FORM S-2/A

Registration of securities [amend]

Filing Date: **2005-05-02**
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FILER

CONSUMER PORTFOLIO SERVICES INC
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SIC: **6199** Finance services

Business Address
16355 LAGUNA CANYON
IRVINE CA 92618
9497536800

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As filed with the Securities and Exchange Commission on May 2, 2005

Reg. No. 333-121913

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2 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)

	CHARLES BRADLEY, JR. CHIEF EXECUTIVE OFFICER
16355 LAGUNA CANYON ROAD IRVINE, CALIFORNIA 92618 (949) 450-3014	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)	(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. [ ]

<TABLE>

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)
<S>	<C>	<C>	<C>	<C>
Renewable Unsecured Subordinated Notes	$ 100,000,000	(1)	$ 100,000,000	$ 11,770.00

</TABLE>

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

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(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 MAY __, 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 May [__], 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 38.

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.

<TABLE>
<S> <C>

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. 3 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. 4
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."

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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 could cause our actual results to differ materially from those expressed in any forward-looking statements.

<TABLE>

RATIOS OF EARNINGS TO FIXED CHARGES

	1999	2000	2001	2002	2003	2004
<S>	<C>	<C>	<C>	<C>	<C>	<C>
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

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(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 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	0.075%	$ 75,000
Document fulfillment expenses	0.100%	$ 100,000
Annual portfolio management fee	2.250%	$ 2,250,000
Media placement and management fee	1.000%	$ 1,000,000

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(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	3,500
Accounting fees and expenses	50,000
Blue Sky fees and expenses	1,000
Legal fees and expenses	50,000
Printing expenses	75,000
Trustee's fees and expenses	15,000
Selling agent's counsel fees	75,000
Miscellaneous	50,000
TOTAL	$ 331,270

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 (Previously filed as Exhibit 1.1 to Amendment No. 1 to Registration Statement No. 333-121913)
*3.1	Restated Articles of Incorporation (Previously filed as Exhibit 3.1 to Amendment No. 1 to Registration Statement No. 333-121913)
*3.2	Amended and Restated Bylaws (Previously filed as Exhibit 3.2 to Amendment No. 1 to Registration Statement No. 333-121913)
*4.1	Form of Indenture (Previously filed as Exhibit 4.1 to

	Registration Statement No. 333-121913)
*4.2	Form of Notes (Previously filed as Exhibit 24.1 to Registration Statement No. 333-121913)
*4.3	Form of Note Confirmation (Previously filed as Exhibit 4.3 to Amendment No. 1 to Registration Statement No. 333-121913)
*4.4	Form of Subscription Agreement (Previously filed as Exhibit 4.4 to Amendment No. 1 to Registration Statement No. 333-121913)
*5.1	Opinion of Andrews Kurth LLP with respect to legality of Notes (Previously filed as Exhibit 5.1 to Amendment No. 1 to Registration Statement No. 333-121913)
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**10.29	Second Amended and Restated Sale and Servicing Agreement dated April 13, 2005 by and among CPS Warehouse Trust (CPSWT), CPS, Wells Fargo Bank, National Association (WFBNA) and WestLB AG (WLBAG)
**10.30	Second Amended and Restated Annex A to Agreement filed as Exhibit 10.29
**10.31	Second Amended and Restated Indenture dated as of April 13, 2005 by and among CPSWT, WLBAG and WFBNA
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*10.35	Sale and Servicing Agreement dated June 30, 2004 by and among Page Funding LLC (PFLLC), CPS and WFBNA (Previously filed as Exhibit 10.35 to Amendment No. 1 to Registration Statement No. 333-121913)
*10.36	Annex A to Agreement filed as Exhibit 10.35 (Previously filed as Exhibit 10.36 to Amendment No. 1 to Registration Statement No. 333-121913)
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*25.1	Statement of Eligibility of Trustee (Previously filed as Exhibit 25.1 to Registration Statement No. 333-121913)

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* 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. 2 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 May 2, 2005.

Consumer Portfolio Services, Inc.

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

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

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Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 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)	May 2, 2005
/s/ Robert E. Riedl Robert E. Riedl	Chief Financial Officer (Principal Financial and Accounting Officer)	May 2, 2005
/s/ E. Bruce Fredrikson * E. Bruce Fredrikson	Director	May 2, 2005
/s/ John E. McConnaughy * John E. McConnaughy	Director	May 2, 2005
/s/ John G. Poole * John G. Poole	Director	May 2, 2005
/s/ William B. Roberts * William B. Roberts	Director	May 2, 2005
/s/ John C. Warner * John C. Warner	Director	May 2, 2005
/s/ Daniel S. Wood * Daniel S. Wood	Director	May 2, 2005

* by Charles E. Bradley, Jr., as attorney-in-fact
</TABLE>

INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION
*1.1	Form of Distribution and Management Agreement (Previously

	filed as Exhibit 1.1 to Amendment No. 1 to Registration Statement No. 333-121913)
*3.1	Restated Articles of Incorporation (Previously filed as Exhibit 3.1 to Amendment No. 1 to Registration Statement No. 333-121913)
*3.2	Amended and Restated Bylaws (Previously filed as Exhibit 3.2 to Amendment No. 1 to Registration Statement No. 333-121913)
*4.1	Form of Indenture (Previously filed as Exhibit 4.1 to Registration Statement No. 333-121913)
*4.2	Form of Notes (Previously filed as Exhibit 24.1 to Registration Statement No. 333-121913)
*4.3	Form of Note Confirmation (Previously filed as Exhibit 4.3 to Amendment No. 1 to Registration Statement No. 333-121913)
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EXHIBIT 10.29

SECOND 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 CONTROLLING PARTY

DATED AS OF

APRIL 13, 2005

<TABLE>

TABLE OF CONTENTS

TABLE OF CONTENTS
(CONTINUED)

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TABLE OF CONTENTS
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SECOND AMENDED AND RESTATED SALE AND SERVICING AGREEMENT (this "AGREEMENT") dated as of April 13, 2005, 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 capacities as Backup Servicer, the "BACKUP SERVICER," and as Trustee, the "TRUSTEE," respectively) and WESTLB AG (f/k/a Westdeutsche Landesbank Girozentrale) ("WESTLB"), a German banking corporation, as Controlling Party (in such capacity, the "CONTROLLING PARTY").

WHEREAS, the Purchaser, WestLB, 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 WestLB amended and restated the Original Sale and Servicing Agreement as of November 30, 2004 (the "AMENDED AND RESTATED SALE AND SERVICING AGREEMENT"); and

WHEREAS, the Purchaser, the Servicer, the Seller, the Backup Servicer, the Trustee and WestLB desire to amend and restate the Amended and Restated Sale and Servicing Agreement as hereinafter set forth; and

WHEREAS, WestLB, as Noteholder under, and as such term is defined in, the Amended and Restated Sale and Servicing Agreement, desires to consent to such amendment and restatement and XL Capital Assurance, Inc., as Controlling Party under, and as such term is defined in, the Amended and Restated Sale and

Servicing Agreement, has waived its right to consent to the such amendment and restatement.

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 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 or the Noteholder (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.

(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 Accounts;

(ix) all property (including the right to receive future Net Liquidation Proceeds) that secures a Receivable that has been acquired by or on behalf of the 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 Purchaser, the Trustee and the Controlling Party with an Addition Notice substantially in the form of EXHIBIT G hereto (which shall include supplements to the Schedule of Receivables and a Borrowing Base Certificate) 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 one or more Lockbox Accounts 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 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 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 Controlling Party and the Trustee an Officers' Certificate confirming the satisfaction of each condition precedent specified in this paragraph (b);

(xiv) 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;

(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 Controlling Party 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 F;

(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; and

(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.

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 ITEM (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.

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 the Trustee for the benefit of the Noteholder to secure the repayment of the Note.

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

(B) each Related Receivable that is a TFC Receivable has (1) an original term of 9 to 60 months; (2) an original Amount Financed of at least $1,000 and not more than $25,000; and (3) had an APR of at least 9.90% and not more than 30% (subject to applicable laws).

(C) each Related Receivable is not more than 30 days past due with respect to more than 10% of any Scheduled Receivable Payment as of the related Cutoff Date and is not due from a Delinquent Obligor;

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

(E) each Related Receivable satisfies in all material respects the applicable 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;

(F) 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

(G) no Financed Vehicle financed under the Related Receivables is on TFC's or the Seller's vehicle exclusion list, as 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 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 Servicemembers Relief Act, 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 such Receivable insuring against loss

and damage due to fire, theft, transportation, collision and other risks generally covered by comprehensive and collision coverage, and either the Seller or TFC, as applicable, and its 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 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, 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 Controlling Party 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 (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 has not been 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 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, 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 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 THE RECEIVABLES. 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 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 Receivables and the Other Conveyed Property 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 Controlling Party 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 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 Controlling Party 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 Controlling Party or receipt by the Trustee or the

Controlling Party 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 Accrual Period in which such discovery was made). 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 Controlling Party 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, the Controlling Party 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.

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 or TFC'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 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 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 shall within two Business Days after receipt of such files, execute and deliver to the Controlling Party, 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 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 and (c) determined that it has received a file 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 the Noteholder. 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)(i) and (ii). 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 Controlling Party 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 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 Controlling Party 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, the Controlling Party 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 Controlling Party. 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 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 Controlling Party and their designees 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 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 Controlling Party 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 and adversely affect the interests of the Noteholder, and notice of such amendments is given to the Controlling Party 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 Controlling Party 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 applicable Post-Office Box. The Servicer will provide each Obligor with a monthly statement in order to notify such Obligors to make payments directly to the applicable Post-Office Box. The Servicer shall allocate collections between principal and interest in accordance with the customary servicing procedures it follows with respect to all comparable automotive receivables that it services for itself or others and in accordance with the terms of this Agreement. Except as provided below, the Servicer, for as long as the Seller is the Servicer, may in

accordance with the applicable 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 four (4) extensions in the aggregate with respect to a CPS Receivable and (y) more than two (2) extensions per calendar year with respect to a TFC Receivable or grant an extension with respect to a TFC Receivable for more than one (1) calendar month or grant more than four (4) extensions in the aggregate with respect to a TFC Receivable. In 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 one or more Lockbox Accounts in the name of the Purchaser for the benefit of the Trustee, acting on behalf of the Noteholder. Pursuant to each Lockbox Agreement, the Trustee has authorized the Servicer to direct dispositions of funds on deposit in the related Lockbox Account to the Collection Account (but not to any other account), and no other Person, except the Lockbox Processor and the Trustee, has authority to direct disposition of funds on deposit in such Lockbox Account. However, each Lockbox Agreement shall provide that the Lockbox Bank will comply with instructions originated by the Trustee relating to the disposition of the funds in the related Lockbox Account without further consent by the Seller, the Servicer or the Purchaser. The Trustee shall have no liability or responsibility with respect to the Lockbox Processor's directions or activities as set forth in the preceding sentence. Each Lockbox Account shall be established pursuant to and maintained in accordance with the related Lockbox Agreement and shall be a demand deposit account 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 a Lockbox Account. The Trustee shall establish and maintain each Post-Office Box at a United States Post Office Branch in the name of the Purchaser for the benefit of the Noteholder.

(c) Notwithstanding any Lockbox Agreement, or any of the provisions of this Agreement relating to a Lockbox Agreement, the Servicer shall remain obligated and liable to the Purchaser, the Trustee, the Controlling Party 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 Agreements in accordance with the Servicing and Lockbox Processing Assumption Agreements. 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 Agreements to the same extent as if such Lockbox Agreements 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 Agreements. 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 Agreements and an accounting of amounts collected and held by the Lockbox Bank and otherwise use its best efforts to effect the orderly and efficient assignment of 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 each Lockbox Agreement, the Lockbox Processor will transfer any payments from Obligors received in the applicable Post-Office Box to the related Lockbox Account. The Servicer shall cause the Lockbox Bank to transfer cleared funds from the Lockbox Accounts to the Collection Account. In addition, the Servicer shall remit all payments by or on behalf of the Obligors received by the Servicer with respect to the Receivables (other than Purchased Receivables) and all Net Liquidation Proceeds no later than two 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 Accounts.

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, the Controlling Party and the Seller hereby agrees that the designation of the Seller or TFC (as applicable), as the secured party on the certificate of title is in respect of the Seller's or TFC's capacity as Servicer or subservicer, respectively, as agent of the Trustee for the benefit of the Noteholder.

(b) Upon the occurrence of an Event of Default or 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, prior to the occurrence of an Event of Default or a Servicer Termination Event, 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, 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 Event of Default or 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 Controlling Party.

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.

SECTION 4.7. PURCHASE OF RECEIVABLES UPON BREACH OF COVENANT.

Upon discovery by any of the Servicer, the Purchaser, the Controlling Party or the Trustee of a breach of any of the covenants of the Servicer set forth in SECTIONS 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 Controlling Party or the Noteholder with respect to a breach of SECTIONS 4.2(a), 4.4, 4.5 or 4.6 shall be to require the Servicer to repurchase Receivables pursuant to this SECTION 4.7; PROVIDED, HOWEVER, that the Servicer shall indemnify the Trustee, the Backup Servicer, the Purchaser, the Controlling Party 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. 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 Fee Schedule.

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 Controlling Party 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) 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 the statements required by SECTIONS 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 Borrowing Base, 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, 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 Controlling Party and the Noteholder, the Backup Servicer and each Rating Agency, on or before February 28 of each year beginning February 28, 2006, 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 date of this Agreement to December 31, 2005) 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 Controlling Party and 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.

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 Controlling Party, the Noteholder and each Rating Agency, on or before March 31 of each year beginning March 31, 2006, 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, addressed to the Board of Directors of the Servicer, to the Trustee, the Backup Servicer, the Controlling Party and 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 Accountants' Report shall further state that (x) a review in accordance with agreed upon procedures was made of two randomly selected Servicer's Certificates; (y) except as disclosed in the report, no exceptions or errors in the Servicer's Certificates were found; and (z) 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 June 30, 2005, and, thereafter on each September 30, December 31, March 31 and June 30 (or, with respect to each such date, upon the date of the closing of Seller's next occurring "CPS Auto Receivables Trust" term securitization transaction) prior to the Final Scheduled Settlement Date, to the extent that the average daily outstanding Invested Amount during the calendar quarter then ending was more than $25 million (or such other dates as the Controlling Party may determine in its reasonable discretion from time to time by prior written notice to the Seller, the Servicer and the Trustee), but in no case less than twice in any calendar year, the Seller at its own expense shall cause Independent Accountants reasonably 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 and the Controlling Party a report with respect to a statistically significant sample of Receivables substantially in the form of EXHIBIT E hereto (which report shall be considered substantially in the form of EXHIBIT E if such report is a report issued by the Independent Accountants in connection with their physical inspection and limited review conducted in connection with the Seller's "CPS Auto Receivables Trust" term securitization transactions generally closing on or about the end of each calendar quarter). If such review reveals, in the Controlling Party's reasonable opinion, an unsatisfactory number of exceptions, the Controlling Party, in its reasonable discretion, may require another review of a similarly sized statistically significant sample of Receivables. If such second review reveals, in the Controlling Party's reasonable opinion, an unsatisfactory number of exceptions, the Controlling Party, in its reasonable discretion, may require a full review of all Receivables by the Independent Accountants 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 and the Controlling Party (or the Controlling Party's designee) 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 Controlling Party 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 Controlling Party thereof in writing and the Servicer shall cause a firm of Independent Accountants, at the Servicer's expense, to audit the Servicer's Certificate and, prior to the fifth day of the following calendar month, reconcile the discrepancies. The effect, if any, of such reconciliation shall be reflected in the Servicer's Certificate for such next succeeding Determination Date. Other than the duties specifically set forth in this Agreement, the Backup Servicer shall have no obligations hereunder, including, without limitation, to supervise, verify, monitor or administer the performance of the Servicer. The Backup Servicer shall have no liability for any actions taken or omitted by the Servicer. The duties and obligations of the Backup Servicer shall be determined solely by the express provisions of this Agreement and no implied covenants or obligations shall be read into this Agreement against the Backup Servicer.

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

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

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

(iii) confirm that Available Funds, the Noteholder's Principal Distributable Amount, the Noteholder's Interest Distributable Amount, the Servicing Fee, the Backup Servicing Fee, the Unused Facility Fee, the Trustee Fee, and the Owner Trustee Fee in the Servicer's Certificate are accurate based solely on the recalculation of the Servicer's Certificate.

(c) Within 90 days of the date of this Agreement, the Backup Servicer will cause an affiliate of the Backup Servicer to data map to its servicing system all servicing/loan file information, including all relevant borrower contact information such as address and phone numbers as well as loan balance and payment information, including comment histories and collection notes. On or before the fifth calendar day of each month, the Servicer will provide to an affiliate of the Backup Servicer 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.

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, 2005, 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 pursuant to written instructions

delivered by the Controlling Party to the Servicer and the Trustee (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 the Termination Date (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

Controlling Party, the Trustee shall, within five days thereafter, give written notice of such non-receipt to the Controlling Party and the Servicer and the Servicer's term shall not be extended unless a Servicer Extension Notice is received on or before the last day of such term.

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 Controlling Party an Opinion of Counsel, in form and substance satisfactory to the Controlling Party, 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 Controlling Party. 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 Controlling Party and the Noteholder 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 Controlling Party 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, 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 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. 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. 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 Controlling Party 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 Controlling Party 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 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. 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 (v) and (viii) (such deficiency being a "DEFICIENCY CLAIM AMOUNT"), then on the Deficiency Claim Date, the Trustee shall deliver to the Controlling Party 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 (v) and (viii), as applicable. Any Deficiency Notice shall be delivered by 10:00 a.m., New York City time, on the Deficiency Claim Date.

(c) In the event that the Trustee has delivered a Deficiency Notice with respect to any Determination Date pursuant to SECTION 5.5(B), the Trustee shall on the related Deficiency Claim Date determine whether the application of funds in accordance with SECTION 5.7(a) and the application of any Deficiency Claim Amount pursuant to SECTION 5.5(b) and, if applicable, SECTION 5.5(d) would result in a shortfall in amounts distributable pursuant to SECTIONS 5.7(a)(iv) on any Settlement Date and SECTION 5.7(a)(v) on any Settlement Date occurring on or after the Final Scheduled Settlement Date. If the Trustee determines that such amount for such Settlement Date is greater than zero, the Trustee shall furnish to the Controlling Party no later than 10:00 a.m. New York City time on the related Deficiency Claim Date a notice substantially in the form of Exhibit D hereto setting forth such amount.

(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 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, in immediately available funds, (i) the aggregate Purchase Amount with respect to Purchased Receivables on the Business Day preceding the related Determination Date and (ii) any proceeds from any Receivables Insurance Policies received by the Servicer with respect to Financed Vehicles in accordance with Section 4.4(b). 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, 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), the Trustee and the Owner Trustee, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTIONS 5.5(b) and 5.5(d), in respect of (A) Backup Servicing Fees, Trustee Fees and Owner Trustee Fees, respectively, reasonable expenses incurred in connection with transitioning the servicing to the Backup Servicer, and all other reasonable out-of-pocket expenses of the Backup Servicer, the Trustee and the Owner Trustee (including counsel fees and expenses), and (B) all unpaid Backup Servicing Fees (so long as the Backup Servicer is not acting as successor Servicer), Trustee Fees, Owner Trustee Fees, reasonable expenses incurred in connection with transitioning the servicing to the Backup Servicer and all other reasonable out-of-pocket expenses of the Backup Servicer, Trustee and Owner Trustee (including counsel fees and expenses) from prior Accrual Periods PROVIDED, HOWEVER, that expenses payable to each of the Backup Servicer, Trustee and Owner Trustee pursuant to this CLAUSE (ii), 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 (ii) shall in no case exceed $50,000 in the aggregate;

(iii) to the Servicer, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTIONS 5.5(b) and 5.5(d), 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 SECTIONS 5.5(b) and 5.5(d), the Capped Monthly Interest;

(v) to the Note Distribution Account, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTIONS 5.5(b) and 5.5(d), the Noteholder's Principal Distributable Amount for such Settlement Date;

(vi) 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;

(vii) 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;

(viii) to the Note Distribution Account, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTIONS 5.5(b) and 5.5(d), 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)(iv) above;

(ix) to the Noteholder, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(d), the Unused Facility Fee for such Settlement Date;

(x) if any Person other than the Backup Servicer becomes the successor Servicer, to such successor Servicer from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(D), 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;

(xi) to the Note Distribution Account, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(D), any other amounts due to the Noteholder, the Controlling Party and the Committed Note Purchaser pursuant to the Basic Documents;

(xii) to the Backup Servicer, the Owner Trustee and the Trustee, as applicable, pro rata, from Available Funds and any amounts deposited in the Collection Account pursuant to SECTION 5.5(d), 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)(ii) above; and

(xiii) to the Certificateholders, the remaining Available Funds, if any, any amounts deposited in the Collection Account pursuant to SECTION 5.5(d) 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 plus any Noteholder's Principal Carryover Shortfall 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, 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 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) to the Controlling Party and 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, the Controlling Party 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, 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, 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; 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;

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

(xiv) the three month average Deferral Rate for all CPS Managed Receivables; and

(xv) the amount of the Unused Facility Fee paid to the Noteholder, if any.

Each amount set forth pursuant to PARAGRAPHS (i), (ii), (iii), (vi), (vii) and (viii) 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, 2006, 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 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 or on the last day of each calendar quarter during the term of this Agreement, 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 VII

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 statutory 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 statutory 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 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 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, 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 Trustee or the Controlling Party 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. The Seller covenants and agrees that it will not take any action to pursue any remedy that it may have against the Purchaser hereunder, in law, in equity or otherwise, until a year and a day have passed since the Termination Date. 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 or by the Trustee or the Controlling Party on behalf of the Noteholder.

(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 Contract Purchase Guidelines of the Seller or TFC, or the classification of Obligors within such programs unless (i) the Controlling Party 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 Owner Trustee, the Trustee, the Controlling Party, 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 Owner Trustee, the Trustee, the Controlling Party, 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 Owner Trustee, the Trustee, the Controlling Party, 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, the Owner 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 Owner Trustee, the Trustee, the Controlling Party, 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, 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, the Owner 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 Controlling Party 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 Controlling Party 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 Controlling Party 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.

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 of 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 their 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 Controlling Party 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 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 Pardee 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 Noteholder, the Controlling Party 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 Owner Trustee, the Backup Servicer, the Noteholder, the Controlling Party 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 Controlling Party and 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 Owner Trustee, the Backup Servicer, the Controlling Party and 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 Pardee 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 or the Backup Servicer; and

(v) The Servicer, shall defend, indemnify and hold harmless the Trustee, the Owner Trustee, the Backup Servicer, the Controlling Party 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 Pardee 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 Controlling Party 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 Controlling Party 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 Controlling Party 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. [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 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.

(a) The Servicer shall furnish, or cause to be furnished to the Controlling Party:

(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 Accountants.

(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 Controlling Party or after discovery of such failure by a Responsible Officer of the Servicer; or

(b) Failure by the Servicer to deliver to the Trustee and the Controlling Party 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);

(c) Failure on the part of the Servicer to duly 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 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 to the Servicer by the Trustee or the Controlling Party;

(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;

(e) Any representation, warranty or statement of the Servicer made in this Agreement (without regard to any exception relating to the Pardee 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 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 Controlling Party the circumstances or condition in respect of which such representation, warranty or statement was incorrect shall not have been eliminated or otherwise cured;

(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.

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 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 Controlling Party. If requested by the Controlling Party, the successor Servicer shall terminate the Lockbox Agreements 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) OR (IV). Notwithstanding the above, if the Backup Servicer shall be legally unable or unwilling to act as Servicer, the Backup Servicer, the Trustee or the Controlling Party 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 non-extension of the servicing term as referred to in SECTION 4.15 or the resignation of the Servicer pursuant to SECTION 9.6. If upon the termination of the Servicer pursuant to SECTION 10.2, the non-extension of the servicing term as referred to in SECTION 4.15 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 OF TERMINATION AND APPOINTMENT.

Upon any termination of, or appointment of a successor to, the Servicer, the Trustee shall give prompt written notice thereof to the Controlling Party, the Noteholder 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. 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, the Controlling Party 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, the Controlling Party 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 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)(X) hereof.

ARTICLE XI

MISCELLANEOUS PROVISIONS

SECTION 11.1. AMENDMENT.

(a) This Agreement may not be waived, amended or otherwise modified except in a writing signed by the parties hereto 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.

(d) The Trustee may, but shall not be obligated to, enter into any such amendment, waiver or consent which affects the Trustee's own rights, duties or immunities under this Agreement or otherwise.

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 Controlling Party 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 Controlling Party 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 Controlling Party and the Noteholder, 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 Controlling Party, the Owner Trustee 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 Owner Trustee, the Backup Servicer, the Noteholder and the Controlling Party 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 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 Controlling Party, the Owner Trustee and the Trustee 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, in 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. Such Opinion of Counsel 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 Trustee or the Backup Servicer at the Corporate Trust Office; (f) in the case of the Controlling Party, to WestLB AG, New York Branch, 1211 Avenue of the Americas, New York, New York 10036; Attention: Rahel Avigdor, Telecopy (212) 852-5971; (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 Controlling Party. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Controlling Party 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, the Controlling Party and 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 Owner Trustee and the Noteholder, as third-party beneficiaries. 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 Conveyed 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 Termination 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. INTENTION OF PARTIES REGARDING DELAWARE SECURITIZATION ACT.

It is the intention of the Purchaser and the Seller that the transfer and assignment of the property contemplated by SECTION 2.1(A) of this Agreement shall constitute a sale of property from the Seller to the Purchaser, conveying good title thereto free and clear of any liens, and the beneficial interest in and title to such assets shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy or similar law. In addition, for purposes of complying with the requirements of the Asset-Backed Securities Facilitation Act of the State of Delaware, 6 Del. C. ss. 2701A, et seq. (the "SECURITIZATION ACT"), each of the parties hereto hereby agrees that:

(a) any property, assets or rights purported to be transferred, in whole or in part, by the Seller to the Purchaser pursuant to this Agreement shall be deemed to no longer be the property, assets or rights of the Seller;

(b) none of the Seller, its creditors or, in any insolvency proceeding with respect to the Seller or the Seller's property, a bankruptcy trustee, receiver, debtor, debtor in possession or similar person, to the extent the issue is governed by Delaware law, shall have any rights, legal or equitable, whatsoever to reacquire (except pursuant to a provision of this Agreement), reclaim, recover, repudiate, disaffirm, redeem or recharacterize as property of the Seller any property, assets or rights purported to be transferred, in whole or in part, by the Seller to the Purchaser pursuant to this Agreement;

(c) in the event of a bankruptcy, receivership or other insolvency proceeding with respect to the Seller or the Seller's property, to the extent the issue is governed by Delaware law, such property, assets and rights shall not be deemed to be part of the Seller's property, assets, rights or estate; and

(d) the transaction contemplated by this Agreement shall constitute a "securitization transaction" as such term is used in the Securitization Act.

SECTION 11.16. SPECIAL SUPPLEMENTAL AGREEMENT.

If any party to this Agreement is unable to sign any amendment or supplement due to its dissolution, winding up or comparable circumstances, then the consent of the Controlling Party 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 trust 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 Controlling Party 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 made to the Noteholder and the Controlling Party through the Termination Date. The Servicer shall promptly notify the Trustee, the Controlling Party, the Seller, the Purchaser, each Rating Agency and the Noteholder 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 Trustee 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 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, as Purchaser

By: Wilmington Trust Company, not in its individual capacity, but solely as Owner Trustee

By:_____
Name:_____
Title:_____

CONSUMER PORTFOLIO SERVICES, INC., as Seller and Servicer

By:_____
Name:_____
Title:_____

WELLS FARGO BANK, NATIONAL ASSOCIATION, not in its individual capacity, but solely as Backup Servicer and Trustee

By:_____
Name:_____
Title:_____

WESTLB AG, acting through its New York Branch, as Controlling Party

By:_____
Name:_____
Title:_____

By:_____

Name:_____
Title:_____

CONSENTED TO BY:
- ----------------

WESTLB AG, acting through its New York Branch , as
Noteholder

By:_____
Name:_____
Title:_____

By:_____
Name:_____
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 10.30

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 G 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 (V) 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 (V) of the Sale and Servicing Agreement), in each case on such date.

"ADVANCE" has the meaning set forth in 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) with respect to each TFC Receivable, 70% MINUS the Advance Rate Reduction Amount and (b) with respect to each CPS Receivable, the then applicable CPS Advance Rate as reflected on the CPS Advance Rate Matrix and.

"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" means WestLB in its capacity as Agent for the Note Purchaser Parties under the Note Purchase Agreement and its successors and assigns thereunder.

"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, 1.50% 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 F to the Sale and Servicing Agreement.

"ASSUMPTION DATE" has the meaning set forth in SECTION 10.3(A) of the Sale and Servicing Agreement.

"AUTHORIZED OFFICER" means, with respect to the 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 Agent on the Closing Date (as such list may be modified or supplemented from time to time thereafter by delivery thereof to the Owner Trustee and the Controlling Party).

"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 of $1,800 per data transmission received by the Backup Servicer pursuant to Section 4.14 of the Sale and Servicing Agreement.

"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.

"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 Servicing and Lockbox Processing Assumption Agreement, the Trust Agreement, the Lockbox Agreements, 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 any day other than a Saturday, a Sunday or other day on which commercial banks located in the states of California or New York or the state in which the 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 other governmental decree 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.

"CHANGE IN 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 CPS or (ii) succeed in having sufficient of its or their nominees elected to the Board of Directors of CPS such that such nominees when added to any existing director remaining on the Board of Directors of CPS 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 CPS. 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 CPS or any of its Subsidiaries and other than any trust for any employee benefit plan of CPS 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 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 WestLB AG, 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 10% of the Aggregate Principal Balance of the CPS Receivables;

(vii) 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;

(viii) CPS Receivables originated under the Seller's "Delta Program," "Standard Program" and "First Time Buyer Program" shall not in the aggregate at any time represent more than 20% of the Aggregate Principal Balance of the CPS Receivables

(ix) 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;

(x) 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;

(xi) 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;

(xii) 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;

(xiii) 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;

(xiv) CPS Receivables originated in California shall not at any time represent more than 20% of the Aggregate Principal Balance of the CPS Receivables;

(xv) CPS Receivables originated in Texas shall not at any time exceed 20% of the Aggregate Principal Balance of the CPS Receivables;

(xvi) 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;

(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 47.5% 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.

"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.

"CONTRACT" means a motor vehicle retail installment sale contract and 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.

"CONTRACT PURCHASE GUIDELINES" means (a) with respect to the CPS Receivables, CPS' established "Contract Purchase Guidelines" and (b) with respect to the TFC Receivables, TFC's established "Contract Purchase Guidelines", in each case as the same may be amended from time to time in

accordance with Section 8.2(c) of the Sale and Servicing Agreement.

"CONTROLLING PARTY" means the Agent; provided that upon written notice from the Noteholder to the Trustee, the Issuer and the Servicer that the Agent is no longer the Controlling Party, the Noteholder shall be the Controlling Party.

"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 Servicer, the Controlling Party, the Issuer, or the principal corporate trust office of any successor Trustee (the address of which the successor Trustee will notify the Controlling Party, 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 Owner Trustee may designate from time to time by notice to the Noteholder, the Servicer, the Controlling Party, the Issuer, or the principal corporate trust office of any successor Owner Trustee (the address of which the successor Owner Trustee will notify the Controlling Party and 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 Controlling Party.

"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" means Consumer Portfolio Services, Inc., a California corporation.

"CPS ADVANCE RATE MATRIX" means the following matrix, the results of which reflect the CPS Advance Rate to be used in (a)(i) of the definition of "Advance Rate" herein:

<TABLE>

WEIGHTED AVERAGE PORTFOLIO SPREAD	WEIGHTED AVERAGE PORTFOLIO REMAINING TERM (IN MONTHS)		
	30 TO 41	42 TO 53	54 OR MORE
<S> <C>			
3.0% TO 3.9%	64.8%	66.5%	67.0%
4.0% TO 4.9%	65.7%	67.6%	68.0%
5.0% TO 5.9%	66.6%	68.7%	69.0%
6.0% TO 6.9%	67.4%	69.9%	70.5%
7.0% TO 7.9%	68.3%	71.0%	72.0%
8.0% TO 8.9%	69.1%	72.1%	73.5%
9.0% TO 9.9%	70.0%	73.2%	75.0%
10.0% OR HIGHER	70.8%	74.3%	76.5%

</TABLE>

"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 MANAGED RECEIVABLES" means all Contracts serviced by CPS, but excluding SeaWest Contracts, Contracts originated by MFN Financial Corporation and Contracts originated by TFC.

"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 that any of the following events has occurred and has not been waived in writing by the Controlling Party:

(i) the three month average Delinquency Ratio for all CPS Receivables equals or exceeds 4%;

(ii) the Net Loss Rate for all CPS Receivables exceeds 4%;

(iii) the three month average Deferral Rate for all CPS Receivables exceeds 1.50%;

(iv) the three month average Delinquency Ratio for all CPS Managed Receivables equals or exceeds 9%; and

(v) the Net Loss Rate for all CPS Managed Receivables exceeds 7.5%.

Following the occurrence of a CPS Trigger Event I, the applicable Required Reserve Percentage will increase as detailed in the definition thereof.

"CPS TRIGGER EVENT II" means that any of the following events has occurred and has not been waived in writing by the Controlling Party:

(i) the three month average Delinquency Ratio for all CPS Receivables equals or exceeds 8%;

(ii) the Net Loss Rate for all CPS Receivables exceeds 6%;

(iii) the three month average Deferral Rate for all CPS Receivables exceeds 1.75%;

(iv) the three month average Delinquency Ratio for all CPS Managed Receivables equals or exceeds 11%; or

(v) the Net Loss Rate for all CPS Managed Receivables exceeds 9%.

"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.

"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 3.50%.

"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 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.

"DEFERRAL RATE" means, for the applicable Eligible Receivables or the applicable Managed Receivables, as the case may be, for any Accrual Period, a percentage, equal to the aggregate Principal Balance of such Eligible Receivables or such Managed Receivables, as the case may be, whose maturity has been extended during such Accrual Period divided by, in the case of such Eligible Receivables, the Aggregate Principal Balance as of the last day of such Accrual Period and in the case of such Managed Receivables the aggregate Principal Balance of all such Managed Receivables as of the last day of such Accrual Period.

"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) of the Indenture.

"DELINQUENCY RATIO" means, at any time of determination for the applicable Eligible Receivables or the applicable Managed Receivables, as the case may be, a percentage, equal to the Aggregate Principal Balance of such Eligible Receivables or such Managed Receivables, as the case may be, constituting Delinquent Receivables as of such date of determination, divided by, in the case of the applicable Eligible Receivables, the Aggregate Principal Balance of all such Eligible Receivables as of such date of determination and, in the case of the applicable Managed Receivables, the aggregate Principal Balance of all such Managed Receivables as of such date of determination.

"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) that 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:

<TABLE>
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Eurodollar Rate =	EURODOLLAR RATE	+	the Applicable Margin with respect to each day in such Eurodollar Interest Period
(Reserve Adjusted)	1.00 - Eurodollar Reserve Percentage		

</TABLE>

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 Balance 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 13, 2006 (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 April 13, 2005.

"FINAL SCHEDULED SETTLEMENT DATE" means the earlier to occur of (a) the Settlement Date next succeeding the date on which all of the Receivables have been sold, securitized or otherwise liquidated 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 waived in writing by the Controlling Party: (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) the occurrence of a Servicer Termination Event, (iv) the Backup Servicer shall have become the Servicer under the Sale and Servicing Agreement, (v) any Receivable remains in the facility for more than twelve months following its related Funding Date, or (vi) the Liquidity Asset Purchase Agreement is not in full force and effect (and upon the actual knowledge of the Controlling Party, it will notify the Seller that the Liquidity Asset Purchase Agreement is not in full force and effect).

"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 Controlling Party, 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 Controlling Party 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.

"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 Second Amended and Restated Indenture dated as of April 13, 2005, among the Issuer, the Controlling Party 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 ACCOUNTANTS" has the meaning set forth in Section 4.11 of the Sale and Servicing Agreement.

"INDEPENDENT CERTIFICATE" means a certificate or opinion to be delivered to the Trustee and the Controlling Party 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 and the Controlling Party, 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.

"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(E) 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.

"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 an 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 April 13, 2005 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 each 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 Receivables, 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, such agreements shall be terminated in accordance with their respective terms or other agreements pursuant to which Lockbox Accounts are executed and delivered, 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 each 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.

"MANAGED RECEIVABLES" means CPS Managed Receivables or TFC Managed Receivables, as the context may require.

"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 and its Subsidiaries, or (ii) the

ability of such Person to perform its material obligations under any of the Basic Documents to which it is a party; and (B) with respect to the Transaction, a material adverse change in (i) the Collateral, (ii) the first priority perfected security interest of the Trustee for the benefit of the Noteholder in the Collateral or (iii) the ability of the Trustee to liquidate, or foreclose against, the Collateral.

"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 per annum rate used to compute the Trustee's Fee, (d) 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) 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.

"NET LOSS RATE" means for any Settlement Date the quotient of (x) the sum of the fractions, expressed as a percentage (annualized) for each of the three most recently ended Accrual Periods, the numerator of which is the amount of gross charge-offs of Eligible Receivables (less liquidation proceeds and recoveries) and the denominator of which is the average outstanding aggregate principal amount of such Eligible Receivables during such Accrual Period divided by (y) three.

"NOTE" means the Floating Rate Variable Funding Note, substantially in the form of the Note set forth in EXHIBIT A 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 PURCHASE AGREEMENT" means the Second Amended and Restated Note Purchase Agreement dated as of April 13, 2005 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" or "HOLDER" means the Person in whose name the 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 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.

"OBLIGOR" on a Receivable means the purchaser or co-purchasers of the Financed Vehicle and any other Person who owes payments under the Receivable.

"OFFICER'S CERTIFICATE" means a certificate signed by the chairman of the board, the president, any vice chairman of the board, any vice president, the treasurer, the controller or assistant treasurer or any assistant controller, secretary or assistant secretary of the Seller, the Purchaser or the Servicer, as appropriate.

"OPINION COLLATERAL" has the meaning set forth in Section 3.6(a) of the Indenture.

"OPINION OF COUNSEL" means a written opinion of counsel who may be but need not be counsel to the Purchaser, the Seller or the Servicer, which counsel shall be reasonably acceptable to the Trustee and the Controlling Party and which opinion shall be reasonably acceptable in form and substance to the Trustee and to the Controlling Party.

"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, 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 thereunder.

"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 successors and assigns thereof in accordance with the terms of the Note Purchase Agreement.

"PARDEE CASE" means Pardee et al. vs. Consumer Portfolio Services, Inc., No. 01-594-L (United States District Court, District of Rhode Island).

"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 each 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 for the receipt of Obligor remittances, including Scheduled Receivable Payments, as more particularly described in the Lockbox Agreements.

"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 Receivables Insurance Policies, the Collection Account (including all Eligible Investments therein and all proceeds therefrom), the Lockbox Accounts 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 10 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 Controlling Party 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.

"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, and (c) 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 3.0%; 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 Second Amended and Restated Sale and Servicing Agreement dated as of April 13, 2005 among the Issuer, the Seller, the Servicer, the Backup Servicer, the Trustee and the Controlling Party, as the same may be amended or supplemented from time to time.

"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 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.

"SEAWEST CONTRACTS" means Contracts (i) purchased by one or more Affiliates of CPS from SeaWest Financial Corporation and its Affiliates and serviced by CPS and (ii) serviced by CPS under term securitizations sponsored by SeaWest Financial Corporation.

"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.

"SELLER" means Consumer Portfolio Services, Inc., and its successors in interest to the extent permitted hereunder.

"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 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, 3.50%.

"SERVICING AND LOCKBOX PROCESSING ASSUMPTION AGREEMENT" means that Amended and Restated Servicing and Lockbox Processing Assumption Agreement, dated as of April 13, 2005, among CPS, as Seller and Servicer, the Backup Servicer, the Standby Processor and the Trustee, as the same may be amended, restated, 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.

"STANDBY PROCESSOR" means Wells Fargo Bank, National Association, in its capacity as Standby Processor under the Servicing and Lockbox Processing Assumption Agreement, and it successors and assigns thereunder in such capacity.

"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 3.08 of the Note Purchase Agreement.

"TERM" has the meaning set forth in SECTION 2.05 of the Note Purchase Agreement.

"TERMINATION DATE" means the date on which the Note has been paid in full and all Secured Obligations shall have been satisfied 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 mean the occurrence and continuance of any one or more of the following events: (a) the three month average Delinquency Ratio for all TFC Managed Receivables exceeds 12.50%; (b) the TFC Level II Three-Month Rolling Average Net Loss Test is breached; (c) the three month average Deferral Rate for all TFC Receivables for any Accrual Period exceeds 1.75%; or (d) TFC shall no longer be an Affiliate of CPS.

"TFC MANAGED RECEIVABLE" means a TFC Receivable serviced by

TFC, whether a TFC Receivable, a Receivable owned by TFC or otherwise.

"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 LEVEL I THREE-MONTH ROLLING AVERAGE NET LOSS TEST" means that for each month specified in the following table, the Three-Month Rolling Average Net Loss Rate for the TFC Receivables, determined as of the last day of such month, does not exceed the "Maximum Three-Month Rolling Average Net Loss Test" specified by the following table:

MONTH	MAXIMUM THREE-MONTH ROLLING AVERAGE NET LOSS RATE
January	22.00%
February	20.00%
March	18.00%
April	16.00%
May	16.00%
June	16.00%
July	16.00%
August	16.00%
September	16.00%
October	16.00%
November	18.00%
December	20.00%

Conversely if such Maximum Three-Month Rolling Average Net Loss Rate is equaled or exceeded, the TFC Three-Month Rolling Average Net Loss Test shall be breached.

"TFC LEVEL II THREE-MONTH ROLLING AVERAGE NET LOSS TEST" means that for each month specified in the following table, the Three-Month Rolling Average Net Loss Rate for the TFC Receivables, determined as of the last day of such month, does not exceed the "Maximum Three-Month Rolling Average Net Loss Test" specified by the following table:

MONTH	MAXIMUM THREE-MONTH ROLLING AVERAGE NET LOSS RATE
January	24.00%
February	22.00%

March	20.00%
April	18.00%
May	18.00%
June	18.00%
July	18.00%
August	18.00%
September	18.00%
October	18.00%
November	20.00%
December	22.00%

Conversely if such Maximum Three-Month Rolling Average Net Loss Rate is equaled or exceeded, the TFC Three-Month Rolling Average Net Loss Test shall be breached.

"TFC TRIGGER EVENT I" means that any of the following events has occurred and has not been waived in writing by the Controlling Party:

(i) the three month average Delinquency Ratio for all TFC Managed Receivables equals or exceeds 10.5%;

(ii) the TFC Level I Three-Month Rolling Average Net Loss Test is breached; or

(iii) the three month average Deferral Rate for all TFC Receivables for any Accrual Period exceeds 1.50%.

Following the occurrence of a TFC Trigger Event I, the applicable Required Reserve Percentage will increase as detailed in the definition thereof.

"TRANSACTION" means the transactions contemplated by the Basic Documents.

"TRUST AGREEMENT" means the Second Amended and Trust Agreement dated as of April 13, 2005, between the Owner Trustee and the Depositor, as the same may be amended or supplemented from time to time.

"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 this 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 any amounts due to it for custodial duties as set forth in the Fee Schedule).

"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 (x) the Federal Funds Rate.

"WEIGHTED AVERAGE PORTFOLIO SPREAD" means, as of any date of determination, the (i) weighted average coupon of CPS Receivables less (ii) the Servicing Fee Percentage applicable to CPS Receivables less (iii) the Backup Servicing Fee (expressed as a percent of Eligible Receivables) less (iv) the product of (x) the sum of (A) the Trustee Fee (expressed as a percent of Eligible Receivables), (B) the Applicable Margin and (C) the Cap Rate and (y) 76.5%.

"WEIGHTED AVERAGE PORTFOLIO REMAINING TERM" means, as of any date of determination, the weighted average remaining term of the CPS Receivables.

"WEST LB" means WestLB AG (f/k/a Westdeutsche Landesbank Giorzentrale), New York branch, a German banking corporation.

EXHIBIT 10.31

$125,000,000

Floating Rate Variable Funding Note

_____

SECOND AMENDED AND RESTATED INDENTURE

Dated as of April 13, 2005

_____

CPS WAREHOUSE TRUST,
Issuer

WESTLB AG,
Controlling Party

WELLS FARGO BANK, NATIONAL ASSOCIATION,
Trustee

<TABLE>

TABLE OF CONTENTS

TABLE OF CONTENTS
(CONTINUED)

PAGE NO.

TABLE OF CONTENTS
(CONTINUED)

PAGE NO.

SECOND AMENDED AND RESTATED INDENTURE, dated as of April 13, 2005 (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) ("WESTLB"), as Controlling Party (in such capacity, the "CONTROLLING PARTY"), and Wells Fargo Bank, National Association ("WELLS FARGO"), 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 (in such capacity, the "TRUSTEE").

The Issuer, WestLB and the Trustee (collectively, the "AMENDING PARTIES") are party to that certain Indenture, dated as of March 7, 2002 (as amended and supplemented, the "ORIGINAL INDENTURE"), which Original Indenture was amended and restated as of November 30, 2004 (the "AMENDED AND RESTATED INDENTURE"), pursuant to which the Issuer issued its Floating Rate Variable Funding Note (as amended and restated, the "AMENDED AND RESTATED NOTE").

The Holder of the Amended and Restated Note received the benefit of a financial guaranty insurance policy (the "NOTE POLICY") issued by XL Capital Insurance Inc. ("XL") on the Closing Date, pursuant to which XL guaranteed certain payments with respect to the Amended and Restated Note. As of the date hereof, XL is being released, and releasing, as applicable, all of its rights, duties and obligations under the Note Policy, the Amended and Restated Indenture (including its right to consent to this Indenture) and the other Basic Documents.

In connection with the above-described transactions, the Amending Parties desire to amend and restate the Amended and Restated Indenture in its entirety.

Each party hereto 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 (as defined below).

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 Accounts;

(i) all property (including the right to receive future Net Liquidation Proceeds) that secures a Receivable that has been acquired by or on behalf of the 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").

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.

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 Trustee 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.

2

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in ANNEX A to the Second Amended and Restated Sale and Servicing Agreement dated as of April 13, 2005 among the Issuer, the Seller, the Servicer, West LB, as the Controlling Party, and Wells Fargo, as Backup Servicer and as 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.

(a) The Note, together with the Trustee's certificate of authentication, shall be in substantially the form set forth in EXHIBIT A, 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 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 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.

(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 Controlling Party

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 Controlling Party 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 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.

(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 EXHIBIT B-1 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 such transfer is made (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) (A) in compliance with Section

2.5(c) hereof, 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 in the case of CLAUSE (III) (except in the case of the initial transfer to the Noteholder), 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 B-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.

(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 Controlling Party 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 and 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 Controlling Party or the Trustee or any agent of the Issuer, the Controlling Party 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, 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) The principal of the Note shall be due and payable in full on the last day of the third Interest Period after the Facility Termination Date as provided in the form of the Note set forth in EXHIBIT A. 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 Controlling Party and 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. 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 Controlling Party, 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 the Note 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. [RESERVED].

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 and 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 Controlling Party 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 and the Controlling Party 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 and the Controlling Party 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, the Controlling Party and the Noteholder 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 and the Controlling Party 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 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 has been called but has 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 statutory 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 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 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 Noteholder, created by this Indenture in the Receivables and such other items of Collateral that the Controlling Party or 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 2006 calendar year, the Issuer shall furnish to the Trustee 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 in the Receivables and 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 and Opinion Collateral.

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 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 Controlling Party 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. Prior to the Termination Date, 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 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 and the Controlling Party, on or before February 28 of each year, beginning February 28, 2006 an Officer's Certificate, dated as of December 31 of the preceding year, stating, as to the Authorized Officer signing such Officer's Certificate, that

(i) a review of the activities of the Issuer during the preceding year and of performance under this Indenture has been made under such Authorized Officer's supervision; and

(ii) to the best of such Authorized Officer's knowledge, based on such review, the Issuer has complied with all conditions and covenants under this Indenture throughout such year, 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 statutory trust and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee 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 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 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 Controlling Party) 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 Controlling Party 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(A) 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 consolidation or merger at least 20 Business Days prior to the consummation of such action and shall have received the prior written approval of the Controlling Party to such consolidation or merger and the Issuer or the Person (if other than the Issuer) formed by or surviving such consolidation or merger has a net worth, immediately after such consolidation or merger, 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.

(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 statutory trust, (B) expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee and the Controlling Party, in form satisfactory to the Trustee, the Controlling Party 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 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 Controlling Party) 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 Controlling Party 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(B) 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 to such conveyance or transfer.

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 and the Controlling Party 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 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, the Controlling Party 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 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 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 this 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 April 13, 2005, 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 without the prior written consent of the Controlling Party and 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 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) have 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 Controlling Party 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 three 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);

(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 such default shall continue for a period of three 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);

(iii) 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 and the Controlling Party 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 Controlling Party, 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;

(iv) an Insolvency Event with respect to the Issuer shall have occurred;

(v) 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;

(vi) the Invested Amount exceeds the Maximum Invested Amount at any time and such condition continues for two Business Days;

(vii) a CPS Trigger Event II shall have occurred and be continuing;

(viii) the Seller fails to maintain (a) minimum Consolidated Total Adjusted Equity of $63,000,000, (b) maximum leverage (total liabilities

less all non-recourse debt/Consolidated Total Adjusted Equity) of 3.5 times, and (c) minimum unrestricted cash at any month end of $8.5 million;

(ix) CPS's annual audited financial statements are qualified in any manner;

(x) the notional balances applicable to all Hedge Agreements are less than the Invested Amount as of the related Settlement Date;

(xi) any litigation, claim, counterclaim or proceeding is brought against the Issuer or the Seller which causes a Material Adverse Change with respect to the Issuer, the Seller or the Transaction;

(xii) a Change in Control of the Servicer without the prior written consent of the Controlling Party;

(xiii) the Issuer becomes taxable as an association (or publicly traded partnership) or taxable as a corporation for federal or state income tax purposes; or

(xiv) the occurrence or existence of a default, event of default or other similar condition or event (howsoever described) in respect of CPS or any Affiliate of CPS (excluding defaults with respect to any securitization transaction or warehouse trust or special purpose entity established by CPS or any Affiliate of CPS) under one or more

agreements or instruments relating to Indebtedness in an aggregate amount of not less than $1,000,000 which has resulted in such Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable but excluding any such default, event of default or other similar condition or event that has been waived in accordance with the terms of any applicable agreement.

(b) The Issuer shall deliver to the Trustee and the Controlling Party, 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 Controlling Party may, and with respect to an Event of Default pursuant to Section 5.1(a)(iv) hereof, the Controlling Party 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 Controlling Party may exercise any of the remedies specified in SECTION 5.4.

(b) At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article V provided, the Controlling Party, 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 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 (acting at the direction of the Controlling Party or the Controlling Party's designee), 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) [RESERVED].

(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 may, with the consent of the Controlling Party, and shall, at the direction of the Controlling Party, 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 or its designee may do one or more of the following:

(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 Noteholder; 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, if not otherwise directed by the Controlling Party pursuant to SECTION 5.4. 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; 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 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 Controlling Party or to the Noteholder, then and in every such case the Issuer, the Controlling Party 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 Controlling Party 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 Controlling Party or to the Noteholder may be exercised from time to time, and as often as may be deemed expedient, by the Controlling Party 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 Controlling Party 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, the Controlling Party 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. [RESERVED].

SECTION 5.17. [RESERVED].

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 Noteholder, the Controlling Party and the Rating Agencies prompt written notice of any TFC Funding Termination Event. 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 this Indenture, and, third, 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 from the Controlling Party in accordance with this Indenture.

(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 its designee) or the Noteholder (or its designee), 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) [Reserved].

(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 Section 6.1 and this Section 6.2, the Trustee shall be protected and shall incur no liability to the Issuer, the Controlling Party 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 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.

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 this 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 Controlling Party notice of the Default promptly after such knowledge or notice occurs.

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 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 an Event of Default specified in Section 5.1(a)(iv) 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. 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 Controlling Party 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 Controlling Party. 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 Controlling Party 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 this 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 Controlling Party 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.

(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 vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

SECTION 6.11. ELIGIBILITY: DISQUALIFICATION. The Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition and subject to supervision or examination by federal or state authorities; and having a rating, both with respect to long-term and short-term unsecured obligations, of not less than investment grade by the Rating Agencies. The Trustee shall provide copies of such reports to the Controlling Party upon request.

SECTION 6.12. [RESERVED].

SECTION 6.13. APPOINTMENT AND POWERS. Subject to the terms and conditions hereof, the Controlling Party 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 Controlling 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. 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, the Controlling Party 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 Controlling Party or the Noteholder except for negligence, bad faith or willful misconduct in carrying out its duties to the Controlling Party and 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 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 in the Collateral granted hereunder; 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 Noteholder 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 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.

(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 Controlling Party, 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 Controlling 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, the Controlling Party 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 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 or any of its Affiliates is a Note Purchaser Party, the Controlling Party (or its designee) 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 Controlling Party shall also act on behalf of the Majority Program Support Providers.

SECTION 6.23. CONTROLLING PARTY'S RELIANCE, ETC. The Controlling Party 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 Controlling Party: (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.

(b) The Trustee shall on or after the Termination Date, 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 only upon receipt of an Issuer Request accompanied by an Officer's Certificate meeting the applicable requirements of SECTION 11.1.

(c) The Trustee shall release Ineligible Receivables from the lien created by this Indenture upon any dividend of such Ineligible Receivables pursuant to Section 5.10 of the Sale and Servicing Agreement.

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;

(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

(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 and 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 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) 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;

(vi) 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

(vii) 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, the Controlling Party and the Trustee of any supplemental indenture pursuant to this Section, the Trustee shall mail to 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, the Controlling Party 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.

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 10 days prior to the related Prepayment Date, to the Noteholder and the Controlling Party. All notices of prepayment shall state (i) the Prepayment Date, (ii) the Invested Amount to be prepaid; and (iii) the prepayment price.

(b) 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 Controlling Party resulting from a prepayment or repayment of the Invested Amount of the Note on a date other than a Settlement Date.

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 Controlling Party 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 Controlling Party, such principal and/or interest shall be reinstated in an amount equal to the amount returned by the Controlling Party 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 and the Controlling Party (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 and the Controlling Party 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 or the Controlling Party 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 or the Controlling Party, 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 and the Controlling Party 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 or the Controlling Party 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 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, CONTROLLING PARTY 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 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 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 Controlling Party 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 Controlling Party:

WestLB AG, New York Branch
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 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 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. [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.

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. 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 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.

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 and the Controlling Party, 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 Controlling Party (or its designee), the Noteholder (or its designee) 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, the Controlling Party, 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 Controlling Party 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 Controlling Party

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

CONSENTED TO BY:
- ----------------

WESTLB AG, as Noteholder

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

EXHIBIT 10.33

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SECOND AMENDED AND RESTATED
NOTE PURCHASE AGREEMENT

(VARIABLE FUNDING NOTE),

dated as of April 13, 2005,

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

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SECOND AMENDED AND RESTATED
NOTE PURCHASE AGREEMENT

THIS SECOND AMENDED AND RESTATED NOTE PURCHASE AGREEMENT, dated as of April 13, 2005 (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 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 (the "ORIGINAL Agreement"), which was amended and restated as of November 30, 2004 (as amended and restated, the "AMENDED AND RESTATED AGREEMENT").

2. Contemporaneously with the execution and delivery of the Original Agreement, the Issuer, WestLB 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"), which was amended and restated as of November 30, 2004 (as amended and restated, the "AMENDED AND RESTATED INDENTURE"), pursuant to which the Issuer issued its Variable Funding Note (as amended and restated, the "AMENDED AND RESTATED NOTE").

3. The security for the Amended and Restated 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 Amended and Restated Indenture. The holder of the Amended and Restated Note also has the benefit of a financial guarantee insurance policy (the "NOTE POLICY") issued by XL Capital Insurance 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, 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 and as Trustee, which was amended and restated as of November 30, 2004 (as amended and restated, the "AMENDED AND RESTATED SALE AND SERVICING AGREEMENT"), by the Issuer, as purchaser, CPS, as Seller and Servicer, Wells Fargo, as back-up servicer (in such capacity, the "BACK-UP Servicer") and Trustee, and WestLB, as Agent.

5. Pursuant to the Amended and Restated Agreement and the Amended and Restated Indenture the Issuer issued the Amended and Restated 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 Amended and Restated Note.

6. The Trustee, WestLB and the Issuer are amending and restating the Amended and Restated Indenture pursuant to that Second 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, in connection therewith, amending and restating the Amended and Restated Note (as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof and the Indenture, the "NOTE") and the parties to the Amended and Restated Sale and Servicing Agreement are amending and restating the Amended and Restated Sale and Servicing Agreement pursuant to that Second 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"). Simultaneously with the amendment and restatement of the Amended and Restated Indenture, the Amended and Restated Note and the Amended and Restated Sale and Servicing Agreement, the Note Policy is being terminated in accordance with its terms and XLCA is releasing, and will be released from, as applicable, all of its rights, duties and obligations under the Note Policy and the Basic Documents (as defined in the Amended and Restated Sale and Servicing Agreement).

7. The Amending Parties now desire to amend and restate the Amended and Restated 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 date hereof. Such Note shall be dated the date

hereof, 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.

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 Controlling Party by written notice delivered to 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 Controlling Party 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 Controlling Party 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 Controlling Party 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

Controlling Party and the records maintained by the Trustee pursuant to the Indenture, such discrepancy shall be resolved by the Controlling Party 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 Agent 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. 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 paid in accordance with Section 5.7(a)(ix) 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 (whether as Agent or, if applicable, Controlling Party), 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 Note Purchaser 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 earlier of (x) the indefeasible payment in full of the Note and all other amounts owed by the Issuer hereunder

and under the Indenture (the "AGGREGATE UNPAIDS") and (y) the resignation of the Agent without the appointment of a successor Agent pursuant to Section 5.07.

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 Note Purchaser 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 Note Purchaser Parties, as applicable, as it deems appropriate or it shall first be indemnified to its satisfaction by the Note Purchaser 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 Note Purchaser Parties. The Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of a Note Purchaser Party and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Note Purchaser 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 Note Purchaser Parties, and the Agent will, upon the direction of Paradigm or any successor Noteholder, resign as Agent. If the Agent shall resign, then Paradigm or any successor Noteholder, during such 5-day period, may appoint from among the Note Purchaser Parties a successor Agent. The retiring Agent shall agree to cause the re-registration of the Note in the name of a successor Agent or Paradigm or any successor Noteholder and/or the Committed Note Purchaser, as directed by Paradigm or any successor Noteholder. 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 date of this Agreement, all of which Basic Documents are in full force and effect as of the date of this Agreement and no terms of any such agreements or documents have been amended, modified or otherwise waived as of such date.

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, 2004 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 (unless an Event of Default has occurred, in which case, the Issuer's consent is not required) only (A) to the Issuer or an Affiliate of the Issuer, (B) in a transaction meeting the requirements of Rule 144A under the Securities Act, or (C) 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) or (C) 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 Controlling Party 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 $1,000,000;

(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 Controlling Party 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) immediately prior to giving effect to such Advance, the Weighted Average Portfolio Spread shall not be less than 3.0%; 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 Controlling Party 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 Controlling Party 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 Controlling Party, and during regular business hours, permit the Controlling Party, 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 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 Secured Obligations 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 [RESERVED].

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

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement (No. 333-121913) of Consumer Portfolio Services, Inc. on Form S-2 Amendment No. 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
May 2, 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
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Orange County, California
May 2, 2005