issuer or shall cause the preparation by other appropriate Persons of all such documents, reports, filings, instruments, certificates and opinions as it shall be the duty of the Issuer to prepare, file or deliver pursuant to the Indenture. In furtherance of the foregoing, the Servicer shall take all necessary action that is the duty of the Issuer to take pursuant to the Indenture.

(b) DUTIES WITH RESPECT TO THE ISSUER.

(i) In addition to the duties of the Servicer set forth in this Agreement or any of the Basic Documents, the Servicer shall perform such calculations and shall prepare for execution by the Issuer or the Owner Trustee or shall cause the preparation by other appropriate Persons of all such documents, reports, filings, instruments, certificates and opinions as it shall be the duty of the Issuer or the Owner Trustee to prepare file or deliver pursuant to this Agreement or any of the Basic Documents or under state and federal tax and securities laws, and at the request of the Owner Trustee shall take all appropriate action that it is the duty of the Issuer to take pursuant to this Agreement or any of the Basic Documents, including, without limitation, pursuant to SECTIONS 2.6 and 2.10 of the Trust Agreement. The Servicer shall administer, perform or supervise the performance of such other activities in connection with the Receivables (including the Basic Documents) as are not covered by any of the foregoing provisions and as are expressly requested by the Issuer or the Owner Trustee and are reasonably within the capability of the Servicer.

(ii) Notwithstanding anything in this Agreement or any of the Basic Documents to the contrary, the Servicer shall be responsible for promptly notifying the Owner Trustee and the Trustee in the event that any withholding tax is imposed on the Issuer's payments (or allocations of income) to the Noteholder as contemplated this Agreement. Any such notice shall be in writing and specify the amount of any withholding tax required to be withheld by the Owner Trustee or the Trustee pursuant to such provision.

(iii) Notwithstanding anything in this Agreement or the Basic Documents to the contrary, the Servicer shall be responsible for performance or the duties of the Issuer or the Seller set forth in SECTION 5.1 of the Trust Agreement with respect to, among other things, accounting and reports to Noteholders and Certificateholders; provided, however, that once prepared by the Servicer, the Owner Trustee shall retain responsibility for the distribution of the Schedule K-1 as necessary to enable the Certificateholders to prepare its federal and state income tax returns.

(iv) The Servicer shall perform the duties of the Servicer specified in SECTION 10.2 of the Trust Agreement required to be performed in connection with the resignation or removal of the Owner Trustee, and any other duties expressly required to be performed by the Servicer under this Agreement or any of the Basic Documents.

(v) In carrying out the foregoing duties or any of its other obligations under this Agreement, the Servicer may enter into transactions with or otherwise deal with any of its Affiliates; provided, however, that the terms of any such transactions or dealings shall be in accordance with any directions received from the Issuer and shall be, in the Servicer's opinion, no less favorable to the Issuer in any material respect.

(c) TAX MATTERS. The Servicer shall prepare and file, on behalf of the Seller, all tax returns, tax elections, financial statements and such annual or other reports of the issuer as are necessary for preparation of tax reports as provided in Article V of the Trust Agreement, including without limitation forms 1099 and 1066. All tax returns will be signed by the Seller.

(d) NON-MINISTERIAL MATTERS. With respect to matters that in the reasonable judgment of the Servicer are non-ministerial, the Servicer shall not take any action pursuant to this Article VIII unless within a reasonable time before the taking of such action, the Servicer shall have notified the Owner Trustee, the Trustee and the Controlling Party of the proposed action and the Owner Trustee and, with respect to items (i), (ii), (iii) and (iv) below, the Trustee or the Controlling Party shall not have withheld consent or provided an alternative direction. For the purpose of the preceding sentence, "non-ministerial matters" shall include:

(i) the amendment of or any supplement to the Indenture;

(ii) the initiation of any claim or lawsuit by the Issuer and the compromise of any action, claim or lawsuit brought by or against the Issuer (other than in connection with the collection of the Receivables);

(iii) the amendment, change or modification of this Agreement or any of the Basic Documents;

(iv) the appointment of successor Note Registrars, successor Paying Agents and successor Trustees pursuant to the Indenture or the appointment of Successor Servicers or the consent to the assignment by the Trustee of its obligations under the Indenture; and

(v) the removal of the Trustee.

(e) EXCEPTIONS. Notwithstanding anything to the contrary in this Agreement except as expressly provided herein or in the other Basic Documents, the Servicer, in its capacity as such hereunder, shall not be obligated to, and shall not, (1) make any payments to the Noteholder or Certificateholders under the Basic Documents, (2) sell the Trust Estate pursuant to SECTION 5.4 of the Indenture, (3) take any other action that the Issuer directs the Servicer not to take on its behalf or (4) in connection with its duties hereunder assume any indemnification obligation of any other Persons.

(f) LIMITATION OF BACKUP SERVICER'S OBLIGATIONS. The Backup Servicer shall not be responsible for any obligations or duties of the Servicer under SECTIONS 8.6, 8.7 or 8.8.

SECTION 8.7. RECORDS. The Servicer shall maintain appropriate books of account and records relating to services performed under this Agreement, which books of account and records shall be accessible for inspection by the Issuer, the Trustee and the Insurer at any time during normal business hours.

SECTION 8.8. ADDITIONAL INFORMATION TO BE FURNISHED TO THE ISSUER. The Servicer shall furnish to the Issuer from time to time such additional information regarding the Receivables as the Issuer shall reasonably request.

ARTICLE IX

THE SERVICER

SECTION 9.1. REPRESENTATIONS OF SERVICER. The Servicer makes the following representations on which the Insurer shall be deemed to have relied in executing and delivering the Note Policy and on which the Purchaser is deemed to have relied in acquiring the Receivables and on which the Noteholder is deemed to have relied in purchasing the Note. The representations speak as of the execution and delivery of this Agreement and as of the Closing Date, in the case of Receivables conveyed by the Closing Date, and as of the applicable Funding Date, in the case of Receivables conveyed by such Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof to the Trustee pursuant to the Indenture.

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

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

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

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

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

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

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

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

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

SECTION 9.2. LIABILITY OF SERVICER; INDEMNITIES.

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

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

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

(iii) The Servicer shall indemnify, defend and hold harmless the Purchaser, the Trustee, the Owner Trustee, the Backup Servicer, the Insurer, the Noteholder, the Agent and their respective officers, directors, agents and employees from and against any and all costs, expenses, losses, claims, damages, and liabilities to the extent that such cost, expense, loss, claim, damage, or liability arose out of, or was imposed upon the Purchaser, the Trustee, the Owner Trustee, the Backup Servicer, the Insurer, the Agent or the Noteholder through the negligence, willful misfeasance or bad faith of the Servicer in the performance of its duties under this Agreement or by reason of reckless disregard of its obligations and duties under this Agreement or as a result of a breach of any representation, warranty or other agreement made by the Servicer in this Agreement (without regard to any exception relating to the Stanwich Case).

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

(v) The Servicer, shall defend, indemnify and hold harmless the Trustee, the Owner Trustee, the Backup Servicer, the Agent, the Insurer and the Noteholder against any and all costs, expenses, losses, damages, claims and liabilities arising out of or resulting from the Seller's involvement in, or the effect on any Receivable as a result of, the Stanwich Case and any other litigation arising out of or based on the same set of facts.

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

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

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

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

(a) The Servicer shall not merge or consolidate with any other Person, convey, transfer or lease all or substantially all of its assets as an entirety to another Person, or permit any other Person to become the successor to the Servicer's business unless, after the merger, consolidation, conveyance, transfer, lease or succession, the successor or surviving entity shall be capable of fulfilling the duties of the Servicer contained in this Agreement. Any corporation (i) into which the Servicer may be merged or consolidated, (ii) resulting from any merger or consolidation to which the Servicer shall be a party, (iii) which acquires by conveyance, transfer, or lease substantially all of the assets of the Servicer, or (iv) succeeding to the business of the Servicer, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of the Servicer under this Agreement and, whether or not such assumption agreement is executed, shall be the successor to the Servicer under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release the Servicer from any obligation. The Servicer shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, the Noteholder, the Agent, the Insurer and each Rating Agency. Notwithstanding the foregoing, the Servicer shall not merge or consolidate with any other Person or permit any other Person to become a successor to the Servicer's business, unless (x) immediately after giving effect to such transaction, no representation or warranty made pursuant to SECTION 9.1 shall have been breached (for purposes hereof, such representations and warranties shall be deemed made as of the date of the consummation of such transaction) and no event that, after notice or lapse of time, or both, would become an Insurance Agreement Event of Default or Event of Default shall have occurred and be continuing, (y) the Servicer shall have delivered to the Trustee, the Rating Agencies, the Noteholder and the Insurer an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (z) the Servicer shall have delivered to the Trustee, the Rating Agencies, the Noteholder and the Insurer an Opinion of Counsel, stating in the opinion of such counsel, either (A) all financing statements and continuation statements and amendments thereto have been executed and filed that are necessary to preserve and protect the interest of the Purchaser and the Trustee, respectively, in the Receivables and the Other Conveyed Property and reciting the details of the filings or (B) no such action shall be necessary to preserve and protect such interest.

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

SECTION 9.4. [RESERVED]

SECTION 9.5. [RESERVED]

SECTION 9.6. SERVICER AND BACKUP SERVICER NOT TO RESIGN. Subject to the provisions of SECTION 9.3, neither the Servicer nor the Backup Servicer shall resign from the obligations and duties imposed on it by this Agreement as Servicer or Backup Servicer except (i) upon a determination that by reason of a change in legal requirements the performance of its duties under this Agreement would cause it to be in violation of such legal requirements in a manner which would have a material adverse effect on the Servicer or the Backup Servicer, as the case may be, and the Controlling Party does not elect to waive the

obligations of the Servicer or the Backup Servicer, as the case may be, to perform the duties which render it legally unable to act or to delegate those duties to another Person or, (ii) in the case of the Backup Servicer, upon the prior written consent of the Controlling Party. Any such determination permitting the resignation of the Servicer or Backup Servicer shall be evidenced by an Opinion of Counsel to such effect delivered and acceptable to the Trustee, the Owner Trustee, the Noteholder, the Agent and the Controlling Party. No resignation of the Servicer shall become effective until the Backup Servicer or an entity acceptable to the Controlling Party shall have assumed the responsibilities and obligations of the Servicer. No resignation of the Backup Servicer shall become effective until an entity acceptable to the Controlling Party shall have assumed the responsibilities and obligations of the Backup Servicer; PROVIDED, HOWEVER, that in the event a successor Backup Servicer is not appointed within 60 days after the Backup Servicer has given notice of its resignation and has provided the Opinion of Counsel required by this SECTION 9.6, the Backup Servicer may petition a court for its removal.

SECTION 9.7. REPORTING REQUIREMENTS. The Servicer shall furnish, or cause to be furnished to the Agent and the Insurer:

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

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

ARTICLE X

DEFAULT

SECTION 10.1. SERVICER TERMINATION EVENTS. For purposes of this Agreement, each of the following shall constitute a "SERVICER TERMINATION EVENT":

(a) Any failure by the Servicer to deliver to the Trustee for distribution to the Noteholder or deposit into any Pledged Account any proceeds or payment required to be so delivered under the terms of this Agreement that continues unremedied for a period of two Business Days (or one Business Day with respect to payment of Purchase Amounts) after written notice is received by the Servicer from the Trustee or the Insurer (unless an Insurer Default shall have occurred and be continuing in which case by the Agent) or after discovery of such failure by a Responsible Officer of the Servicer; or

(b) Failure by the Servicer to deliver to the Trustee, the Agent, and the Insurer (so long as an Insurer Default shall not have occurred and be continuing), the Servicer's Certificate within three Business Days after the date on which such Servicer's Certificate is required to be delivered, or failure on the part of the Servicer to observe its covenants and agreements set forth in SECTION 9.3(a); or

(c) Failure on the part of the Servicer duly to observe or perform any other covenants or agreements of the Servicer set forth in this Agreement, which failure (i) materially and adversely affects the rights of the Noteholder (determined without regard to the availability of funds under the Note Policy), or of the Insurer (unless an Insurer Default shall have occurred and be continuing), and (ii) continues unremedied for a period of 30 days after the earlier of knowledge thereof by the Servicer or after the date on which written

notice of such failure, requiring the same to be remedied, shall have been given (1) to the Servicer by the Trustee or the Controlling Party or (2) to the Servicer, the Trustee and the Controlling Party by the Holders of the Note evidencing not less than 25% of the Invested Amount of the Note; or

(d) The occurrence of an Insolvency Event with respect to the Servicer or the Seller (or, so long as the Seller is Servicer any of the Servicer's Affiliates); PROVIDED, HOWEVER, that none of the events described in this CLAUSE (D) shall constitute a Servicer Termination Event if it relates solely to an Affiliate of the Servicer that is currently the subject of any such proceeding or receivership described above; or

(e) Any representation, warranty or statement of the Servicer made in this Agreement (without regard to any exception relating to the Stanwich Case) or any certificate, report or other writing delivered pursuant hereto shall prove to be incorrect in any material respect as of the time when the same shall have been made (excluding, however, any representation or warranty set forth in this Agreement relating to the characteristics of the Receivables), and the incorrectness of such representation, warranty or statement has a material adverse effect on the Purchasers or the Noteholder and, within 30 days after the earlier of knowledge thereof by the Servicer or after written notice thereof shall have been given (1) to the Servicer by the Trustee or the Controlling Party or (2) to the Servicer, the Trustee and the Controlling Party by the Holders of the Note evidencing not less that 25% of the Invested Amount of the Note the circumstances or condition in respect of which such representation, warranty or statement was incorrect shall not have been eliminated or otherwise cured; or

(f) The Controlling Party shall not have delivered a Servicer Extension Notice pursuant to SECTION 4.15; or

(g) an Event of Default shall have occurred; or

(h) A claim is made under the Note Policy.

SECTION 10.2. CONSEQUENCES OF A SERVICER TERMINATION EVENT. If a Servicer Termination Event shall occur and be continuing, the Controlling Party by notice given in writing to the Servicer, or by non-extension of the term of the Servicer as referred to in SECTION 4.15, may terminate all of the rights and obligations of the Servicer under this Agreement. The outgoing Servicer shall be entitled to its pro rata share of the Servicing Fee for the number of days in the Accrual Period prior to the effective date of its termination. On or after the receipt by the Servicer of such written notice or upon termination of the term of the Servicer, all authority, power, obligations and responsibilities of the Servicer under this Agreement, whether with respect to the Note or the Receivables and Other Conveyed Property or otherwise, automatically shall pass to, be vested in and become obligations and responsibilities of the Backup Servicer (or such other successor Servicer appointed by the Controlling Party under SECTION 10.3); PROVIDED, HOWEVER, that the successor Servicer shall have no liability with respect to any obligation which was required to be performed by the terminated Servicer prior to the date that the successor Servicer becomes the Servicer or any claim of a third party based on any alleged action or inaction of the terminated Servicer. The successor Servicer is authorized and empowered by this Agreement to execute and deliver, on behalf of the terminated Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination, whether to complete the transfer and endorsement of the Receivables and the Other Conveyed Property and related documents to show the Purchaser as lienholder or secured

party on the related Lien Certificates, or otherwise. The terminated Servicer agrees to cooperate with the successor Servicer in effecting the termination of the responsibilities and rights of the terminated Servicer under this Agreement, including, without limitation, the transfer to the successor Servicer for administration by it of all cash amounts that shall at the time be held by the terminated Servicer for deposit, or have been deposited by the terminated Servicer, in the Collection Account or thereafter received with respect to the Receivables and the delivery to the successor Servicer of all Receivable Files that shall at the time be held by the terminated Servicer and a computer tape in readable form as of the most recent Business Day containing all information necessary to enable the successor Servicer to service the Receivables and the Other Conveyed Property. All reasonable costs and expenses (including reasonable attorneys' fees) incurred in connection with transferring any Receivable Files to the successor Servicer and amending this Agreement to reflect such succession as Servicer pursuant to this SECTION 10.2 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. In addition, any successor Servicer shall be entitled to payment from the immediate predecessor Servicer for reasonable transition expenses incurred in connection with acting as successor Servicer, and to the extent not so paid, such payment shall be made pursuant to SECTION 5.7 hereof. Upon receipt of notice of the occurrence of a Servicer Termination Event, the Trustee shall give notice thereof to the Rating Agencies and the Noteholder. If requested by the Controlling Party, the successor Servicer shall terminate the Lockbox Agreement and direct the Obligors to make all payments under the Receivables directly to the successor Servicer (in which event the successor Servicer shall process such payments in accordance with SECTION 4.2(e)), or to a lockbox established by the successor Servicer at the direction of the Controlling Party, at the successor Servicer's expense. The terminated Servicer shall grant the Trustee, the successor Servicer and the Controlling Party reasonable access to the terminated Servicer's premises at the terminated Servicer's expense.

SECTION 10.3. APPOINTMENT OF SUCCESSOR.

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

unable or unwilling to act as Servicer, and an Insurer Default shall have occurred and be continuing, the Backup Servicer, the Trustee or a Note Majority may petition a court of competent jurisdiction to appoint any Eligible Servicer as the successor to the Servicer. Pending appointment pursuant to the preceding sentence, the Backup Servicer shall act as successor Servicer unless it is legally unable to do so, in which event the outgoing Servicer shall continue to act as Servicer until a successor has been appointed and accepted such appointment. Subject to SECTION 9.6, no provision of this Agreement shall be construed as relieving the Backup Servicer of its obligation to succeed as successor Servicer upon the termination of the Servicer pursuant to SECTION 10.2, the resignation of the Servicer pursuant to SECTION 9.6 or the non-extension of the servicing term of the Servicer, as referred to in SECTION 4.15. If upon the termination of the Servicer pursuant to SECTION 10.2 or the resignation of the Servicer pursuant to SECTION 9.6, the Controlling Party appoints a successor Servicer other than the Backup Servicer, the Backup Servicer shall not be relieved of its duties as Backup Servicer hereunder.

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

SECTION 10.4. NOTIFICATION TO NOTEHOLDERS AND THE AGENT. Upon any termination of, or appointment of a successor to, the Servicer, the Trustee shall give prompt written notice thereof to the Noteholder, the Agent and to the Rating Agencies.

SECTION 10.5. WAIVER OF PAST DEFAULTS. The Controlling Party may, waive in writing any default by the Servicer in the performance of its obligations under this Agreement and the consequences thereof (except a default in making any required deposits to or payments from any of the Pledged Accounts in accordance with the terms of this Agreement). Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Termination Event arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

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

SECTION 10.7. CONTINUED ERRORS. Notwithstanding anything contained herein to the contrary, if the Backup Servicer becomes successor Servicer it is authorized to accept and rely on all of the accounting, records (including computer records) and work of the prior Servicer relating to the Receivables (collectively, the "PREDECESSOR SERVICER WORK PRODUCT") without any audit or other examination thereof, and the Backup Servicer as successor Servicer shall have no duty, responsibility, obligation or liability for the acts and omissions of the prior Servicer. If any error, inaccuracy, omission or incorrect or non-standard practice or procedure (collectively, "ERRORS") exist in any Predecessor Servicer Work Product and such Errors make it materially more difficult to service or should cause or materially contribute to the Backup Servicer as successor Servicer making or continuing any Errors (collectively, "CONTINUED ERRORS"), the Backup Servicer as successor Servicer shall have no duty or responsibility, for such Continued Errors; PROVIDED, HOWEVER, that the Backup Servicer as successor Servicer agrees to use its best efforts to prevent further Continued Errors. In the event that the Backup Servicer as successor Servicer becomes aware of Errors or Continued Errors, the Backup Servicer as successor Servicer shall, with the prior consent of the Controlling Party use its best efforts to reconstruct and reconcile such data as is commercially reasonable to correct such Errors and Continued Errors and to prevent future Continued Errors. The Backup Servicer as successor Servicer shall be entitled to recover its costs thereby expended in accordance with SECTION 5.7(a)(xvi) hereof.

ARTICLE XI

MISCELLANEOUS PROVISIONS

SECTION 11.1. AMENDMENT.

(a) This Agreement may not be waived, amended or otherwise modified except in a writing signed by the parties hereto, the Noteholder and the Controlling Party; PROVIDED, HOWEVER, that if an Insurer Default has occurred and is continuing, the Agreement may not be amended without the written consent of the Insurer if such amendment would materially and adversely affect the interests of the Insurer.

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

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

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

SECTION 11.2. PROTECTION OF TITLE TO PROPERTY.

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

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

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

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

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

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

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

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

(i) the Servicer shall deliver to the Insurer, the Agent, the Owner Trustee and the Trustee:

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

(ii) within 90 days after the beginning of each calendar year beginning with the first calendar year beginning more than three months after the Closing Date, an Opinion of Counsel, dated as of a date during such 90-day period, stating that, the opinion of such counsel, either (a) all financing statements and continuation statement have been authorized, executed and filed that are necessary fully to preserve and protect the interest of the Purchaser and the Trustee in the Receivables and the Other Conveyed Property, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (b) no such action shall be necessary to preserve and protect such interest.

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

SECTION 11.3. NOTICES. All demands, notices and communications upon or to the Seller, the Backup Servicer, the Servicer, the Owner Trustee, the Trustee or the Rating Agencies under this Agreement shall be in writing, via facsimile, personally delivered, or mailed by certified mail, return receipt requested, and shall be deemed to have been duly given upon receipt (a) in the case of the Seller to Consumer Portfolio Services, Inc. 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: Chief Financial Officer, Telecopy: (888) 577-7923, (b) in the case of the Servicer to Consumer Portfolio Services, Inc., 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: Chief Financial Officer, Telecopy: (888)

577-7923, (c) in the case of the Purchaser, care of the Owner Trustee at the Corporate Trust Office, (d) in the case of the Owner Trustee at the Corporate Trust Office, (e) in the case of the Backup Servicer or the Trustee at the Corporate Trust Office, (f) in the case of the Insurer, to 1221 Avenue of the Americas, New York, New York 10020 Attention: Surveillance (Telecopy: (212) 478-3587); (g) in the case of Moody's, to Moody's Investors Service, Inc., ABS Monitoring Department, 99 Church Street, New York, New York 10007, Telecopy: (212) 533-3850; and (h) in the case of Standard & Poor's Ratings Group, to Standard & Poor's, a Division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041, Attention: Asset Backed Surveillance Department, Telecopy: (212) 438-2649. Any notice required or permitted to be mailed to the Noteholder shall be given by first class mail, postage prepaid, at the address of the Agent, as set forth in the Indenture. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Agent shall receive such notice.

SECTION 11.4. ASSIGNMENT. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Notwithstanding anything to the contrary contained herein, except as provided in SECTIONS 8.4 and 9.3 and as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the Purchaser, the Seller or the Servicer without the prior written consent of the Trustee, the Backup Servicer and the Controlling Party.

SECTION 11.5. LIMITATIONS ON RIGHTS OF OTHERS. The provisions of this Agreement are solely for the benefit of the parties hereto and for the benefit of the Noteholder, the Owner Trustee and the Insurer, as third-party beneficiaries. The Insurer and its successors and assigns shall be entitled to rely upon and directly enforce such provisions of this Agreement. Except as expressly stated otherwise, any right of the Insurer to direct, appoint, consent to, approve of, or take any action under this Agreement, shall be a right exercised by the Insurer in its sole and absolute discretion. The Insurer may disclaim any of its rights and powers under this Agreement (but not its duties and obligations under the Note Policy) upon delivery of a written notice to the Purchaser and the Trustee. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Collateral or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

SECTION 11.6. SEVERABILITY. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.7. SEPARATE COUNTERPARTS. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 11.8. HEADINGS. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.9. GOVERNING LAW. THIS AGREEMENT (OTHER THAN SECTIONS 2.1(A) AND 2.2 HEREOF) SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. SECTIONS 2.1(A) AND 2.2 OF THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES UNDER SUCH SECTION SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.10. ASSIGNMENT TO TRUSTEE. The Seller hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Purchaser to the Trustee pursuant to the Indenture for the benefit of the Noteholder of all right, title and interest of the Purchaser in, to and under the Receivables and Other Coverage of Property and/or the assignment of any or all of the Purchaser's rights and obligations hereunder to the Trustee.

SECTION 11.11. NONCOMPETITION COVENANTS. Notwithstanding any prior termination of this Agreement, the Servicer and the Seller shall not, prior to the date which is one year and one day after the Final Scheduled Settlement Date, acquiesce, petition or otherwise invoke or cause the Purchaser to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Purchaser under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Purchaser or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Purchaser.

SECTION 11.12. LIMITATION OF LIABILITY OF TRUSTEE.

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

(b) Notwithstanding anything contained herein to the contrary, this Agreement has been countersigned by Wilmington Trust Company not in its individual capacity but solely in its capacity as Owner Trustee of the Issuer and in no event shall Wilmington Trust Company in its individual capacity or, except as expressly provided in the Trust Agreement, as Owner Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any recourse shall be had solely to the assets of the Issuer. For all purposes of this Agreement, in the performance of its duties or obligations hereunder or in the performance of any duties or obligations of the Issuer hereunder, the Owner Trustee shall be subject to, and entitled to the benefits of, the terms and provisions of Articles VI, VII and VIII of the Trust Agreement.

SECTION 11.13. INDEPENDENCE OF THE SERVICER. For all purposes of this Agreement, the Servicer shall be an independent contractor and shall not be subject to the supervision of the Purchaser, the Trustee and Backup Servicer with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by this Agreement, the Servicer shall have no authority to act for or represent the Purchaser in any way and shall not otherwise be deemed an agent of the Purchaser.

SECTION 11.14. NO JOINT VENTURE. Nothing contained in this Agreement (i) shall constitute the Servicer and the Purchaser as members of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, (ii) shall be construed to impose any liability as such on any of them or (iii) shall be deemed to confer on any of them any express, implied or apparent authority to incur any obligation or liability on behalf of the others.

SECTION 11.15. INSURER AS CONTROLLING PARTY. The Noteholder by purchase of the Note held by it acknowledges that the Trustee, as partial consideration for the issuance of the Note Policy, has agreed that the Insurer shall have certain rights hereunder for so long as no Insurer Default shall have occurred and be continuing. So long as no Insurer Default has occurred and is continuing, except as otherwise specifically provided herein, whenever Noteholder action, consent or approval is required under this Agreement, such action, consent or approval shall be deemed to have been taken or given on behalf of, and shall be binding upon, the Noteholder if the Insurer agrees to take such action or give such consent or approval. Notwithstanding any other provision in this Agreement or in any other Basic Document to the contrary, so long as an Insurer Default has occurred and is continuing, any provision giving the Insurer the right to direct, appoint or consent to, approve of, or take any action under this Agreement shall be inoperative during the period of such Insurer Default and such right shall instead vest in the Trustee acting, unless otherwise specified,

at the direction of a Note Majority. The Insurer may disclaim any of its rights and powers under this Agreement (but not its duties and obligations under the Note Policy) upon delivery of a written notice to the Trustee. The Insurer may give or withhold any consent hereunder in its sole and absolute discretion.

SECTION 11.16. SPECIAL SUPPLEMENTAL AGREEMENT. If any party to this Agreement is unable to sign any amendment or supplement due to its dissolution, winding up or comparable circumstances, then the consent of the Insurer shall be sufficient to amend this Agreement without such party's signature.

SECTION 11.17. LIMITED RECOURSE. Notwithstanding anything to the contrary contained in this Agreement, the obligations of the Purchaser hereunder are solely the corporate obligations of the Purchaser, and shall be payable by the Purchaser, solely as provided herein. The Purchaser shall only be required to pay (a) any fees, expenses, indemnities or other liabilities that it may incur hereunder (i) from funds available pursuant to, and in accordance with, the payment priorities set forth in SECTION 5.7(a) and (ii) only to the extent the Purchaser receives additional funds for such purposes or to the extent it has additional funds available (other than funds described in the preceding clause (i)) that would be in excess of amounts that would be necessary to pay the debt and other obligations of the Purchaser incurred in accordance with the Purchaser's limited liability company agreement and all financing documents to which the Purchaser is a party. In addition, no amount owing by the Purchaser hereunder in excess of the liabilities that it is required to pay in accordance with the preceding sentence shall constitute a "claim" (as defined in Section 101(5) of the Bankruptcy Code) against it. No recourse shall be had for the payment of any amount owing hereunder or for the payment of any fee hereunder or any other obligation of, or claim against, the Purchaser arising out of or based upon any provision herein, against any member, employee, officer, agent, director or authorized person of the Purchaser or any Affiliate thereof; PROVIDED, HOWEVER, that the foregoing shall not relieve any such person or entity of any liability they might otherwise have as a result of fraudulent actions or omissions taken by them.

SECTION 11.18. ACKNOWLEDGEMENT OF ROLES. The parties expressly acknowledge and consent to Wells Fargo Bank, National Association acting in the multiple capacities of Backup Servicer and Trustee. The parties agree that Wells Fargo Bank, National Association in such multiple capacities shall not be subject to any claim, defense or liability arising from its performance in any such capacity based on conflict of interest principles, duty of loyalty principles or other breach of fiduciary duties to the extent that any such conflict or breach arises from the performance by Wells Fargo Bank, National Association of any other such capacity or capacities in accordance with this Agreement or any other Basic Documents to which it is a party.

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

SECTION 11.20. NO NOVATION. The amendment and restatement of this Sale and Servicing Agreement shall not be deemed to be a novation or repayment of the outstanding Advances and the security interest of the Issuer Secured Parties in the Collateral shall remain in full force and effect after giving effect to the amendment and restatement of this Sale and Servicing Agreement.

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

CPS WAREHOUSE TRUST

By: Wilmington Trust Company, not in its individual capacity, but solely as Owner Trustee

By: _____
Title:_____

CONSUMER PORTFOLIO SERVICES, INC., as Seller

By: _____
Title:_____

CONSUMER PORTFOLIO SERVICES, INC., as Servicer

By: _____
Title:_____

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

By: _____
Title:_____

WESTLB AG, acting through its New York branch, as Agent

By: _____
Title:_____

By: _____
Title:_____

XL CAPITAL ASSURANCE INC., as Controlling Party

By: _____
Title:_____

ACKNOWLEDGEMENT

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

THE FINANCE COMPANY

By:_____
Name:_____
Title:_____

EXHIBIT H

FORM OF TFC ASSIGNMENT

For value received, on this [___]day of _____ [20__], the undersigned (the "Assignor") does hereby sell, transfer, assign and otherwise convey unto Consumer Portfolio Services, Inc. (the "Assignee"), without recourse, all right, title and interest of the Assignor in and to (i) the TFC Receivables listed in the schedule attached hereto as Exhibit A and all monies received thereunder after [_____] (the "Cutoff Date") and all Net Liquidation Proceeds and Recoveries received with respect to such TFC Receivables after the Cutoff Date; (ii) the security interests in the Financed Vehicles granted by Obligors pursuant to the TFC Receivables and any other interest of the Assignor in such Financed Vehicles, including, without limitation, the certificates of title or, with respect to Financed Vehicles in the Non-Certificated Title States, all other evidence of ownership with respect to Financed Vehicles issued by the applicable Department of Motor Vehicles or similar authority; (iii) any proceeds from claims on any physical damage, credit life and credit accident and health insurance policies or certificates relating to the Financed Vehicles securing the TFC Receivables or the Obligors thereunder; (iv) all proceeds from recourse against Dealers with respect to the TFC Receivables; (v) refunds for the costs of extended service contracts with respect to Financed Vehicles securing the TFC Receivables, refunds of unearned premiums with respect to credit life and credit accident and health insurance policies or certificates covering an Obligor or Financed Vehicle securing the TFC Receivables or his or her obligations with respect to such a Financed Vehicle and any recourse to Dealers for any of the foregoing; (vi) the Receivable File related to each TFC Receivable; (vii) all property (including the right to receive future Net Liquidation Proceeds) that secures a TFC Receivable that has been acquired by or on behalf of the Assignor pursuant to a liquidation of such TFC Receivable; (viii) the proceeds of any and all of the foregoing and (ix) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, insurance proceeds, condemnation awards, rights to payment of any and every kind and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing (collectively, the "Transferred Property"). The foregoing sale does not constitute and is not intended to result in any assumption by the Assignee of any obligation of the Assignor to the Obligors, insurers or any other Person in connection with the TFC Receivables, the related Receivable Files, any insurance policies or any agreement or instrument relating to any of them.

It is the intention of the Assignor and the Assignee that the transfer and assignment of the Transferred Property contemplated by this Assignment shall constitute a sale of the Transferred Property from the Assignor to the Assignee, conveying good title thereto free and clear of any liens, and the beneficial interest in and title to the Transferred Property shall not be part of the Assignor's estate in the event of the filing of a bankruptcy petition by or against the Assignor under any bankruptcy or similar law.

THIS ASSIGNMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.

Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Amended and Restated Sale and Servicing Agreement dated November 30, 2004 by and among CPS Warehouse Trust, Consumer Portfolio Services, Inc., Wells Fargo Bank, National Association, and WestLB AG.

IN WITNESS WHEREOF, the undersigned has caused this Assignment to be duly executed as of the day and year first above written.

THE FINANCE COMPANY

By:_____
Name:_____
Title: _____

ANNEX A---DEFINED TERMS

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

"ACCOUNTANTS' REPORT" means the report of a firm of nationally recognized independent accountants described in SECTION 4.11 of the Sale and Servicing Agreement.

"ACCRUAL PERIOD" means, a calendar month; PROVIDED that the initial Accrual Period shall be the period from and including the day after the initial Cutoff Date to and including March 31, 2002.

"ACT" has the meaning specified in SECTION 11.3 of the Indenture.

"ADDITION NOTICE" means, with respect to any transfer of Receivables to the Purchaser pursuant to SECTION 2.1 of the Sale and Servicing Agreement, notice of the Seller's election to transfer Receivables to the Purchaser, such notice to designate the related Funding Date and the aggregate principal amount of Receivables to be transferred on such Funding Date, substantially in the form of EXHIBIT H to the Sale and Servicing Agreement.

"ADDITIONAL PRINCIPAL PAYMENT AMOUNT" means (a) on any Settlement Date prior to the commencement of the Amortization Period, zero and (b) on any Settlement Date on or after the commencement of the Amortization Period, the lesser of (i) all Available Funds remaining after payment of the amounts specified in SECTION 5.7(a)(i) through (viii) of the Sale and Servicing Agreement and (ii) the aggregate outstanding principal amount of the Note (after giving effect to distributions made pursuant to SECTION 5.7(a)(i) through (viii) of the Sale and Servicing Agreement), in each case on such date.

"ADVANCE" has the meaning set forth in paragraph 5 of the recitals to the Note Purchase Agreement.

"ADVANCE AMOUNT" means with respect to the Receivables, an amount equal to the least of (i) the excess of the Maximum Invested Amount over the Invested Amount of the Note as of such Funding Date; (ii) the excess of the Borrowing Base, (taking into account the amount of the Receivables to be purchased on such Funding Date) over the Invested Amount of the Note as of such Funding Date; and (iii) the Aggregate Principal Balance of Eligible Receivables being purchased on such Funding Date.

"ADVANCE RATE" as of any day means (a) (i) with respect to each CPS Receivable, 73% and (ii) with respect to each TFC Receivable 70%, in each case MINUS (b) the Advance Rate Reduction Amount.

"ADVANCE RATE REDUCTION AMOUNT" means, at any time, (i) the excess, if any, of (A) the Cap Rate over (B) the Required Cap Rate, such excess, if any, to be rounded up to the nearest 1/10th of 1 percent, multiplied by (ii) two.

"ADVANCE REQUEST" has the meaning set forth in SECTION 7.03(b) of the Note Purchase Agreement.

"AFFECTED PERSON" has the meaning set forth in SECTION 3.05 of the Note Purchase Agreement.

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

"AGENT" has the meaning set forth in the preamble to the Indenture.

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

"AGGREGATE UNPAIDS" has the meaning set forth in SECTION 5.01 of the Note Purchase Agreement.

"AMORTIZATION PERIOD" means the period beginning on the Facility Termination Date and ending on the Final Scheduled Settlement Date.

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

"ANNUAL PERCENTAGE RATE" or "APR" of a Receivable means the annual percentage rate of finance charges or service charges, as stated in the related Contract.

"APPLICABLE MARGIN" means (a) with respect to any day prior to the commencement of the Amortization Period, 1.18% and (b) with respect to any day on or after which the Amortization Period commences, the Default Applicable Margin.

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

"ASSUMPTION DATE" has the meaning set forth in SECTION 10.3(A) of the Sale and Servicing Agreement.

"AUTHORIZED OFFICER" means, with respect to the Owner Trustee and the Servicer, any officer or agent acting pursuant to a power of attorney of the Owner Trustee or the Servicer, as applicable, who is authorized to act for the Owner Trustee or the Servicer, as applicable, in matters relating to the Owner Trustee or the Servicer and who is identified on the list of Authorized Officers delivered by each of the Owner Trustee and the Servicer to the Trustee and the Controlling Party on the Closing Date (as such list may be modified or supplemented from time to time thereafter).

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

"BACKUP SERVICER" means Wells Fargo Bank, National Association (successor-by-merger to Wells Fargo Bank Minnesota, National Association), in its capacity as Backup Servicer pursuant to the terms of the Sale and Servicing Agreement or such Person as shall have been appointed Backup Servicer pursuant to Section 9.3(b) or 9.6 of the Sale and Servicing Agreement.

"BACKUP SERVICING FEE" means the fee payable to the Backup Servicer so long as CPS or any successor Servicer (other than the Backup Servicer) is the Servicer, on each Settlement Date in the amount equal to the greater of (a) $1,000 or (b) one-twelfth of 0.02% of the aggregate outstanding principal amount of the Note on the last day of the second preceding Interest Period.

"BASE RATE" means, on any day, a rate per annum equal to the sum of (i) the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Rate in effect on such day and (ii) 0.5%. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Rate, respectively. Changes in the rate of interest on that portion of any Advances maintained as a Base Rate Tranche will take effect simultaneously with each change in the Base Rate.

"BASE RATE TRANCHE" means that portion of the Invested Amount purchased or maintained with Advances which bear interest by reference to the Base Rate.

"BASIC DOCUMENTS" means the Indenture, the Sale and Servicing Agreement, the Backup Servicing Agreement, the Insurance Agreement, the Trust Agreement, the Lockbox Agreement, the Premium Letter, the Note Purchase Agreement, the Hedge Agreement and other documents and certificates delivered in connection therewith.

"BENEFIT PLAN" shall mean an "EMPLOYEE BENEFIT PLAN", as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA or any "PLAN" as defined in Section 4975 of the Code.

"BORROWING BASE" means, as of any date of determination, the sum of (a) the CPS Borrowing Base and (b) the lesser of (i) the TFC Borrowing Base and (ii) $25,000,000.00.

"BORROWING BASE CERTIFICATE" means, with respect to any transfer of Receivables, the certificate setting forth the calculation of the Borrowing Base, substantially in the form of EXHIBIT A to the Note Purchase Agreement.

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

"BUSINESS DAY" means (i) with respect to the Note Policy, any day other than a Saturday, Sunday, legal holiday or other day on which commercial banking institutions in the City of New York, Irvine, California, or the state in which the principal Corporate Trust Office of the Trustee or the Owner Trustee is located or any other location of any successor Servicer or successor Trustee are authorized or obligated by law, executive order or governmental decree to be closed and (ii) otherwise, a day other than a Saturday, a Sunday or other day on which commercial banks located in the states of California, Delaware, Minnesota or New York are authorized or obligated to be closed.

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

"CAPPED MONTHLY INTEREST" means with respect to any Settlement Date, the lesser of (A) the Noteholder's Interest Distributable Amount (excluding any Default Applicable Margin, any amounts payable in respect of Eurodollar Reserve Percentage or any "increased cost" provision of the Note Purchase Agreement, if applicable) and (B) the sum of for each day in the related Accrual Period the product of (i) the Cap Rate for such day, (ii) the notional amount of the Hedge Agreements for such day and (iii) 1/360.

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

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

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

"CLOSING DATE" means March 7, 2002.

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

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

"COLLECTION ACCOUNT" means the account designated as such, established and maintained pursuant to SECTION 5.1 of the Sale and Servicing Agreement.

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

"COMMITMENT" means the obligation of the Committed Note Purchaser to fund Advances in lieu of Paradigm pursuant to SECTION 2.01 of the Note Purchase Agreement in an aggregate stated amount up to the Commitment Amount.

"COMMITMENT AMOUNT" means, as to the Committed Note Purchaser, $127,500,000, as such amount may be modified from time to time by written agreement among Paradigm, the Servicer, the Controlling Party and the Issuer in accordance with the terms of the Note Purchase Agreement.

"COMMITTED NOTE PURCHASER" means Westdeutsche Landesbank Girozentrale, New York Branch, and its permitted successors and/or assigns.

"CONCENTRATION LIMITS" means with respect to Eligible Receivables.

(i) as of any date, the Aggregate Principal Balance of CPS Receivables with an original term greater than 60 months shall not exceed 30% of the Aggregate Principal Balance of all CPS Receivables as of such date;

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

(iii) the weighted average Seller's credit rating of all Obligors of CPS Receivables shall be no greater than 32.5;

(iv) CPS Receivables originated by the same Dealer shall not at any time represent more than 2% of the Aggregate Principal Balance of the CPS Receivables;

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

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

(vii) CPS Receivables originated from "independent" Dealers that are not affiliated with rental car companies shall not at any time represent more than 10% of the Aggregate Principal Balance of the CPS Receivables;

(viii) CPS Receivables originated by "independent" Dealers that are affiliated with rental car companies shall not at any time represent more than 5% of the Aggregate Principal Balance of CPS Receivables;

(ix) CPS Receivables that are delinquent for more than 30 days but no more than 45 days shall not at any time represent more than 4% of the Aggregate Principal Balance of the CPS Receivables;

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

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

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

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

(xiv) CPS Receivables originated in Texas shall not at any time exceed 20% of the Aggregate Principal Balance of the CPS Receivables;

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

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

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

(xviii) TFC Receivables for which the Obligor is currently enlisted in the U.S. Army shall not at any time represent more than 45% of the Aggregate Principal Balance of the TFC Receivables; and

(xix) TFC Receivables for which the Obligor is currently enlisted in the U.S. Navy shall not at any time represent more than 25% of the Aggregate Principal Balance of the TFC Receivables.

"CONTRACT" means a motor vehicle retail installment sale contract and promissory note.

"CONTROLLING PARTY" means (a) so long as no Insurer Default has occurred and is continuing, the Insurer and (b) for so long as an Insurer Default has occurred and is continuing, the Trustee acting at the direction of the Noteholder.

"CORPORATE TRUST OFFICE" means (i) with respect to the Trustee, the principal office of the Trustee at which at any particular time its corporate trust business shall be administered which office is located at Sixth Street and Marquette Avenue, MAC N9311-161, Minneapolis, Minnesota 55479, or at such other address as the Trustee may designate from time to time by notice to the Noteholder, the Insurer, the Servicer, the Agent, the Issuer, or the principal corporate trust office of any successor Trustee (the address of which the successor Trustee will notify the Noteholder and the Owner Trustee) and (ii) with respect to the Owner Trustee, the principal corporate trust office of the Owner Trustee, which is located at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001, or at such other address as the Trustee may designate from time to time by notice to the Noteholder, the Insurer, the Servicer, the Agent, the Issuer, or the principal corporate trust office of any successor Owner Trustee (the address of which the successor Owner Trustee will notify the Noteholder).

"CP RATE" means, for any day during any Interest Period, the per annum rate equivalent to the Weighted Average Funding Cost relating to the commercial paper issued by Paradigm to fund or maintain the Invested Amount during such Interest Period, as determined by the Agent.

"CP RATE TRANCHE" means that portion of the Invested Amount purchased or maintained with Advances which bear interest by reference to the CP Rate.

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

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

"CPS REQUIRED RESERVE ACCOUNT AMOUNT" means, as of any date of determination, the product of (a) the applicable Required Reserve Percentage and (b) the Aggregate Principal Balance of the CPS Receivables as of such date of determination.

"CPS TRIGGER EVENT I" means a "CPS TRIGGER EVENT I" set forth in the Insurance Agreement without giving effect to any amendment or other modification to such agreement or any waiver of any such "CPS TRIGGER EVENT I" in each case on or subsequent to the date hereof not approved in an instrument in writing signed by the Controlling Party; PROVIDED, HOWEVER, that for the purposes of the Indenture, the "CPS TRIGGER EVENT I" section set forth in the Insurance Agreement shall survive an Insurer Default, the Term of the Policy (as defined in the Insurance Agreement), the payment in full of all amounts due and owing to the Insurer under the Insurance Agreement and the termination of such agreement pursuant to the terms thereof.

"CPS TRIGGER EVENT II" means a "CPS TRIGGER EVENT II" set forth in the Insurance Agreement without giving effect to any amendment or other modification to such agreement or any waiver of any such "CPS TRIGGER EVENT II" in each case on or subsequent to the date hereof not approved in an instrument in writing signed by the Controlling Party; PROVIDED, HOWEVER, that for the purposes of the Indenture, the "CPS TRIGGER EVENT II" section set forth in the Insurance Agreement shall survive an Insurer Default, the Term of the Policy (as defined in the Insurance Agreement), the payment in full of all amounts due and owing to the Insurer under the Insurance Agreement and the termination of such agreement pursuant to the terms thereof.

"CRAM DOWN LOSS" means, with respect to a Receivable, if a court of appropriate jurisdiction in an insolvency proceeding shall have issued an order reducing the amount owed on a Receivable or otherwise modifying or restructuring Scheduled Receivable Payments to be made on a Receivable, an

amount equal to such reduction in the principal balance of such Receivable or the reduction in the net present value (using as the discount rate the lower of the contract rate or the rate of interest specified by the court in such order) of the Scheduled Receivable Payments as so modified or restructured. A "CRAM DOWN LOSS" shall be deemed to have occurred on the date such order is entered.

"CUSTODIAL FEE" means the fee payable to the Trustee, as custodian of the Receivables, as set forth on the Fee Schedule.

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

"DAILY INTEREST AMOUNT" means, for any day, the product of (i) the Note Interest Rate for such day, (ii) the Invested Amount on such day, and (iii) 1/360.

"DEALER" means, with respect to a Receivable, the seller of the related Financed Vehicle, who originated and assigned such Receivable to the Seller.

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

"DEFAULT APPLICABLE MARGIN" means 3.38%.

"DEFAULT INSURANCE PREMIUM" has the meaning set forth in the Premium Letter, dated as of March 7, 2002 among the Seller, the Purchaser and the Insurer.

"DEFAULTED RECEIVABLE" means, with respect to any Receivable as of any date, a Receivable with respect to which: (i) more than 10% of a Scheduled Receivable Payment is more than 90 days past due as of the end of the immediately preceding Accrual Period, (ii) the Servicer has repossessed the related Financed Vehicle (and any applicable redemption or acceleration period has expired) as of the end of the immediately preceding Accrual Period, or (iii) such Receivable is in default as of the last day of the immediately preceding Accrual Period and the Servicer has determined in good faith that payments thereunder are not likely to be resumed.

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

"DEFICIENCY CLAIM AMOUNT" has the meaning set forth in SECTION 5.5(B) of the Sale and Servicing Agreement.

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

"DEFICIENCY NOTICE" has the meaning set forth in SECTION 5.5(B) of the Sale and Servicing Agreement.

"DEFINITIVE NOTE" has the meaning specified in SECTION 2.5(C) to the Indenture.

"DELINQUENT OBLIGOR" means an obligor under an account receivable of the Seller (whether or not such account receivable is a Receivable) which, were it a Receivable, would be a Delinquent Receivable or a Defaulted Receivable.

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

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

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

(a) with respect to bankers' acceptances, commercial paper, negotiable certificates of deposit and other obligations that constitute "INSTRUMENTS" within the meaning of Section 9-102(a)(47) of the UCC and are susceptible of physical delivery, transfer thereof to the Trustee or its nominee or custodian by physical delivery to the Trustee or its nominee or custodian endorsed to, or registered in the name of, the Trustee or its nominee or custodian or endorsed in blank, and, with respect to a certificated security (as defined in Section 8-102 of the UCC), transfer thereof (1) by delivery of such certificated security endorsed to, or registered in the name of, the Trustee or its nominee or custodian or endorsed in blank to a financial intermediary (as defined in Section 8-313 of the UCC) and the making by such financial intermediary of entries on its books and records identifying such certificated securities as belonging to the Trustee or its nominee or custodian and the sending by such financial intermediary of a confirmation of the purchase of such certificated security by the Trustee or its nominee or custodian, or (2) by delivery thereof to a "CLEARING CORPORATION" (as defined in Section 8-102(3) of the UCC) and the making by such clearing corporation of appropriate entries on its books reducing the appropriate securities account of the transferor and increasing the appropriate securities account of a financial intermediary by the amount of such certificated security, the identification by the clearing corporation of the certificated securities for the sole and exclusive account of the financial intermediary, the maintenance of such certificated securities by such clearing corporation or a "CUSTODIAN BANK" (as defined in Section 8-102(4) of the UCC) or the nominee of either subject to the clearing corporation's exclusive control, the sending of a confirmation by the financial intermediary of the purchase by the Trustee or its nominee or custodian of such securities and the making by such financial intermediary of entries on its books and records identifying such certificated securities as belonging to the Trustee or its nominee or custodian (all of the foregoing, "PHYSICAL Property"), and, in any event, any such Physical Property in registered form shall be in the name of the Trustee or its nominee or custodian; and such additional or alternative procedures as may hereafter become appropriate to effect the complete transfer of ownership of any such Pledged Account Property to the Trustee or its nominee or custodian, consistent with changes in applicable law or regulations or the interpretation thereof;

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

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

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

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

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

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

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

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

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

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

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

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

(e) with respect to a "SECURITY ENTITLEMENT" (as defined in Section 8-102(a)(17) of the UCC)

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

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

"DEPOSITOR" means Consumer Portfolio Services, Inc., and its successors, in its capacity as depositor under the Trust Agreement.

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

"DOLLAR" means lawful money of the United States.

"DOMESTIC OFFICE" means, the office of the Committed Note Purchaser designated as such below its name on the signature page to the Note Purchase Agreement, if any, or such other office of the Committed Note Purchaser as designated from time to time by written notice from the Committed Note

Purchaser to the Issuer, inside the United States, which shall be making or maintaining Advances other than Eurodollar Advances of the Committed Note Purchaser in accordance with the Note Purchase Agreement.

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

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

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

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

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

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

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

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

(f) with the prior written consent of the Controlling Party, money market mutual funds registered under the Investment Company Act of 1940, as amended, having a rating, at the time of such investment, from each of the Rating Agencies in the highest investment category granted thereby except that the Controlling Party shall not be required to give its prior written consent for the Wells Fargo Fund Treasury Plus Institutional Money Market Fund; and

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

Any of the foregoing Eligible Investments may be purchased by or through the Trustee, the Owner Trustee or any of their respective Affiliates.

"ELIGIBLE RECEIVABLES" means, as of any date of determination, Receivables (a) as of the Funding Date thereof are not Delinquent Receivables, (b) with respect to which no more than 10% of a Scheduled Receivable Payment is no more than 45 days contractually delinquent as of the end of the immediately preceding Accrual Period, (c) that are not Liquidated Receivables, (d) that are not Repossessed Receivables, (e) that are not Defective Receivables, (f) that are not Defaulted Receivables and (g) that have the characteristics set forth in SECTION 3.1 of the Sale and Servicing Agreement.

"ELIGIBLE SERVICER" means a Person approved to act as "SERVICER" under the Sale and Servicing Agreement by the Controlling Party.

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

"EURODOLLAR ADVANCE" means, an Advance which bears interest at all times during the Eurodollar Interest Period applicable thereto at a fixed rate of interest determined by reference to the Eurodollar Rate (Reserve Adjusted).

"EURODOLLAR INTEREST PERIOD" means, with respect to any Eurodollar Advance, a period commencing on the date of such Eurodollar Advance and ending on the thirtieth (30th) day thereafter; PROVIDED, HOWEVER, that

1. if any such period would otherwise end on a day which is not a Business Day, the Eurodollar Interest Period shall instead end on the next succeeding Business Day (but if such extension would cause the last day of such Eurodollar Interest Period to occur in the next following calendar month, the last day of such Eurodollar Interest Period shall occur on the next preceding Business Day); and

2. upon the occurrence and during the continuation of the Amortization Period, any Eurodollar Interest Period may be terminated at the election of the Committed Note Purchaser by notice to the Issuer and the Servicer, and upon such election the Eurodollar Advances in respect of which interest was calculated by reference to such terminated Eurodollar Interest Period shall be converted to Base Rate Advances until payment in full of the Note.

"EURODOLLAR OFFICE" means, the office of the Committed Note Purchaser designated as such below its name on the signature page to the Note Purchase Agreement or such other office of the Committed Note Purchaser as designated from time to time by written notice from the Committed Note Purchaser to the Issuer, whether or not outside the United States, which shall be making or maintaining Eurodollar Advances of the Committed Note Purchaser hereunder.

"EURODOLLAR RATE" means, the rate per annum determined by the Committed Note Purchaser at approximately 11:00 a.m. (London time) on the date which is two (2) London Business Days prior to the beginning of the relevant Eurodollar Interest Period by reference to the British Bankers' Association Interest Settlement Rates for deposits in Dollars (as set forth by any service selected by the Committed Note Purchaser which has been nominated by the British Bankers' Association as an authorized information vendor for the purpose of displaying such rates) for a period equal to such Eurodollar Interest Period; PROVIDED that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, the "Eurodollar Rate" shall be the interest rate per annum determined by the Committed Note Purchaser to be the average (rounded upward to the nearest whole multiple of 1/100 of 1% per annum, if such average is not such a multiple) of the rates per annum at which deposits in Dollars are offered by the Eurodollar Office of the Reference Lender in London to prime banks in the London interbank market at or about 11:00 a.m. (London time) two (2) London Business Days before the first day of such Eurodollar Interest Period in an amount substantially equal to the amount of the Eurodollar Advances to be outstanding during such Eurodollar Interest Period and for a period equal to such Eurodollar Interest Period.

"EURODOLLAR RATE (RESERVE ADJUSTED)" means, for any Eurodollar Interest Period, an interest rate per annum (rounded upward to the nearest 1/100th of 1%) determined pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{EURODOLLAR RATE}}{1.00 - \text{Eurodollar Reserve Percentage}} + \text{the Applicable (Reserve Adjusted) Margin with respect to each day in such Eurodollar Interest Period}$$

The Eurodollar Rate (Reserve Adjusted) for any Eurodollar Interest Period for Eurodollar Advances will be determined by the Committed Note Purchaser on the basis of the Eurodollar Reserve Percentage in effect two (2) Business Days before the first day of such Eurodollar Interest Period.

"EURODOLLAR RESERVE PERCENTAGE" means, for any Eurodollar Interest Period, the reserve percentage (expressed as a decimal) equal to the maximum aggregate reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) specified under regulations issued from time to time by the F.R.S. Board and then applicable to assets or liabilities consisting of and including "Eurocurrency Liabilities," as currently defined in Regulation D of the F.R.S. Board, having a term approximately equal or comparable to such Eurodollar Interest Period.

"EURODOLLAR TRANCHE" means that portion of the Advances made or maintained with Eurodollar Advances.

"EVENT OF DEFAULT" has the meaning specified in SECTION 5.1 of the Indenture.

"EXCESS CONCENTRATION AMOUNT" means the aggregate amount by which (without duplication), the Aggregate Principal Amount of Eligible Receivables sold to the Purchaser hereunder exceeds any of the Concentration Limits; provided, however, that in determining which Receivables to exclude for purposes of (a) complying with the concentration limit as set forth in clause (iii) of the definition of "Concentration Limits", the Seller shall exclude High Credit Score Receivables starting with those having the highest credit scores as of such date of determination and (b) complying with any Concentration Limit (other than the one referred to in the foregoing CLAUSE (A)), the Seller shall exclude Receivables starting with those having the most recent origination dates.

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

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

"FACILITY TERMINATION DATE" means the earlier of (i) April 3, 2005 (or such later date as agreed upon pursuant to SECTION 2.05 of the Note Purchase Agreement) and (ii) the date of the occurrence of a Funding Termination Event.

"FDIC" means the Federal Deposit Insurance Corporation.

"FEDERAL FUNDS RATE" means for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the overnight federal funds rates as in Federal Reserve Board Statistical Release H.15(519) or any successor or substitute publication

selected by the Committed Note Purchaser (or, if such day is not a Business Day, for the next preceding Business Day), or, if, for any reason, such rate is not available on any day, the rate determined, in the sole opinion of the Committed Note Purchaser, to be the rate at which overnight federal funds are being offered in the national federal funds market at 9:00 a.m. New York City time.

"FEE SCHEDULE"means that certain notice captioned "Schedule of Fees for CPS - WestLB Warehouse" from Wells Fargo Bank, National Association (as successor-by-merger to Wells Fargo Bank Minnesota, National Association), as acknowledged by the Servicer as of July 18, 2003.

"FINAL SCHEDULED SETTLEMENT DATE" means the earlier to occur of (a) the Settlement Date next succeeding the date on which the Controlling Party shall have sold, securitized or otherwise liquidated all of the Receivables and (b) the Settlement Date occurring on or after the date that is 84 months after the Facility Termination Date.

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

"FINANCIAL STATEMENTS" has the meaning set forth in SECTION 6.02(e) of the Note Purchase Agreement.

"F.R.S. BOARD" means The Board of Governors of the Federal Reserve System.

"FUNDING DATE" shall mean the Business Day on which an Advance occurs.

"FUNDING TERMINATION EVENT" means the occurrence of any one of the following events, unless, solely in the case of items (i) through (ix), waived in writing by the Controlling Party: (i) an Event of Default; (ii) the occurrence of an Insurance Agreement Event of Default; (iii) failure by the Seller or the Servicer to repurchase any Receivable in accordance with the terms of the Sale and Servicing Agreement; (iv) the occurrence of a Servicer Termination Event, (v) the Backup Servicer or Standby Servicer shall have become the Servicer under the Sale and Servicing Agreement, (vi) the Insurer shall have delivered an Insurer Notice to the Trustee, the Issuer, the Seller and the Agent, (vii) any Receivable remains in the facility for more than twelve months following its related Funding Date, (viii) the Liquidity Asset Purchase Agreement is not in full force and effect (and upon the actual knowledge of the Agent, it will notify the Seller that the Liquidity Asset Purchase Agreement is not in full force and effect), (ix) the occurrence of an Insurer Default, or (x) the objection by the Noteholder, in accordance with Section 6.1 of the Insurance Agreement, of any amendment, modification or waiver by the Insurer of a provision set forth in Section 5.1 of the Insurance Agreement.

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

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

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

"HEDGE AGREEMENT" means, an interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, and all other agreements or arrangements designed to protect a Person against fluctuations in interest rate, in each case in connection with the payment of interest and fees under the Note and in form and substance satisfactory to the Committed Note Purchaser and the Insurer, including but not limited to the master agreement, dated as of March 7, 2002 between the Issuer and West LB, and all schedules and confirmations in connection therewith.

"HEDGE COUNTERPARTY" means any entity acceptable to the Agent and the Insurer that enters into a Hedge Agreement with the Issuer.

"HIGH CREDIT SCORE RECEIVABLE" means any Receivable with respect to which the Seller's credit rating of the Obligor of such Receivable is greater than 36.

"HOLDER" or "NOTEHOLDER" means initially, the Person in whose name the Note is registered on the Note Register.

"INDEBTEDNESS" means, with respect to any Person at any time, (a) indebtedness or liability of such Person for borrowed money whether or not evidenced by bonds, debentures, notes or other instruments, or for the deferred purchase price of property or services (including trade obligations); (b) obligations of such Person as lessee under leases which should be, in accordance with generally accepted accounting principles, recorded as capital leases; (c) current liabilities of such Person in respect of unfunded vested benefits under plans covered by Title IV of ERISA; (d) obligations issued for or liabilities incurred on the account of such Person; (e) obligations or liabilities of such Person arising under acceptance facilities; (f) obligations of such Person under any guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person or otherwise to assure a creditor against loss; (g) obligations of such Person secured by any lien on property or assets of such Person, whether or not the obligations have been assumed by such Person; or (h) obligations of such Person under any interest rate or currency exchange agreement.

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

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

"INDEPENDENT CERTIFICATE" means a certificate or opinion to be delivered to the Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of SECTION 11.1 of the Indenture, prepared by an Independent appraiser or other expert appointed by an Issuer Order and approved by the Trustee in the exercise of reasonable care, and such opinion or certificate shall state that the signer has read the definition of "INDEPENDENT" in the Indenture and that the signer is Independent within the meaning thereof.

"INELIGIBLE RECEIVABLE" means any Receivable other than an Eligible Receivable.

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

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

"INSTITUTIONAL INVESTOR" has the meaning specified in Rule 144A under the Securities Act.

"INSURANCE AGREEMENT" means the Amended and Restated Insurance and Indemnity Agreement among the Seller, the Purchaser and the Insurer, dated as of November 30, 2004, as such agreement may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"INSURANCE AGREEMENT EVENT OF DEFAULT" means an "EVENT OF DEFAULT" as defined in the Insurance Agreement.

"INSURANCE AGREEMENT INDENTURE CROSS DEFAULT" means an "EVENT OF DEFAULT" set forth in the Insurance Agreement without giving effect to any amendment or other modification to such agreement or any waiver of any such "EVENT OF DEFAULT" in each case on or subsequent to the date hereof not approved in an instrument in writing signed by the Noteholder and the Agent; PROVIDED, HOWEVER, that for the purposes of the Indenture, the "EVENT OF DEFAULT" section set forth in the Insurance Agreement shall survive an Insurer Default, the Term of the Policy (as defined in the Insurance Agreement), the payment in full of all amounts due and owing to the Insurer under the Insurance Agreement and the termination of such agreement pursuant to the terms thereof.

"INSURER" means XL Capital Assurance Inc., a stock insurance company organized and created under the laws of the State of New York, or its successors in interest.

"INSURER DEFAULT" means any one of the following events shall have occurred and be continuing:

(i) the Insurer fails to make a payment required under the Note Policy in accordance with its terms and such failure continues unremedied for two days;

(ii) the Insurer (A) files any petition or commences any case or proceeding under any provision or chapter of the United States Bankruptcy Code, the New York Department of Insurance Code or similar Federal or State law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization, (B) makes a general assignment for the benefit of its creditors or (C) has an order for relief entered against it under the United States Bankruptcy Code or any other similar Federal or State law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization which is final and nonappealable; or

(iii) a court of competent jurisdiction, the New York Department of Insurance or other competent regulatory authority enters a final and nonappealable order, judgment or decree (A) appointing a custodian, trustee, agent or receiver for the Insurer or for all or any material portion of its property or (B) authorizing the taking of possession by a custodian, trustee, agent or receiver of the Insurer (or the taking of possession of all or any material portion of the property of the Insurer).

"INSURER NOTICE" means written notice from the Insurer delivered to the Seller, the Purchaser, the Trustee, the Standby Servicer and the Backup Servicer upon the occurrence of a Funding Termination Event specifying the date, determined in the sole and absolute discretion of the Insurer, on which the Facility Termination Date occurs, and after which (a) no additional purchases of Receivables and Other Conveyed Property under the Sale and Agreement shall be permitted and (b) no additional Advances shall be made under the Note Purchase Agreement.

"INSURER PREMIUM PERCENT" has the meaning set forth in the Premium Letter.

"INSURER SECURED OBLIGATIONS" means all amounts and obligations which the Issuer may at any time owe to or on behalf of the Insurer under the Indenture, the Insurance Agreement or any other Basic Document.

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

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

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

"ISSUER" means CPS Warehouse Trust until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein, each other obligor on the Note.

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

"ISSUER SECURED OBLIGATIONS" means the Insurer Secured Obligations and the Trustee Secured Obligations.

"ISSUER SECURED PARTIES" means each of the Trustee and the Agent, in respect of the Trustee Secured Obligations, and the Insurer, in respect of the Insurer Secured Obligations.

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

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

"LIQUIDATED RECEIVABLE" means a Receivable with respect to which the earliest of the following shall have occurred: (i) it has been liquidated by the Servicer through the sale of the Financed Vehicle or (ii) the related Financed Vehicle has been repossessed and 90 days (or 60 days, if such

Receivable is a TFC Receivable) have elapsed since the date of such repossession or (iii) an Obligor has failed to make more than 90% of a Scheduled Receivable Payment of more than ten dollars for 180 or more days as of the end of a Interest Period or (iv) proceeds have been received which, in the Servicer's judgment, constitute the final amounts recoverable in respect of such Receivable or (v) it has been written off by the Servicer as uncollectable.

"LIQUIDITY ASSET PURCHASE AGREEMENT" means that certain Liquidity Asset Purchase Agreement, dated as of March 7, 2002 by and among the purchasers from time to time party thereto, Paradigm and West LB as Administrator and Liquidity Agent, as such agreement may be replaced, amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"LOCKBOX ACCOUNT" means an account maintained on behalf of the Trustee by the Lockbox Bank pursuant to SECTION 4.2(b) of the Sale and Servicing Agreement.

"LOCKBOX AGREEMENT" means (a) in the case of the CPS Receivables, the Multiparty Agreement Relating to Lockbox Services, dated as of March 7, 2002, by and among the Lockbox Processor, the Purchaser, the Servicer and the Trustee, and (b) in the case of the TFC Recievables, the Multiparty Agreement Relating to Lockbox Services, dated as of November 30, 2004, by and among the Lockbox Processor, the Purchaser, the Servicer and the Trustee, in each case as such agreements may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, unless the Trustee shall cease to be a party thereunder, or such agreements shall be terminated in accordance with their respective terms, in which event "LOCKBOX AGREEMENT" shall mean such other agreement(s), in form and substance acceptable to the Controlling Party, among the Servicer, the Purchaser, and the Lockbox Processor and any other appropriate parties.

"LOCKBOX BANK" means as of any date a depository institution named by the Servicer and acceptable to the Controlling Party at which the Lockbox Account is established and maintained as of such date.

"LOCKBOX PROCESSOR" means Regulus West, LLC and its successors and assigns.

"LONDON BUSINESS DAY" means any day other than a Saturday, Sunday or a day on which banking institutions in London, England are authorized or obligated by law or government decree to be closed.

"MAJORITY PROGRAM SUPPORT PROVIDERS" means Program Support Providers holding more than 50% of the aggregate commitments of all Program Support Providers.

"MAXIMUM INVESTED AMOUNT" means $125,000,000.

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

"NET APR" means on any date the difference of the (x) weighted average APR of the Receivables as of such date minus (y) the sum of (i) the weighted average Servicing Fee Percentage as of such date, (ii) the per annum rate used to compute the Backup Servicer's Fee, (iii) the product of (X) the sum of (a) lesser of (I) the weighted average per annum interest rate on the Note as of such date and the (II) the Cap Rate, (b) the Applicable Margin, (c) the Insurance Premium, (d) the per annum rate used to compute the Trustee's Fee, (e) the per annum rate used to compute the Owner Trustee's Fee multiplied by (Y) the Advance Rate.

"NET LIQUIDATION PROCEEDS" means, with respect to a Liquidated Receivable, all amounts realized with respect to such Receivable (other than amounts withdrawn from the Reserve Account and drawings under the Note Policy) net of (i) reasonable expenses incurred by the Servicer in connection with the collection of such Receivable and the repossession and disposition of the

Financed Vehicle and the reasonable cost of legal counsel with the enforcement of a Liquidated Receivable, (ii) amounts that are required to be refunded to the Obligor on such Receivable; PROVIDED, HOWEVER, that the Net Liquidation Proceeds with respect to any Receivable shall in no event be less than zero.

"NOTE" means the Floating Rate Variable Funding Note, substantially in the form of the Note set forth in EXHIBIT A-1 to the Indenture.

"NOTE DISTRIBUTION ACCOUNT" means the account designated as such, established and maintained pursuant to SECTION 5.1 of the Sale and Servicing Agreement.

"NOTE INTEREST RATE" means for any day, the sum of (i) the Applicable Margin and (ii) the weighted average of the CP Rate for the portion of the Advances comprised of the CP Rate Tranche, the Eurodollar Rates (Reserve Adjusted) for the portion of the Advances comprised of the Eurodollar Tranche and the weighted average of the Base Rates applicable to the portion of the Advances comprised of the Base Rate Tranche; PROVIDED, HOWEVER, that the Note Interest Rate will in no event be higher than the maximum rate permitted by law.

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

"NOTE POLICY" means the Financial Guaranty Insurance Policy (No. CA00161A) issued by the Insurer for the benefit of the Holder of the Note issued under the Indenture, including any endorsements thereto.

"NOTE POLICY CLAIM AMOUNT" with respect to any Settlement Date, has the meaning specified in SECTION 6.1 of the Sale and Servicing Agreement.

"NOTE PURCHASE AGREEMENT" means the Amended and Restated Note Purchase Agreement dated as of November 30, 2004 among Paradigm, the Agent, the Committed Note Purchaser, the Purchaser and the Seller, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"NOTE PURCHASER PARTY" means (i) Paradigm and (ii) the Committed Note Purchaser.

"NOTE REGISTER" and "NOTE REGISTRAR" have the respective meanings specified in SECTION 2.4 of the Indenture.

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

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

"NOTEHOLDER'S MONTHLY INTEREST DISTRIBUTABLE AMOUNT" means, with respect to any Settlement Date, the sum of the Daily Interest Amounts for each day in the related Interest Period.

"NOTEHOLDER'S PRINCIPAL CARRYOVER SHORTFALL" means, with respect to any Settlement Date, the excess of the Noteholder's Principal Distributable Amount for the preceding Settlement Date over the amount that was actually deposited in the Note Distribution Account on such Settlement Date on account of the Noteholder's Principal Distributable Amount.

"NOTEHOLDER'S PRINCIPAL DISTRIBUTABLE AMOUNT" means, with respect to any Settlement Date (other than the Final Scheduled Settlement Date) the Borrowing Base Deficiency. The Noteholder's Principal Distributable Amount on the Final Scheduled Settlement Date will equal the aggregate outstanding principal amount of the Note.

"NOTICE OF CLAIM" has the meaning set forth in the Note Policy.

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

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

"OPINION OF COUNSEL" means a written opinion of counsel who may be but need not be counsel to the Purchaser, the Seller or the Servicer, which counsel shall be reasonably acceptable to the Trustee and the Controlling Party and which opinion shall be reasonably acceptable in form and substance to the Trustee and to the Controlling Party.

"ORDINARY INSURANCE PREMIUM" has the meaning set forth in the Premium Letter, dated as of March 7, 2002 among the Seller, the Purchaser and the Insurer.

"OTHER CONVEYED PROPERTY" means all property conveyed by the Seller to the Purchaser pursuant to SECTIONS 2.1(a)(ii) through (x) of the Sale and Servicing Agreement and SECTION 2 of each Assignment.

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

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

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

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

provided, however, that any portion of the Note which has been paid with proceeds of the Note Policy shall continue to remain Outstanding for purposes of the Indenture until the Insurer has been paid as subrogee thereunder or reimbursed pursuant to the Insurance Agreement as evidenced by a written notice from the Insurer delivered to the Trustee, and the Insurer shall be deemed to be the Holder thereof to the extent of any payments thereon made by the Insurer; provided, further, that in determining whether the Holder of the requisite Invested Amount of the Note have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any Basic Document, the Note owned by the Issuer, any other obligor upon the Note, the

Seller or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only a Note that a Responsible Officer of the Trustee either actually knows to be so owned or has received written notice thereof shall be so disregarded. A Note so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to the Note and that the pledgee is not the Issuer, any other obligor upon the Note, the Seller or any Affiliate of any of the foregoing Persons.

"OWNER TRUSTEE" shall mean Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity but solely as owner trustee under the Trust Agreement, and any successor Owner Trustee hereunder.

"OWNER TRUSTEE FEE" means $8,000, payable on the Closing Date to the Owner Trustee and $3,000 annually thereafter.

"PARADIGM" means Paradigm Funding LLC and any successor thereto or following any assignment pursuant to SECTION 2.02 of the Note Purchase Agreement, the Committed Note Purchaser, together with any successors and assigns thereof in accordance with the terms of the Note Purchase Agreement.

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

"PHYSICAL PROPERTY" has the meaning assigned to such term in the definition of "DELIVERY" above.

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

"PLEDGED ACCOUNTS" has the meaning assigned thereto in SECTION 5.1(e) of the Sale and Servicing Agreement.

"POST-OFFICE BOX" means the separate post-office box in the name of the Purchaser for the benefit of the Trustee acting on behalf of the Noteholder and the Insurer, established and maintained pursuant to SECTION 4.2 of the Sale and Servicing Agreement.

"PREFERENCE CLAIM" has the meaning specified in SECTION 6.2(B) of the Sale and Servicing Agreement.

"PRIME RATE" means the rate announced by West LB from time to time as its prime rate in the United States, such rate to change as and when such designated rate changes. The Prime Rate is not intended to be the lowest rate of interest charged by West LB in connection with extensions of credit to debtors.

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

"PRINCIPAL FUNDING ACCOUNT" has the meaning specified in SECTION 5.1(c) of the Sale and Servicing Agreement.

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

"PROGRAM" has the meaning specified in SECTION 4.11 of the Sale and Servicing Agreement.

"PROGRAM SUPPORT AGREEMENT" means and includes any agreement entered into by any Program Support Provider providing for the issuance of one or more letters of credit for the account of the Committed Note Purchaser or Paradigm, the issuance of one or more surety bonds for which the Committed Note Purchaser or Paradigm is obligated to reimburse the applicable Program Support Provider for any drawings thereunder, the sale by the Committed Note Purchaser or Paradigm to any Program Support Provider of the Note (or portions thereof) and/or the making of loans and/or other extensions of credit to the Committed Note Purchaser or Paradigm in connection with Paradigm' securitization program, together with any letter of credit, surety bond or other instrument issued thereunder (but excluding any discretionary advance facility provided by the Committed Note Purchaser).

"PROGRAM SUPPORT PROVIDER" means and includes any financial institutions and any other or additional Person (other than any customer of the Issuer) now or hereafter extending credit or having a commitment to extend credit to or for the account of, and to make purchases from, the Committed Note Purchaser or Paradigm or issuing a letter of credit or surety bond or other instrument to support any obligations arising under or in connection with Paradigm' securitization program, in each case pursuant to a Program Support Agreement.

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

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

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

"PURCHASER" means CPS Warehouse Trust.

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

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

"RATING AGENCY CONDITION" means, with respect to any action, that each Rating Agency shall have been given 3 days' (or such shorter period as shall be acceptable to each Rating Agency) prior notice thereof and that each of the Rating Agencies shall have notified the Seller, the Servicer, the Insurer and the Trustee in writing that such action will not result in a reduction or withdrawal of the then current rating of the Note, without giving effect to the Note Policy.

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

"RECEIVABLE" means each retail installment sale contract for a Financed Vehicle which is listed on the Schedule of Receivables and all rights and obligations thereunder, except for Receivables that shall have become Purchased Receivables.

"RECEIVABLE FILES" means the documents specified in SECTION 3.3(a) of the Sale and Servicing Agreement.

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

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

"REFERENCE LENDER" means West LB in its individual capacity and its successors.

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

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

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

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

"REQUIRED RESERVE ACCOUNT AMOUNT" means the greater of (A) the sum of (i) the CPS Required Reserve Account Amount and (ii) the TFC Required Reserve Account Amount, and (B) the Required Reserve Account Floor.

"REQUIRED RESERVE ACCOUNT FLOOR" means the lesser of (a) $500,000 and (b) the Invested Amount.

"REQUIRED RESERVE PERCENTAGE" means (a) for the CPS Receivables, 1.0%; provided however, if a CPS Trigger Event I has occurred and is continuing, such percentage shall be equal to 2.0%; provided, further, that if a CPS Trigger Event II has occurred and is continuing, such percentage shall be equal to 8.5%; and (b) for the TFC Receivables, 1.0%; provided however, if a TFC Trigger Event I has occurred and is continuing, such percentage shall be equal to 2.0%.

"RESERVE ACCOUNT" means the account designated as such, established and maintained pursuant to SECTION 5.5 of the Sale and Servicing Agreement.

"RESPONSIBLE OFFICER" means, (i) in the case of the Trustee, the chairman or vice-chairman of the board of directors, the chairman or vice-chairman of the executive committee of the board of directors, the president, vice-president, assistant vice-president or managing director, the secretary, and assistant secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject and (ii) in the case of the Owner Trustee, any officer (or agent acting under power of attorney) who is responsible for administering the transactions contemplated by the Trust Agreement and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"RULE OF 78'S RECEIVABLE" means any Receivable under which the portion of a payment allocable to earned interest (which may be referred to in the related retail installment sale contract as an add-on finance charge) and the portion allocable to the Amount Financed is determined according to the method commonly referred to as the "RULE OF 78'S" method or the "SUM OF THE MONTHS' DIGITS" method or any equivalent method.

"SALE AND SERVICING AGREEMENT" means the Amended and Restated Sale and Servicing Agreement dated as of November 30, 2004 among the Issuer, the Seller, the Servicer, the Backup Servicer, the Trustee and the Agent, as the same may be amended or supplemented from time to time.

"SCHEDULED PAYMENTS" has the meaning specified in the Note Policy.

"SCHEDULED RECEIVABLE PAYMENT" means, with respect to any Receivable for any Accrual Period, the amount set forth in the related Contract as required to be paid by the Obligor in such Accrual Period (without giving effect to deferments of payments pursuant to SECTION 4.2 of the Sale and Servicing Agreement or any rescheduling of payments in any insolvency or similar proceedings).

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

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

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

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

"SERVICER EXTENSION NOTICE" has the meaning specified in SECTION 4.15 of the Sale and Servicing Agreement.

"SERVICER RECEIPT" has the meaning specified in SECTION 3.5 of the Sale and Servicing Agreement.

"SERVICER TERMINATION EVENT" means an event specified in SECTION 10.1 of the Sale and Servicing Agreement.

"SERVICER'S CERTIFICATE" means a certificate completed and executed by a Servicing Officer and delivered pursuant to SECTION 4.9 of the Sale and Servicing Agreement, substantially in the form of EXHIBIT A to the Sale and Servicing Agreement.

"SERVICING FEE" has the meaning specified in SECTION 4.8 of the Sale and Servicing Agreement.

"SERVICING FEE PERCENTAGE" means (a) with respect to the CPS Receivables, 2.50%, and (b) with respect to the TFC Receivables, 3.5%.

"SERVICING AND LOCKBOX PROCESSING ASSUMPTION AGREEMENT" means the Servicing and Lockbox Processing Assumption Agreement, dated as of March 7, 2002, among Consumer Portfolio Services, Inc., as Seller and Servicer, the Standby Servicer and the Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

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

"SETTLEMENT DATE" means, with respect to each Accrual Period, the 15th day of the following calendar month, or if such day is not a Business Day, the immediately following Business Day, commencing on April 15, 2002.

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

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

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

"STANWICH CASE" means IN RE Structured Settlement Litigation, Nos. BC 244111, 244271 and 243787 (Cal. Super. Ct. filed May 9, 2001).

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

"STATED MATURITY DATE" means the date that is 364 days from the Closing Date.

"TAXES" has the meaning set forth in SECTION 3.08 of the Note Purchase Agreement.

"TERM" has the meaning set forth in SECTION 2.05 of the Note Purchase Agreement.

"TERMINATION DATE" means the latest of (i) the expiration of the Note Policy and the return of the Note Policy to the Insurer for cancellation, (ii) the date on which the Note has been paid in full and the Insurer shall have received payment and performance of all Insurer Secured Obligations and (iii) the date on which the Trustee shall have received payment and performance of all Trustee Secured Obligations and disbursed such payments in accordance with the Basic Documents.

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

"TFC ASSIGNMENT" means an assignment in substantially the form attached as Exhibit H to the Sale and Servicing Agreement pursuant to which TFC transfers and conveys TFC Receivables to CPS from time to time.

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

"TFC FUNDING TERMINATION EVENT" shall have the meaning specified in the Insurance Agreement.

"TFC RECEIVABLES" means Eligible Receivables acquired from Dealers by TFC.

"TFC REQUIRED RESERVE ACCOUNT AMOUNT" means, as of any date of determination, the product of (a) the applicable Required Reserve Percentage and (b) the Aggregate Principal Balance of the TFC Receivables as of such date of determination.

"TFC TRIGGER EVENT I" means a "TFC TRIGGER EVENT I" set forth in the Insurance Agreement without giving effect to any amendment or other modification to such agreement or any waiver of any such "TFC TRIGGER EVENT I" in each case on or subsequent to the date hereof not approved in an instrument in writing signed by the Controlling Party; PROVIDED, HOWEVER, that for the purposes of the Indenture, the "TFC TRIGGER EVENT I" section set forth in the Insurance Agreement shall survive an Insurer Default, the Term of the Policy (as defined in the Insurance Agreement), the payment in full of all amounts due and owing to the Insurer under the Insurance Agreement and the termination of such agreement pursuant to the terms thereof.

"TRUST AGREEMENT" means the Trust Agreement dated as of March 1, 2002, as amended and restated as of March 7, 2002 between the Owner Trustee and the Depositor.

"TRUST ESTATE" means (i) all money, instruments, rights and other property that are subject or intended to be subject to the lien and security interest of this Indenture for the benefit of the Noteholder and the Insurer (including all Collateral Granted to the Trustee), including all proceeds thereof and (ii) the right to receive payments pursuant to the Note Policy.

"TRUST RECEIPT" means a trust receipt in substantially the form of EXHIBIT B to the Sale and Servicing Agreement.

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

"TRUSTEE FEE" means (A) the fee payable to the Trustee on each Settlement Date in an amount equal to the greater of $1,000 and (b) one-twelfth of 0.02% of the aggregate outstanding principal amount of the Note on the last day of the second preceding Interest Period, and (B) any other amounts payable to the Trustee pursuant to the Fee Schedule.

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

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

"UNUSED FACILITY FEE" has the meaning set forth in SECTION 3.02 of the Note Purchase Agreement.

"WEIGHTED AVERAGE FUNDING COST" means, with respect to commercial paper issued by Paradigm, the sum of (i) the actual interest rate (or discount) paid to the purchasers of such commercial paper, together with the commissions of placement agents and dealers in respect of such commercial paper, to the extent such commissions are allocated to such commercial paper by Paradigm, (ii) any carrying costs incurred with respect to commercial paper maturing on dates other than those on which corresponding funds are received by Paradigm, except as expressly provided for in the Basic Documents, and (iii) other borrowings by Paradigm including, without limitation, borrowings to fund small or odd dollar amounts that are not easily accommodated in the commercial paper market; PROVIDED, HOWEVER, that such interest rate under this clause (iii) shall not exceed the Federal Funds Rate.

"WEST LB" means WestLB AG (f/k/a Westdeutsche Landesbank Giorzentrale), New York branch.

Exhibit 10.31

$125,000,000

Floating Rate Variable Funding Note

AMENDED AND RESTATED INDENTURE

Dated as of November 30, 2004

CPS WAREHOUSE TRUST,
Issuer

WESTLB AG,
Agent

WELLS FARGO BANK, NATIONAL ASSOCIATION,
Trustee

TABLE OF CONTENTS

PAGE NO.

TABLE OF CONTENTS
(CONTINUED)

PAGE NO.

TABLE OF CONTENTS
(CONTINUED)

PAGE NO.

AMENDED AND RESTATED INDENTURE, dated as of November 30_, 2004 (as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, this "INDENTURE"), is made among CPS Warehouse Trust, a Delaware statutory trust (the "ISSUER"), WestLB AG (f/k/a Westdeutsche Landesbank Girozentrale) ("WEST LB"), as administrator for the Noteholder (in such capacity, and together with its successors and assigns in such capacity, the "AGENT") and Wells Fargo Bank, National Association, a national banking association, as successor-by-merger to Wells Fargo Bank Minnesota, National Association, as successor in interest to Bank One Trust Company, N.A., as trustee (the "TRUSTEE").

The Issuer, the Agent and the Trustee (collectively, the "AMENDING PARTIES") are party to that certain Indenture, dated as of March 7, 2002 (the "ORIGINAL INDENTURE"), as amended and supplemented by that certain Omnibus Amendment Agreement containing Supplemental Indenture No. 1, dated as of July 25, 2002 (the "FIRST SUPPLEMENTAL INDENTURE"), Second Omnibus Amendment Agreement containing Supplemental Indenture No. 2, dated as of October 31, 2002 (the "SECOND SUPPLEMENTAL INDENTURE"), and Supplemental Indenture No. 3, dated as of July 18, 2003 (the "THIRD SUPPLEMENTAL INDENTURE," and collectively with the First Supplemental Indenture and the Second Supplemental Indenture, the "AMENDMENTS TO THE ORIGINAL INDENTURE").

The Amending Parties desire to enter into this Indenture for the purpose of (i) restating the Original Indenture to reflect the Amendments to the Original Indenture through the date hereof and (ii) making certain amendments to the Original Indenture as amended by the Amendments to the Original Indenture.

Each party agrees as follows for the benefit of the other parties and for the benefit of the Holder of the Issuer's Floating Rate Variable Funding Note (the "NOTE"):

To secure the payment of principal of and interest on, and any other amounts owing in respect of the Note, and to secure compliance with this Indenture, the Issuer has agreed to pledge the Collateral (as defined below) as collateral to the Trustee for the benefit of the Noteholder and the Insurer (as defined below), as their respective interests may appear.

XL Capital Assurance Inc. (the "INSURER") has issued and delivered a financial guaranty insurance policy, dated the Closing Date (with endorsements, the "NOTE POLICY"), pursuant to which the Insurer guarantees Scheduled Payments with respect to the Note, as defined in the Note Policy.

As an inducement to the Insurer to issue and deliver the Note Policy, the Issuer and the Insurer have executed and delivered the Insurance and Indemnity Agreement, dated as of March 7, 2002, which was amended and restated pursuant to the Insurance Agreement (defined below).

As an additional inducement to the Insurer to issue the Note Policy, and as security for the performance by the Issuer of the Insurer Secured Obligations (as defined below) and as security for the performance by the Issuer of the Trustee Secured Obligations, the Issuer has agreed to assign the Collateral (as defined below) as collateral to the Trustee for the benefit of the Issuer Secured Parties, as their respective interests may appear.

West LB has been requested, and is willing, to act as the Agent on behalf of the Noteholder.

GRANTING CLAUSE

The Issuer hereby Grants to the Trustee on each Funding Date, as Trustee for the benefit of the Noteholder and for the benefit of the Issuer Secured Parties all right, title and interest of the Issuer, whether now existing or hereafter arising, in and to the following;

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

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

(c) the security interests in the Financed Vehicles granted by Obligors pursuant to the related Contracts and any other interest of the Issuer in such Financed Vehicles, including, without limitation, the certificates of title or, with respect to such Financed Vehicles in the States listed in ANNEX B to the Sale and Servicing Agreement, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, with respect to such Financed Vehicles;

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

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

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

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

(h) all amounts and property from time to time held in or credited to the Collection Account, the Note Distribution Account, the Principal Funding Account, the Reserve Account and the Lockbox Account;

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

(j) the Sale and Servicing Agreement, including a direct right to cause the Seller to purchase Receivables from the Issuer pursuant to the Sale and Servicing Agreement under the circumstances specified therein;

(k) any Hedge Agreements;

(l) the Note Purchase Agreement;

(m) each TFC Assignment; and

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

In addition, the Issuer shall cause the Note Policy to be issued for the benefit of the Noteholder.

The foregoing Grant is made in trust to the Trustee, for the benefit of the Noteholder and the Issuer Secured Parties, as their interests may appear, to secure the payment of principal of and interest on, and any other amounts owing in respect of the Note, to secure the Issuer Secured Obligations and to secure compliance with this Indenture. The Trustee hereby acknowledges such Grant, accepts the trusts under this Indenture in accordance with the provisions of this Indenture and agrees to perform its duties as required in this Indenture.

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

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.1. DEFINITIONS. Except as otherwise specified herein, the following terms have the respective meanings set forth below for all purposes of this Indenture and the definitions of such terms are equally applicable to both the singular and plural forms of such terms and to each gender.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in ANNEX A to the Amended and Restated Sale and Servicing Agreement dated as of November 30, 2004 among the Issuer, the Seller, the Servicer and the Trustee, as Backup Servicer and as Trustee, as the same may be amended or supplemented from time to time (the "SALE AND SERVICING AGREEMENT") or, if not defined therein, in the Amended and Restated Insurance and Indemnity Agreement dated as of November 30, 2004 among the Issuer, the Insurer, the Trustee, the Backup Servicer, the Seller and the Servicer, as the same may be amended or supplemented from time to time (the "INSURANCE AGREEMENT").

SECTION 1.2. [Reserved].

SECTION 1.3. OTHER DEFINITIONAL PROVISIONS.

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

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

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

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

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

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

ARTICLE II

THE NOTE

SECTION 2.1. FORM.

(a) The Note, together with the Trustee's certificate of authentication, shall be in substantially the form set forth in EXHIBIT A-1, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing the Note, as evidenced by their execution of the Note. Any portion of the text of the Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note. Only one Note will be issued on the Closing Date which Note shall be subject to Advances and prepayments from time to time in accordance with SECTION 2.11 and ARTICLE X, respectively.

(b) The Note shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing the Note, as evidenced by their execution of the Note.

(c) The terms of the Note set forth in EXHIBIT A-1 are part of the terms of this Indenture.

SECTION 2.2. EXECUTION, AUTHENTICATION AND DELIVERY.

(a) The Note shall be executed on behalf of the Issuer by any of its Authorized Officers. The signature of any such Authorized Officer on the Note may be manual or facsimile.

(b) A Note bearing the manual or facsimile signature of individuals who were at any time Authorized Officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of the Note or did not hold such offices at the date of the Note.

(c) The Trustee shall upon receipt of the Note Policy and Issuer Order for authentication and delivery, authenticate and deliver the Note for original issue in an aggregate principal amount up to, but not in excess of, the Maximum Invested Amount.

(d) The Note shall be dated the date of its authentication.

(e) The Note shall not be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears attached to the Note a certificate of authentication substantially in the form provided for herein, executed by the Trustee by the manual signature of one of its authorized signatories, and such certificate attached to the Note shall be conclusive evidence, and the only evidence, that the Note has been duly authenticated and delivered hereunder.

SECTION 2.3. [Reserved]

SECTION 2.4. REGISTRATION; REGISTRATION OF TRANSFER AND EXCHANGE.

(a) The Issuer shall cause to be kept a register (the "NOTE REGISTER") in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 2.5, the Issuer shall provide for the registration of the Note, and the registration of transfers and exchanges of the Note. The Trustee shall be "NOTE REGISTRAR" for the purpose of registering the Note and transfers of the Note as herein provided. Upon any resignation or removal of any Note Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Note Registrar.

(b) If a Person other than the Trustee is appointed by the Issuer as Note Registrar, the Issuer will give the Trustee and the Insurer prompt written notice of the appointment of such Note Registrar and of the location, and any change in the location, of the Note Register, and the Trustee and the Insurer shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof. The Trustee shall have the right to conclusively rely upon a certificate executed on behalf of the Note Registrar by an Executive Officer thereof as to the name and address of the Holder of the Note and the principal amounts and number of the Note.

(c) Subject to SECTION 2.5 hereof, upon surrender for registration of transfer of any Note at the office or agency of the Issuer to be maintained as provided in SECTION 3.2, if the requirements of Section 8-401(a) of the UCC are met, the Trustee shall have the Issuer execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note in any authorized denomination and a like aggregate principal amount.

(d) At the option of the Holder, the Note may be exchanged for another Note in any authorized denominations, of the same class and a like aggregate principal amount, upon surrender of the Note to be exchanged at such office or agency. Whenever the Note is so surrendered for exchange, subject to SECTION 2.5 hereof, if the requirements of Section 8-401(a) of the UCC are met, the Issuer shall execute, and upon request by the Issuer the Trustee shall authenticate, and the Noteholder shall obtain from the Trustee, the Note which the Noteholder making the exchange is entitled to receive. Every Note presented or surrendered for registration of transfer or exchange shall be accompanied by a written instrument of transfer in form satisfactory to the Issuer, the Trustee and the Note Registrar duly executed by the Holder thereof or his attorney duly authorized in writing.

(e) The Note issued upon any registration of transfer or exchange of the Note shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Note surrendered upon such registration of transfer or exchange.

(f) Every Note presented or surrendered for registration of transfer or exchange shall be (i) duly endorsed by, or accompanied by a written instrument of transfer in the form attached to EXHIBITS A-1 and A-2 duly executed by, the Holder thereof or such Holder's attorney, duly authorized in writing, with such signature guaranteed by an "ELIGIBLE GUARANTOR INSTITUTION" meeting the requirements of the Note Registrar which requirements include membership or participation in Securities Transfer Agents Medallion Program ("STAMP") or such other "SIGNATURE GUARANTEE PROGRAM" as may be determined by the Note Registrar in addition to, or in substitution for, STAMP, all in accordance with the Exchange Act and (ii) accompanied by such other documents as the Trustee may require.

(g) No service charge shall be made to a Holder for any registration of transfer or exchange of the Note, but the Note Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of the Note, other than exchanges pursuant to SECTION 9.6 not involving any transfer.

(h) The preceding provisions of this SECTION 2.4 notwithstanding, the Issuer shall not be required to make and the Note Registrar shall not register transfers or exchanges of the Note selected for redemption or of any Note for a period of 15 days preceding the due date for any payment with respect to the Note.

SECTION 2.5. RESTRICTIONS ON TRANSFER AND EXCHANGE.

(a) No transfer of the Note shall be made unless the transferor therefor has provided a certification substantially in the form of EXHIBIT A-2 that such transfer is (i) to the Issuer, or (ii) to any person the transferor reasonably believes is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) in a transaction meeting the requirements of Rule 144A under the Securities Act, or (iii) in compliance with Section 2.5(c) hereof, (A) to an institutional investor that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act in compliance with Section 2.5(d) hereof, or (B) in a transaction complying with or exempt from the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction; PROVIDED, that (except with respect to the transfer of the Note or Advance made by the Noteholder), in the case of CLAUSES (A) and (B) the Trustee or the Issuer may require an Opinion of Counsel to the effect that such transfer may be effected without registration under the Securities Act, which Opinion of Counsel, if so required, shall be addressed to the Issuer and the Trustee and shall be secured at the expense of the Holder. Each prospective purchaser by its acquisition of the Note, acknowledges that the Note will contain a legend substantially to the effect set forth in SECTION 2.5(D) (unless the Issuer determines otherwise in accordance with applicable law).

Any transfer or exchange of a Note to a proposed transferee taking such transfer in the form of a Note shall be conducted in accordance with the provisions of Section 2.4, and shall be contingent upon receipt by the Note Registrar of (A) such Note, if applicable, properly endorsed for assignment or transfer or (B) written instructions from such Transferor directing the Note Registrar to cause to be credited the beneficial interest in or amount of the corresponding Note to the account designated by such Transferor in an amount equal to the amount of such Note or beneficial interest to be transferred (but not less than the minimum authorized denomination applicable to the Note) and (C) such certificates or signatures as may be required under the Note or this Section 2.5 , in each case, in form and substance satisfactory to the Note Registrar. The Note Registrar shall cause any such transfers and related cancellations or increases and related reductions, as applicable, to be properly recorded in its books in accordance with the requirements of Section 2.4.

(b) Transfers to Qualified Institutional Buyers are subject to the following:

(i) Each purchaser of the Note that is a qualified institutional buyer will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A under the Securities Act are used herein as defined therein):

(A) The purchaser (1) is a qualified institutional buyer, (2) is aware that the sale of the Note to it is being made in reliance on the exemption from registration provided by Rule 144A under the Securities Act and (3) is acquiring the Note for its own account or for one or more accounts, each of which is a qualified institutional buyer, and as to each of which the purchaser exercises sole investment discretion, for the purchaser and for each such account. The purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Note, and the purchaser and any accounts for which it is acting are each able to bear the economic risk of the purchaser's or its investment.

(B) The purchaser understands that the Note is being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, the Note have not been and will not be registered under the Securities Act, and, if in the future the purchaser decides to offer, resell, pledge or otherwise transfer the Note, the Note may be offered, resold, pledged or otherwise transferred only in accordance with the legend on the Note set forth in Section 2.5(d). The purchaser acknowledges that no representation is made by the Issuer as to the availability of any exemption under the Securities Act or any state securities laws for resale of the Note.

(C) The purchaser is not purchasing the Note with a view to the resale, distribution or other disposition thereof in violation of the Securities Act. The purchaser understands that an investment in the Note involves certain risks, including the risk of loss of a substantial part of its investment under certain circumstances. The purchaser has had access to such financial and other information concerning the Issuer and the Note as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Note, including an opportunity to ask questions of and request information from the Noteholder and the Issuer.

(D) In connection with the transfer of the Note: (i) none of the Issuer or the Noteholder is acting as a fiduciary or financial or investment adviser for the purchaser; (ii) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer or the Noteholder other than any representations expressly set forth in a written agreement with such party; (iii) none of the Issuer or the Noteholder has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence, or benefit (including legal, regulatory, tax, financial, accounting, or otherwise) of the Indenture or documentation for the Note; (iv) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Indenture) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer; (v) the purchaser has determined that the rates, prices or amounts and other terms of the purchase and sale of the Note reflect those in the relevant market for similar transactions; (vi) the purchaser is acquiring the Note with a full understanding of all of the terms, conditions and risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (vii) the purchaser is a sophisticated investor.

(E) The purchaser understands that the Note will bear the legend set forth in SECTION 2.5(d). The Note may not at any time be held by or on behalf of U.S. persons that are not qualified institutional buyers.

(F) The purchaser will not, at any time, offer to buy or offer to sell the Note by any form of general solicitation or advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or seminar or meeting whose attendees have been invited by general solicitations or advertisings.

(G) The purchaser represents that either (1) it is not a Benefit Plan and is not acting on behalf of or investing plan assets of a Benefit Plan or (2) the purchaser's purchase and holding of the Note is entitled to exemptive relief from the prohibited transaction rules of Section 406 of ERISA and Section 4975 of the Code pursuant to a U.S. Department of Labor prohibited transaction class exemption.

(H) The purchaser acknowledges that the Issuer, the Noteholder and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or warranties deemed to have been made by it by or in connection with its purchase of the Note is no longer accurate, it shall promptly notify the Issuer and the Noteholder. If the purchaser is acquiring the Note as a fiduciary or agent for one or more investor accounts, it shall be deemed to have represented that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

(I) In connection with a transfer of the Note, the Issuer shall furnish upon request of a Noteholder to the Noteholder and any prospective purchaser designated by the Noteholder the information required to be delivered under paragraph (d)(4) of Rule 144A of the Securities Act.

(J) Any information the purchaser desires concerning the Issuer, the Note or any other matter relevant to its decision to purchase the Note is or has been made available to it.

(c) If the Note is sold in the United States to U.S. Persons under Section 4(2) of the Securities Act to a limited number of institutional "ACCREDITED INVESTORS" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act), it shall be issued in the form of certificated Note in definitive, fully registered form without interest coupons with the applicable legends set forth in the form of the Note registered in the name of the beneficial owner or a nominee thereof, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided (a "Definitive Note"). Any transfer to an institutional "ACCREDITED INVESTOR" is expressly conditioned upon the requirement that such transferee shall deliver a Transferee's Certificate in the form of EXHIBIT A-2.

(d) LEGENDING OF THE NOTE. Unless the Issuer determines otherwise in accordance with applicable law, the Note shall have the following legend:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING ANY NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT IT IS AN INSTITUTIONAL INVESTOR THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT AND THAT SUCH NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (1) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE), (2) TO A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (3) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION; PROVIDED, THAT THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER.

SECTION 2.6. MUTILATED, DESTROYED, LOST OR STOLEN NOTE.

(a) If (i) any mutilated Note is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Trustee and the Controlling Party such security or indemnity as may be required by it to hold the Issuer, the Trustee and the Controlling Party harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Trustee that such Note has been acquired by a bona fide purchaser, and, provided that the requirements of Section 8-405 and 8-406 of the UCC are met, the Issuer shall execute, and upon request by the Issuer, the Trustee shall authenticate and deliver in exchange

for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note; PROVIDED, HOWEVER, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become, or within seven days shall be, due and payable or shall have been called for redemption, instead of issuing a replacement Note, the Issuer may direct the Trustee, in writing, to pay such destroyed, lost or stolen Note when so due or payable without surrender thereof. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the preceding sentence, a bona fide purchaser of the original Note in lieu of which such replacement Note was issued, presents for payment such original Note, the Issuer, the Trustee and the Insurer shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any assignee of such Person, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

(b) Upon the issuance of any replacement Note under this Section, the Issuer may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Trustee) connected therewith.

(c) Every replacement Note issued pursuant to this Section in replacement of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with the Note duly issued hereunder.

(d) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of the mutilated, destroyed, lost or stolen Note.

SECTION 2.7. PERSONS DEEMED OWNER. Prior to due presentment for registration of transfer of any Note, the Issuer, the Trustee, the Insurer and any agent of the Issuer, the Trustee or the Insurer may treat the Person in whose name any Note is registered (as of the applicable Record Date) as the owner of such Note for the purpose of receiving payments of principal of and interest, if any, on such Note, for all other purposes whatsoever and whether or not such Note be overdue, and none of the Issuer, the Insurer, the Controlling Party (if not the Insurer), the Trustee nor any agent of the Issuer, the Insurer, the Controlling Party (if not the Insurer) or the Trustee shall be affected by notice to the contrary.

SECTION 2.8. PAYMENT OF PRINCIPAL AND INTEREST; DEFAULTED INTEREST. The Note shall accrue interest as provided in the form of the Note set forth in EXHIBIT A-1, and such interest shall be due and payable on each Settlement Date, as specified therein. Any installment of interest or principal, if any, payable on the Note which is punctually paid or duly provided for by the Issuer on the applicable Settlement Date shall be paid to the Person in whose name such Note is registered on the Record Date, either by wire transfer in immediately available funds to such Person's account as it appears on the Note Register on such Record Date if (i) such Noteholder has provided to the Note Registrar appropriate written instructions at least five Business Days prior to such Settlement Date and such Holder's Note in the aggregate evidence a denomination of not less than $1,000,000 or (ii) such Noteholder is the Seller, or an Affiliate thereof, or if not by check mailed to such Noteholder at the address of such Noteholder appearing on the Note Register, except that, unless a Definitive Note has been issued pursuant to SECTION 2.5, with respect to the Note registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payment will be made by wire transfer in immediately available funds to the account designated by such nominee, except for the final installment of principal payable with respect to such Note on a Settlement Date or on the Final Scheduled Settlement Date, which shall be payable as provided below.

(a) The principal of the Note shall be due and payable in full on the last day of the third Interest Period after Facility Termination Date as provided in the form of the Note set forth in EXHIBIT A-1. Notwithstanding the foregoing, the entire unpaid principal amount of the Note shall be due and

payable, if not previously paid, on the date on which an Event of Default shall have occurred and be continuing in the manner and under the circumstances provided in SECTION 5.2. All principal payments on the Note shall be made pro rata to the Noteholder entitled thereto. Upon written notice from the Issuer, the Trustee shall notify the Person in whose name a Note is registered at the close of business on the Record Date preceding the Settlement Date on which the Issuer expects that the final installment of principal of and interest on such Note will be paid. Such notice shall be mailed or transmitted by facsimile prior to such final Settlement Date and shall specify that such final installment will be payable only upon presentation and surrender of such Note and shall specify the place where such Note may be presented and surrendered for payment of such installment.

(b) If the Issuer defaults in a payment of interest on the Note, the Issuer shall pay defaulted interest (plus interest on such defaulted interest to the extent lawful) at the Note Interest Rate then in effect in any lawful manner. The Issuer may pay such defaulted interest to the Noteholder on the immediately following Settlement Date, and if such amount is not paid on such following Settlement Date, then on a subsequent special record date, which date shall be at least five Business Days prior to the Settlement Date. The Issuer shall fix or cause to be fixed any such special record date and Settlement Date, and, at least 15 days before any such special record date, the Issuer shall mail to the Noteholder and the Trustee a notice that states the special record date, the Settlement Date and the amount of defaulted interest to be paid.

(c) Promptly following the date on which all principal of and interest on the Note has been paid in full and the Note has been surrendered to the Trustee, the Trustee shall, if the Insurer has paid any amount in respect of the Note under the Note Policy or otherwise which has not been reimbursed to it, deliver the surrendered Note to the Insurer.

SECTION 2.9. CANCELLATION. Subject to SECTION 2.8(c), the Note surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by the Trustee. Subject to SECTION 2.8(c), the Issuer may at any time deliver to the Trustee for cancellation any Note previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and the Note so delivered shall be promptly canceled by the Trustee. No Note shall be authenticated in lieu of or in exchange for any Note canceled as provided in this Section, except as expressly permitted by this Indenture. Subject to SECTION 2.8(c), the canceled Note may be held or disposed of by the Trustee in accordance with its standard retention or disposal policy as in effect at the time unless the Issuer shall direct by an Issuer Order that they be destroyed or returned to it; PROVIDED that such Issuer Order is timely and the Note has not been previously disposed of by the Trustee.

SECTION 2.10. RELEASE OF COLLATERAL. Subject to the terms of the other Basic Documents and SECTIONS 10.1 AND 11.1, the Trustee shall, on or after the Termination Date, release any remaining portion of the Trust Estate from the lien created by this Indenture and deposit in the Collection Account any funds then on deposit in any other Pledged Account. In addition, the Trustee shall release Ineligible Receivables from the lien created by this Indenture upon any dividend of such Ineligible Receivables pursuant to Section 5.11 of the Sale and Servicing Agreement. The Trustee shall release property from the lien created by this Indenture pursuant to this SECTION 2.10 only upon receipt of an Issuer Request accompanied by an Officer's Certificate meeting the applicable requirements of SECTION 11.1.

SECTION 2.11. AMOUNT LIMITED; ADVANCES.

The maximum aggregate principal amount of the Note which may be authenticated and delivered and Outstanding at any time under this Indenture is limited to the Maximum Invested Amount.

On each Business Day prior to the Facility Termination Date that is a Funding Date, and upon the satisfaction of all conditions precedent to (a) the funding of an Advance and (b) the purchase of Receivables, in each case as set forth in SECTION 2.1(b) of the Sale and Servicing Agreement, SECTION 7.02 and SECTION 7.03 of the Note Purchase Agreement, the Issuer shall be entitled to borrow additional funds pursuant to an Advance on such Funding Date in an aggregate principal amount equal to the Advance Amount with respect to such Funding Date. Each request by the Issuer for an Advance shall be deemed to be a certification by the Issuer as to the satisfaction of the conditions specified in the previous sentence.

The aggregate outstanding principal amount of the Note may be increased through the funding of the Advances. Each Advance and corresponding Advance Amount shall be recorded on the grid attached to the Note or in an electronic file substantially in the same form as such grid. The grid (or such electronic file) shall show all Advance Amounts and prepayments. The Agent shall be responsible for maintaining the grid with respect to the Note. Absent manifest error, all such grid entries (whether manual or in electronic form) shall be dispositive with respect to the determination of the outstanding principal amount of the Note. The Note (i) can be funded by Advances on any Funding Date in a minimum amount of $1,000,000 and any higher amount (subject to the Maximum Invested Amount), and (ii) subject to subsequent Advances pursuant to this SECTION 2.11, are subject to prepayment in whole or in part, at the option of the Issuer as provided in Article X herein.

ARTICLE III

COVENANTS

SECTION 3.1. PAYMENT OF PRINCIPAL AND INTEREST. The Issuer will duly and punctually pay the principal of and interest on the Note in accordance with the terms of the Note and this Indenture. Without limiting the foregoing, the Issuer will cause to be distributed on each Settlement Date all amounts deposited in the Note Distribution Account pursuant to the Sale and Servicing Agreement to the Noteholder. Amounts properly withheld under the Code by any Person from a payment to the Noteholder of interest and/or principal shall be considered as having been paid by the Issuer to the Noteholder for all purposes of this Indenture.

SECTION 3.2. MAINTENANCE OF OFFICE OR AGENCY. The Issuer will maintain in Minneapolis, Minnesota, an office or agency where the Note may be surrendered for registration of transfer or exchange, and where notices and demands to or upon the Issuer in respect of the Note and this Indenture may be served. The Issuer hereby initially appoints the Trustee to serve as its agent for the foregoing purposes. The Issuer will give prompt written notice to the Trustee of the location, and of any change in the location, of any such office or agency. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Trustee with the address thereof, such surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Issuer hereby appoints the Trustee as its agent to receive all such surrenders, notices and demands.

SECTION 3.3. MONEY FOR PAYMENTS TO BE HELD IN TRUST.

(a) On or before each Settlement Date, the Issuer shall deposit or cause to be deposited in the Note Distribution Account from the Collection Account an aggregate sum sufficient to pay the amounts then becoming due under the Note, such sum to be held in trust for the benefit of the Persons entitled thereto and (unless the Note Paying Agent is the Trustee) shall promptly notify the Trustee of its action or failure so to act.

(b) The Issuer shall cause each Note Paying Agent other than the Trustee to execute and deliver to the Trustee and the Controlling Party an instrument in which such Note Paying Agent shall agree with the Trustee (and if the Trustee acts as Note Paying Agent, it hereby so agrees), subject to the provisions of this Section, that such Note Paying Agent shall:

(i) hold all sums held by it for the payment of amounts due with respect to the Note in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Trustee notice of any default by the Issuer (or any other obligor upon the Note) of which it has actual knowledge in the making of any payment required to be made with respect to the Note;

(iii) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Note Paying Agent;

(iv) immediately resign as a Note Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of the Note if at any time it ceases to meet the standards required to be met by a Note Paying Agent at the time of its appointment; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on the Note of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(c) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Note Paying Agent to pay to the Trustee all sums held in trust by such Note Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which the sums were held by such Note Paying Agent; and upon such a payment by any Note Paying Agent to the Trustee, such Note Paying Agent shall be released from all further liability with respect to such money.

(d) Subject to applicable laws with respect to the escheat of funds, any money held by the Trustee or any Note Paying Agent in trust for the payment of any amount due with respect to the Note and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on Issuer Request with the consent of the Controlling Party and shall be deposited by the Trustee in the Collection Account; and the Holder of the Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Trustee or such Note Paying Agent with respect to such trust money shall thereupon cease; provided, however, that if such money or any portion thereof had been previously deposited by the Insurer with the Trustee for the payment of principal or interest on the Note, to the extent any amounts are owing to the Insurer, such amounts shall be paid promptly to the Insurer upon receipt of a written request from the Insurer to such effect, and provided, further, that the Trustee or such Note Paying Agent, before being required to make any such repayment, shall at the expense of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Trustee shall also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment (including, but not limited to, mailing notice of such repayment to the Holder whose Note have been called but have not been surrendered for redemption or whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Trustee or of any Note Paying Agent, at the last address of record for each such Holder).

SECTION 3.4. EXISTENCE. Except as otherwise permitted by the provisions of SECTION 3.10, the Issuer will keep in full effect its existence, rights and franchises as a business trust under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other state or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the Note, the Collateral and each other instrument or agreement included in the Trust Estate.

SECTION 3.5. PROTECTION OF TRUST ESTATE. The Issuer intends the security interest Granted pursuant to this Indenture in favor of the Issuer Secured Parties to be prior to all other liens in respect of the Trust Estate, and the Issuer shall take all actions necessary to obtain and maintain, in favor of the Trustee, for the benefit of the Issuer Secured Parties, a first lien on and a first priority, perfected security interest in the Trust Estate. The

Issuer will from time to time prepare (or shall cause to be prepared), execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

(i) Grant more effectively all or any portion of the Trust Estate;

(ii) maintain or preserve the lien and security interest (and the priority thereof) in favor of the Trustee for the benefit of the Issuer Secured Parties created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;

(iv) enforce any of the Collateral;

(v) preserve and defend title to the Trust Estate and the rights of the Trustee and the Noteholder in such Trust Estate against the claims of all persons and parties; and

(vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

The Issuer hereby designates the Trustee its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required by the Trustee pursuant to this Section.

SECTION 3.6. OPINIONS AS TO TRUST ESTATE.

(a) On the Closing Date, the Issuer shall furnish to the Trustee, the Agent and the Controlling Party an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording and filing of this Indenture, any indentures supplemental hereto, and any other requisite documents, and with respect to the execution and filing of any financing statements and continuation statements, as are necessary to perfect and make effective the first priority lien and security interest in favor of the Trustee, for the benefit of the Issuer Secured Parties, created by this Indenture and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to make such lien and security interest effective.

(b) Within 90 days after the beginning of each calendar year, beginning with the first calendar year beginning more than three months after the first day of the Amortization Period, the Issuer shall furnish to the Trustee, the Agent and the Controlling Party an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the execution and filing of any financing statements and continuation statements as are necessary to maintain the lien and security interest created by this Indenture and reciting the details of such action or stating that in the opinion of such counsel no such action is necessary to maintain such lien and security interest. Such Opinion of Counsel shall also describe any action necessary (as of the date of such opinion) to be taken in the following year to maintain the lien and security interest of this Indenture.

SECTION 3.7. PERFORMANCE OF OBLIGATIONS; SERVICING OF RECEIVABLES.

(a) The Issuer will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's material covenants or obligations under any instrument or agreement included in the Trust Estate or that would result in the amendment, hypothecation, subordination, termination or discharge of or impair the validity or effectiveness of, any such instrument or agreement, except as ordered by any bankruptcy or other court or as expressly provided in this Indenture, the other Basic Documents or such other instrument or agreement.

(b) The Issuer may contract with other Persons acceptable to the Controlling Party to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to the Trustee and the Insurer in an Officer's Certificate of the Issuer shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Servicer and the Backup Servicer to assist the Issuer in performing its duties under this Indenture.

(c) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the other Basic Documents and in the instruments and agreements included in the Trust Estate, including but not limited to preparing (or causing to be prepared) and filing (or causing to be filed) all UCC financing statements and continuation statements required to be filed by the terms of this Indenture and the Sale and Servicing Agreement in accordance with and within the time periods provided for herein and therein. Except as otherwise expressly provided therein, the Issuer shall not waive, amend, modify, supplement or terminate any Basic Document or any provision thereof without the consent of the Controlling Party.

(d) If a responsible officer of the Issuer shall have written notice or actual knowledge of the occurrence of a Servicer Termination Event or Funding Termination Event under the Sale and Servicing Agreement, the Issuer shall promptly notify the Trustee, the Agent, the Insurer and the Rating Agencies thereof in accordance with SECTION 11.4, and shall specify in such notice the action, if any, the Issuer is taking in respect of such default. If a Servicer Termination Event or Funding Termination Event shall arise from the failure of the Servicer to perform any of its duties or obligations under the Sale and Servicing Agreement with respect to the Receivables, the Issuer shall take all reasonable steps available to it to remedy such failure.

(e) The Issuer agrees that it will not waive timely performance or observance by the Servicer or the Seller of their respective duties under the Basic Documents without the prior consent of the Controlling Party.

SECTION 3.8. NEGATIVE COVENANTS. So long as the Note is Outstanding, the Issuer shall not:

(i) except as expressly permitted by this Indenture or the other Basic Documents, sell, transfer, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in the Trust Estate, unless directed to do so by the Controlling Party or the Controlling Party has approved such disposition;

(ii) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Note (other than amounts properly withheld from such payments under the Code) or assert any claim against any present or former Noteholder by reason of the payment of the taxes levied or assessed upon any part of the Trust Estate; or

(iii) (A) permit the validity or effectiveness of this Indenture to be impaired, or permit the lien in favor of the Trustee created by this Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Note under this Indenture except as may be expressly permitted hereby, (B) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than the lien of this Indenture) to be created on or extend to or otherwise arise upon or burden the Trust Estate or any part thereof or any interest therein or the proceeds thereof (other than tax liens, mechanics' liens and other liens that arise by operation of law, in each case on a Financed Vehicle and arising solely as a result of an action or omission of the related Obligor), (C) permit the lien of this Indenture not to constitute a valid first priority (other than with respect to any such tax, mechanics' or other lien) perfected security interest in the Trust Estate or (D) amend, modify or fail to comply with the provisions of the Basic Documents without the prior written consent of the Controlling Party.

SECTION 3.9. ANNUAL STATEMENT AS TO COMPLIANCE. The Issuer will deliver to the Trustee, the Agent and the Insurer, on or before February 28 of each year, beginning February 28, 2003 an Officer's Certificate, dated as of December 31 of the preceding year, stating, as to the Authorized Officer signing such Officer's Certificate, that

(i) a review of the activities of the Issuer during the preceding year (or portion of such year from the initial Funding Date through December 31, 2002) and of performance under this Indenture has been made under such Authorized Officer's supervision; and

(ii) to the best of such Authorized Officer's knowledge, based on such review, the Issuer has complied with all conditions and covenants under this Indenture throughout such year, or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to such Authorized Officer and the nature and status thereof.

SECTION 3.10. ISSUER MAY CONSOLIDATE, ETC. ONLY ON CERTAIN TERMS.

(a) The Issuer shall not consolidate or merge with or into any other Person, unless

(i) the Person (if other than the Issuer) formed by or surviving such consolidation or merger shall be a Delaware business trust and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the Agent and, unless an Insurer Default is continuing, the Insurer, the due and punctual payment of the principal of and interest on the Note and the performance or observance of every agreement and covenant of this Indenture on the part of the Issuer to be performed or observed, all as provided herein;

(ii) immediately after giving effect to such transaction, no Default, Event of Default, Insurance Agreement Event of Default or Funding Termination Event shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have received an Opinion of Counsel (and shall have delivered copies thereof to the Trustee, the Agent, and the Insurer) to the effect that such transaction will not have any material adverse tax consequence to the Insurer, or the Noteholder;

(v) any action as is necessary to maintain the lien and first priority, perfected security interest created by this Indenture shall have been taken;

(vi) the Issuer shall have delivered to the Trustee, the Agent and the Insurer an Officer's Certificate and an Opinion of Counsel each stating that such consolidation or merger and such supplemental indenture comply with this SECTION 3.10 and that all conditions precedent herein provided for relating to such transaction have been complied with; and

(vii) the Issuer shall have given the Controlling Party written notice of such conveyance or transfer at least 20 Business Days prior to the consummation of such action and shall have received the prior written approval of the Controlling Party of such conveyance or transfer and the Issuer or the Person (if other than the Issuer) formed by or surviving such conveyance or transfer has a net worth, immediately after such conveyance or transfer, that is (a) greater than zero and (b) not less than the net worth of the Issuer immediately prior to giving effect to such conveyance or transfer.

(b) The Issuer shall not convey or transfer all or substantially all of its properties or assets, including those included in the Trust Estate, to any Person, unless

(i) the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is hereby restricted shall (A) be a Delaware business trust, (B) expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the Agent and the Controlling Party, the due and punctual payment of the principal of and interest on the Note and the performance or observance of every agreement and covenant of this Indenture and each of the other Basic Documents on the part of the Issuer to be performed or observed, all as provided herein, (C) expressly agree by means of such supplemental indenture that all right, title and interest so conveyed or transferred shall be subject and subordinate to the rights of the Noteholder, and (D) unless otherwise provided in such supplemental indenture, expressly agree to indemnify, defend and hold harmless the Issuer against and from any loss, liability or expense arising under or related to this Indenture and the Note;

(ii) immediately after giving effect to such transaction, no Default, Event of Default, Insurance Agreement Event of Default or Funding Termination Event shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have received an Opinion of Counsel (and shall have delivered copies thereof to the Trustee, the Agent, and the Insurer) to the effect that such transaction will not have any material adverse tax consequence to the Insurer, or the Noteholder;

(v) any action as is necessary to maintain the lien and security interest created by this Indenture shall have been taken;

(vi) the Issuer shall have delivered to the Trustee, the Agent and the Insurer an Officers' Certificate and an Opinion of Counsel each stating that such conveyance or transfer and such supplemental indenture comply with this SECTION 3.10 and that all conditions precedent herein provided for relating to such transaction have been complied with; and

(vii) the Issuer shall have given the Controlling Party written notice of such conveyance or transfer at least 20 Business Days prior to the consummation of such action and shall have received the prior written approval of the Controlling Party of such conveyance or transfer and the Issuer or the Person (if other than the Issuer) formed by or surviving such conveyance or transfer has a net worth, immediately after such conveyance or transfer, that is (a) greater than zero and (b) not less than the net worth of the Issuer immediately prior to giving effect to such consolidation or merger.

SECTION 3.11. SUCCESSOR OR TRANSFEREE.

(a) Upon any consolidation or merger of the Issuer in accordance with SECTION 3.10(A), the Person formed by or surviving such consolidation or merger (if other than the Issuer) shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein.

(b) Upon a conveyance or transfer of all the assets and properties of the Issuer pursuant to SECTION 3.10(b), the Issuer will be released from every covenant and agreement of this Indenture to be observed or performed on the part of the Issuer with respect to the Note immediately upon the delivery of written notice to the Trustee stating that the Issuer is to be so released.

SECTION 3.12. NO OTHER BUSINESS. The Issuer shall not engage in any business other than financing, purchasing, owning, selling and managing the Related Receivables in the manner contemplated by this Indenture and the other Basic Documents and activities incidental thereto. After the Facility Termination Date, the Issuer shall not purchase any additional Receivables.

SECTION 3.13. NO BORROWING. The Issuer shall not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any Indebtedness except for (i) the Note, (ii) obligations owing from time to time to the Insurer under the Insurance Agreement and (iii) any other Indebtedness permitted by or arising under the Basic Documents. The proceeds of the Note shall be used to fund the Issuer's purchase of the Related Receivables and the other assets specified in the Sale and Servicing Agreement, to fund the Reserve Account up to the Required Reserve Account Amount and to pay the Issuer's organizational, transactional and start-up expenses.

SECTION 3.14. SERVICER'S OBLIGATIONS. The Issuer shall cause the Servicer to comply with Sections 4.9, 4.10, 4.11 and 5.9 of the Sale and Servicing Agreement.

SECTION 3.15. GUARANTEES, LOANS, ADVANCES AND OTHER LIABILITIES. Except as contemplated by the Sale and Servicing Agreement, this Indenture or the other Basic Documents, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

SECTION 3.16. CAPITAL EXPENDITURES. The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

SECTION 3.17. COMPLIANCE WITH LAWS. The Issuer shall comply with the requirements of all applicable laws, the non-compliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Note, this Indenture or any Basic Document.

SECTION 3.18. RESTRICTED PAYMENTS. The Issuer shall not, directly or indirectly, (i) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of a beneficial interest in the Issuer or otherwise with respect to any ownership or equity interest or security in or of the Issuer, (ii) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security or (iii) set aside or otherwise segregate any amounts for any such purpose; provided, however, that the Issuer may make, or cause to be made, distributions to the Trustee and to any owner of a beneficial interest in the Issuer as permitted by, and to the extent funds are available for such purpose from distributions under the Sale and Servicing Agreement. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account and the other Pledged Accounts except in accordance with this Indenture and the Basic Documents.

SECTION 3.19. NOTICE OF EVENTS OF DEFAULT AND FUNDING TERMINATION EVENTS. Upon a responsible officer of the Issuer having notice or actual knowledge thereof, the Issuer agrees to give the Trustee, the Insurer (unless an Insurer Default is continuing), the Noteholder, the Agent and the Rating Agencies prompt written notice of each Event of Default hereunder and each Funding Termination Event, Servicer Termination Event or other Default on the part of the Servicer or the Seller of its obligations under the Sale and Servicing Agreement.

SECTION 3.20. FURTHER INSTRUMENTS AND ACTS. Upon request of the Trustee or the Controlling Party, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

SECTION 3.21. AMENDMENTS OF SALE AND SERVICING AGREEMENT. The Issuer shall not agree to any amendment to Section 11.1 of the Sale and Servicing Agreement to eliminate the requirements thereunder that the Trustee, the Agent, the Controlling Party or the Noteholder consent to amendments thereto as provided therein.

SECTION 3.22. INCOME TAX CHARACTERIZATION. For purposes of federal income tax, state and local income tax, franchise tax and any other income taxes, the Issuer and the Noteholder will treat the Note as indebtedness and hereby instructs the Trustee to treat the Note as indebtedness for all such tax reporting purposes.

SECTION 3.23. SEPARATE EXISTENCE OF THE ISSUER. During the term of the Indenture, the Issuer shall observe the applicable legal requirements for the recognition of the Issuer as a legal entity separate and apart from its Affiliates, including as follows:

(i) the Issuer shall maintain business records and books of account separate from those of its Affiliates;

(ii) except as otherwise provided in the Basic Documents, the Issuer shall not commingle its assets and funds with those of its Affiliates;

(iii) the Issuer shall at all times hold itself out to the public under the Issuer's own name as a legal entity separate and distinct from its Affiliates;

(iv) all transactions and dealings between the Issuer and its Affiliates will be conducted on an arm's-length basis; and

(v) the requirements set forth in the legal opinion delivered by Andrews & Kurth dated March 7, 2002 with respect to nonconsolidation of the Issuer and its Affiliates.

SECTION 3.24. AMENDMENT OF ISSUER'S ORGANIZATIONAL DOCUMENTS. The Issuer shall not amend its organizational documents except in accordance with the provisions thereof.

ARTICLE IV

SATISFACTION AND DISCHARGE

SECTION 4.1. SATISFACTION AND DISCHARGE OF INDENTURE. This Indenture shall cease to be of further effect with respect to the Note except as to (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Note, (iii) rights of the Noteholder to receive payments of principal thereof and interest thereon, (iv) SECTIONS 3.3, 3.4, 3.5, 3.6, 3.8, 3.10, 3.11, 3.18, 3.19, 3.20, 3.21, 3.23, 3.24 and 11.17, (v) the rights, obligations and immunities of the Trustee hereunder (including the rights of the Trustee under SECTION 6.7 and the obligations of the Trustee under SECTION 4.2) and (vi) the rights of the Noteholder as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them, and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Note, when

(a) the Note theretofore authenticated and delivered (other than (i) a Note that have been destroyed, lost or stolen and that have been replaced or paid as provided in SECTION 2.6 and (ii) a Note for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in SECTION 3.3) have been delivered to the Trustee for cancellation and the Note Policy has expired and been returned to the Insurer for cancellation;

(b) the Issuer has paid or caused to be paid all Insurer Secured Obligations and all Trustee Secured Obligations; and

(c) the Issuer has delivered to the Trustee and the Insurer an Officer's Certificate meeting the applicable requirements of SECTION 11.1(A) and stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

SECTION 4.2. APPLICATION OF TRUST MONEY. All moneys deposited with the Trustee pursuant to SECTION 4.1 or SECTION 4.3 hereof shall be held in trust and applied by it, in accordance with the provisions of the Note and this Indenture, to the payment, either directly or through the Note Paying Agent, as the Trustee may determine, to the Noteholder for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest; but such moneys need not be segregated from other funds except to the extent required herein, in the Sale and Servicing Agreement or in the other Basic Documents or required by law. Any funds remaining with the Trustee or on deposit in the Pledged Accounts shall be remitted to the Issuer upon satisfaction by the Issuer of its obligations hereunder and under the Basic Documents, including without limitation, those under SECTION 4.1(c).

SECTION 4.3. REPAYMENT OF MONEYS HELD BY NOTE PAYING AGENT. In connection with the satisfaction and discharge of this Indenture with respect to the Note, all moneys then held by the Note Paying Agent other than the Trustee under the provisions of this Indenture with respect to the Note shall, upon demand of the Issuer, be remitted to the Trustee to be held and applied according to SECTION 4.2 and thereupon the Note Paying Agent shall be released from all further liability with respect to such moneys.

ARTICLE V

REMEDIES

SECTION 5.1. EVENTS OF DEFAULT.

(a) "EVENT OF DEFAULT", wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) default in the payment of any interest on the Note when the same becomes due and payable and such default shall continue for a period of five days (if no Insurer Default shall have occurred and be continuing) or three days (if an Insurer Default shall have occurred and be continuing) (solely for purposes of this clause, a payment on the Note funded by the Insurer or from amounts on deposit in the Reserve Account shall be deemed to be a payment made by the Issuer); or

(ii) default in the payment of the principal of or any installment of the principal of the Note when the same becomes due and payable and, so long as no Insurer Default shall have occurred and be continuing, such default shall continue for a period of five days (solely for purposes of this clause, a payment on the Note funded from amounts on deposit in the Reserve Account shall be deemed to be a payment made by the Issuer); or

(iii) an Insurance Agreement Indenture Cross Default shall have occurred; or

(iv) so long as an Insurer Default shall have occurred and be continuing, default in the observance or performance of any covenant or agreement of the Issuer made in this Indenture (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section specifically dealt with), or any representation or warranty of the Issuer made in this Indenture or in any certificate or other writing delivered pursuant hereto or in

connection herewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and such default shall continue or not be cured, or the circumstance or condition in respect of which such misrepresentation or warranty was incorrect shall not have been eliminated or otherwise cured, for a period of 10 days (or for such longer period, not in excess of 30 days, as may be reasonably necessary to remedy such default; provided that such default is capable of remedy within 30 days or less and the Servicer on behalf of the Issuer delivers an Officer's Certificate to the Trustee to the effect that the Issuer has commenced, or will promptly commence and diligently pursue, all reasonable efforts to remedy such default) after there shall have been given, by registered or certified mail, to the Issuer by the Trustee or to the Issuer and the Trustee by the Agent, a written notice specifying such default or incorrect representation or warranty and requiring it to be remedied and stating that such notice is a "NOTICE OF DEFAULT" hereunder; or

(v) an Insolvency Event with respect to the Issuer shall have occurred; or

(vi) the failure of the Invested Amount to be reduced to zero on or prior to the last day of the third Interest Period after the Facility Termination Date;

(vii) the Invested Amount exceeds the Maximum Invested Amount at any time and such condition continues for one Business Day.

(b) The Issuer shall deliver to the Trustee, the Agent and the Insurer, within two days after the occurrence thereof, written notice in the form of an Officer's Certificate of any event which with the giving of notice and the lapse of time would become an Event of Default under CLAUSE (iii), its status and what action the Issuer is taking or proposes to take with respect thereto.

SECTION 5.2. RIGHTS UPON EVENT OF DEFAULT.

(a) If an Event of Default shall have occurred and be continuing, the Note shall become immediately due and payable at par, together with accrued interest thereon, upon written notice by the Controlling Party. If an Event of Default shall have occurred and be continuing, the Controlling Party may exercise any of the remedies specified in SECTION 5.4. In the event of any acceleration of the Note by operation of this SECTION 5.2, the Trustee shall continue to be entitled to make claims under the Note Policy pursuant to the Sale and Servicing Agreement for Scheduled Payments on the Note. Payments under the Note Policy following acceleration of the Note shall be applied by the Trustee:

FIRST: on any Settlement Date, to the Noteholder for amounts due and unpaid on the Note for interest; and

SECOND: on the Final Scheduled Settlement Date, for amounts due and unpaid on the Note, to the Noteholder, the Noteholder's Principal Distributable Amount together with the Noteholder's Principal Carryover Shortfall, to pay principal of the Note until the outstanding principal amount of the Note has been reduced to zero.

(b) In the event the Note is accelerated due to an Event of Default, the Insurer shall have the right (in addition to its obligation to pay Scheduled Payments on the Note in accordance with the Note Policy), but not the obligation, to make payments under the Note Policy or otherwise of interest and principal due on the Note, in whole or in part, on any date or dates following such acceleration as the Insurer, in its sole discretion, shall elect.

(c) If an Insurer Default shall have occurred and be continuing, then at any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article V provided, a Note Majority, by written notice to the Issuer and the Trustee, may rescind and annul such declaration and its consequences if the Issuer has paid or deposited with the Trustee a sum sufficient to pay:

(i) all payments of principal of and interest on the Note and all other amounts that would then be due hereunder or upon the Note if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel; and

(iii) all Events of Default, other than the nonpayment of the principal of the Note that has become due solely by such acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

SECTION 5.3. COLLECTION OF INDEBTEDNESS AND SUITS FOR ENFORCEMENT BY TRUSTEE.

(a) The Issuer covenants that if (i) default is made in the payment of any interest on, or principal of, the Note when the same becomes due and payable, the Issuer will, upon demand of the Trustee, pay to it, for the benefit of the Noteholder, the whole amount then due and payable on the Note for principal and interest, with interest upon the overdue principal, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the Note Interest Rate and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel.

(b) Each Issuer Secured Party hereby irrevocably and unconditionally appoints the Controlling Party as the true and lawful attorney-in-fact of such Issuer Secured Party for so long as such Issuer Secured Party is not the Controlling Party, with full power of substitution, to execute, acknowledge and deliver any notice, document, certificate, paper, pleading or instrument and to do in the name of the Controlling Party as well as in the name, place and stead of such Issuer Secured Party such acts, things and deeds for or on behalf of and in the name of such Issuer Secured Party under this Indenture (including specifically under SECTION 5.4) and under the other Basic Documents which such Issuer Secured Party could or might do or which may be necessary, desirable or convenient in such Controlling Party's sole discretion to effect the purposes contemplated hereunder and under the other Basic Documents and, without limitation, following the occurrence of an Event of Default, exercise full right, power and authority to take, or defer from taking, any and all acts with respect to the administration, maintenance or disposition of the Trust Estate.

(c) If an Event of Default occurs and is continuing, the Trustee may in its discretion subject to the consent of the Controlling Party and shall, at the direction of the Controlling Party, proceed to protect and enforce its rights and the rights of the Noteholder by such appropriate Proceedings as the Trustee or the Controlling Party shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Trustee by this Indenture or by law.

(d) [RESERVED].

(e) In case there shall be pending, relative to the Issuer or any other obligor upon the Note or any Person having or claiming an ownership interest in the Trust Estate, proceedings under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor or Person, or in case of any other comparable judicial proceedings relative to the Issuer or other obligor upon the Note, or to the creditors or property of the Issuer or

such other obligor, the Trustee, irrespective of whether the principal of the Note shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Note and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence, bad faith or willful misconduct) and of the Noteholder allowed in such proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Noteholder in any election of a trustee, a standby trustee or person performing similar functions in any such proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Noteholder and of the Trustee on their behalf; and

(f) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee or the Noteholder allowed in any judicial proceedings relative to the Issuer, its creditors and its property;

and any trustee, receiver, liquidator, custodian or other similar official in any such proceeding is hereby authorized by the Noteholder to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the Noteholder, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith.

(g) Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of the Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Note or the rights of the Noteholder or to authorize the Trustee to vote in respect of the claim of the Noteholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

(h) All rights of action and of asserting claims under this Indenture or under the Note, may be enforced by the Trustee without the possession of the Note or the production thereof in any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the benefit of the Noteholder.

(i) In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture), the Trustee shall be held to represent the Noteholder, and it shall not be necessary to make the Noteholder a party to any such proceedings.

SECTION 5.4. REMEDIES. If an Event of Default shall have occurred and be continuing, the Controlling Party may do one or more of the following (subject to SECTION 5.5):

(i) institute or direct the Trustee to institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Note or under this Indenture with respect thereto, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer and any other obligor upon the Note moneys adjudged due;

(ii) institute or direct the Trustee to institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Trust Estate;

(iii) exercise or direct the Trustee to exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the rights and remedies of the Trustee and the Issuer Secured Parties; and

(iv) sell or direct the Trustee to sell the Trust Estate or any portion thereof or rights or interest therein, at one or more public or private sales (including, without limitation, the sale of the Collateral in connection with a securitization thereof) called and conducted in any manner permitted by law; provided, however, that if the Trustee is the Controlling Party, the Trustee may not sell or otherwise liquidate the Trust Estate following an Event of Default unless

(A) such Event of Default is of the type described in Section 5.1(a)(i) or (a)(ii), or

(B) either

(x) the Holder of 100% of the Invested Amount of the Note consents thereto, or

(y) the proceeds of such sale or liquidation distributable to the Noteholder are sufficient to discharge in full all amounts then due and unpaid upon the Note for principal and interest.

In determining such sufficiency or insufficiency with respect to CLAUSE (Y), the Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Trust Estate for such purpose.

SECTION 5.5. OPTIONAL PRESERVATION OF THE RECEIVABLES. If the Trustee is the Controlling Party and if the Note has been declared to be due and payable under SECTION 5.2 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Trustee may, but need not, elect to maintain possession of the Trust Estate. It is the desire of the parties hereto and the Noteholder that there be at all times sufficient funds for the payment of principal of and interest on the Note, and the Trustee shall take such desire into account when determining whether or not to maintain possession of the Trust Estate. In determining whether to maintain possession of the Trust Estate, the Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Trust Estate for such purpose.

SECTION 5.6. PRIORITIES.

(a) Following the acceleration of the Note pursuant to SECTION 5.2, the Available Funds, together with any other amounts on deposit in the Pledged Accounts, including any money or property collected pursuant to SECTION 5.4 of this Indenture shall be applied by the Trustee on the related Settlement Date in the order of priority specified in Section 5.7 of the Sale and Servicing Agreement.

(b) The Trustee may fix a record date and Settlement Date for any payment to Noteholder pursuant to this Section. At least 15 days before such record date the Issuer shall mail to the Noteholder and the Trustee a notice that states such record date, the Settlement Date and the amount to be paid.

SECTION 5.7. LIMITATION OF SUITS. No Holder of the Note shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(i) the Holder has previously given written notice to the Trustee of a continuing Event of Default;

(ii) the Holder of the Note has made a written request to the Trustee to institute such proceeding in respect of such Event of Default in its own name as Trustee hereunder;

(iii) the Holder has offered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;

(iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such proceedings;

(v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by a Note Majority; and

(vi) an Insurer Default shall have occurred and be continuing;

it being understood and intended that no Holder of the Note shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any Holder of the Note or to obtain or to seek to obtain priority or preference over any Holder or to enforce any right under this Indenture, except in the manner herein provided.

SECTION 5.8. UNCONDITIONAL RIGHTS OF THE NOTEHOLDER TO RECEIVE PRINCIPAL AND INTEREST. Notwithstanding any other provisions of this Indenture, the Noteholder shall have the right, which is absolute and unconditional, to receive payment of the principal of and interest, if any, on the Note on or after the respective due dates thereof expressed in the Note or in this Indenture and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of the Noteholder.

SECTION 5.9. RESTORATION OF RIGHTS AND REMEDIES. If the Controlling Party or the Noteholder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to the Noteholder, then and in every such case the Issuer, the Trustee and the Noteholder shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Noteholder shall continue as though no such proceeding had been instituted.

SECTION 5.10. RIGHTS AND REMEDIES CUMULATIVE. No right or remedy herein conferred upon or reserved to the Controlling Party or to the Noteholder is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.11. DELAY OR OMISSION NOT A WAIVER. No delay or omission of the Controlling Party or the Noteholder to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Trustee or to the Noteholder may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Noteholder, as the case may be.

SECTION 5.12. CONTROL BY THE NOTEHOLDER. If the Trustee is the Controlling Party, the Note Majority shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to the Note or exercising any trust or power conferred on the Trustee; PROVIDED that

(i) such direction shall not be in conflict with any rule of law or with this Indenture;

(ii) subject to the express terms of SECTION 5.4, any direction to the Trustee to sell or liquidate the Trust Estate shall be by the Holder of the Note representing not less than 100% of the Invested Amount of the Note;

(iii) if the conditions set forth in SECTION 5.5 have been satisfied and the Trustee elects to retain the Trust Estate pursuant to such Section, then any direction to the Trustee by the Holder of the Note representing less than 100% of the Invested Amount of the Note to sell or liquidate the Trust Estate shall be of no force and effect; and

(iv) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction;

PROVIDED, HOWEVER, that, subject to SECTION 6.1, the Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Noteholder not consenting to such action.

SECTION 5.13. WAIVER OF PAST DEFAULTS. If an Insurer Default shall have occurred and be continuing, prior to the declaration of the acceleration of the maturity of the Note as provided in SECTION 5.2, a Note Majority may waive any past Default or Event of Default and its consequences except a Default or Event of Default (i) in payment of principal of or interest on the Note or (ii) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of the Noteholder. In the case of any such waiver, the Issuer, the Trustee and the Noteholder shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Upon any such waiver, such Default or Event of Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

SECTION 5.14. UNDERTAKING FOR COSTS. All parties to this Indenture agree, and the Noteholder by its acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to (a) any suit instituted by the Trustee, (b) any suit instituted by the Noteholder holding in the aggregate more than 10% of the Invested Amount of the Note or (c) any suit instituted by the Noteholder for the enforcement of the payment of principal of or interest on the Note on or after the respective due dates expressed in the Note and in this Indenture.

SECTION 5.15. WAIVER OF STAY OR EXTENSION LAWS. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power and any right of the Issuer to take such action shall be suspended.

SECTION 5.16. SUBROGATION. The Trustee shall receive as attorney-in-fact of the Noteholder any Note Policy Claim Amount from the Insurer. Any and all Note Policy Claim Amounts disbursed by the Trustee from claims made under the Note Policy shall not be considered payment by the Issuer with respect to the Note, and shall not discharge the obligations of the Issuer

with respect thereto. The Insurer shall, to the extent it makes any payment with respect to the Note, become subrogated to the rights of the recipient of such payments to the extent of such payments. Subject to and conditioned upon any payment with respect to the Note by or on behalf of the Insurer, the Trustee shall assign to the Insurer all rights to the payment of interest or principal with respect to the Note which are then due for payment to the extent of all payments made by the Insurer, and the Insurer may exercise any option, vote, right, power or the like with respect to the Note to the extent that it has made payment pursuant to the Note Policy. To evidence such subrogation, the Note Registrar shall note the Insurer's rights as subrogee upon the register of the Noteholder upon receipt from the Insurer of proof of payment by the Insurer of the Noteholder's Interest Distributable Amount or Noteholder's Principal Distributable Amount. The foregoing subrogation shall in all cases be subject to the rights of the Noteholder to receive all Scheduled Payments in respect of the Note.

SECTION 5.17. PREFERENCE CLAIMS.

(a) In the event that the Trustee has received a certified copy of a final, non-appealable order of the appropriate court that the Noteholder's Interest Distributable Amount or Noteholder's Principal Distributable Amount paid on a Note has been avoided in whole or in part as a preference payment under applicable bankruptcy law, the Trustee shall so notify the Insurer, shall comply with the provisions of the Note Policy to obtain payment by the Insurer of such avoided payment, and shall, at the time it provides notice to the Insurer, notify the Agent by mail that, in the event that the Noteholder's payment is so recoverable, the Noteholder will be entitled to payment pursuant to the terms of the Note Policy. The Trustee shall furnish to the Insurer at its written request, the requested records it holds in its possession evidencing the payments of principal of and interest on the Note, if any, which have been made by the Trustee and subsequently recovered from the Noteholder, and the dates on which such payments were made. Pursuant to the terms of the Note Policy, the Insurer will make such payment on behalf of the Noteholder to the receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Order (as defined in the Note Policy) and not to the Trustee or the Noteholder directly (unless a Noteholder has previously paid such payment to the receiver, conservator, debtor-in-possession or trustee in bankruptcy, in which case the Insurer will make such payment to the Trustee for distribution to the Noteholder upon proof of such payment reasonably satisfactory to the Insurer).

The Trustee shall promptly notify the Insurer of any proceeding or the institution of any action (of which the Trustee has actual knowledge) seeking the avoidance as a preferential transfer under applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (a "Preference Claim") of any payment made with respect to the Note. Each Holder, by its purchase of the Note, and the Trustee hereby agree that so long as (i) an Insurer Default shall not have occurred and be continuing, (ii) any amounts due to the Insurer under the Insurance Agreement or the other Basic Documents remain unpaid or (iii) the Note Policy has not expired in accordance with its terms, the Insurer may at any time during the continuation of any proceeding relating to a Preference Claim direct all matters relating to such Preference Claim including, without limitation, (1) the direction of any appeal of any order relating to any Preference Claim and (2) the posting of any surety, supersedeas or performance bond pending any such appeal at the expense of the Insurer, but subject to reimbursement as provided in the Insurance Agreement. In addition, and without limitation of the foregoing, as set forth in Section 5.16, the Insurer shall be subrogated to, and the Noteholder and the Trustee hereby delegate and assign, to the fullest extent permitted by law, the rights of the Trustee and the Noteholder in the conduct of any proceeding with respect to a Preference Claim, including, without limitation, all rights of any party to an adversary proceeding action with respect to any court order issued in connection with any such Preference Claim.

SECTION 5.18. CONSEQUENCES OF TFC FUNDING TERMINATION EVENT. Upon a responsible officer of the Issuer having notice or actual knowledge thereof, the Issuer agrees to give the Trustee, the Insurer, the Noteholder, the Agent and the Rating Agencies prompt written notice of any TFC Funding Termination Event (as such term is defined in the Insurance Agreement). Upon the occurrence and continuation of a TFC Funding Termination Event, the Controlling Party may terminate CPS and TFC as the Servicer and subservicer, respectively, of the TFC Receivables, and direct the Trustee to sell the TFC Receivables or any portion

thereof or rights or interest therein, at one or more public or private sales (including, without limitation, the sale of the TFC Receivables in connection with a securitization thereof) called and conducted in any manner permitted by applicable law. The proceeds of any such sale shall be applied first, to cure any Borrowing Base Deficiency, second, to reimburse the Trustee for any amounts to which it is entitled under the Indenture, third, to reimburse the Insurer for any amounts to which it is entitled under this Agreement, and fourth, any remaining amounts shall be distributed to CPS.

ARTICLE VI

THE TRUSTEE; THE AGENT

SECTION 6.1. DUTIES OF TRUSTEE.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and the other Basic Documents and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; however, the Trustee shall examine the certificates and opinions to determine whether or not they conform on their face to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 5.12.

(d) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer.

(e) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law or the terms of this Indenture or the Sale and Servicing Agreement.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(g) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

(h) The Trustee shall permit any representative of the Controlling Party or the Noteholder, during the Trustee's normal business hours, to examine all books of account, records, reports and other papers of the Trustee relating to the Note, to make copies and extracts therefrom and to discuss the Trustee's affairs and actions, as such affairs and actions relate to the Trustee's duties with respect to the Note, with the Trustee's officers and employees responsible for carrying out the Trustee's duties with respect to the Note.

(i) The Trustee shall, and hereby agrees that it will, perform all of the obligations and duties required of it under the Sale and Servicing Agreement.

(j) The Trustee shall, and hereby agrees that it will, hold the Note Policy in trust, and will hold any proceeds of any claim on the Note Policy in trust solely for the use and benefit of the Noteholder.

(k) Except for actions expressly authorized by this Indenture, the Trustee shall take no action reasonably likely to impair the security interests created or existing under any Receivable or Financed Vehicle or to impair the value of any Receivable or Financed Vehicle.

(l) All information obtained by the Trustee regarding the Obligors and the Receivables, whether upon the exercise of its rights under this Indenture or otherwise, shall be maintained by the Trustee in confidence and shall not be disclosed to any other Person, other than the Trustee's attorneys, accountants and agents unless such disclosure is required by this Indenture or any applicable law or regulation.

SECTION 6.2. RIGHTS OF TRUSTEE. Subject to Sections 6.1 and this Section 6.2, the Trustee shall be protected and shall incur no liability to the Issuer or any Issuer Secured Party in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness of any notice, demand, certificate, signature, instrument or other document reasonably believed by the Trustee to be genuine and to have been duly executed by the appropriate signatory, and, except to the extent the Trustee has actual knowledge to the contrary or as required pursuant to Section 6.1 the Trustee shall not be required to make any independent investigation with respect thereto.

(a) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate. Subject to Section 6.1(c), the Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officer's Certificate.

(b) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of the Servicer, the Backup Servicer or any other such agent, attorney, custodian or nominee appointed with due care by it hereunder.

(c) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Trustee's conduct does not constitute willful misconduct, negligence or bad faith.

(d) The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Note shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(e) The Trustee shall be under no obligation to institute, conduct or defend any litigation under this Indenture or in relation to this Indenture, at the request, order or direction of any of the Holder of the Note or the Controlling Party, pursuant to the provisions of this Indenture, unless the Holder of the Note or the Controlling Party shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby; provided, however, that the Trustee shall, upon the occurrence of an Event of Default (that has not been cured), exercise the rights and powers vested in it by this Indenture in accordance with Section 6.1.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document, unless requested in writing to do so by the Controlling Party; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture or the Sale and Servicing Agreement, the Trustee may require reasonable indemnity against such cost, expense or liability as a condition to so proceeding; the reasonable expense of every such examination shall be paid by the Person making such request, or, if paid by the Trustee, shall be reimbursed by the Person making such request upon demand.

SECTION 6.3. INDIVIDUAL RIGHTS OF TRUSTEE. The Trustee in its individual or any other capacity may become the owner or pledgee of the Note and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not the Trustee. Any Note Paying Agent, Note Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Section 6.11.

SECTION 6.4. TRUSTEE'S DISCLAIMER. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Trust Estate, the Collateral or the Note, it shall not be accountable for the Issuer's use of the proceeds from the Note, and it shall not be responsible for any statement of the Issuer in the Indenture or in any document issued in connection with the sale of the Note or in the Note other than the Trustee's certificate of authentication.

SECTION 6.5. NOTICE OF DEFAULTS. If an Event of Default occurs and is continuing and if it is either known by, or written notice of the existence thereof has been delivered to, a Responsible Officer of the Trustee, the Trustee shall mail to the Agent notice of the Default within 30 days after such knowledge or notice occurs. Except in the case of a Default in payment of principal of or interest on the Note (including payments pursuant to the mandatory redemption provisions of the Note, if any), the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Noteholder.

SECTION 6.6. REPORTS BY TRUSTEE TO THE NOTEHOLDER. The Trustee shall on behalf of the Issuer deliver to the Noteholder such information as may be reasonably required to enable such Holder to prepare its Federal and state income tax returns.

SECTION 6.7. COMPENSATION AND INDEMNITY.

(a) Pursuant to Section 5.7 of the Sale and Servicing Agreement, the Issuer shall pay to the Trustee from time to time compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee, pursuant to Section 5.7 of the Sale and Servicing Agreement, for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. The Issuer shall or shall cause the Servicer to indemnify the Trustee against any and all loss, liability or expense incurred by the Trustee without willful misfeasance, negligence or bad faith on its part arising out of or in connection with the acceptance or the administration of this trust and the performance of its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection therewith. The Trustee shall notify the Issuer and the Servicer promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Issuer and the Servicer shall not relieve the Issuer of its obligations hereunder or the Servicer of its obligations under Article XII of the Sale and Servicing Agreement. The Trustee may have separate counsel and the Issuer shall or shall cause the Servicer to pay the reasonable fees and

expenses of such counsel. Neither the Issuer nor the Servicer need reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own willful misconduct, negligence or bad faith.

(b) The Issuer's payment obligations to the Trustee pursuant to this Section shall survive the discharge of this Indenture. When the Trustee incurs expenses after the occurrence of a Default specified in Section 5.1(a)(v) with respect to the Issuer, the expenses are intended to constitute expenses of administration under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or similar law. Notwithstanding anything else set forth in this Indenture or the other Basic Documents, the recourse of the Trustee hereunder and under the other Basic Documents shall be to the Trust Estate only and specifically shall not be recourse to the other assets of the Issuer or the assets of the Noteholder.

SECTION 6.8. REPLACEMENT OF TRUSTEE. The Issuer may, with the consent of the Controlling Party, and at the request of the Controlling Party, shall remove the Trustee if:

(i) the Trustee fails to comply with Section 6.11 or the Trustee fails to perform any other material covenant or agreement of the Trustee set forth in the Basic Documents to which the Trustee is a party and such failure continues for 45 days after written notice of such failure from the Controlling Party;

(ii) an Insolvency Event with respect to the Trustee occurs; or

(iii) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuer shall promptly appoint a successor Trustee acceptable to the Controlling Party and the Agent. If the Issuer fails to appoint such a successor Trustee, the Controlling Party may appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee, the Agent, Insurer (provided that no Insurer Default shall have occurred and be continuing) and the Issuer, whereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the retiring Trustee under this Indenture, subject to satisfaction of the Rating Agency Condition. The successor Trustee shall mail a notice of its succession to the Agent. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer or a Note Majority may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Any resignation or removal of the Trustee and appointment of a successor Trustee pursuant to any of the provisions of this Section shall not become effective until acceptance of appointment by the successor Trustee pursuant to SECTION 6.8.

Notwithstanding the replacement of the Trustee pursuant to this Section, the Issuer's and the Servicer's obligations under SECTION 6.7 shall continue for the benefit of the retiring Trustee.

SECTION 6.9. SUCCESSOR TRUSTEE BY MERGER If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee. The Trustee shall provide the Rating Agencies prior written notice of any such transaction.

(b) In case at the time such successor or successors to the Trustee by merger, conversion or consolidation shall succeed to the trusts created by this Indenture the Note shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver the Note so authenticated; and in case at that time the Note shall not have been authenticated, any successor to the Trustee may authenticate the Note either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Note or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 6.10. APPOINTMENT OF CO-TRUSTEE OR SEPARATE TRUSTEE.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee with the consent of the Controlling Party shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Trust Estate, and to vest in such Person or Persons, in such capacity and for the benefit of the Noteholder, such title to the Trust Estate, or any part thereof, and, subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to the Agent of the appointment of any co-trustee or separate trustee shall be required under Section 6.8 hereof.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, including acts or omissions of predecessor or successor trustees; and

(iii) the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, dissolve, become insolvent, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall invest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

SECTION 6.11. ELIGIBILITY: DISQUALIFICATION. The Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition and subject to supervision or examination by federal or state authorities; and having a rating, both with respect to long-term and short-term unsecured obligations, of not less than investment grade by the Rating Agencies. The Trustee shall provide copies of such reports to the Insurer and the Agent upon request.

SECTION 6.12. [RESERVED].

SECTION 6.13. APPOINTMENT AND POWERS. . Subject to the terms and conditions hereof, each of the Issuer Secured Parties hereby appoints Wells Fargo Bank, National Association as the Trustee with respect to the Collateral, and Wells Fargo Bank, National Association hereby accepts such appointment and agrees to act as Trustee with respect to the Collateral for the Issuer Secured Parties, to maintain custody and possession of such Collateral (except as otherwise provided hereunder) and to perform the other duties of the Trustee in accordance with the provisions of this Indenture and the other Basic Documents. Each Issuer Secured Party hereby authorizes the Trustee to take such action on its behalf, and to exercise such rights, remedies, powers and privileges hereunder, as the Controlling Party may direct and as are specifically authorized to be exercised by the Trustee by the terms hereof, together with such actions, rights, remedies, powers and privileges as are reasonably incidental thereto. The Trustee shall act upon and in compliance with the written instructions of the Controlling Party delivered pursuant to this Indenture promptly following receipt of such written instructions; provided that the Trustee shall not act in accordance with any instructions (i) which are not authorized by, or in violation of the provisions of, this Indenture, (ii) which are in violation of any applicable law, rule or regulation or (iii) for which the Trustee has not received reasonable indemnity. Receipt of such instructions shall not be a condition to the exercise by the Trustee of its express duties hereunder, except where this Indenture provides that the Trustee is permitted to act only following and in accordance with such instructions.

SECTION 6.14. PERFORMANCE OF DUTIES. The Trustee shall have no duties or responsibilities except those expressly set forth in this Indenture and the other Basic Documents to which the Trustee is a party or as directed by the Controlling Party in accordance with this Indenture. The Trustee shall not be required to take any discretionary actions hereunder except at the written direction of the Controlling Party and as provided in Section 5.12. The Trustee shall, and hereby agrees that it will, perform all of the duties and obligations required of it under the Sale and Servicing Agreement.

SECTION 6.15. LIMITATION ON LIABILITY. Neither the Trustee nor any of its directors, officers or employees shall be liable for any action taken or omitted to be taken by it or them in good faith hereunder, or in connection herewith, except that the Trustee shall be liable for its negligence, bad faith or willful misconduct. Notwithstanding any term or provision of this Indenture, the Trustee shall incur no liability to the Issuer or the Issuer Secured Parties for any action taken or omitted by the Trustee in connection with the Collateral, except for the negligence, bad faith or willful misconduct on the part of the Trustee, and, further, shall incur no liability to the Issuer Secured Parties except for negligence, bad faith or willful misconduct in carrying out its duties to the Issuer Secured Parties. The Trustee shall at all times be free independently to establish to its reasonable satisfaction, but shall have no duty to independently verify, the existence or nonexistence of facts that are a condition to the exercise or enforcement of any right or remedy hereunder or under any of the Basic Documents. The Trustee may consult with counsel, and shall not be liable for any action taken or omitted to be taken by it hereunder in good faith and in accordance with the written advice of such counsel. The Trustee shall not be under any obligation to exercise any of the remedial rights or powers vested in it by this Indenture or to follow any direction from the Controlling Party unless it shall have received reasonable security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it.

SECTION 6.16. [RESERVED].

SECTION 6.17. SUCCESSOR TRUSTEE.

(a) MERGER. Any Person into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any Person resulting from any such conversion, merger, consolidation, sale or transfer to which the Trustee is a party, shall (provided it is otherwise qualified to serve as the Trustee hereunder) be and become a successor Trustee hereunder and be vested with all of the title to and interest in the Collateral and all of the trusts, powers, descriptions, immunities, privileges and other matters as was its predecessor without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, except to the extent, if any, that any such action is necessary to perfect, or continue the perfection of, the security interest of the Issuer Secured Parties in the Collateral; provided that any such successor shall also be the successor Trustee under Section 6.9.

(b) REMOVAL. The Trustee may be removed by the Controlling Party at any time, with or without cause, by an instrument or concurrent instruments in writing delivered to the Trustee, the other Issuer Secured Party and the Issuer. A temporary successor may be removed at any time to allow a successor Trustee to be appointed pursuant to subsection (c) below. Any removal pursuant to the provisions of this subsection (b) shall take effect only upon the date which is the latest of (i) the effective date of the appointment of a successor Trustee and the acceptance in writing by such successor Trustee of such appointment and of its obligation to perform its duties hereunder in accordance with the provisions hereof, and (ii) receipt by the Controlling Party of an Opinion of Counsel to the effect described in Section 3.4.

(c) ACCEPTANCE BY SUCCESSOR. The Controlling Party shall have the sole right to appoint each successor Trustee. Every temporary or permanent successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Trustee, each Issuer Secured Party and the Issuer an instrument in writing accepting such appointment hereunder and the relevant predecessor shall execute, acknowledge and deliver such other documents and instruments as will effectuate the delivery of all Collateral to the successor Trustee, whereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, duties and obligations of its predecessor. Such predecessor shall, nevertheless, on the written request of either Issuer Secured Party or the Issuer, execute and deliver an instrument transferring to such successor all the estates, properties, rights and powers of such predecessor hereunder. In the event that any instrument in writing from the Issuer or an Issuer Secured Party is reasonably required by a successor Trustee to more fully and certainly vest in such successor the estates, properties, rights, powers, duties and obligations vested or intended to be vested hereunder in the Trustee, any and all such written instruments shall at the request of the temporary or permanent successor Trustee, be forthwith executed, acknowledged and delivered by the Trustee or the Issuer, as the case may be. The designation of any successor Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for herein, shall be maintained with the records relating to the Collateral and, to the extent required by applicable law, filed or recorded by the successor Trustee in each place where such filing or recording is necessary to effect the transfer of the Collateral to the successor Trustee or to protect or continue the perfection of the security interests granted hereunder.

SECTION 6.18. [RESERVED].

SECTION 6.19. REPRESENTATIONS AND WARRANTIES OF THE TRUSTEE. The Trustee represents and warrants to the Issuer and to each Issuer Secured Party as follows:

(a) Due Organization. The Trustee is a national banking association, duly organized, validly existing and in good standing under the laws of the United States and is duly authorized and licensed under applicable law to conduct its business as presently conducted.

(b) Corporate Power. The Trustee has all requisite right, power and authority to execute and deliver this Indenture and to perform all of its duties as Trustee hereunder.

(c) Due Authorization. The execution and delivery by the Trustee of this Indenture and the other Basic Documents to which it is a party, and the performance by the Trustee of its duties hereunder and thereunder, have been duly authorized by all necessary corporate proceedings and no further approvals or filings, including any governmental approvals, are required for the valid execution and delivery by the Trustee, or the performance by the Trustee, of this Indenture and such other Basic Documents.

(d) Valid and Binding Indenture. The Trustee has duly executed and delivered this Indenture and each other Basic Document to which it is a party, and each of this Indenture and each such other Basic Document constitutes the legal, valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, insolvency, reorganization and similar laws relating to or affecting the enforcement of creditors' rights generally and (ii) the availability of equitable remedies may be limited by equitable principles of general applicability.

SECTION 6.20. WAIVER OF SETOFFS. The Trustee hereby expressly waives any and all rights of setoff that the Trustee may otherwise at any time have under applicable law with respect to any Pledged Account and agrees that amounts in the Pledged Accounts shall at all times be held and applied solely in accordance with the provisions hereof.

SECTION 6.21. CONTROL BY THE CONTROLLING PARTY. The Trustee shall comply with notices and instructions given by the Issuer only if accompanied by the written consent of the Controlling Party, except that if any Event of Default shall have occurred and be continuing, the Trustee shall act upon and comply with notices and instructions given by the Controlling Party alone in the place and stead of the Issuer.

SECTION 6.22. AUTHORIZATION AND ACTION. For so long as Paradigm Funding LLC is the Noteholder, the Agent (or its designees) has been appointed and authorized to take such action as agent on the Noteholder's behalf and to exercise such powers under this Indenture as are delegated to the Noteholder by the terms hereof, together with such powers as are reasonably incidental thereto. The Agent shall also act on behalf of the Majority Program Support Providers.

SECTION 6.23. AGENT'S RELIANCE, ETC. The Agent and its directors, officers, agents or employees shall not be liable for any action taken or omitted to be taken by it or them under or in connection with the Basic Documents except for its or their own negligence, bad faith or willful misconduct. Without limiting the generality of the foregoing, the Agent: (a) may consult with legal counsel (including counsel for the Trustee), independent certified public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to the Noteholder or any other holder of any interest in the Collateral and shall not be responsible to the Noteholder or any such other holder for any statements, warranties or representations made in or in connection with any Basic Document; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Basic Document on the part of the Issuer, the Seller or the Servicer or to inspect the property (including the books and records) of the Issuer, the Seller or the Servicer; (d) shall not be responsible to the Noteholder or any other holder of any interest in the Collateral for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Basic Document; and (e) shall incur no liability under or in respect of this Indenture by acting upon any notice (including notice by telephone if confirmed in writing within two (2) Business Days), consent, certificate or other instrument or writing (which may be by facsimile or telex) believed by it to be genuine and signed or sent by the proper party or parties.

ARTICLE VII

[RESERVED]

ARTICLE VIII

COLLECTION OF MONEY AND RELEASES OF TRUST ESTATE

SECTION 8.1. COLLECTION OF MONEY. Except as otherwise expressly provided herein, the Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Trustee pursuant to this Indenture and the Sale and Servicing Agreement. The Trustee shall apply all such money received by it as provided in this Indenture and the Sale and Servicing Agreement. Except as otherwise expressly provided in this Indenture or in the Sale and Servicing Agreement, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Trust Estate, the Trustee may take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V.

SECTION 8.2. RELEASE OF TRUST ESTATE. Subject to the payment of its fees and expenses pursuant to Section 6.7, the Trustee may, and when required by the provisions of this Indenture shall, execute instruments to release property from the lien of this Indenture, in a manner and under circumstances that are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Trustee as provided in this Article VIII shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(a) The Trustee shall, at such time as there is no Note outstanding and all sums due the Insurer under any of the Basic Documents are satisfied as evidenced by a certificate of the Insurer and all sums due the Trustee pursuant to Section 6.7 have been paid, release any remaining portion of the Trust Estate that secured the Note from the lien of this Indenture and release to the Issuer or any other Person entitled thereto any funds then on deposit in the Pledged Accounts. The Trustee shall release property from the lien of this Indenture pursuant to this Section 8.2(b) only upon receipt of an Issuer Request accompanied by an Officer's Certificate and a certificate by the Insurer.

(b) Opinion of Counsel. The Trustee shall receive at least seven days' notice when requested by the Issuer to take any action pursuant to Section 8.2(a), accompanied by copies of any instruments involved, and the Trustee shall also require as a condition to such action, an Opinion of Counsel in form and substance satisfactory to the Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely affect the security for the Note or the rights of the Noteholder and the other Issuer Secured Parties in contravention of the provisions of this Indenture; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Trust Estate. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Trustee in connection with any such action.

ARTICLE IX

SUPPLEMENTAL INDENTURE

SECTION 9.1. SUPPLEMENTAL INDENTURES WITH CONSENT OF THE CONTROLLING PARTY.

(a) With the prior written consent of the Controlling Party and with prior notice to the Rating Agencies by the Issuer, as evidenced to the Trustee, the Issuer and the Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Note contained;

(iii) to add to the covenants of the Issuer, for the benefit of the Holder of the Note, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture which may be inconsistent with any other provision herein or in any supplemental indenture or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided that such action shall not adversely affect the interests of the Noteholder or the Insurer; or

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Note and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI.

The Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) The Issuer and the Trustee, when authorized by an Issuer Order, may, also with the consent of the Controlling Party, and with prior notice to the Rating Agencies by the Issuer, as evidenced to the Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holder of the Note under this Indenture; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of the Noteholder.

SECTION 9.2. SUPPLEMENTAL INDENTURES WITH CONSENT OF THE NOTEHOLDER.

(a) The Issuer and the Trustee, when authorized by an Issuer Order, also may, with prior written notice to the Rating Agencies, with the consent of the Controlling Party, enter into an indenture or indentures supplemental hereto for any purpose; provided, however, that, no such supplemental indenture shall, without the consent of the Holder:

(i) change the date of payment of any installment of principal of or interest on the Note, or reduce the principal amount thereof, the interest rate thereon, change the provision of this Indenture relating to the application of collections on, or the proceeds of the sale of, the Trust Estate to payment of principal of or interest on the Note, or change any place of payment where, or the coin or currency in which, the Note or the interest thereon is payable;

(ii) impair the right to institute suit for the enforcement of the provisions of this Indenture requiring the application of funds available therefor, as provided in Article V, to the payment of any such amount due on the Note on or after the respective due dates thereof;

(iii) reduce the percentage of the Invested Amount of the Note, the consent of the Holder of which is required for any such supplemental indenture, or the consent of the Holder of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(iv) modify or alter the provisions of the proviso to the definition of the term "Outstanding";

(v) reduce the percentage of the Invested Amount of the Note required to direct the Trustee to direct the Issuer to sell or liquidate the Trust Estate pursuant to Section 5.4;

(vi) modify any provision of this Section except to increase any percentage specified herein or to provide that certain additional provisions of this Indenture or the other Basic Documents cannot be modified or waived without the consent of the Holder of each Outstanding Note;

(vii) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount of any payment of interest or principal due on the Note on any Settlement Date (including the calculation of any of the individual components of such calculation) or to affect the rights of the Noteholder to the benefit of any provisions for the mandatory redemption of the Note contained herein; or

(viii) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any part of the Trust Estate or, except as otherwise permitted or contemplated herein or in any of the Basic Documents, terminate the lien of this Indenture on any property at any time subject hereto or deprive the Holder of the Note of the security provided by the lien of this Indenture.

(b) The Trustee may determine whether or not the Note would be affected by any supplemental indenture and any such determination shall be conclusive upon the Holder of the Note, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

(c) It shall not be necessary for any Act of the Noteholder under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

(d) Promptly after the execution by the Issuer and the Trustee of any supplemental indenture pursuant to this Section, the Trustee shall mail to the Controlling Party and the Holder of the Note to which such amendment or supplemental indenture relates a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.3. EXECUTION OF SUPPLEMENTAL INDENTURES. In executing, or permitting the additional trusts created by, any supplemental indenture permitted by this Article IX or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and subject to Sections 6.1 and 6.2, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise.

SECTION 9.4. EFFECT OF SUPPLEMENTAL INDENTURE. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith with respect to the Note affected thereby, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Trustee, the Issuer and the Holder of the Note shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.5. [RESERVED].

ARTICLE X

REPAYMENT AND PREPAYMENT OF NOTE

SECTION 10.1. REPAYMENT OF THE NOTE. The Issuer shall repay the Invested Amount of the Note (i) following the Facility Termination Date, in full on or prior to the last day of the third Interest Period after such Facility Termination Date or (ii) in full, or in part, by a prepayment made on any Business Day (such day the "Prepayment Date") in accordance with Section 10.2. Simultaneous with any prepayment, the Issuer shall pay all accrued and unpaid interest on the Invested Amount to be prepaid and shall, unless otherwise agreed by the Insurer in writing, pay any accrued and unpaid Insurer Secured Obligations at such time.

SECTION 10.2. NOTICE OF PREPAYMENT.

(a) Notice of the prepayment of the Note shall be given, upon the direction of the Issuer, by the Trustee by facsimile transmission, courier or first class mail, postage prepaid, mailed, faxed or couriered not less than 15 days prior to the related Prepayment Date, to the Noteholder, the Agent and to the Insurer. All notices of prepayment shall state (i) the Prepayment Date, (ii) the Invested Amount to be prepaid, including an itemization of each Advance to be prepaid; and (iii) the prepayment price.

Failure to give notice of prepayment, or any defect therein, to any Holder of any Note shall not impair or affect the validity of such prepayment. Any prepayment pursuant to Section 10.1(ii) shall be subject to the payment of any amounts required by the Agent resulting from a prepayment or repayment of the Invested Amount of the Note on a date other than a Settlement Date.

(b) Not less than 5 days prior to the related Prepayment Date, the Controlling Party and the Agent shall receive directly from the Issuer, or from the Servicer on behalf of the Issuer, a certificate presenting, on a pro forma basis, the effect of the prepayment and any sale of Receivables by the Issuer related to such prepayment. The certificate shall be substantially in the form set forth in Exhibit B."

SECTION 10.3. GENERAL PROCEDURES. The Invested Amount of the Note shall not be considered reduced by any allocation, setting aside or distribution of any portion of the Available Funds unless such Available Funds shall have been actually delivered to the Agent for the purpose of paying such principal. The Invested Amount of the Note shall not be considered repaid by any distribution of any portion of the Available Funds if at any time such distribution is rescinded or must otherwise be returned for any reason, in which event, if such amount has been returned by the Noteholder or the Agent, such principal and/or interest shall be reinstated in an amount equal to the amount returned by the Agent or Noteholder, as the case may be. No provision of this Indenture shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law.

SECTION 10.4. [RESERVED]

ARTICLE XI

MISCELLANEOUS

SECTION 11.1. COMPLIANCE CERTIFICATES AND OPINIONS, ETC.

(a) Except as set forth herein, upon any application or request by the Issuer to the Trustee to take any action under any provision of this Indenture (other than any request hereunder by the Issuer for an Advance), the Issuer shall furnish to the Trustee, the Agent and to the Insurer (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory such condition or covenant has been complied with.

(b) Other than with respect to Dollars, prior to the deposit of any Collateral or other property or securities with the Trustee that is to be made the basis for the release of any property or securities subject to the lien of this Indenture, the Issuer shall, in addition to any obligation imposed in Section 11.1(a) or elsewhere in this Indenture, furnish to the Trustee, the Agent and the Insurer (unless an Insurer Default is continuing) an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (on the date of such deposit) to the Issuer of the Collateral or other property or securities to be so deposited.

(c) Whenever the Issuer is required to furnish to the Trustee, the Agent or the Insurer an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (b) above, the Issuer shall also deliver to the Trustee, the Agent or the Insurer, as applicable, an Independent Certificate as to the same matters, if the fair value to the Issuer of the securities to be so deposited and of all other such securities made the basis of any such withdrawal or release since the commencement of the then-current fiscal year of the Issuer, as set forth in the certificates delivered pursuant to clause (b) above and this clause (c) is 10% or more of the Invested Amount of the Note, but such a certificate need not be furnished with respect to any securities so deposited, if the fair value thereof to the Issuer as set forth in the related Officer's Certificate is less than $25,000 or less than 1% of the Invested Amount of the Note.

(d) Other than with respect to the release of any Purchased Receivables or Liquidated Receivables or the release of any Receivables upon a mandatory or partial prepayment of the Note pursuant to Section 10.1, whenever any property or securities are to be released from the lien of this Indenture, the Issuer shall also furnish to the Trustee, the Agent and the Insurer an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within 90 days of such release) of the property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(e) Whenever the Issuer is required to furnish to the Trustee, the Agent or the Insurer an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (d) above, the Issuer shall also furnish to the Trustee and the Insurer an Independent Certificate as to the same matters if the fair value of the property or securities and of all other property other than Purchased Receivables and Liquidated Receivables, securities or Receivables released from the lien of this Indenture since the commencement of the then current calendar year, as set forth in the certificates required by clause (d) above and this clause (e), equals 10% or more of the Invested Amount of the Note, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than $25,000 or less than 1 % of the then Invested Amount of the Note.

(f) Notwithstanding Section 2.10 or any provision of this Section, the Issuer may (A) collect, liquidate, sell or otherwise dispose of Receivables as and to the extent permitted or required by the Basic Documents and (B) make cash payments out of the Pledged Accounts as and to the extent permitted or required by the Basic Documents.

SECTION 11.2. FORM OF DOCUMENTS DELIVERED TO TRUSTEE.

(a) In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

(b) Any certificate or opinion of an Authorized Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of an Authorized Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer, the Seller or the Issuer, stating that the information with respect to such factual matters is in the possession of the Servicer, the Seller or the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

(c) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

(d) Whenever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

SECTION 11.3. ACTS OF THE NOTEHOLDER. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholder may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by the Noteholder in person or by agents duly appointed in writing; and except as herein otherwise expressly provided such action shall become effective when such

instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholder signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.1) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section.

(a) The fact and date of the execution by any person of any such instrument or writing may be proved in any customary manner of the Trustee.

(b) The ownership of the Note shall be proved by the Note Register.

(c) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of the Note shall bind the Holder of the Note issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon the Note.

SECTION 11.4. NOTICES, ETC., TO TRUSTEE, ISSUER, AGENT AND RATING AGENCIES.

(a) Any request, demand, authorization, direction, notice, consent, waiver or Act of the Noteholder or other documents provided or permitted by this Indenture to be made upon, given or furnished to or filed with:

(i) the Trustee by the Noteholder or by the Issuer shall be sufficient for every purpose hereunder if personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested and shall be deemed to have been duly given upon receipt to the Trustee at its Corporate Trust Office;

(ii) the Issuer by the Trustee or by the Noteholder shall be sufficient for every purpose hereunder if personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested and shall deemed to have been duly given upon receipt to the Issuer at the Corporate Trust Office of the Owner Trustee, with a copy to :Consumer Portfolio Services, Inc. 16355 Laguna Canyon Road, Irvine, California 92618 Attention: Mark Creatura, Esq. Confirmation: (888) 785-6691, Telecopy No. (949) 753-6897 or at such other address previously furnished in writing to the Trustee by the Issuer. The Issuer shall promptly transmit any notice received by it from the Noteholder to the Trustee; or

(iii) the Insurer by the Issuer or the Trustee shall be sufficient for any purpose hereunder if in writing and mailed by registered mail or personally delivered or telexed or telecopied to the recipient as follows:

To the Insurer:

1221 Avenue of the Americas
New York, New York 10020
Attention: Surveillance

Confirmation: (212) 478-3587
Telecopy No.: (212) 478-3400

(iv) the Agent shall be sufficient for any purpose hereunder if in writing and mailed by registered mail or personally delivered or telexed or telecopied to the recipient as follows:

To the Agent:

1211 Avenue of the Americas
New York, New York 10036
Attention: Rahel Avigdor

Telephone: (212) 597-8347
Telecopy: (212) 852-5971

(b) Notices required to be given to the Rating Agencies by the Issuer or the Trustee shall be in writing, personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested to (i) in the case of Moody's, at the following address: Moody's Investors Service, Inc., 99 Church Street, New York New York 10004 and (ii) in the case of S&P, at the following address: Standard & Poor's Ratings Group, a Division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041, Attention: Asset-Backed Surveillance Department; or as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

SECTION 11.5. WAIVER. Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholder shall be filed with the Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

(a) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Noteholder when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

(b) Where this Indenture provides for notice to the Rating Agencies, failure to give such notice shall not affect any other rights or obligations created hereunder, and shall not under any circumstance constitute a Default or Event of Default.

SECTION 11.6. ALTERNATE PAYMENT AND NOTICE PROVISIONS. Notwithstanding any provision of this Indenture or the Note to the contrary, the Issuer may enter into any agreement with the Holder of the Note providing for a method of payment, or notice by the Trustee or the Note Paying Agent to such Holder, that is different from the methods provided for in this Indenture for such payments or notices, provided that such methods are reasonable and consented to by the Trustee (which consent shall not be unreasonably withheld). The Issuer will furnish to the Trustee a copy of each such agreement and the Trustee will cause payments to be made and notices to be given in accordance with such agreements.

SECTION 11.7. [Reserved]

SECTION 11.8. EFFECT OF HEADINGS AND TABLE OF CONTENTS. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 11.9. SUCCESSORS AND ASSIGNS. All covenants and agreements in this Indenture and the Note by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Trustee in this Indenture shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 11.10. SEVERABILITY. In case any provision in this Indenture or in the Note shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 11.11. BENEFITS OF INDENTURE. The Insurer and its successors and assigns shall be a third-party beneficiary to the provisions of this Indenture, and shall be entitled to rely upon and directly to enforce such provisions of this Indenture, to the extent such provisions are for the benefit of the Insurer and so long as any amounts remain due and owing to the Insurer pursuant to the Insurance Agreement. Nothing in this Indenture or in the Note, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Noteholder, and any other party secured hereunder, and any other person with an ownership interest in any part of the Trust Estate, any benefit or any legal or equitable right, remedy or claim under this Indenture. The Insurer may disclaim any of its rights and powers under this Indenture (in which case the Trustee may exercise such right or power hereunder), but not its duties and obligations under the Note Policy, upon delivery of a written notice to the Trustee.

SECTION 11.12. LEGAL HOLIDAYS. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Note or this Indenture) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

SECTION 11.13. GOVERNING LAW. THIS INDENTURE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.14. COUNTERPARTS. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 11.15. RECORDING OF INDENTURE. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel (which may be counsel to the Trustee or any other counsel reasonably acceptable to the Trustee and the Controlling Party) to the effect that such recording is necessary either for the protection of the Noteholder or any other person secured hereunder or for the enforcement of any right or remedy granted to the Trustee under this Indenture.

SECTION 11.16. ISSUER OBLIGATION. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Seller, the Servicer, the Owner Trustee or the Trustee on the Note or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) the Seller, the Servicer, the Owner Trustee or the Trustee in its individual capacity (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Seller, the Servicer, the Owner Trustee or the Trustee in its individual capacity, any holder of a beneficial interest in the Issuer, the Seller, the Servicer, the Owner Trustee or the Trustee or of any successor or assign of the Seller, the Servicer, the Owner Trustee or the Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that neither the Trustee nor the Owner Trustee have such obligations in its individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. For all purposes of this Indenture, in the performance of its duties or obligations hereunder or in the performance of any duties or obligations of the Issuer hereunder, the Owner Trustee shall be subject to, and entitled to the benefits of, the terms and provisions of Articles VI, VII and VIII of the Trust Agreement.

SECTION 11.17. NO PETITION. The Trustee, the Owner Trustee, the Noteholder and the Agent, by entering into this Indenture hereby covenant and agree that they will not at any time institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Note, this Indenture or any of the Basic Documents.

SECTION 11.18. INSPECTION. The Issuer agrees that, on reasonable prior notice, it will permit any representative of the Agent, the Noteholder, the Trustee or of the Controlling Party, during the Issuer's normal business hours, to examine all the books of account, records, reports, and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited by independent certified public accountants, and to discuss the Issuer's affairs, finances and accounts with the Issuer's officers, employees, and independent certified public accountants, all at such reasonable times and as often as may be reasonably requested. The Trustee, the Agent, and the Noteholder shall and shall cause its representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Trustee may reasonably determine that such disclosure is consistent with its Obligations hereunder.

IN WITNESS WHEREOF, the Issuer, the Agent and the Trustee have caused this Indenture to be duly executed by their respective officers, hereunto duly authorized, all as of the day and year first above written.

CPS WAREHOUSE TRUST

By: Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee

By:_____
Name:_____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION

By:_____
Name:_____
Title: _____

WESTLB AG, as Agent

By:_____
Name:_____
Title: _____

By:_____
Name:_____
Title: _____

AMENDED AND RESTATED

VARIABLE FUNDING NOTE

REGISTERED up to $125,000,000

No. A-1

SEE REVERSE FOR CERTAIN CONDITIONS

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING THE NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT IT IS AN INSTITUTIONAL INVESTOR THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT AND THAT SUCH NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (1) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE), (2) A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (3) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION; PROVIDED, THAT THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER.

TRANSFERS OF THIS NOTE ARE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE INDENTURE. EXCEPT AS OTHERWISE PROVIDED IN SECTION 2.5 OF THE INDENTURE, THIS NOTE MAY BE TRANSFERRED, SOLD, OR PLEDGED, IN WHOLE BUT NOT IN PART, ONLY TO (I) THE ISSUER OR (II)(A) AN INSTITUTIONAL ACCREDITED INVESTOR THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT IT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACTING FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE INSTITUTIONAL ACCREDITED INVESTORS UNLESS THE HOLDER IS A BANK ACTING IN ITS FIDUCIARY CAPACITY) OR (B) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON WHOM THE TRANSFEROR REASONABLY BELIEVES AFTER DUE INQUIRY IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A), ACTING FOR ITS OWN ACCOUNT, OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE, OR TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, UNLESS SUCH SALE, PLEDGE, OR OTHER TRANSFER IS OTHERWISE MADE IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AND SUBJECT TO INCREASES AND DECREASES AS SET FORTH HEREIN AND IN THE INDENTURE. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

AMENDED AND RESTATED CPS WAREHOUSE TRUST
VARIABLE FUNDING NOTE

CPS WAREHOUSE TRUST, a Delaware business trust (herein referred to as the "ISSUER"), for value received, hereby promises to pay to WestLB AG, acting through its New York Branch, a German banking corporation, as Agent (the "NOTEHOLDER"), or its registered assigns, the principal sum of up to ONE HUNDRED AND TWENTY-FIVE MILLION DOLLARS ($125,000,000.00) or, if less the aggregate unpaid principal amount outstanding hereunder (whether or not shown on the schedule attached hereto (or such electronic counterpart maintained by the Trustee), which amount shall be payable in the amounts and at the times set forth in the Indenture, provided, however, that the entire unpaid principal amount of this Note shall be due on the on the last day of the third Interest Period after the Facility Termination Date. The Issuer will pay interest on this Note at the Note Interest Rate. Such interest on Advances shall be due and payable on each Settlement Date until the principal of this Note is paid or made available for payment, to the extent funds will be available from the Collection Account processed from and including the preceding Settlement Date to but excluding each such Settlement Date in respect of (a) an amount equal to interest accrued for the related Interest Period, which will be equal to the sum of the products, for each day during the related Interest Period, of (i) the Note Interest Rate for such Interest Period and (ii) the Aggregate Principal Balance as of the close of business on such date DIVIDED BY 360, PLUS (b) an amount equal to the amount of any accrued and unpaid Note Interest Carryover Shortfall with respect to prior Interest Periods, with interest on the amount of such Note Interest Carryover Shortfall at the Note Interest Rate for the related Interest Period. Prior to the Final Scheduled Settlement Date and unless a Funding Termination Event shall have occurred, only interest payments on the outstanding principal amount of the Note shall be made to the holder hereof. Beginning on the first Settlement Date following the occurrence of a Funding Termination Event the principal of this Note shall be paid in installments on each subsequent Settlement Date to the extent of funds available for payment therefor pursuant to the Indenture. Such principal of and interest on this Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. This Note does not represent an interest in, or an obligation of, the Servicer or any affiliate of the Servicer other than the Issuer.

This Note amends and restates the Variable Funding Note, dated as of March 7, 2002 (the "Original Note"), and is not a novation of the Original Note. All other terms of this Note, as governed by the Indenture, remain unchanged.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Servicer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: Wells Fargo Bank, National Association, MAC N9311-161, Sixth Street and Marquette Avenue, Minneapolis, MN 55497, Attention: Corporate Trust Services - Asset Backed Administration. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Note shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or be valid or obligatory for any purpose.

[Signature page follows.]

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: November 30, 2004

CPS WAREHOUSE TRUST

By: Wilmington Trust Company,
not in its individual capacity, but
solely as Owner Trustee

By: _____
Name: _____
Title:_____

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is the Note issued under the within-mentioned Indenture.

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

By: _____
Authorized Signature

REVERSE OF THE NOTE

This Note is the duly authorized Note of the Issuer, designated as its Variable Funding Note (herein called the "NOTE"), issued under (i) the Indenture, dated as of March 7, 2002 (such Indenture, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, is herein called the "INDENTURE"), among the Issuer, WestLB AG, acting through its New York Branch, as agent (the "AGENT") and Wells Fargo Bank, National Association, a national banking association, as trustee (the "TRUSTEE", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee and the Note Purchaser. The Note is subject to all terms of the Indenture. All terms used in this Note that are defined in the Indenture, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, shall have the meanings assigned to them in or pursuant to the Indenture, as so amended, supplemented or otherwise modified.

"Settlement Date" means, with respect to each Accrual Period, the 15th day of the following calendar month, or if such day is not a Business Day, the immediately following Business Day, commencing on April 15, 2002.

As described above, the entire unpaid principal amount of this Note shall be due and payable on the Final Scheduled Settlement Date. Notwithstanding the foregoing, if a Funding Termination Event, Insurance Agreement Event of Default or an Event of Default shall have occurred and be continuing then, in certain circumstances, principal on the Note may be paid earlier, as described in the Indenture.

Payments of interest on this Note due and payable on each Settlement Date, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any prepayments, to the extent not in full payment of this Note, shall be made by wire transfer to the Holder of record of this Note (or any predecessor Note) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Note (or any predecessor Note) effected by any payments made on any date shall be binding upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon. Final payment of principal (together with any accrued and unpaid interest) on this Note will be paid to the Noteholder only upon presentation and surrender of this Note at the Corporate Trust Office for cancellation by the Trustee.

The Issuer shall pay interest on overdue installments of interest at the Note Interest Rate to the extent lawful.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Note may be registered on the Note Register upon surrender of this Note for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Note of authorized denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

The Noteholder, by acceptance of the Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Trustee, the Issuer, the Owner Trustee or the Agent on the Note or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Trustee, the Issuer, the Owner Trustee or the Agent in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director or employee of the Trustee, the Issuer, the Owner Trustee or the Agent in its individual capacity, any holder of a beneficial interest in the Issuer, the Agent or the Trustee or of any successor or assign of the Trustee or the Agent in its

individual capacity, except (a) as any such Person may have expressly agreed (it being understood that the Trustee and the Owner Trustee have no such obligations in their individual capacity) and (b) any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity; PROVIDED, HOWEVER, that nothing contained herein shall be taken to prevent recourse to, and enforcement against, the assets of the Issuer for any and all liabilities, obligations and undertakings contained in the Indenture or in this Note, subject to SECTION 6.7 of the Indenture.

The Noteholder, by acceptance of the Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder will not institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Note, the Indenture or the Basic Documents.

Prior to the due presentment for registration of transfer of this Note, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name the Note (as of the day of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not the Note be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

It is the intent of the Issuer and the Noteholder that, for Federal, state and local income and franchise tax purposes, the Note will evidence indebtedness of the Issuer secured by the Collateral. The Noteholder, by the acceptance of the Note, agrees to treat the Note for Federal, state and local income and franchise tax purposes as indebtedness of the Issuer.

The Indenture permits in certain circumstances, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holder of the Note under the Indenture at any time by the Issuer with the consent of the Holder of the Note. The Indenture also contains provisions permitting the Holder of Note to waive compliance by the Issuer with certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of the Note (or any predecessor Note) shall be conclusive and binding upon such Holder and upon all future Holders of the Note and of the Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon the Note.

The Indenture also permits the Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of the Holder of the Note.

The term "Issuer" as used in this Note includes any successor to the Issuer under the Indenture.

The Note is issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

The Note and the Indenture shall be construed in accordance with the law of the State of New York, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such law.

No reference herein to the Indenture and no provision of the Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on the Note at the times, place, and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable U.S. withholding taxes.

Anything herein to the contrary notwithstanding, except as expressly provided in the Indenture or the Basic Documents, neither the Owner Trustee in its individual capacity, any owner of a beneficial interest in the Issuer, nor any of their respective partners, beneficiaries, agents, officers, directors, employees or successors or assigns shall be personally liable for, nor shall

recourse be had to any of them for, the payment of principal of or interest on, or performance of, or omission to perform, any of the covenants, obligations or indemnifications contained in this Note or the Indenture, it being expressly understood that said covenants, obligations and indemnifications have been made by the Owner Trustee for the sole purposes of binding the interests of the Owner Trustee in the assets of the Issuer. The Holder of this Note by the acceptance hereof agrees that except as expressly provided in the Indenture or the Basic Documents, in the case of an Event of Default under the Indenture, the Holder shall have no claim against any of the foregoing for any deficiency, loss or claim therefrom; provided, however, that nothing contained herein shall be taken to prevent recourse to, and enforcement against, the assets of the Issuer for any and all liabilities, obligations and undertakings contained in the Indenture or in this Note.

INCREASES AND DECREASES

DATE	UNPAID PRINCIPAL AMOUNT	INCREASE	DECREASE	TOTAL	NOTE INTEREST RATE	INTEREST PERIOD (IF APPLICABLE)	NOTATION MADE BY

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee
_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers

unto _____
(name and address of assignee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints , attorney, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____ _____*
Signature Guaranteed:

_____

- ----------
*/ NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

EXHIBIT A-2

FORM OF TRANSFEROR'S CERTIFICATE

[Date]

CPS Warehouse Trust
c/o Wilmington Trust Company
not in its individual capacity, but solely as Owner Trustee
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890-0001
Attention: Corporate Trust Administration

Wells Fargo Bank, National Association
Sixth Street and Marquette Avenue, MAC N9311-161
Minneapolis, Minnesota 55479
Attention: [ ]

Re: CPS Warehouse Trust
Variable Funding Note

Ladies and Gentlemen:

In connection with the disposition by the transferor listed below (the "Transferor") of the above referenced Notes issued pursuant to the Amended and Restated Indenture dated as of November 30, 2004 (as amended, supplemented or otherwise modified, the "Indenture") among CPS Warehouse Trust, as Issuer (the "Issuer"), WestLB AG, as agent, and Wells Fargo Bank, National Association, as trustee (the "Trustee"), relating to the CPS Warehouse Trust Variable Funding Note of up to $[ ] aggregate outstanding principal amount, the Transferor certifies that:

a) The Transferor is the lawful owner of the Notes with full power and right to Transfer such Note free and clear from any and all claims and encumbrances;

b) the Transferor understands that the Note have not been registered under the Securities Act of 1933, as amended (the "1933 Act"), and is being disposed of by the Transferor in a transaction that is exempt from the registration requirements of the 1933 Act; and

c) Neither the Transferor nor anyone acting on its behalf has (a) offered, transferred, pledged, sold or otherwise disposed of the Note, any interest in the Note or any other similar security to any person in any manner, (b) solicited any offer to buy or accept a transfer, pledge or any disposition of the Note, any interest in the Notes or any other similar security from any person in any manner, (c) otherwise approached or negotiated with respect the Note, any interest in the Note, or any other similar security with any person in any manner, (d) made any general solicitation by mean of general advertising or in any other manner, or (e) taken any other action, which (in the case of the acts described in clauses (a) through (e) hereof) would constitute a distribution of the Note under the 1933 Act, or would render the disposition of the Note a violation of Section 5 of the Act or any state securities laws, or would require registration or qualification of the Note pursuant to the 1933 Act or any state securities laws.

Very truly yours,

Name of Transferor

By:_____
Name:
Title:

EXHIBIT B

FORM OF PREPAYMENT CERTIFICATE

Pursuant to Section 10.2 of the Amended and Restated Indenture, dated as of November 30, 2004 (as amended, supplemented or otherwise modified, the "Indenture"), among CPS Warehouse Trust, as Issuer, Westby AG (F/K/A Westdeutsche Landesbank Girozentrale), as Agent, and Wells Fargo Bank, National Association, as Trustee, the Issuer, or the Servicer on behalf of the Issuer (as indicated by the party signing below), hereby certifies to the Controlling Party and the Agent that:

(i) the following presents the pro forma effect of the prepayment scheduled to occur on _____, 200_;

DATES		
1	Accounting Date	_____
2	Determination Date	_____
3	Prior Distribution Date or closing date if first Servicer's Certificate	_____
4	Distribution Date	_____
5	Interest Period	_____
RATES		
6	Base Rate	_____%
7	CP Rate	_____%
8	Applicable Margin	_____%
9	Note Interest Rate	_____%
10	Cap Rate	_____%
11	Cap Notional Amount	$_____
12	Insurer Premium Percent	_____%
13	Collateral Ratio	_____%
14	Weighted Average APR of Qualifying Receivables at end of Collection period	_____%
RECEIVABLES INFORMATION		**TOTAL**
15	Beginning Balance of Receivables	$_____
16	Additional Receivables added during Collection Period for which funding was completed	-
17	Additional Receivables added during Collection Period for which funding was in process	-
17a	Securitization of Receivables [Prepayment] on _____, 20___	$_____
17b	Dividend of Ineligible Receivables	-
18	Less: Payments Applicable to Principal	$_____
19	Ending Balance Receivables at end of Collection Period	$_____
20	Additional Receivables added after Collection Period	-
21	Receivables that are not Eligible Receivables (thru _____, 200_)	$_____
22	Total Aggregate Principal Balance of Eligible Receivables	$_____
27	Liquidated or Repossessed Receivables	$_____
28	Total Receivables	$_____
FUNDING DATA		
29	Beginning Balance of Notes at end of previous Collection Period	$_____
30	Principal payments on prior distribution date	$_____
31	Additional funding occurring during the Collection Period	$_____
31a	Principal payment upon Securitization of Receivables	$_____
32	Outstanding Principal Amount at the end of the Collection Period	$_____
33	Daily Average Outstanding Principal Balance (_____ to _____)	$_____
34	Additional funding after Collection Period prior to Distribution Date	$_____
35	Outstanding Principal Amount as of Accounting Date	$_____

BORROWING BASE

36	Aggregate Principal Balance of Eligible Receivables	$_____
37	Excess Concentration Amount	-
		$_____
38	Advance Rate	_____%
39	Borrowing Base	$_____

AVAILABLE FUNDS

40	Collections on Receivables in Current Collection Period	$_____
41	Amounts Released from Collection Account [related to Prepayment]	$_____
41a	RECONCILIATION OF AMOUNT TO BE RELEASED AGAINST COLLECTIONS RECEIVED SINCE THE CUT-OFF DATE FOR THE APPLICABLE RECEIVABLES	
42	Purchased Amounts	-
43	Investment Earnings on Collection Account	-
44	Investment Earnings on Collection B Account	-
45	Investment Earnings on Note Distribution Account	-
46	Amounts Received pursuant to Receivable Insurance Policies	-
47	Payments Received from Cap Provider	-
48	Purchase price of Repurchased Receivables	-
49	Total Available Funds	$_____

REQUIRED DISTRIBUTIONS FROM THE DISTRIBUTION AMOUNT, PURSUANT TO SECTION 5.7(A) OF THE SERVICING AGREEMENT:

(i)	Owner Trustee Fees	$_____
	Trustee Fees	$_____
	Unpaid Owner Trustee Fees from prior Collection Periods	$_____
	Unpaid Trustee Fees from prior Collection Periods	$_____
(ii)	Backup Servicer Fee	$_____
	Unpaid Backup Servicer Fees from prior Collection Periods	$_____
(iii)	Servicer Fee	$_____
	Reimbursements pursuant to Section 5.3 of the Sale and Servicing Agreement	-
	Unpaid Servicer Fees from prior Collection Periods	$_____
(iv)	Capped Monthly Interest	$_____
(v)	Monthly Interest from Cap Provider	$_____
(vi)	Ordinary Insurance Premium	$_____
(vii)	Reimbursement to Insurer for Pmts made in respect of Noteholder's Interest Distributable Amount	$_____
(viii)	Noteholder's Principal Distributable Amount	$_____

(ix) Additional Principal Payment Amount $_____

(x) Reimbursement to Insurer for Pmts made in respect of Noteholder's Principal Distributable Amount $_____

(xi) Deposit to (Withdrawal from) Reserve Account $_____

(xii) Noteholder's Interest Distributable Amount not paid pursuant to clause (iv) and (v) above $_____

(xiii) Default Insurance Premium $_____

(xiv) Noteholder's portion of Unused Facility Fee $_____
Insurer's portion of Unused Facility Fee $_____

(xv) Amounts owing to the Insurer not previously paid $_____

(xvi) Successor Servicer additional fee and transition costs (if not Backup Servicer) $_____

(xvii) Amounts owing to the Noteholder not previously paid $_____

(xviii) Amounts owing to the Backup Servicer not previously paid $_____

(xix) to Certificateholder, remaining Available Funds and releases from Reserve Account $_____

CALCULATION OF RESERVE ACCOUNT

Aggregate Principal Balance of Receivables $_____
Required Reserve Percentage _____%
Minimum Liquidity Amount $_____
Minimum Reserve Amount $_____
Required Reserve Amount $_____

Balance of Reserve Account prior to distributions $_____
Required Deposit to (Withdrawal from) Reserve Account $_____
Reserve Account Ending Balance $_____

(ii) the following list of Receivables is a true and correct list of the Receivables to be sold related to the prepayment;

[LIST OF RECEIVABLES]

(iii) to the knowledge of the Servicer, as of the date hereof, there is no Event of Default or event or circumstance which, with the giving of notice or passage of time, or both, would be an Event of Default (such an event or circumstance an "Unmatured Default"); and

(iv) to the best of the knowledge of the Servicer, as of the date hereof, the contemplated prepayment and related sale of Receivables will not result in an Event of Default or Unmatured Default.

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture or, if not defined therein, in Annex A to the Sale and Servicing Agreement referenced in the Indenture.

This certificate has been prepared this ___ day of _____, 200_ by:

CONSUMER PORTFOLIO SERVICES, INC.,
as Servicer

By: _____
Name:
Title:

EXHIBIT 10.33

- ---

AMENDED AND RESTATED
NOTE PURCHASE AGREEMENT

(VARIABLE FUNDING NOTE),

dated as of November 30, 2004,

among

CPS WAREHOUSE TRUST
as Issuer,

CONSUMER PORTFOLIO SERVICES, INC.,
as Servicer,

PARADIGM FUNDING LLC,
as Paradigm,

and

WESTLB AG, acting through its New York Branch,
as Committed Note Purchaser and Agent

- ---

NOTE PURCHASE AGREEMENT

THIS NOTE PURCHASE AGREEMENT, dated as of November 30, 2004 (as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof, this "AGREEMENT"), is made among CPS WAREHOUSE TRUST, a Delaware statutory trust (the "ISSUER"), CONSUMER PORTFOLIO SERVICES, INC., a California corporation ("CPS" or the "SERVICER"), Paradigm Funding LLC, a Delaware corporation ("PARADIGM"), and WESTLB AG (f/k/a WESTDEUTSCHE LANDESBANK GIROZENTRALE), acting through its New York Branch, a German banking corporation (together with its successors and assigns, "WEST LB"), as Committed Note Purchaser (in such capacity, together with any successors in such capacity, the "COMMITTED NOTE PURCHASER")and as agent for Paradigm, the Secured Parties and the Committed Note Purchaser (in such capacity, together with any successors in such capacity, the "AGENT").

BACKGROUND

1. The Issuer, the Servicer, Paradigm, the Committed Note Purchaser and the Agent (the "AMENDING PARTIES") entered into that Note Purchase Agreement dated as of March 7, 2002 (as the same was amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, the "ORIGINAL AGREEMENT").

2. Contemporaneously with the execution and delivery of the Original Agreement, the Issuer, the Agent and Wells Fargo Bank, National Association ("WELLS FARGO"), as successor-by-merger to Wells Fargo Bank Minnesota, National Association, as successor-in-interest to Bank One Trust Company, N.A., as trustee (together with its successors in trust thereunder as provided in the Indenture referred to below, the "TRUSTEE"), entered into the Indenture, dated as of March 7, 2002 (the "ORIGINAL INDENTURE"), pursuant to which the Issuer issued its Variable Funding Note (the "NOTE").

3. The security for the Note includes retail installment sale contracts secured by the new and used automobiles, vans, minivans and light trucks (the "RECEIVABLES") that were pledged by the Issuer to the Trustee pursuant to the Original Indenture. The holder of the Note also has the benefit of a financial guarantee insurance policy (the "NOTE POLICY") issued by XL Capital Assurance Inc. ("XLCA").

4. The Issuer from time to time acquired pools of Receivables from CPS pursuant to the Sale and Servicing Agreement, dated as of March 7, 2002 (the "ORIGINAL SALE AND SERVICING AGREEMENT"), among the Issuer, as purchaser, CPS, as seller and servicer (in such capacities, the "SELLER" and the "SERVICER," respectively), Systems & Services Technologies, Inc., a Delaware corporation, as back-up servicer (in such capacity, the "BACK-UP SERVICER"), and Wells Fargo, as successor-by-merger to Wells Fargo Bank Minnesota, National Association, as successor-in-interest to Bank One Trust Company, N.A., as standby servicer (in such capacity, the "STANDBY SERVICER") and Trustee.

5. Pursuant to the Original Indenture and the Original Agreement the Issuer issued the Note in favor of Paradigm and obtained the agreement of Paradigm to make loans from time to time (each, an "ADVANCE") for the purchase of Invested Amounts, all of which Advances are evidenced by the Note purchased in connection with execution and delivery of the Original Agreement.

6. The Trustee, the Agent and the Issuer are amending and restating the Original Indenture pursuant to that Amended and Restated Indenture dated as of even date herewith (as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, the "INDENTURE") and the parties to the Original Sale and Servicing Agreement (other than the Backup Servicer) are amending and restating the Original Sale and Servicing Agreement pursuant to that Amended and Restated Sale and Servicing Agreement dated as of even date herewith (as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, the "SALE AND SERVICING AGREEMENT").

7. The Amending Parties now desire to amend and restate the Original Agreement to reflect the terms upon which Paradigm and the Committed Note Purchaser will continue to make Advances to the Issuer for the purchase of Invested Amounts.

ARTICLE I
DEFINITIONS

SECTION 1.01 DEFINITIONS. As used in this Agreement and unless the context requires a different meaning, capitalized terms used but not defined herein (including the PREAMBLE and the RECITALS hereto) shall have the meanings assigned to such terms in ANNEX A to the Sale and Servicing Agreement. In addition, the following terms shall have the following meanings and the definitions of such terms are applicable to the singular as well as the plural form of such terms and to the masculine as well as the feminine and neuter genders of such terms:

ARTICLE II
PURCHASE AND SALE OF THE NOTE

SECTION 2.01 THE INITIAL NOTE PURCHASE. On the terms and conditions set forth in the Indenture, the Sale and Servicing Agreement and this Agreement, and in reliance on the covenants, representations and agreements set forth herein and therein, the Issuer shall issue and cause the Trustee to authenticate and deliver to the Agent, as agent for Paradigm and the Committed Note Purchaser, the Note on the Closing Date. Such Note shall be dated the Closing Date, registered in the name of the Agent, as agent for Paradigm, the Committed Note Purchaser, and their respective successors and assigns and duly authenticated in accordance with the provisions of the Indenture.

SECTION 2.02 ADVANCES. Upon the Issuer's request, delivered in accordance with the provisions of SECTION 2.03, and the satisfaction of all conditions precedent thereto, subject to the terms and conditions of this Agreement, the Indenture and the Sale and Servicing Agreement, Paradigm may and, if Paradigm determines that it will not make an Advance or any portion of an Advance, the Committed Note Purchaser shall, to the extent Paradigm does not make such Advance, make Advances from time to time during the Term; PROVIDED that no Advance shall be required or permitted to be made on any date if, after giving effect to such Advance, (a) the Invested Amount would exceed the Maximum Invested Amount or (b) a Borrowing Base Deficiency exists or would exist. The proceeds of all Advances on any date shall be deposited into the Principal Funding Account. Subject to the terms of this Agreement and the Indenture, the aggregate principal amount of the Advances outstanding may be increased or decreased from time to time. Paradigm and the Committed Note Purchaser acknowledge that the Insurer has the option to purchase the Note under certain circumstances set forth in the Note Policy. If such option is exercised, upon receipt of the outstanding "Insured Obligations" (as defined in the Note Policy) from the Insurer, the holder of the Note shall transfer the Note to the Insurer.

SECTION 2.03 ADVANCE PROCEDURES. Whenever the Issuer wishes Paradigm to make an Advance, the Issuer shall (or shall cause the Servicer to) notify the Agent and the Controlling Party by written notice delivered to the Agent and the Controlling Party no later than the third Business Day prior to the proposed Funding Date. Each such notice shall be irrevocable and shall in each case refer to this Agreement and specify the aggregate amount of the requested Advance to be made on such date. The Agent shall promptly advise Paradigm and the Committed Note Purchaser of any notice given pursuant to this section and shall promptly thereafter (but in no event later than 11:00 a.m. New York City time on the proposed Funding Date) notify the Issuer whether Paradigm or the Committed Note Purchaser has determined to make such Advances. On the Funding Date, subject to the other conditions set forth herein, in the Indenture, and in the Sale and Servicing Agreement, Paradigm or the Committed Note Purchaser, as the case may be, shall make available to the Issuer the amount of such Advance by wire transfer in U.S. dollars of such amount in same day funds to the Principal Funding Account no later than 4:00 p.m. (New York time) on the date of such Advance.

SECTION 2.04 THE NOTE. On each date an Advance is funded under the Note pursuant to the Indenture and on each date the amount of outstanding Advances thereunder is reduced, a duly authorized officer, employee or agent of the Agent shall make appropriate notations in its books and records of the amount of such Advance and the amount of such reduction, as applicable. The Issuer hereby authorizes each duly authorized officer, employee and agent of the Agent to make such notations on the books and records as aforesaid and every such notation made in accordance with the foregoing authority shall be PRIMA FACIE evidence of the accuracy of the information so recorded and shall be binding on the Issuer absent manifest error; PROVIDED, HOWEVER, that in the event of a discrepancy between the books and records of the Agent and the records maintained by the Trustee pursuant to the Indenture, such discrepancy shall be resolved by the Agent and the Trustee.

SECTION 2.05 COMMITMENT TERM. The "TERM" of the Commitment hereunder shall be for a period commencing on the Closing Date and ending on the Facility Termination Date, or such later date as the Committed Note Purchaser, Paradigm and the Controlling Party may agree to in writing, in their sole and absolute discretion.

SECTION 2.06 SELECTION OF INTEREST RATES. Following any assignment by Paradigm to its related liquidity providers pursuant to the applicable liquidity purchase agreement or to the Committed Note Purchaser hereunder, the Issuer may elect that Advances accrue interest at the Base Rate or (if the Issuer gives notice prior to 11:00 a.m. (London Time) on the date which is two London Business Days prior to the commencement of the related Eurodollar Interest Period) that such Advances be made as Eurodollar Advances.

ARTICLE III
INTEREST AND FEES

SECTION 3.01 INTEREST. Each Advance funded or maintained by Paradigm during any Interest Period (a) through the issuance of commercial paper shall bear interest at the CP Rate for such Interest Period and (b) through means other than the issuance of Commercial Paper shall bear interest at (i) the Base Rate for the related Interest Period or (ii) if the required notice has been given, the Eurodollar Rate (Reserve Adjusted) for the related Eurodollar Interest Period, in each case except as otherwise provided in the definition of Eurodollar Interest Period or in SECTION 3.03 or 3.04. Paradigm shall promptly (but in no event later than the Business Day preceding the next Determination Date) notify the Issuer and the Servicer of the applicable interest rate for the Advances as of the first day of each Interest Period.

(a) Interest on Advances shall be due and payable on each Settlement Date in accordance with the provisions of the Sale and Servicing Agreement.

(b) All computations of interest at the CP Rate and the Eurodollar Rate (Reserve Adjusted) shall be made on the basis of a year of 360 days and the actual number of days elapsed and all computations of interest at the Base Rate shall be made on the basis of a 365 (or 366, as applicable) day year and actual number of days elapsed. Whenever any payment of interest or principal in respect of any Advance shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day (other than as provided in the definition of Eurodollar Interest Period) and such extension of time shall be included in the computation of the amount of interest owed.

SECTION 3.02 FEES. (a) On March 8, 2002, the Issuer shall pay to the Agent an up-front fee equal to the product of (x) 0.60% and (y) the Maximum Invested Amount, along with the Agent's reasonable out-of-pocket expenses, including its legal fees.

(b) On each Settlement Date on or prior to the Facility Termination Date, the Issuer shall pay a facility fee equal to (i) the product of (x) a fraction, the numerator of which is the actual number of days elapsed in the related Interest Period and the denominator of which is 360 and (y) 0.25%

and (ii) the difference between (a) the Maximum Invested Amount and (b) the daily average outstanding Invested Amount (the "UNUSED FACILITY FEE") during the related Interest Period. Such Unused Facility Fee shall be split evenly, on a pari passu basis, between Paradigm and the Insurer in accordance with the provisions of the Sale and Servicing Agreement.

SECTION 3.03 EURODOLLAR LENDING UNLAWFUL. If Paradigm, the Committed Note Purchaser or any Program Support Provider shall reasonably determine (which determination shall, upon notice thereof to Paradigm and the Issuer, be conclusive and binding on Paradigm and the Issuer absent manifest error) that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other Governmental Authority asserts that it is unlawful, for any such Program Support Provider to make, continue, or maintain any Advance as, or to convert any Advance into, the Eurodollar Tranche of such Advance, the obligation of such Person to make, continue or maintain or convert any such Advance as the Eurodollar Tranche of such Advance shall, upon such determination, forthwith be suspended until such Person shall notify Paradigm and the Issuer that the circumstances causing such suspension no longer exist, and Paradigm shall immediately convert all Advances of any such Program Support Provider, as applicable, into the Base Rate Tranche of such Advance at the end of the then current Eurodollar Interest Periods with respect thereto or sooner, if required by such law or assertion.

SECTION 3.04 DEPOSITS UNAVAILABLE. If Paradigm, the Committed Note Purchaser or any Program Support Provider shall have reasonably determined that:

(a) Dollar deposits in the relevant amount and for the relevant Eurodollar Interest Period are not available to all Reference Lenders in the relevant market; or

(b) by reason of circumstances affecting all Reference Lenders' relevant market, adequate means do not exist for ascertaining the interest rate applicable hereunder to the Eurodollar Tranche of any Advance; or

(c) Paradigm, the Committed Note Purchaser or the Majority Program Support Providers have notified Paradigm and the Issuer that, with respect to any interest rate otherwise applicable hereunder to the Eurodollar Tranche of any Advance the Eurodollar Interest Period for which has not then commenced, such interest rate will not adequately reflect the cost to such Majority Program Support Providers of making, funding or maintaining their respective Eurodollar Tranche of such Advance for such Eurodollar Interest Period,

then, upon notice from Paradigm, the Committed Note Purchaser or the Majority Program Support Providers to Paradigm and the Issuer, the obligations of Paradigm, the Committed Note Purchaser and all Program Support Providers to make or continue any Advance as, or to convert any Advances into, the Eurodollar Tranche of such Advance shall forthwith be suspended until Paradigm shall notify the Issuer that the circumstances causing such suspension no longer exist.

SECTION 3.05 INCREASED COSTS, ETC. The Issuer agrees to reimburse Paradigm and the Committed Note Purchaser and any Program Support Provider (each, an "AFFECTED PERSON") for an increase in the cost of, or any reduction in the amount of any sum receivable by any such Affected Person, including reductions in the rate of return on such Affected Person's capital, in respect of making, continuing or maintaining (or of its obligation to make, continue or maintain) any Advances as, or of converting (or of its obligation to convert) any Advances into, the Eurodollar Tranche of such Advance that arise in connection with any change in, or the introduction, adoption, effectiveness, interpretation reinterpretation or phase-in, in each case, after the date hereof, of any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Authority, except for such changes with respect to increased capital costs and taxes which are governed by SECTIONS 3.07 and 3.08, respectively; PROVIDED, however, that the Issuer shall have no obligation to pay any such additional amount under this SECTION 3.05 with respect to any day or days unless any such Affected Person shall have notified Paradigm and the Issuer of its demand therefor within forty-five (45) days of the date upon which such Affected Person has obtained audited information with respect to the fiscal year of such Affected Person in which such day or days occurred. Each such demand shall be provided to Paradigm and the Issuer in writing and shall state, in reasonable detail, the reasons therefor and the additional amount required fully

to compensate such Affected Person for such increased cost or reduced amount or return. Such additional amounts shall be payable by the Issuer to Paradigm and by Paradigm directly to such Affected Person within five (5) Business Days of its receipt of such notice, and such notice shall, in the absence of manifest error, be conclusive and binding on Paradigm and the Issuer.

SECTION 3.06 FUNDING LOSSES. In the event any Affected Person shall incur any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Affected Person to make, continue or maintain any portion of the principal amount of any Advance as, or to convert any portion of the principal amount of any Advance into, the Eurodollar Tranche of such Advance) as a result of:

(a) any conversion or repayment or prepayment (for any reason, including, without limitation, as a result of the acceleration of the maturity of the Eurodollar Tranche of such Advance or the assignment thereof in accordance with the requirements of the applicable Program Support Agreement) of the principal amount of any portion of the Eurodollar Tranche on a date other than the scheduled last day of the Eurodollar Interest Period applicable thereto;

(b) any Advance not being made as an Advance under the Eurodollar Tranche after a request for such an Advance has been made in accordance with the terms contained herein; or

(c) any Advance not being continued as, or converted into, an Advance under the Eurodollar Tranche after a request for such an Advance has been made in accordance with the terms contained herein, or

(d) any failure of the Issuer to make a prepayment on the Note after notice thereof is delivered pursuant to SECTION 10.1(b) of the Indenture.

then, upon the written notice of any Affected Person to Paradigm and the Issuer, the Issuer shall pay to Paradigm and Paradigm shall, within five (5) Business Days of its receipt thereof, pay directly to such Affected Person such amount as will (in the reasonable determination of such Affected Person) reimburse such Affected Person for such loss or expense. Such written notice (which shall include calculations in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on Paradigm and the Issuer.

SECTION 3.07 INCREASED CAPITAL COSTS. If any change in, or the introduction, adoption, effectiveness, interpretation or reinterpretation or phase-in, in each case after the date hereof, of any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Authority affects or would affect the amount of capital required or reasonably expected to be maintained by any Affected Person or any Person controlling such Affected Person and such Affected Person reasonably determines (in its sole and absolute discretion) that the rate of return on its or such controlling Person's capital as a consequence of its commitment or the Advances made by such Affected Person is reduced to a level below that which such Affected Person or such controlling Person would have achieved but for the occurrence of any such circumstance, then, in any such case after notice from time to time by such Affected Person to Paradigm and the Issuer, the Issuer shall pay to Paradigm and Paradigm shall pay an incremental commitment fee sufficient to compensate such Affected Person or such controlling Person for such reduction in rate of return; PROVIDED, HOWEVER, that neither the Issuer nor Paradigm shall have any obligation to pay any such additional amount under this SECTION 3.07 with respect to any day or days unless such Affected Person shall have notified Paradigm and the Issuer of its demand therefor within forty-five (45) days of the date upon which such Affected Person has obtained audited information with respect to the fiscal year of such Affected Person in which such day or days occurred. A statement of such Affected Person as to any such additional amount or amounts (including calculations thereof in reasonable detail), in the absence of manifest error, shall be conclusive and binding on Paradigm and the Issuer; and PROVIDED, FURTHER, that the initial payment of such increased commitment fee shall include a payment for accrued amounts due under this SECTION 3.07 prior to such initial payment. In determining such additional amount, such Affected Person may use any method of averaging and attribution that it (in its reasonable discretion) shall deem applicable so long as it applies such method to other similar transactions.

SECTION 3.08 TAXES. All payments by the Issuer of principal of, and interest on, the Advances and all other amounts payable hereunder (including fees) shall be made free and clear of and without deduction for any present or future income, excise, stamp or franchise taxes and other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding in the case of any Affected Person, taxes imposed on or measured by its overall net income, overall receipts or overall assets and franchise taxes imposed on it by the jurisdiction of any Affected Person, as the case may be, in which it is organized or is operating or any political subdivision thereof and taxes imposed on or measured by its overall net income, overall receipts or overall assets or franchise taxes imposed on it by the jurisdiction of any Affected Person's Domestic Office or Eurodollar Office, as the case may be, or any political subdivision thereof (such non-excluded items being called "TAXES"). In the event that any withholding or deduction from any payment to be made by Paradigm hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Issuer will pay to Paradigm and Paradigm will

(a) pay directly to the relevant authority the full amount required to be so withheld or deducted;

(b) promptly forward to the agent for the relevant Affected Person an official receipt or other documentation satisfactory to the agent for the relevant Affected Person or evidencing such payment to such authority; and

(c) pay to the agent for the relevant Affected Person such additional amount or amounts as is necessary to ensure that the net amount actually received by each Affected Person will equal the full amount such Affected Person would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against any Affected Person with respect to any payment received by such Affected Person or its agent hereunder, such Affected Person or its agent may pay such Taxes and Paradigm will promptly upon receipt of prior written notice stating the amount of such Taxes pay such additional amounts (including any penalties, interest or expenses) as is necessary in order that the net amount received by such person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount such person would have received had not such Taxes been asserted. Each Affected Person shall make all reasonable efforts, including transferring its interest in the Note to another lending office, to avoid the imposition of any Taxes which would give rise to an additional payment under this SECTION 3.08.

If the Issuer fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Affected Person or its agent the required receipts or other required documentary evidence, the Issuer shall indemnify the Affected Person and their agent for any incremental Taxes, interest or penalties that may become payable by any such Affected Person or its agent as a result of any such failure. For purposes of this SECTION 3.08, a distribution hereunder by the agent for the relevant Affected Person shall be deemed a payment by the Issuer.

Upon the request of the Issuer, each Affected Person that is organized under the laws of a jurisdiction other than the United States shall, prior to the initial due date of any payments hereunder and to the extent permissible under then current law, execute and deliver to Paradigm and the Issuer on or about the first scheduled payment date in each calendar year thereafter, one or more (as the Issuer may reasonably request) United States Internal Revenue Service Forms W-8ECI or Forms W-8BEN or such other forms or documents (or successor forms or documents), appropriately completed, as may be applicable to establish the extent, if any, to which a payment to such Affected Person is exempt from withholding or deduction of Taxes. Paradigm shall not, however, be required to pay any increased amount under this SECTION 3.08 to any Affected Person that is organized under the laws of a jurisdiction other than the United States if such Affected Person fails to comply with the requirements set forth in this paragraph.

ARTICLE IV
OTHER PAYMENT TERMS

SECTION 4.01 TIME AND METHOD OF PAYMENT. All amounts payable to Paradigm or the Committed Note Purchaser hereunder or with respect to the Note shall be made by wire transfer of immediately available funds in Dollars not later than 1:00 p.m., New York City time, on the date due. Any funds received after that time will be deemed to have been received on the next Business Day.

ARTICLE V
THE AGENT

SECTION 5.01 AUTHORIZATION AND ACTION. Each Note Purchaser Party is hereby deemed to have designated and appointed West LB as the Agent hereunder, and hereby authorizes the Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Agent by the terms of this Agreement together with such powers as are reasonably incidental thereto. The Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with Paradigm, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Agent shall be read into this Agreement or otherwise exist for the Agent. In performing its functions and duties hereunder, the Agent shall act solely as agent for the Secured Parties and does not assume nor shall it be deemed to have assumed any obligation or relationship of trust or agency with or for the Issuer or any of its successors or assigns. The Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The appointment and authority of the Agent hereunder shall terminate upon the indefeasible payment in full of the Note and all other amounts owed by the Issuer hereunder and under the Indenture (the "AGGREGATE UNPAIDS").

SECTION 5.02 DELEGATION OF DUTIES. The Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

SECTION 5.03 EXCULPATORY PROVISIONS. Neither the Agent nor any of its directors, officers, agents or employees shall be (a) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement (except for its, their or such Person's own gross negligence or willful misconduct or, in the case of the Agent, the breach of its obligations expressly set forth in this Agreement), or (b) responsible in any manner to any of the Secured Parties for any recitals, statements, representations or warranties made by the Issuer contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other document furnished in connection herewith, or for any failure of the Issuer to perform its obligations hereunder, or for the satisfaction of any condition specified in Article VII. The Agent shall not be under any obligation to any Note Purchaser Party to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Issuer. The Agent shall not be deemed to have knowledge of any Funding Termination Event or potential Funding Termination Event unless the Agent has received notice from the Issuer or a Note Purchaser Party.

SECTION 5.04 RELIANCE. The Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer), independent accountants and other experts selected by the Agent. The Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other document furnished in connection herewith unless it shall first receive such advice or concurrence of Paradigm or the Secured Parties, as applicable, as it deems appropriate or it shall first be indemnified to its satisfaction by the Secured Parties, provided that unless and until the

Agent shall have received such advice, the Agent may take or refrain from taking any action, as the Agent shall deem advisable and in the best interests of the Secured Parties. The Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of Paradigm or the Secured Parties, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Secured parties.

SECTION 5.05 NON-RELIANCE ON THE AGENT AND OTHER PURCHASERS. Each Note Purchaser Party expressly acknowledges that neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Agent hereafter taken, including, without limitation, any review of the affairs of the Issuer, shall be deemed to constitute any representation or warranty by the Agent. Each Note Purchaser Party represents and warrants to the Agent that it has and will, independently and without reliance upon the Agent or any other Note Purchaser Party and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Issuer and made its own decision to enter into this Agreement and, in the case of a Hedge Counterparty, such Hedge Counterparty's Hedge Agreement.

SECTION 5.06 THE AGENT IN ITS INDIVIDUAL CAPACITY. The Agent and any of its Affiliates may make loans to, accept deposits from, and generally engage in any kind of business with the Issuer or any Affiliate of the Issuer as though the Agent were not the Agent hereunder.

SECTION 5.07 SUCCESSOR AGENT. The Agent may, upon 5 days notice to the Issuer and the Secured Parties, and the Agent will, upon the direction of Paradigm, resign as Agent. If the Agent shall resign, then Paradigm, during such 5-day period, shall appoint from among the Secured Parties a successor agent. If for any reason no successor Agent is appointed by Paradigm during such 5-day period, then effective upon the expiration of such 5-day period, the Issuer shall make all payments in respect of the Aggregate Unpaids or under any fee letter delivered in connection herewith directly to the applicable Note Purchaser Party and for all purposes shall deal directly with each Note Purchaser Party. After any retiring Agent's resignation hereunder as Agent, the provisions of SECTION 9.05 and this Article V shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Agent under this Agreement.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES

SECTION 6.01 THE ISSUER. The Issuer represents and warrants to Paradigm and the Committed Note Purchaser that each of its representations and warranties in the Indenture and the other Basic Documents is true and correct, as of the date hereof as if made on and as of the date hereof and as of and after giving effect to the making of each Advance as if made on and as of the making of each Advance, and further represents and warrants to such parties, as of the date hereof and as of and after giving effect to the making of each Advance, that:

(a) The Issuer has been duly organized and is validly existing as a statutory trust in good standing under the laws of the State of Delaware, and the Issuer has full power and authority (corporate and other) necessary to own or hold its properties and to conduct its business as now conducted by it and to enter into and perform its obligations under this Agreement and the other Basic Documents and, with respect to the Issuer, to cause the Trustee to authorize and issue the Note from time to time as contemplated by this Agreement and the Indenture;

(b) the Issuer is not in violation of its certificate of trust or in default under any agreement, indenture or instrument to which it is a party, the effect of which violation or default would be materially adverse to it, to the Receivables or to any of the transactions contemplated hereby. Neither the issuance and sale of the Note, nor the execution, delivery and performance by the Issuer of this Agreement or any Basic Document to which it is a party, nor the consummation by the Issuer of any of the transactions contemplated

hereby or by any Basic Document, nor compliance by the Issuer with the provisions hereof or thereof, does or will conflict with or result in a breach or violation of any term or provision of the certificate of trust (or other document of similar import) of the Issuer or conflict with, result in a breach, violation or acceleration of, or constitute a default under, the terms of any indenture or other agreement or instrument to which the Issuer is a party or by which either of them is bound or to which any of the properties of the Issuer is subject, the effect of which conflict, breach, violation, acceleration or default would be materially adverse to it, the Receivables or any of the transactions contemplated hereby or any statute, order or regulation applicable to the Issuer of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Issuer, the effect of which conflict, breach, violation or default would be materially adverse to it, the Receivables or any of the transactions contemplated hereby. The Issuer is not a party to, bound by or in breach or violation of any indenture or other agreement or instrument to which it is a party, or subject to or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it that materially and adversely affects, or could reasonably be expected to materially and adversely affect, (i) the ability of the Issuer to perform its obligations under this Agreement or any Basic Document or (ii) the business, operations, financial condition, properties, assets or prospects of the Issuer;

(c) there are no actions or proceedings against, or investigations of, the Issuer pending, or, to the knowledge of the Issuer, threatened, before any court, arbitrator, administrative agency or other tribunal (i) asserting the invalidity of this Agreement, any Basic Document or the Note, (ii) seeking to prevent the issuance of the Note or the consummation of any of the transactions contemplated by this Agreement or any Basic Document, (iii) that, if determined adversely to the Issuer, could reasonably be expected to materially and adversely affect the Receivables or the business, operations, financial condition, properties, assets or prospects of the Issuer or the validity or enforceability of, or the performance by the Issuer of its obligations under, this Agreement, any Basic Document or the Note or (iv) seeking to affect adversely the federal income tax attributes of the Note;

(d) immediately prior to each pledge of Receivables by the Issuer to the Trustee as contemplated by the Indenture, the Issuer (i) had good title to, and was the sole owner of, each such Receivable and the other property purported to be pledged by it pursuant to the Indenture free and clear of any Lien and (ii) had not assigned to any person any of its right, title or interest in such Receivables or property.

(e) [Reserved].

(f) no Funding Termination Event, or event which, with the giving of notice or the passage of time or both would constitute a Funding Termination Event, has occurred and is continuing;

(g) assuming Paradigm or other purchaser of the Note hereunder is not purchasing with a view toward further distribution and there has been no general solicitation or general advertising within the meaning of the Securities Act, the offer and sale of the Note in the manner contemplated by this Agreement is a transaction exempt from the registration requirements of the Securities Act, and the Indenture is not required to be qualified under the Trust Indenture Act; and

(h) the Issuer has furnished to the Committed Note Purchaser true, accurate and (except as otherwise consented by the Committed Note Purchaser) complete copies of all other Basic Documents to which it is a party as of the Closing Date, all of which Basic Documents are in full force and effect as of the Closing Date and no terms of any such agreements or documents have been amended, modified or otherwise waived as of such date.

SECTION 6.02 SERVICER. The Servicer represents and warrants to Paradigm and the Committed Note Purchaser, as of the date hereof and as of and after giving effect to the making of each Advance, that:

(a) the Servicer has been duly organized and is validly existing as a corporation in good standing under the laws of the State of California, and the Servicer has full power and authority (corporate and other) necessary to own or hold its properties and to conduct its business as now conducted by it and to enter into and perform its obligations under this Agreement and the other Basic Documents;

(b) the Servicer is not in violation of its certificate of incorporation or by-laws, respectively, or in default under any agreement, indenture or instrument to which it is a party, the effect of which violation or default would be materially adverse to it, to the Receivables or to any of the transactions contemplated hereby. Neither the issuance and sale of the Note, nor the execution, delivery and performance by the Servicer of this Agreement or any Basic Document to which it is a party, nor the consummation by the Servicer of any of the transactions contemplated hereby or by any Basic Document, nor compliance by the Servicer with the provisions hereof or thereof, does or will conflict with or result in a breach or violation of any term or provision of the certificate of incorporation or by-laws (or other document of similar import) of the Servicer or conflict with, result in a breach, violation or acceleration of, or constitute a default under, the terms of any indenture or other agreement or instrument to which the Servicer is a party or by which either of them is bound or to which any of the properties of the Servicer is subject, the effect of which conflict, breach, violation, acceleration or default would be materially adverse to it, the Receivables or any of the transactions contemplated hereby or any statute, order or regulation applicable to the Servicer of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Servicer, the effect of which conflict, breach, violation or default would be materially adverse to it, the Receivables or any of the transactions contemplated hereby. The Servicer is not a party to, bound by or in breach or violation of any indenture or other agreement or instrument to which it is a party, or subject to or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it that materially and adversely affects, or could reasonably be expected to materially and adversely affect, (i) the ability of the Servicer to perform its obligations under this Agreement or any Basic Document or (ii) the business, operations, financial condition, properties, assets or prospects of the Servicer;

(c) there are no actions or proceedings against, or investigations of, the Servicer pending, or, to the knowledge of the Servicer, threatened, before any court, arbitrator, administrative agency or other tribunal (i) asserting the invalidity of this Agreement, any Basic Document or the Note, (ii) seeking to prevent the issuance of the Note or the consummation of any of the transactions contemplated by this Agreement or any Basic Document, (iii) that, if determined adversely to the Servicer, could reasonably be expected to materially and adversely affect the Receivables or the business, operations, financial condition, properties, assets or prospects of the Servicer or the validity or enforceability of, or the performance by the Servicer of its obligations under, this Agreement, any Basic Document or the Note or (iv) seeking to affect adversely the federal income tax attributes of the Note;

(d) each representation and warranty made by it in each Basic Document to which it is a party (including any representations and warranties made by it as Servicer) is true and correct as of the date originally made, as of the date hereof as if made on and as of the date hereof and as of and after giving effect to the making of each Advance as if made on and as of the making of each Advance,

(e) the audited consolidated balance sheet of the Servicer and its consolidated subsidiaries as of December 31, 2000 and the related statements of income, changes in stockholders equity and cash flow as of and for the fiscal year ending on such date (including in each case the schedules and notes thereto) (the "FINANCIAL STATEMENTS"), have been prepared in accordance with GAAP and present fairly the financial position of the Servicer and its consolidated subsidiaries as of the dates thereof and the results of their operations for the periods covered thereby subject, in the case of all unaudited statements, to normal year-end adjustments and lack of footnotes and other presentation items.

SECTION 6.03 NOTE PURCHASER. Each of Paradigm and the Committed Note Purchaser represents and warrants to the Issuer and the Servicer, as of the date hereof (or as of a subsequent date on which a successor or assign of Paradigm or the Committed Note Purchaser shall become a party hereto), that:

(a) it has had an opportunity to discuss the Issuer's and the Servicer's business, management and financial affairs, and the terms and conditions of the proposed purchase, with the Issuer and the Servicer and their respective representatives;

(b) it is an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of investing in, and is able and prepared to bear the economic risk of investing in, the Note;

(c) it is purchasing the Note for its own account, or for the account of one or more "accredited investors" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act that meet the criteria described in SUBSECTION (b) and for which it is acting with complete investment discretion, for investment purposes only and not with a view to distribution, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control;

(d) it understands that the Note has not been and will not be registered or qualified under the Securities Act or any applicable state securities laws or the securities laws of any other jurisdiction and is being offered only in a transaction not involving any public offering within the meaning of the Securities Act and may not be resold or otherwise transferred unless so registered or qualified or unless an exemption from registration or qualification is available, that the Issuer is not required to register the Note, and that any transfer must comply with provisions of SECTION 2.3 of the Indenture;

(e) it understands that the Note will bear the legend set out in the form of Note attached as EXHIBIT A-1 to the Indenture and be subject to the restrictions on transfer described in such legend;

(f) it will comply with all applicable federal and state securities laws in connection with any subsequent resale of the Note;

(g) it understands that the Note may be offered, resold, pledged or otherwise transferred with the Issuer's prior written consent only (A) to the Issuer, (B) in a transaction meeting the requirements of Rule 144A under the Securities Act, (C) outside the United States to a foreign person in a transaction meeting the requirements of Regulation S under the Securities Act, or (D) in a transaction complying with or exempt from the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction; notwithstanding the foregoing, it is hereby understood and agreed by the Issuer that the Note will be pledged by Paradigm pursuant to Paradigm's commercial paper program documents, and may be sold, transferred or pledged to West LB or any affiliate of West LB or, any commercial paper conduit administered by West LB or any affiliate of West LB, without the consent of the Issuer;

(h) if it desires to offer, sell or otherwise transfer, pledge or hypothecate the Note as described in clause (B), (C) or (D) of the preceding paragraph, the transferee of the Note will be required to deliver a certificate and may under certain circumstances be required to deliver an opinion of counsel, in each case, as described in the Indenture, reasonably satisfactory in form and substance to the applicable seller, that an exemption from the registration requirements

of the Securities Act applies to such offer, sale, transfer or hypothecation. Paradigm understands that the registrar and transfer agent for the Note will not be required to accept for registration of transfer the Note acquired by it, except upon presentation of an executed letter in the form required by the Indenture;

(i) it will obtain from any purchaser of the Note substantially the same representations and warranties contained in the foregoing paragraphs; and

(j) this Agreement has been duly and validly authorized, executed and delivered by Paradigm and the Committed Note Purchaser and constitutes a legal, valid, binding obligation of Paradigm and the Committed Note Purchaser, enforceable against Paradigm and the Committed Note Purchaser in accordance with its terms.

ARTICLE VII
CONDITIONS

SECTION 7.01 CONDITIONS TO ISSUANCE. Paradigm will have no obligation to purchase the Note hereunder unless:

(a) the Indenture shall be in full force and effect; and

(b) at the time of such issuance, all conditions to the issuance of the Note under the Indenture and under SECTION 2.2 of the Sale and Servicing Agreement shall have been satisfied.

SECTION 7.02 CONDITIONS TO INITIAL ADVANCE. The obligation of Paradigm to fund the initial Advance hereunder shall be subject to the satisfaction of the conditions precedent that all conditions precedent set forth in the Indenture and in SECTION 2.2 of the Sale and Servicing Agreement shall have been satisfied, the Agent shall have received a duly executed and authenticated Note registered in its name as Agent and stating that the principal amount thereof shall not exceed the Maximum Invested Amount and the Issuer shall have paid all fees required to be paid by it on the Closing Date, including all fees required hereunder.

SECTION 7.03 CONDITIONS TO EACH ADVANCE. The election of Paradigm to fund, and the obligation of the Committed Note Purchaser to fund, any Advance on any day (including the Initial Advance) shall be subject to the conditions precedent that on the date of the Advance, before and after giving effect thereto and to the application of any proceeds therefrom, the following statements shall be true:

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

(b) the Agent shall have received the Servicer's Certificate for the Accrual Period immediately preceding the date of such Advance and an executed advance request in the form of EXHIBIT B-1 or EXHIBIT B-2 hereto (each such request, an "ADVANCE REQUEST") certifying as to the current Borrowing Base;

(c) such Advance is at least $5,000,000, in the case of the Initial Advance, or $1,000,000, in the case of any other Advance;

(d) such Advance will not cause there to be more than two Advances in a calendar week;

(e) after giving effect to such Advance, the Aggregate Principal Balance of Eligible Receivables will be $5,000,000 or more;

(f) after giving effect to such Advance, the Invested Amount of the Note will not exceed the Maximum Invested Amount;

(g) no Funding Termination Event or Event of Default has occurred or will occur as a result of making such Advance;

(h) the representations and warranties made by the Servicer and the Issuer are true and correct;

(i) the Agent and the Insurer shall have received a properly completed Borrowing Base Certificate in the form of EXHIBIT A hereto at least 3 Business Days prior to such Funding Date;

(j) the Trustee shall (in accordance with the procedures contemplated in SECTION 3.4 of the Sale and Servicing Agreement) have confirmed receipt of the related Receivable File for each Eligible Receivable included in the Borrowing Base calculation;

(k) the amount on deposit in the Reserve Account shall equal or exceed the Required Reserve Account Amount, taking into account the application of the proceeds of the proposed Advance on such date;

(l) Hedge Agreements are in full force and effect in accordance with SECTION 2.1(B)(XVIII) of the Sale and Servicing Agreement;

(m) after giving effect to such Advance, the Borrowing Base Deficiency shall be equal to zero;

(n) the Insurer shall have received all audit reports due per the Required Audits (as defined in the Insurance Agreement); and

(o) all limitations specified in SECTION 2.02 of this Agreement and in SECTION 2.2 of the Sale and Servicing Agreement shall have been satisfied with respect to the making of such Advance.

The giving of any notice pursuant to SECTION 2.03 shall constitute a representation and warranty by the Issuer and the Servicer that all conditions precedent to such Advance have been satisfied.

ARTICLE VIII
COVENANTS

SECTION 8.01 COVENANTS. Each of the Issuer and the Servicer severally covenants and agrees that, until the Note and all other obligations of the Issuer under this Agreement have been paid in full and the Term has expired, it will:

(a) duly and timely perform all of its respective covenants and obligations under each Basic Document to which it is a party;

(b) not except as contemplated by the Indenture, amend, modify, waive or give any approval, consent or permission under, any provision of the Indenture or any other Basic Document to which it is a party unless any such amendment, modification, waiver or other action is in writing and made in accordance with the terms of the Indenture or such other Basic Document, as applicable;

(c) at the same time any report, notice or other document is provided to the Rating Agencies and/or the Trustee, or caused to be provided, by the Issuer or the Servicer under the Indenture, provide the Agent and the Insurer with a copy of such report, notice or other document; PROVIDED, HOWEVER, that neither the Servicer nor the Issuer shall have any obligation under this SECTION 8.01(c) to deliver to the Agent and the Insurer copies of any vehicle identification number listings;

(d) at any time and from time to time, following at least 3 Business Days prior notice from the Agent, and during regular business hours, permit the Agent, or its agents, representatives or permitted assigns, access to the offices of, the Servicer and the Issuer, as applicable, (i) to examine and make copies of and abstracts from all documentation relating to the Collateral, and (ii) to visit the offices and properties of, the Servicer and the Issuer for the purpose of examining such materials described in CLAUSE (i) above, and to discuss matters relating to the Collateral, or the administration and performance of the Indenture, the Sale and Servicing Agreement and the other Basic Documents with any of the officers or employees of, the Servicer and/or the Issuer, as applicable, having knowledge of such matters.

ARTICLE IX
MISCELLANEOUS PROVISIONS

SECTION 9.01 AMENDMENTS. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by the Servicer, the Issuer, Paradigm or the Committed Note Purchaser therefrom, shall in any event be effective unless the same shall be in writing and signed by the Servicer, the Issuer, the Controlling Party, the Agent, the Committed Note Purchaser and Paradigm.

SECTION 9.02 NO WAIVER; REMEDIES. Any waiver, consent or approval given by any party hereto shall be effective only in the specific instance and for the specific purpose for which given, and no waiver by a party of any breach or default under this Agreement shall be deemed a waiver of any other breach or default. No failure on the part of any party hereto to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder, or any abandonment or discontinuation of steps to enforce the right, power or privilege, preclude any other or further exercise thereof or the exercise of any other right. No notice to or demand on any party hereto in any case shall entitle such party to any other or further notice or demand in the same, similar or other circumstances. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 9.03 BINDING ON SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, and inure to the benefit of, the Issuer, the Servicer, the Committed Note Purchaser, Paradigm, the Agent, and their respective successors and assigns; PROVIDED, HOWEVER, that neither the Issuer nor the Servicer may assign its rights or obligations hereunder or in connection herewith or any interest herein (voluntarily, by operation of law or otherwise) without the prior written consent of Paradigm and the Committed Note Purchaser; and PROVIDED, FURTHER, that neither Paradigm nor the Committed Note Purchaser may transfer, pledge, assign, sell participations in or otherwise encumber its rights or obligations hereunder or in connection herewith or any interest herein except as permitted under SECTIONS 9.03 (a) and (b). Nothing expressed herein is intended or shall be construed to give any Person other than the Persons referred to in the preceding sentence any legal or equitable right, remedy or claim under or in respect of this Agreement.

(a) Notwithstanding any other provision set forth in this Agreement, Paradigm may at any time grant to one or more Program Support Providers a participating interest in or lien on Paradigm's interests in the Advances made hereunder and such Program Support Provider, with respect to its participating interest, shall be entitled to the benefits granted to Paradigm under this Agreement.

(b) Paradigm may at any time assign its rights in the Note (and its rights hereunder and under the Basic Documents) to the Committed Note Purchaser. Furthermore, Paradigm may at any time grant a security interest in and lien on, all or any portion of its interests under this Agreement, the Note and all Basic Documents to (i) the Committed Note Purchaser, (ii) any Person who, at any time now or in the future, provides program liquidity or credit enhancement, including without limitation, a surety bond for Paradigm or (iii) any other Person who, at any time now or in the future, provides liquidity or

credit enhancement for Paradigm, including without limitation, a surety bond; PROVIDED, HOWEVER, any such security interest or lien shall be released upon assignment of the Note to the Committed Note Purchaser. The Committed Note Purchaser may assign its Commitment or all or any portion of its interest under the Note, this Agreement and the Basic Documents to any Person with the written consent of the Issuer. Notwithstanding the foregoing, it is understood and agreed by the Issuer that the Note may be sold, transferred or pledged without the consent of the Issuer in compliance with, and as provided for under, SECTION 6.03(g). Notwithstanding any other provisions set forth in this Agreement, the Committed Note Purchaser may at any time create a security interest in all or any portion of its rights under this Agreement, the Note and the Basic Documents in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

SECTION 9.04 SURVIVAL OF AGREEMENT. All covenants, agreements, representations and warranties made herein and in the Note delivered pursuant hereto shall survive the making and the repayment of the Advances and the execution and delivery of this Agreement and the Note and shall continue in full force and effect until all interest and principal on the Note and other amounts owed hereunder have been paid in full and the commitment of Paradigm hereunder has been terminated. In addition, the obligations of the Issuer and Paradigm under SECTIONS 3.03, 3.04, 3.05, 3.06, 3.07 and 3.08 shall survive the termination of this Agreement.

SECTION 9.05 PAYMENT OF COSTS AND EXPENSES; INDEMNIFICATION.

(a) PAYMENT OF COSTS AND EXPENSES. The Issuer agrees to pay on demand all reasonable expenses of the Agent, Paradigm and the Committed Note Purchaser (including the reasonable fees and out-of-pocket expenses of counsel to the Agent, Paradigm and the Committed Note Purchaser, if any) in connection with:

(i) the negotiation, preparation, execution, delivery and administration of this Agreement and of each other Basic Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to this Agreement or any other Basic Document as may from time to time hereafter be proposed, whether or not the transactions contemplated hereby or thereby are consummated, and

(ii) the consummation of the transactions contemplated by this Agreement and the other Basic Documents.

The Issuer further agrees to pay, and to save the Agent, Paradigm and the Committed Note Purchaser harmless from all liability for, (i) any breach by the Issuer of its obligations under this Agreement (ii) all reasonable costs incurred by Paradigm in enforcing this Agreement and (iii) any stamp, documentary or other taxes which may be payable in connection with the execution or delivery of this Agreement, any Advance hereunder, or the issuance of the Note or any other Basic Documents. The Issuer also agrees to reimburse the Agent, Paradigm and the Committed Note Purchaser upon demand for all reasonable out-of-pocket expenses incurred by the Agent, Paradigm or the Committed Note Purchaser in connection with (x) the negotiation of any restructuring or "work-out", whether or not consummated, of the Basic Documents and (y) the enforcement of the Basic Documents.

(b) INDEMNIFICATION. In consideration of the execution and delivery of this Agreement by Paradigm and the Committed Note Purchaser, the Issuer and the Servicer, jointly and severally, hereby indemnify and hold Paradigm and the Committed Note Purchaser and each of their officers, directors, employees and agents (collectively, the "INDEMNIFIED PARTIES") harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities

and damages, and reasonable expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought and including, without limitation, any liability in connection with the offering and sale of the Note), including reasonable attorneys' fees and disbursements (collectively, the "INDEMNIFIED LIABILITIES"), incurred by the Indemnified Parties or any of them (whether in prosecuting or defending against such actions, suits or claims) as a result of, or arising out of, or relating to

(i) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Advance; or

(ii) the entering into and performance of this Agreement and any other Basic Document by any of the Indemnified Parties,

except for any such Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the relevant Indemnified Party's gross negligence, bad faith or willful misconduct and, with respect to the Servicer, excluding any Indemnified Liabilities that would constitute recourse to the Servicer for loss by reason of the bankruptcy, insolvency (or other credit condition) of, or default by the related Obligor on any Receivable. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Issuer hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The indemnity set forth in this SECTION 9.05(b) shall in no event include indemnification for any Taxes (which indemnification is provided in SECTION 3.08). the Issuer shall give notice to the Rating Agencies of any claim for Indemnified Liabilities made under this Section.

SECTION 9.06 CHARACTERIZATION AS BASIC DOCUMENT; ENTIRE AGREEMENT. This Agreement shall be deemed to be a Basic Document for all purposes of the Indenture and the other Basic Documents. This Agreement, together with the Indenture, the Sale and Servicing Agreement, the documents delivered pursuant to SECTION 7.01 and the other Basic Documents, including the exhibits and schedules thereto, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all previous oral statements and other writings with respect thereto.

SECTION 9.07 NOTICES. All notices, amendments, waivers, consents and other communications provided to any party hereto under this Agreement shall be in writing and addressed, delivered or transmitted to such party at its address or facsimile number set forth below its signature hereto or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when transmitted upon receipt of electronic confirmation of transmission.

SECTION 9.08 SEVERABILITY OF PROVISIONS. Any covenant, provision, agreement or term of this Agreement that is prohibited or is held to be void or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement.

SECTION 9.09 TAX CHARACTERIZATION. Each party to this Agreement (a) acknowledges that it is the intent of the parties to this Agreement that, for accounting purposes and for all Federal, state and local income and franchise tax purposes, the Note will be treated as evidence of indebtedness issued by the Issuer, (b) agrees to treat the Note for all such purposes as indebtedness and (c) agrees that the provisions of the Basic Documents shall be construed to further these intentions.

SECTION 9.10 NO PROCEEDINGS; LIMITED RECOURSE.

(a) THE ISSUER. Each of the parties hereto (other than the Issuer) hereby covenants and agrees that, prior to the date which is one year and one day after the date on which the Note and all amounts owing to the Insurer have been paid in full, it will not institute against, or join with any other Person in instituting against, the Issuer, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any Federal or state bankruptcy or similar law, all as more particularly set forth in SECTION 13.16 of the Indenture and subject to any retained rights set forth therein; PROVIDED, HOWEVER, that nothing in this SECTION 9.10(a) shall constitute a waiver of any right to indemnification, reimbursement or other payment from the Issuer pursuant to this Agreement, the Sale and Servicing

Agreement or the Indenture. In the event that the Committed Note Purchaser (solely in its capacity as such) or Paradigm (solely in its capacity as such) takes action in violation of this SECTION 9.10(a), the Issuer agrees that it shall file an answer with the bankruptcy court or otherwise properly contest the filing of such a petition by any such Person against the Issuer or the commencement of such action and raise the defense that such Person has agreed in writing not to take such action and should be estopped and precluded therefrom and such other defenses, if any, as its counsel advises that it may assert. The provisions of this SECTION 9.10(a) shall survive the termination of this Agreement. Nothing contained herein shall preclude participation by the Committed Note Purchaser or Paradigm in assertion or defense of its claims in any such proceeding involving the Issuer. The obligations of the Issuer under this Agreement are solely the trust obligations of the Issuer. No recourse shall be had for the payment of any amount owing in respect of this Agreement, including the payment of any fee hereunder or any other obligation or claim arising out of or based upon this Agreement, against any certificateholder, stockholder, employee, officer, director, affiliate or trustee of the Issuer; PROVIDED, however, nothing in this SECTION 9.10(a) shall relieve any of the foregoing Persons from any liability which any such Person may otherwise have for its gross negligence, bad faith or willful misconduct. In addition, each of the parties hereto agree that all fees, expenses and other costs payable hereunder by the Issuer shall be payable only to the extent set forth in SECTION 11.16 of the Indenture and that all other amounts owed to them by the Issuer shall be payable solely from amounts that become available for payment pursuant to the Indenture and the Sale and Servicing Agreement.

(b) PARADIGM. Each of the parties hereto (other than Paradigm) hereby covenants and agrees that it will not, prior to the date which is one year and one day after the payment in full of the latest maturing commercial paper notes and other securities issued by Paradigm, institute against, or join with any other Person in instituting against, Paradigm, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any Federal or state bankruptcy or similar law, subject to any retained rights set forth therein; PROVIDED, HOWEVER, that nothing in this SECTION 9.10(b) shall constitute a waiver of any right to indemnification, reimbursement or other payment from Paradigm pursuant to this Agreement, the Sale and Servicing Agreement or the Indenture. In the event that the Issuer, the Servicer or the Committed Note Purchaser (solely in its capacity as such) takes action in violation of this SECTION 9.10(b), Paradigm agrees that it shall file an answer with the bankruptcy court or otherwise properly contest the filing of such a petition by any such Person against Paradigm or the commencement of such action and raise the defense that such Person has agreed in writing not to take such action and should be estopped and precluded therefrom and such other defenses, if any, as its counsel advises that it may assert. The provisions of this SECTION 9.10(b) shall survive the termination of this Agreement. Nothing contained herein shall preclude participation by the Issuer, the Servicer or the Committed Note Purchaser in assertion or defense of its claims in any such proceeding involving Paradigm. The obligations of Paradigm under this Agreement are solely the limited liability company obligations of Paradigm. No recourse shall be had for the payment of any amount owing in respect of this Agreement, including the payment of any fee hereunder or any other obligation or claim arising out of or based upon this Agreement, against any member, partner, stockholder, employee, officer, director, affiliate or incorporator of Paradigm; PROVIDED, HOWEVER, nothing in this SECTION 9.10(b) shall relieve any of the foregoing Persons from any liability which any such Person may otherwise have for its gross negligence, bad faith or willful misconduct.

SECTION 9.11 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO OTHERWISE APPLICABLE PRINCIPLES OF CONFLICTS OF LAW.

SECTION 9.12 JURISDICTION. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY OF THE PARTIES HEREUNDER WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR (TO THE EXTENT PERMITTED BY LAW) FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY HEREUNDER ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT.

SECTION 9.13 WAIVER OF JURY TRIAL. ALL PARTIES HEREUNDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS NOTE PURCHASE AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE PARTIES IN CONNECTION HEREWITH OR THEREWITH. ALL PARTIES ACKNOWLEDGE AND AGREE THAT THEY HAVE RECEIVED FULL AND SIGNIFICANT CONSIDERATION FOR THIS PROVISION AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR ALL PARTIES TO ENTER INTO THIS AGREEMENT.

SECTION 9.14 INSURER AS CONTROLLING PARTY. Each of Paradigm and the Committed Note Purchaser by purchase of the Note held by it acknowledges that the Trustee, as partial consideration for the issuance of the Note Policy, has agreed that the Insurer shall have certain rights as Controlling Party under the Indenture for so long as no Insurer Default shall have occurred and be continuing.

SECTION 9.15 COUNTERPARTS. This Agreement may be executed in any number of counterparts (which may include facsimile) and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

SECTION 9.16 ISSUER OBLIGATION. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Seller, the Servicer, the Depositor, the Owner Trustee or the Trustee on the Note or under this Note Purchase Agreement or any certificate or other writing delivered in connection herewith or therewith, against (i) the Seller, the Servicer, the Depositor, the Trustee or the Owner Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Seller, the Servicer, the Depositor, the Trustee or the Owner Trustee in its individual capacity, any holder of a beneficial interest in the issuer, the Seller, the Servicer, the Depositor, the Owner Trustee or the Trustee or of any successor or assign of the Seller, the Servicer, the Depositor, the Trustee or the Owner Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Trustee and the Owner Trustee have no such obligations in their individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid capital contribution or failure to pay any installment or call owing to such entity. For all purposes of this Note Purchase Agreement, in the performance of any duties or obligations of the Issuer hereunder, the Owner Trustee shall be subject to, and entitled to the benefits of, the terms and provisions of Articles VI, VII and VIII of the Trust Agreement.

[Remainder of Page Intentionally Blank]

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

CPS WAREHOUSE TRUST
By: Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee

By: _____
Name:
Title:

Address: Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890-0001

Attention: Corporate Trust Administration
Telephone: (302) 636-6194
Facsimile: (302) 636-4140

CONSUMER PORTFOLIO SERVICES, INC.

By: _____
Name:
Title:

Address: 16355 Laguna Canyon Road
Irvine, California 92618

Attention: Mark Creatura
Telephone: (949) 785-6691
Facsimile: (888) 577-7923

PARADIGM FUNDING LLC

By: _____
Name:
Title:

Address: 1211 Avenue of the Americas
New York, New York 10036

Attention: Richard Gomelsky
Telephone: (212) 597-8347
Facsimile: (212) 852-5971

WESTLB AG, acting through its New York Branch,
as Committed Note Purchaser and Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

Address: 1211 Avenue of the Americas
New York, New York 10036

Attention: Richard Gomelsky
Telephone: (212) 597-8347
Facsimile: (212) 852-5971

COMMITMENT AMOUNT: $125,000,000

EXHIBIT A
to
Note Purchase Agreement

FORM OF BORROWING BASE CERTIFICATE

CPS WAREHOUSE TRUST

BORROWING BASE CERTIFICATE

[DATE]

In accordance with Section 7.03(i) of the Amended and Restated Note Purchase Agreement, dated as of November 30, 2004 (as amended, supplemented, restated or otherwise modified from time to time, the "NOTE PURCHASE AGREEMENT"), among CPS Warehouse Trust, Consumer Portfolio Services, Inc., Paradigm Funding LLC and WestLB AG, I certify that the requirements set forth in Section 7.03(m) thereof are satisfied after giving effect to such Advance (as defined in the Note Purchase Agreement).

CPS WAREHOUSE TRUST

By: Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee for the Trust

By:_____
Title:_____

Date:

EXHIBIT B-1
to
Note Purchase Agreement

FORM OF ADVANCE REQUEST

WestLB AG, acting through its New York Branch,
as Committed Note Purchaser under
the Note Purchase Agreement referred to below
[Address]

Attention:

Ladies and Gentlemen:

This Advance Request is delivered to you pursuant to SECTION 7.03(A) of that certain Amended and Restated Note Purchase Agreement, dated as of November 30, 2004 (as amended, supplemented, restated or otherwise modified from time to time, the "NOTE PURCHASE AGREEMENT"), among CPS Warehouse Trust, a Delaware statutory trust (the "ISSUER"), Consumer Portfolio Services, Inc., a California corporation, as Servicer (the "SERVICER"), Paradigm Funding LLC., a Delaware limited liability company, WestLB AG (f/k/a Westdeutsche Landesbank Girozentrale), acting through its New York Branch, a German banking corporation, as the Committed Note Purchaser and as Agent. Unless otherwise defined herein or as the context otherwise requires, terms used herein have the meaning assigned thereto under SECTION 1.01 of the Note Purchase Agreement.

The undersigned hereby requests that an Advance be made in the aggregate principal amount of $_____ on _____, 20___.

The undersigned hereby certifies that the Borrowing Base as of the date hereof is an amount equal to
$_____.

The undersigned hereby acknowledges that the delivery of this Advance Request and the acceptance by undersigned of the proceeds of the Advance requested hereby constitute a representation and warranty by the undersigned that, on the date of such Advance, and before and after giving effect thereto and to the application of the proceeds therefrom, all conditions set forth in SECTION 7.03 of the Note Purchase Agreement have been satisfied and all statements set forth in SECTION 6.01 of the Note Purchase Agreement are true and correct.

The undersigned agrees that if prior to the time of the Advance requested hereby any matter certified to herein by it will not be true and correct at such time as if then made, it will immediately so notify both you and Paradigm. Except to the extent, if any, that prior to the time of the Advance requested hereby you and Paradigm shall receive written notice to the contrary from the undersigned, each matter certified to herein shall be deemed once again to be certified as true and correct at the date of such Advance as if then made.

Please wire transfer the proceeds of the Advance to the following account pursuant to the following instructions:

[insert payment instructions]

No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Seller, the Servicer, the Depositor, the Owner Trustee or the Trustee on the Note or under the Note Purchase Agreement or any certificate or other writing delivered in connection therewith, against (i) the Seller, the Servicer, the Depositor, the Trustee or the Owner Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Seller, the Servicer, the Depositor, the Trustee or the Owner Trustee in its individual capacity, any holder of a beneficial interest in the issuer, the Seller, the Servicer, the Depositor, the Owner Trustee or the Trustee or of any successor or assign of the Seller, the Servicer, the Depositor, the Trustee or the Owner Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Trustee and the Owner Trustee have no such obligations in their individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid capital contribution or failure to pay any installment or call owing to such entity. For all purposes of this Indenture, in the performance of any duties or obligations of the Issuer hereunder, the Owner Trustee shall be subject to, and entitled to the benefits of, the terms and provisions of Articles VI, VII and VIII of the Trust Agreement. [Section 9.16 of the Note Purchase Agreement is incorporated herein by reference.]

The undersigned has caused this Advance Request to be executed and delivered, and the certification and warranties contained herein to be made, by its duly Authorized Officer this _____ day of _____, 20___.

CPS WAREHOUSE TRUST

By: Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee for the Trust

By:_____
Title:_____

EXHIBIT B-2
to
Note Purchase Agreement

FORM OF ADVANCE REQUEST

WestLB AG, acting through its New York Branch,
as Committed Note Purchaser under
the Note Purchase Agreement referred to below
[Address]

Attention:

Ladies and Gentlemen:

This Advance Request is delivered to you pursuant to SECTION 7.03(A) of that certain Amended and Restated Note Purchase Agreement, dated as of November 30, 2004 (as amended, supplemented, restated or otherwise modified from time to time, the "NOTE PURCHASE AGREEMENT"), among CPS Warehouse Trust, a Delaware statutory trust (the "ISSUER"), Consumer Portfolio Services, Inc., a California corporation, as Servicer (the "SERVICER"), Paradigm Funding LLC., a Delaware limited liability company, WestLB AG (f/k/a Westdeutsche Landesbank Girozentrale), acting through its New York Branch, a German banking corporation, as the Committed Note Purchaser and as Agent. Unless otherwise defined herein or as the context otherwise requires, terms used herein have the meaning assigned thereto under SECTION 1.01 of the Note Purchase Agreement.

The undersigned hereby requests that an Advance be made in the aggregate principal amount of $_____ on _____, 20___.

The undersigned hereby certifies that the Borrowing Base as of the date hereof is an amount equal to
$_____.

The undersigned hereby acknowledges that the delivery of this Advance Request and the acceptance by undersigned of the proceeds of the Advance requested hereby constitute a representation and warranty by the undersigned that, on the date of such Advance, and before and after giving effect thereto and to the application of the proceeds therefrom, all conditions set forth in Section 7.03 of the Note Purchase Agreement have been satisfied and all statements set forth in Section 6.01 of the Note Purchase Agreement are true and correct.

The undersigned agrees that if prior to the time of the Advance requested hereby any matter certified to herein by it will not be true and correct at such time as if then made, it will immediately so notify both you and Paradigm. Except to the extent, if any, that prior to the time of the Advance requested hereby you and Paradigm shall receive written notice to the contrary from the undersigned, each matter certified to herein shall be deemed once again to be certified as true and correct at the date of such Advance as if then made.

Please wire transfer the proceeds of the Advance to the following account pursuant to the following instructions:

[insert payment instructions]

No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Seller, the Servicer, the Depositor, the Owner Trustee or the Trustee on the Note or under the Note Purchase Agreement or any certificate or other writing delivered in connection therewith, against (i) the Seller, the Servicer, the Depositor, the Trustee or the Owner Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Seller, the Servicer, the Depositor, the Trustee or the Owner Trustee in its individual capacity, any holder of a beneficial interest in the issuer, the Seller, the Servicer, the Depositor, the Owner Trustee or the Trustee or of any successor or assign of the Seller, the Servicer, the Depositor, the Trustee or the Owner Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Trustee and the Owner Trustee have no such obligations in their individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid capital contribution or failure to pay any installment or call owing to such entity. For all purposes of this Indenture, in the performance of any duties or obligations of the Issuer hereunder, the Owner Trustee shall be subject to, and entitled to the benefits of, the terms and provisions of Articles VI, VII and VIII of the Trust Agreement. [Section 9.16 of the Note Purchase Agreement is incorporated herein by reference.]

The undersigned has caused this Advance Request to be executed and delivered, and the certification and warranties contained herein to be made, by its duly Authorized Officer this _____ day of _____, 20___.

CPS WAREHOUSE TRUST

By: Consumer Portfolio Services, Inc.,
as Servicer

By:_____
Title:_____

Exhibit 10.35

SALE AND SERVICING

AGREEMENT

AMONG

PAGE FUNDING LLC, AS
PURCHASER,

CONSUMER PORTFOLIO SERVICES, INC. AS
SELLER AND SERVICER,

AND

WELLS FARGO BANK, NATIONAL ASSOCIATION,

AS
BACKUP SERVICER AND TRUSTEE,

DATED AS OF
JUNE 30, 2004

TABLE OF CONTENTS

PAGE

TABLE OF CONTENTS
(CONTINUED)

SCHEDULES

SALE AND SERVICING AGREEMENT (this "AGREEMENT") dated as of June 30, 2004, among PAGE FUNDING LLC, a Delaware limited liability company (the "PURCHASER"), CONSUMER PORTFOLIO SERVICES, INC., a California corporation (in its capacities as Seller, the "SELLER" and as Servicer, the "SERVICER," respectively), WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (in its capacities as Backup Servicer, the "BACKUP SERVICER" and as Trustee, the "TRUSTEE," respectively).

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

WHEREAS, the Purchaser intends to finance such purchases by issuing the Note, secured by the Receivables and the Other Conveyed Property, pursuant to the Indenture (as defined below);

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

WHEREAS the Servicer is willing to service all such Receivables.

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

ARTICLE I

DEFINITIONS

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

SECTION 1.2. OTHER DEFINITIONAL PROVISIONS.

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

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

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

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

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

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

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

SECTION 1.4. MATERIAL ADVERSE EFFECT. Whenever a determination is to be made under this Agreement whether a breach of a representation, warranty or covenant has or could have a material adverse effect on a Receivable or the interest therein of the Purchaser and the Noteholder (or any similar or analogous determination), such determination shall be made by the Noteholder in its sole and reasonable discretion.

ARTICLE II

CONVEYANCE OF RECEIVABLES

SECTION 2.1. CONVEYANCE OF RECEIVABLES.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(v) the Servicer shall have established a Lockbox Account acceptable to the Noteholder;

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 2.2. TRANSFERS INTENDED AS SALES. It is the intention of the Seller that each transfer and assignment contemplated by this Agreement and each Assignment shall constitute a sale of the Related Receivables and Other Conveyed Property from the Seller to the Purchaser free and clear of all liens and rights of others and it is intended that the beneficial interest in and title to the Related Receivables and Other Conveyed Property shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or

against the Seller under any bankruptcy law. In the event that, notwithstanding the intent of the Seller, the transfer and assignment contemplated hereby or by any Assignment is held not to be a sale, this Agreement and each Assignment shall constitute a grant of a security interest in the property referred to in SECTION 2.1 and each Assignment to the Purchaser which security interest has been assigned to the Trustee, acting on behalf of the Noteholder.

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

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

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

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

ARTICLE III

THE RECEIVABLES

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

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

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

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

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

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

(D) each Related Receivable satisfies in all material respects the Seller's Contract Purchase Guidelines as in effect on the Closing Date or as otherwise amended from time to time; provided, that such amendments do not have a material adverse effect on the Noteholder.

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

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

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

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

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

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

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

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

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

(xii) NO DEFAULT; REPOSSESSION. Except for payment delinquencies continuing for a period of not more than 30 days as of the related Cutoff Date, no default, breach, violation or event permitting acceleration under the terms of any Related Receivable has occurred; and no continuing condition that with notice or the lapse of time would constitute a default, breach, violation or event permitting acceleration under the terms of any Related Receivable has arisen; and the Seller shall not waive and has not waived any of the foregoing (except in a manner consistent with SECTION 4.2) and no Financed Vehicle financed under a Related Receivable shall have been repossessed.

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

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

(xv) LAWFUL ASSIGNMENT. No Related Receivable has been originated in, or is subject to the laws of, any jurisdiction under which the sale, transfer, and assignment of such Related Receivable under this Agreement or pursuant to transfers of the Note shall be unlawful, void, or voidable. The Seller has not entered into any agreement with any account debtor that prohibits, restricts or conditions the assignment of any portion of the Related Receivables.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 3.2. REPURCHASE UPON BREACH.

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

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

SECTION 3.3. CUSTODY OF RECEIVABLES FILES.

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

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

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

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

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

SECTION 3.5. ACCESS TO RECEIVABLE FILES. The Trustee shall permit the Servicer and Noteholder access to the Receivable Files at all reasonable times during the Trustee's normal business hours. The Trustee shall, within two Business Days of the request of the Servicer or the Noteholder, execute such documents and instruments as are prepared by the Servicer or the Noteholder and delivered to the Trustee, as the Servicer or the Noteholder deems necessary to permit the Servicer, in accordance with its customary servicing procedures, to enforce the Receivable on behalf of the Purchaser and any related insurance policies covering the Obligor, the Receivable or Financed Vehicle so long as such execution in the Trustee's sole discretion does not conflict with this Agreement or the Indenture and will not cause it undue risk or liability. The Trustee shall not be obligated to release any document from any Receivable File unless it receives a release request signed by a Servicing Officer in the form of EXHIBIT C hereto (the "RELEASE REQUEST"). Such Release Request shall obligate the Servicer to return such document(s) to the Trustee when the need therefor no longer exists unless the Receivable shall be liquidated, in which case, the Servicer shall certify in the Release Request that all amounts required to be deposited in the Collection Account with respect to such Receivable have been so deposited.

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

SECTION 3.7. TRUSTEE TO MAINTAIN SECURE FACILITIES. The Trustee shall maintain or cause to be maintained continuous custody of the Receivables Files in secure and fire resistant facilities in accordance with customary standards for such custody.

ARTICLE IV

ADMINISTRATION AND SERVICING OF RECEIVABLES

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

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

(a) Consistent with the standards, policies and procedures required by this Agreement, the Servicer shall make reasonable efforts to collect all payments called for under the terms and provisions of the Receivables as and when the same shall become due and shall follow such collection procedures as it follows with respect to all comparable automotive receivables that it services for itself or others; PROVIDED, HOWEVER, that promptly after the Closing Date (or the related Funding Date, as applicable) the Servicer shall notify each Obligor to make all payments with respect to the Receivables to the Post-Office Box. The Servicer will provide each Obligor with a monthly statement in order to notify such Obligors to make payments directly to the Post-Office Box. The Servicer shall allocate collections between principal and interest in accordance with the customary servicing procedures it follows with respect to all comparable automotive receivables that it services for itself or others and in accordance with the terms of this Agreement. Except as provided below, the Servicer, for as long as the Seller is the Servicer, may in accordance with the Seller's Contract Purchase Guidelines grant extensions on a Receivable; PROVIDED, HOWEVER, that the Servicer may not grant more than one (1) extension per calendar year with respect to a Receivable or grant an extension with respect to a Receivable for more than one (1) calendar month or grant more than three (3) extensions in the aggregate with respect to a Receivable without the prior written consent of the Noteholder. In no event shall the principal balance of a Receivable be reduced, except in connection with a settlement in the event the Receivable becomes a Defaulted Receivable. If the Servicer is not the Seller or the Backup Servicer, the Servicer may not make any extension on a Receivable without the prior written consent of the Noteholder. The Servicer may in its discretion waive any prepayment charge, late payment charge or any other similar fees that may be collected in the ordinary course of servicing a Receivable. Notwithstanding anything to the contrary contained herein, the Servicer shall not agree to any alteration of the interest rate on any Receivable or of the amount of any Scheduled Receivable Payment on Receivables, other than to the extent that such alteration is required by applicable law.

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

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

(d) In the event the Seller shall for any reason no longer be acting as the Servicer hereunder, the Backup Servicer or a successor Servicer shall thereupon assume all of the rights and obligations of the outgoing Servicer under the Lockbox Agreement. In such event, the Backup Servicer or a successor Servicer shall be deemed to have assumed all of the outgoing Servicer's interest therein and to have replaced the outgoing Servicer as a party to the Lockbox Agreement to the same extent as if such Lockbox Agreement had been assigned to the Backup Servicer or a successor Servicer, except that the outgoing Servicer

shall not thereby be relieved of any liability or obligations on the part of the outgoing Servicer to the Lockbox Bank under such Lockbox Agreement. The outgoing Servicer shall, upon request of the Trustee, but at the expense of the outgoing Servicer, deliver to the Backup Servicer or a successor Servicer all documents and records relating to the Lockbox Agreement and an accounting of amounts collected and held by the Lockbox Bank and otherwise use its best efforts to effect the orderly and efficient assignment of any Lockbox Agreement to the Backup Servicer or a successor Servicer. In the event that the Noteholder shall elect to change the identity of the Lockbox Bank, the Servicer, at its expense, shall cause the Lockbox Bank to deliver, at the direction of the Noteholder, to the Trustee or a successor Lockbox Bank, all documents and records relating to the Receivables and all amounts held (or thereafter received) by the Lockbox Bank (together with an accounting of such amounts) and shall otherwise use its best efforts to effect the orderly and efficient transfer of the Lockbox arrangements.

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

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

SECTION 4.4. INSURANCE.

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

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

SECTION 4.5. MAINTENANCE OF SECURITY INTERESTS IN VEHICLES.

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

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

SECTION 4.6. ADDITIONAL COVENANTS OF SERVICER.

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

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

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

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

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

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

SECTION 4.9. SERVICER'S CERTIFICATE. No later than 12:00 noon New York City time on each Determination Date, the Servicer shall deliver (facsimile delivery being acceptable) to the Trustee, the Rating Agencies, the Noteholder and the Purchaser, a certificate substantially in the form of EXHIBIT A hereto (a "SERVICER'S CERTIFICATE") containing among other things, (i) all information necessary to enable the Trustee to make any withdrawal and deposit required by SECTION 5.5 and to make the distributions required by SECTION 5.7, (ii) all information necessary for the Trustee to send statements to the Noteholder pursuant to SECTION 5.8(b) and 5.9, (iii) a listing of all Purchased Receivables purchased as of the related Accounting Date, identifying the Receivables so purchased, (iv) the calculation of the Borrowing Base and (v) all information necessary to enable the Backup Servicer to verify the information specified in SECTION 4.14(b) and to complete the accounting required by SECTION 5.9.

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

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

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

SECTION 4.11. INDEPENDENT ACCOUNTANTS' REPORTS. The Servicer shall cause a firm of nationally recognized independent certified public accountants (the "INDEPENDENT ACCOUNTANTS"), who may also render other services to the Servicer or to the Purchaser, to deliver to the Trustee, the Backup Servicer, the Noteholder and each Rating Agency, on or before March 31 of each year beginning March 31, 2005, a report dated as of December 31 of the preceding year in form and substance reasonably acceptable to the Noteholder (the "ACCOUNTANTS' REPORT") and reviewing the Servicer's activities during the preceding 12-month period (or, in the case of the first such report, the period from the Cutoff Date with respect to Receivables transferred to the Purchaser on the initial Funding Date to December 31, 2004), addressed to the Board of Directors of the Servicer, to the Trustee, the Backup Servicer and to the Noteholder, to the effect that such firm has examined the financial statements of the Servicer and issued its report therefor and that such examination (1) was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as such firm considered necessary in the circumstances; (2) included tests relating to auto loans serviced for others in accordance with the requirements of the Uniform Single Attestation Program for Mortgage Bankers (the "PROGRAM"), to the extent the procedures in the Program are applicable to the servicing obligations set forth in this Agreement; (3) included an examination of the delinquency and loss statistics relating to the Servicer's portfolio of automobile and light truck installment sale contracts; and (4) except as described in the report, disclosed no exceptions or errors in the records relating to automobile and light truck loans serviced for others that, in the firm's opinion, paragraph four of the Program requires such firm to report. The accountant's report shall further state that (1) a review in accordance with agreed upon procedures was made of three randomly selected Servicer's Certificates; (2) except as disclosed in the report, no exceptions or errors in the Servicer's Certificates were found; and (3) the delinquency and loss information relating to the Receivables and the stated amount of Liquidated Receivables, if any, contained in the Servicer's Certificates were found to be accurate. In the event such firm requires the Trustee and/or the Backup Servicer to agree to the procedures performed by such firm, the Servicer shall direct the Trustee and/or the Backup Servicer, as applicable, in writing to so agree; it being understood and agreed that the Trustee and/or the Backup Servicer will deliver such letter of agreement in conclusive reliance upon the direction of the Servicer, and neither the Trustee nor the Backup Servicer makes any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures. The Report will also indicate that the firm is independent of the Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

SECTION 4.12. INDEPENDENT ACCOUNTANTS' REVIEW OF RECEIVABLES FILES. Commencing on September 30, 2004 and, thereafter on each December 31, March 31, June 30 and September 30 prior to the Final Scheduled Settlement Date, to the extent that the Invested Amount on any day in the calendar quarter then ending was greater than $25 million (or such other dates as the Noteholder may determine in its reasonable discretion from time to time by prior written notice to the Seller, the Servicer and the Trustee), the Seller at its own expense shall cause Independent Accountants reasonably acceptable to the Noteholder to conduct a post-funding review of the Seller's compliance with its stated underwriting policies and verify certain characteristics of the Receivables as of each Funding Date. The Independent Accountants shall within ten Business Days complete such physical inspection and limited review and execute and deliver to Seller, the Servicer, the Trustee and the Noteholder a report summarizing the findings. If such review reveals, in the Noteholder's reasonable opinion, an unsatisfactory number of exceptions, the Noteholder, in its reasonable discretion, may require a full review of a larger sample of the Receivables by the Independent Accounts at the expense of the Seller

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

SECTION 4.14. VERIFICATION OF SERVICER'S CERTIFICATE.

(a) Concurrently with the delivery by the Servicer of the Servicer's Certificate each month, the Servicer will deliver to the Trustee and the Backup Servicer a computer diskette (or other electronic transmission) in a format acceptable to the Trustee and the Backup Servicer containing information with respect to the Receivables as of the close of business on the last day of the preceding Interest Period which information is necessary for preparation of the Servicer's Certificate. The Backup Servicer shall use such computer diskette (or other electronic transmission) to verify certain information specified in SECTION 4.14(b) contained in the Servicer's Certificate delivered by the Servicer, and the Backup Servicer shall notify the Servicer and the Noteholder of any discrepancies on or before the second Business Day following the Determination Date. In the event that the Backup Servicer reports any discrepancies, the Servicer and the Backup Servicer shall attempt to reconcile such discrepancies by the related Settlement Date, but in the absence of a reconciliation, the Servicer's Certificate shall control for the purpose of calculations and distributions with respect to the related Settlement Date. In the event that the Backup Servicer and the Servicer are unable to reconcile discrepancies with respect to a Servicer's Certificate by the related Settlement Date, the Backup Servicer shall notify the Noteholder thereof in writing and the Servicer shall cause a firm of independent certified public accountants, at the Servicer's expense, to audit the Servicer's Certificate and, prior to the fifth day of the following calendar month, reconcile the discrepancies. The effect, if any, of such reconciliation shall be reflected in the Servicer's Certificate for such next succeeding Determination Date. Other than the duties specifically set forth in this Agreement, the Backup Servicer shall have no obligations hereunder, including, without limitation, to supervise, verify, monitor or administer the performance of the Servicer. The Backup Servicer shall have no liability for any actions taken or omitted by the Servicer. The duties and obligations of the Backup Servicer shall be determined solely by the express provisions of this Agreement and no implied covenants or obligations shall be read into this Agreement against the Backup Servicer.

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

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

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

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

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

SECTION 4.15. RETENTION AND TERMINATION OF SERVICER. The Servicer hereby covenants and agrees to act as such under this Agreement for an initial term commencing on the Closing Date and ending on September 30, 2004, which term may be extended by the Noteholder for successive quarterly terms ending on each successive December 31, March 31, June 30 and September 30 pursuant to written instructions delivered by the Noteholder to the Servicer and the Trustee (or, at the discretion of the Noteholder exercised pursuant to revocable written standing instructions from time to time to the Servicer and the Trustee, for any specified number of terms greater than one), until such time as the Note has been paid in full (each such notice, including each notice pursuant to standing

instructions, which shall be deemed delivered at the end of successive terms for so long as such instructions are in effect, a "SERVICER EXTENSION NOTICE"). The Servicer hereby agrees that, upon its receipt of any such Servicer Extension Notice, the Servicer shall become bound, for the duration of the term covered by such Servicer Extension Notice, to continue as the Servicer subject to and in accordance with the other provisions of this Agreement. The Trustee agrees that if as of the fifteenth day prior to the last day of any term of the Servicer, the Trustee shall not have received any Servicer Extension Notice from the Noteholder, the Trustee shall, within five days thereafter, give written notice of such non-receipt to the Noteholder and the Servicer and the Servicer's term shall not be extended unless an Servicer Extension Notice is received on or before the last day of such term.

SECTION 4.16. FIDELITY BOND. The Servicer shall maintain a fidelity bond in such form and amount as is customary for entities acting as custodian of funds and documents in respect of consumer contracts on behalf of institutional investors.

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

ARTICLE V

ACCOUNTS; DISTRIBUTIONS; STATEMENTS TO THE NOTEHOLDER

SECTION 5.1. ESTABLISHMENT OF PLEDGED ACCOUNTS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 5.2 [RESERVED].

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

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

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

SECTION 5.5. RESERVE ACCOUNT.

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

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

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

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

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

SECTION 5.6. ADDITIONAL DEPOSITS. The Servicer or the Seller, as the case may be, shall deposit or cause to be deposited in the Collection Account the aggregate Purchase Amount with respect to Purchased Receivables. All such deposits shall be made, in immediately available funds, on the Business Day preceding the related Determination Date. On the Deficiency Claim Date, the Trustee shall remit to the Collection Account any amounts withdrawn from the Reserve Account pursuant to SECTION 5.5.

SECTION 5.7. DISTRIBUTIONS.

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

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

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

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

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

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

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

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

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

(ix) to the Noteholder, from Available Funds, the Unused Facility Fee for such Settlement Date;

(x) to the Hedge Counterparty, from Available Funds, in respect of Hedge Counterparty Termination Fees;

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

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

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

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

SECTION 5.8. NOTE DISTRIBUTION ACCOUNT.

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

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

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

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

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

SECTION 5.9. STATEMENTS TO THE NOTEHOLDER. (a) On the Determination Date (in accordance with SECTION 4.9), the Servicer shall provide to the Trustee, the Rating Agencies and the Noteholder on the related Record Date a copy of the Servicer's Certificate setting forth at least the following information as to the Note to the extent applicable:

(i) the amount of such distribution allocable to principal of the Note;

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

(iii) the amount, if any, of such distribution payable out of amounts withdrawn from the Reserve Account;

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

(v) the aggregate outstanding principal amount of the Note;

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

(vii) the amount of each of the Backup Servicing Fee and the Trustee Fee paid to the Backup Servicer and the Trustee as applicable, with respect to the related Accrual Period, and the amount of any unpaid Backup Servicing Fees and Trustee Fees and the change in such amounts from the prior Settlement Date;

(viii) the Noteholder's Interest Carryover Shortfall and the Noteholder's Principal Carryover Shortfall, if any;

(ix) the number of Receivables and the aggregate gross amount scheduled to be paid thereon, including unearned finance and other charges, for which the related Obligors are delinquent in making Scheduled Receivable Payments for 31 to 60 days as of the last day of the related Accrual Period;

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

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

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

(xiii) the cumulative amount of Realized Losses from the initial Cutoff Date to the last day of the related Accrual Period.

(b) Within 60 days after the end of each calendar year, commencing February 28, 2005, the Servicer shall deliver to the Trustee, and the Trustee shall, provided it has received the necessary information from the Servicer, promptly thereafter furnish to the Noteholder (a) a report (prepared by the Servicer) as to the aggregate

of the amounts reported pursuant to subclauses (i), (ii), (vi) and (vii) of SECTION 5.9(a) for such preceding calendar year, and (b) such information as may be reasonably requested by the Noteholder or required by the Code and regulations thereunder, to enable the Noteholder to prepare its Federal and State income tax returns. The obligation of the Trustee set forth in this paragraph shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Servicer to the Noteholder pursuant to any requirements of the Code.

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

SECTION 5.10. DIVIDEND OF INELIGIBLE RECEIVABLES. The Issuer may, on the last day of the month in which any Receivables are sold into a securitization transaction, distribute any Ineligible Receivables to the Seller as a dividend; PROVIDED THAT there is no Borrowing Base Deficiency on such date.

ARTICLE VI

[RESERVED]

ARTICLE VI

THE PURCHASER

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

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

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

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

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

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

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

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

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

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

ARTICLE VIII

THE SELLER

SECTION 8.1. REPRESENTATIONS OF SELLER. The Seller makes the following representations on which the Purchaser is deemed to have relied in acquiring the Receivables and a which the Noteholder are deemed to have relied in purchasing the Note. The representations speak as of the execution and delivery of this Agreement, as of the Closing Date and as of each Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof by the Purchaser to the Trustee pursuant to the Indenture.

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

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

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

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

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

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

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

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

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

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

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

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

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

(n) NO MATERIAL ADVERSE CHANGE AS OF MARCH 31, 2004. No Material Adverse Change has occurred with respect to the Seller since the end of the quarter reported on in the Seller's Form 10-Q filed with the Commission on May 14, 2004.

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

SECTION 8.2. ADDITIONAL COVENANTS OF THE SELLER.

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

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

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

SECTION 8.3. LIABILITY OF SELLER; INDEMNITIES. Subject to the limitation of remedies set forth in Section 3.2 hereof with respect to a breach of any representations and warranties contained in SECTION 3.1 hereof, the Seller shall indemnify the Purchaser, the Backup Servicer, the Trustee, the Noteholder and their respective officers, directors, agents and employees for any liability as a result of the failure of a Receivable to be originated in compliance with all requirements of law and for any breach of any of its representations, warranties or other agreements contained herein.

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

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

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

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

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

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

SECTION 8.4. MERGER OR CONSOLIDATION OF, OR ASSUMPTION OF THE OBLIGATIONS OF, SELLER. Seller shall not merge or consolidate with any other person, convey, transfer or lease substantially all its assets as an entirety to another Person, or permit any other Person to become the successor to Seller's business unless, after the merger, consolidation, conveyance, transfer, lease or succession, the successor or surviving entity shall be capable of fulfilling the duties of Seller contained in this Agreement. Any corporation (i) into which Seller may be merged or consolidated, (ii) resulting from any merger or consolidation to which Seller shall be a party, (iii) which acquires by conveyance, transfer, or lease substantially all of the assets of Seller, or (iv) succeeding to the business of Seller, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of Seller under this Agreement and, whether or not such assumption agreement is executed, shall be the successor to Seller under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release Seller from any obligation. Seller shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, the Noteholder and each Rating Agency. Notwithstanding the foregoing, Seller shall not merge or consolidate with any other Person or permit any other Person to become a successor to Seller's business, unless (x) immediately after giving effect to such transaction, no representation or warranty made pursuant to SECTION 8.1 shall have been breached (for purposes hereof, such representations and warranties shall be deemed made as of the date of the consummation of such transaction) and no event that, after notice or lapse of time, or both, would become an Event of Default shall have occurred and be continuing, (y) Seller shall have delivered to the Trustee, the Rating Agencies and the Noteholder an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (z) Seller shall have delivered to the Trustee, the Rating Agencies and the Noteholder an Opinion of Counsel, stating in the opinion of such counsel, either (A) all financing statements and continuation statements and amendments thereto have been authorized and filed that are necessary to preserve and protect the interest of the Purchaser and the Trustee, respectively, in the Receivables and the Other Conveyed Property and reciting the details of the filings or (B) no such action shall be necessary to preserve and protect such interest.

SECTION 8.5. LIMITATION ON LIABILITY OF SELLER AND OTHERS. The Seller and any director or officer or employee or agent of the Seller may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person respecting any matters arising under any Basic Document. The Seller shall not be under any obligation to appear in, prosecute or defend any legal action that shall not be incidental to its obligations under this Agreement, and that in its opinion may involve it in any expense or liability.

ARTICLE IX

THE SERVICER

SECTION 9.1. REPRESENTATIONS OF SERVICER. The Servicer makes the following representations on which the Purchaser is deemed to have relied in acquiring the Receivables and on which the Noteholder is deemed to have relied in purchasing the Note. The representations speak as of the execution and delivery of this Agreement and as of the Closing Date, in the case of Receivables conveyed by the Closing Date, and as of the applicable Funding Date, in the case of Receivables conveyed by such Funding Date, and shall survive the sale of the Receivables to the Purchaser and the pledge thereof to the Trustee pursuant to the Indenture.

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

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

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

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

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

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

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

(h) TAXES. The Servicer has filed all federal and state tax returns which are required to be filed and paid all taxes, including any assessments received by it, to the extent that such taxes have become due (other than taxes, the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Seller). Any taxes, fees and other governmental charges payable by the Servicer in connection with

consummation of the transactions contemplated by this Agreement and the other Basic Documents to which the Seller is a party and the fulfillment of the terms of this Agreement and the other Basic Documents to which the Seller is a party have been paid or shall have been paid as of each Funding Date.

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

SECTION 9.2. LIABILITY OF SERVICER; INDEMNITIES.

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

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

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

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

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

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

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

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

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

(a) The Servicer shall not merge or consolidate with any other Person, convey, transfer or lease all or substantially all of its assets as an entirety to another Person, or permit any other Person to become the successor to the Servicer's business unless, after the merger, consolidation, conveyance, transfer, lease or succession, the successor or surviving entity shall be capable of fulfilling the duties of the Servicer contained in this Agreement. Any corporation (i) into which the Servicer may be merged or consolidated, (ii) resulting from any merger or consolidation to which the Servicer shall be a party, (iii) which acquires by conveyance, transfer, or lease substantially all of the assets of the Servicer, or (iv) succeeding to the business of the Servicer, in any of the foregoing cases shall execute an agreement of assumption to perform every obligation of the Servicer under this Agreement and, whether or not such assumption agreement is executed, shall be the successor to the Servicer under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding; PROVIDED, HOWEVER, that nothing contained herein shall be deemed to release the Servicer from any obligation. The Servicer shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, the Noteholder and each Rating Agency. Notwithstanding the foregoing, the Servicer shall not merge or consolidate with any other Person or permit any other Person to become a successor to the Servicer's business, unless (x) immediately after giving effect to such transaction, no representation or warranty made pursuant to SECTION 9.1 shall have been breached (for purposes hereof, such representations and warranties shall be deemed made as of the date of the consummation of such transaction) and no event that, after notice or lapse of time, or both, would become Event of Default shall have occurred and be continuing, (y) the Servicer shall have delivered to the Trustee, the Rating Agencies and the Noteholder an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (z) the Servicer shall have delivered to the Trustee, the Rating Agencies and the Noteholder an Opinion of Counsel, stating in the opinion of such counsel, either (A) all financing statements and continuation statements and amendments thereto have been executed and filed that are necessary to preserve and protect the interest of the Purchaser and the Trustee, respectively, in the Receivables and the Other Conveyed Property and reciting the details of the filings or (B) no such action shall be necessary to preserve and protect such interest.

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

SECTION 9.4. [RESERVED]

SECTION 9.5. DELEGATION OF DUTIES. The Servicer may at any time delegate duties under this Agreement to sub-contractors who are in the business of servicing automotive receivables with the prior written consent of the Noteholder; PROVIDED, HOWEVER, that no such delegation or subcontracting of duties by the Servicer shall relieve the Servicer of its responsibility with respect to such duties.

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

SECTION 9.7. REPORTING REQUIREMENTS. (a) The Servicer shall furnish, or cause to be furnished to the Noteholder:

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

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

ARTICLE X

DEFAULT

SECTION 10.1. SERVICER TERMINATION EVENTS. For purposes of this Agreement, each of the following shall constitute a "SERVICER TERMINATION EVENT":

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

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

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

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

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

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

(g) The Loss Ratio exceeds 8.00%;

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

(i) An Event of Default shall have occurred.

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

SECTION 10.2. CONSEQUENCES OF A SERVICER TERMINATION EVENT. If a Servicer Termination Event shall occur and be continuing, the Noteholder by notice given in writing to the Servicer may terminate all of the rights and obligations of the Servicer under this Agreement. The outgoing Servicer shall be entitled to its pro rata share of the Servicing Fee for the number of days in the Accrual Period prior to the effective date of its termination. On or after the receipt by the Servicer of such written notice or upon termination of the term of the Servicer, all authority, power, obligations and responsibilities of the Servicer under this Agreement, whether with respect to the Note or the Receivables and Other Conveyed Property or otherwise, automatically shall pass

to, be vested in and become obligations and responsibilities of the Backup Servicer (or such other successor Servicer appointed by the Noteholder under SECTION 10.3); PROVIDED, HOWEVER, that the successor Servicer shall have no liability with respect to any obligation which was required to be performed by the terminated Servicer prior to the date that the successor Servicer becomes the Servicer or any claim of a third party based on any alleged action or inaction of the terminated Servicer. The successor Servicer is authorized and empowered by this Agreement to execute and deliver, on behalf of the terminated Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination, whether to complete the transfer and endorsement of the Receivables and the Other Conveyed Property and related documents to show the Purchaser as lienholder or secured party on the related Lien Certificates, or otherwise. The terminated Servicer agrees to cooperate with the successor Servicer in effecting the termination of the responsibilities and rights of the terminated Servicer under this Agreement, including, without limitation, the transfer to the successor Servicer for administration by it of all cash amounts that shall at the time be held by the terminated Servicer for deposit, or have been deposited by the terminated Servicer, in the Collection Account or thereafter received with respect to the Receivables and the delivery to the successor Servicer of all Receivable Files that shall at the time be held by the terminated Servicer and a computer tape in readable form as of the most recent Business Day containing all information necessary to enable the successor Servicer to service the Receivables and the Other Conveyed Property. All reasonable costs and expenses (including reasonable attorneys' fees) incurred in connection with transferring any Receivable Files to the successor Servicer and amending this Agreement to reflect such succession as Servicer pursuant to this SECTION 10.2 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. In addition, any successor Servicer shall be entitled to payment from the immediate predecessor Servicer for reasonable transition expenses incurred in connection with acting as successor Servicer, and to the extent not so paid, such payment shall be made pursuant to SECTION 5.7 hereof. Upon receipt of notice of the occurrence of a Servicer Termination Event, the Trustee shall give notice thereof to the Rating Agencies and the Noteholder. If requested by the Noteholder, the successor Servicer shall terminate the Lockbox Agreement and direct the Obligors to make all payments under the Receivables directly to the successor Servicer (in which event the successor Servicer shall process such payments in accordance with SECTION 4.2(e)), or to a lockbox established by the successor Servicer at the direction of the Noteholder, at the successor Servicer's expense. The terminated Servicer shall grant the Trustee, the successor Servicer and the Noteholder reasonable access to the terminated Servicer's premises at the terminated Servicer's expense.

SECTION 10.3. APPOINTMENT OF SUCCESSOR.

(a) On and after the time the Servicer receives a notice of termination pursuant to SECTION 10.2, upon non-extension of the servicing term as referred to in SECTION 4.15, or upon the resignation of the Servicer pursuant to SECTION 9.6, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, in the case of termination, only until the date specified in such termination notice or, if no such date is specified in a notice of termination, until receipt of such notice and, in the case of expiration and non-renewal of the term of the Servicer upon the expiration of such term, and, in the case of resignation, until the later of (x) the date 45 days from the delivery to the Trustee of written notice of such resignation (or written confirmation of such notice) in accordance with the terms of this Agreement and (y) the date upon which the predecessor Servicer shall become unable to act as Servicer, as specified in the notice of resignation and accompanying Opinion of Counsel; PROVIDED, HOWEVER, that the Servicer shall not be relieved of its duties, obligations and liabilities as Servicer until a successor Servicer has assumed such duties, obligations and liabilities. Notwithstanding the preceding sentence, if the Backup Servicer or any other successor Servicer shall not have assumed the duties, obligations and liabilities or Servicer within 45 days of the termination, non-extension or resignation described in this SECTION 10.3, the Servicer may petition a court of competent jurisdiction to appoint any Eligible Servicer as the successor to the Servicer. Pending appointment as successor Servicer, Backup Servicer (or such other Person as shall have been appointed by the Noteholder) shall act as successor Servicer unless it is legally unable to do so, in which event the outgoing Servicer shall continue to act as Servicer until a successor has been appointed and accepted such appointment. In the event of termination of the Servicer, Wells Fargo Bank, National Association, as the Backup Servicer shall assume the obligations of Servicer hereunder on the date specified in such written notice (the "ASSUMPTION DATE") pursuant to the Servicing and Lockbox Processing Assumption Agreement or, in the event that the Noteholder shall have determined that a Person other than the Backup Servicer shall be the successor Servicer in accordance with SECTION 10.2, on the date of the execution of a written assumption agreement by such Person to serve as

successor Servicer. Notwithstanding the Backup Servicer's assumption of, and its agreement to perform and observe, all duties, responsibilities and obligations of the Seller as Servicer, or any successor Servicer, under this Agreement arising on and after the Assumption Date, the Backup Servicer shall not be deemed to have assumed or to become liable for, or otherwise have any liability for any duties, responsibilities, obligations or liabilities of (i) the Seller or any other Servicer arising on or before the Assumption Date, whether provided for by the terms of this Agreement, arising by operation of law or otherwise, including, without limitation, any liability for any duties, responsibilities, obligations or liabilities of the Seller or any other Servicer arising on or before the Assumption Date under SECTION 4.7 or 9.2 of this Agreement, regardless of when the liability, duty, responsibility or obligation of the Seller or any other Servicer therefor arose, whether provided by the terms of this Agreement, arising by operation of law or otherwise, or (ii) under SECTION 9.2(a)(ii), (iv) or (v). Notwithstanding the above, if the Backup Servicer shall be legally unable or unwilling to act as Servicer, the Backup Servicer, the Trustee or the Noteholder may petition a court of competent jurisdiction to appoint any Eligible Servicer as the successor to the Servicer. Pending appointment pursuant to the preceding sentence, the Backup Servicer shall act as successor Servicer unless it is legally unable to do so, in which event the outgoing Servicer shall continue to act as Servicer until a successor has been appointed and accepted such appointment. Subject to SECTION 9.6, no provision of this Agreement shall be construed as relieving the Backup Servicer of its obligation to succeed as successor Servicer upon the termination of the Servicer pursuant to SECTION 10.2 or the resignation of the Servicer pursuant to SECTION 9.6. If upon the termination of the Servicer pursuant to SECTION 10.2 or the resignation of the Servicer pursuant to SECTION 9.6, the Noteholder appoints a successor Servicer other than the Backup Servicer, the Backup Servicer shall not be relieved of its duties as Backup Servicer hereunder.

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

SECTION 10.4. NOTIFICATION TO THE NOTEHOLDER. Upon any termination of, or appointment of a successor to, the Servicer, the Trustee shall give prompt written notice thereof to the Noteholder and to the Rating Agencies.

SECTION 10.5. WAIVER OF PAST DEFAUlTS. The Noteholder may, waive in writing any default by the Servicer in the performance of its obligations under this Agreement and the consequences thereof. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Termination Event arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

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

SECTION 10.7. CONTINUED ERRORS. Notwithstanding anything contained herein to the contrary, if the Backup Servicer becomes successor Servicer it is authorized to accept and rely on all of the accounting, records (including computer records) and work of the prior Servicer relating to the Receivables (collectively, the "PREDECESSOR SERVICER WORK PRODUCT") without any audit or other examination thereof, and the Backup Servicer as successor Servicer shall have no duty, responsibility, obligation or liability for the acts and omissions of the prior Servicer. If any error, inaccuracy, omission or incorrect or non-standard practice or procedure (collectively, "ERRORS") exist in any Predecessor Servicer Work Product and such Errors make it materially more difficult to service or should cause or materially contribute to the Backup Servicer as successor Servicer making or continuing any Errors (collectively, "CONTINUED Errors"), the Backup Servicer as successor Servicer shall have no duty or responsibility, for such Continued Errors; PROVIDED, HOWEVER, that the Backup Servicer as successor Servicer agrees to use its best efforts to prevent further Continued Errors. In the event that the Backup Servicer as successor Servicer becomes aware of Errors or Continued Errors, the Backup Servicer as successor Servicer shall, with the prior consent of the Noteholder use its best efforts to reconstruct and reconcile such data as is commercially reasonable to correct such Errors and Continued Errors and to prevent future Continued Errors. The Backup Servicer as successor Servicer shall be entitled to recover its costs thereby expended in accordance with SECTION 5.7(A)(XI) hereof.

ARTICLE XI

MISCELLANEOUS PROVISIONS

SECTION 11.1. AMENDMENT.

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

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

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

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

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

SECTION 11.2. PROTECTION OF TITLE TO PROPERTY.

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

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

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

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

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

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

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

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

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

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

(ii) within 90 days after the beginning of each calendar year beginning with the first calendar year beginning more than three months after the Closing Date, an Opinion of Counsel, dated as of a date during such 90-day period, stating that, the opinion of such counsel, either (a) all financing statements and continuation statement have been authorized, executed and filed that are necessary fully to preserve and protect the interest of the Purchaser and the Trustee in the Receivables and the Opinion Collateral, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (b) no such action shall be necessary to preserve and protect such interest.

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

SECTION 11.3. NOTICES. All demands, notices and communications upon or to the Seller, the Backup Servicer, the Servicer, the Trustee or the Rating Agencies under this Agreement shall be in writing, via facsimile, personally delivered, or mailed by certified mail, return receipt requested, and shall be deemed to have been duly given upon receipt (a) in the case of the Seller, to Consumer Portfolio Services, Inc., 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: Chief Financial Officer, Telecopy: (888) 577-7923; (b) in the case of the Servicer, to Consumer Portfolio Services, Inc., 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: Chief Financial Officer, Telecopy: (888) 577-7923; (c) in the case of the Purchaser, to Page Funding LLC, 16355 Laguna Canyon Road, Irvine, CA 92618, Attention: Chief Financial Officer, Telecopy: (888) 577-7923; (d) in the case of the Trustee or the Backup Servicer at the Corporate Trust Office; (e) in the case of the Noteholder, to UBS Real Estate Securities Inc., 1285 Avenue of the Americas, 11th Floor, New York, New York 10019, Attention: Tamer El-Rayess, Telecopy: (212)713-7999; (f) in the case of Moody's, to Moody's Investors Service, Inc., ABS Monitoring Department, 99 Church Street, New York, New York 10007, Telecopy: (212) 533-3850; and (g) in the case of Standard & Poor's Ratings Group, to Standard & Poor's, a Division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041, Attention: Asset Backed Surveillance Department, Telecopy: (212) 438-2649. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Noteholder shall receive such notice.

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

SECTION 11.5. LIMITATIONS ON RIGHTS OF OTHERS. The provisions of this Agreement are solely for the benefit of the parties hereto and for the benefit of the Noteholder or its assignee, as a third-party beneficiary. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Collateral or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

SECTION 11.6. SEVERABILITY. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.7. SEPARATE COUNTERPARTS. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 11.8. HEADINGS. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.9. GOVERNING LAW. THIS AGREEMENT (OTHER THAN SECTIONS 2.1(A) AND 2.2 HEREOF) SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. SECTIONS 2.1(A) AND 2.2 OF THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES UNDER SUCH SECTION SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.10. ASSIGNMENT TO TRUSTEE. The Seller hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Purchaser to the Trustee pursuant to the Indenture for the benefit of the Noteholder of all right, title and interest of the Purchaser in, to and under the Receivables and Other Coverage of Property and/or the assignment of any or all of the Purchaser's rights and obligations hereunder to the Trustee.

SECTION 11.11.NONPETITION COVENANTS. Notwithstanding any prior termination of this Agreement, the Servicer and the Seller shall not, prior to the date which is one year and one day after the Final Scheduled Settlement Date, acquiesce, petition or otherwise invoke or cause the Purchaser to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Purchaser under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Purchaser or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Purchaser.

SECTION 11.12. LIMITATION OF LIABILITY OF TRUSTEE. Notwithstanding anything contained herein to the contrary, this Agreement has been executed and delivered by Wells Fargo Bank, National Association, not in its individual capacity but solely as Trustee and Backup Servicer and in no event shall Wells Fargo Bank, National Association, have any liability for the representations, warranties, covenants, agreements or other obligations of the Purchaser hereunder or in any of the certificates, notices or agreements delivered pursuant hereto, as to all of which recourse shall be had solely to the assets of the Purchaser.

SECTION 11.13. INDEPENDENCE OF THE SERVICER. For all purposes of this Agreement, the Servicer shall be an independent contractor and shall not be subject to the supervision of the Purchaser, the Trustee and Backup Servicer with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by this Agreement, the Servicer shall have no authority to act for or represent the Purchaser in any way and shall not otherwise be deemed an agent of the Purchaser.

SECTION 11.14. NO JOINT VENTURE. Nothing contained in this Agreement (i) shall constitute the Servicer and the Purchaser as members of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, (ii) shall be construed to impose any liability as such on any of them or (iii) shall be deemed to confer on any of them any express, implied or apparent authority to incur any obligation or liability on behalf of the others.

SECTION 11.15. INTENTION OF PARTIES REGARDING DELAWARE SECURITIZATION ACT. It is the intention of the Purchaser and the Seller that the transfer and assignment of the property contemplated by SECTION 2.1(A) of this Agreement shall constitute a sale of property from the Seller to the Purchaser, conveying good title thereto free and clear of any liens, and the beneficial interest in and title to such assets shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy or similar law. In addition, for purposes of complying with the requirements of the Asset-Backed Securities Facilitation Act of the State of Delaware, 6 Del. C. ss. 2701A, et seq. (the "SECURITIZATION ACT"), each of the parties hereto hereby agrees that:

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

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

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

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

SECTION 11.16. SPECIAL SUPPLEMENTAL AGREEMENT. If any party to this Agreement is unable to sign any amendment or supplement due to its dissolution, winding up or comparable circumstances, then the consent of the Noteholder shall be sufficient to amend this Agreement without such party's signature.

SECTION 11.17. LIMITED RECOURSE. Notwithstanding anything to the contrary contained in this Agreement, the obligations of the Purchaser hereunder are solely the obligations of the Purchaser, and shall be payable by the Purchaser, solely as provided herein. The Purchaser shall only be required to pay (a) any fees, expenses, indemnities or other liabilities that it may incur hereunder (i) from funds available pursuant to, and in accordance with, the payment priorities set forth in SECTION 5.7(a) and (ii) only to the extent the Purchaser receives additional funds for such purposes or to the extent it has additional funds available (other than funds described in the preceding clause (i)) that would be in excess of amounts that would be necessary to pay the debt and other obligations of the Purchaser incurred in accordance with the Purchaser's limited liability company agreement and all financing documents to which the Purchaser is a party. In addition, no amount owing by the Purchaser hereunder in excess of the liabilities that it is required to pay in accordance with the preceding sentence shall constitute a "claim" (as defined in Section 101(5) of the Bankruptcy Code) against it. No recourse shall be had for the payment of any amount owing hereunder or for the payment of any fee hereunder or any other obligation of, or claim against, the Purchaser arising out of or based upon any provision herein, against any member, employee, officer, agent, director or authorized person of the Purchaser or any Affiliate thereof; PROVIDED, HOWEVER, that the foregoing shall not relieve any such person or entity of any liability they might otherwise have as a result of fraudulent actions or omissions taken by them.

SECTION 11.18. ACKNOWLEDGEMENT OF ROLES. The parties expressly acknowledge and consent to Wells Fargo Bank, National Association acting in the multiple capacities of Backup Servicer and Trustee. The parties agree that Wells Fargo Bank, National Association in such multiple capacities shall not be subject to any claim, defense or liability arising from its performance in any such capacity based on conflict of interest principles, duty of loyalty principles or other breach of fiduciary duties to the extent that any such conflict or breach arises from the performance by Wells Fargo Bank, National Association of any other such capacity or capacities in accordance with this Agreement or any other Basic Documents to which it is a party.

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

SECTION 11.20. SUBMISSION TO JURISDICTION. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, OR ANY LEGAL PROCESS WITH RESPECT TO ITSELF OR ANY OF ITS PROPERTY, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

SECTION 11.21. WAIVER OF TRIAL BY JURY. THE PARTIES HERETO EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE

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

SECTION 11.22. PROCESS AGENT. Each of Purchaser, Seller, Servicer and Trustee agrees that the process by which any proceedings in the State of New York are begun may be served on it by being delivered by certified mail at the chief executive office or corporate trust office, as applicable, or at its registered office for the time being. If such person is not or ceases to be effectively appointed to accept service of process on the Purchaser's, Seller's, Servicer's or Trustee's behalf, the Purchaser, Seller, Servicer or Trustee, as applicable, shall, on the written demand of the process agent, appoint a further person in the State of New York to accept service of process on its behalf and, failing such appointment within 15 days, the process agent shall be entitled to appoint such a person by written notice to the Purchaser, Seller, Servicer or Trustee, as applicable. Nothing in this sub-clause shall affect the right of the process agent to serve process in any other manner permitted by law.

SECTION 11.23. NO SET-OFF. Each of the Seller and Servicer agrees that it shall have no right of set-off or banker's lien against, and no right to otherwise deduct from, any funds held in any account described herein or in the Basic Documents for any amount owed to it by the Seller, Servicer or Noteholder.

SECTION 11.24. NO WAIVER; CUMULATIVE REMEDIES. No failure to exercise and no delay in exercising any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise hereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

SECTION 11.25. MERGER AND INTEGRATION. Except as specifically stated otherwise herein, this Agreement sets forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement. This Agreement may not be modified, amended, waived or supplemented except as provided herein.

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

PAGE FUNDING LLC, as Purchaser

By:_____
Title:

CONSUMER PORTFOLIO SERVICES, INC., as Seller

By:_____
Title:

CONSUMER PORTFOLIO SERVICES, INC., as Servicer

By:_____
Title:

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

By:_____
Title:

SCHEDULE A

SCHEDULE OF RECEIVABLES

[Available upon request from Servicer]

SCHEDULE B

LOCATION FOR DELIVERY OF RECEIVABLE FILES

WELLS FARGO BANK, NATIONAL ASSOCIATION
MAC N9328-011
Suite ABS
751 Kasota Avenue
Minneapolis, Minnesota 55414
Attention: Corporate Trust Services -
Asset-Backed Securities Vault

ANNEX A---DEFINED TERMS

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

"ACCOUNTANTS' REPORT" means the report of a firm of nationally recognized independent accountants described in SECTION 4.11 of the Sale and Servicing Agreement.

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

"ACT" has the meaning specified in SECTION 11.3 of the Indenture.

"ADDITION NOTICE" means, with respect to any transfer of Receivables to the Purchaser pursuant to SECTION 2.1 of the Sale and Servicing Agreement, notice of the Seller's election to transfer Receivables to the Purchaser, such notice to designate the related Funding Date and the aggregate principal amount of Receivables to be transferred on such Funding Date, substantially in the form of EXHIBIT H to the Sale and Servicing Agreement.

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

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

"ADVANCE RATE" as of any day means 73.5%.

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

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

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

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

"AMORTIZATION PERIOD" means the period beginning on the Facility Termination Date and ending on the Final Scheduled Settlement Date.

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

"ANNUAL PERCENTAGE RATE" or "APR" of a Receivable means the annual percentage rate of finance charges or service charges, as stated in the related Contract.

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

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

"ASSUMPTION DATE" has the meaning set forth in SECTION 10.3(a) of the Sale and Servicing Agreement.

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

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

"BANKRUPTCY CODE" means the Bankruptcy Reform Act of 1978, as amended from time to time, and as codified as 11 U.S.C. Section 101 ET SEQ.

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

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

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

"BENEFIT PLAN" shall mean an "EMPLOYEE BENEFIT PLAN", as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA or any "PLAN" as defined in Section 4975 of the Code.

"BORROWING BASE" means, as of any date of determination, an amount equal to the sum of (i) (a) the excess of (I) the Aggregate Principal Balance of Eligible Receivables over (II) the Excess Concentration Amount MULTIPLIED by (b) the Advance Rate, and (ii) Available Funds (including any Eligible Investments) on deposit in the Collection Account.

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

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

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

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

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

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

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

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

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

"CLOSING DATE" means June 30, 2004.

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

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

"COLLECTION ACCOUNT" means the account designated as such, established and maintained pursuant to SECTION 5.1 of the Sale and Servicing Agreement.

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

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

"CONCENTRATION LIMITS" means with respect to Eligible Receivables:

(i) Eligible Receivables originated in any one state except California and Texas shall not at any time represent more than 10% of the Aggregate Principal Balance of the Eligible Receivables;

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

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

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

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

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

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

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

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

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

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

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

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

(xiv) as of any date, the Aggregate Principal Balance of Eligible Receivables with an original term greater than 60 months shall not exceed 30% of the Aggregate Principal Balance of all Eligible Receivables as of such date; and

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

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

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

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

"CORPORATE TRUST OFFICE" means with respect to the Trustee, the principal office of the Trustee at which at any particular time its corporate trust business shall be administered which office is located at Sixth Street and Marquette Avenue, MAC N93 11-161, Minneapolis, Minnesota 55479, or at such other address as the Trustee may designate from time to time by notice to the Note Purchaser, the Servicer, the Issuer, or the principal corporate trust office of any successor Trustee (the address of which the successor Trustee will notify the Note Purchaser).

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

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

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

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

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

"DEFAULT APPLICABLE MARGIN" means 2.00%.

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

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

"DEFICIENCY CLAIM AMOUNT" has the meaning set forth in SECTION 5.5(b) of the Sale and Servicing Agreement.

"DEFICIENCY CLAIM DATE" means, with respect to any Settlement Date, the Business Day immediately preceding such Settlement Date.

"DEFICIENCY NOTICE" has the meaning set forth in SECTION 5.5(b) of the Sale and Servicing Agreement.

"DEFINITIVE NOTE" has the meaning specified in SECTION 2.5(c) to the Indenture.

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

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

(a) with respect to bankers' acceptances, commercial paper, negotiable certificates of deposit and other obligations that constitute "INSTRUMENTS" within the meaning of Section 9-102(a)(47) of the UCC and are susceptible of physical delivery, transfer thereof to the Trustee or its nominee or custodian by physical delivery to the Trustee or its nominee or custodian endorsed to, or registered in the name of, the Trustee or its nominee or custodian or endorsed in blank, and, with respect to a certificated security (as defined in Section 8-102 of the UCC), transfer thereof (1) by delivery of such certificated security endorsed to, or registered in the name of, the Trustee or its nominee or custodian or endorsed in blank to a financial intermediary (as defined in Section 8-313 of the UCC) and the making by such financial intermediary of entries on its books and records identifying such certificated securities as belonging to the Trustee or its nominee or custodian and the sending by such financial intermediary of a confirmation of the purchase of such certificated security by the Trustee or its nominee or custodian, or (2) by delivery thereof to a "CLEARING CORPORATION" (as defined in Section 8-102(3) of the UCC) and the making by such clearing corporation of appropriate entries on its books reducing the appropriate securities account of the transferor and increasing the appropriate securities account of a financial intermediary by the amount of such certificated security, the identification by the clearing corporation of the certificated securities for the sole and exclusive account of the financial intermediary, the maintenance of such certificated securities by such clearing corporation or a "CUSTODIAN BANK" (as defined in Section 8-102(4) of the UCC) or the nominee of either subject to the clearing corporation's exclusive control, the sending of a confirmation by the financial intermediary of the purchase by the Trustee or its nominee or custodian of such securities and the making by such financial intermediary of entries on its books and records identifying such certificated securities as belonging to the Trustee or its nominee or custodian (all of the foregoing, "PHYSICAL PROPERTY"), and, in any event, any such Physical Property in registered form shall be in the name of the Trustee or its nominee or custodian; and such additional or alternative procedures as may hereafter become appropriate to effect the complete transfer of ownership of any such Pledged Account Property to the Trustee or its nominee or custodian, consistent with changes in applicable law or regulations or the interpretation thereof;

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

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

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

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

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

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

(2) by physical delivery of such certificated security in registered form to a "SECURITIES INTERMEDIARY" (as defined in Section 8-102(a)(l4) of the UCC) acting on behalf of the Trustee if the certificated security has been specially endorsed to the Trustee by an effective endorsement.

(c) with respect to any security issued by the U.S. Treasury, the Federal Home Loan Mortgage Corporation or by the Federal National Mortgage Association that is a book-entry security held through the Federal Reserve System pursuant to Federal book entry regulations, the following procedures, all in accordance with applicable law, including applicable federal regulations and Articles 8 and 9 of the UCC: book-entry registration of such property to an appropriate book-entry account maintained with a Federal Reserve Bank by a securities intermediary which is also a "DEPOSITARY" pursuant to

applicable federal regulations and issuance by such securities intermediary of a deposit advice or other written confirmation of such book-entry registration to the Trustee of the purchase by the securities intermediary on behalf of the Trustee of such book-entry security; the making by such securities intermediary of entries in its books and records identifying such book-entry security held through the Federal Reserve System pursuant to Federal book-entry regulations as belonging to the Trustee and indicating that such securities intermediary holds such book-entry security solely as agent for the Trustee; and such additional or alternative procedures as may hereafter become appropriate to effect complete transfer of ownership of any such Pledged Account Property to the Trustee free of any adverse claims, consistent with changes in applicable law or regulations or the interpretation thereof;

(d) with respect to any item of Pledged Account Property that is an "UNCERTIFICATED SECURITY" (as defined in Section 8-1 02(a)(18) of the UCC) and that is not governed by CLAUSE (c) above, transfer thereof:

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

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

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

(e) with respect to a "SECURITY ENTITLEMENT" (as defined in Section 8-I 02(a)(17) of the UCC):

(1) if a securities intermediary (A) indicates by book entry that a "FINANCIAL ASSET" (as defined in Section 8-1 02(a)(9) of the UCC) has been credited to the Trustee's "SECURITIES ACCOUNT" (as defined in Section 8-501(a) of the UCC), (B) receives a financial asset (as so defined) from the Trustee or acquires a financial asset for the Trustee, and in either case, accepts it for credit to the Trustee's securities account (as so defined), (C) becomes obligated under other law, regulation or rule to credit a financial asset to the Trustee's securities account, or (D) has agreed that it will comply with "ENTITLEMENT ORDERS" (as defined in Section 8-1 02(a)(8) of the UCC) originated by the Trustee, without further consent by the "ENTITLEMENT HOLDER" (as defined in Section 8-l02(a)(7) of the UCC), of a confirmation of the purchase and the making by such securities intermediary of entries on its books and records identifying as belonging to the Trustee of (I) a specific certificated security in the securities intermediary's possession, (II) a quantity of securities that constitute or are part of a fungible bulk of certificated securities in the securities intermediary's possession, or (III) a quantity of securities that constitute or are part of a fungible bulk of securities shown on the account of the securities intermediary on the books of another securities intermediary;

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

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

"DOLLAR" means lawful money of the United States.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"EVENT OF DEFAULT" has the meaning specified in SECTION 5.1 of the Indenture.

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

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

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

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

"FINAL SCHEDULED SETTLEMENT DATE" means the Settlement Date occurring on or after the date that is four months after the Facility Termination Date.

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

"FINANCIAL STATEMENTS" has the meaning set forth in SECTION 5.02(e) of the Note Purchase Agreement.

"FUNDING DATE" shall mean the Business Day on which an Advance occurs.

"FUNDING TERMINATION EVENT" means the occurrence of any one of the following events, unless waived in writing by the Note Purchaser: (i) an Event of Default; (ii) failure by the Seller or the Servicer to repurchase any Receivable in accordance with the terms of the Sale and Servicing Agreement; (iii) CPS or an Affiliate thereof shall no longer be the Servicer under the Sale and Servicing Agreement; (iv) CPS is terminated as servicer under any other sale and servicing agreement relating to a term securitization or warehouse financing facility (other than a term securitization or a warehouse financing facility, with respect to which CPS is only in the capacity of a third-party servicer and owns no residual interest therein and the related retail motor vehicle installment sale contracts of which were not originated or purchased by CPS or its Affiliates); (v) failure by the Issuer or the Servicer to accept the proposed assignee in accordance with Section 8.03(c)(iii) of the Note Purchase Agreement; (vi) Charles E. Bradley, Sr. becomes an officer, director or employee of the Seller; and (vii) the shadow assessment of the Notes shall be below BBB by Standard & Poor's or BAA3 by Moody's and the Noteholder shall have declared that a Funding Termination Event has occurred.

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

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

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

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

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

"HEDGE COUNTERPARTY SCHEDULED FEES" means the fees due and owing to the Hedge Counterparty pursuant to the Hedge Agreement other than the Hedge Counterparty Termination Fees.

"HEDGE COUNTERPARTY TERMINATION FEES" has the meaning assigned to such term in the Hedge Agreement.

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

"INDEBTEDNESS" means, with respect to any Person at any time, (a) indebtedness or liability of such Person for borrowed money whether or not evidenced by bonds, debentures, notes or other instruments, or for the deferred purchase price of property or services (including trade obligations); (b) obligations of such Person as lessee under leases which should be, in accordance with generally accepted accounting principles, recorded as capital leases; (c) current liabilities of such Person in respect of unfunded vested benefits under plans covered by Title IV of ERISA; (d) obligations issued for or liabilities incurred on the account of such Person; (e) obligations or liabilities of such Person arising under acceptance facilities; (f) obligations of such Person under any guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person or otherwise to assure a creditor against loss; (g) obligations of such Person secured by any lien on property or assets of such Person, whether or not the obligations have been assumed by such Person; or (h) obligations of such Person under any interest rate or currency exchange agreement.

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

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

"INELIGIBLE RECEIVABLE" means any Receivable other than an Eligible Receivable.

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

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

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

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

"INVESTMENT COMPANY ACT" has the meaning set forth in SECTION 5.01 of the Note Purchase Agreement.

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

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

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

"LIBOR" means the rate for one-month deposits in U.S. dollars, which rate is determined on a daily basis by the Noteholder by reference to the British Bankers' Association LIBOR Rates on Bloomberg (or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits) on such date (or, if such date is not a Business Day, on the immediately preceding

Business Day) at or about 11 a.m. New York City time; PROVIDED, HOWEVER, that if no rate appears on Bloomberg on any date of determination, LIBOR shall mean the rate for one-month deposits in U.S. Dollars which appears on the Telerate Page 3750 on any such date of determination; PROVIDED FURTHER, that if no rate appears on either Bloomberg or such Telerate Page 3750, on any such date of determination LIBOR shall be determined as follows:

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

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

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

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

"LOCKBOX ACCOUNT" means an account maintained on behalf of the Trustee by the Lockbox Bank pursuant to SECTION 4.2(B) of the Sale and Servicing Agreement.

"LOCKBOX AGREEMENT" means the Multiparty Agreement Relating to Lockbox Services, dated as of June 30, 2004, by and among the Lockbox Processor, the Purchaser, the Servicer and the Trustee, as such agreement may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, unless the Trustee shall cease to be a party thereunder, or such agreement shall be terminated in accordance with its terms, in which event "LOCKBOX AGREEMENT" shall mean such other agreement, in form and substance acceptable to the Noteholder, among the Servicer, the Purchaser, and the Lockbox Processor and any other appropriate parties.

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

"LOCKBOX PROCESSOR" means Regulus West, LLC and its successors and assigns.

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

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

"MAXIMUM INVESTED AMOUNT" means $100,000,000.

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

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

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

"NET SPREAD" means on any date a rate per annum equal to the difference of the (x) weighted average APR of the Eligible Receivables minus (y) the sum of (i) the Servicing Fee Percentage, (ii) the per annum rate used to compute the Backup Servicer's Fee, and (iii) the product of (1) the sum of (a) the Cap Rate, (b) the per annum rate used to compute the Trustee's Fee, (c) the per annum rate used to compute the Hedge Counterparty Scheduled Fees and (d) 1.5% and (2) the Advance Rate.

"NOTE" means the Floating Rate Variable Funding Note, substantially in the form of the Note set forth in EXHIBIT A-1 to the Indenture.

"NOTE DISTRIBUTION ACCOUNT" means the account designated as such, established and maintained pursuant to SECTION 5.1 of the Sale and Servicing Agreement.

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

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

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

"NOTE PURCHASER" means UBS and its successors and permitted assigns.

"NOTE REGISTER" and "NOTE REGISTRAR" have the respective meanings specified in Section 2.4 of the Indenture.

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

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

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

"NOTEHOLDER'S MONTHLY INTEREST DISTRIBUTABLE AMOUNT" means, with respect to any Settlement Date, the sum of the product of (i) the Note Interest Rate for each day during such Interest Period, (ii) the Invested Amount for each day during such Interest Period and (iii) 1/360.

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

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

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

"OPINION COLLATERAL" has the meaning set forth in the Section 3.6(a) of the Indenture.

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

"OTHER CONVEYED PROPERTY" means all property conveyed by the Seller to the Purchaser pursuant to SECTIONS 2.1 (a)(ii) through (x) of the Sale and Servicing Agreement and Section 2 of each Assignment.

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

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

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

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

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

"PHYSICAL PROPERTY" has the meaning assigned to such term in the definition of "Delivery" above.

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

"PLEDGED ACCOUNTS" has the meaning assigned thereto in SECTION 5.1(e) of the Sale and Servicing Agreement.

"POST-OFFICE BOX" means the separate post-office box in the name of the Purchaser for the benefit of the Trustee acting on behalf of the Noteholder, established and maintained pursuant to SECTION 4.2 of the Sale and Servicing Agreement.

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

"PRINCIPAL FUNDING ACCOUNT" has the meaning specified in SECTION 5.1(c) of the Sale and Servicing Agreement.

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

"PROGRAM" has the meaning specified in SECTION 4.11 of the Sale and Servicing Agreement.

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

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

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

"PURCHASER" means Page Funding LLC.

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

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

"RATING AGENCY CONDITION" means, with respect to any action, that each Rating Agency shall have been given 3 days' (or such shorter period as shall be acceptable to each Rating Agency) prior notice thereof and that each of the Rating Agencies shall have notified the Seller, the Servicer, the Note Purchaser and the Trustee in writing that such action will not result in a reduction or withdrawal of the then current rating of the Note.

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

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

"RECEIVABLE FILES" means the documents specified in SECTION 3.3(a) of the Sale and Servicing Agreement.

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

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

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

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

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

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

"REQUIRED RESERVE PERCENTAGE" means 1.5%; PROVIDED, HOWEVER, on any Settlement Date occurring on and after the occurrence of a Funding Termination Event of the type described in (iv) of the definition thereof, the Required Reserve Percentage shall be 3.5%.

"RESERVE ACCOUNT" means the account designated as such, established and maintained pursuant to SECTION 5.5 of the Sale and Servicing Agreement.

"RESPONSIBLE OFFICER" means, in the case of the Trustee, the chairman or vice-chairman of the board of directors, the chairman or vice-chairman of the executive committee of the board of directors, the president, vice-president, assistant vice-president or managing director, the

secretary, and assistant secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"RULE 144A INFORMATION" has the meaning set forth in SECTION 3.26 of the Indenture.

"RULE OF 78'S RECEIVABLE" means any Receivable under which the portion of a payment allocable to earned interest (which may be referred to in the related retail installment sale contract as an add-on finance charge) and the portion allocable to the Amount Financed is determined according to the method commonly referred to as the "RULE OF 78'S" method or the "SUM OF THE MONTHS' DIGITS" method or any equivalent method.

"SALE AND SERVICING AGREEMENT" means the Sale and Servicing Agreement dated as of June 30, 2004, among the Purchaser, CPS, as the Seller and the Servicer, and Wells Fargo Bank, National Association, as the Backup Servicer and the Trustee, as the same may be amended or supplemented from time to time.

"SCHEDULED MATURITY DATE" means June 30, 2007 or such later date as agreed upon pursuant to SECTION 2.05 of the Note Purchase Agreement.

"SCHEDULED RECEIVABLE PAYMENT" means, with respect to any Accrual Period for any Receivable, the amount set forth in such Receivable as required to be paid by the Obligor in such Accrual Period. If after the Closing Date, the Obligor's obligation under a Receivable with respect to a Accrual Period has been modified so as to differ from the amount specified in such Receivable (i) as a result of the order of a court in an insolvency proceeding involving the Obligor, (ii) pursuant to the Servicemembers Civil Relief Act, or (iii) as a result of modifications or extensions of the Receivable permitted by Section 4.2 of the Sale and Servicing Agreement, the Scheduled Receivable Payment with respect to such Accrual Period shall refer to the Obligor's payment obligation with respect to such Accrual Period as so modified.

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

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

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

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

"SELLER'S CONTRACT PURCHASE GUIDELINES" means CPS' established "Contract Purchase Guidelines", as the same may be amended from time to time, in accordance with Section 8.2(c) of the Sale and Servicing Agreement.

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

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

"SERVICER EXTENSION NOTICE" has the meaning specified in SECTION 4.15 of the Sale and Servicing Agreement.

"SERVICER RECEIPT" has the meaning specified in SECTION 3.5 of the Sale and Servicing Agreement.

"SERVICER TERMINATION EVENT" means an event specified in SECTION 10.1 of the Sale and Servicing Agreement.

"SERVICER'S CERTIFICATE" means a certificate completed and executed by a Servicing Officer and delivered pursuant to SECTION 4.9 of the Sale and Servicing Agreement, substantially in the form of EXHIBIT A to the Sale and Servicing Agreement.

"SERVICING FEE" has the meaning specified in SECTION 4.8 of the Sale and Servicing Agreement.

"SERVICING FEE PERCENTAGE" means 2.50%, provided that if Backup Servicer is the Servicer, the Servicing Fee Percentage shall be determined in accordance with Servicing and Lockbox Processing Assumption Agreement.

"SERVICING AND LOCKBOX PROCESSING ASSUMPTION AGREEMENT" means the Servicing and Lockbox Processing Assumption Agreement, dated as of June 30, 2004, among Consumer Portfolio Services, Inc., as Seller and Servicer, the Backup Servicer and the Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

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

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

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

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

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

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

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

"TAXES" has the meaning set forth in SECTION 3.05 of the Note Purchase Agreement.

"TERM" has the meaning set forth in SECTION 2.05 of the Note Purchase Agreement.

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

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

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

"TRUST RECEIPT" means a trust receipt in substantially the form of EXHIBIT B to the Sale and Servicing Agreement.

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

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

"UBS" means UBS Real Estate Securities Inc.

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

"UNUSED FACILITY FEE" has the meaning set forth in Section 3.02 of the Note Purchase Agreement.

Exhibit 10.37

$100,000,000

Variable Funding Note

INDENTURE

Dated as of June 30, 2004

PAGE FUNDING LLC,
Issuer

UBS REAL ESTATE SECURITIES INC.
Noteholder

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
Trustee

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

PAGE NO.

INDENTURE dated as of June 30, 2004, by and among PAGE FUNDING LLC, a Delaware limited liability company (the "ISSUER"), UBS REAL ESTATE SECURITIES INC., a Delaware corporation, as noteholder (the "NOTEHOLDER") and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as trustee (the "TRUSTEE").

Each party agrees as follows for the benefit of the other parties and for the benefit of each Holder of the Issuer's Variable Funding Note (the "NOTE"):

To secure the payment of principal of and interest on, and any other amounts owing in respect of the Note, and to secure compliance with this Indenture, the Issuer has agreed to pledge the Collateral (as defined below) as collateral to the Trustee for the benefit of the Noteholder.

As security for the performance by the Issuer of the Secured Obligations, the Issuer has agreed to assign the Collateral (as defined below) as collateral to the Trustee for the benefit of the Noteholder.

GRANTING CLAUSE

The Issuer hereby Grants to the Trustee on each Funding Date, as Trustee for the benefit of the Noteholder, all right, title and interest of the Issuer, whether now existing or hereafter arising, in and to the following;

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

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

(c) the security interests in the Financed Vehicles granted by Obligors pursuant to the related Contracts and any other interest of the Issuer in such Financed Vehicles, including, without limitation, the certificates of title or, with respect to such Financed Vehicles in the States listed in Annex B to the Sale and Servicing Agreement, other evidence of title issued by the applicable Department of Motor Vehicles or similar authority in such States, with respect to such Financed Vehicles;

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

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

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

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

(h) all amounts and property from time to time held in or credited to the Collection Account, the Note Distribution Account, the Principal Funding Account, the Reserve Account and the Lockbox Account;

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

(j) the Sale and Servicing Agreement, including a direct right to cause the Seller to purchase Receivables from the Issuer pursuant to the Sale and Servicing Agreement under the circumstances specified therein;

(k) any Hedge Agreements;

(l) the Note Purchase Agreement (to the extent of the Issuer's rights against the Servicer); and

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

The foregoing Grant is made in trust to the Trustee, for the benefit of the Noteholder, to secure the payment of principal of and interest on, and any other amounts owing in respect of the Note, to secure the Secured Obligations and to secure compliance with this Indenture. The Trustee hereby acknowledges such Grant, accepts the trusts under this Indenture in accordance with the provisions of this Indenture and agrees to perform its duties as required in this Indenture.

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.1 DEFINITIONS. Except as otherwise specified herein, the following terms have the respective meanings set forth below for all purposes of this Indenture and the definitions of such terms are equally applicable to both the singular and plural forms of such terms and to each gender.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in Annex A to the Sale and Servicing Agreement dated as of June 30, 2004 among the Issuer, the Seller, the Servicer, the Backup Servicer and the Trustee, as the same may be amended or supplemented from time to time (the "SALE AND SERVICING AGREEMENT").

SECTION 1.2 [RESERVED].

SECTION 1.3 OTHER DEFINITIONAL PROVISIONS.

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

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

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

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

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

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

ARTICLE II

THE NOTE

SECTION 2.1 FORM. The Note, together with the Trustee's certificate of authentication, shall be in substantially the form set forth in EXHIBIT A-1, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed

thereon as may, consistently herewith, be determined by the officers executing the Note, as evidenced by their execution of the Note. Any portion of the text of the Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note. Only one Note will be issued on the Closing Date which Note shall be subject to Advances and prepayments from time to time in accordance with SECTION 2.11 and ARTICLE X, respectively.

(a) The Note shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing the Note, as evidenced by their execution of the Note.

(b) The terms of the Note set forth in EXHIBIT A-1 are part of the terms of this Indenture.

SECTION 2.2 EXECUTION, AUTHENTICATION AND DELIVERY. The Note shall be executed on behalf of the Issuer by any of its Authorized Officers. The signature of any such Authorized Officer on the Note may be manual or facsimile.

(a) A Note bearing the manual or facsimile signature of individuals who were at any time Authorized Officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of the Note or did not hold such offices at the date of the Note.

(b) The Trustee shall upon receipt of an Issuer Order for authentication and delivery, authenticate and deliver the Note for original issue in an aggregate principal amount up to, but not in excess of, the Maximum Invested Amount.

(c) The Note shall be dated the date of its authentication.

(d) The Note shall not be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears attached to the Note a certificate of authentication substantially in the form provided for herein, executed by the Trustee by the manual signature of one of its authorized signatories, and such certificate attached to the Note shall be conclusive evidence, and the only evidence, that the Note has been duly authenticated and delivered hereunder.

SECTION 2.3 [RESERVED]

SECTION 2.4 REGISTRATION; REGISTRATION OF TRANSFER AND EXCHANGE. The Issuer shall cause to be kept a register (the "NOTE REGISTER") in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 2.5, the Issuer shall provide for the registration of the Note, and the registration of transfers and exchanges of the Note. The Trustee shall be "NOTE REGISTRAR" for the purpose of registering the Note and transfers of the Note as herein provided. Upon any resignation or removal of any Note Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Note Registrar.

(a) If a Person other than the Trustee is appointed by the Issuer as Note Registrar, the Issuer will give the Trustee and the Noteholder prompt written notice of the appointment of such Note Registrar and of the location, and any change in the location, of the Note Register, and the Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof. The Trustee shall have the right to conclusively rely upon a certificate executed on behalf of the Note Registrar by an Executive Officer thereof as to the name and address of the Holder of the Note and the principal amounts and number of the Note.

(b) Subject to SECTION 2.5 hereof, upon surrender for registration of transfer of the Note at the office or agency of the Issuer to be maintained as provided in SECTION 3.2, if the requirements of Section 8-401(a) of the UCC are met, the Trustee shall have the Issuer execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note in the minimum denomination of $10,000,000 or any multiple of $1,000 in excess thereof and a like aggregate principal amount.

(c) At the option of the Holder, the Note may be exchanged for another Note in any authorized denominations, of the same class and a like aggregate principal amount, upon surrender of the Note to be exchanged at such office or agency. Whenever the Note is so surrendered for exchange, subject to SECTION 2.5 hereof, if the requirements of Section 8-401(a) of the UCC are met, the Issuer shall execute, and upon request by the Issuer the Trustee shall authenticate, and the Noteholder shall obtain from the Trustee, the Note which the Noteholder making the exchange is entitled to receive. Every Note presented or surrendered for registration of transfer or exchange shall be accompanied by a written instrument of transfer in form satisfactory to the Issuer, the Trustee and the Note Registrar duly executed by the Holder thereof or his attorney duly authorized in writing.

(d) The Note issued upon any registration of transfer or exchange of the Note shall be the valid obligation of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Note surrendered upon such registration of transfer or exchange.

(e) Every Note presented or surrendered for registration of transfer or exchange shall be (i) duly endorsed by, or accompanied by a written instrument of transfer in the form attached to EXHIBITS A-1 and A-2 duly executed by, the Holder thereof or such Holder's attorney, duly authorized in writing, with such signature guaranteed by an "ELIGIBLE GUARANTOR INSTITUTION" meeting the requirements of the Note Registrar which requirements include membership or participation in Securities Transfer Agents Medallion Program ("STAMP") or such other "SIGNATURE GUARANTEE PROGRAM" as may be determined by the Note Registrar in addition to, or in substitution for, STAMP, all in accordance with the Exchange Act and (ii) accompanied by such other documents as the Trustee may require.

(f) No service charge shall be made to a Holder for any registration of transfer or exchange of the Note, but the Note Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of the Note, other than exchanges pursuant to SECTION 9.6 not involving any transfer.

(g) The preceding provisions of this SECTION 2.4 notwithstanding, the Issuer shall not be required to make and the Note Registrar shall not register transfers or exchanges of the Note selected for redemption or of any Note for a period of 15 days preceding the due date for any payment with respect to the Note.

SECTION 2.5 RESTRICTIONS ON TRANSFER AND EXCHANGE.

(a) No transfer of the Note shall be made unless the transferor thereof has provided a certification substantially in the form of EXHIBIT A-2 that such transfer is (i) to the Issuer or an Affiliate of the Issuer, or (ii) to any person the transferor reasonably believes is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) in a transaction meeting the requirements of Rule 144A under the Securities Act, or (iii) in compliance with Section 2.5(c) hereof, (A) to an institutional investor that is an "ACCREDITED INVESTOR" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act in compliance with Section 2.5(d) hereof, or (B) in a transaction complying with or exempt from the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction; PROVIDED, that (except with respect to the transfer of the Note or Advance made by the Noteholder), in the case of CLAUSES (A) and (B) the Trustee or the Issuer may require an Opinion of Counsel to the effect that such transfer may be effected without registration under the Securities Act, which Opinion of Counsel, if so required, shall be addressed to the Issuer and the Trustee and shall be secured at the expense of the Holder. Each prospective purchaser by its acquisition of the Note, acknowledges that the Note will contain a legend substantially to the effect set forth in SECTION 2.5(D) (unless the Issuer determines otherwise in accordance with applicable law).

Any transfer or exchange of a Note to a proposed transferee taking such transfer in the form of a Note shall be conducted in accordance with the provisions of Section 2.4, and shall be contingent upon receipt by the Note Registrar of (A) such Note, if applicable, properly endorsed for assignment or transfer or (B) written instructions from such Transferor directing the Note Registrar to cause to be credited the beneficial interest in or amount of the corresponding Note to the account designated by such Transferor in an amount equal to the amount of such Note or beneficial interest to be transferred (but not less than the minimum authorized denomination applicable to the Note) and (C) such certificates or signatures as may be required under the Note or this Section 2.5 , in each case, in form and substance satisfactory to the Note Registrar. The Note Registrar shall cause any such transfers and related cancellations or increases and related reductions, as applicable, to be properly recorded in its books in accordance with the requirements of Section 2.4.

(b) Transfers to Qualified Institutional Buyers are subject to the following:

(i) Each purchaser of the Note that is a qualified institutional buyer will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A under the Securities Act are used herein as defined therein):

(A) The purchaser (1) is a qualified institutional buyer, (2) is aware that the sale of the Note to it is being made in reliance on the exemption from registration provided by Rule 144A under the Securities Act and (3) is acquiring the Note for its own account or for one or more accounts, each of

which is a qualified institutional buyer, and as to each of which the purchaser exercises sole investment discretion, for the purchaser and for each such account. The purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Note, and the purchaser and any accounts for which it is acting are each able to bear the economic risk of the purchaser's or its investment.

(B) The purchaser understands that the Note is being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, the Note has not been and will not be registered under the Securities Act, and, if in the future the purchaser decides to offer, resell, pledge or otherwise transfer the Note, the Note may be offered, resold, pledged or otherwise transferred only in accordance with the legend on the Note set forth in Section 2.5(d). The purchaser acknowledges that no representation is made by the Issuer as to the availability of any exemption under the Securities Act or any state securities laws for resale of the Note.

(C) The purchaser is not purchasing the Note with a view to the resale, distribution or other disposition thereof in violation of the Securities Act. The purchaser understands that an investment in the Note involves certain risks, including the risk of loss of a substantial part of its investment under certain circumstances. The purchaser has had access to such financial and other information concerning the Issuer and the Note as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Note, including an opportunity to ask questions of and request information from the Noteholder and the Issuer.

(D) In connection with the transfer of the Note: (i) none of the Issuer or the Noteholder is acting as a fiduciary or financial or investment adviser for the purchaser; (ii) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer or the Noteholder other than any representations expressly set forth in a written agreement with such party; (iii) none of the Issuer or the Noteholder has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence, or benefit (including legal, regulatory, tax, financial, accounting, or otherwise) of the Indenture or documentation for the Note; (iv) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Indenture) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer; (v) the purchaser has determined that the rates, prices or amounts and other terms of the purchase and sale of

the Note reflect those in the relevant market for similar transactions; (vi) the purchaser is acquiring the Note with a full understanding of all of the terms, conditions and risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (vii) the purchaser is a sophisticated investor.

(E) The purchaser understands that the Note will bear the legend set forth in SECTION 2.5(d).

(F) The purchaser will not, at any time, offer to buy or offer to sell the Note by any form of general solicitation or advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or seminar or meeting whose attendees have been invited by general solicitations or advertisings.

(G) The purchaser represents that either (1) it is not a Benefit Plan and is not acting on behalf of or investing plan assets of a Benefit Plan or (2) the purchaser's purchase and holding of the Note is entitled to exemptive relief from the prohibited transaction rules of Section 406 of ERISA and Section 4975 of the Code pursuant to a U.S. Department of Labor prohibited transaction class exemption.

(H) The purchaser acknowledges that the Issuer, the Noteholder and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or warranties deemed to have been made by it by or in connection with its purchase of the Note are no longer accurate, it shall promptly notify the Issuer and the Noteholder. If the purchaser is acquiring the Note as a fiduciary or agent for one or more investor accounts, it shall be deemed to have represented that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

(I) In connection with a transfer of the Note, the Issuer shall furnish upon request of a Noteholder to the Noteholder and any prospective purchaser designated by the Noteholder the information required to be delivered under paragraph (d)(4) of Rule 144A of the Securities Act.

(J) Any information the purchaser desires concerning the Issuer, the Note or any other matter relevant to its decision to purchase the Note is or has been made available to it.

(c) If the Note is sold in the United States to U.S. Persons under Section 4(2) of the Securities Act to a limited number of institutional "ACCREDITED INVESTORS" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act), it shall be issued in the form of certificated Note in definitive, fully registered form without interest coupons with the applicable

legends set forth in the form of the Note registered in the name of the beneficial owner or a nominee thereof, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided (a "DEFINITIVE NOTE"). Any transfer to an institutional "ACCREDITED INVESTOR" is expressly conditioned upon the requirement that such transferee shall deliver a Transferee's Certificate in the form of EXHIBIT A-2.

(d) Legending of the Note. Unless the Issuer determines otherwise in accordance with applicable law, the Note shall have the following legend:

> THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING ANY NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT IT IS AN INSTITUTIONAL INVESTOR THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT AND THAT SUCH NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (1) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE) OR AN AFFILIATE OF THE ISSUER, (2) TO A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (3) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION; PROVIDED, THAT THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER.

SECTION 2.6 MUTILATED, DESTROYED, LOST OR STOLEN NOTE. If (i) any mutilated Note is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Trustee such security or indemnity as may be required by it to hold the Issuer and the Trustee harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Trustee that such Note has been acquired by a bona fide purchaser, and, provided that the requirements of Section 8-405 and 8-406 of the UCC are met, the Issuer shall execute, and upon request by the Issuer, the Trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note; PROVIDED, HOWEVER, that if any such destroyed, lost or stolen

Note, but not a mutilated Note, shall have become, or within seven days shall be, due and payable or shall have been called for redemption, instead of issuing a replacement Note, the Issuer may direct the Trustee, in writing, to pay such destroyed, lost or stolen Note when so due or payable without surrender thereof. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the preceding sentence, a bona fide purchaser of the original Note in lieu of which such replacement Note was issued, presents for payment such original Note, the Issuer and the Trustee shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any assignee of such Person, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

(a) Upon the issuance of any replacement Note under this Section, the Issuer may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Trustee) connected therewith.

(b) Every replacement Note issued pursuant to this Section in replacement of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with the Note duly issued hereunder.

(c) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of the mutilated, destroyed, lost or stolen Note.

SECTION 2.7 PERSONS DEEMED OWNER. Prior to due presentment for registration of transfer of any Note, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name any Note is registered (as of the applicable Record Date) as the owner of such Note for the purpose of receiving payments of principal of and interest, if any, on such Note, for all other purposes whatsoever and whether or not such Note be overdue, and none of the Issuer, the Trustee or any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

SECTION 2.8 PAYMENT OF PRINCIPAL AND INTEREST; DEFAULTED INTEREST.

(a) The Note shall accrue interest as provided in the form of the Note set forth in EXHIBIT A-1, and such interest shall be due and payable on each Settlement Date, as specified therein. Any installment of interest or principal, if any, payable on the Note which is punctually paid or duly provided for by the Issuer on the applicable Settlement Date shall be paid to the Person in whose name such Note is registered on the Record Date, either by wire transfer in immediately available funds to such Person's account as it appears on the Note Register on such Record Date if (i) such Noteholder has provided to the Note Registrar appropriate written instructions at least five Business Days prior to such Settlement Date and such Holder's Note in the aggregate evidence a denomination of not less than $1,000,000 or (ii) such Noteholder is the Seller, or an Affiliate thereof, or if not by check mailed to such Noteholder at the address of such Noteholder appearing on the Note Register, except that, unless a Definitive Note has been issued pursuant to SECTION 2.5, with respect to the

Note registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payment will be made by wire transfer in immediately available funds to the account designated by such nominee, except for the final installment of principal payable with respect to such Note on a Settlement Date or on the Final Scheduled Settlement Date, which shall be payable as provided below.

(b) If the Facility Termination Date is determined in accordance with subsection (I) of the definition thereof, the outstanding principal balance of the Note and all accrued and unpaid interest thereon will be amortized and shall be payable in full by the Final Scheduled Settlement Date. If the Facility Termination Date is determined in accordance with subsection (II) of the definition thereof, such Facility Termination Date will result in immediate acceleration of the Note in accordance with Section 5.2. If the Facility Termination Date is determined in accordance with subsection (III) of the definition thereof, the outstanding principal balance of the Note and all accrued and unpaid interest thereon will be amortized and shall be payable in full by the third Settlement Date following the relevant anniversary of the Closing Date. All principal payments on the Note shall be made pro rata to the Noteholder entitled thereto. Upon written notice from the Issuer, the Trustee shall notify the Person in whose name a Note is registered at the close of business on the Record Date preceding the Settlement Date on which the Issuer expects that the final installment of principal of and interest on such Note will be paid. Such notice shall be mailed or transmitted by facsimile prior to such final Settlement Date and shall specify that such final installment will be payable only upon presentation and surrender of such Note and shall specify the place where such Note may be presented and surrendered for payment of such installment.

(c) If the Issuer defaults in a payment of interest on the Note, the Issuer shall pay defaulted interest (plus interest on such defaulted interest to the extent lawful) at the Note Interest Rate then in effect in any lawful manner. The Issuer may pay such defaulted interest to the Noteholder on the immediately following Settlement Date, and if such amount is not paid on such following Settlement Date, then on a subsequent special record date, which date shall be at least five Business Days prior to the Settlement Date. The Issuer shall fix or cause to be fixed any such special record date and Settlement Date, and, at least 15 days before any such special record date, the Issuer shall mail to the Noteholder and the Trustee a notice that states the special record date, the Settlement Date and the amount of defaulted interest to be paid.

SECTION 2.9 CANCELLATION. Subject to SECTION 2.8(c), the Note surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by the Trustee. Subject to SECTION 2.8(C), the Issuer may at any time deliver to the Trustee for cancellation any Note previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and the Note so delivered shall be promptly canceled by the Trustee. No Note shall be authenticated in lieu of or in exchange for any Note canceled as provided in this Section, except as expressly permitted by this Indenture. Subject to SECTION 2.8(c), the canceled Note may be held or disposed of by the Trustee in accordance with its standard retention or disposal policy as in effect at the time unless the Issuer shall direct by an Issuer Order that they be destroyed or returned to it; PROVIDED that such Issuer Order is timely and the Note has not been previously disposed of by the Trustee.

SECTION 2.10 RELEASE OF COLLATERAL. Subject to the terms of the other Basic Documents and SECTIONS 10.1 and 11.1, the Trustee shall, on or after the Termination Date, release any remaining portion of the Trust Estate from the lien created by this Indenture and deposit in the Collection Account any funds then on deposit in any other Pledged Account. In addition, the Trustee shall release Ineligible Receivables from the lien created by this Indenture upon any dividend of such Ineligible Receivables pursuant to Section 5.11 of the Sale and Servicing Agreement. The Trustee shall release property from the lien created by this Indenture pursuant to this SECTION 2.10 only upon receipt of an Issuer Request accompanied by an Officer's Certificate meeting the applicable requirements of SECTION 11.1.

SECTION 2.11 AMOUNT LIMITED; ADVANCES.

The maximum aggregate principal amount of the Note which may be authenticated and delivered and Outstanding at any time under this Indenture is limited to the Maximum Invested Amount.

On each Business Day prior to the Facility Termination Date that is a Funding Date, and upon the satisfaction of all conditions precedent to (a) the funding of an Advance and (b) the purchase of Receivables, in each case as set forth in SECTION 2.1(B) of the Sale and Servicing Agreement, SECTION 6.02 and SECTION 6.03 of the Note Purchase Agreement, the Issuer shall be entitled to borrow additional funds pursuant to an Advance on such Funding Date in an aggregate principal amount equal to the Advance Amount with respect to such Funding Date. Each request by the Issuer for an Advance shall be deemed to be a certification by the Issuer as to the satisfaction of the conditions specified in the previous sentence.

The aggregate outstanding principal amount of the Note may be increased through the funding of the Advances. Each Advance and corresponding Advance Amount shall be recorded on the grid attached to the Note or in an electronic file substantially in the same form as such grid. The grid (or such electronic file) shall show all Advance Amounts and prepayments. The Noteholder shall be responsible for maintaining the grid with respect to the Note. Absent manifest error, all such grid entries (whether manual or in electronic form) shall be dispositive with respect to the determination of the outstanding principal amount of the Note. The Note (i) can be funded by Advances on any Funding Date in a minimum amount of $2,000,000 and any higher amount (subject to the Maximum Invested Amount), and (ii) subject to subsequent Advances pursuant to this SECTION 2.11, are subject to prepayment in whole or in part, at the option of the Issuer as provided in Article X herein.

ARTICLE III

COVENANTS

SECTION 3.1 PAYMENT OF PRINCIPAL AND INTEREST. The Issuer will duly and punctually pay the principal of and interest on the Note in accordance with the terms of the Note and this Indenture. Without limiting the foregoing, the Issuer will cause to be distributed on each Settlement Date all amounts deposited in

the Note Distribution Account pursuant to the Sale and Servicing Agreement to the Noteholder. Amounts properly withheld under the Code by any Person from a payment to the Noteholder of interest and/or principal shall be considered as having been paid by the Issuer to the Noteholder for all purposes of this Indenture.

SECTION 3.2 MAINTENANCE OF OFFICE OR AGENCY. The Issuer will maintain in Minneapolis, Minnesota, an office or agency where the Note may be surrendered for registration of transfer or exchange, and where notices and demands to or upon the Issuer in respect of the Note and this Indenture may be served. The Issuer hereby initially appoints the Trustee to serve as its agent for the foregoing purposes. The Issuer will give prompt written notice to the Trustee and the Noteholder of the location, and of any change in the location, of any such office or agency. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Trustee with the address thereof, such surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Issuer hereby appoints the Trustee as its agent to receive all such surrenders, notices and demands.

SECTION 3.3 MONEY FOR PAYMENTS TO BE HELD IN TRUST. On or before each Settlement Date, the Issuer shall deposit or cause to be deposited in the Note Distribution Account from the Collection Account an aggregate sum sufficient to pay the amounts then becoming due under the Note, such sum to be held in trust for the benefit of the Persons entitled thereto and (unless the Note Paying Agent is the Trustee) shall promptly notify the Trustee of its action or failure so to act. Except as provided in Section 3.3(c) hereof, all payments of amounts due and payable with respect to the Note that are to be made from amounts withdrawn from the Note Distribution Account shall be made on behalf of the Issuer by the Trustee or by the Note Paying Agent, and no amounts so withdrawn from the Note Distribution Account for payment of the Note shall be paid to the Issuer.

(a) The Issuer shall cause each Note Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Note Paying Agent shall agree with the Trustee (and if the Trustee acts as Note Paying Agent, it hereby so agrees), subject to the provisions of this Section, that such Note Paying Agent shall:

(i) hold all sums held by it for the payment of amounts due with respect to the Note in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Trustee notice of any default by the Issuer (or any other obligor upon the Note) of which it has actual knowledge in the making of any payment required to be made with respect to the Note;

(iii) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Note Paying Agent;

(iv) immediately resign as a Note Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of the Note if at any time it ceases to meet the standards required to be met by a Note Paying Agent at the time of its appointment; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on the Note of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(b) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Note Paying Agent to pay to the Trustee all sums held in trust by such Note Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which the sums were held by such Note Paying Agent; and upon such a payment by any Note Paying Agent to the Trustee, such Note Paying Agent shall be released from all further liability with respect to such money.

(c) Subject to applicable laws with respect to the escheat of funds, any money held by the Trustee or any Note Paying Agent in trust for the payment of any amount due with respect to the Note and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on Issuer Request and shall be deposited by the Trustee in the Collection Account; and the Holder of the Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Trustee or such Note Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Trustee or such Note Paying Agent, before being required to make any such repayment, shall at the expense of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Trustee shall also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment (including, but not limited to, mailing notice of such repayment to the Holder whose Note have been called but have not been surrendered for redemption or whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Trustee or of any Note Paying Agent, at the last address of record for each such Holder).

SECTION 3.4 EXISTENCE. Except as otherwise permitted by the provisions of SECTION 3.10, the Issuer will keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other state or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the Note, the Collateral and each other instrument or agreement included in the Trust Estate.

SECTION 3.5 PROTECTION OF TRUST ESTATE. The Issuer intends the security interest Granted pursuant to this Indenture in favor of the Trustee, for the benefit of the Noteholder, to be prior to all other liens in respect of the Trust Estate, and the Issuer shall take all actions necessary to obtain and maintain, in favor of the Trustee, for the benefit of the Noteholder, a first lien on and a first priority, perfected security interest in the Trust Estate. The Issuer will from time to time prepare (or shall cause to be prepared), execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

(i) Grant more effectively all or any portion of the Trust Estate;

(ii) maintain or preserve the lien and security interest (and the priority thereof) in favor of the Trustee for the benefit of the Noteholder created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;

(iv) enforce any of the Collateral;

(v) preserve and defend title to the Trust Estate and the rights of the Trustee and the Noteholder in such Trust Estate against the claims of all persons and parties; and

(vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

The Issuer hereby designates the Trustee its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required by the Trustee pursuant to this Section.

SECTION 3.6 OPINIONS AS TO TRUST ESTATE.

(a) On the Closing Date, the Issuer shall furnish to the Trustee an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording and filing of this Indenture, any indentures supplemental hereto, and any other requisite documents, and with respect to the execution and filing of any financing statements and continuation statements, as are necessary to perfect and make effective the first priority lien and security interest in favor of the Trustee, for the benefit of the Noteholder, created by this Indenture in the Receivables and such other items of Collateral that the Noteholder may reasonably request be the subject of such opinion (the "Opinion Collateral") and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to make such lien and security interest effective.

(b) Within 90 days after the beginning of each calendar year, beginning with the first calendar year beginning more than three months after the first day of the Amortization Period, the Issuer shall furnish to the Trustee and the Noteholder an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing,

re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the execution and filing of any financing statements and continuation statements as are necessary to maintain the lien and security interest created by this Indenture in the Receivables and the Opinion Collateral and reciting the details of such action or stating that in the opinion of such counsel no such action is necessary to maintain such lien and security interest. Such Opinion of Counsel shall also describe any action necessary (as of the date of such opinion) to be taken in the following year to maintain the lien and security interest of this Indenture in the Receivables.

SECTION 3.7 PERFORMANCE OF OBLIGATIONS; SERVICING OF RECEIVABLES. The Issuer will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's material covenants or obligations under any instrument or agreement included in the Trust Estate or that would result in the amendment, hypothecation, subordination, termination or discharge of or impair the validity or effectiveness of, any such instrument or agreement, except as ordered by any bankruptcy or other court or as expressly provided in this Indenture, the other Basic Documents or such other instrument or agreement.

(a) The Issuer may contract with other Persons to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to the Trustee in an Officer's Certificate of the Issuer shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Servicer to assist the Issuer in performing its duties under this Indenture.

(b) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the other Basic Documents and in the instruments and agreements included in the Trust Estate, including but not limited to preparing (or causing to be prepared) and filing (or causing to be filed) all UCC financing statements and continuation statements required to be filed by the terms of this Indenture and the Sale and Servicing Agreement in accordance with and within the time periods provided for herein and therein. Except as otherwise expressly provided therein, the Issuer shall not waive, amend, modify, supplement or terminate any Basic Document or any provision thereof without the prior written consent of the Noteholder.

(c) If a responsible officer of the Issuer shall have written notice or actual knowledge of the occurrence of a Servicer Termination Event or Funding Termination Event under the Sale and Servicing Agreement, the Issuer shall promptly notify the Trustee, the Noteholder and the Rating Agencies thereof in accordance with Section 11.4, and shall specify in such notice the action, if any, the Issuer is taking in respect of such default. If a Servicer Termination Event or Funding Termination Event shall arise from the failure of the Servicer to perform any of its duties or obligations under the Sale and Servicing Agreement with respect to the Receivables, the Issuer shall take all reasonable steps available to it to remedy such failure.

(d) The Issuer agrees that it will not waive timely performance or observance by the Servicer or the Seller of their respective duties under the Basic Documents without the prior written consent of the Noteholder.

SECTION 3.8 NEGATIVE COVENANTS. So long as the Note is Outstanding, the Issuer shall not:

(i) except as expressly permitted by this Indenture or the other Basic Documents, sell, transfer, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in the Trust Estate, unless directed to do so by the Noteholder or the Noteholder has approved such disposition;

(ii) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Note (other than amounts properly withheld from such payments under the Code) or assert any claim against any present or former Noteholder by reason of the payment of the taxes levied or assessed upon any part of the Trust Estate; or

(iii) (A) permit the validity or effectiveness of this Indenture to be impaired, or permit the lien in favor of the Trustee created by this Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Note under this Indenture except as may be expressly permitted hereby, (B) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than the lien of this Indenture) to be created on or extend to or otherwise arise upon or burden the Trust Estate or any part thereof or any interest therein or the proceeds thereof (other than tax liens, mechanics' liens and other liens that arise by operation of law, in each case on a Financed Vehicle and arising solely as a result of an action or omission of the related Obligor), (C) permit the lien of this Indenture not to constitute a valid first priority (other than with respect to any such tax, mechanics' or other lien) perfected security interest in the Trust Estate or (D) amend, modify or fail to comply with the provisions of the Basic Documents without the prior written consent of the Noteholder.

SECTION 3.9 ANNUAL STATEMENT AS TO COMPLIANCE. The Issuer will deliver to the Trustee and the Noteholder on or before February 28 of each year, beginning February 28, 2005 an Officer's Certificate, dated as of December 31 of the preceding year, stating, as to the Authorized Officer signing such Officer's Certificate, that:

(i) a review of the activities of the Issuer during the preceding year (or portion of such year from the initial Funding Date through December 31, 2004) and of performance under this Indenture has been made under such Authorized Officer's supervision; and

(ii) to the best of such Authorized Officer's knowledge, based on such review, the Issuer has complied with all conditions and covenants under this Indenture throughout such year and no event has occurred and is continuing which is, or after notice or lapse of time or both would become, an Event of Default, or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to such Authorized Officer and the nature and status thereof.

SECTION 3.10 ISSUER MAY CONSOLIDATE, ETC. ONLY ON CERTAIN TERMS. The Issuer shall not consolidate or merge with or into any other Person, unless

(i) the Person (if other than the Issuer) formed by or surviving such consolidation or merger shall be a Delaware limited liability company and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee and the Noteholder, the due and punctual payment of the principal of and interest on the Note and the performance or observance of every agreement and covenant of this Indenture on the part of the Issuer to be performed or observed, all as provided herein;

(ii) immediately after giving effect to such transaction, no Default, Event of Default, Servicer Termination Event or Funding Termination Event shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have received an Opinion of Counsel (and shall have delivered copies thereof to the Trustee and the Noteholder) to the effect that such transaction will not have any material adverse tax consequence to the Noteholder;

(v) any action as is necessary to maintain the lien and first priority, perfected security interest created by this Indenture shall have been taken;

(vi) the Issuer shall have delivered to the Trustee and the Noteholder an Officer's Certificate and an Opinion of Counsel each stating that such consolidation or merger and such supplemental indenture comply with this SECTION 3.10 and that all conditions precedent herein provided for relating to such transaction have been complied with; and

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

(b) The Issuer shall not convey or transfer all or substantially all of its properties or assets, including those included in the Trust Estate, to any Person, unless

(i) the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is hereby restricted shall (A) be a Delaware business trust, (B) expressly assume, by an indenture supplemental hereto, executed and

delivered to the Trustee, in form satisfactory to the Trustee and the Noteholder, the due and punctual payment of the principal of and interest on the Note and the performance or observance of every agreement and covenant of this Indenture and each of the other Basic Documents on the part of the Issuer to be performed or observed, all as provided herein, (C) expressly agree by means of such supplemental indenture that all right, title and interest so conveyed or transferred shall be subject and subordinate to the rights of the Noteholder, and (D) unless otherwise provided in such supplemental indenture, expressly agree to indemnify, defend and hold harmless the Issuer against and from any loss, liability or expense arising under or related to this Indenture and the Note;

(ii) immediately after giving effect to such transaction, no Default, Event of Default, Servicer Termination Event or Funding Termination Event shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have received an Opinion of Counsel (and shall have delivered copies thereof to the Trustee and the Noteholder) to the effect that such transaction will not have any material adverse tax consequence to the Noteholder;

(v) any action as is necessary to maintain the lien and security interest created by this Indenture shall have been taken;

(vi) the Issuer shall have delivered to the Trustee and the Noteholder an Officers' Certificate and an Opinion of Counsel each stating that such conveyance or transfer and such supplemental indenture comply with this SECTION 3.10 and that all conditions precedent herein provided for relating to such transaction have been complied with; and

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

SECTION 3.11 SUCCESSOR OR TRANSFEREE. Upon any consolidation or merger of the Issuer in accordance with SECTION 3.10(a), the Person formed by or surviving such consolidation or merger (if other than the Issuer) shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein.

(a) Upon a conveyance or transfer of all the assets and properties of the Issuer pursuant to Section 3.10(b), the Issuer will be released from every covenant and agreement of this Indenture to be observed or performed on the part of the Issuer with respect to the Note immediately upon the delivery of written notice to the Trustee and the Noteholder stating that the Issuer is to be so released.

SECTION 3.12 NO OTHER BUSINESS. The Issuer shall not engage in any business other than financing, purchasing, owning, selling and managing the Related Receivables in the manner contemplated by this Indenture and the other Basic Documents and activities incidental thereto. After the Facility Termination Date, the Issuer shall not purchase any additional Receivables.

SECTION 3.13 NO BORROWING. The Issuer shall not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any Indebtedness except for (i) the Note, and (ii) any other Indebtedness permitted by or arising under the Basic Documents. The proceeds of the Note shall be used to fund the Issuer's purchase of the Related Receivables and the other assets specified in the Sale and Servicing Agreement, to fund the Reserve Account up to the Required Reserve Account Amount and to pay the Issuer's organizational, transactional and start-up expenses.

SECTION 3.14 SERVICER'S OBLIGATIONS. The Issuer shall cause the Servicer to comply with Sections 4.9, 4.10, 4.11 and 5.9 of the Sale and Servicing Agreement.

SECTION 3.15 GUARANTEES, LOANS, ADVANCES AND OTHER LIABILITIES. Except as contemplated by the Sale and Servicing Agreement, this Indenture or the other Basic Documents, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

SECTION 3.16 CAPITAL EXPENDITURES. The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

SECTION 3.17 COMPLIANCE WITH LAWS. The Issuer shall comply with the requirements of all applicable laws, the non-compliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Note, this Indenture or any Basic Document.

SECTION 3.18 RESTRICTED PAYMENTS. The Issuer shall not, directly or indirectly, (i) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of a beneficial interest in the Issuer or otherwise with respect to any ownership or equity interest or security in or of the Issuer, (ii) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security or (iii) set aside or otherwise segregate any amounts for any such purpose; provided, however, that the Issuer may make, or cause to be made, distributions to the Trustee and to any owner of a beneficial interest in the Issuer as permitted by, and to the extent funds are available for such purpose from distributions under the Sale and Servicing Agreement. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account and the other Pledged Accounts except in accordance with this Indenture and the Basic Documents.

SECTION 3.19 NOTICE OF EVENTS OF DEFAULT AND FUNDING TERMINATION EVENTS. Upon a responsible officer of the Issuer having notice or actual knowledge thereof, the Issuer agrees to give the Trustee, the Noteholder and the Rating Agencies prompt written notice of each Event of Default hereunder and each Funding Termination Event, Servicer Termination Event or other Default on the part of the Servicer or the Seller of its obligations under the Sale and Servicing Agreement.

SECTION 3.20 FURTHER INSTRUMENTS AND ACTS. Upon request of the Trustee or the Noteholder, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

SECTION 3.21 AMENDMENTS OF SALE AND SERVICING AGREEMENT. The Issuer shall not agree to any amendment to Section 11.1 of the Sale and Servicing Agreement to eliminate the requirements thereunder that the Trustee or the Noteholder consent to amendments thereto as provided therein.

SECTION 3.22 INCOME TAX CHARACTERIZATION. For purposes of federal income tax, state and local income tax, franchise tax and any other income taxes, the Issuer and the Noteholder will treat the Note as indebtedness and hereby instruct the Trustee to treat the Note as indebtedness for all such tax reporting purposes.

SECTION 3.23 SEPARATE EXISTENCE OF THE ISSUER. During the term of the Indenture, the Issuer shall observe the applicable legal requirements for the recognition of the Issuer as a legal entity separate and apart from its Affiliates, including as follows:

(i) the Issuer shall maintain business records and books of account separate from those of its Affiliates;

(ii) except as otherwise provided in the Basic Documents, the Issuer shall not commingle its assets and funds with those of its Affiliates;

(iii) the Issuer shall at all times hold itself out to the public under the Issuer's own name as a legal entity separate and distinct from its Affiliates;

(iv) all transactions and dealings between the Issuer and its Affiliates will be conducted on an arm's-length basis; and

(v) the requirements set forth in the legal opinion delivered by Andrews Kurth LLP dated June 30, 2004 with respect to non-consolidation of the Issuer and its Affiliates.

SECTION 3.24 AMENDMENT OF ISSUER'S ORGANIZATIONAL DOCUMENTS. The Issuer shall not amend its organizational documents except in accordance with the provisions thereof and with the prior written consent of the Noteholder.

SECTION 3.25 OTHER AGREEMENTS. The Issuer shall not enter into any agreement that does not contain non-petition or limited recourse language with respect to the Issuer.

SECTION 3.26 RULE 144A INFORMATION. At any time when the Issuer is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, upon the request of the Noteholder, the Issuer shall promptly furnish to such Noteholder or to a prospective purchaser of the Note designated by the Noteholder, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act ("Rule 144A Information") in order to permit compliance by such Noteholder with Rule 144A in connection with the resale of the Note by the Noteholder; provided, however, that the Issuer shall not be required to furnish Rule 144A Information in connection with any request made on or after the date which is three years from the later of (i) the date the Note (or any predecessor Note) was acquired from the Issuer or (ii) the date the Note (or any predecessor Note) was last acquired from an "affiliate" of the Issuer within the meaning of Rule 144 under the Securities Act; and provided further that the Issuer shall not be required to furnish such information at any time to a prospective purchaser located outside of the United States who is not a "United States Person" within the meaning of Regulation S under the Securities Act if such Note may then be sold to such prospective purchaser in accordance with Rule 904 under the Securities Act (or any successor provision thereto).

SECTION 3.27 CHANGE OF CONTROL. CPS will and shall at all times be the legal and beneficial owner of all of the issued and outstanding membership interests of the Issuer.

ARTICLE IV

SATISFACTION AND DISCHARGE

SECTION 4.1 SATISFACTION AND DISCHARGE OF INDENTURE. This Indenture shall cease to be of further effect with respect to the Note except as to (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Note, (iii) rights of the Noteholder to receive payments of principal thereof and interest thereon, (iv) SECTIONS 3.3, 3.4, 3.5, 3.6, 3.8, 3.10, 3.11, 3.18, 3.19, 3.20, 3.21, 3.23, 3.24 and 11.17, (v) the rights, obligations and immunities of the Trustee hereunder (including the rights of the Trustee under SECTION 6.7 and the obligations of the Trustee under SECTION 4.2) and (vi) the rights of the Noteholder as beneficiary hereof with respect to the property so deposited with the Trustee payable to all or any of them, and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Note, when:

(a) the Note theretofore authenticated and delivered (other than (i) a Note that has been destroyed, lost or stolen and that has been replaced or paid as provided in Section 2.6 and (ii) a Note for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 3.3) has been delivered to the Trustee for cancellation;

(b) the Issuer has paid or caused to be paid all Secured Obligations; and

(c) the Issuer has delivered to the Trustee and the Noteholder an Officer's Certificate meeting the applicable requirements of Section 11.1(a) and stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

SECTION 4.2 APPLICATION OF TRUST MONEY. All moneys deposited with the Trustee pursuant to SECTION 4.1 or SECTION 4.3 hereof shall be held in trust and applied by it, in accordance with the provisions of the Note and this Indenture, to the payment, either directly or through the Note Paying Agent, as the Trustee may determine, to the Noteholder for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest; but such moneys need not be segregated from other funds except to the extent required herein, in the Sale and Servicing Agreement or in the other Basic Documents or required by law. Any funds remaining with the Trustee or on deposit in the Pledged Accounts shall be remitted to the Issuer upon satisfaction by the Issuer of its obligations hereunder and under the Basic Documents, including without limitation, those under SECTION 4.1(c).

SECTION 4.3 REPAYMENT OF MONEYS HELD BY NOTE PAYING AGENT. In connection with the satisfaction and discharge of this Indenture with respect to the Note, all moneys then held by the Note Paying Agent other than the Trustee under the provisions of this Indenture with respect to the Note shall, upon demand of the Issuer, be remitted to the Trustee to be held and applied according to SECTION 4.2 and thereupon the Note Paying Agent shall be released from all further liability with respect to such moneys.

ARTICLE V

REMEDIES

SECTION 5.1 EVENTS OF DEFAULT.

(a) "EVENT OF DEFAULT", wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) default in the payment of any interest on the Note or any other amount (except principal) due with respect to the Note when the same becomes due and payable (solely for purposes of this clause, a payment on the Note funded from amounts on deposit in the Reserve Account shall be deemed to be a payment made by the Issuer), which default continues for a period of two (2) days;

(ii) default in the payment of the principal of or any installment of the principal of the Note when the same becomes due and payable (solely for purposes of this clause, a payment on the Note funded from amounts on deposit in the Reserve Account shall be deemed to be a payment made by the Issuer);

(iii) default in the observance or performance of any covenant or agreement of the Issuer, the Seller or the Servicer made in any Basic Document (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section specifically dealt with and other than the failure by the Seller or the Servicer to repurchase any Receivable in accordance with the terms of the Sale and Servicing Agreement), or any representation or warranty of the Issuer, the Seller or the Servicer made in any Basic Document or in any certificate or other writing delivered pursuant to any Basic Document or in connection therewith (including any Servicer's Certificate or any Borrowing Base Certificate) proving to have been incorrect in any material respect as of the time when the same shall have been made or deemed to have been made, and such default shall continue or not be cured within 30 days from written notice by the Noteholder, or the circumstance or condition in respect of which such misrepresentation or warranty was incorrect shall not have been eliminated or otherwise cured within 30 days from written notice by the Noteholder; provided that no breach shall be deemed to occur hereunder in respect of any representation or warranty relating to eligibility of any Receivable on the Closing Date or any related Funding Date to the extent the Seller has repurchased such Receivable in accordance with the provisions of the Sale and Servicing Agreement;

(iv) the failure by the Seller or the Servicer to repurchase any Receivable in accordance with the terms of the Sale and Servicing Agreement;

(v) an Insolvency Event with respect to the Issuer, the Seller or the Servicer shall have occurred;

(vi) a Borrowing Base Deficiency shall exist and not be cured within two (2) Business Days;

(vii) the Internal Revenue Service shall file notice of a Lien pursuant to Section 6323 of the Code with regard to any assets of the Issuer or any material portion of the assets of the Seller and such Lien shall not have been released within 30 days, or the Pension Benefit Guaranty Corporation shall file notice of a Lien pursuant to Section 4068 of ERISA with regard to any of the assets of the Issuer or the Seller and such Lien shall not have been released within 30 days;

(viii) (a) any Basic Document or any Lien granted thereunder by the Issuer or the Seller shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the Issuer or the Seller; or (b) the Issuer or the Seller or any other party shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability of any Basic Document; or (c) any Lien securing the payment of the Note shall, in whole or in part, not be or cease to be a perfected first priority security interest against the Issuer;

(ix) a Servicer Termination Event shall have occurred;

(x) the Issuer or the Seller shall fail to pay any principal of or premium or interest on any indebtedness having a principal amount of $250,000 or $1,000,000, respectively, or greater when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness; or any other default under any agreement or instrument relating to any such indebtedness of the Issuer or the Seller, as applicable, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such indebtedness; or any such indebtedness shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such indebtedness shall be required to be made, in each case, prior to the stated maturity thereof;

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

(xii) a Change of Control or a Material Adverse Change (in the reasonable opinion of the Noteholder) shall have occurred with respect to the Issuer or the Seller;

(xiii) the Seller fails to maintain (a) minimum Consolidated Total Adjusted Equity of $75,000,000, (b) maximum leverage (total liabilities less all non-recourse debt/Consolidated Total Adjusted Equity) of six times, and (c) minimum unrestricted cash at any month end of $8.5 million;

(xiv) the Issuer shall become an investment company required to be registered under the Investment Company Act; or

(xv) any final judgment or ruling shall have been rendered against, or any settlement entered into by, the Seller or any subsidiary thereof, excluding the Issuer, which judgment, ruling or settlement exceeds, in the aggregate, $6,000,000 or any final judgment or ruling shall have been rendered against the Issuer; provided, in either case, that such final judgment, ruling or settlement shall have remained unpaid, and enforcement thereof shall have remained unstayed and unbonded, for a period in excess of 30 days from the date of entry of such judgment or ruling or the date of effectiveness of such settlement.

(b) The Issuer shall deliver to the Trustee and the Noteholder, within two days after the occurrence thereof, written notice in the form of an Officer's Certificate of any Event of Default which has occurred or any event which either with the giving of notice or the lapse of time, or both, would become an Event of Default under CLAUSE (iii), its status and what action the Issuer is taking or proposes to take with respect thereto.

(c) After the earlier of the receipt of notice by the Trustee and the date of actual knowledge by a Responsible Officer of the Trustee of the occurrence of any Default or Event of Default hereunder, the Trustee shall give prompt written notice to the Noteholder of each such Default or Event of Default hereunder so known to the Trustee.

SECTION 5.2 RIGHTS UPON EVENT OF DEFAULT. If an Event of Default or a Funding Termination Event specified in clauses (i) through (iii) of the definition thereof shall have occurred and be continuing, the Noteholder may, and with respect to an Event of Default pursuant to Section 5.1(a)(v) hereof, the Noteholder shall declare the Note to be immediately due and payable at par, together with accrued interest thereon. In addition, if an Event of Default shall have occurred and be continuing, the Noteholder may exercise any of the remedies specified in SECTION 5.4.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article V provided, the Noteholder may, by written notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if the Issuer has paid or deposited with the Trustee a sum sufficient to pay:

(i) all payments of principal of and interest on the Note and all other amounts that would then be due hereunder or upon the Note if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel; and

(iii) all Events of Default, other than the nonpayment of the principal of the Note that has become due solely by such acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

SECTION 5.3 COLLECTION OF INDEBTEDNESS AND SUITS FOR ENFORCEMENT BY TRUSTEE.

(a) The Issuer covenants that if (i) default is made in the payment of any interest on, or principal of, the Note when the same becomes due and payable, the Issuer will, upon demand of the Trustee, pay to it, for the benefit of the Noteholder, the whole amount then due and payable on the Note for principal and interest, with interest upon the overdue principal, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the Note Interest Rate and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel.

(b) If an Event of Default occurs and is continuing, the Trustee may in its discretion subject to the prior written consent of the Noteholder and shall, at the direction of the Noteholder, proceed to protect and enforce its rights and the rights of the Noteholder by such appropriate Proceedings as the Trustee or the Noteholder shall deem most effective to protect and enforce any such

rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Trustee by this Indenture or by law.

(c) [RESERVED].

(d) In case there shall be pending, relative to the Issuer or any other obligor upon the Note or any Person having or claiming an ownership interest in the Trust Estate, proceedings under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor or Person, or in case of any other comparable judicial proceedings relative to the Issuer or other obligor upon the Note, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal of the Note shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Note and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence, bad faith or willful misconduct) and of the Noteholder allowed in such proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Noteholder in any election of a trustee, a standby trustee or person performing similar functions in any such proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Noteholder and of the Trustee on their behalf; and

(iv) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee or the Noteholder allowed in any judicial proceedings relative to the Issuer, its creditors and its property;

and any trustee, receiver, liquidator, custodian or other similar official in any such proceeding is hereby authorized by the Noteholder to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the Noteholder, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith.

(e) Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of the Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Note or the rights of the Noteholder or to authorize the Trustee to vote in respect of the claim of the Noteholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

(f) All rights of action and of asserting claims under this Indenture or under the Note, may be enforced by the Trustee without the possession of the Note or the production thereof in any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the benefit of the Noteholder.

(g) In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture or any other Basic Document), the Trustee shall be held to represent the Noteholder, and it shall not be necessary to make the Noteholder a party to any such proceedings.

SECTION 5.4 REMEDIES. If an Event of Default shall have occurred and be continuing, the Noteholder may do one or more of the following (subject to SECTION 5.5):

(i) institute or direct the Trustee to institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Note or under this Indenture with respect thereto, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer and any other obligor upon the Note moneys adjudged due;

(ii) institute or direct the Trustee to institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Trust Estate;

(iii) exercise or direct the Trustee to exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the rights and remedies of the Trustee and the Issuer Secured Parties; and

(iv) sell or direct the Trustee to sell the Trust Estate or any portion thereof or rights or interest therein, at one or more public or private sales (including, without limitation, the sale of the Collateral in connection with a securitization thereof) called and conducted in any manner permitted by law.

SECTION 5.5 OPTIONAL PRESERVATION OF THE RECEIVABLES. If the Note has been declared to be due and payable under SECTION 5.2 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Trustee may, but need not, elect to maintain possession of the Trust Estate. It is the desire of the parties hereto and the Noteholder that there be at all times sufficient funds for the payment of principal of and

interest on the Note, and the Trustee shall take such desire into account when determining whether or not to maintain possession of the Trust Estate. In determining whether to maintain possession of the Trust Estate, the Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Trust Estate for such purpose.

SECTION 5.6 PRIORITIES.

(a) Following the acceleration of the Note pursuant to SECTION 5.2, the Available Funds, together with any other amounts on deposit in the Pledged Accounts, including any money or property collected pursuant to SECTION 5.4 of this Indenture shall be applied by the Trustee on the related Settlement Date in the order of priority specified in Section 5.7 of the Sale and Servicing Agreement.

(b) The Trustee may fix a record date and Settlement Date for any payment to Noteholder pursuant to this Section. At least 15 days before such record date the Issuer shall mail to the Noteholder and the Trustee a notice that states such record date, the Settlement Date and the amount to be paid.

SECTION 5.7 LIMITATION OF SUITS. Unless the Note shall be held by the initial Holder or an affiliate thereof, no Holder of the Note shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(i) the Holder has previously given written notice to the Trustee of a continuing Event of Default;

(ii) the Holder of the Note has made a written request to the Trustee to institute such proceeding in respect of such Event of Default in its own name as Trustee hereunder;

(iii) the Holder has offered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request; and

(iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such proceedings;

it being understood and intended that no Holder of the Note shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder of the Note or to obtain or to seek to obtain priority or preference over any other Holder or to enforce any right under this Indenture, except in the manner herein provided and it being understood that if the Note is held by the initial Holder or an affiliate thereof, the Holder may directly institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy.

SECTION 5.8 UNCONDITIONAL RIGHTS OF THE NOTEHOLDER TO RECEIVE PRINCIPAL AND INTEREST. Notwithstanding any other provisions of this Indenture, the Noteholder shall have the right, which is absolute and unconditional, to receive payment of the principal of and interest, if any, on the Note on or after the respective due dates thereof expressed in the Note or in this Indenture and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of the Noteholder.

SECTION 5.9 RESTORATION OF RIGHTS AND REMEDIES. If the Noteholder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to the Noteholder, then and in every such case the Issuer, the Trustee and the Noteholder shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Noteholder shall continue as though no such proceeding had been instituted.

SECTION 5.10 RIGHTS AND REMEDIES CUMULATIVE. No right or remedy herein conferred upon or reserved to the Noteholder is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.11 DELAY OR OMISSION NOT A WAIVER. No delay or omission of the Noteholder to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Trustee or to the Noteholder may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Noteholder, as the case may be.

SECTION 5.12 [RESERVED].

SECTION 5.13 WAIVER OF PAST DEFAULTS. Prior to the declaration of the acceleration of the maturity of the Note as provided in SECTION 5.2, the Noteholder may waive any past Default or Event of Default and its consequences except a Default or Event of Default (i) in payment of principal of or interest on the Note or (ii) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of the Noteholder. In the case of any such waiver, the Issuer, the Trustee and the Noteholder shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Upon any such waiver, such Default or Event of Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

SECTION 5.14 UNDERTAKING FOR COSTS. All parties to this Indenture agree, and the Noteholder by its acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to (a) any suit instituted by the Trustee, (b) any suit instituted by the Noteholder holding in the aggregate more than 10% of the Invested Amount of the Note or (c) any suit instituted by the Noteholder for the enforcement of the payment of principal of or interest on the Note on or after the respective due dates expressed in the Note and in this Indenture.

SECTION 5.15 WAIVER OF STAY OR EXTENSION LAWS. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power and any right of the Issuer to take such action shall be suspended.

SECTION 5.16 SALE OF TRUST ESTATE.

(a) To the extent permitted by applicable law, the Trustee shall not in any private sale sell to a third party the Trust Estate, or any portion thereof unless,

(i) the Noteholder consents to or directs the Trustee in writing to make such sale; or

(ii) the proceeds of such sale would be not less than the sum of all amounts due on the entire unpaid principal amount of the Note and interest due or to become due thereon in accordance with Section 5.6 hereof on the Settlement Date next succeeding the date of such sale.

(b) For any public sale of the Trust Estate, the Trustee shall have provided the Noteholder with notice of such sale at least two weeks in advance of such sale which notice shall specify the date, time and location of such sale.

(c) In connection with a sale of all or any portion of the Trust Estate:

(i) the Noteholder may bid for and purchase the property offered for sale, and may hold, retain, possess and dispose of such property, without further accountability, and the Noteholder may, in paying the purchase money therefor, deliver in lieu of cash any Outstanding Note or claims for interest thereon for credit in the amount that shall, upon distribution of the net proceeds of such sale, be payable thereon, and the Note, in case the amounts so payable thereon shall be less than the amount due thereon, shall be returned to the Noteholder after being appropriately stamped to show such partial payment;

(ii) the Trustee shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Trust Estate in connection with a sale thereof; and

(iii) the Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey its interest in any portion of the Trust Estate in connection with a sale thereof, and to take all action necessary to effect such sale.

(d) The method, manner, time, place and terms of any sale of all or any portion of the Trust Estate shall be commercially reasonable.

ARTICLE VI

THE TRUSTEE

SECTION 6.1 DUTIES OF TRUSTEE. If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and the other Basic Documents and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(a) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and each of the other Basic Documents to which it is a party and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; however, the Trustee shall examine the certificates and opinions to determine whether or not they conform on their face to the requirements of this Indenture.

(b) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 5.12.

(c) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer.

(d) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law or the terms of this Indenture or the Sale and Servicing Agreement.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

(g) The Trustee shall permit any representative of the Noteholder, during the Trustee's normal business hours, to examine all books of account, records, reports and other papers of the Trustee relating to the Note, to make copies and extracts therefrom and to discuss the Trustee's affairs and actions, as such affairs and actions relate to the Trustee's duties with respect to the Note, with the Trustee's officers and employees responsible for carrying out the Trustee's duties with respect to the Note.

(h) The Trustee shall, and hereby agrees that it will, perform all of the obligations and duties required of it under the Sale and Servicing Agreement.

(i) Except for actions expressly authorized by this Indenture, the Trustee shall take no action reasonably likely to impair the security interests created or existing under any Receivable or Financed Vehicle or to impair the value of any Receivable or Financed Vehicle.

(j) All information obtained by the Trustee regarding the Obligors and the Receivables, whether upon the exercise of its rights under this Indenture or otherwise, shall be maintained by the Trustee in confidence and shall not be disclosed to any other Person, other than the Trustee's attorneys, accountants and agents unless such disclosure is required by this Indenture or any applicable law or regulation.

SECTION 6.2 RIGHTS OF TRUSTEE. Subject to Sections 6.1 and this Section 6.2, the Trustee shall be protected and shall incur no liability to the Issuer or the Noteholder in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness of any notice, demand, certificate, signature, instrument or other document reasonably believed by the Trustee to be genuine and to have been duly executed by the appropriate signatory, and, except to the extent the Trustee has actual knowledge to the contrary or as required pursuant to Section 6.1 the Trustee shall not be required to make any independent investigation with respect thereto.

(a) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate. Subject to Section 6.1(c), the Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officer's Certificate.

(b) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of the Servicer, the Backup Servicer or any other such agent, attorney, custodian or nominee appointed with due care by it hereunder.

(c) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Trustee's conduct does not constitute willful misconduct, negligence or bad faith.

(d) The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Note shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(e) The Trustee shall be under no obligation to institute, conduct or defend any litigation under this Indenture or in relation to this Indenture, at the request, order or direction of the Noteholder, pursuant to the provisions of this Indenture, unless the Noteholder shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby; provided, however, that the Trustee shall, upon the occurrence of an Event of Default (that has not been cured), exercise the rights and powers vested in it by this Indenture in accordance with Section 6.1.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document, unless requested in writing to do so by the Noteholder; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture or the Sale and Servicing Agreement, the Trustee may require reasonable indemnity against such cost, expense or liability as a condition to so proceeding; the reasonable expense of every such examination shall be paid by the Person making such request, or, if paid by the Trustee, shall be reimbursed by the Person making such request upon demand.

SECTION 6.3 INDIVIDUAL RIGHTS OF TRUSTEE. The Trustee in its individual or any other capacity may become the owner or pledgee of the Note and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not the Trustee. Any Note Paying Agent, Note Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Section 6.11.

SECTION 6.4 TRUSTEE'S DISCLAIMER. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Trust Estate, the Collateral or the Note, it shall not be accountable for the Issuer's use of the proceeds from the Note, and it shall not

be responsible for any statement of the Issuer in the Indenture or in any document issued in connection with the sale of the Note or in the Note other than the Trustee's certificate of authentication.

SECTION 6.5 NOTICE OF DEFAULTS. If an Event of Default occurs and is continuing and if it is either known by, or written notice of the existence thereof has been delivered to, a Responsible Officer of the Trustee, the Trustee shall mail to the Noteholder notice of the Default within three (3) Business Days after such knowledge or notice occurs. Except in the case of a Default in payment of principal of or interest on the Note (including payments pursuant to the mandatory redemption provisions of the Note, if any), the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Noteholder.

SECTION 6.6 REPORTS BY TRUSTEE TO THE NOTEHOLDER. The Trustee shall on behalf of the Issuer deliver to the Noteholder such information as may be reasonably required to enable such Holder to prepare its Federal and state income tax returns.

SECTION 6.7 COMPENSATION AND INDEMNITY. Pursuant to Section 5.7 of the Sale and Servicing Agreement, the Issuer shall pay to the Trustee from time to time compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee, pursuant to Section 5.7 of the Sale and Servicing Agreement, for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. The Issuer shall or shall cause the Servicer to indemnify the Trustee against any and all loss, liability or expense incurred by the Trustee without willful misfeasance, negligence or bad faith on its part arising out of or in connection with the acceptance or the administration of this trust and the performance of its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection therewith. The Trustee shall notify the Issuer and the Servicer promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Issuer and the Servicer shall not relieve the Issuer of its obligations hereunder or the Servicer of its obligations under Article XII of the Sale and Servicing Agreement. The Trustee may have separate counsel and the Issuer shall or shall cause the Servicer to pay the reasonable fees and expenses of such counsel. Neither the Issuer nor the Servicer need reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own willful misconduct, negligence or bad faith.

(a) The Issuer's payment obligations to the Trustee pursuant to this Section shall survive the discharge of this Indenture. When the Trustee incurs expenses after the occurrence of a Default specified in Section 5.1(a)(v) with respect to the Issuer, the expenses are intended to constitute expenses of administration under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or similar law. Notwithstanding anything else set forth in this Indenture or the other Basic Documents, the recourse of the Trustee hereunder and under the other Basic Documents shall be to the Trust Estate only and specifically shall not be recourse to the other assets of the Issuer or the assets of the Noteholder.

SECTION 6.8 REPLACEMENT OF TRUSTEE. The Issuer may, with the consent of the Noteholder, and at the request of the Noteholder, shall remove the Trustee if:

(i) the Trustee fails to comply with Section 6.11 or the Trustee fails to perform any other material covenant or agreement of the Trustee set forth in the Basic Documents to which the Trustee is a party and such failure continues for 45 days after written notice of such failure from the Noteholder;

(ii) an Insolvency Event with respect to the Trustee occurs; or

(iii) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuer shall promptly appoint a successor Trustee acceptable to the Noteholder. If the Issuer fails to appoint such a successor Trustee, the Noteholder may appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee, the Noteholder and the Issuer, whereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the retiring Trustee under this Indenture, subject to satisfaction of the Rating Agency Condition. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer or the Noteholder may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Any resignation or removal of the Trustee and appointment of a successor Trustee pursuant to any of the provisions of this Section shall not become effective until acceptance of appointment by the successor Trustee pursuant to SECTION 6.8.

Notwithstanding the replacement of the Trustee pursuant to this Section, the Issuer's and the Servicer's obligations under Section 6.7 shall continue for the benefit of the retiring Trustee.

SECTION 6.9 SUCCESSOR TRUSTEE BY MERGER. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee. The Trustee shall provide the Rating Agencies and the Noteholder prior written notice of any such transaction.

(a) In case at the time such successor or successors to the Trustee by merger, conversion or consolidation shall succeed to the trusts created by this Indenture the Note shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver the Note so authenticated; and in case at that time the Note shall not have been authenticated, any successor to the Trustee

may authenticate the Note either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Note or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 6.10 APPOINTMENT OF CO-TRUSTEE OR SEPARATE TRUSTEE. Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee with the consent of the Noteholder shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Trust Estate, and to vest in such Person or Persons, in such capacity and for the benefit of the Noteholder, such title to the Trust Estate, or any part thereof, and, subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to the Noteholder of the appointment of any co-trustee or separate trustee shall be required under Section 6.8 hereof.

(a) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, including acts or omissions of predecessor or successor trustees; and

(iii) the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(b) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee.

(c) Any separate trustee or co-trustee may at any time constitute the Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, dissolve, become insolvent, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall invest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

SECTION 6.11 ELIGIBILITY: DISQUALIFICATION. The Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition and subject to supervision or examination by federal or state authorities; and having a rating, both with respect to long-term and short-term unsecured obligations, of not less than investment grade by the Rating Agencies. The Trustee shall provide copies of such reports to the Noteholder upon request.

SECTION 6.12 [RESERVED].

SECTION 6.13 APPOINTMENT AND POWERS. Subject to the terms and conditions hereof, the Noteholder hereby appoints Wells Fargo Bank, National Association as the Trustee with respect to the Collateral, and Wells Fargo Bank, National Association hereby accepts such appointment and agrees to act as Trustee with respect to the Collateral for the Noteholder, to maintain custody and possession of such Collateral (except as otherwise provided hereunder) and to perform the other duties of the Trustee in accordance with the provisions of this Indenture and the other Basic Documents. The Noteholder hereby authorizes the Trustee to take such action on its behalf, and to exercise such rights, remedies, powers and privileges hereunder, as the Noteholder may direct and as are specifically authorized to be exercised by the Trustee by the terms hereof, together with such actions, rights, remedies, powers and privileges as are reasonably incidental thereto. The Trustee shall act upon and in compliance with the written instructions of the Noteholder delivered pursuant to this Indenture promptly following receipt of such written instructions; provided that the Trustee shall not act in accordance with any instructions (i) which are not authorized by, or in violation of the provisions of, this Indenture, (ii) which are in violation of any applicable law, rule or regulation or (iii) for which the Trustee has not received reasonable indemnity. Receipt of such instructions shall not be a condition to the exercise by the Trustee of its express duties hereunder, except where this Indenture provides that the Trustee is permitted to act only following and in accordance with such instructions.

SECTION 6.14 PERFORMANCE OF DUTIES. The Trustee shall have no duties or responsibilities except those expressly set forth in this Indenture and the other Basic Documents to which the Trustee is a party or as directed by the Noteholder in accordance with this Indenture. The Trustee shall not be required to take any discretionary actions hereunder except at the written direction of the Noteholder and as provided in Section 5.12. The Trustee shall, and hereby agrees that it will, perform all of the duties and obligations required of it under the Sale and Servicing Agreement.

SECTION 6.15 LIMITATION ON LIABILITY. Neither the Trustee nor any of its directors, officers or employees shall be liable for any action taken or omitted to be taken by it or them in good faith hereunder, or in connection herewith, except that the Trustee shall be liable for its negligence, bad faith or willful misconduct. Notwithstanding any term or provision of this Indenture, the Trustee shall incur no liability to the Issuer or the Noteholder for any action taken or omitted by the Trustee in connection with the Collateral, except for the negligence, bad faith or willful misconduct on the part of the Trustee, and, further, shall incur no liability to the Noteholder except for negligence, bad faith or willful misconduct in carrying out its duties to the Noteholder. The Trustee shall at all times be free independently to establish to its reasonable satisfaction, but shall have no duty to independently verify, the existence or nonexistence of facts that are a condition to the exercise or enforcement of any right or remedy hereunder or under any of the Basic Documents. The Trustee may consult with counsel, and shall not be liable for any action taken or omitted to be taken by it hereunder in good faith and in accordance with the written advice of such counsel. The Trustee shall not be under any obligation to exercise any of the remedial rights or powers vested in it by this Indenture or to follow any direction from the Noteholder unless it shall have received reasonable security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it.

SECTION 6.16 [RESERVED].

SECTION 6.17 SUCCESSOR TRUSTEE.

(a) MERGER. Any Person into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any Person resulting from any such conversion, merger, consolidation, sale or transfer to which the Trustee is a party, shall (provided it is otherwise qualified to serve as the Trustee hereunder) be and become a successor Trustee hereunder and be vested with all of the title to and interest in the Collateral and all of the trusts, powers, descriptions, immunities, privileges and other matters as was its predecessor without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, except to the extent, if any, that any such action is necessary to perfect, or continue the perfection of, the security interest of the Noteholder in the Collateral; provided that any such successor shall also be the successor Trustee under SECTION 6.9.

(b) REMOVAL. The Trustee may be removed by the Noteholder at any time, with or without cause, by an instrument or concurrent instruments in writing delivered to the Trustee and the Issuer. A temporary successor may be removed at any time to allow a successor Trustee to be appointed pursuant to subsection (c) below. Any removal pursuant to the provisions of this subsection (b) shall take effect only upon the date which is the latest of (i) the effective date of the appointment of a successor Trustee and the acceptance in writing by such successor Trustee of such appointment and of its obligation to perform its duties hereunder in accordance with the provisions hereof, and (ii) receipt by the Noteholder of an Opinion of Counsel to the effect described in Section 3.4.

(c) ACCEPTANCE BY SUCCESSOR. The Noteholder shall have the sole right to appoint each successor Trustee. Every temporary or permanent successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Trustee, the Noteholder and the Issuer an instrument in writing accepting such appointment hereunder and the relevant predecessor shall execute, acknowledge and deliver such other documents and instruments as will effectuate the delivery of all Collateral to the successor Trustee, whereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, duties and obligations of its predecessor. Such predecessor shall, nevertheless, on the written request of the Noteholder or the Issuer, execute and deliver an instrument transferring to such successor all the estates, properties, rights and powers of such predecessor hereunder. In the event that any instrument in writing from the Issuer or the Noteholder is reasonably required by a successor Trustee to more fully and certainly vest in such successor the estates, properties, rights, powers, duties and obligations vested or intended to be vested hereunder in the Trustee, any and all such written instruments shall at the request of the temporary or permanent successor Trustee, be forthwith executed, acknowledged and delivered by the Trustee or the Issuer, as the case may be. The designation of any successor Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for herein, shall be maintained with the records relating to the Collateral and, to the extent required by applicable law, filed or recorded by the successor Trustee in each place where such filing or recording is necessary to effect the transfer of the Collateral to the successor Trustee or to protect or continue the perfection of the security interests granted hereunder.

SECTION 6.18 [RESERVED].

SECTION 6.19 REPRESENTATIONS AND WARRANTIES OF THE TRUSTEE. The Trustee represents and warrants to the Issuer and to the Noteholder as follows:

(a) The Trustee is a national banking association, duly organized, validly existing and in good standing under the laws of the United States and is duly authorized and licensed under applicable law to conduct its business as presently conducted.

(b) The Trustee has all requisite right, power and authority to execute and deliver this Indenture and to perform all of its duties as Trustee hereunder.

(c) The execution and delivery by the Trustee of this Indenture and the other Basic Documents to which it is a party, and the performance by the Trustee of its duties hereunder and thereunder, have been duly authorized by all necessary corporate proceedings and no further approvals or filings, including any governmental approvals, are required for the valid execution and delivery by the Trustee, or the performance by the Trustee, of this Indenture and such other Basic Documents.

(d) The Trustee has duly executed and delivered this Indenture and each other Basic Document to which it is a party, and each of this Indenture and each such other Basic Document constitutes the legal, valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms,

except as (i) such enforceability may be limited by bankruptcy, insolvency, reorganization and similar laws relating to or affecting the enforcement of creditors' rights generally and (ii) the availability of equitable remedies may be limited by equitable principles of general applicability.

SECTION 6.20 WAIVER OF SETOFFS. The Trustee hereby expressly waives any and all rights of setoff that the Trustee may otherwise at any time have under applicable law with respect to any Pledged Account and agrees that amounts in the Pledged Accounts shall at all times be held and applied solely in accordance with the provisions hereof.

SECTION 6.21 CONTROL BY THE NOTEHOLDER. The Trustee shall comply with notices and instructions given by the Issuer only if accompanied by the written consent of the Noteholder, except that if any Event of Default shall have occurred and be continuing, the Trustee shall act upon and comply with notices and instructions given by the Noteholder alone in the place and stead of the Issuer.

ARTICLE VII

[RESERVED]

ARTICLE VIII

COLLECTION OF MONEY AND RELEASES OF TRUST ESTATE

SECTION 8.1 COLLECTION OF MONEY. Except as otherwise expressly provided herein, the Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Trustee pursuant to this Indenture and the Sale and Servicing Agreement. The Trustee shall apply all such money received by it as provided in this Indenture and the Sale and Servicing Agreement. Except as otherwise expressly provided in this Indenture or in the Sale and Servicing Agreement, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Trust Estate, the Trustee may take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V.

SECTION 8.2 RELEASE OF TRUST ESTATE. Subject to the payment of its fees and expenses pursuant to Section 6.7, the Trustee may, and when required by the provisions of this Indenture shall, execute instruments to release property from the lien of this Indenture, in a manner and under circumstances that are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Trustee as provided in this Article VIII shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(a) The Trustee shall, at such time as there is no Note outstanding and all sums due the Trustee pursuant to Section 6.7 have been paid, release any remaining portion of the Trust Estate that secured the Note from the lien of this Indenture and release to the Issuer or any other Person entitled thereto any funds then on deposit in the Pledged Accounts. The Trustee shall release property from the lien of this Indenture pursuant to this Section 8.2(b) only upon receipt of an Issuer Request accompanied by an Officer's Certificate, a copy of each of which shall also be delivered to the Noteholder.

(b) OPINION OF COUNSEL. The Trustee shall receive at least seven days' notice when requested by the Issuer to take any action pursuant to Section 8.2(a), accompanied by copies of any instruments involved, and the Trustee shall also require as a condition to such action, an Opinion of Counsel in form and substance satisfactory to the Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely affect the security for the Note or the rights of the Noteholder in contravention of the provisions of this Indenture; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Trust Estate. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Trustee in connection with any such action.

ARTICLE IX

SUPPLEMENTAL INDENTURES

With the prior written consent of the Noteholder and with prior notice to the Rating Agencies by the Issuer, as evidenced to the Trustee, the Issuer and the Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Note contained;

(iii) to add to the covenants of the Issuer, for the benefit of the Noteholder, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture which may be inconsistent with any other provision herein or in any supplemental indenture or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided that such action shall not adversely affect the interests of the Noteholder; or

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Note and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI.

The Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) The Issuer and the Trustee, when authorized by an Issuer Order, may, also with the consent of the Noteholder, and with prior notice to the Rating Agencies by the Issuer, as evidenced to the Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holder of the Note under this Indenture; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of the Noteholder.

SECTION 9.2 SUPPLEMENTAL INDENTURES WITH CONSENT OF THE NOTEHOLDER. The Issuer and the Trustee, when authorized by an Issuer Order, also may, with prior written notice to the Rating Agencies, with the prior written consent of the Noteholder, enter into an indenture or indentures supplemental hereto for any purpose; provided, however, that, no such supplemental indenture shall, without the prior written consent of the Noteholder:

(i) change the date of payment of any installment of principal of or interest on the Note, or reduce the principal amount thereof, the interest rate thereon, change the provision of this Indenture relating to the application of collections on, or the proceeds of the sale of, the Trust Estate to payment of principal of or interest on the Note, or change any place of payment where, or the coin or currency in which, the Note or the interest thereon is payable;

(ii) impair the right to institute suit for the enforcement of the provisions of this Indenture requiring the application of funds available therefor, as provided in Article V, to the payment of any such amount due on the Note on or after the respective due dates thereof;

(iii) reduce the percentage of the Invested Amount of the Note, the consent of the Holder of which is required for any such supplemental indenture, or the consent of the Holder of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(iv) modify or alter the provisions of the proviso to the definition of the term "OUTSTANDING";

(v) reduce the percentage of the Invested Amount of the Note required to direct the Trustee to direct the Issuer to sell or liquidate the Trust Estate pursuant to Section 5.4;

(vi) modify any provision of this Section except to increase any percentage specified herein or to provide that certain additional provisions of this Indenture or the other Basic Documents cannot be modified or waived without the consent of the Noteholder;

(vii) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount of any payment of interest or principal due on the Note on any Settlement Date (including the calculation of any of the individual components of such calculation) or to affect the rights of the Noteholder to the benefit of any provisions for the mandatory redemption of the Note contained herein; or

(viii) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any part of the Trust Estate or, except as otherwise permitted or contemplated herein or in any of the Basic Documents, terminate the lien of this Indenture on any property at any time subject hereto or deprive the Noteholder of the security provided by the lien of this Indenture.

(b) Unless otherwise specified by the Noteholder, the Trustee may determine whether or not the Note would be affected by any supplemental indenture and any such determination shall be conclusive upon the Noteholder, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

(c) Unless otherwise specified by the Noteholder, it shall not be necessary for any Act of the Noteholder under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

(d) Promptly after the execution by the Issuer and the Trustee of any supplemental indenture pursuant to this Section, the Trustee shall mail to the Noteholder a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.3 EXECUTION OF SUPPLEMENTAL INDENTURES. In executing, or permitting the additional trusts created by, any supplemental indenture permitted by this Article IX or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and subject to Sections 6.1 and 6.2, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise.

SECTION 9.4 EFFECT OF SUPPLEMENTAL INDENTURE. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Trustee, the Issuer and the Noteholder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

ARTICLE X

REPAYMENT AND PREPAYMENT OF NOTE

SECTION 10.1 REPAYMENT OF THE NOTE; OPTIONAL PREPAYMENT OF THE NOTE. If the Facility Termination Date is determined in accordance with subsection (I) of the definition thereof, the outstanding principal balance of the Note and all accrued and unpaid interest thereon will be amortized and shall be payable in full by the Final Scheduled Settlement Date. If the Facility Termination Date is determined in accordance with subsection (II) of the definition thereof, such Facility Termination Date will result in immediate acceleration of the Note pursuant to Section 5.2 hereof. If the Facility Termination Date is determined in accordance with subsection (III) of the definition thereof, the outstanding principal balance of the Note and all accrued and unpaid interest thereon will be amortized and shall be payable in full by the third Settlement Date following the relevant anniversary of the Closing Date. The Issuer may, at its option, prepay the Invested Amount of the Note, in whole or in part, at any time and without premium or penalty on any Business Day (such day the "PREPAYMENT DATE") in accordance with Section 10.2; provided that no such prepayment may occur unless and until all amounts due and payable in respect of clauses (i) through (iii) and (vii) of Section 5.7(a) of the Sale and Servicing Agreement have been paid in full. Simultaneous with any such prepayment, the Issuer shall pay all accrued and unpaid interest on the Invested Amount to be prepaid.

SECTION 10.2 NOTICE OF PREPAYMENT. Notice of the prepayment of the Note shall be given, upon the direction of the Issuer, by the Trustee by facsimile transmission, courier or first class mail, postage prepaid, mailed, faxed or couriered not less than five (5) days prior to the related Prepayment Date, to the Noteholder. All notices of prepayment shall state (i) the Prepayment Date, (ii) the Invested Amount to be prepaid, and (iii) the accrued and unpaid interest on the Invested Amount to be prepaid. Failure to give notice of prepayment, or any defect therein, to the Noteholder shall not impair or affect the validity of such prepayment.

SECTION 10.3 GENERAL PROCEDURES. The Invested Amount of the Note shall not be considered reduced by any allocation, setting aside or distribution of any portion of the Available Funds unless such Available Funds shall have been actually paid to the Noteholder. The Invested Amount of the Note shall not be considered repaid by any distribution of any portion of the Available Funds if at any time such distribution is rescinded or must otherwise be returned for any reason, in which event, if such amount has been returned by the Noteholder, such principal and/or interest shall be reinstated in an amount equal to the amount returned by the Noteholder. No provision of this Indenture shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law.

ARTICLE XI

MISCELLANEOUS

SECTION 11.1 COMPLIANCE CERTIFICATES AND OPINIONS, ETC. Except as set forth herein, upon any application or request by the Issuer to the Trustee to take any action under any provision of this Indenture (other than any request hereunder by the Issuer for an Advance), the Issuer shall furnish to the Trustee, with a copy of each to the Noteholder, (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory such condition or covenant has been complied with.

(b) Other than with respect to Dollars, prior to the deposit of any Collateral or other property or securities with the Trustee that is to be made the basis for the release of any property or securities subject to the lien of this Indenture, the Issuer shall, in addition to any obligation imposed in Section 11.1(a) or elsewhere in this Indenture, furnish to the Trustee, with a copy thereof to the Noteholder, an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (on the date of such deposit) to the Issuer of the Collateral or other property or securities to be so deposited.

(c) Other than with respect to the release of any Purchased Receivables or Liquidated Receivables or the release of any Receivables upon a mandatory or partial prepayment of the Note pursuant to Section 10.1, whenever any property or securities are to be released from the lien of this Indenture, the Issuer shall also furnish to the Trustee, with a copy thereof to the Noteholder, an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within 90 days of such release) of the property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(d) Notwithstanding Section 2.10 or any provision of this Section, the Issuer may (A) collect, liquidate, sell or otherwise dispose of Receivables as and to the extent permitted or required by the Basic Documents and (B) make cash payments out of the Pledged Accounts as and to the extent permitted or required by the Basic Documents.

SECTION 11.2 FORM OF DOCUMENTS DELIVERED TO TRUSTEE. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

(a) Any certificate or opinion of an Authorized Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of an Authorized Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer, the Seller or the Issuer, stating that the information with respect to such factual matters is in the possession of the Servicer, the Seller or the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

(b) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

(c) Whenever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

SECTION 11.3 ACTS OF THE NOTEHOLDER. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholder may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by the Noteholder in person or by agents duly appointed in writing; and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "ACT" of the Noteholder signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.1) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section.

(a) The fact and date of the execution by any person of any such instrument or writing may be proved in any customary manner of the Trustee.

(b) The ownership of the Note shall be proved by the Note Register.

(c) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of the Note shall bind the Holder of the Note issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon the Note.

SECTION 11.4 NOTICES, ETC., TO TRUSTEE, ISSUER, NOTEHOLDER AND RATING AGENCIES. Any request, demand, authorization, direction, notice, consent, waiver or Act of the Noteholder or other documents provided or permitted by this Indenture to be made upon, given or furnished to or filed with:

(i) the Trustee by the Noteholder or by the Issuer shall be sufficient for every purpose hereunder if personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested and shall be deemed to have been duly given upon receipt to the Trustee at its Corporate Trust Office;

(ii) the Issuer by the Trustee or by the Noteholder shall be sufficient for every purpose hereunder if personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested and shall deemed to have been duly given upon receipt by the Issuer at the Corporate Trust Office of the Owner Trustee, with a copy to Consumer Portfolio Services, Inc. 16355 Laguna Canyon Road, Irvine, California 92618 Attention: Mark Creatura, Esq. Confirmation: (888) 785-6691, Telecopy No. (949) 753-6897 or at such other address previously furnished in writing to the Trustee by the Issuer. The Issuer shall promptly transmit any notice received by it from the Noteholder to the Trustee; or

(iii) the Noteholder shall be sufficient for any purpose hereunder if in writing and mailed by registered mail or personally delivered or telexed or telecopied to the recipient as follows:

To the Noteholder:

1285 Avenue of the Americas, 11th Floor
New York, New York 10019
Attention: Tamer El-Rayess

Telephone: (212) 713-2738
Telecopy: (212) 713-7999

(b) Notices required to be given to the Rating Agencies by the Issuer or the Trustee shall be in writing, personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested to (i) in the case of Moody's, at the following address: Moody's Investors Service, Inc., 99 Church Street, New York New York 10007 and (ii) in the case of S&P, at the following address: Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041, Attention: Asset-Backed Surveillance Department; or as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

SECTION 11.5 WAIVER. Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholder shall be filed with the Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

(a) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Noteholder when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

(b) Where this Indenture provides for notice to the Rating Agencies, failure to give such notice shall not affect any other rights or obligations created hereunder, and shall not under any circumstance constitute a Default or Event of Default.

SECTION 11.6 ALTERNATE PAYMENT AND NOTICE PROVISIONS. Notwithstanding any provision of this Indenture or the Note to the contrary, the Issuer may enter into any agreement with the Holder of the Note providing for a method of payment, or notice by the Trustee or the Note Paying Agent to such Holder, that is different from the methods provided for in this Indenture for such payments or notices, provided that such methods are reasonable and consented to by the Trustee (which consent shall not be unreasonably withheld). The Issuer will furnish to the Trustee a copy of each such agreement and the Trustee will cause payments to be made and notices to be given in accordance with such agreements.

SECTION 11.7 EFFECT OF HEADINGS AND TABLE OF CONTENTS. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 11.8 SUCCESSORS AND ASSIGNS; THIRD PARTY BENEFICIARY. All covenants and agreements in this Indenture and the Note by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Trustee in this Indenture shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors. The successors and assigns of the Noteholder shall be third party beneficiaries to the provisions of this Indenture and shall be entitled to rely upon and to directly enforce the provisions of this Indenture.

SECTION 11.9 SEVERABILITY. In case any provision in this Indenture or in the Note shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 11.10 LEGAL HOLIDAYS. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Note or this Indenture) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

SECTION 11.11 GOVERNING LAW. THIS INDENTURE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.12 COUNTERPARTS. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 11.13 RECORDING OF INDENTURE. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel (which may be counsel to the Trustee or any other counsel reasonably acceptable to the Trustee) to the effect that such recording is necessary either for the protection of the Noteholder or any other person secured hereunder or for the enforcement of any right or remedy granted to the Trustee under this Indenture.

SECTION 11.14 ISSUER OBLIGATION. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Seller, the Servicer or the Trustee on the Note or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) the Seller, the Servicer or the Trustee in its individual capacity (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Seller, the Servicer or the Trustee in its individual capacity, any holder of a beneficial interest in the Issuer, the Seller, the Servicer or the Trustee or of any successor or assign of the Seller, the Servicer or the Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Trustee has no such obligations in its individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity.

SECTION 11.15 NO PETITION. The Trustee, by entering into this Indenture, hereby covenants and agrees that it will not at any time institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Note, this Indenture or any of the Basic Documents.

SECTION 11.16 INSPECTION. The Issuer agrees that, on reasonable prior notice, it will permit any representative of the Noteholder or the Trustee, during the Issuer's normal business hours, to examine all the books of account, records, reports, and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited by independent certified public accountants, and to discuss the Issuer's affairs, finances and accounts with the Issuer's officers, employees, and independent certified public accountants, all at such reasonable times and as often as may be reasonably requested. The Trustee and the Noteholder shall and shall cause its representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Trustee may reasonably determine that such disclosure is consistent with its Obligations hereunder.

SECTION 11.17 ENTIRE AGREEMENT. This Agreement, together with the other Basic Documents, including the exhibits and schedules thereto, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all previous oral statements and other writings with respect thereto.

IN WITNESS WHEREOF, the Issuer, the Trustee and the Noteholder have caused this Indenture to be duly executed by their respective officers, hereunto duly authorized, all as of the day and year first above written.

PAGE FUNDING LLC, as Issuer

By:_____
Name:_____
Title:_____

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By:_____
Name:_____
Title:_____

UBS REAL ESTATE SECURITIES INC., as Noteholder

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

EXHIBIT 10.38

==========

NOTE PURCHASE AGREEMENT

(VARIABLE FUNDING NOTE),

dated as of June 30, 2004,

among

PAGE FUNDING LLC
as Issuer,

CONSUMER PORTFOLIO SERVICES, INC.,
as Servicer,

UBS REAL ESTATE SECURITIES INC.,
as Note Purchaser

==========

TABLE OF CONTENTS

NOTE PURCHASE AGREEMENT

THIS NOTE PURCHASE AGREEMENT, dated as of June 30, 2004 (as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof, this "AGREEMENT"), is made among PAGE FUNDING LLC, a Delaware limited liability company (the "ISSUER"), CONSUMER PORTFOLIO SERVICES, INC., a California corporation ("CPS" or the "SERVICER"), and UBS REAL ESTATE SECURITIES INC., a Delaware corporation, as Note Purchaser (in such capacity, together with any successors in such capacity, the "NOTE PURCHASER").

BACKGROUND

1. Contemporaneously with the execution and delivery of this Agreement, the Issuer, the Note Purchaser and Wells Fargo Bank, National Association, a national banking association, as trustee (together with its successors in trust thereunder as provided in the Indenture referred to below, the "TRUSTEE"), are entering into the Indenture, of even date herewith (as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, the "INDENTURE"), pursuant to which the Issuer will issue the Variable Funding Note (the "NOTE").

2. The security for the Note will include retail installment sale contracts (the "RECEIVABLES") secured by the new and used automobiles, vans, minivans and light trucks financed thereby. The Receivables will be serviced by CPS. The Note will be secured by the Receivables, which will be pledged by the Issuer to the Trustee from time to time pursuant to the Indenture. Capitalized terms used but not otherwise defined herein shall have the respective meanings assigned to them in the Sale and Servicing Agreement (as defined below) or the Indenture, as applicable.

3. The Issuer will acquire a pool of Receivables (the "INITIAL RECEIVABLES") from CPS pursuant to a Sale and Servicing Agreement, dated as of June 30, 2004 (such date, the "INITIAL CUTOFF DATE" and such agreement, the "SALE AND SERVICING AGREEMENT"), among the Issuer, as purchaser, CPS, as seller and servicer (in such capacities, the "SELLER" and the "SERVICER," respectively), and the Trustee. The Issuer will in turn pledge the Initial Receivables to the Trustee pursuant to the Indenture. From time to time prior to the Facility Termination Date pursuant to the Sale and Servicing Agreement, the Seller will sell, and the Issuer will purchase, additional pools of Receivables (the "ADDITIONAL RECEIVABLES" and, together with the Initial Receivables, the "RECEIVABLES") secured by the new and used automobiles, vans, minivans and light trucks financed thereby, which Additional Receivables will be described in the schedules to one or more assignments by the Seller to the Issuer (each, an "ASSIGNMENT") dated as of the cutoff date specified therein (such date, a "CUTOFF DATE" and each date of transfer, a "FUNDING DATE"). The Issuer will in turn pledge the Additional Receivables to the Trustee pursuant to the Indenture.

4. The Issuer wishes to issue the Note in favor of the Note Purchaser and obtain the agreement of the Note Purchaser to make loans from time to time (each, an "ADVANCE") for the purchase of Invested Amounts, all of which Advances (including the Initial Advance) will constitute Advances, and all of which Advances (including the Initial Advance) will be evidenced by the Note purchased in connection herewith. Subject to the terms and conditions of this Agreement, the Note Purchaser is willing to make Advances from time to time to fund purchases of Invested Amounts in an aggregate outstanding amount up to the Maximum Invested Amount until the commencement of the Amortization Period. CPS has joined in this Agreement to confirm certain representations, warranties and covenants made by it as Servicer for the benefit of the Note Purchaser.

ARTICLE I
DEFINITIONS

SECTION 1.01 DEFINITIONS. As used in this Agreement and unless the context requires a different meaning, capitalized terms used but not defined herein (including the preamble and the recitals hereto) shall have the meanings assigned to such terms in Annex A to the Sale and Servicing Agreement. In addition, the following terms shall have the following meanings and the definitions of such terms are applicable to the singular as well as the plural form of such terms and to the masculine as well as the feminine and neuter genders of such terms:

ARTICLE II
PURCHASE AND SALE OF THE NOTE

SECTION 2.01 THE INITIAL NOTE PURCHASE. On the terms and conditions set forth in the Indenture, the Sale and Servicing Agreement and this Agreement, and in reliance on the covenants, representations and agreements set forth herein and therein, the Issuer shall issue and cause the Trustee to authenticate and deliver to the Note Purchaser the Note on the Closing Date. Such Note shall be dated the Closing Date, registered in the name of the Note Purchaser, and duly authenticated in accordance with the provisions of the Indenture.

SECTION 2.02 ADVANCES. Upon the Issuer's request, delivered in accordance with the provisions of SECTION 2.03, and the satisfaction of all conditions precedent thereto, subject to the terms and conditions of this Agreement, the Indenture and the Sale and Servicing Agreement, the Note Purchaser shall make Advances from time to time during the Term; provided that no Advance shall be required or permitted to be made on any date if, after giving effect to such Advance, (a) the Invested Amount would exceed the Maximum Invested Amount or (b) a Borrowing Base Deficiency exists or would exist. Subject to the terms of this Agreement and the Indenture, the aggregate principal amount of the Advances outstanding may be increased or decreased from time to time.

SECTION 2.03 ADVANCE PROCEDURES. Whenever the Issuer wishes the Note Purchaser to make an Advance, the Issuer shall (or shall cause the Servicer to) notify the Note Purchaser by written notice, with an electronic copy of such notice sent to the Note Purchaser, substantially in the form of EXHIBIT B hereto (each such request, an "ADVANCE REQUEST"), delivered to the Note Purchaser no later than two Business Days prior to the proposed Funding Date. Each such

Advance Request shall be irrevocable and shall in each case refer to this Agreement and specify the aggregate amount of the requested Advance to be made on such date. The Note Purchaser shall promptly thereafter (but in no event later than 11:00 a.m. New York City time on the proposed Funding Date) notify the Issuer whether the Note Purchaser has determined to make the requested Advance. On the Funding Date, subject to the other conditions set forth herein, in the Indenture, and in the Sale and Servicing Agreement, the Note Purchaser shall make available to the Issuer the amount of such Advance by wire transfer in U.S. dollars of such amount in same day funds to an account designated by CPS no later than 4:00 p.m. (New York time) on the date of such Advance.

SECTION 2.04 THE NOTE. On each date an Advance is funded under the Note pursuant to the Indenture and on each date the amount of outstanding Advances thereunder is reduced, a duly authorized officer, employee or agent of the Note Purchaser shall make appropriate notations in its books and records of the amount of such Advance and the amount of such reduction, as applicable. The Issuer hereby authorizes each duly authorized officer, employee and agent of the Note Purchaser to make such notations on the books and records as aforesaid and every such notation made in accordance with the foregoing authority shall be PRIMA FACIE evidence of the accuracy of the information so recorded and shall be binding on the Issuer absent manifest error; provided, however, that in the event of a discrepancy between the books and records of the Note Purchaser and the records maintained by the Trustee pursuant to the Indenture, such discrepancy shall be resolved by the Note Purchaser and the Trustee.

SECTION 2.05 COMMITMENT TERM. The "TERM" of the Commitment hereunder shall be for a period commencing on the Closing Date and ending on the Facility Termination Date, or such later date as the Note Purchaser and the Issuer may agree to in writing, in their sole and absolute discretion.

ARTICLE III
INTEREST AND FEES

SECTION 3.01 INTEREST. Each Advance funded or maintained by the Note Purchaser during any Interest Period shall bear interest at the Note Interest Rate.

(a) Interest on Advances shall be due and payable on each Settlement Date in accordance with the provisions of the Sale and Servicing Agreement.

(b) All computations of interest at the Note Interest Rate shall be made on the basis of a year of 360 days and the actual number of days elapsed. Whenever any payment of interest or principal in respect of any Advance shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of the amount of interest owed.

SECTION 3.02 FEES.

(a) On June 30, 2004, the Issuer and the Servicer shall jointly and severally pay or cause to be paid to the Note Purchaser a structuring fee equal to the product of (x) 0.50% and (y) the Maximum Invested Amount, along with the Note Purchaser's reasonable out-of-pocket expenses, including its legal fees, in accordance with and subject to Section 8.05.

(b) On each Settlement Date on or prior to the Facility Termination Date, the Issuer and the Servicer shall jointly and severally pay or cause to be paid to the Note Purchaser a facility fee equal to (i) the product of (x) a fraction, the numerator of which is the actual number of days elapsed in the related Interest Period and the denominator of which is 360 and (y) 0.25% and (ii) the difference between (a) the Maximum Invested Amount and (b) the daily average outstanding Invested Amount (the "UNUSED FACILITY FEE") during the related Interest Period.

SECTION 3.03 INCREASED COSTS, ETC. The Issuer agrees to reimburse the Note Purchaser for an increase in the cost of, or any reduction in the amount of any sum receivable by the Note Purchaser, including reductions in the rate of return on the Note Purchaser's capital, in respect of making, continuing or maintaining (or of its obligation to make, continue or maintain) any Advances that arise in connection with any change in, or the introduction, adoption, effectiveness, interpretation reinterpretation or phase-in, in each case, after the date hereof, of any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Authority, except for such changes with respect to increased capital costs and taxes which are governed by SECTIONS 3.04 and 3.05, respectively. Each such demand shall be provided to the Issuer in writing and shall state, in reasonable detail, the reasons therefor and the additional amount required fully to compensate the Note Purchaser for such increased cost or reduced amount or return. Such additional amounts shall be payable by the Issuer to the Note Purchaser within five (5) Business Days of its receipt of such notice, and such notice shall, in the absence of manifest error, be conclusive and binding on the Issuer.

SECTION 3.04 INCREASED CAPITAL COSTS. If any change in, or the introduction, adoption, effectiveness, interpretation or reinterpretation or phase-in, in each case after the date hereof, of any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Authority affects or would affect the amount of capital required or reasonably expected to be maintained by the Note Purchaser or any Person controlling the Note Purchaser and the Note Purchaser reasonably determines that the rate of return on its or such controlling Person's capital as a consequence of its commitment or the Advances made by the Note Purchaser is reduced to a level below that which the Note Purchaser or such controlling Person would have achieved but for the occurrence of any such circumstance, then, in any such case after notice from time to time by the Note Purchaser to the Issuer, the Issuer shall pay to the Note Purchaser an incremental commitment fee sufficient to compensate the Note Purchaser or such controlling Person for such reduction in rate of return. A statement of the Note Purchaser as to any such additional amount or amounts (including calculations thereof in reasonable detail), in the absence of manifest error, shall be conclusive and binding on the Issuer; and PROVIDED, FURTHER, that the initial payment of such increased commitment fee shall include a payment for accrued amounts due under this SECTION 3.04 prior to such initial payment. In determining such additional amount, the Note Purchaser may use any method of averaging and attribution that it shall reasonably deem applicable so long as it applies such method to other similar transactions.

SECTION 3.05 TAXES. All payments by the Issuer of principal of, and interest on, the Advances and all other amounts payable hereunder (including fees) shall be made free and clear of and without deduction for any present or future income, excise, stamp or franchise taxes and other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding in the case of the Note Purchaser, taxes imposed on or measured by its overall net income, overall receipts or overall assets and franchise taxes imposed on it by the jurisdiction in which the Note Purchaser is organized or is operating or any political subdivision thereof (such non-excluded items being called "TAXES"). In the event that any withholding or deduction from any payment to be made by the Issuer hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Issuer will:

(a) pay directly to the relevant authority the full amount required to be so withheld or deducted;

(b) promptly forward to the Note Purchaser or its agent an official receipt or other documentation evidencing such payment to such authority; and

(c) pay to the Note Purchaser or its agent such additional amount or amounts as is necessary to ensure that the net amount actually received by the Note Purchaser will equal the full amount the Note Purchaser would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against the Note Purchaser with respect to any payment received by the Note Purchaser or its agent, the Note Purchaser or such agent may pay such Taxes and the Issuer will promptly upon receipt of prior written notice stating the amount of such Taxes pay such additional amounts (including any penalties, interest or expenses) as is necessary in order that the net amount received by such person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount the Note Purchaser would have received had not such Taxes been asserted. The Note Purchaser shall make all reasonable efforts to avoid the imposition of any Taxes which would give rise to an additional payment under this SECTION 3.05.

If the Issuer fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to Note Purchaser or its agent the required receipts or other required documentary evidence, the Issuer shall indemnify the Note Purchaser and its agent, if any, for any incremental Taxes, interest or penalties that may become payable by the Note Purchaser or its agent as a result of any such failure. For purposes of this SECTION 3.05, a distribution hereunder by the agent for the Note Purchaser shall be deemed a payment by the Issuer.

Upon the request of the Issuer, the Note Purchaser, if it is organized under the laws of a jurisdiction other than the United States, shall, prior to the initial due date of any payments hereunder and to the extent permissible under then current law, execute and deliver to the Issuer on or about the first scheduled payment date in each calendar year thereafter, one or more (as the Issuer may reasonably request) United States Internal Revenue Service Forms W-8ECI or Forms W-8BEN or such other forms or documents (or successor forms or documents), appropriately completed, as may be applicable to establish the extent, if any, to which a payment to the Note Purchaser is exempt from withholding or deduction of Taxes. The Issuer shall not, however, be required to pay any increased amount under this SECTION 3.05 to the Note Purchaser if the Note Purchaser fails to comply with the requirements set forth in this paragraph.

ARTICLE IV
OTHER PAYMENT TERMS

SECTION 4.01 TIME AND METHOD OF PAYMENT. All amounts payable to the Note Purchaser hereunder or with respect to the Note shall be made by wire transfer of immediately available funds in Dollars not later than 5:00 p.m., New York City time, on the date due. Any funds received after that time will be deemed to have been received on the next Business Day.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

SECTION 5.01 THE ISSUER. The Issuer represents and warrants to the Note Purchaser that each of its representations and warranties in the Indenture and the other Basic Documents is true and correct, as of the date hereof as if made on and as of the date hereof and as of and after giving effect to the making of each Advance as if made on and as of the making of each Advance and as if set forth in full herein, and further represents and warrants to such parties, as of the date hereof and as of and after giving effect to the making of each Advance, that:

(a) The Issuer has been duly organized and is validly existing as a limited liability company in good standing under the laws of the State of Delaware, and the Issuer has full power and authority (corporate and other) necessary to offer, sell and deliver the Note and to own or hold its properties and to conduct its business as now conducted by it and to enter into and perform its obligations under this Agreement and the other Basic Documents and, with respect to the Issuer, to cause the Trustee to authorize and issue the Note from time to time as contemplated by this Agreement and the Indenture;

(b) this Agreement and the Note have been duly authorized, executed and delivered by the Issuer, and constitute the legal, valid and binding agreements of the Issuer, enforceable against the Issuer in accordance with their terms;

(c) neither the Issuer nor, to the best of the Issuer's knowledge after due inquiry, anyone acting on the Issuer's behalf, has offered, pledged, sold or otherwise disposed of the Note or any interest therein or solicited any offer to buy or accept a transfer, pledge or other disposition of the Note or any interest therein or otherwise approached or negotiated with respect to the Note or any interest therein, with any person in any manner, or made any general solicitation by means of general advertising or in any other manner, or taken any other action, which would constitute a public distribution of the Note under the Securities Act, or which would render the disposition of any Note in violation of Section 5 of the Securities Act or any state securities laws, or require registration or qualification pursuant thereto or require registration of the Issuer under the Investment Company Act of 1940, as amended (the "Investment Company Act"), nor will the Issuer act, nor has the Issuer authorized or will it authorize any person to act, in such a manner with respect to the Note. Until the earlier to occur of (i) the Facility Termination Date or (ii) the date on which the Note Purchaser no longer holds the Note, the Issuer will not sell, transfer, assign or pledge the Note to any Person other than the Note Purchaser;

(d) the execution and delivery of this Agreement, the Issuer's delivery of the Note and the acceptance by the Note Purchaser of the Note will not involve any prohibited transaction within the meaning of the Employee Retirement Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended;

(e) the Issuer is not required, and will not be required to register as an "investment company" under the Investment Company Act, and the Issuer is not controlled by an "investment company" as defined in the Investment Company Act;

(f) the Issuer is not in violation of its limited liability company agreement or in default under any agreement, indenture or instrument to which it is a party, the effect of which violation or default would be materially adverse to it, to the Receivables or to any of the transactions contemplated hereby. Neither the issuance and sale of the Note, nor the execution, delivery and performance by the Issuer of this Agreement or any Basic Document to which it is a party, nor the consummation by the Issuer of any of the transactions contemplated hereby or by any Basic Document, nor compliance by the Issuer with the provisions hereof or thereof, does or will conflict with or result in a breach or violation of any term or provision of the certificate of formation (or other document of similar import) of the Issuer or conflict with, result in a breach, violation or acceleration of, or constitute a default under, the terms of any indenture or other agreement or instrument to which the Issuer is a party or by which either of them is bound or to which any of the properties of the Issuer is subject, the effect of which conflict, breach, violation, acceleration or default would be materially adverse to it, the Receivables or any of the transactions contemplated hereby or any statute, order or regulation applicable to the Issuer of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Issuer, the effect of which conflict, breach, violation or default would be materially adverse to it, the Receivables or any of the transactions contemplated hereby. The Issuer is not a party to, bound by or in breach or violation of any indenture or other agreement or instrument to which it is a party, or subject to or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it that materially and adversely affects, or could reasonably be expected to materially and adversely affect, (i) the ability of the Issuer to perform its obligations under this Agreement or any Basic Document or (ii) the business, operations, financial condition, properties, assets or prospects of the Issuer;

(g) there are no actions or proceedings against, or investigations of, the Issuer pending, or, to the knowledge of the Issuer after due inquiry, threatened, before any court, arbitrator, administrative agency or other tribunal (i) asserting the invalidity of this Agreement, any Basic Document or the Note, (ii) seeking to prevent the issuance of the Note or the consummation of any of the transactions contemplated by this Agreement or any Basic Document, (iii) that, if determined adversely to the Issuer, could reasonably, either individually or in the aggregate, be expected to materially and adversely affect the Receivables or the business, operations, financial condition, properties, assets or prospects of the Issuer or the validity or enforceability of, or the performance by the Issuer of its obligations under, this Agreement, any Basic Document or the Note or (iv) seeking to affect adversely the federal income tax attributes of the Note;

(h) immediately prior to the pledge of the Initial Receivables by the Issuer to the Trustee as contemplated by the Indenture, the Issuer (i) had good title to, and was the sole owner of, each Initial Receivable and the other property purported to be pledged by it pursuant to the Indenture free and clear of any Lien and (ii) had not assigned to any person any of its right, title or interest in such Initial Receivables or property.

(i) immediately prior to each pledge of Additional Receivables by the Issuer to the Trustee as contemplated by the Indenture, the Issuer (i) will have good title to, and will be the sole owner of, each Receivable and the other property purported to be pledged by it pursuant to the Indenture free and clear of any Lien and (ii) will not have assigned to any person any of its right, title or interest in such Receivables or property.

(j) no Funding Termination Event, or event which, with the giving of notice or the passage of time or both would constitute a Funding Termination Event, has occurred and is continuing;

(k) assuming the Note Purchaser is not purchasing the Note with a view toward further distribution and that the Note Purchaser has not engaged in any general solicitation or general advertising within the meaning of the Securities Act, the offer and sale of the Note in the manner contemplated by this Agreement is a transaction exempt from the registration requirements of the Securities Act, and the Indenture is not required to be qualified under the Trust Indenture Act;

(l) the Issuer has furnished to the Note Purchaser true, accurate and (except as otherwise consented by the Note Purchaser) complete copies of all other Basic Documents to which it is a party as of the Closing Date, all of which Basic Documents are in full force and effect as of the Closing Date and no terms of any such agreements or documents have been amended, modified or otherwise waived as of such date; and

(m) the Note purchased by the Note Purchaser hereunder will be entitled to the benefit of the security provided in the Indenture.

SECTION 5.02 SERVICER. The Servicer represents and warrants to the Note Purchaser, as of the date hereof and as of and after giving effect to the making of each Advance, that:

(a) the Servicer has been duly organized and is validly existing as a corporation in good standing under the laws of the State of California, and the Servicer has full power and authority (corporate and other) necessary to own or hold its properties and to conduct its business as now conducted by it and to enter into and perform its obligations under this Agreement and the other Basic Documents;

(b) the Servicer is not in violation of its certificate of incorporation or by-laws, respectively, or in default under any agreement, indenture or instrument to which it is a party, the effect of which violation or default would be materially adverse to it, to the Receivables or to any of the transactions contemplated hereby. Neither the issuance and sale of the Note, nor the execution, delivery and performance by the Servicer of this Agreement or any Basic Document to which it is a party, nor the consummation by the Servicer of any of the transactions contemplated hereby or by any Basic Document, nor compliance by the Servicer with the provisions hereof or thereof, does or will conflict with or result in a breach or violation of any term or provision of the certificate of incorporation or by-laws (or other document of similar import) of the Servicer or conflict with, result in a breach, violation or acceleration of, or constitute a default under, the terms of any indenture or other agreement or instrument to which the Servicer is a party or by which either of them is bound or to which any of the properties of the Servicer is subject, the effect of which conflict, breach, violation, acceleration or default would be materially adverse to it, the Receivables or any of the transactions contemplated hereby or any statute, order or regulation applicable to the Servicer of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Servicer, the effect of which conflict, breach, violation or default would be materially adverse to it, the Receivables or any of the transactions contemplated hereby. The Servicer is not a party to, bound by or in breach or violation of any indenture or other agreement or instrument to which it is a party, or subject to or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it that materially and adversely affects, or could reasonably be expected to materially and adversely affect, (i) the ability of the Servicer to perform its obligations under this Agreement or any Basic Document or (ii) the business, operations, financial condition, properties, assets or prospects of the Servicer;

(c) there are no actions or proceedings against, or investigations of, the Servicer pending, or, to the knowledge of the Servicer, threatened, before any court, arbitrator, administrative agency or other tribunal (i) asserting the invalidity of this Agreement, any Basic Document or the Note, (ii) seeking to prevent the issuance of the Note or the consummation of any of the transactions contemplated by this Agreement or any Basic Document, (iii) that, if determined adversely to the Servicer, could reasonably be expected to materially and adversely affect the Receivables or the business, operations, financial condition, properties, assets or prospects of the Servicer or the validity or enforceability of, or the performance by the Servicer of its obligations under, this Agreement, any Basic Document or the Note or (iv) seeking to affect adversely the federal income tax attributes of the Note;

(d) each representation and warranty made by it in each Basic Document to which it is a party (including any representations and warranties made by it as Servicer) is true and correct as of the date originally made, as of the date hereof as if made on and as of the date hereof and as of and after giving effect to the making of each Advance as if made on and as of the making of each Advance as if set forth in full herein;

(e) the audited consolidated balance sheet of the Servicer and its consolidated subsidiaries as of December 31, 2003 and the related statements of income, changes in stockholders equity and cash flow as of and for the fiscal year ending on such date and the unaudited consolidated balance sheet of the Servicer and its consolidated subsidiaries as of March 31, 2004, and the related statements of income, changes in stockholders equity and cash flow as of and for the quarter ending on such date (including in each case the schedules and notes thereto) (collectively, the "FINANCIAL STATEMENTS"), have been prepared in accordance with GAAP and present fairly the financial position of the Servicer and its consolidated subsidiaries as of the dates thereof and the results of their operations for the periods covered thereby subject, in the case of all unaudited statements, to normal year-end adjustments and lack of footnotes and other presentation items;

(f) neither the Servicer nor, to the best of the Servicer's knowledge after due inquiry, anyone acting on the Servicer's behalf, has offered, transferred, pledged, sold or otherwise disposed of the Note or any interest therein, or solicited any offer to buy or accept a transfer, pledge or other disposition of the Note or any interest therein or otherwise approached or negotiated, with respect to the Note or any interest therein, with any person in any manner, or made any general solicitation by means of general advertising or in any other manner, or taken any other action, which would constitute a public distribution of the Note under the Securities Act, or which would render the disposition of any Note in violation of Section 5 of the Securities Act or any state securities laws, or require registration or qualification pursuant thereto or require registration of the Servicer under the Investment Company Act, nor will the Servicer act, nor has the Servicer authorized or will it authorize any person to act, in such a manner with respect to the Note. Until the earlier to occur of (i) the Facility Termination Date or (ii) the date on which the Note Purchaser no longer holds the Note, the Servicer will not sell, transfer, assign or pledge the Note to any Person other than the Note Purchaser;

(g) the representations and warranties made by the Seller in Section 3.1 of the Sale and Servicing Agreement are true and correct with respect to each Additional Receivable; and

(h) the information set forth in the Borrowing Base Certificate is true and correct in all material respects.

Additionally, the Servicer makes all representations set forth in Section 9.1 of the Sale and Servicing Agreement to the Note Purchaser, as if set forth in full herein; provided that all references in Section 9.1 thereof to this Agreement shall be deemed to refer to this Note Purchase Agreement.

SECTION 5.03 NOTE PURCHASER. The Note Purchaser represents and warrants to the Issuer and the Servicer, as of the date hereof (or as of a subsequent date on which a successor or assign of the Note Purchaser shall become a party hereto), that:

(a) it has had an opportunity to discuss the Issuer's and the Servicer's business, management and financial affairs, and the terms and conditions of the proposed purchase, with the Issuer and the Servicer and their respective representatives;

(b) it is an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of investing in, and is able and prepared to bear the economic risk of investing in, the Note;

(c) it is purchasing the Note for its own account, or for the account of one or more "accredited investors" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act that meet the criteria described in SUBSECTION (b) and for which it is acting with complete investment discretion, for investment purposes only and not with a view to distribution, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control;

(d) it understands that the Note has not been and will not be registered or qualified under the Securities Act or any applicable state securities laws or the securities laws of any other jurisdiction and is being offered only in a transaction not involving any public offering within the meaning of the Securities Act and may not be resold or otherwise transferred unless so registered or qualified or unless an exemption from registration or qualification is available, that the Issuer is not required to register the Note, and that any transfer must comply with provisions of SECTION 2.3 of the Indenture;

(e) it understands that the Note will bear the legend set out in the form of Note attached as EXHIBIT A-1 to the Indenture and be subject to the restrictions on transfer described in such legend;

(f) it will comply with all applicable federal and state securities laws in connection with any subsequent resale of the Note;

(g) it understands that the Note may be offered, resold, pledged or otherwise transferred with the Issuer's prior written consent only (A) to the Issuer, (B) in a transaction meeting the requirements of Rule 144A under the Securities Act, (C) outside the United States to a foreign person in a transaction meeting the requirements of Regulation S under the Securities Act, or (D) in a transaction complying with or exempt from the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

(h) if it desires to offer, sell or otherwise transfer, pledge or hypothecate the Note as described in clause (B), (C) or (D) of the preceding paragraph, the transferee of the Note will be required to deliver a certificate and may under certain circumstances be required to deliver an opinion of counsel, in each case, as described in the Indenture, reasonably satisfactory in form and substance to the applicable seller, that an exemption from the registration requirements of the Securities Act applies to such offer, sale, transfer or hypothecation. The Note Purchaser understands that the registrar and transfer agent for the Note will not be required to accept for registration of transfer the Note acquired by it, except upon presentation of an executed letter in the form required by the Indenture;

(i) it will obtain from any purchaser of the Note substantially the same representations and warranties contained in the foregoing paragraphs; and

(j) this Agreement has been duly and validly authorized, executed and delivered by the Note Purchaser and constitutes a legal, valid, binding obligation of the Note Purchaser, enforceable against the Note Purchaser in accordance with its terms.

ARTICLE VI
CONDITIONS

SECTION 6.01 CONDITIONS TO PURCHASE. The Note Purchaser will have no obligation to purchase the Note hereunder unless:

(a) each of the Basic Documents shall be in full force and effect and all consents, waivers and approvals necessary for the consummation of the transactions contemplated by the Basic Documents shall have been obtained and shall be in full force and effect;

(b) at the time of such issuance, all conditions to the issuance of the Note under the Indenture and under SECTION 2.1(b) of the Sale and Servicing Agreement shall have been satisfied and all conditions to each Advance, including the initial Advance, set forth under SECTIONS 6.02 and 6.03 hereof have been satisfied;

(c) the Note Purchaser shall have received a duly executed, authorized and authenticated Note registered in its name and stating that the principal amount thereof shall not exceed the Maximum Invested Amount;

(d) the Issuer shall have paid all fees required to be paid by it on the Closing Date, including all fees required under Section 8.05(a) hereof; and

(e) the Note purchased by the Note Purchaser hereunder shall be entitled to the benefit of the security provided in the Indenture and shall constitute the legal, valid and binding agreement of the Issuer, enforceable against the Issuer in accordance with its terms.

SECTION 6.02 CONDITIONS TO INITIAL ADVANCE. The obligation of the Note Purchaser to fund the initial Advance hereunder shall be subject to the receipt by the Note Purchaser of the following items, each in form and substance reasonably satisfactory to the Note Purchaser:

(a) a duly executed and delivered counterpart of each Basic Document, each such document being in full force and effect;

(b) certified copies of charter documents and resolutions of the Board of Directors of each of the Issuer and the Servicer authorizing or ratifying the execution, delivery and performance, respectively, of all Basic Documents to which it is a party;

(c) a certificate of the Secretary or an Assistant Secretary of the Issuer and the Servicer, as applicable, certifying the names of its officer or officers authorized to sign all transaction documents to which it is a party;

(d) a certificate of a senior officer of the Servicer to the effect that the representations and warranties of the Servicer in this Agreement and the Sale and Servicing Agreement are true and correct as of the date of such requested Advance, with the same effect as though made on the date of such Advance;

(e) customary legal opinions (including opinions relating to true sale, non-consolidation, UCC and enforceability matters);

(f) evidence of completion of UCC filings and search reports;

(g) rating letters from each Rating Agency confirming a rating of at least BBB- (in the case of S&P) and Baa3 (in the case of Moody's) with respect to the Note;

(h) payment of Note Purchaser's reasonable out-of-pocket fees and expenses in accordance with Section 8.05(a) hereof; and

(i) such other documents and opinions as the Note Purchaser may reasonably request.

SECTION 6.03 CONDITIONS TO EACH ADVANCE. The obligation of the Note Purchaser to fund, any Advance on any day (including the Initial Advance) shall be subject to the conditions precedent that on the date of the Advance, before and after giving effect thereto and to the application of any proceeds therefrom, the following statements shall be true:

(a) the Facility Termination Date shall not have occurred or will not occur as a result of making such Advance and no breach of the Sale and Servicing Agreement exists or will exist;

(b) no later than two (2) Business Days prior to the requested Funding Date, the Note Purchaser shall have received a properly completed Borrowing Base Certificate from the Servicer in the form of EXHIBIT A hereto;

(c) no later than one (1) Business Day prior to the requested Funding Date, the Note Purchaser shall have received a properly completed and executed Advance Request pursuant to SECTION 2.03 hereof;

(d) the Servicer shall have delivered to the Note Purchaser the Servicer's Certificate for the immediately preceding Accrual Period pursuant to Section 4.9 of the Sale and Servicing Agreement;

(e) such Advance is in an amount not less than $2,000,000;

(f) such Advance will not cause there to be more than two Advances in a calendar week;

(g) after giving effect to such Advance, the Invested Amount of the Note will not exceed the Maximum Invested Amount;

(h) the representations and warranties made by the Servicer and the Issuer in the Basic Documents are true and correct as of the date of such requested Advance, with the same effect as though made on the date of such Advance;

(i) the Trustee shall (in accordance with the procedures contemplated in SECTION 3.4 of the Sale and Servicing Agreement) have confirmed receipt of the related Receivable File for each Eligible Receivable included in the Borrowing Base calculation and shall have delivered to the Noteholder a copy of a Trust Receipt with respect to the Receivable Files related to the Related Receivables to be purchased on such Funding Date;

(j) the amount on deposit in the Reserve Account shall equal or exceed the Required Reserve Account Amount, taking into account the application of the proceeds of the proposed Advance on such date;

(k) after giving effect to such Advance, the Borrowing Base Deficiency shall be equal to zero;

(l) the Net Spread for the Eligible Receivables shall not be less than 9.0%;

(m) the Issuer and the Hedge Counterparty shall have entered into a Hedge Agreement in connection with the payment of interest and fees under the Note, in form and substance reasonably satisfactory to the Note Purchaser, provided that the Rating Agency Condition shall have been satisfied with respect to any Hedge Agreements other than interest rate cap agreements; and

(n) all limitations specified in SECTION 2.02 of this Agreement and in SECTION 2.1(b) of the Sale and Servicing Agreement shall have been satisfied with respect to the making of such Advance.

The giving of any notice pursuant to SECTION 2.03 shall constitute a representation and warranty by the Issuer and the Servicer that all conditions precedent to such Advance have been satisfied.

ARTICLE VII
COVENANTS

SECTION 7.01 COVENANTS. Each of the Issuer and the Servicer severally covenants and agrees that, until the Note and all other obligations of the Issuer under this Agreement have been paid in full and the Term has expired, it will:

(a) duly and timely perform all of its respective covenants and obligations under each Basic Document to which it is a party;

(b) not except as contemplated by the Indenture, amend, modify, waive or give any approval, consent or permission under, any provision of the Indenture or any other Basic Document to which it is a party unless any such amendment, modification, waiver or other action is in writing and made in accordance with the terms of the Indenture or such other Basic Document, as applicable;

(c) at the same time any report, notice or other document is provided or any communication is furnished to the Rating Agencies and/or the Trustee, or caused to be provided or furnished, by the Issuer or the Servicer under the Indenture or any other Basic Document, provide the Note Purchaser with a copy of such report, notice or other document; PROVIDED, HOWEVER, that neither the Servicer nor the Issuer shall have any obligation under this SECTION 7.01(c) to deliver to the Note Purchaser copies of any vehicle identification number listings;

(d) at any time and from time to time, following at least 3 Business Days prior notice from the Note Purchaser, and during regular business hours, permit the Note Purchaser or its agents, representatives or permitted assigns, access to the offices of, the Servicer and the Issuer, as applicable, (i) to examine and make copies of and abstracts from all documentation relating to the Collateral and the Trust Estate, and (ii) to visit the offices and properties of, the Servicer and the Issuer for the purpose of examining such materials described in CLAUSE (i) above, and to discuss matters relating to the Collateral and the Trust Estate, or the administration and performance of the Indenture, the Sale and Servicing Agreement and the other Basic Documents with any of the officers or employees of, the Servicer and/or the Issuer, as applicable, having knowledge of such matters.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

SECTION 8.01 AMENDMENTS. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by the Servicer, the Issuer or the Note Purchaser therefrom, shall in any event be effective unless the same shall be in writing and signed by the Servicer, the Issuer and the Note Purchaser. The Issuer will provide the Rating Agencies with prompt written notice of any amendments to this Agreement.

SECTION 8.02 NO WAIVER; REMEDIES. Any waiver, consent or approval given by any party hereto shall be effective only in the specific instance and for the specific purpose for which given, and no waiver by a party of any breach or default under this Agreement shall be deemed a waiver of any other breach or default. No failure on the part of any party hereto to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder, or any abandonment or discontinuation of steps to enforce the right, power or privilege, preclude any other or further exercise thereof or the exercise of any other right. No notice to or demand on any party hereto in any case shall entitle such party to any other or further notice or demand in the same, similar or other circumstances. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.03 BINDING ON SUCCESSORS AND ASSIGNS.

(a) This Agreement shall be binding upon, and inure to the benefit of, the Issuer, the Servicer, the Note Purchaser and their respective successors and assigns; PROVIDED, HOWEVER, that neither the Issuer nor the Servicer may assign its rights or obligations hereunder or in connection herewith or any interest herein (voluntarily, by operation of law or otherwise) without the prior written consent of the Note Purchaser. Nothing expressed herein is intended or shall be construed to give any Person other than the Persons referred to in the preceding sentence any legal or equitable right, remedy or claim under or in respect of this Agreement.

(b) The Note Purchaser may at any time grant a security interest in and lien on all of its interests under this Agreement, the Note and all Basic Documents to any Person who, at any time now or in the future, provides program liquidity or credit enhancement, including without limitation, a surety bond or financial guaranty insurance policy for the benefit of the Note Purchaser. The Note Purchaser may assign its Commitment or all of its interest under the Note, this Agreement and the Basic Documents to any Person with the written consent of the Issuer. Notwithstanding the foregoing, it is understood and agreed by the Issuer that the Note may be sold, transferred or pledged without the consent of the Issuer in compliance with, and as provided for under, SECTION 5.03(g). Notwithstanding any other provisions set forth in this Agreement, the Note Purchaser may at any time create a security interest in all of its rights under this Agreement, the Note and the Basic Documents in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

(c) If, on or after the date of this Agreement, the Note Purchaser reasonably determines that the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Note Purchaser with any request or directive issued on or after the date of this Agreement (whether or not having the force of law) of any such authority, central bank or comparable agency, has made or would be likely to make it unlawful for the Note Purchaser to make or

maintain the Advances, hold the Note or otherwise to perform the transactions contemplated to be performed by it pursuant to this Agreement and those contemplated to be performed by it pursuant to the Basic Documents to which the Note Purchaser is a party, then (i) the Note Purchaser shall so notify the Issuer; (ii) the obligation of the Note Purchaser to make Advances from time to time as contemplated hereunder shall be suspended; and (iii) the Note Purchaser may assign its rights and obligations hereunder and under the Basic Documents, the Note and its interests therein to any Person reasonably acceptable to the Issuer and the Servicer; provided that a Funding Termination Event shall occur if the Issuer or the Servicer fails to accept the proposed assignee chosen by the Note Purchaser.

SECTION 8.04 SURVIVAL OF AGREEMENT. All covenants, agreements, representations and warranties made herein and in the Note delivered pursuant hereto shall survive the making and the repayment of the Advances and the execution and delivery of this Agreement and the Note and shall continue in full force and effect until all interest and principal on the Note and other amounts owed hereunder have been paid in full and the commitment of the Note Purchaser hereunder has been terminated. In addition, the obligations of the Issuer and the Note Purchaser under SECTIONS 3.03, 3.04, 3.05, 8.05, 8.11, 8.12 and 8.13 shall survive the termination of this Agreement.

SECTION 8.05 PAYMENT OF COSTS AND EXPENSES; INDEMNIFICATION.

(a) PAYMENT OF COSTS AND EXPENSES.

(i) The Issuer agrees to pay on demand up to $50,000 of the reasonable expenses of the Note Purchaser (including the reasonable out-of-pocket and legal expenses of the Note Purchaser, if any) in connection with:

(A) the negotiation, preparation, execution, delivery and administration of this Agreement and of each other Basic Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to this Agreement or any other Basic Document as may from time to time hereafter be proposed, whether or not the transactions contemplated hereby or thereby are consummated, and

(B) the consummation of the transactions contemplated by this Agreement and the other Basic Documents.

(ii) The Issuer and the Servicer further jointly and severally agree to (A) pay upon demand all reasonable costs and out-of-pocket expenses incurred by the Note Purchaser as a consequence of, or in connection with, the enforcement of this Agreement or any of the other Basic Documents (including, without limitation, all costs and out-of-pocket expenses incident to the performance of any due diligence by RSM McGladrey and fees charged by the Rating Agencies for the rating of the Note) and any stamp, documentary or other taxes which may be

payable by the Note Purchaser in connection with the execution or delivery of this Agreement, any Advance hereunder, or the issuance of the Note or any other Basic Documents; and (B) hold and save the Note Purchaser harmless from all liability for any breach by the Issuer of its obligations under this Agreement. The Issuer and Servicer also further jointly and severally agree to reimburse the Note Purchaser upon demand for all reasonable out-of-pocket and legal expenses incurred by the Note Purchaser in connection with the negotiation of any restructuring or "work-out," whether or not consummated, of the Basic Documents.

(b) INDEMNIFICATION. In consideration of the execution and delivery of this Agreement by the Note Purchaser, the Issuer and the Servicer, jointly and severally, hereby indemnify and hold the Note Purchaser and each of its officers, directors, employees and agents (collectively, the "INDEMNIFIED PARTIES") harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and reasonable expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought and including, without limitation, any liability in connection with the offering and sale of the Note), including reasonable attorneys' fees and disbursements (collectively, the "INDEMNIFIED LIABILITIES"), incurred by the Indemnified Parties or any of them (whether in prosecuting or defending against such actions, suits or claims) as a result of, or arising out of, or relating to:

(i) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Advance including, without limitation, any claim, suit or action related to such transaction, which claim is based on a violation of Consumer Laws or any applicable vicarious liability statutes, or the use or operation of any Financed Vehicle by any Person; or

(ii) the entering into and performance of this Agreement and any other Basic Document by any of the Indemnified Parties,

except for any such Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the relevant Indemnified Party's gross negligence, bad faith or willful misconduct and, with respect to the Servicer, excluding any Indemnified Liabilities that would constitute recourse to the Servicer for loss by reason of the bankruptcy, insolvency (or other credit condition) of, or default by the related Obligor on any Receivable. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Issuer and the Servicer hereby jointly and severally agree to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The indemnity set forth in this SECTION 8.05(b) shall in no event include indemnification for any Taxes (which indemnification is provided in SECTION 3.05). The Issuer shall give notice to the Rating Agencies of any claim for Indemnified Liabilities made under this section. Upon the written request of the Note Purchaser pursuant to this Section 8.05(b), the Issuer and the Servicer shall promptly reimburse the Note Purchaser for the amount of any such Indemnified Liabilities incurred by the Note Purchaser.

SECTION 8.06 CHARACTERIZATION AS BASIC DOCUMENT; ENTIRE AGREEMENT. This Agreement shall be deemed to be a Basic Document for all purposes of the Indenture and the other Basic Documents. This Agreement, together with the Indenture, the Sale and Servicing Agreement, the documents delivered pursuant to SECTION 6.01 and the other Basic Documents, including the exhibits and schedules thereto, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all previous oral statements and other writings with respect thereto.

SECTION 8.07 NOTICES. All notices, amendments, waivers, consents and other communications provided to any party hereto under this Agreement shall be in writing and addressed, delivered or transmitted to such party at its address or facsimile number set forth below its signature hereto or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when transmitted and accompanied by a telephonic confirmation of receipt.

SECTION 8.08 SEVERABILITY OF PROVISIONS. Any covenant, provision, agreement or term of this Agreement that is prohibited or is held to be void or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement.

SECTION 8.09 TAX CHARACTERIZATION. Each party to this Agreement (a) acknowledges that it is the intent of the parties to this Agreement that, for accounting purposes and for all Federal, state and local income and franchise tax purposes, the Note will be treated as evidence of indebtedness issued by the Issuer, (b) agrees to treat the Note for all such purposes as indebtedness and (c) agrees that the provisions of the Basic Documents shall be construed to further these intentions.

SECTION 8.10 LIMITED RECOURSE. Notwithstanding any other provision contained herein or in any of the other Basic Documents, the obligations of the Issuer under this Agreement are limited recourse obligations of the Issuer, payable solely from the Collateral and, following realization thereof, any unsatisfied claims shall be automatically extinguished. No recourse shall be had for the payment of any amount owing in respect of this Agreement, including the payment of any fee hereunder or any other obligation or claim arising out of or based upon this Agreement, against any certificateholder, member, employee, officer, manager, director, affiliate or trustee of the Issuer; PROVIDED, HOWEVER, nothing in this SECTION 8.10 shall relieve any of the foregoing Persons from any liability which any such Person may otherwise have for its gross negligence, bad faith or willful misconduct. In addition, each of the parties hereto agree that all fees, expenses and other costs payable hereunder by the Issuer shall be payable only to the extent set forth in SECTION 11.14 of the Indenture and that all other amounts owed to them by the Issuer shall be payable solely from amounts that become available for payment pursuant to the Indenture and the Sale and Servicing Agreement.

SECTION 8.11 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO OTHERWISE APPLICABLE PRINCIPLES OF CONFLICTS OF LAW.

SECTION 8.12 JURISDICTION. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY OF THE PARTIES HEREUNDER WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR (TO THE EXTENT PERMITTED BY LAW) FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, ALL PARTIES HEREUNDER ACCEPT FOR THEMSELVES AND IN CONNECTION WITH THEIR PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT.

SECTION 8.13 WAIVER OF JURY TRIAL. ALL PARTIES HEREUNDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS NOTE PURCHASE AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE PARTIES IN CONNECTION HEREWITH OR THEREWITH. ALL PARTIES ACKNOWLEDGE AND AGREE THAT THEY HAVE RECEIVED FULL AND SIGNIFICANT CONSIDERATION FOR THIS PROVISION AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR ALL PARTIES TO ENTER INTO THIS AGREEMENT.

SECTION 8.14 COUNTERPARTS. This Agreement may be executed in any number of counterparts (which may include facsimile) and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

SECTION 8.15 ISSUER OBLIGATION. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Seller, the Servicer or the Trustee on the Note or under this Note Purchase Agreement or any certificate or other writing delivered in connection herewith or therewith, against (i) the Seller, the Servicer or the Trustee in its individual capacity (other than in connection with their respective obligations under the Basic Documents to which they are a party), (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Seller, the Servicer, the Trustee, any holder of a beneficial interest in the Issuer, the Seller, the Servicer, or the Trustee or

of any successor or assign of the Seller, the Servicer, or the Trustee, except as any such Person may have expressly agreed (it being understood that the Trustee has no such obligations in its individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid capital contribution or failure to pay any installment or call owing to such entity.

SECTION 8.16 WAIVER OF SET-OFF. The obligations of the Issuer and the Servicer hereunder are absolute and unconditional and each of the Issuer and the Servicer expressly waives any and all rights of set-off, abatement, diminution or deduction that the Issuer or the Servicer may otherwise at any time have under applicable law.

SECTION 8.17 SERVICER REFERENCES. All references to the Servicer herein shall apply to CPS, in its capacity as the initial Servicer, and not to a successor Servicer; provided that Section 7.01 shall apply to a successor Servicer.

[Remainder of Page Intentionally Blank]

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

PAGE FUNDING LLC

By:_____
Name:_____
Title:_____

Address: 16355 Laguna Canyon Road
Irvine, California 92618
Attention:
Telephone:
Facsimile:

CONSUMER PORTFOLIO SERVICES, INC.

By:_____
Name:_____
Title:_____

Address: 16355 Laguna Canyon Road
Irvine, California 92618

Attention: Mark Creatura
Telephone: (949) 785-6691
Facsimile: (888) 577-7923

UBS REAL ESTATE SECURITIES INC., AS NOTE PURCHASER

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

Address: 1285 Avenue of the Americas
11th Floor
New York, New York 10019

Attention: Tamer El-Rayess
Telephone: (212) 713-2738
Facsimile: (212) 713-7999

Exhibit 10.39

VARIABLE FUNDING NOTE

REGISTERED up to $100,000,000

No. A-1

SEE REVERSE FOR CERTAIN CONDITIONS

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING THE NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT IT IS AN INSTITUTIONAL INVESTOR THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT AND THAT SUCH NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (1) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE) OR AN AFFILIATE OF THE ISSUER, (2) A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (3) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION; PROVIDED, THAT THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER.

TRANSFERS OF THIS NOTE ARE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE INDENTURE. EXCEPT AS OTHERWISE PROVIDED IN SECTION 2.5 OF THE INDENTURE, THIS NOTE MAY BE TRANSFERRED, SOLD, OR PLEDGED, IN WHOLE BUT NOT IN PART, ONLY TO (I) THE ISSUER OR AN AFFILIATE OF THE ISSUER OR (II)(A) AN INSTITUTIONAL ACCREDITED INVESTOR THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT IT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACTING FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE INSTITUTIONAL ACCREDITED INVESTORS UNLESS THE HOLDER IS A BANK ACTING IN ITS FIDUCIARY CAPACITY) OR (B) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON WHOM THE TRANSFEROR REASONABLY BELIEVES AFTER DUE INQUIRY IS A

"QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A), ACTING FOR ITS OWN ACCOUNT, OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE, OR TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, UNLESS SUCH SALE, PLEDGE, OR OTHER TRANSFER IS OTHERWISE MADE IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AND SUBJECT TO INCREASES AND DECREASES AS SET FORTH HEREIN AND IN THE INDENTURE. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

PAGE FUNDING LLC
VARIABLE FUNDING NOTE

PAGE FUNDING LLC, a Delaware limited liability company (herein referred to as the "ISSUER"), for value received, hereby promises to pay to UBS REAL ESTATE SECURITIES INC., a Delaware corporation (the "NOTEHOLDER"), or its registered assigns, the principal sum of up to ONE HUNDRED MILLION DOLLARS ($100,000,000.00) or, if less, the aggregate unpaid principal amount outstanding hereunder (whether or not shown on the schedule attached hereto (or such electronic counterpart maintained by the Trustee), which amount shall be payable in the amounts and at the times set forth in Section 2.8(b) of the Indenture. The Issuer will pay interest on Advances under this Note at the Note Interest Rate. Such interest on Advances shall be due and payable on each Settlement Date until the principal of this Note is paid or made available for payment, to the extent funds will be available from the Collection Account processed from and including the preceding Settlement Date to but excluding each such Settlement Date in respect of (a) an amount equal to interest accrued for the related Interest Period, which will be equal to the sum of the products, for each day during the related Interest Period, of (i) the Note Interest Rate for such Interest Period and (ii) the Aggregate Principal Balance as of the close of business on such date divided by 360, plus (b) an amount equal to the amount of any accrued and unpaid Note Interest Carryover Shortfall with respect to prior Interest Periods, with interest on the amount of such Note Interest Carryover Shortfall at the Note Interest Rate for the related Interest Period. Prior to the Scheduled Maturity Date and unless an Event of Default or a Funding Termination Event specified in clauses (i) through (iii) of the definition thereof shall have occurred, the Issuer shall only be required to make interest payments on the Invested Amount of the Note to the holder hereof; provided that the Issuer may, at its option, prepay the Invested Amount of the Note, in whole or in part, at any time and without premium or penalty pursuant to Section 10.1 of the Indenture. Following the occurrence of an Event of Default or a Funding Termination Event specified in clauses (i) through (iii) of the definition thereof, the Noteholder may declare the Invested Amount of this Note to be immediately due and payable at par, together with accrued interest thereon, in accordance with Section 5.2 of the Indenture. Principal of and interest on this Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. This Note does not represent an interest in, or an obligation of, the Servicer or any affiliate of the Servicer other than the Issuer.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Note

does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Servicer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: Wells Fargo Bank, National Association, 6th & Marquette, MAC N9311-161, Minneapolis, Minnesota 55479, Attention: Corporate Trust Services, -- Asset Backed Administration.. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Note shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or be valid or obligatory for any purpose.

[Signature page follows.]

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: June 30, 2004 PAGE FUNDING LLC

By:_____
Name:_____
Title:_____

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is the Note issued under the within-mentioned Indenture.

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

By:_____
Authorized Signature

REVERSE OF THE NOTE

This Note is the duly authorized Note of the Issuer, designated as its Variable Funding Note (herein called the "NOTE"), issued under (i) the Indenture, dated as of June 30, 2004 (such Indenture, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, is herein called the "INDENTURE"), among the Issuer, UBS Real Estate Securities Inc. (the "NOTEHOLDER"), and Wells Fargo Bank, National Association, a national banking association, as trustee (the "TRUSTEE", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee and the Note Purchaser. The Note is subject to all terms of the Indenture. All terms used in this Note that are defined in the Indenture, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, shall have the meanings assigned to them in or pursuant to the Indenture, as so amended, supplemented or otherwise modified.

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

As described above, the entire unpaid principal amount of this Note shall be due and payable on the Final Scheduled Settlement Date. Notwithstanding the foregoing, if an Event of Default or a Funding Termination Event specified in clauses (i) through (iii) of the definition thereof shall have occurred and be continuing then, in certain circumstances, principal on the Note may be paid earlier, as described in the Indenture.

Payments of interest on this Note due and payable on each Settlement Date, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any prepayments, to the extent not in full payment of this Note, shall be made by wire transfer to the Holder of record of this Note (or any predecessor Note) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Note (or any predecessor Note) effected by any payments made on any date shall be binding upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon. Final payment of principal (together with any accrued and unpaid interest) on this Note will be paid to the Noteholder only upon presentation and surrender of this Note at the Corporate Trust Office for cancellation by the Trustee.

The Issuer shall pay interest on overdue installments of interest at the Note Interest Rate to the extent lawful.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Note may be registered on the Note Register upon surrender of this Note for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the

Issuer and the Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Note of authorized denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

The Noteholder, by acceptance of the Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Trustee or the Issuer on the Note or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Issuer or the Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director or employee of the Issuer or the Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Trustee or of any successor or assign of the Issuer or the Trustee in its individual capacity, except (a) as any such Person may have expressly agreed (it being understood that the Trustee has no such obligations in its individual capacity) and (b) any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity; provided, however, that nothing contained herein shall be taken to prevent recourse to, and enforcement against, the assets of the Issuer for any and all liabilities, obligations and undertakings contained in the Indenture or in this Note, subject to Section 6.7 of the Indenture.

The Noteholder, by acceptance of the Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder will not institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Note, the Indenture or the Basic Documents.

Prior to the due presentment for registration of transfer of this Note, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name the Note (as of the day of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not the Note be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

It is the intent of the Issuer and the Noteholder that, for Federal, state and local income and franchise tax purposes, the Note will evidence indebtedness of the Issuer secured by the Collateral. The Noteholder, by the acceptance of the Note, agrees to treat the Note for Federal, state and local income and franchise tax purposes as indebtedness of the Issuer.

The Indenture permits in certain circumstances, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holder of the Note under the Indenture at any time by the Issuer with the consent of the Holder of the Note. The Indenture also contains provisions permitting the Holder of the Note to waive compliance by the Issuer with certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of the Note (or any predecessor Note) shall be conclusive and binding upon such Holder and upon all future Holders of the Note and of the Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon the Note.

The Indenture also permits the Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of the Holder of the Note.

The term "ISSUER" as used in this Note includes any successor to the Issuer under the Indenture.

The Note is issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

The Note and the Indenture shall be construed in accordance with the law of the State of New York, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such law.

No reference herein to the Indenture and no provision of the Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on the Note at the times, place, and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable U.S. withholding taxes.

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement of Consumer Portfolio Services, Inc. on Form S-2 of our report, dated March 16, 2005, appearing in the Annual Report on Form 10-K of Consumer Portfolio Services, Inc. for the year ended December 31, 2004. We also consent to the reference of our firm under the caption "Experts" in the Prospectus, which is a part of this Registration Statement.

/S/ McGladrey & Pullen LLP
- --------------------------

Irvine, CA
April 12, 2005

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Consumer Portfolio Services, Inc.

We consent to the incorporation by reference in the registration statement (No. 333-121913) on Form S-2 of Consumer Portfolio Services, Inc. of our report dated March 15, 2004, with respect to the consolidated balance sheet of Consumer Portfolio Services, Inc. as of December 31, 2003, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2003, which report appears in the December 31, 2004, annual report on Form 10-K of Consumer Portfolio Services, Inc. and to the reference to our firm under the heading "Experts" in the prospectus.

/S/ KPMG LLP
- ------------

Orange County, California
April 11, 2005