UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2010

Commission file number: 1-11416

CONSUMER PORTFOLIO SERVICES, INC.

(Exact name of registrant as specified in its charter)

California	33-0459135
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
19500 Jamboree Road, Irvine, California	92612
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including Area Code: (949) 753-6800

Former name, former address and former fiscal year, if changed since last report: N/A
Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] No [X]

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

Large Accelerated Filer [ ] Accelerated Filer [ ]
Non-Accelerated Filer [ ] Smaller Reporting Company [X]

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

As of May 2, 2010 the registrant had 17,487,637 common shares outstanding.

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES
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CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	March 31, 2010	December 31, 2009
ASSETS		
Cash and cash equivalents	$ 22,788	$ 12,433
Restricted cash and equivalents	126,917	128,511
Finance receivables	770,347	878,366
Less: Allowance for finance credit losses	(31,520)	(38,274)
Finance receivables, net	738,827	840,092
Residual interest in securitizations	4,593	4,316
Furniture and equipment, net	1,432	1,509
Deferred financing costs	6,234	5,717
Deferred tax assets, net	33,450	33,450
Accrued interest receivable	7,407	8,573
Other assets	23,346	33,660
	$ 964,994	$ 1,068,261
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued expenses	$ 19,852	$ 17,906
Warehouse lines of credit	17,580	4,932
Residual interest financing	52,910	56,930
Securitization trust debt	796,451	904,833
Senior secured debt, related party	26,395	26,118
Subordinated renewable notes	22,526	21,965
	935,714	1,032,684
COMMITMENTS AND CONTINGENCIES		
Shareholders' Equity		
Preferred stock, $1 par value;		
authorized 5,000,000 shares; none issued	-	-
Series A preferred stock, $1 par value;		
authorized 5,000,000 shares; none issued	-	-
Common stock, no par value; authorized		
75,000,000 shares; 17,634,052 and 18,034,909		
shares issued and outstanding at March 31, 2010 and		
December 31, 2009, respectively	54,097	55,346
Additional paid in capital, warrants	9,141	8,371
Retained earnings/(Accumulated deficit)	(28,322)	(22,504)
Accumulated other comprehensive loss	(5,636)	(5,636)
	29,280	35,577
	$ 964,994	$ 1,068,261

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

(In thousands, except per share data)

	Three Months Ended March 31,	
	2010	**2009**
Revenues:		
Interest income	$ 38,969	$ 61,179
Servicing fees	2,387	1,029
Other income	3,232	3,842
	44,588	66,050
Expenses:		
Employee costs	8,779	9,263
General and administrative	5,875	6,611
Interest	22,349	32,131
Provision for credit losses	11,716	16,089
Marketing	779	1,172
Occupancy	780	1,145
Depreciation and amortization	128	148
	50,406	66,559
Income (loss) before income tax expense (benefit)	(5,818)	(509)
Income tax expense (benefit)	-	-
Net income (loss)	$ (5,818)	$ (509)
Earnings (loss) per share:		
Basic	$ (0.33)	$ (0.03)
Diluted	(0.33)	(0.03)
Number of shares used in computing earnings (loss) per share:		
Basic	17,837	19,005
Diluted	17,837	19,005

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

(In thousands)

	Three Months Ended March 31,	
	2010	**2009**
Cash flows from operating activities:		
Net income (loss)	$ (5,818)	$ (509)
Adjustments to reconcile net income (loss) to net cash		
provided by operating activities:		
Gain on residual asset	-	(500)
Amortization of deferred acquisition fees	(1,278)	(2,222)
Amortization of discount on securitization notes	1,895	3,484
Amortization of discount on senior secured debt, related party	277	271
Depreciation and amortization	128	148
Amortization of deferred financing costs	1,254	1,772
Provision for credit losses	11,716	16,089
Stock-based compensation expense	338	302
Interest income on residual assets	(277)	(625)
Changes in assets and liabilities:		
Accrued interest receivable	1,166	2,569
Other assets	10,313	6,695
Accounts payable and accrued expenses	1,946	10
Net cash provided by operating activities	21,660	27,484
Cash flows from investing activities:		
Purchases of finance receivables held for investment	(17,410)	(1,096)
Proceeds received on finance receivables held for investment	108,236	119,145
Proceeds received on sale of receivables	-	-
Increases (decreases) in restricted cash and equivalents	1,594	1,811
Purchase of furniture and equipment	(51)	(494)
Net cash provided by investing activities	92,369	119,366
Cash flows from financing activities:		
Proceeds from issuance of securitization trust debt	9,174	--
Proceeds from issuance of subordinated renewable notes	969	715
Payments on subordinated renewable notes	(408)	(1,956)
Net proceeds from (repayments to) warehouse lines of credit	12,647	(2,400)
Proceeds from (repayments of) residual interest financing debt	(4,020)	(2,050)
Repayment of securitization trust debt	(119,451)	(142,342)
Payment of financing costs	(1,000)	(11)
Repurchase of common stock	(1,586)	(124)
Net cash used in financing activities	(103,675)	(148,168)
Increase (decrease) in cash and cash equivalents	10,355	(1,318)
Cash and cash equivalents at beginning of period	12,433	22,084
Cash and cash equivalents at end of period	$ 22,788	$ 20,766
Supplemental disclosure of cash flow information:		
Cash paid (received) during the period for:		
Interest	$ 22,365	$ 27,194
Income taxes	$ (7,318)	$ 56
Non-cash financing activities:		
Warrants issued in connection with new term funding facility	$ 770	$ --

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

(1) ***Summary of Significant Accounting Policies***

Description of Business

We were formed in California on March 8, 1991. We specialize in purchasing and servicing retail automobile installment sale contracts ("automobile contracts" or "finance receivables") originated by licensed motor vehicle dealers located throughout the United States ("dealers") in the sale of new and used automobiles, light trucks and passenger vans. Through our purchases, we provide indirect financing to dealer customers for borrowers with limited credit histories, low incomes or past credit problems ("sub-prime customers"). We serve as an alternative source of financing for dealers, allowing sales to customers who otherwise might not be able to obtain financing. In addition to purchasing installment purchase contracts directly from dealers, we have also (i) acquired installment purchase contracts in three merger and acquisition transactions, (ii) purchased immaterial amounts of vehicle purchase money loans from non-affiliated lenders, and (iii) lent money directly to consumers for an immaterial amount of vehicle purchase money loans. In this report, we refer to all of such contracts and loans as "automobile contracts."

Basis of Presentation

Our Unaudited Condensed Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America, with the instructions to Form 10-Q and with Article 8 of Regulation S-X of the Securities and Exchange Commission, and include all adjustments that are, in our opinion, necessary for a fair presentation of the results for the interim period presented. All such adjustments are, in the opinion of management, of a normal recurring nature. In addition, certain items in prior period financial statements may have been reclassified for comparability to current period presentation. Results for the three-month period ended March 31, 2010 are not necessarily indicative of the operating results to be expected for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted from these Unaudited Condensed Consolidated Financial Statements. These Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2009.

Use of Estimates

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

Other Income

Other income consists primarily of sales tax refunds, recoveries on previously charged off contracts from previously unconsolidated trusts, convenience fees charged to obligors for certain types of payment transaction methods and fees paid to us by dealers for certain direct mail services we provide. We received $1.3 million in sales tax refunds for the period ended March 31, 2010. We did not receive any sales tax refunds in the first quarter of 2009. Recoveries on the charged-off contracts relate to contracts from previously unconsolidated trusts and were $370,000 and $460,000 for the three months ended March 31, 2010 and 2009, respectively.

Convenience fees charged to obligors, which can be expected to increase or decrease in rough proportion to increases or decreases in our managed portfolio, were $900,000 and $1.6 million for the same periods, respectively. Direct mail revenues were $270,000 and $1.0 million for the three months ended March 31, 2010 and 2009, respectively.

Stock-based Compensation

We recognize compensation costs in the financial statements for all share-based payments granted subsequent to January 1, 2006 based on the grant date fair value estimated in accordance with the provisions of FASB ASC 718 “Accounting for Stock Based Compensation”.

For the three months ended March 31, 2010 and 2009, we recorded stock-based compensation costs in the amount of $338,000 and $302,000, respectively. As of March 31, 2010, unrecognized stock-based compensation costs to be recognized over future periods equaled $3.5 million. This amount will be recognized as expense over a weighted-average period of 3.3 years.

The following represents stock option activity for the three months ended March 31, 2010:

	Number of Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Options outstanding at the beginning of period…………	6,874	$ 1.62	N/A
Granted………………………………………………	-	-	N/A
Exercised…………………...………………………	-	-	N/A
Forfeited…………………………………………….	(48)	2.73	N/A
Options outstanding at the end of period……………..…	6,826	$ 1.61	5.63 years
Options exercisable at the end of period…………..……	4,715	$ 1.84	4.45 years

At March 31, 2010, the aggregate intrinsic value of options outstanding and exercisable was $5.6 million and $3.2 million, respectively. There were no options exercised for the three months ended March 31, 2010 and 2009. There were 1.4 million shares available for future stock option grants under existing plans as of March 31, 2010.

Purchases of Company Stock

During the three-month periods ended March 31, 2010 and 2009, we purchased 400,857 and 244,678 shares, respectively, of our common stock, at average prices of $1.27 and $0.51, respectively.

New Accounting Pronouncements

In June 2009, the FASB issued ASU 2009-16, Accounting for Transfers of Financial Assets (FAS 166, Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140). This standard modifies certain guidance contained in FASB ASC 860, Transfers and Servicing and limits the circumstances in which a financial asset should be derecognized when the transferor has not transferred the entire financial asset by taking into consideration the transferor’s continuing involvement. The standard requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor’s beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. The concept of a qualifying special-purpose entity is removed from SFAS No. 140, Accoun ting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities along with the exception from applying Financial Accounting Standards Board Interpretation (“FIN”) 46(R) Consolidation of Variable Interest Entities (“FIN 46(R)”). This standard is effective for us beginning with the first quarter in 2010. Our adoption of this standard did not have a material impact on our financial position, results of operations or shareholders’ equity.

In June 2009, the FASB issued ASU 2009-17, Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities (FAS 167, Amendments to FASB Interpretation No. 46(R)). This standard amends several key consolidation provisions related to variable interest entity ("VIE"), which are included in FASB ASC 810, Consolidation to require a company to analyze whether its interest in a VIE gives it a controlling financial interest. A company must assess whether it has an implicit financial responsibility to ensure that the VIE operates as designed when determining whether it has the power to direct the activities of the VIE that significantly impact its economic performance. Ongoing reassessment of whether a company is the primary beneficiary is also required by the standard. This standa rd amends the criteria to qualify as a primary beneficiary as well as how to determine the existence of a VIE. This standard is effective for us beginning with the first quarter in 2010. Our adoption of this standard did not have a material impact on our financial position, results of operations or shareholders' equity.

Recent Developments

Uncertainty of Capital Markets and General Economic Conditions

Historically, we have depended upon the availability of warehouse credit facilities and access to long-term financing through the issuance of asset-backed securities collateralized by our automobile contracts. Since 1994, we have completed 49 term securitizations of approximately $6.6 billion in contracts. We conducted four term securitizations in 2006, four in 2007, and two in 2008. From July 2003 through April 2008 all of our securitizations were structured as secured financings. The second of our two securitization transactions in 2008 (completed in September 2008) was in substance a sale of the related contracts, and is treated as a sale for financial accounting purposes.

Since the fourth quarter of 2007, we have observed unprecedented adverse changes in the market for securitized pools of automobile contracts. These changes include reduced liquidity, and reduced demand for asset-backed securities, particularly for securities carrying a financial guaranty and for securities backed by sub-prime automobile receivables. Moreover, many of the firms that previously provided financial guarantees, which were an integral part of our securitizations, are no longer offering such guarantees. As of March 31, 2010, we had access to one $50 million credit facility and another $50 million term funding facility but we have no immediate plans to complete a term securitization. The adverse changes that have taken place in the market over the last 30 months have caused us to seek to conserve liquidit y by significantly reducing our purchases of automobile contracts. If the current adverse circumstances that have affected the capital markets should continue or worsen, we may curtail further or cease our purchases of new automobile contracts, which could lead to a material adverse effect on our operations.

Recent economic conditions have negatively affected many aspects of our industry. First, although the stability of the credit markets has improved over the last year, there is still reduced demand for asset-backed securities secured by consumer finance receivables, including sub-prime automobile receivables, as compared to 2007 and earlier. Second, there are fewer lenders who provide short term warehouse financing for sub-prime automobile finance companies such as ours due to the uncertainty regarding the prospects of obtaining long-term financing through the issuance of asset-backed securities. In addition, many capital market participants such as investment banks, financial guaranty providers and institutional investors who previously played a role in the sub-prime auto finance industry have withdrawn from the industry, or in some cases, have ceased to do business. Finally, broad economic weakness and increasing unemployment in 2008 and 2009 made many of our customers less willing or able to pay, resulting in higher delinquency, charge-offs and losses. Each of these factors has adversely affected our results of operations. Should existing economic conditions worsen, both our ability to purchase new contracts and the performance of our existing managed portfolio may be impaired, which, in turn, could have a further material adverse effect on our results of operations.

Financial Covenants

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

The agreements under which we receive periodic fees for servicing automobile contracts in securitizations are terminable by the respective financial guaranty insurance companies (also referred to as note insurers) upon defined events of default, and, in some cases, at the will of the insurance company. Without the waivers we have received from the related note insurers, we would have been in violation of certain financial and operating covenants relating to minimum net worth and maintenance of active warehouse facilities with respect to eight of our 13 currently outstanding securitization transactions. Upon such an event of default, and subject to the right of the related note insurers to waive such terms, the agreements governing the securitizations call for payment of a default insurance premium, rang ing from 25 to 100 basis points per annum on the aggregate outstanding balance of the related insured senior notes, and for the diversion of all excess cash generated by the assets of the respective securitization pools into the related spread accounts to increase the credit enhancement associated with those transactions. The cash so diverted into the spread accounts would otherwise be used to make principal payments on the subordinated notes in each related securitization or would be released to us. In addition, upon an event of default, the note insurers have the right to terminate us as servicer. Although the diversion of such cash and our termination as servicer have been waived, we are paying default premiums, or their equivalent, with respect to insured notes representing $466.4 million of the $787.3 million of securitization trust debt outstanding at March 31, 2010. In addition, cash is being diverted into the related spread accounts on three of the eight affected transactions as a result o f such transactions breaching asset performance triggers. It should be noted that the principal amount of such securitization trust debt is not increased, but that the increased insurance premium is reflected as increased interest expense. Furthermore, such waivers are temporary, and there can be no assurance as to their future extension. We do, however, believe that we will obtain such future extensions of our servicing agreements because it is generally not in the interest of any party to the securitization transaction to transfer servicing. Nevertheless, there can be no assurance as to our belief being correct. Were an insurance company in the future to exercise its option to terminate such agreements or to pursue other remedies, such remedies could have a material adverse effect on our liquidity and results of operations, depending on the number and value of the affected transactions. Our note insurers continue to extend our term as servicer on a monthly and/or quarterly basis, pursuant to the servicing agreements.

(2) *Finance Receivables*

The following table presents the components of Finance Receivables, net of unearned interest and deferred acquisition fees and originations costs:

	March 31, 2010	December 31, 2009
Finance Receivables	(In thousands)	
Automobile finance receivables, net of unearned interest	$ 777,225	$ 884,819
Less: Unearned acquisition fees and originations costs	(6,878)	(6,453)
Finance Receivables	$ 770,347	$ 878,366

The following table presents a summary of the activity for the allowance for credit losses for the three-month periods ended March 31, 2010 and 2009:

	March 31, 2010	March 31, 2009
	(In thousands)	
Balance at beginning of period	$ 38,274	$ 78,036
Provision for credit losses on finance receivables	11,716	16,089
Charge offs	(26,082)	(49,487)
Recoveries	7,612	8,003
Balance at end of period	$ 31,520	$ 52,641

We have excluded from finance receivables those contracts that we previously classified as finance receivables, but which we reclassified as other assets because we have repossessed the vehicle securing the contract. The following table presents a summary of such repossessed inventory, together with the allowance for losses in repossessed inventory that is not included in the allowance for credit losses. This allowance results in the repossessed inventory being valued at the estimated fair value less selling costs.

	March 31, 2010	December 31, 2009
	(In thousands)	
Gross balance of repossessions in inventory	$ 27,902	$ 37,821
Allowance for losses on repossessed inventory	(19,283)	(28,084)
Net repossessed inventory included in other assets	$ 8,619	$ 9,737

(3) *Securitization Trust Debt*

We have completed a number of securitization transactions that are structured as secured borrowings for financial accounting purposes. The debt issued in these transactions is shown on our Unaudited Condensed Consolidated Balance Sheets as "Securitization trust debt," and the components of such debt are summarized in the following table:

Series	Final Scheduled Payment Date (1)	Receivables Pledged at March 31, 2010	Initial Principal	Outstanding Principal at March 31, 2010	Outstanding Principal at December 31, 2009	Contractual Interest Rate at March 31, 2010
		(Dollars in thousands)				
CPS 2003-C	March 2010	$ -	$ 87,500	$ -	$ -	-
CPS 2003-D	October 2010	-	75,000	-	-	-
CPS 2004-A	October 2010	-	82,094	-	-	-
CPS 2004-B	February 2011	-	96,369	-	1,254	-
CPS 2004-C	April 2011	-	100,000	-	1,989	-
CPS 2004-D	December 2011	-	120,000	-	-	-
CPS 2005-A	October 2011	-	137,500	-	6,924	-
CPS 2005-B	February 2012	7,333	130,625	7,361	10,021	4.67%
CPS 2005-C	March 2012	14,979	183,300	15,110	19,661	5.13%
CPS 2005-TFC	July 2012	3,860	72,525	4,039	5,330	5.79%
CPS 2005-D	July 2012	15,017	145,000	15,533	19,295	5.72%
CPS 2006-A	November 2012	33,305	245,000	34,144	41,546	5.33%
CPS 2006-B	January 2013	44,149	257,500	48,501	56,664	6.60%
CPS 2006-C	June 2013	50,801	247,500	55,954	64,332	5.90%
CPS 2006-D	August 2013	57,386	220,000	61,110	69,584	5.76%
CPS 2007-A	November 2013	90,690	290,000	94,361	107,011	5.68%
CPS 2007-TFC	December 2013	25,409	113,293	26,794	31,087	5.83%
CPS 2007-B	January 2014	115,429	314,999	121,301	135,602	6.22%
CPS 2007-C	May 2014	135,340	327,499	142,474	158,955	6.35%
CPS 2008-A	October 1, 2014	156,052	310,359	160,595	175,578	7.40%
Delayed Draw Notes		11,762	9,174	9,174	-	11.00%
		$ 761,512	$ 3,565,237	$ 796,451	$ 904,833	

(1) The Final Scheduled Payment Date represents final legal maturity of the securitization trust debt. Securitization trust debt is expected to become due and to be paid prior to those dates, based on amortization of the finance receivables pledged to the Trusts. Expected payments, which will depend on the performance of such receivables, as to which there can be no assurance, are $343.8 million in 2010, $287.3 million in 2011, $130.4 million in 2012 and $25.8 million in 2013.

All of the securitization trust debt was sold in private placement transactions to qualified institutional buyers. The debt was issued through our wholly-owned bankruptcy remote subsidiaries and is secured by the assets of such subsidiaries, but not by our other assets. Principal of $658.0 million, and the related interest payments, are guaranteed by financial guaranty insurance policies issued by third party financial institutions.

The terms of the various securitization agreements related to the issuance of the securitization trust debt and the warehouse credit facilities require that we meet certain delinquency and credit loss criteria with respect to the collateral pool, and require that we maintain minimum levels of liquidity and net worth and not exceed maximum leverage levels and maximum financial losses. In addition, certain securitization and non-securitization related debt contain cross-default provisions, which would allow certain creditors to declare a default if a default were declared under a different facility. We have received waivers regarding the potential

breach of certain such covenants relating to minimum net worth and maintenance of active warehouse credit facilities.

We are responsible for the administration and collection of the automobile contracts. The securitization agreements also require certain funds be held in restricted cash accounts to provide additional collateral for the borrowings or to be applied to make payments on the securitization trust debt. As of March 31, 2010, restricted cash under the various agreements totaled approximately $126.9 million. Interest expense on the securitization trust debt consists of the stated rate of interest plus amortization of additional costs of borrowing. Additional costs of borrowing include facility fees, insurance and amortization of deferred financing costs and discounts on notes sold. Deferred financing costs and discounts on notes sold related to the securitization trust debt are amortized using a level yield method. Accordingly, the effective c ost of the securitization trust debt is greater than the contractual rate of interest disclosed above.

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

(4) ***Interest Income***

The following table presents the components of interest income:

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Interest on Finance Receivables	$ 38,330	$ 60,535
Residual interest income	383	314
Other interest income	256	330
Interest income	$ 38,969	$ 61,179

(5) ***Earnings (Loss) Per Share***

Earnings (loss) per share for the three-month periods ended March 31, 2010 and 2009 were calculated using the weighted average number of shares outstanding for the related period. The following table reconciles the number of shares used in the computations of basic and diluted earnings (loss) per share for the three-month periods ended March 31, 2010 and 2009:

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Weighted average number of common shares outstanding during the period used to compute basic earnings (loss) per share	17,837	19,005
Incremental common shares attributable to exercise of outstanding options and warrants	-	-
Weighted average number of common shares used to compute diluted earnings (loss) per share	17,837	19,005

If the anti-dilutive effects of common stock equivalents were considered, shares included in the diluted earnings (loss) per share calculation for the three-month periods ended March 31, 2010 and 2009 would have included an additional 3.4 million and 2.8 million shares, respectively, attributable to the exercise of outstanding options and warrants.

(6) *Income Taxes*

We file numerous consolidated and separate income tax returns with the United States and with many states. With few exceptions, we are no longer subject to United States federal income tax examinations for years before 2005 and are no longer subject to state and local income tax examinations by tax authorities for years before 2003.

We have subsidiaries in various states that are currently under audit for years ranging from 1998 through 2005. To date, no material adjustments have been proposed as a result of these audits.

We do not anticipate that total unrecognized tax benefits will significantly change due to any settlements of audits or expirations of statutes of limitations over the next twelve months.

The Company and its subsidiaries file a consolidated federal income tax return and combined or stand-alone state franchise tax returns for certain states. We utilize the asset and liability method of accounting for income taxes, under which deferred income taxes are recognized for the future tax consequences attributable to the differences between the financial statement values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. We have estimated a valuation allowance against that portion of the defer red tax asset whose utilization in future periods is not more than likely. Our net deferred tax asset of $33.5 million as of March 31, 2010 is net of a valuation allowance of $28.6 million.

On a quarterly basis, we determine whether a valuation allowance is necessary for our deferred tax asset. In performing this analysis, we consider all evidence currently available, both positive and negative, in determining whether, based on the weight of that evidence, the deferred tax asset will be realized. We establish a valuation allowance when it is more likely than not that a recorded tax benefit will not be realized. The expense to create the valuation allowance is recorded as additional income tax expense in the period the valuation allowance is established. During the first three months of 2010, we increased our valuation allowance by $2.0 million.

In determining the possible future realization of deferred tax assets, we have considered the taxes paid in the current and prior years that may be available to recapture, as well as future taxable income from the following sources: (a) reversal of taxable temporary differences; (b) future operations exclusive of reversing temporary differences; and (c) tax planning strategies that, if necessary, would be implemented to accelerate taxable income into years in which net operating losses might otherwise expire. Tax strategies include the sale of certain assets that can produce significant taxable income within the relevant carryforward period. Such strategies could be implemented without significant impact on our core business or our ability to generate future growth. The costs related to the implementation of these tax strate gies were considered in evaluating the amount of taxable income that could be generated in order to realize our deferred tax assets.

(7) *Legal Proceedings*

Stanwich Litigation. We were for some time a defendant in a class action (the “Stanwich Case”) brought in the California Superior Court, Los Angeles County. The original plaintiffs in that case were persons entitled to receive regular payments (the “Settlement Payments”) under out-of-court settlements reached with third party defendants. Stanwich Financial Services Corp. (“Stanwich”), then an affiliate of our former chairman of the board of directors, is the entity that was obligated to pay the Settlement Payments. Stanwich had defaulted on its payment obligations to the plaintiffs and in September 2001 filed for reorganization under the Bankruptcy

Code, in the federal Bankruptcy Court of Connecticut. By February 2005, we had settled all claims brought against us in the Stanwich Case.

In November 2001, one of the defendants in the Stanwich Case, Jonathan Pardee, asserted claims for indemnity against us in a separate action, which is now pending in federal district court in Rhode Island. We have filed counterclaims in the Rhode Island federal court against Mr. Pardee, and have filed a separate action against Mr. Pardee's Rhode Island attorneys, in the same court. Each of these actions in the court in Rhode Island is stayed, awaiting resolution of an adversary action brought against Mr. Pardee in the bankruptcy court, which is hearing the bankruptcy of Stanwich.

We had reached an agreement in principle with the representative of creditors in the Stanwich bankruptcy to resolve the adversary action. Under the agreement in principle, we were to pay the bankruptcy estate $625,000 and abandon our claims against the estate, while the estate would abandon its adversary action against Mr. Pardee. The bankruptcy court has rejected that proposed settlement, the representative of creditors has appealed that rejection, and the appeal was denied on April 8, 2009. There can be no assurance as to the ultimate outcome of these matters.

The reader should consider that any adverse judgment against us in these cases for indemnification, in an amount materially in excess of any liability already recorded in respect thereof, could have a material adverse effect on our financial position.

Other Litigation.

We are routinely involved in various legal proceedings resulting from our consumer finance activities and practices, both continuing and discontinued. We believe that there are substantive legal defenses to such claims, and intend to defend them vigorously. There can be no assurance, however, as to the outcome.

We have recorded a liability as of March 31, 2010 that we believe represents a sufficient allowance for legal contingencies, including those described above. Any adverse judgment against us, if in an amount materially in excess of the recorded liability, could have a material adverse effect on our financial position.

(8) *Employee Benefits*

We sponsor the MFN Financial Corporation Benefit Plan (the “Plan”). Plan benefits were frozen September 30, 2001. The table below sets forth the Plan’s net periodic benefit cost for the three-month periods ended March 31, 2010 and 2009.

	Three Months Ended March 31,	
	2010	**2009**
	(In thousands)	
Components of net periodic cost (benefit)		
Service cost	$ -	$ -
Interest Cost	241	237
Expected return on assets	(222)	(175)
Amortization of transition (asset)/obligation	-	-
Amortization of net (gain) / loss	127	169
Net periodic cost (benefit)	$ 146	$ 231

We did not make any contributions to the Plan during the three-month period ended March 31, 2010 however we anticipate making contributions in the amount of $336,000 for the remainder of 2010.

(9) Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157") (ASC 820 10 65). SFAS No. 157 (ASC 820 10 65) clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy.

SFAS No. 157 (ASC 820 10 65) defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The three levels are defined as follows: level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets; level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In September 2008 we sold automobile contracts in a securitization that was structured as a sale for financial accounting purposes. In that sale, we retained certain assets that are measured at fair value. We describe below the valuation methodologies we use for the securities retained and the residual interest in the cash flows of the transaction, as well as the general classification of such instruments pursuant to the valuation hierarchy. The securities retained are $8.5 million of notes, which are classified as level 2 because we sold similar assets in the transaction. We use the price at which those similar notes were sold to value the securities retained. The residual interest in such securitization is $2.5 million and is classified as level 3. We determine the value of that residual in terest using a discounted cash flow model that includes estimates for prepayments and losses. We use a discount rate of 25% per annum. The assumptions we use are based on historical performance of automobile contracts we have originated and serviced in the past, adjusted for current market conditions.

Repossessed vehicle inventory, which is included in Other Assets on our balance sheet, is measured at fair value using Level 2 assumptions based on our actual loss experience on sale of repossessed vehicles. At March 31, 2010, the finance receivables related to the repossessed vehicles in inventory totaled $27.9 million. We have applied a valuation adjustment of $19.3 million, resulting in an estimated fair value and carrying amount of $8.6 million.

The table below presents a reconciliation for Level 3 assets measured at fair value on a recurring basis using significant unobservable inputs:

		Residual Interest in Securitizations
		(in thousands)
Balance at January 1, 2010	$	$ 4,316
Transfers into Level 3		-
Included in earnings		277
Balance at March 31, 2010	$	$ 4,593

The following summary presents a description of the methodologies and assumptions used to estimate the fair value of our financial instruments. Much of the information used to determine fair value is highly subjective. When applicable, readily available market information has been utilized. However, for a significant portion of our financial instruments, active markets do not exist. Therefore, considerable judgments were required in estimating fair value for certain items. The subjective factors include, among other things, the estimated timing and amount of cash flows, risk characteristics, credit quality and interest rates, all of which are subject to change. Since the fair value is estimated as of March 31, 2010 and December 31, 2009, the amounts that will actually be realized or paid at settlement or maturity of the instruments cou ld be significantly

different. The estimated fair values of financial assets and liabilities at March 31, 2010 and December 31, 2009, were as follows:

	March 31, 2010		December 31, 2009	
Financial Instrument	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
	(In thousands)			
Cash and cash equivalents	$ 22,788	$ 22,788	$ 12,433	$ 12,433
Restricted cash and equivalents	126,917	126,917	128,511	128,511
Finance receivables, net	738,827	712,019	840,092	806,154
Residual interest in securitizations	4,593	4,593	4,316	4,316
Accrued interest receivable	7,407	7,407	8,573	8,573
Warehouse lines of credit	17,580	17,580	4,932	4,932
Accrued interest payable	4,209	4,209	4,267	4,267
Residual interest financing	52,910	52,910	56,930	56,930
Securitization trust debt	796,451	828,583	904,833	942,075
Senior secured debt	26,395	26,395	26,118	26,118
Subordinated renewable notes	22,526	22,526	21,965	21,965

Cash, Cash Equivalents and Restricted Cash

The carrying value equals fair value.

Finance Receivables, net

The fair value of finance receivables is estimated by discounting future cash flows expected to be collected using current rates at which similar receivables could be originated.

Residual Interest in Securitizations

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

Accrued Interest Receivable and Payable

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

Warehouse Lines of Credit, Residual Interest Financing, and Senior Secured Debt and Subordinated Renewable Notes

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

Securitization Trust Debt

The fair value is estimated by discounting future cash flows using interest rates that we believe reflects the current market rates.

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

Overview

We are a specialty finance company. Our business is to purchase and service retail automobile contracts originated primarily by franchised automobile dealers and, to a lesser extent, by select independent dealers in the United States in the sale of new and used automobiles, light trucks and passenger vans. Through our automobile contract purchases, we provide indirect financing to the customers of dealers who have limited credit histories, low incomes or past credit problems, who we refer to as sub-prime customers. We serve as an alternative source of financing for dealers, facilitating sales to customers who otherwise might not be able to obtain financing from traditional sources, such as commercial banks, credit unions and the captive finance companies affiliated with major automobile manufacturers. In addition to purchasi ng installment purchase contracts directly from dealers, we have also (i) acquired installment purchase contracts in three merger and acquisition transactions, (ii) purchased immaterial amounts of vehicle purchase money loans from non-affiliated lenders, and (iii) lent money directly to consumers for an immaterial amount of vehicle purchase money loans . In this report, we refer to all of such contracts and loans as "automobile contracts."

We were incorporated and began our operations in March 1991. From inception through March 31, 2010, we have purchased a total of approximately $8.7 billion of automobile contracts from dealers. In addition, we obtained a total of approximately $605.0 million of automobile contracts in mergers and acquisitions we made in 2002, 2003 and 2004. Since January 2008, our managed portfolio has been decreasing due to our strategy of reducing contract purchases to conserve our liquidity in response to adverse economic conditions as discussed further below. Our total managed portfolio, net of unearned interest on pre-computed automobile contracts, was approximately $1,044.1 million at March 31, 2010 compared to $1,488.4 million at March 31, 2009.

We are headquartered in Irvine, California, where most operational and administrative functions are centralized. All credit and underwriting functions are performed in our California headquarters, and we service our automobile contracts from our California headquarters and from three servicing branches in Virginia, Florida and Illinois.

We purchase contracts in our own name ("CPS") and, until July 2008, also in the name of our wholly-owned subsidiary, TFC. Programs marketed under the CPS name are intended to serve a wide range of sub-prime customers, primarily through franchised new car dealers. Our TFC program served vehicle purchasers enlisted in the U.S. Armed Forces, primarily through independent used car dealers. In July 2008, we suspended contract purchases under our TFC program.

We purchase automobile contracts with the intention of financing them on a long-term basis through securitizations. Securitizations are transactions in which we sell a specified pool of contracts to a special purpose entity of ours, which in turn issues asset-backed securities to fund the purchase of the pool of contracts from us. Depending on the structure of the securitization, the transaction may be treated, for financial accounting purposes, as a sale of the contracts or as a secured financing.

Securitization and Warehouse Credit Facilities

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

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

Since the third quarter of 2003, we have conducted 24 term securitizations. Of these 24, 19 were periodic (generally quarterly) securitizations of automobile contracts that we purchased from automobile dealers under our regular programs. In addition, in March 2004 and November 2005, we completed securitizations of our retained interests in other securitizations that we and our affiliates previously sponsored. The debt from the March 2004 transaction was repaid in August 2005, and the debt from the November 2005 transaction was repaid in May 2007. Also, in June 2004, we completed a securitization of automobile contracts purchased in the SeaWest asset acquisition and under our TFC programs. Further, in December 2005 and May 2007 we completed securitizations that included automobile contracts purchased under the TFC programs, automobile c ontracts purchased under the CPS programs and automobile contracts we repurchased upon termination of prior securitizations of our MFN and TFC subsidiaries. Since July 2003 all such securitizations have been structured as secured financings, except our September 2008 securitization. This transaction was in substance a sale of the underlying receivablesand is treated as a sale for financial accounting purposes.

Uncertainty of Capital Markets and General Economic Conditions

Historically, we have depended upon the availability of warehouse credit facilities and access to long-term financing through the issuance of asset-backed securities collateralized by our automobile contracts. Since 1994, we have completed 49 term securitizations of approximately $6.6 billion in contracts. We conducted four term securitizations in 2006, four in 2007, and two in 2008. From July 2003 through April 2008 all of our securitizations were structured as secured financings. The second of our two securitization transactions in 2008 (completed in September 2008) was in substance a sale of the related contracts, and is treated as a sale for financial accounting purposes.

Since the fourth quarter of 2007, we have observed unprecedented adverse changes in the market for securitized pools of automobile contracts. These changes include reduced liquidity, and reduced demand for asset-backed securities, particularly for securities carrying a financial guaranty and for securities backed by sub-prime automobile receivables. Moreover, many of the firms that previously provided financial guarantees, which were an integral part of our securitizations, are no longer offering such guarantees. As of March 31, 2010, we have one available $50 million credit facility and another $50 million term funding facility but no immediate plans to complete a term securitization. The adverse changes that have taken place in the market over the last 30 months have caused us to seek to conserve liquidity by si gnificantly reducing our purchases of automobile contracts. If the current adverse circumstances that have affected the capital markets should continue or worsen, we may curtail further or cease our purchases of new automobile contracts, which could lead to a material adverse effect on our operations.

Recent economic conditions have negatively affected many aspects of our industry. First, although the stability of the credit markets has improved over the last year, there is still reduced demand for asset-backed securities secured by consumer finance receivables, including sub-prime automobile receivables, as compared to 2007 and earlier. Second, there are fewer lenders who provide short term warehouse financing for sub-prime automobile finance companies such as ours due to the uncertainty regarding the prospects of obtaining long-term financing through the issuance of asset-backed securities. In addition, many capital market participants such as investment banks, financial guaranty providers and institutional investors who previously played a role in the sub-prime auto finance industry have withdrawn from the industry, or in some cases, have ceased to do business. Finally, broad economic weakness and increasing unemployment in 2008 and 2009 made many of our customers less willing or able to pay, resulting in higher delinquency, charge-offs and losses. Each of these factors has adversely affected our results of operations. Should existing economic conditions worsen, both our ability to purchase new contracts and the performance of our existing managed portfolio may be impaired, which, in turn, could have a further material adverse effect on our results of operations.

Financial Covenants

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

The agreements under which we receive periodic fees for servicing automobile contracts in securitizations are terminable by the respective financial guaranty insurance companies (also referred to as note insurers) upon defined events of default, and, in some cases, at the will of the insurance company. Without the waivers we have received from the related note insurers, we would have been in violation of certain financial and operating covenants relating to minimum net worth and maintenance of active warehouse facilities with respect to eight of our 13 currently outstanding securitization transactions. Upon such an event of default, and subject to the right of the related note insurers to waive such terms, the agreements governing the securitizations call for payment of a default insurance premium, rang ing from 25 to 100 basis points per annum on the aggregate outstanding balance of the related insured senior notes, and for the diversion of all excess cash generated by the assets of the respective securitization pools into the related spread accounts to increase the credit enhancement associated with those transactions. The cash so diverted into the spread accounts would otherwise be used to make principal payments on the subordinated notes in each related securitization or would be released to us. In addition, upon an event of default, the note insurers have the right to terminate us as servicer. Although the diversion of such cash and our termination as servicer have been waived, we are paying default premiums, or their equivalent, with respect to insured notes representing $466.4 million of the $787.3 million of securitization trust debt outstanding at March 31, 2010. In addition, cash is being diverted into the related spread accounts on three of the eight affected transactions as a result o f such transactions breaching asset performance triggers. It should be noted that the principal amount of such securitization trust debt is not increased, but that the increased insurance premium is reflected as increased interest expense. Furthermore, such waivers are temporary, and there can be no assurance as to their future extension. We do, however, believe that we will obtain such future extensions of our servicing agreements because it is generally not in the interest of any party to the securitization transaction to transfer servicing. Nevertheless, there can be no assurance as to our belief being correct. Were an insurance company in the future to exercise its option to terminate such agreements or to pursue other remedies, such remedies could have a material adverse effect on our liquidity and results of operations, depending on the number and value of the affected transactions. Our note insurers continue to extend our term as servicer on a monthly and/or quarterly basis, pursuant to the servicing agreements.

Results of Operations

Comparison of Operating Results for the three months ended March 31, 2010 with the three months ended March 31, 2009

Revenues. During the three months ended March 31, 2010, revenues were $44.6 million, a decrease of $21.5 million, or 32.5%, from the prior year revenue of $66.0 million. The primary reason for the decrease in revenues is a decrease in interest income. Interest income for the three months ended March 31, 2010 decreased $22.2 million, or 36.3%, to $39.0 million from $61.2 million in the prior year. The primary reason for the decrease in interest income is the decrease in finance receivables held by consolidated subsidiaries.

Servicing fees totaling $2.4 million in the three months ended March 31, 2010 increased $1.4 million, or 132.1%, from $1.0 million in the prior year. The increase in servicing fees is the result of our appointment in November 2009 as a third-party servicer for a $147 million portfolio of sub-prime automobile receivables owned by a bankruptcy remote subsidiary of CompuCredit Corporation. During 2008 we also earned base servicing fees on our September 2008 term securitization transaction (which is treated as a sale for financial accounting purposes) and a portfolio which we have serviced for SeaWest Financial Corporation since April

2004, which has declined to an immaterial amount as of March 31, 2010. As of March 31, 2010 and 2009, our managed portfolio owned by consolidated vs. non-consolidated subsidiaries and other third parties was as follows:

	March 31, 2010		March 31, 2009	
	Amount	%	Amount	%
Total Managed Portfolio	($ in millions)			
Owned by Consolidated Subsidiaries	$ 805.2	77.1%	$ 1,314.9	88.3%
Owned by Non-Consolidated Subsidiaries	120.7	11.6%	173.4	11.7%
Third Party Portfolio	118.2	11.3%	0.1	0.0%
Total	$ 1,044.1	100.0%	$ 1,488.4	100.0%

At March 31, 2010, we were generating income and fees on a managed portfolio with an outstanding principal balance of $1,044.1 million (this amount includes $120.7 million of automobile contracts on which we earn servicing fees, own 5.0% of the asset-backed notes issued by the related trust, and own a residual interest and another $118.2 million of automobile contracts on which we earn servicing fees and own a note collateralized by such contracts), compared to a managed portfolio with an outstanding principal balance of $1,488.4 million as of March 31, 2009. At March 31, 2010 and 2009, the managed portfolio composition was as follows:

	March 31, 2010		March 31, 2009	
	Amount	%	Amount	%
Originating Entity		($ in millions)		
CPS	$ 907.1	86.9%	$ 1,450.3	97.4%
TFC	18.9	1.8%	37.9	2.6%
MFN	-	0.0%	-	0.0%
SeaWest	-	0.0%	0.1	0.0%
Third Party Portfolio	118.1	11.3%	0.1	0.0%
Total	$ 1,044.1	100.0%	$ 1,488.4	100.0%

Other income decreased by $610,000, or 15.9%, to $3.2 million in the three months ended March 31, 2010 from $3.8 million during the prior year. Other income consists primarily of sales tax refunds, convenience fees charged to our borrowers for certain electronic payments, fees paid to us by dealers for training, potential customer targeting and certain direct mail products that we offer, and recoveries on portfolios that we previously acquired through acquisitions.

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

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

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

Total operating expenses were $50.4 million for the three months ended March 31, 2010, compared to $66.6 million for the prior year, a decrease of $16.2 million, or 24.3%. The decrease is primarily due to the continued decline in the balance of our outstanding managed portfolio and the related costs to service it.

Employee costs decreased by $484,000, or 5.2%, to $8.8 million during the three months ended March 31, 2010, representing 17.4% of total operating expenses, from $9.3 million for the prior year, or 13.9% of total operating expenses. Since January 2008, we have reduced staff through attrition and reductions in force as a result of the uncertainty in capital markets and the related limited access to financing for new purchases of automobile contracts. At March 31, 2010 we had 519 employees compared to 611 employees at March 31, 2009.

General and administrative expenses include costs associated with purchasing and servicing our portfolio of finance receivables, including expenses for facilities, credit services, and telecommunications. General and administrative expenses were $5.9 million, a decrease of 11.1%, compared to the previous year and represented 11.7% of total operating expenses.

Interest expense for the three months ended March 31, 2010 decreased $9.8 million, or 30.4%, to $22.3 million, compared to $32.1 million in the previous year. The decrease is primarily the result of changes in the amount and composition of securitization trust debt carried on our consolidated balance sheet. Interest on securitization trust debt decreased by $9.8 million in the three months ended March 31, 2010 compared to the prior year. Interest expense on senior secured and subordinated debt increased by $50,000, and interest expense on residual interest financing decreased $452,000 in the three months ended March 31, 2010 compared to the prior year. Interest expense on warehouse debt increased by $399,000 for the three months ended March 31, 2010 compared to the prior year. In the prior period, we ha d no access to additional funding but were paying interest on an amortizing facility. In the current period we have increased our borrowings on the $50 million credit facility we established in September 2009 and the $50 million term funding facility established in March 2010. As of March 31, 2010, our $50 million credit facility had an outstanding balance of $17.6 million and our recently established term funding facility had an outstanding balance of $9.2 million.

Provision for credit losses was $11.7 million for the three months ended March 31, 2010, a decrease of $4.4 million, or 27.2% compared to the prior year and represented 23.2% of total operating expenses. The provision for credit losses maintains the allowance for loan losses at levels that we feel are adequate for probable credit losses that can be reasonably estimated. The decrease in provision expense is the result of the decrease in the size of the portfolio and the smaller volumes of new contract purchases in the current period compared to the prior period.

Marketing expenses consist primarily of commission-based compensation paid to our employee marketing representatives. Our marketing representatives earn a salary plus commissions based on our volume of contract purchases and sales of training programs, potential customer targeting, and direct mail products that we offer our dealers. Marketing expenses decreased by $393,000, or 33.5%, to $779,000, compared to $1.2 million in the previous year, and represented 1.5% of total operating expenses..

Occupancy expenses decreased by $365,000 or 31.9%, to $780,000 compared to $1.1 million in the previous year and represented 1.5% of total operating expenses.

Depreciation and amortization expenses decreased $20,000, or 13.5%, to $128,000 from $148,000 in the previous year.

For the three months ended March 31, 2010, we recorded no net tax provision or benefit. As of March 31, 2010, our net deferred tax asset of $33.5 million is net of a valuation allowance of $28.6 million and consists of approximately $30.2 million of net U.S. federal deferred tax assets and $3.3 million of net state deferred tax assets. The major components of the deferred tax asset are $19.6 million in net operating loss carryforwards and built in losses and $13.9 million in net deductions which have not yet been taken on a tax return. We have considered the circumstances that may affect the ultimate realization of our deferred tax assets and have concluded that the valuation allowance is appropriate at this time. However, if future events change our expected realization of our deferred tax a ssets, we may be required to increase the valuation allowance against that asset in the future.

Credit Experience

Our financial results are dependent on the performance of the automobile contracts in which we retain an ownership interest. The table below documents the delinquency, repossession and net credit loss experience of all automobile contracts that we were servicing as of the respective dates shown. Credit experience for CPS, MFN, TFC and SeaWest (the three acquisitions described above involved MFN Financial Corporation, TFC Enterprises, Inc. and SeaWest Financial Corporation and were completed in 2002, 2003 and 2004, respectively) is shown on a combined basis in the table below. The first calendar quarter of each year generally shows seasonal improvement over the fourth quarter of the prior year which we believe is attributable to income tax refunds that obligors receive in the first quarter. While the broad economic weakness and increasing unemployment over the last several years has resulted in higher delinquencies and net charge-offs, the increase in the percentage levels for 2010 and 2009 is also partially attributable to the decrease in the size and the increase in the average age of our managed portfolio.

Delinquency Experience (1)
CPS, MFN, TFC and SeaWest Combined

	March 31, 2010		March 31, 2009		December 31, 2009	
	Number of Contracts	Amount	Number of Contracts	Amount	Number of Contracts	Amount
	(Dollars in thousands)					
ıency ence						
ıg o (1) .	102,368	926,115	135,830	1,489,024	111,105	1,057,348
of ency .						
days .	1,346	11,034	2,296	23,946	2,787	24,628
days .	853	7,248	1,299	13,717	1,824	16,840
ays .	758	5,915	1,473	15,763	1,205	10,358
encies .	2,957	24,197	5,068	53,426	5,816	51,826
t in ssion .	3,523	30,842	4,299	46,740	4,305	40,815
encies ount in ssion .	6,480	$ 55,039	9,367	$ 100,166	10,121	$ 92,641
ıencies age of ıg o .	2.9%	2.6%	3.7%	3.6%	5.2%	4.9%
.						
encies ount in ssion . ntage ; ıg o .	6.3%	5.9%	6.9%	6.7%	9.1%	8.8%

(1) All amounts and percentages are based on the amount remaining to be repaid on each automobile contract, including, for pre-computed automobile contracts, any unearned interest. The information in the table represents the gross principal amount of all automobile contracts purchased by us, including automobile contracts subsequently sold by us in securitization transactions that we continue to service. The table does not include automobile contracts from the portfolio we have serviced for SeaWest Financial Corporation since 2004.
(2) We consider an automobile contract delinquent when an obligor fails to make at least 90% of a contractually due payment by the following due date, which date may have been extended within limits specified in the Servicing Agreements. The period of delinquency is based on the number of days payments are contractually past due. Automobile contracts less than 31 days delinquent are not included.
(3) Amount in repossession represents financed vehicles that have been repossessed but not yet liquidated.

Net Charge-Off Experience (1)
CPS, MFN, TFC and SeaWest Combined

	March 31, 2010	March 31, 2009	December 31, 2009
	(Dollars in thousands)		
Average servicing portfolio outstanding	$ 969,812	1,548,392	$ 1,319,106
Annualized net charge-offs as a percentage of average servicing portfolio (2)	12.2%	11.6%	11.0%

(1) All amounts and percentages are based on the principal amount scheduled to be paid on each automobile contract, net of unearned income on pre-computed automobile contracts.

(2) Net charge-offs include the remaining principal balance, after the application of the net proceeds from the liquidation of the vehicle (excluding accrued and unpaid interest) and amounts collected subsequent to the date of charge-off, including some recoveries which have been classified as other income in the accompanying interim financial statements. March 31, 2010 and March 31, 2009 percentage represents three months ended March 31, 2010 and March 31, 2009 annualized. December 31, 2009 represents 12 months ended December 31, 2009.

Liquidity and Capital Resources

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

Net cash provided by operating activities for the three-month period ended March 31, 2010 was $21.5 million compared to net cash provided by operating activities for the three-month period ended March 31, 2009 of $27.5 million.

Net cash provided by investing activities for the three-month period ended March 31, 2010 was $92.4 million compared to net cash provided by investing activities of $119.4 million in the prior year period. Cash provided by investing activities primarily results from principal payments and other proceeds received on finance receivables held for investment. Cash used in investing activities generally relates to purchases of automobile contracts. Purchases of finance receivables held for investment were $17.4 million and $1.1 million during the first quarters of 2010 and 2009, respectively. The significant decrease in contract purchases in the 2010 and 2009 periods compared to prior periods, together with the receipt of significant proceeds from finance receivables held for inv estment resulted in net cash provided by investing activities. In prior years new contract purchases were significantly higher, which resulted in net cash being used by investing activities for those periods.

Net cash used by financing activities for the three months ended March 31, 2010 was $103.6 million compared to net cash used by financing activities of $148.2 million in the prior year period. Cash used by financing activities is generally related to the repayment of securitization trust debt, reduced by the amount of all new issuances of securitization trust debt. We repaid $119.5 million in securitization trust debt in the three months ended March 31, 2010 compared to $142.3 million in the prior year period.

We purchase automobile contracts from dealers for a cash price approximately equal to the principal amount of the contract, reduced by an acquisition fee. Those automobile contracts generate cash flow, however, over a period of years. As a result, we have been dependent on warehouse credit facilities to purchase automobile contracts, and on the availability of cash from outside sources in order to finance our continuing operations, as well as to fund the portion of automobile contract purchase prices not financed under revolving warehouse credit facilities. From December 2008 until September 25, 2009 we had no available funding facilities and reduced our volume of contract purchases to nominal levels. On September 25, 2009, we entered into a $50 million, two-year revolving credit agreement with Fortress Credit Corp. ("Fortress"). On March 26, 2010, we entered into a $50 million term funding facility with a syndicate of note purchasers including affiliates of Angelo, Gordon & Co., L.P. and an affiliate of Cohen & Company Securities.

The Fortress agreement allows advances to us of up to 75% of the principal balance of eligible collateral (automobile receivables) that we now hold or may purchase in the future from dealers. Advances bear interest at a floating rate equal to one-month LIBOR plus 12.00%, but in all events no less than 14.00% per year. As part of the consideration given to Fortress for committing to make loans under this facility, we issued a 10-year warrant to purchase up to 1,158,087 of our common shares, at an exercise price of $0.879 per share (we refer to this as the Fortress Warrant). Issuance of the Fortress Warrant required an adjustment to the terms of an existing outstanding warrant regarding 1,564,324 shares, reducing the exercise price of that other warrant from $1.44 per share to $1.407 per share and increasing the num ber of shares available for purchase to 1,600,991. As of March 31, 2010 there was $17.6 million outstanding under the Fortress facility.

Under the term funding facility, the note purchasers have agreed to purchase up to $50 million in asset-backed notes, subject to collateral eligibility and other terms and conditions, up through the end of 2010. Amounts outstanding bear interest at a fixed rate of 11.00%, which may be decreased to 9.00% should the notes receive investment grade ratings from at least two of the following three credit rating agencies: Moody's; Standard & Poor's; or Fitch. Principal payments on the notes are due as the underlying receivables are paid or charged off, and the final maturity is July 17, 2017. In connection with the establishment of this term funding facility, we paid a closing fee of $750,000 and issued to certain of the note purchasers or their designees warrants to purchase 500,000 shares of our common stock at an exercise price of $1.41 per share (we refer to this as the Page Five Warrant). Issuance of the Page Five Warrant required adjustments to the terms of two existing outstanding warrants. The first warrant related to 1,600,991 shares, on which the exercise price was decreased from $1.407 per share to $1.398 per share and the number of shares available for purchase were increased to 1,611,114. The second affected warrant related to 283,985 shares, which was increased to 285,781 shares. As of March 31, 2010, there was $9.2 million outstanding under the note purchase agreement.

On July 10, 2008 we amended the terms of our then outstanding residual credit facility to establish an amortization schedule for principal reductions and providing for an extension, at our option if certain conditions were met, of the maturity from June 2009 to June 2010. In June 2009 we met all the conditions and extended the maturity of the term note. As of March 31, 2010 the aggregate indebtedness under this facility was $52.9 million.

The acquisition of automobile contracts for subsequent sale in securitization transactions, and the need to fund spread accounts and initial overcollateralization, if any, and increase credit enhancement levels when those transactions take place, results in a continuing need for capital. The amount of capital required is most heavily dependent on the rate of our automobile contract purchases, the required level of initial credit enhancement in securitizations, and the extent to which the previously established trusts and their related spread accounts either release cash to us or capture cash from collections on securitized automobile contracts. Of those, the factor most subject to our control is the rate at which we purchase automobile contracts.

We are and may in the future be limited in our ability to purchase automobile contracts due to limits on our capital. As of March 31, 2010, we had unrestricted cash of $22.8 million. We have $32.4 million available under our Fortress facility, $40.8 million available under the term funding facility (in both facilities subject to available eligible collateral) and no immediate plans to complete a securitization. Our plans to manage our liquidity include maintaining our rate of automobile contract purchases at a level that matches our available capital, and, wherever appropriate, reducing our operating costs. There can be no assurance that we will be able to obtain additional future funding facilities or to complete securitizations on favorable economic terms or that we will be able to complete securitizations at all. If we are unable to complete such securitizations, we may be unable to increase our rate of automobile contract purchases, in which case our interest income and other portfolio related income would continue to decrease.

Our liquidity will also be affected by releases of cash from the trusts established with our securitizations. While the specific terms and mechanics of each spread account vary among transactions, our securitization agreements generally provide that we will receive excess cash flows, if any, only if the amount of credit enhancement has reached specified levels and/or the delinquency, defaults or net losses related to the automobile contracts in the pool are below certain predetermined levels. In the event delinquencies, defaults or net losses on the automobile contracts exceed such levels, the terms of the securitization: (i) may require

increased credit enhancement to be accumulated for the particular pool; (ii) may restrict the distribution to us of excess cash flows associated with other pools; or (iii) in certain circumstances, may permit the insurers to require the transfer of servicing on some or all of the automobile contracts to another servicer. There can be no assurance that collections from the related trusts will continue to generate sufficient cash. Moreover, most of our spread account balances are pledged as collateral to our residual interest financing. As such, most of the current releases of cash from our securitization trusts are directed to pay the obligations of our residual interest financing.

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

The agreements under which we receive periodic fees for servicing automobile contracts in securitizations are terminable by the respective note insurers upon defined events of default, and, in some cases, at the will of the insurer. We have received waivers regarding the potential breach of certain such covenants relating to minimum net worth and maintenance of active warehouse credit facilities. Without such waivers, certain credit enhancement providers would have had the right to terminate us as servicer with respect to certain of our outstanding securitization pools. Although such rights have been waived, such waivers are temporary, and there can be no assurance as to their future extension. We do, however, believe that we will obtain such future extensions because it is generally not in the interest of any party to the securitization transaction to transfer servicing. Nevertheless, there can be no assurance as to our belief being correct. Were a note insurer in the future to exercise its option to terminate such agreements, such a termination could have a material adverse effect on our liquidity and results of operations, depending on the number and value of the terminated agreements. Our note insurers continue to extend our term as servicer on a monthly and/or quarterly basis, pursuant to the servicing agreements.

The agreements for our residual interest financing, revolving credit facility and term funding facility include financial covenants which, if breached, would be an event of default. We have received a waiver regarding the potential breach of a minimum net worth covenant and maximum leverage covenant on the residual interest facility. Without such waiver, the residual interest lender could, among other things, sell the residual interests in the pledged securitizations to satisfy the residual interest debt.

Our plan for future operations and meeting the obligations of our financing arrangements includes returning to profitability by gradually increasing the amount of our contract purchases with the goal of increasing the balance of our outstanding managed portfolio. Our plans also include financing future contract purchases with credit facilities and term securitizations that offer a lower overall cost of funds compared to our current facilities. To illustrate, in the fourth quarter of 2009 we purchased $6.1 million in contracts and our sole credit facility had a minimum interest rate of 14.00% per annum. By comparison, in the first quarter of 2010, we purchased $17.1 million in contracts and entered into the $50 million term funding facility which has aninterest rate of 11.00% per annum and the ability to decrease such rate to 9.00% per annum if certain conditions are met. Moreover, less competition in our marketplace has resulted in better terms for our recentcontract purchases compared to prior years. For the years ended December 31, 2009, 2008 and 2007, the average acquisition fee we charged per automobile contract purchased under our CPS programs was $1,508, $592 and $209, respectively, or 11.7%, 3.9% and 1.4%, respectively, of the amount financed. Similarly, the weighted average annual percentage rate of interest payable by our customers on newly purchased contracts has increased significantly: to 19.9% in 2009 from 18.5%, and 18.1% in 2008 and 2007, respectively.

We have and will continue to have a substantial amount of indebtedness. At March 31, 2010, we had approximately $915.9 million of debt outstanding. Such debt consisted primarily of $796.5 million of securitization trust debt, and also included $17.6 million of warehouse lines of credit, $52.9 million of residual interest financing, $26.4 million of senior secured related party debt and $22.5 million owed under a subordinated notes program. We are also currently offering the subordinated notes to the public on a continuous basis, and such notes have maturities that range from three months to 10 years. The residual interest financing facility matures in June 2010 and we are in discussions with the lender regarding the

extension or restructuring of the facility, as to which there can be no assurance. Of the $26.4 million in senior secured related party debt, $5.0 million matures in October 2010, unless we fail to extend the maturity of the residual credit facility, in which case it matures at the end of May 2010.

Our recent operating results include net losses of $57.2 million and $26.1 million in 2009 and 2008, respectively. We believe that our results have been materially and adversely affected by the disruption in the capital markets that began in the fourth quarter of 2007, by the recession that began in December 2007, and by related high levels of unemployment. Our ability to repay or refinance maturing debt may be adversely affected by prospective lenders' consideration of our recent operating losses.

Although we believe we are able to service and repay our debt, there is no assurance that we will be able to do so. If our plans for future operations do not generate sufficient cash flows and operating profits, our ability to make required payments on our debt would be impaired. Failure to pay our indebtedness when due could have a material adverse effect and may require us to issue additional debt or equity securities.

Critical Accounting Policies

(a) Allowance for Finance Credit Losses

In order to estimate an appropriate allowance for losses incurred on finance receivables held on our Unaudited Condensed Consolidated Balance Sheet, we use a loss allowance methodology commonly referred to as "static pooling," which stratifies our finance receivable portfolio into separately identified pools. Using analytical and formula-driven techniques, we estimate an allowance for finance credit losses, which management believes is adequate for probable credit losses that can be reasonably estimated in our portfolio of finance receivable automobile contracts. Provision for losses is charged to our Unaudited Consolidated Statement of Operations. Net losses incurred on finance receivables are charged to the allowance. Management evaluates the adequacy of the allowance by examining current delinquencies, the characteristic s of the portfolio and the value of the underlying collateral. As conditions change, our level of provisioning and/or allowance may change as well.

(b) Contract acquisition fees and originations costs

Upon purchase of a contract from a dealer, we generally charge or advance the dealer an acquisition fee. For contracts securitized in pools which were structured as sales for financial accounting purposes, the acquisition fees associated with contract purchases were deferred until the contracts were securitized, at which time the deferred acquisition fees were recognized as a component of the gain on sale.

For contracts purchased and securitized in pools which are structured as secured financings for financial accounting purposes, dealer acquisition fees and deferred originations costs are applied against the carrying value of finance receivables and are accreted into earnings as an adjustment to the yield over the estimated life of the contract using the interest method, in accordance with Statement of Financial Accounting Standard No. 91, Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases.

(c) Income taxes

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

recognized in income in the period that includes the enactment date. A valuation allowance is recorded against that portion of the deferred tax asset whose utilization in future period is not more than likely.

In determining the possible future realization of deferred tax assets, we have considered the taxes paid in the current and prior years that may be available to recapture, as well as future taxable income from the following sources: (a) reversal of taxable temporary differences; (b) future operations exclusive of reversing temporary differences; and (c) tax planning strategies that, if necessary, would be implemented to accelerate taxable income into years in which net operating losses might otherwise expire. Tax strategies include the sale of certain assets that can produce significant taxable income within the relevant carryforward period. Such strategies could be implemented without significant impact on our core business or our ability to generate future growth. The costs related to the implementation of these tax strate gies were considered in evaluating the amount of taxable income that could be generated in order to realize our deferred tax assets.

(d) Stock-based compensation

For the three months ended March 31, 2010 and 2009, we recorded $338,000 and $302,000 respectively, in stock-based compensation costs, resulting from grants of options during the period and vesting of previously granted options. As of March 31, 2010, there were $3.5 million in unrecognized stock-based compensation costs to be recognized over future periods.

Forward Looking Statements

This report on Form 10-Q includes certain “forward-looking statements.” Forward-looking statements may be identified by the use of words such as “anticipates,” “expects,” “plans,” “estimates,” or words of like meaning. Our provision for credit losses is a forward-looking statement, as it is dependent on our estimates as to future chargeoffs and recovery rates. Factors that could affect charge-offs and recovery rates include changes in the general economic climate, which could affect the willingness or ability of obligors to pay pursuant to the terms of automobile contracts, changes in laws respecting consumer finance, which could affect our ability to enforce rights under automobile contracts, and changes in the market for used vehicles, which could affect the level s of recoveries upon sale of repossessed vehicles. Factors that could affect our revenues in the current year include the levels of cash releases from existing pools of automobile contracts, which would affect our ability to purchase automobile contracts, the terms on which we are able to finance such purchases, the willingness of dealers to sell automobile contracts to us on the terms that we offer, and the terms on which and whether we are able to complete term securitizations once automobile contracts are acquired. Factors that could affect our expenses in the current year include competitive conditions in the market for qualified personnel and interest rates (which affect the rates that we pay on notes issued in our securitizations).

Item 4. *Controls and Procedures*

We maintain a system of internal controls and procedures designed to provide reasonable assurance as to the reliability of our published financial statements and other disclosures included in this report. As of the end of the period covered by this report, we evaluated the effectiveness of the design and operation of such disclosure controls and procedures. Based upon that evaluation, the principal executive officer (Charles E. Bradley, Jr.) and the principal financial officer (Jeffrey P. Fritz) concluded that the disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, material information relating to us that is required to be included in our reports filed under the Securities Exchange Act of 1934. There have been no changes in our internal controls over financial reporti ng during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. ***Legal Proceedings***

The information provided under the caption “Legal Proceedings,” Note 7 to the Unaudited Condensed Consolidated Financial Statements, included in Part I of this report, is incorporated herein by reference.

Item 1A. ***Risk Factors***

We remind the reader that risk factors are set forth in Item 1A of our report on Form 10-K, filed with the U.S. Securities and Exchange Commission on April 1, 2010. Where we are aware of material changes to such risk factors as previously disclosed, we set forth below an updated discussion of such risks. The reader should note that the other risks identified in our report on Form 10-K remain applicable to us.

We require a substantial amount of cash to service our substantial debt.

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

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

Depending upon the outcome of one or more of these factors, we may not be able to generate sufficient cash flow from operations or obtain sufficient funding to satisfy all of our obligations. We note in particular that the market for asset-backed securities is, as of the date of this report, severely adverse to issuers such as ourselves. We also note that credit enhancement in the form of financial guaranty insurance policies does not appear to be available. There can be no assurance as to when, whether or on what terms we may be able to securitize pools of automobile contracts in the future. If the unavailability of securitization transactions were to cause us to be unable to pay our debts, we would be required to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring our indebtedness or selling additional equity capital. These alternative strategies might not be feasible at the time, might prove inadequate or could require the prior consent of our lenders.

We need substantial liquidity to operate our business.

We have historically funded our operations principally through internally generated cash flows, sales of debt and equity securities, including through securitizations and warehouse credit facilities, borrowings

under senior secured debt agreements and sales of subordinated notes. However, we may not be able to obtain sufficient funding for our future operations from such sources. As of the date of this report, our access to the capital markets is impaired, with respect to both short-term and long-term debt. As a result, our results of operations, financial condition and cash flows have been and may continue to be materially and adversely affected. We require a substantial amount of cash liquidity to operate our business. Among other things, we have used such cash liquidity to:

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

To mitigate the effects of our difficulties in obtaining financing on acceptable terms, we have materially reduced our acquisitions of automobile contracts, and have refrained from attempting to conduct securitization transactions on terms that we believe would be too burdensome to be prudent. We continue to pay our operating expenses, taxes and interest expense, and to satisfy our working capital requirements. However, there can be no assurance of our continued ability to do so.

We have substantial indebtedness.

We have and will continue to have a substantial amount of indebtedness. At March 31, 2010 and December 31, 2009, we had approximately $915.9 million and $1,014.8 million, respectively, of debt outstanding. Such debt consisted, as of December 31, 2009, primarily of $904.8 million of securitization trust debt, and also included $4.9 million of warehouse indebtedness, $56.9 million of residual interest financing, $26.1 million of senior secured debt and $22.0 million owed under a subordinated notes program. At March 31, 2010, such debt consisted primarily of $796.5 million of securitization trust debt, and also included $17.6 million of warehouse indebtedness, $52.9 million of residual interest financing, $26.4 million of senior secured debt, and $22.5 million owed under a subordinated notes program. We are currently offering the subordin ated notes to the public on a continuous basis, and such notes have maturities that range from three months to 10 years.

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

- increasing our vulnerability to general adverse economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations 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 tour competitors that have less debt; and
- limiting our ability to borrow additional funds.

Although we believe we are able to service and repay such debt, there is no assurance that we will be able to do so. If we do not generate sufficient operating profits, our ability to make required payments on our debt would be impaired. Failure to pay our indebtedness when due could have a material adverse effect.

If an increase in interest rates results in a decrease in our cash flow from excess spread, our results of operations may be impaired.

Our profitability is largely determined by the difference, or "spread," between (i) the interest rates payable under our warehouse credit facilities and on the asset-backed securities issued in our securitizations, or payable in any alternate permanent financing transactions, and (ii) the effective interest rate received by us on the automobile contracts that we acquire. Disruptions in the market for asset-backed securities observed over the past several years have resulted in an increase in the interest rates we paid on the asset-backed securities that we issued in our most recent securitization, as compared with prior transactions, and may result in any future transactions involving comparably high (or higher) interest rates payable by us. Although we have attempted to offset increases in our cost of funds by increasing fees we charg e to dealers when purchasing contracts and by requiring higher interest rates on contracts we purchase, there can be no assurance that such price increases on our part will fully offset increases in interest we pay to finance our managed portfolio.

In addition to the interest rates payable in our financing transactions, there are other factors that affect our ability to manage interest rate risk. Specifically, we are subject to interest rate risk during the period between when automobile contracts are purchased from dealers and when such contracts are sold and financed in a securitization or any alternate permanent financing transaction. Interest rates on our warehouse credit facilities are adjustable while the interest rates on the automobile contracts are fixed. Therefore, if interest rates increase, the interest we must pay to the lenders under our warehouse credit facilities is likely to increase while the interest realized by us from those warehoused automobile contracts remains the same, and thus, during the warehousing period, the excess spread cash flow received by us wou ld likely decrease. Additionally, contracts warehoused and then securitized during a rising interest rate environment may result in less excess spread cash flow realized by us under those securitizations as, historically, our securitization facilities pay interest to security holders on a fixed rate basis set at prevailing interest rates at the time of the closing of the securitization, which may be several months after the securitized contracts were originated and entered the warehouse, while our customers pay fixed rates of interest on the contracts, set at the time they purchase the underlying vehicles. A decrease in excess spread cash flow could adversely affect our earnings and cash flow.

To mitigate, but not eliminate, the short-term risk relating to interest rates payable by us under the warehouse facilities, we have generally held automobile contracts in the warehouse credit facilities for less than four months. The disruptions in the market for asset-backed securities issued in securitizations have caused us to lengthen that period, which has reduced the effectiveness of this mitigation strategy. 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 a n escrow account until we sell the additional contracts into the securitization in amounts up to the balance of the pre-funded escrow account. In pre-funded securitizations, we effectively lock in our borrowing costs with respect to the contracts we subsequently sell into the securitization. However, we incur an expense in pre-funded securitizations equal to the difference between the money market yields earned on the proceeds held in escrow prior to subsequent delivery of contracts and the interest rate paid on the securities issued in the securitization. The amount of such expense may vary. Despite these mitigation strategies, an increase in prevailing interest rates would cause us to receive less excess spread cash flows on automobile contracts, and thus could adversely affect our earnings and cash flows.

Forward-Looking Statements

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

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

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

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

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

During the three months ended March 31, 2010, we purchased a total of 400,857 shares of our common stock, as described in the following table:

Issuer Purchases of Equity Securities

Period(1)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
January 2010	128,841	$ 1.21	128,841	$ 1,129,573
February 2010	126,425	1.38	126,425	$ 954,532
March 2010	145,591	1.89	145,591	$ 679,017
Total	400,857	$ 1.27	400,857	

(1) Each monthly period is the calendar month.

Item 6. ***Exhibits***

The Exhibits listed below are filed with this report.

4.14	Instruments defining the rights of holders of long-term debt of certain consolidated subsidiaries of the registrant are omitted pursuant to the exclusion set forth in subdivisions (b)(iv)(iii)(A) and (b)(v) of Item 601 of Regulation S-K (17 CFR 229.601). The registrant agrees to provide copies of such instruments to the United States Securities and Exchange Commission upon request.
10.28	Delayed Draw Note Purchase Agreement
10.29	Indenture governing Delayed Draw Notes.
10.30	Warrant to purchase common shares (incorporated by reference to exhibit 10.1 to registrant's report on Form 8-K filed April 1, 2010.)
31.1	Rule 13a-14(a) Certification of the Chief Executive Officer of the registrant.
31.2	Rule 13a-14(a) Certification of the Chief Financial Officer of the registrant.
32	Section 1350 Certifications.*

* These Certifications shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. These Certifications shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the registration statement specifically states that such Certifications are incorporated therein.

SIGNATURES

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

CONSUMER PORTFOLIO SERVICES, INC.
(Registrant)

Date: May 14, 2010

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

President and Chief Executive Officer
(Principal Executive Officer)

Date: May 14, 2010

By: /s/ JEFFREY P. FRITZ
Jeffrey P. Fritz

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

NOTE PURCHASE AGREEMENT

THIS NOTE PURCHASE AGREEMENT, dated as of March 25, 2010 (as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof, this "Agreement"), is made among PAGE FIVE FUNDING LLC, a Delaware limited liability company, CONSUMER PORTFOLIO SERVICES, INC., a California corporation, and the Note Purchasers party hereto (each, a "Note Purchaser" and collectively, the "Note Purchasers").

R E C I T A L S

1. Contemporaneously with the execution and delivery of this Agreement, the Issuer and Wells Fargo Bank, National Association, as trustee, are entering into the Indenture pursuant to which the Issuer will issue its Notes.

2. The security for the Notes will include retail installment sale contracts and installment promissory notes and security agreements secured by the new and used automobiles, vans, minivans and light trucks financed thereby and certain other related property conveyed to the Issuer by CPS on the date hereof and from time to time hereafter pursuant to that Sale and Servicing Agreement.

3. The Issuer wishes to issue Notes in favor of the Note Purchasers and obtain the agreement of the Note Purchasers to purchase such Notes and to commit to advance additional funds under such Notes from time to time to the Issuer, all of which advances will be evidenced by such Notes. Subject to the terms and conditions of this Agreement and the other Basic Documents, the Note Purchasers are willing to make the Initial Draw on the date hereof and Periodic Draws from time to time hereafter in an aggregate outstanding amount up to the Aggregate Committed Amount until such time as the Acquisition Period terminates. CPS has joined in this Agreement to confirm certain representations, warranties and covenants made by it as Servicer and as Seller for the benefit of the Note Purchaser.

4. In connection with the issuance of the Notes, the Issuer and CPS have prepared and furnished to the Note Purchasers a private placement memorandum dated March 25, 2010 relating to the Notes (as amended or supplemented from time to time, the "Memorandum"). The Memorandum sets forth certain information concerning the Receivables, the Issuer, CPS and the Notes. The Issuer and CPS hereby confirm that they have authorized the use of the Memorandum, in connection with the offer and sale of the Notes in accordance with the terms of this Agreement.

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 the Sale and Servicing Agreement (definedbelow). Whenever used in this Agreement the following words and phrases shall have the following meaning:

"Assignment Agreement" means the Assignment Agreement attached hereto as Exhibit D.

"AG Funds" means AG Mortgage Value Partners Master Fund L.P., AG Mortgage Value Partners Plus SG, L.P., AG CNG Fund LP, AG MM LP, PHS Bay Colony Fund LP, AG Garden Partners LP, AG Superfund Intl Prtns LP, Nutmeg Partners LP, PHS Patriot Fund LP, AG Princess LP, and AG Superfund LP, collectively.

"Blended Purchase Price" means, with respect to a pool of Receivables the weighted average of the prices (net of discounts and fees), expressed as a percentage, at which the Seller purchased such Receivables from the applicable Dealer or Consumer Lender.

"Commitment" means the commitment of each Note Purchaser hereunder to fund Draws requested by the Issuer (up to such Note Purchaser's Initial Stated Percentage Interest of the Aggregate Committed Amount) on the Closing Date and from time to time thereafter during the Acquisition Period in accordance with the terms of, and subject to the conditions precedent reflected in, this Agreement and the other Basic Documents.

"Consolidated Total Adjusted Equity" of CPS means, with respect to any fiscal quarter, the total shareholders' equity of CPS and its consolidated Subsidiaries that, in accordance with GAAP, is reflected on the consolidated balance sheet of CPS and its consolidated Subsidiaries for such fiscal quarter, minus the amount equal to the net deferred tax assets of CPS and its consolidated Subsidiaries reflected on such consolidated balance sheet, plus the amount equal to the net deferred tax assets of CPS and its consolidated Subsidiaries reflected on the consolidated balance sheet of CPS and its consolidated Subsidiaries as of December&# 160;31, 2008 (which amount is $52,727,000) minus the aggregate amount of intangible assets, including goodwill, franchises, licenses, patents, trademarks, trade names, copyrights and service marks of CPS and its consolidated Subsidiaries.

"CPS Information" has the meaning assigned such term in Section 8.05(b) hereof.

"Defaulting Note Purchaser's Committed Amount" means, with respect to any Note Purchaser that fails to fund its Initial Stated Percentage Interest of any Draw pursuant to Section 2.03(a), if no other Note Purchaser elects to assume such defaulting Note Purchaser's funding obligations pursuant to Section 2.03(b), an amount equal to the product of (x) the defaulting Note Purchaser's Initial Stated Percentage Interest and (y) the Aggregate Available Committed Amount immediately prior to giving effect to such funding default.

"Draw Percentage" means the lesser of (a) 78% and (b) 88% of the Blended Purchase Price.

"Exchange Act" means the Securities Exchange Act of 1934.

"Funding Default Notice" has the meaning assigned to such term in Section 2.03(b).

"Initial Stated Percentage Interest" means, for each Note Purchaser, the Stated Percentage Interest specified on the Note purchased by such Note Purchaser as of the Closing

Date, as may be modified from time to time in connection with a transfer of a Note Purchaser's interest pursuant to an Assignment Agreement and reflected on Annex I thereto.

"Material Adverse Effect" means an effect on (a) the business, operations, properties or condition (financial or otherwise) of the Seller, the Servicer or the Issuer; (b) the validity or enforceability of this or any of the other Basic Documents or the rights or remedies of the Trustee, a Note Purchaser or any Noteholder hereunder or thereunder or the validity, perfection or priority of any Lien in favor of the Trustee for the benefit of any Noteholder; (c) the timely payment of the principal of or interest on the Notes or other amounts payable under the Basic Documents; or (d) the ability of the Seller, the Servicer or the Issuer to perform its obligations under any Basic Document to which it is a party, in each case that materially and adversely affects any Noteholder or the Note Purchaser.

"Memorandum" has the meaning assigned such term in the Recitals.

"Original Purchased Note Balance" means (a) with respect to Cohen & Company Funding LLC, $914,447.70, (b) with respect to AG Mortgage Value Partners Master Fund, L.P., $1,998,201.09, (c) with respect to AG Mortgage Value Partners Plus SG, L.P., $1,998,201.09, (d) with respect to AG CNG Fund LP, $82,350.11, (e) with respect to AG MM LP, $61,762.58, (f) with respect to PHS Bay Colony Fund LP, $41,175.05, (g) with respect to AG Garden Partners LP, $102,937.63, (h) with respect to AG Superfund Intl Prtns LP, $308,812.90, (i) with respect to Nutmeg Partners LP, $82,350.11, (j) with respect to PHS Patriot Fund LP, $20,587.53, (k) with respect to AG Princess LP, $82,350.11, (l) with respect to AG Superfund LP, $1,276,426.63, (m) with respect to Kentucky Retireme nt Systems, $917,447.70, and (n) with respect to Commonwealth of Pennsylvania State Employees' Retirement System, $1,284,426.77.

"Placement Agent Information" has the meaning assigned such term in Section 5.01(j) hereof.

"Purchased Note Balance" on the Closing Date and with respect to a Note Purchaser will equal the Original Purchased Note Balance for such Note Purchaser, and on any date thereafter will equal the Original Purchased Note Balance for such Note Purchaser (i) reduced by all distributions of principal previously made to such Note Purchaser in respect of the Purchased Notes and (ii) increased by the amount of Periodic Draws actually funded by such Note Purchaser.

"Purchased Note Percentage Interest" means the percentage interest obtained by dividing the Purchased Note Balance by the Note Balance.

"Purchased Notes" means the Notes purchased by a Note Purchaser pursuant to this Agreement reflecting the Initial Stated Percentage Interest.

"Requirement of Law" means as to any Person, the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other governmental authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Sale and Servicing Agreement” means the Sale and Servicing Agreement dated as of March 1, 2010, among the Issuer, CPS, as Seller and Servicer, Wells Fargo Bank, National Association, as the Backup Servicer and the Trustee.

“Securities Act” means the Securities Act of 1933.

“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.

“Term” has the meaning assigned such term under Section 2.05 hereof.

SECTION 1.02 Other Definitional Provisions.

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

(b) Accounting terms used but not defined or partly defined in this Agreement, in any instrument governed hereby or in any certificate or other document made or delivered pursuant hereto, to the extent not defined, shall have the respective meanings given to them under GAAP as in effect on the date of 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 GAAP, the definitions contained in this Agreement or in any such instrument, certificate or other document shall control. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Basic Document, and either the Issuer, CPS or a Majority of Noteholders shall so request, such Majority Noteholders, CPS and the Issuer shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) CPS and the Issuer shall provide to the Noteholders and the Trustee financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(c) (i) 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 and (ii) unless the context otherwise requires, the word “or” is not exclusive.

(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.

ARTICLE II

PURCHASE AND SALE OF THE PURCHASED NOTES

SECTION 2.01 The Initial Note Purchase. On the terms and conditions set forth in this Agreement and the other Basic Documents, and in reliance on the covenants, repres

entations and agreements set forth herein and therein, the Issuer shall issue and cause the Trustee to authenticate and deliver to the Note Purchasers the Purchased Notes on the Closing Date. The Purchased Notes shall be dated the Closing Date, registered in the names of the Note Purchasers and duly authenticated in accordance with the provisions of the Indenture.

SECTION 2.02 Draw. On the Closing Date and from time to time thereafter upon the Issuer's request, delivered in accordance with the provisions of Section 2.03, subject to the satisfaction of all conditions precedent thereto and to the terms and conditions of the Basic Documents, and in reliance upon the representations and warranties set forth herein and therein, the Issuer shall make, and the Note Purchasers shall fund, on a *pro rata* basis based on s uch Note Purchaser's Initial Stated Percentage Interest, Draws up to and against the Aggregate Available Committed Amount prior to the termination of the Acquisition Period in an amount in the aggregate for such Draw Date equal to the product of (a) the Draw Percentage and (b) the aggregate Principal Balance of the Receivables (as of the related Cutoff Date) being transferred on the Closing Date or Subsequent Draw Date. Subject to the terms and conditions of this Agreement and the Indenture, the Purchased Note Balance of a Note Purchaser may be increased, during the Acquisition Period to a maximum amount not to exceed such Note Purchaser's Initial Stated Percentage Interest of the Aggregate Committed Amount. In no event shall a Note Purchaser be required to fund Draws in excess of such Note Purchaser's Initial Stated Percentage Interest of the Aggregate Committed Amount.

SECTION 2.03 Draw and Prepayment Procedure.

(a) Whenever the Issuer wishes the Note Purchasers to make a Draw, the Issuer shall (or shall cause the Servicer to) deliver in electronic format an Addition Notice to each Note Purchaser by no later than 2:00 p.m. (New York City time) ten (10) Business Days prior to each proposed Subsequent Draw Date. By no later than 2:00 p.m. (New York City time) five (5) Business Days prior to each proposed Subsequent Draw Date, the Issuer shall (or shall cause the Servicer to) deliver in electronic format a request in substantially the form of Exhibit B hereto (each such request, a "Draw Request" ;), together with a data tape or other electronic file containing information regarding the Receivables to be transferred on such Subsequent Draw Date, to each Note Purchaser. Notwithstanding the foregoing, the Draw Request for the Initial

Draw may be delivered any time on the Business Day before the Closing Date. Each Draw Request shall be irrevocable and shall in each case refer to this Agreement and specify the aggregate amount of the requested Draw to be made on such date, which amount shall be not less than $3,000,000 (in the aggregate for all Noteholders) nor more than $10,000,000 (in the aggregate for all Noteholders) unless such requirement is waived in writing by all Noteholders; provided, however, the Initial Draw shall be no less than $8,000,000 (in the aggregate for all Noteholders); provided, however, the amount of the requested Draw is subject change by the Issuer two (2) Business Days prior to the proposed Subsequent Draw Date to t he extent necessary to satisfy Sections 6.02(h) or 6.02(q) hereof; provided, further, that any Receivable may be excluded from a Draw Request and the amount of the requested Draw may be reduced accordingly by a Note Purchaser in its sole discretion exercised in good faith one (1) Business Day prior to the proposed Subsequent Draw Date if such Note Purchaser determines in good faith that the Seller would, as of such Subsequent Draw Date, (i) breach any of the representations and warranties made pursuant to Section 3.1 of the Sale and Servicing Agreement with respect to such Receivable or (ii) be required to repurchase such Receivable pursuant to the terms of the Sale and Servicing Agreement. Each Note Purchaser shall promptly thereafter (but in no event later than 11:00 a.m. (New York City time) on the proposed Subsequent Draw Date) notify the Issuer whether such Note Purchaser has determined that the conditions precedent to fund the requested Draw have been met, if any Receivable is to be excluded from the Draw Request and the amount of the Draw, as adjusted by such Note Purchaser pursuant to this Section. Notwithstanding anything contained herein to the contrary, no Note Purchaser is under any obligation to fund any amount specified in a Draw Request in excess of the amount of such Noteholder's Initial Stated Percentage Interest of such Draw, as adjusted by such Note Purchaser pursuant to this Section. By no later than 12:00 p.m. (New York City time) on the Subsequent Draw Date, subject to the other conditions set forth herein and in the other Basic Documents, each Note Purchaser shall pay an amount equal to such Note Purchaser's Initial Stated Percentage Interest of such Draw to or at the direction of the Issuer, by wire transfer in U.S. dollars of such amount in same day funds to an account as designated by the Issuer or its designee on the related Subsequent Draw Date. Notwithstanding the foregoing, amounts requested by the Issuer under the Draw Reques ts, in the aggregate, may not exceed the Aggregate Available Committed Amount. The Issuer hereby directs each Note Purchaser to pay such Note Purchaser's Initial Stated Percentage Interest of each Draw to the Trustee for further distribution to CPS and the Spread Account as further specified in the form of Draw Request.

(b) In the event that a Note Purchaser defaults in its obligation to fund its Initial Stated Percentage Interest of any Draw on the Closing Date or any Subsequent Draw Date, the Issuer shall deliver a notice of such default in substantially the form attached hereto as Exhibit C (each, a "Funding Default Notice") to all Note Purchasers. If any such funding default is not cured by the defaulting Note Purchaser by 2:00 p.m. (New York City time) on the Business Day occurring after its receipt of such Funding Default Notice, the non-defaulting Note Purchasers shall have the right to cure such funding default by no later than 2:00 p.m. (New York City time) on the immediately following Business Day. If one or more non-defaulting Note Purchaser(s) exercise such cure right, such non-defaulting Note Purchasers may, within five (5) Business Days after their exercise of such cure right, elect to assume (*pro rata* in accordance with their respective Initial Stated Percentage Interests) the defaulting Note Purchaser's Initial Stated Percentage Interest in the Aggregate Available Committed Amount by delivering a notice to the Issuer, CPS, the Trustee and the defaulting Note Purchaser to such effect. Upon the

delivery of such notice by the non-defaulting Note Purchasers, such defaulting Note Purchaser shall have no further obligation or right to fund future Draws hereunder. If no Note Purchaser elects to exercise such cure right and the non-defaulting Note Purchasers do not elect to assume the funding obligations of the defaulting Note Purchaser hereunder within the timeframe specified herein, then (i) the Aggregate Committed Amount shall be reduced by an amount equal to the Defaulting Note Purchaser's Committed Amount, (ii) the defaulting Note Purchaser shall have no further obligation or right to fund future Draws hereunder, and (iii) for a period of ten (10) Business Days thereafter, the Seller shall have the right to rescind the sale to the Issuer of Receivables in the related Sub-Pool in an aggregate Principal Amount not to exceed t he quotient of (x) the defaulting Note Purchaser's Initial Stated Percentage Interest of the applicable Draw divided by (y) the applicable Draw Percentage, so long as after giving effect to any such rescission, the remaining Receivables in such Sub-Pool will satisfy the representations and warranties set forth in Sections 2.2 and 3.1 of the Sale and Servicing Agreement.

(c) The Notes may be prepaid in whole in accordance with Article X of the Indenture.

SECTION 2.04 The Note. On each date a Draw is made, increasing the Purchased Note Balance, and on each date a payment in reduction of the Purchased Note Balance is made, a duly authorized officer, employee or agent of the applicable Note Purchaser shall make appropriate notations in its books and records of the amount of such Draw and the amount of such reduction, as applicable. Every such notation shall be dispositive of the accuracy of the information so recorded and shall be conclusive and binding on the Issuer absent manifest error.

SECTION 2.05 Commitment Term. The "Term" of the commitment of each Note Purchaser to fund Draws hereunder shall be for a period commencing on the Closing Date and ending on the last day of the Acquisition Period.

SECTION 2.06 Reserved.

SECTION 2.07 Application for Rating. The Issuer may at any time, or the Majority Noteholders may at any time after the expiration of the Acquisition Period, request that the Notes be rated by two or more Rating Agencies. At any such time, each Note Purchaser agrees to cooperate with all reasonable requests of the Issuer in obtaining ratings of BBB or Baa2 (or higher), including the amendment of the Basic Documents, provided that such amendments do not materially and adversely affect its rights thereunder. Expenses related to or arising out of the applicat ion by the Issuer for a rating shall be borne by the requesting party, and the requesting party shall reimburse each Note Purchaser upon demand for all reasonable costs and expenses incurred by such Note Purchaser in connection with its cooperation.

ARTICLE III

FEES

SECTION 3.01 Reimbursement of Expenses.

The Issuer and the Servicer shall jointly and severally pay or reimburse each Note Purchaser within 30 days following presentment of invoices for all of its reasonable out-of-pocket fees, costs and expenses incurred in connection with the development, preparation and

execution of any amendment, modification or supplement to, or any waiver under, any Basic Document and any other document prepared in connection therewith, and the consummation and administration of the transactions contemplated thereby, including the reasonable fees and disbursements of counsel to such Note Purchaser with respect to any of the foregoing, including such fees and disbursements incurred in advising such Note Purchaser from time to time as to its rights and remedies under any Basic Document.

SECTION 3.02 Taxes. All payments by the Issuer of principal of, and interest on, the Notes and all other amounts payable hereunder (including fees) and/or thereunder shall be made free and clear of and without deduction for any present or future income, excise, stamp or franchise taxes and other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding in the case of a Note Purchaser, taxes imposed by the United States on or measured by its overall net income, overall receipts or overall assets and franchise taxe s imposed on it by the jurisdiction in which such Note Purchaser is organized or is operating or any political subdivision thereof (such non-excluded items being called "Taxes"); provided that, notwithstanding anything herein to the contrary, the Issuer shall not be required to increase any amounts payable to a Note Purchaser with respect to any Taxes that are imposed on such Note Purchaser at the time of acquisition of the Purchased Notes by such Note Purchaser. In the event that any withholding or deduction from any payment to be made by the Issuer hereunder and/or thereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Issuer will:

(a) pay directly to the relevant authority the full amount required to be so withheld or deducted;

(b) promptly forward to such Note Purchaser or its agent an official receipt or other documentation evidencing such payment to such authority; and

(c) pay to such Note Purchaser or its agent such additional amount or amounts as is necessary to ensure that the net amount actually received by such Note Purchaser will equal the full amount such Note Purchaser would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against a Note Purchaser with respect to any payment received by such Note Purchaser, such Note Purchaser or such agent may pay such Taxes and the Issuer will promptly upon receipt of prior written notice stating the amount of such Taxes pay such additional amounts (including any penalties, interest or expenses) as is necessary in order that the net amount received by such person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount such Note Purchaser would have received had not such Taxes been asserted.

If the Issuer fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to a Note Purchaser the required receipts or other required documentary evidence, the Issuer shall indemnify such Note Purchaser for any Taxes and incremental Taxes, interest or penalties that may become payable by such Note Purchaser as a result of any such failure. For purposes of this Section 3.02, a distribution hereunder by the agent for a Note Purchaser shall be deemed a payment by the Issuer.

ARTICLE IV

OTHER PAYMENT TERMS

SECTION 4.01 Time and Method of Payment. Unless otherwise specified herein, all amounts payable to the Note Purchasers hereunder shall be made by wire transfer of immediately available funds in Dollars not later than 5:00 p.m. (New York City time),on the due date therefor. Any funds received after that time will be deemed to have been received on the next Business Day.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

SECTION 5.01 Representations and Warranties of the Issuer. The Issuer makes the following representations and warranties, on which each Note Purchaser relies in purchasing the Purchased Notes and in funding such Noteholder's Initial Stated Percentage Interest of each Draw. Such representations are made as of the date of this Agreement and as of each Subsequent Draw Date, and shall survive the issuance of the Notes, the funding of each Draw and the grant of a security interest in the Receivables and the other Collateral related thereto to the Trustee under the Indenture.

(a) Sale and Servicing Agreement. Each of the representations and warranties of the Issuer set forth in Section 7.1 of the Sale and Servicing Agreement is hereby incorporated by reference herein and restated for the benefit of each Note Purchaser with the same effect as if set forth herein in full.

(b) Other Obligations. The Issuer is not in default in the performance, observance or fulfillment of any obligation, covenant or condition in any of the Basic Documents to which it is a party or in any other agreement or instrument to which it is a party or by which it is bound.

(c) Regulations T, U and X. No proceeds of any Draw will be used, directly or indirectly, by the Issuer for the purpose of purchasing or carrying any Margin Stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) or for the purpose of reducing or retiring any indebtedness that was originally incurred to purchase or carry Margin Stock or for any other purpose which might cause any Draw to be a "purpose credit" within the meaning of Regulation U. Neither the funding of any Draw hereunder, nor the use of the proceeds thereof, will violate or otherwise conflict with the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

(d) Investment Company Status. The Issuer is not, nor will the consummation of the transactions contemplated by the Basic Documents cause the Issuer to be, an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act"), or a company "controlled" by an investment company within the meaning of the Investment Company Act. The consummation of the transactions contemplated by the Basic Documents will not violate any provision of the Investment Company Act or any rule, regulation or order issued by the Securities and Exchange

Commission thereunder. The Issuer is not subject to regulation under any applicable law (other than Regulation X of the Board of Governors of the Federal Reserve System) that limits its ability to incur indebtedness.

(e) Full Disclosure. The information, reports, financial statements, exhibits, schedules, officer's certificates and other documents furnished by or on behalf of the Issuer to the Seller, the Servicer, the Note Purchasers, the Trustee or the Backup Servicer in connection with any particular Draw or the negotiation, preparation, delivery or performance of this Agreement, the Notes, the Indenture, the Sale and Servicing Agreement and the other Basic Documents or included herein or therein or delivered pursuant hereto or thereto, taken as a whole, are true and correct (or, in the case of projections, are based on good faith reasonable estimates) on the dat e as of which such information is stated or certified and do not and will not contain an untrue statement of a material fact, or omit to state any material fact necessary to make the statements herein or therein contained, in the light of the circumstances under which they were made, not misleading. All such financial statements fairly present the financial condition of the Issuer as of the date specified therein (subject to normal year-end audit adjustments) all in accordance with GAAP. On such date, the Issuer had no material contingent liabilities, liabilities for taxes, or unusual or anticipated losses from any unfavorable commitments, except as referred to or reflected in such financial statements as of such date. There is no fact known to the Issuer, after due inquiry, that would have a Material Adverse Effect and that has not been disclosed herein, in the other Basic Documents or in a report, financial statement, exhibit, schedule, disclosure letter or other writing fu rnished to the Note Purchasers for use in connection with the transactions contemplated hereby or thereby.

(f) Collateral Security.

(i) The Issuer owns and will own each item that it pledges as Collateral, free and clear of any and all Liens (including any tax liens), other than Liens created in favor of the Trustee pursuant to the Indenture. No security agreement, financing statement or other public notice similar in effect with respect to all or any part of the Collateral is or will be on file or of record in any public office or authorized by the Issuer, except such as have been or may hereinafter be filed pursuant to the Basic Documents and except such as shall be terminated as to the Collateral no later than concurrently with the pledge of such Collateral to the Trustee under the Indenture.

(ii) The Indenture is effective to create, as collateral security for the Notes, a valid and enforceable Lien on the Collateral in favor of the Trustee.

(iii) Upon filing of the financing statement delivered to the Note Purchasers and the Trustee by the Issuer on or prior to the Closing Date with the Secretary of State of the State of Delaware (which financing statement is in proper form for filing in such jurisdiction and accurately describes the Collateral), the Lien created pursuant to the Indenture will constitute a perfected security interest in the Collateral in favor of the Trustee, which Lien will be prior to all other Liens of all other Persons that may be perfected by filing a financing statement under Article 9 of the UCC and which Lien is enforceable as such as against all other Persons.

(iv) Upon delivery of Contracts evidencing the Receivables to the Trustee in accordance with Sections 2.1 and 2.2(a) of the Sale and Servicing Agreement, the Lien created pursuant to the Indenture will constitute a perfected security interest in such Contracts in favor of the Trustee, which Lien will be prior to all other Liens of all other Persons that may be perfected by possession of such Contracts under Article 9 of the UCC and which Lien is enforceable as such as against all other Persons.

(g) Ownership of Properties. The Issuer has good and marketable title to any and all of its properties and assets, subject only to the Lien of the Indenture.

(h) Legal Counsel, etc. The Issuer has consulted with its own legal counsel and independent accountants to the extent it has deemed necessary regarding the tax, accounting and regulatory consequences of the transactions contemplated by this Agreement and the other Basic Documents, and the Issuer is not participating in such transactions in reliance on any representations of the Note Purchasers or their Affiliates, or their counsel, with respect to tax, accounting, regulatory or any other matters.

(i) The Indenture. Each of the representations and warranties of the Issuer contained in the Indenture is hereby incorporated by reference herein and restated for the benefit of each Note Purchaser with the same effect as if set forth herein in full. None of CPS or the Issuer is in default under any of its respective obligations under the Basic Documents.

(j) The Memorandum. The CPS Information (as defined herein) as of its date did not and as of the Closing Date and each Subsequent Draw Date will not, and the Memorandum (including any information incorporated by reference therein) as of its date did not and at the Closing Date and each Subsequent Draw Date will not, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Issuer makes no representation or warranty as to the information contained in or omitted from the Memorandum, or any amendment or supplement thereto, in reliance upon and in conformity with information furnished in writing to the Issuer or CPS by the Placement Agent specifically for inclusion therein as more particularly described in Section 15(b) of the Placement Agency Agreement (the "Placement Agent Information"). As of the Closing Date, the Notes, the Indenture, the Sale and Servicing Agreement and the Note Purchase Agreement conform in all material respects to the respective descriptions thereof contained in the Memorandum.

(k) No Fraudulent Conveyance. As of the Closing Date and immediately after giving effect to each Draw, the fair value of the assets of the Issuer is greater than the fair value of its liabilities (including contingent liabilities of the Issuer), and the Issuer is and will be solvent, does and will pay its debts as they mature and does not and will not have an unreasonably small capital to engage in the business in which it is engaged and proposes to engage. The Issuer does not intend to incur, or believe that it has incurred, debts beyond its ability to pay such debts as they mature. The Issuer is not in default under any material obliga tion to pay money to any Person. The Issuer is not contemplating the commencement of insolvency, bankruptcy, liquidation or consolidation proceedings or the appointment of a receiver, liquidator, conservator, trustee or similar official in respect of the Issuer or any of its

assets. The Issuer is not transferring any Collateral with any intent to hinder, delay or defraud any of its creditors. The Issuer will not use the proceeds from the transactions contemplated by this Agreement or any other Basic Document to give any preference to any creditor or class of creditors. The Issuer has given fair consideration and reasonably equivalent value in exchange for the sale of the Receivables and the Other Conveyed Property by the Seller under the Sale and Servicing Agreement.

(l) No Other Business. The Issuer engages in no business activities other than the purchase of the Receivables and the Other Conveyed Property, pledging the Receivables and the other Collateral to the Trustee under the Indenture, issuing the Notes and other activities relating to the foregoing to the extent permitted by the organizational documents of the Issuer as in effect on the date hereof, or as amended in accordance with the terms thereof. Without limitation of the foregoing, the Issuer is not an issuer of securities other than the Notes or a borrower under any loan or financing agreement, facility or other arrangement other than the facility established pursuant to this Agreement and the other Basic Documents.

(m) No Indebtedness. The Issuer has no indebtedness, other than indebtedness incurred under (or contemplated by) the terms of the Notes and the other Basic Documents.

(n) ERISA. The Issuer does not maintain any Plans, and the Issuer agrees to notify the Note Purchaser in advance of forming any Plans. Neither the Issuer nor any Affiliate of the Issuer (other than MFN under the MFN Financial Corporation Pension Plan and CPS under its defined contribution (401(k)) plan) has any obligations or liabilities with respect to any Plans or Multiemployer Plans, nor have any such Persons had any obligations or liabilities with respect to any such Plans during the five year period prior to the date this representation is made or deemed made. The Issuer will give notice to the Note Purchaser if at any time it or an y Affiliate has any obligations or liabilities with respect to any Plan or Multiemployer Plan. All Plans maintained by the Issuer or any Affiliate are in substantial compliance with all applicable laws (including ERISA). The Issuer is not an employer under any Multiemployer Plan.

SECTION 5.02 Representations and Warranties of CPS. CPS makes the following representations and warranties, on which the Issuer relies in purchasing the Receivables and the Other Conveyed Property related thereto, and on which each Note Purchaser relies in purchasing the Purchased Notes. Such representations and warranties are made as of the date of this Agreement and as of each Subsequent Draw Date, and shall survive the sale by CPS to the Issuer of the Receivables and the Other Conveyed Property related thereto under the Sale and Servicing Agreement, the issuance of the Notes, the funding of each Draw and the grant of a security interest in the Receivables and the other Collateral related thereto by the Issuer to the Trustee under the Indenture.

(a) Sale and Servicing Agreement. Each of the representations, warranties and covenants of the Seller and the Servicer in the Sale and Servicing Agreement is hereby incorporated by reference herein and restated .

(b) Investment Company Status. CPS is not, nor will the consummation of the transactions contemplated by the Basic Documents cause CPS to be, an “investment company” or an “affiliated person” of, or “promoter” or “principal underwriter” for, an

“investment company,” as such terms are defined in the Investment Company Act or a company “controlled by” an investment company within the meaning of the Investment Company Act. The consummation of the transactions contemplated by this Agreement and each other Basic Document to which CPS is a party will not violate any provision of the Investment Company Act or any rule, regulation or order issued by the Securities and Exchange Commission thereunder. CPS is not subject to regulation under any applicable law (other than Regulation X of the Board of Governors of the Federal Reserve System) that limits its ability to incur indebtedness.

(c) No Material Adverse Effect; No Default. (i) CPS is not a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any charter or corporate restriction that could have, and no provision of applicable law or governmental regulation has had or would have a Material Adverse Effect and (ii) other than the defaults set forth on Exhibit A hereto, CPS is not in default under or with respect to any of the obligations, covenants or conditions contained in any contract, lease, agreement or other instrument, and to its knowledge no condition exists tha t, with the giving of notice or the lapse of time or both, could constitute such a default, except where, (A) such defaults have been waived, or (B) individually or in the aggregate, the consequences, direct or indirect, of such default or defaults, if any, could not reasonably be expected to have a Material Adverse Effect.

(d) Regulations T, U and X. No proceeds of any sale hereunder will be used, directly or indirectly, by CPS for the purpose of purchasing or carrying any Margin Stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) or for the purpose of reducing or retiring any indebtedness that was originally incurred to purchase or carry Margin Stock or for any other purpose which might cause any sale hereunder to be a “purpose credit” within the meaning of Regulation U. Neither the funding of any Draw hereunder, nor the use of the proceeds thereof, will violate or otherwise conflict with the provisions of Regulatio ns T, U or X of the Board of Governors of the Federal Reserve System.

(e) Security Interest. Notwithstanding the intent of the parties set forth in Section 2.2 of the Sale and Servicing Agreement, the Sale and Servicing Agreement is effective to create valid and enforceable Liens on the property and rights described in Sections 2.1(a) and 2.2(a) thereof in favor of the Issuer. Upon filing of the financing statement by CPS in each jurisdiction (including the State of California) in which required by applicable law (which financing statement is in proper form for filing in each such jurisdiction and accurately describes the property and rights described in Sections 2.1(a) and 2.2(a) of the Sale and Servicing Agreement) , the Lien created pursuant to the Sale and Servicing Agreement will constitute a first priority perfected security interest in such property and rights in favor of the Trustee, which Lien will be prior to all other Liens and which Lien is enforceable as such as against all Persons.

(f) Full Disclosure. The information, reports, financial statements, exhibits, schedules, officer’s certificates and other documents furnished by or on behalf of CPS, the Servicer, the Seller or any of their respective Affiliates to the Issuer, the Note Purchasers, the Trustee or the Backup Servicer in connection with any particular Draw or the negotiation, preparation, delivery or performance of this Agreement, the Notes and the other Basic Documents or included herein or therein or delivered pursuant hereto or thereto, taken as a whole, are true and correct in every material respect (or, in the case of projections, are based on good faith reasonable e stimates) on the date as of which such information is stated or certified

and do not and will not contain an untrue statement of a material fact, or omit to state any material fact necessary to make the statements herein or therein contained, in the light of the circumstances under which they were made, not misleading. All such financial statements fairly present the financial condition of CPS or such Affiliates as of the date specified therein (subject to normal year-end audit adjustments) all in accordance with GAAP. On such date, neither CPS nor any of its Affiliates had any material contingent liabilities, liabilities for taxes, or unusual or anticipated losses from any unfavorable commitments, except as referred to or reflected in such financial statements as of such date. There is no fact known to CPS or any of its Affiliates, after due inquiry, that would have a Material Adverse Eff ect and that has not been disclosed herein, in the other Basic Documents or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to the Note Purchasers for use in connection with the transactions contemplated hereby or thereby.

(g) ERISA. Neither CPS nor any of its Affiliates maintain any Plans (other than CPS's defined contribution (401(k)) plan and the MFN Financial Corporation Pension Plan), and CPS agrees to notify the Note Purchaser in advance of forming any Plans. Neither CPS nor any of its Affiliates has any obligations or liabilities with respect to any Plans or Multiemployer Plans (other than CPS's defined contribution (401(k)) plan and the MFN Financial Corporation Pension Plan), nor have any such Persons had any obligations or liabilities with respect to any such Plans during the five year period prior to the date this representation is made or deem ed made. CPS will give notice to the Note Purchaser if at any time it or any Affiliate has any obligations or liabilities with respect to any Plan or Multiemployer Plan. All Plans maintained by CPS or any of its Affiliates are in substantial compliance with all applicable laws (including ERISA). CPS is not an employer under any Multiemployer Plan.

(h) Insurance. During the Term, CPS shall maintain such insurance as is generally acceptable to prudent institutional investors and usual and customary for similar companies in its industry.

(i) The Memorandum. The CPS Information as of its date did not and as of the Closing Date and each Subsequent Draw Date will not, and the Memorandum (including any information incorporated by reference therein) as of its date did not and at the Closing Date and each Subsequent Draw Date will not, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that CPS makes no representation or warranty as to the information contained in or omitted from the Memorandum, or any amendment or supple ment thereto, in reliance upon and in conformity with information furnished in writing to the Issuer or CPS by the Placement Agent specifically for inclusion therein. CPS acknowledges that the Placement Agent Information constitutes the only information furnished by the Placement Agent for inclusion in the Memorandum. As of the Closing Date, the Notes, the Indenture, the Sale and Servicing Agreement and the Note Purchase Agreement conform in all material respects to the respective descriptions thereof contained in the Memorandum.

(j) Notice of Qualification of CPS Financial Statements. If, during the Acquisition Period, CPS becomes aware that the auditor's opinion accompanying the audited annual financial statements of CPS is to be qualified in any manner other than a qualification that

relates solely to the internal controls or accounting processes and which is, in any event, not classified as a material weakness, then CPS will provide prompt written notice of such qualification to each Note Purchaser.

SECTION 5.03 Representations, Warranties and Covenants of the Note Purchaser. Each Note Purchaser hereby covenants to the Issuer and the Servicer that it will perform the obligations required of it under the Basic Documents in accordance with the terms of the Basic Documents. In addition, each Note Purchaser represents and warrants to the Issuer and the Servicer, as of the date hereof (or as of a subsequent date on which a successor or assignee of such Note Purchaser shall become a party hereto, in which case such successor or assignee hereby represents and warrants to the Issuer and the Servicer), that:

(a) it has had an opportunity to discuss the Issuer's and the Servicer's business, management and financial affairs, and the terms and conditions of the transactions contemplated by the Basic Documents, with the Issuer and the Servicer and their respective representatives;

(b) it is either (i) a "qualified institutional buyer" as such term is defined under Rule 144A of the Securities Act, (ii) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of investing in, and is able and prepared to bear the economic risk of investing in, the Notes or (iii) a "Non-U.S. Person" that has purchased the Notes in an offshore transaction within the meaning of Regulation S of the Securities Act;

(c) it is purchasing the Notes for its own account, or for the account of one or more (i) "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act or (ii) "accredited investors" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act that meet the criteria described in subsection (b), and for which it is acting with complete investment discretion, for investment purposes only and not with a view to distribution, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control;

(d) it understands that the Notes have not been and will not be registered or qualified under the Securities Act or any applicable State securities laws or the securities laws of any other jurisdiction and are being offered only in a transaction not involving any public offering within the meaning of the Securities Act and that the Notes 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 Notes, and that any transfer of the Notes must comply with provisions of Section 2.5 of the Indenture and Section 8.03(b) of this Agreement;<
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(e) it understands that the Notes 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 United States federal and State securities laws in connection with any subsequent resale of the Notes;

(g) it understands that the Notes may be offered, resold, pledged or otherwise transferred only (A) to the Issuer, (B) in a transaction meeting the requirements of Rule 144A under the Securities Act, (C) outside the United States to a foreign person in a transaction meeting the requirements of Regulation S under the Securities Act, or (D) in a transaction complying with or exempt from the registration requirements of the Securities Act and in accordance with any applicable securities laws of any State or any other jurisdiction;

(h) if it desires to offer, sell or otherwise transfer, pledge or hypothecate the Notes as described in clause (B), (C) or (D) of the preceding paragraph, the transferee of the Notes will be required to deliver a certificate and may under certain circumstances be required to deliver an opinion of counsel, in each case, as described in the Indenture, reasonably satisfactory in form and substance to the Trustee, that an exemption from the registration requirements of the Securities Act applies to such offer, sale, transfer or hypothecation. Each Note Purchaser understands that the registrar and transfer agent for the Notes will not be required to accept for registration of transfer the Notes acquired by it unless the terms a nd conditions of Sections 2.4 and 2.5 of the Indenture have been satisfied;

(i) it understands that any transfer of a Note or any interest therein in accordance herewith and the other Basic Documents does not affect, or result in a delegation of, its obligations as a Note Purchaser under this Agreement (unless otherwise effected pursuant to Section 8.03(b) hereof);

(j) it will obtain from any purchaser or transferee of the Notes substantially the same representations and warranties contained in the foregoing paragraphs; and

(k) this Agreement has been duly and validly authorized, executed and delivered by such Note Purchaser and constitutes a legal, valid, binding obligation of such Note Purchaser, enforceable against such Note Purchaser in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforcement is considered in a proceeding in equity or at law.

ARTICLE VI

CONDITIONS

SECTION 6.01 Conditions to Purchase. No Note Purchaser will have an obligation to purchase the Notes or fund such Note Purchaser's Initial Stated Percentage Interest of the Initial Draw hereunder on the Closing Date unless:

(a) each of the Basic Documents shall be in full force and effect and all consents, waivers and approvals necessary for the consummation of the transactions contemplated by the Basic Documents shall have been obtained and shall be in full force and effect;

(b) at the time of such issuance, all conditions to the issuance of the Notes under the Indenture and under Section 2.1(b) of the Sale and Servicing Agreement shall have been satisfied and all conditions to the initial Draw set forth under Section 6.02 hereof have been satisfied;

(c) such Note Purchaser shall have received a duly executed, authorized and authenticated Note registered in its name and stating that the principal amount thereof shall not exceed such Note Purchaser's Initial Stated Percentage Interest of the Aggregate Committed Amount;

(d) the Notes purchased by such Note Purchaser hereunder shall be entitled to the benefit of the security provided in the Indenture and shall constitute the legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms;

(e) no Material Adverse Change shall have occurred with respect to CPS or the Issuer since September 30, 2009;

(f) such Note Purchaser shall have received:

(i) a duly executed and delivered original counterpart of each Basic Document (other than any Basic Document that contemplates delivery on a date after the Closing Date), each such document being in full force and effect;

(ii) certified copies of charter documents and each amendment thereto, and resolutions of the Board of Directors or like authority of each of the Issuer and the Servicer authorizing or ratifying (A) the execution, delivery and performance, respectively, of all Basic Documents to which it is a party, (B) the issuance of Notes contemplated hereunder and (C) the grant of the security interest contemplated under the Indenture, certified by the Secretary or an Assistant Secretary (or like officer) of each of the Issuer and the Servicer as of the Closing Date, which certificate shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded as of the date of such certificate;

(iii) a certificate of the Secretary or an Assistant Secretary of the Issuer and the Servicer, as applicable, certifying the names and the signatures of its officer or officers authorized to sign all transaction documents to which it is a party;

(iv) a certificate of a senior officer of CPS to the effect that the representations and warranties of the Seller and the Servicer in this Agreement and the other Basic Documents to which it is a party are true and correct as of the Closing Date, and that the Seller and the Servicer have complied in all material respects with all agreements and satisfied all conditions on their part to be performed or satisfied at or prior to the Closing Date;

(v) a certificate of a senior officer of the Issuer to the effect that the representations and warranties of the Issuer in this Agreement and the other Basic Documents to which it is a party are true and correct as of the Closing Date and that the

Issuer has complied in all material respects with all agreements and satisfied all conditions on their part to be performed or satisfied at or prior to the Closing Date;

(vi) legal opinions (including opinions relating to true sale, non-consolidation, UCC, securities laws, enforceability and corporate matters) in form and substance satisfactory to such Note Purchaser;

(vii) evidence satisfactory to such Note Purchaser of completion of all necessary UCC filings and search reports;

(viii) payment of the Placement Agent's fees and other reasonable out-of-pocket fees and expenses in accordance with the Placement Agency Agreement;

(ix) copies of certificates or other evidence from the Secretary of State or other appropriate authority of the States of Delaware and California, evidencing the good standing of the Issuer and the Servicer in the States of Delaware and California, in each case, dated no earlier than 10 days prior to the Closing Date; and

(x) each of the Issuer and CPS shall have delivered to such Note Purchaser an Officer's Certificate dated the Closing Date, to the effect that the signer of such certificate has carefully examined the CPS Information and the Memorandum and that, to the best of such signer's knowledge the Memorandum and the CPS Information as of its date and as of the Closing Date, did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(xi) such other documents, opinions and information as such Note Purchaser may reasonably request; and

(g) KPMG LLP or another firm of independent accountants shall furnish to such Note Purchaser a letter or letters, dated as of the date of the Memorandum, and as of the Closing Date, substantially in the forms of the drafts to which such Note Purchaser has previously agreed and otherwise in form and substance satisfactory to such Note Purchaser.

(h) such Note Purchaser shall have completed to its satisfaction its due diligence review of the Issuer and the Servicer and its respective management, controlling stockholders, systems, underwriting, servicing and collection operations, static pool performance and its loan files.

SECTION 6.02 Conditions to Each Draw. The obligation of each Note Purchaser to fund such Note Purchaser's Initial Stated Percentage Interest of any Draw on any day (including the Initial Draw, unless otherwise specified) shall be subject to the conditions precedent that on the date of such Draw, before and after giving effect thereto and to the application of any proceeds therefrom, the following statements shall be true:

(a) the Acquisition Period shall not have terminated and will not terminate as a result of funding of such Draw and no default under or breach of the Sale and Servicing Agreement or any other Basic Document exists or will exist;

(b) no later than ten (10) Business Days prior to the requested Subsequent Draw Date (or such other time as designated in Section 2.03(a)), such Note Purchaser shall have received a properly completed and executed Draw Request, together with timely receipt of each other item required pursuant to Section 2.03 hereof;

(c) the Servicer shall have delivered to such Note Purchaser the Servicer's Certificate for the immediately preceding Collection Period pursuant to Section 4.11 of the Sale and Servicing Agreement; provided that no such Servicer's Certificate shall be required for the Initial Draw or any Periodic Draw occurring prior to the end of the initial Collection Period;

(d) the Initial Draw is in an aggregate amount not less than $8,000,000 and not more than $10,000,000 unless such requirement is waived in writing by all Noteholders, each Periodic Draw is in an aggregate amount not less than $3,000,000;

(e) no more than two (2) such Draws shall be made in the same calendar month;

(f) after giving effect to such Draw, the aggregate Draws funded by such Note Purchaser will not exceed such Note Purchaser's Initial Stated Percentage Interest of the Aggregate Available Committed Amount;

(g) the representations and warranties made by the Servicer, the Seller and the Issuer in the Basic Documents are true and correct as of the date of such requested Draw, with the same effect as though made on the date of such Draw, and such Note Purchaser shall have received (I) a certificate from the Servicer and the Seller to such effect with respect to its representations and warranties and that the Servicer and the Seller have complied in all material respects with all agreement and satisfied all conditions on their part to be performed or satisfied at or prior to the related Subsequent Draw Date, and (II) a certificate from the Issuer to such effect with respect to its representations and warranties and that the Issuer have comp lied in all material respects with all agreement and satisfied all conditions on their part to be performed or satisfied at or prior to the related Subsequent Draw Date, which certifications, in each case, may be included in the related Draw Request;

(h) the Trustee shall (in accordance with the procedures contemplated in Section 3.4 of the Sale and Servicing Agreement) have confirmed to the Note Purchasers receipt of the related Receivable File for each Receivable pledged under the Indenture;

(i) the amount of the requested Draw (in the aggregate for all Noteholders) shall be equal to the product of (a) the Draw Percentage, and (b) the aggregate Principal Balance of the Receivables (as of the related Cutoff Date) being transferred on the Closing Date (in the case of the Initial Receivables) or on the related Subsequent Draw Date (in the case of the Subsequent Receivables);

(j) all limitations and conditions specified in Section 2.02 of this Agreement and in Section 2.2(b) of the Sale and Servicing Agreement (with respect to Subsequent Receivables only) shall have been satisfied with respect to the funding of such Draw;

(k) since the Closing Date and after giving effect to such Draw, no Material Adverse Change with respect to CPS or the Issuer shall have occurred and there shall have been no Material Adverse Effect;

(l) neither the Issuer nor the Servicer shall have breached any of its covenants under the Basic Documents in any material respect;

(m) the Issuer shall have provided such Note Purchaser with all other information that such Note Purchaser may reasonably require, if such Note Purchaser shall have given the Issuer reasonable advance notice of such requirements;

(n) all amounts due and owing to such Note Purchaser under this Agreement or any of the other Basic Documents shall have been paid in full;

(o) after giving effect to such Draw and the application of proceeds therefrom, no Default or Event of Default shall have occurred and be continuing on and as of the requested Subsequent Draw Date;

(p) after giving effect to such Draw and the application of proceeds therefrom, the Spread Account is fully funded at the Specified Spread Account Requisite amount;

(q) KPMG LLP or another firm of independent accountants shall furnish to such Note Purchaser a letter or letters, dated as of the date of each Draw, confirming that after giving effect to the pledge of Receivables by the Issuer to the Trustee in connection with such Draw the aggregate Receivables will as of their respective Cutoff Dates comply with the characteristics set forth in paragraph (3) of “Description of Transaction Documents - Sale and Assignment of Receivables” in the Memorandum; provided that the first such letter may be satisfied by the delivery of the letter described in Section 6.01(g);

(r) on and as of the requested Subsequent Draw Date, each of the representations and warranties set forth in Section 3.1 of the Sale and Servicing Agreement is true and correct for all Receivables being pledged by the Issuer to the Trustee for the benefit of the Noteholders under the Indenture on such date; no such Receivable was originated in any jurisdiction in which the Seller or the Issuer is required to be licensed in order to own such Receivable unless the Seller or the Issuer, as the case may be, has obtained such license prior to owning such Receivable; with respect to each such Receivable, the applicable Dealer or Consumer Lender has either been paid or received credit from Seller for all proceeds from the sale of such Receivable to the Seller;

(s) such Note Purchaser and the Trustee shall have each received a duly executed and delivered original counterpart of the related Subsequent Transfer Agreement with respect to the Receivables to be conveyed on the related Draw Date, which Subsequent Transfer Agreement is in full force and effect as of such Draw Date; and

(t) CPS shall not have become aware that the auditor's opinion accompanying the audited annual financial statements of CPS is to be qualified in any manner other than a qualification that relates solely to the internal controls or accounting processes and which is, in any event, not classified as a material weakness.

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 Draw have been satisfied.

ARTICLE VII

COVENANTS

SECTION 7.01 Affirmative Covenants

Until the Final Scheduled Payment Date (except with respect to (a) below, which shall be complied with until the termination of the Acquisition Period in accordance with clause (a) or (c) of the definition thereof):

(a) Notice of Defaults, Litigation, Adverse Judgments, Etc. CPS or the Issuer, as applicable, shall give notice to each Note Purchaser promptly:

(i) upon CPS or the Issuer, as the case may be, becoming aware of, and in any event within three (3) Business Days after, the occurrence of any Event of Default or any event of default or default under any other Basic Document or any other material agreement of CPS;

(ii) upon, and in any event within three (3) Business Days after, service of process on CPS or the Issuer, as the case may be, or any agent thereof for service of process, in respect of any legal or arbitrable proceedings affecting CPS or the Issuer (x) that questions or challenges the validity or enforceability of any of the Basic Documents, (y) in which the amount in controversy exceeds $1,000,000 or (z) that, if adversely determined, would cause a Material Adverse Effect;

(iii) upon, and in any event within three (3) Business Days after, CPS or the Issuer, as the case may be, becoming aware of any event or change in circumstances that could reasonably be expected to have a Material Adverse Effect, constitute a Material Adverse Change or cause an Event of Default; and

(iv) upon, and in any event within three (3) Business Days after, CPS or the Issuer, as the case may be, becoming aware of entry of a judgment or decree in respect of CPS or the Issuer, its respective assets or any of the Collateral in an amount in excess of $1,000,000.

Each notice pursuant to this subsection (a) shall be accompanied by a statement of an officer of CPS or the Issuer, as applicable, setting forth details of the occurrence referred to therein and stating what action CPS and the Issuer, as the case may be, have taken or propose to take with respect thereto.

(b) Taxes. Each of CPS and the Issuer shall pay and discharge all taxes and governmental charges upon it or against any of its properties or assets or its income prior to the date after which penalties attach for failure to pay, except to the extent that CPS or the Issuer, as applicable, shall be contesting in good faith in appropriate proceedings its obligation to pay such

taxes or charges, adequate reserves having been set aside for the payment thereof in accordance with GAAP.

(c) Continuity of Business and Compliance With Agreement and Law. Each of CPS and the Issuer shall:

(i) preserve and maintain its legal existence;

(ii) comply with the requirements of all applicable laws, rules, regulations and orders of governmental authorities and other Requirements of Law;

(iii) keep adequate records and books of account, in which complete entries will be made in accordance with GAAP consistently applied;

(iv) not move its chief executive office or chief operating office from the addresses referred to herein or change its jurisdiction of organization unless it shall have provided the Note Purchaser 30 days prior written notice of such change;

(v) pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained; and

(vi) continue in business in a prudent, reasonable and lawful manner with all licenses, rights, permits, franchises and qualifications necessary to perform its respective obligations under this Agreement, the Sale and Servicing Agreement, the Notes and the other Basic Documents.

(d) Ownership of the Issuer. CPS shall own beneficially and of record 100% of the membership interests in the Issuer free and clear of all Liens (other than the Lien of Levine Leichtman Capital IV Partners, L.P.).

(e) Collateral Statements. The Issuer will furnish or cause to be furnished to each Note Purchaser from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as such Note Purchaser may reasonably request, all in reasonable detail, including each statement, certificate and report required to be delivered to the Trustee or the Noteholders under any Basic Document.

(f) Monthly Servicer's Certificate. The Issuer shall, or shall cause the Servicer (so long as CPS is Servicer) to, deliver to each Note Purchaser, the Trustee and the Backup Servicer, no later than 12:00 noon (New York City time) on each Determination Date, in a computer-readable format reasonably acceptable to each such Person, a Servicer's Certificate executed by a Servicing Officer or agent of Servicer containing all information required to be included in such Servicer's Certificate under Section 4.11 of the Sale and Servicing Agreement and related monthly data. The Issuer shall, or shall cause the Servicer (so long as the CPS is Servicer) to, deliver to each Note Purchaser, the Trustee and the Backup Servicer a hard copy of any such Servicer's Certificate upon request of such Person.

(g) Separate Existence; No Commingling. The Issuer shall limit its activities to such activities as are incident to and necessary or convenient to accomplish the following purposes: (i) to acquire, own, hold, pledge, finance and otherwise deal with Receivables to be pledged to the Trustee for the benefit of the Noteholders pursuant to the Indenture and (ii) to sell or otherwise liquidate all or any portion of such Receivables in accordance with the provisions of the Basic Documents. In addition, the Issuer shall observe and comply with the applicable legal requirements for the recognition of the Issuer as a legal entity separate an d apart from its Affiliates, including those requirements set forth in Section 9(b)(iv) of the Issuer's Limited Liability Company Agreement. Without limiting the foregoing, the Issuer shall, and CPS shall cause itself and any other Affiliates of the Issuer to, maintain the truth and accuracy of all facts assumed by Andrews Kurth LLP in the true sale and non-consolidation opinions of Andrews Kurth LLP; provided that in the event that any request is made for the Note Purchaser to consent to or approve any matter that, if effectuated or consummated, would result in a change to the continuing truth and accuracy of any of the factual assumptions in the true sale or non-consolidation opinions of Andrews Kurth LLP, such request shall be accompanied by an opinion of Andrews Kurth LLP, or such other counsel as may be reasonably satisfactory to each Note Purchaser, that the conclusions set forth in the true sale and non-consolidation opinions of Andrews Kurth LLP will be unaffected by such change.

(h) Other Liens or Interests. Except for the conveyances under the Sale and Servicing Agreement, CPS shall not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any lien on or any interest in, the Receivables or the Other Conveyed Property. Except for the pledge pursuant to the Indenture, the Issuer shall not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any lien on or any interest in, the Receivables and the other Collateral. CPS and the Issuer shall, at their own expense, defend the Collateral against, and will take such ot her action as is necessary to remove, any Lien, security interest or claim on, in or to the Collateral, other than the security interests created under the Sale and Servicing Agreement and the Indenture, respectively, and CPS and the Issuer will defend the right, title and interest of the Note Purchaser in and to any of the Collateral against the claims and demands of all Persons whomsoever.

(i) Books and Records; Other Information.

(i) Each of CPS and the Issuer shall maintain accounts and records as to each Receivable accurately and in sufficient detail to permit the reader thereof to know at any time the status of such Receivable, including payments and recoveries made and payments owing (and the nature of each). CPS shall maintain accurate and complete books and records with respect to the Receivables and the Other Conveyed Property and with respect to CPS's business. The Issuer shall maintain accurate and complete books and records with respect to the Collateral and the Issuer's business. All accounting books and records shall be maintained in accordance with GAAP.

(ii) CPS and the Issuer shall, and shall cause each of their respective Affiliates to, permit any representative of each Note Purchaser to visit and inspect any of the properties of the Issuer and such Affiliates and to examine the books and records of CPS or the Issuer and such Affiliates, as applicable, and to make copies and take extracts therefrom, and to discuss the business, operations, properties, condition (financial or

otherwise) or prospects of CPS or the Issuer and each such Affiliate, as applicable, or any of the Collateral with the officers and independent public accountants thereof and as often as such Note Purchaser may reasonably request, and so long as no Event of Default shall have occurred and be continuing, all at such reasonable times during normal business hours upon reasonable written notice; provided that, after an Event of Default shall have occurred and be continuing, each Note Purchaser shall make such inspections, examine such documents, make such copies, take such extracts and conduct such discussions at such times as it may determine in its sole discretion during CPS's and the Issuer's normal business hours.

(iii) Each of CPS and the Issuer shall promptly provide to each Note Purchaser all information regarding its respective operations and practices and the Collateral as such Note Purchaser shall reasonably request.

(iv) CPS shall maintain its computer systems so that, from and after the time of each sale of Receivables under the Sale and Servicing Agreement to the Issuer, CPS's master computer records (including any back-up archives) that refer to a Receivable shall indicate clearly that such Receivable has been sold by CPS to the Issuer and that such Receivable has been pledged by the Issuer to the Trustee. Indication of the Trustee's interest in such Receivable shall be deleted from or modified on CPS's computer systems when, and only when, the Receivable shall have been released from the Lien of the Indenture in accordance with the terms of the Indenture, and indication of the Issuer's interest in such Re ceivable shall be deleted from or modified on CPS's computer systems when, and only when, the Receivable shall have been paid in full or repurchased from the Issuer by CPS.

(v) If at any time CPS shall propose to sell, grant a security interest in, or otherwise transfer any interest in any automobile, van, sport utility vehicle or light duty truck receivables (other than the Receivables) to any prospective purchaser, lender, or other transferee, and if CPS shall give to such prospective purchaser, lender or other transferee computer tapes, records, or print-outs (including any restored from back-up archives, collectively "data records") that refer in any manner whatsoever to any Receivable, such data records shall indicate clearly that such Receivable has been sold by CPS to the Issuer and pledged by the Issuer to Trustee unless such Receivable shall have been released from the Lien of the Indenture in accordance with the terms of the Indenture and shall have been paid in full or repurchased from the Issuer by CPS.

(j) Fulfillment of Obligations. Each of CPS and the Issuer shall pay and perform, as and when due, all of its obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of CPS or the Issuer, as applicable.

(k) Compliance with Laws, Etc. Each of CPS and the Issuer shall, and CPS shall cause each of its subsidiaries to, comply in all material respects with all Requirements of Law and any change therein or in the application, administration or interpretation thereof (including

any request, directive, guideline or policy, whether or not having the force of law) by any governmental authority charged with the administration or interpretation thereof.

(l) Compliance with Basic Documents. CPS, in its capacity as Seller and Servicer, or otherwise, shall comply with each of its covenants contained in the Basic Documents.

(m) Financing Statements. At the request of a Note Purchaser, CPS and the Issuer shall file such financing statements as such Note Purchaser determines may be required by law to perfect, maintain and protect the interest of the Trustee in the Collateral and the proceeds thereof.

(n) Financial Statements and Access to Records. CPS shall provide each Note Purchaser with quarterly unaudited financial statements within forty-five (45) days of the end of each of CPS's first three fiscal quarters, and CPS will provide each Note Purchaser with audited financial statements within ninety (90) days of each of CPS's fiscal year-end audited by (a) Crowe Horwath LLP or (b) a firm of independent certified public accountants registered with the Public Company Accounting Oversight Board and otherwise reasonably acceptable to a Majority of Noteholders. Upon request of a Note Purchaser, CPS shall provide such Note Purchaser with unaudited monthly financial statements. CPS shall deliver to each Note Purchaser with each financial statement a certificate by CPS's chief financial officer, certifying that such financial statements are complete and correct in all material respects and that, except as noted in such certificate, such chief financial officer has no knowledge of any Default, Event of Default or Servicer Termination Event. Notwithstanding the foregoing, CPS shall have no obligation to deliver any of the foregoing financial statements or certificates to a Note Purchaser for so long as CPS is subject to, and in compliance with, the reporting requirements under Section 13(a) of the Exchange Act. In connection with each report filed by CPS under Section 13(a) of the Exchange Act during the Term, CPS shall be deemed to have represented and warranted to each Note Purchaser that, as of the related filing date, the financial statements contained in such report are complete and correct in all mat erial respects and that, unless otherwise specified in such report, CPS has no knowledge of any Default, Event of Default or Servicer Termination Event as of such filing date.

(o) Notice of Change of Chief Executive Office. CPS and the Issuer shall provide each Note Purchaser with not less than thirty (30) days prior written notice of any change in the chief executive office or jurisdiction of incorporation or organization of CPS or the Issuer to permit each Note Purchaser to make any additional filings necessary to continue the Trustee's perfected security interest in the Collateral.

(p) Maximum Leverage Ratio. CPS shall maintain a maximum leverage ratio (total debt less all non-recourse debt/Consolidated Total Adjusted Equity) of no more than 2.5 times as of the end of each fiscal quarter.

(q) Liquidity. CPS shall maintain cash and cash equivalents of at least $8.5 million as of the end of each calendar month.

(r) Receivables. CPS shall, until the end of the Acquisition Period, transfer 25% or more of all Receivables originated or purchased by it in the ordinary course of business that meet the eligibility criteria set forth in the Sale and Servicing Agreement to the Issuer. To the extent

that the Acquisition Period terminates on December 31, 2010, CPS shall be required to deliver to each Note Purchaser an Officer's Certificate within 30 days of December 31, 2010, certifying as to CPS's compliance with this Section 7.01(r) together with all calculations supporting such determination. The determination of whether CPS has met the terms of this covenant shall only be made as of December 31, 2010, and only if the Acquisition Period terminates as described in clause (c) of the definition thereof.

(s) Earnings. The audited income statement for CPS and its consolidated subsidiaries for the fiscal year ended December 31, 2011 and each fiscal year thereafter will reflect positive net income.

SECTION 7.02 Negative Covenants. Until all Secured Obligations have been paid in full:

(a) Adverse Transactions. Neither CPS nor the Issuer shall enter into any transaction that adversely affects the Collateral, the Note Purchaser's rights under this Agreement, the Notes or any other Basic Document, the Issuer's interest in the Receivables and the Other Conveyed Property pursuant to the Sale and Servicing Agreement, the Trustee's security interest in the Collateral pursuant to the Indenture, or that could reasonably be expected to result in a Material Adverse Change with respect to the Issuer or CPS or a Material Adverse Effect.

(b) Guarantees. The Issuer shall not guarantee or otherwise in any way become liable with respect to the obligations or liabilities of any other Person.

(c) Dividends. The Issuer shall not declare or pay any dividends except to the extent of funds legally available therefor from payments received by the Issuer pursuant to Section 5.7(a) of the Sale and Servicing Agreement. Notwithstanding the foregoing, the Issuer shall not declare or pay any dividends on any date as of which an Event of Default shall have occurred and is continuing.

(d) Investments. The Issuer shall not make any investment in any Person through the direct or indirect holding of securities or otherwise, other than in the ordinary course of business.

(e) Changes in Capital Structure or Business Objectives of the Issuer. The Issuer shall not do any of the following if it will adversely affect the payment or performance of, or the Issuer's ability to pay and/or perform, its obligations to a Note Purchaser with respect to this Agreement or any other Basic Document to which it is a party, or the Notes, or if it could reasonably be expected to result in a Material Adverse Change with respect to the Issuer or CPS or a Material Adverse Effect: (i) cancel any of the membership interests in the Issuer, (ii) make any change in the capital structure of the Issuer, or (iii) make any material change in any of it s business objectives, purposes or operations that would adversely affect the payment or performance of, or the Issuer's ability to pay and/or perform, its obligations to a Note Purchaser with respect to this Agreement or any other Basic Document to which it is a party, or the Notes.

(f) No Liens on Equity Interests in the Issuer. CPS shall not grant or otherwise create any Lien on the membership interests in the Issuer (or any other equity interest in the Issuer) other than the Lien of Levine Leichtman Capital IV Partners, L.P. without the prior written consent of a Majority of Noteholders

(g) No Indebtedness. The Issuer will not at any time incur any indebtedness, other than indebtedness incurred under (or contemplated by) the terms of the Notes, the Indenture, the Sale and Servicing Agreement and this Agreement.

(h) No Other Business. The Issuer will not at any time engage in any other business activities than the purchase of the Receivables and the Other Conveyed Property, pledging the Receivables and the other Collateral to the Trustee under the Indenture, transferring the Receivables and the Other Conveyed Property to the extent permitted by the Basic Documents, issuing the Notes and other activities relating to the foregoing to the extent permitted by the organizational documents of the Issuer as in effect on the date hereof, or as amended with the prior written consent of a Majority of Noteholders. Without limitation of the foregoing, the Issuer will not at any time be an issuer of securities other than the Notes or a borrower under any loan or financing agreement, facility or other arrangement other than the facility established pursuant to this Agreement and the other Basic Documents.

(i) No Amendment to Issuer's Operating Agreement or any Basic Document without Consent. Neither the Limited Liability Company Agreement of the Issuer, nor any Basic Document, shall be amended, supplemented or otherwise modified without the prior written consent of a Majority of Noteholders.

(j) Transactions with Affiliates. The Issuer shall not enter into, or be a party to, any transaction with any of its Affiliates, except in accordance with the requirements set forth in Section 9(b)(iv) of its Limited Liability Company Agreement.

(k) Nonpetition. Notwithstanding any prior termination of this Agreement, neither the Servicer nor the Seller will, prior to the date that is one year and one day after the day upon which all Secured Obligations have been paid in full, acquiesce, petition or otherwise invoke or cause the Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Issuer under any federal or State bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Issuer.

(l) Protection of Title to Collateral. None of the Seller, the Servicer or the Issuer shall change its name, identity, jurisdiction of organization, form of organization or corporate structure in any manner that would, could or might make any financing statement or continuation statement filed with respect to the Collateral seriously misleading within the meaning of Section 9-506(a) of the UCC, unless it shall have given each Note Purchaser at least 30 days' prior written notice thereof and shall have promptly filed appropriate amendments to all previously filed financing statements or continuation statements.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

SECTION 8.01 Amendments. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by CPS, the Issuer or a Note Purchaser therefrom, shall

in any event be effective unless the same shall be in writing and signed by CPS, the Issuer and each Note Purchaser.

SECTION 8.02 No Waiver; Remedies. Any waiver, consent or approval given by any party hereto shall be effective only in the specific instance and for the specific purpose for which given, and no waiver by a party of any breach or default under this Agreement or any other Basic Document 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 dis continuation of steps to enforce the right, power or privilege, preclude any other or further exercise thereof or the exercise of any other right. No notice to or demand on any party hereto in any case shall entitle such party to any other or further notice or demand in the same, similar or other circumstances. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.03 Binding on Successors and Assigns.

(a) This Agreement shall be binding upon, and inure to the benefit of, the Issuer, CPS, the Note Purchasers and their respective successors and assigns; provided, however, that neither the Issuer nor CPS may assign its rights or delegate its obligations hereunder or in connection herewith or any interest herein (voluntarily, by operation of law or otherwise) without the prior written consent of the other parties. Nothing expressed herein is intended or shall be construed to give any Person other than the Persons referred to in the preceding sentence any legal or equitable right, remedy or claim under or in respect of this Agreement.

(b) During the Acquisition Period, no Note Purchaser may assign all or any portion of its Notes, its interest herein or rights hereunder, or delegate its obligations hereunder, without the prior written consent of the Issuer. No assignment and delegation by a Note Purchaser of its rights and obligations under this Agreement shall be effective unless and until an Assignment Agreement effecting the assignment or transfer of the related Note and such Note Purchaser’s rights and obligations hereunder (or a portion thereof) shall have been delivered to and accepted by the Issuer and the assignment or transfer of the related Note (or interest therein) otherwise complies with the terms of this Agreement and the Indenture.&# 160; Upon and after the delivery and acceptance by the Issuer of an Assignment Agreement and the conveyance of the related Note (or interest therein) in accordance with this Agreement and the Indenture, (i) the related assignee shall be a party hereto and a “Note Purchaser” for all purposes hereof; (ii) the assigning Note Purchaser shall relinquish a *pro rata* portion of its rights (other than any rights which survive the termination hereof) and be released from a *pro rata* portion of its obligations hereunder (and, in the case of an Assignment Agreement covering all or the remaining portion of an assigning Note Purchaser's rights and obligations hereunder and in its Notes, such Note Purchaser shall cease to be a party hereto; provided, anything contained in any of the Basic Documents to the contrary notwithstanding, such assigning Note Purchaser shall continue to be entitled to the benefit of all indemnities hereunder as specified herein with respect to matters arising out of the prior involvement of such assigning Note Purchaser as a Note Purchaser hereunder and a Noteholder under the Basic Documents); and (iii) the Commitment shall be modified to reflect the Commitment of such assignee and any remaining Commitment of such assigning Note Purchaser.

(c) Each Note Purchaser may at any time grant a security interest in and Lien on all of its interests under this Agreement, the Notes and all Basic Documents to any Person who, at any time now or in the future, provides program liquidity or credit enhancement, including a surety bond or financial guaranty insurance policy for the benefit of such Note Purchaser.

(d) If, on or after the date of this Agreement, a Note Purchaser reasonably determines that the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such Note Purchaser with any request or directive issued on or after the date of this Agreement (whether or not having the force of law) of any such authority, central bank or comparable agency, has made or would be likely to make it unlawful for such Note Purchaser to fund its Initial Stated Percentage Interest of any Draw s, hold the Notes or otherwise to perform the transactions contemplated to be performed by it pursuant to this Agreement and those contemplated to be performed by it pursuant to the Basic Documents to which such Note Purchaser is a party, then (i) such Note Purchaser shall so notify the Issuer; (ii) the obligation of such Note Purchaser to fund its Initial Stated Percentage Interest of any Draws from time to time as contemplated hereunder shall be suspended; and (iii) such Note Purchaser may assign its rights and obligations hereunder and under the Basic Documents, the Notes and its interests therein; provided that the Acquisition Period shall terminate if the Issuer or CPS fails to accept the proposed assignee chosen by such Note Purchaser.

SECTION 8.04 Termination; Survival. The obligations and responsibilities of each Note Purchaser created hereby shall terminate upon the termination of the Acquisition Period. Notwithstanding the foregoing, all covenants, agreements, representations, warranties and indemnities made by the Servicer, the Seller and/or the Issuer herein and/or in the Notes delivered pursuant hereto shall survive termination of the Acquisition Period, the funding and the repayment of the Draws and the execution and delivery of this Agreement and the Notes and shall continue in full force and effect until all Secured Obligations have been paid in full. In addition, the obligations of the Issuer under Sections 3.02, 8.05, 8.11, 8.12 and 8.13 shall survive the termination of this Agreement.

SECTION 8.05 Indemnification.

(a) In consideration of the execution and delivery of this Agreement by each Note Purchaser, the Issuer and CPS, jointly and severally, hereby indemnify and hold each Note Purchaser and each of its officers, directors, employees and agents (collectively, the "Indemnified Parties") harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and reasonable expenses incurred in connection therewith, as incurred (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), 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 claim, suit or action based on a violation of consumer laws or any applicable vicarious liability statutes relating to any transaction financed or to be financed in whole or in part (including any Receivable constituting part of the Collateral), directly or indirectly, with the proceeds of any Draw, or the use or operation of any Financed Vehicle by any Person; or

(ii) this Agreement or any other Basic Document, or the entering into and performance of this Agreement or any other Basic Document by any of the Indemnified Parties,

except for any such Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the relevant Indemnified Party's gross negligence, bad faith or willful misconduct and, with respect to CPS, excluding any Indemnified Liabilities that would constitute recourse to CPS for loss by reason of the bankruptcy, insolvency (or other credit condition) of, or credit-related default by the related Obligor on any Receivable and not arising from defaults by the related Obligor arising from a claim by the related Obligor that any part of the debt evidenced by the Receivables is not due as a result of wrongful action by any Person, such as a breach of consumer laws. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Issuer and CPS hereby jointly and severally a gree to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The indemnity set forth in this Section 8.05 shall in no event include indemnification for any Taxes (which indemnification is provided in Section 3.02). Upon the written request of a Note Purchaser pursuant to this Section 8.05, the Issuer and CPS shall promptly reimburse such Note Purchaser for the amount of any such Indemnified Liabilities incurred by such Note Purchaser.

(b) The Issuer and CPS, jointly and severally, agree to indemnify and hold harmless the Indemnified Parties against any and all losses, claims, damages or liabilities, joint or several, to which any Indemnified Party may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Memorandum, any other CPS Information, or, in each case, in any amendment thereof or supplement thereto, or the omission or alleged omission to state in the Memorandum, any other CPS Information or, in each case, any amendment or supplement thereto, a materia l fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission relates to the CPS Information (including any CPS Information contained in or incorporated by reference in the Memorandum), and the Issuer and CPS will jointly and severally reimburse each Indemnified Party for any reasonable legal or other expenses reasonably incurred by such Indemnified Party (including reasonable fees and disbursements of counsel incurred by such Indemnified Party in any action or proceeding between such Indemnified Party and the Issuer, CPS and/or any third party, or otherwise), as incurred, in connection with investigating or defending any such loss, claim, damage, liability or action; or (ii) the breach of any representation or warranty by the Issuer or CPS in this Agreement or any Basic Document to which it is a pa rty, or in any document executed in connection

herewith or therewith or which is related to or arises out of the transactions contemplated hereby or thereby, and the Issuer and CPS will jointly and severally reimburse each Indemnified Party for any reasonable legal or other expenses incurred by such Indemnified Party (including, without limitation, reasonable fees and disbursements of counsel incurred by such Indemnified Party in any action or proceeding between such indemnified Party and the Issuer, CPS and/or any third party, or otherwise), as incurred, in connection with investigating or defending such loss, claim, damage, liability or action. The indemnification provided by Section 8.05(b)(i) shall not apply to the extent that (x) a Note Purchaser has accepted an offer to purchase Notes from an investor or otherwise enters into a contract of sale with respect to any Notes with such investor prior to the time the Memorandum has been delivered to such investor, (y)(I) the Issuer or CPS provided the Note Purchaser disseminating the CPS Information from which such indemnifiable loss, claim, damage or liability arose with materials that correct any material mistatement or omission contained in such CPS Information and (II) the Issuer or CPS identifies such materials to the Note Purchaser as corrective materials, at least 24 hours prior to the dissemination of the CPS Information from which such indemnifiable loss, claim, damage or liability arose and, but for the failure of such Note Purchaser to so disseminate such corrective materials, neither the Issuer nor CPS would have an obligation to indemnify any Indemnified Party under Section 8.05(a)(i). The Issuer's and CPS's liability under this Section 8.05(b) will be in addition to any liability which the Issuer or the Servicer may otherwise have.

As used herein, "CPS Information" means (1) any information contained in or incorporated by reference in the Memorandum, other than the Placement Agent information (2) the Rule 144A Information (as defined below), (3) any information contained in or incorporated by reference in any amendment or supplement to the Memorandum, in each case other than the Placement Agent Information and (4) any other information provided by the Issuer or CPS to a Note Purchaser and/or by such Note Purchaser to investors, in each case as to which the Issuer or CPS, as the case may be, certifies in writing constitutes "CPS Information." As of the date hereof, the CPS Information listed in Schedule I is the only CPS Information of the type described in clause (4) above.

As used herein, "Rule 144A Information" means any information provided to any holder or prospective purchaser of Notes pursuant to Rule 144A(d)(4) under the Securities Act.

(c) Promptly after receipt by an Indemnified Party under this Section 8.05 of notice of the commencement of any action, such Indemnified Party will, if a claim in respect thereof is to be made against the indemnifying party (or if a claim for contribution is to be made against another party) under this Section 8.05, notify the indemnifying party (or other contributing party) in writing of the commencement thereof; but the omission so to notify the indemnifying party (or other contributing party) will not relieve it from any liability it may have to any Indemnified Party (or to the party requesting contribution) unless the indemnifying party is materially prejudiced by such lack of notice. In case any such action is brought against any Indemnified Party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that, by written notice delivered to the Indemnified Party promptly after receiving the aforesaid notice from such

Indemnified Party, the indemnifying party elects to assume the defense thereof, it may participate (jointly with any other indemnifying party similarly notified) with counsel satisfactory to such Indemnified Party; provided, however, that if the defendants in any such action include both the Indemnified Party and the indemnifying party and the Indemnified Party or parties will have reasonably concluded that there may be legal defenses available to it or them and/or other Indemnified Parties that are different from or additional to those available to the indemnifying party, the Indemnified Party or parties will have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such Indemnified Party or parties. Upon receipt of notice from the indemnifying party t o such Indemnified Party of its election so to assume the defense of such action and approval by the Indemnified Party of such counsel, the indemnifying party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof, unless (i) the Indemnified Party will have employed separate counsel (plus any local counsel) in connection with the assertion of legal defenses in accordance with the proviso to the immediately preceding sentence, (ii) the indemnifying party will not have employed counsel satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of commencement of the action or (iii) the indemnifying party has authorized the employment of counsel for the Indemnified Party at the expense of the indemnifying party. No party will be liable for contribution with respect to any action or claim settled without its consent, which consent will not be unreasonably withheld.

SECTION 8.06 Characterization as Basic Document; Entire Agreement. This Agreement shall be deemed to be a Basic Document for all purposes of the Indenture and the other Basic Documents. This Agreement, together with the Indenture, the Sale and Servicing Agreement, the documents delivered pursuant to Section 6.01 and the other Basic Documents, including the exhibits and schedules thereto, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all previous oral statements and other writings with respect thereto.

SECTION 8.07 Notices. All notices, amendments, waivers, consents and other communications provided to any party hereto under this Agreement shall be in writing and addressed, delivered or transmitted to such party at its address or facsimile number set forth below its signature hereto or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any no tice, if transmitted by facsimile, shall be deemed given when transmitted and accompanied by telephonic confirmation of receipt.

SECTION 8.08 Severability of Provisions. Any covenant, provision, agreement or term of this Agreement that is prohibited or is held to be void or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining covenants, provisions, agreements or terms of this Agreement.

SECTION 8.09 Tax Characterization. Each party to this Agreement (a) acknowledges that it is the intent of the parties to this Agreement that, for accounting purposes and for all Federal, state and local income and franchise tax purposes, the Notes will be treated as evidence of indebtedness issued by the Issuer, (b) agrees to treat the Notes for all such purposes as indebtedness and (c) agrees that the provisions of the Basic Documents shall be construed to further these intentions.

SECTION 8.10 Full Recourse to Issuer. The obligations of the Issuer under this Agreement and the other Basic Documents shall be full recourse obligations of the Issuer. Notwithstanding the foregoing, no recourse shall be had for the payment of any amount owing in respect of this Agreement, including the payment of any fee hereunder or any other obligation or claim arising out of or based upon this Agreement, against any certificateholder, member, employee, officer, manager, director, affiliate or trustee of the Issuer; provided, however, nothing in this Section 8.10 shall relieve any of the foregoing Persons from any liability that any such Person may otherwise have as expressly set forth in any Basic Document or for its gross negligence, bad faith or willful misconduct. Nothing contained in this Section shall limit or be deemed to limit any obligations of the Issuer, the Seller or the Servicer hereunder or under any other Basic Document, which obligations are full recourse obligations of the Issuer, the Seller and the Servicer, respectively.

SECTION 8.11 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 8.12 Submission to Jurisdiction. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, OR ANY LEGAL PROCESS WITH RESP ECT TO ITSELF OR ANY OF ITS PROPERTY, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

SECTION 8.13 Waiver of Jury Trial. THE PARTIES HERETO EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, IN ANY ACTION, PROCEEDING OR

OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY PARTY AGAINST THE OTHER PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. THE PARTIES HERETO EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

SECTION 8.14 Counterparts. This Agreement may be executed in any number of counterparts (which may include facsimile) and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original, and all of which together shall constitute one and the same instrument. Any signature page to this Agreement containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the ef fect of delivery of an original manually signed signature page.

SECTION 8.15 Servicer References. All references to the Servicer herein shall apply to CPS, in its capacity as the initial Servicer, and not to a successor Servicer.

SECTION 8.16 Confidentiality; Press Releases . Unless required by law or regulation to do so, neither the Note Purchasers on the one hand, nor any of the Seller, the Servicer or the Issuer on the other hand, shall publish or otherwise disclose any information relating to the material terms of this Agreement, any of the other Basic Documents or the transactions contemplated hereby or thereby to any Person (other than its own advisors to the extent reasonably necessary) without the prior written consent of the othe r; provided that nothing herein shall be construed to prohibit any party from issuing a press release announcing the consummation of the transactions contemplated by the Basic Documents. Any party hereto issuing any such press release hereby agrees to provide the other parties hereto with a reasonable opportunity to review and comment on such press release prior to the issuance thereof. No party shall publish any press release naming the other party to which such other parties shall have reasonably objected. For avoidance of doubt, it is agreed that Seller is required by law (i) to report its entry into this Agreement and the other Basic Documents in a current report on Form 8-K of the Securities and Exchange Commission, which report must file as exhibits at least this Agreement, the Sale and Servicing Agreement, and the Indenture, and (ii) to make reference to such agreements and the commitment of the Note Purchaser hereunder in its periodic reports to be filed respecting ti me periods that include all or part of the Term. This confidentiality agreement shall apply to any and all information relating to the commitment of each Note Purchaser hereunder, any of the Basic Documents and the transactions contemplated hereby and thereby at any time on or after the date hereof.

[Remainder of Page Intentionally Blank]

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

[signatures om itted]

INDENTURE dated as of March 1, 2010, by and among PAGE FIVE FUNDING LLC, a Delaware limited liability company (the "Issuer") and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as trustee (the "Trustee").

Each party agrees as follows for the benefit of the other parties and for the benefit of each Holder of the Issuer's Delayed Draw Notes issued on the Closing Date in accordance with this Indenture (the "Notes"):

To secure the payment of principal of and interest on, and any other amounts owing in respect of the Notes and the other Secured Obligations, and to secure compliance with this Indenture, the Issuer has agreed to pledge the Collateral (as defined below) as collateral to the Trustee for the benefit of the Noteholders.

As security for the performance by the Issuer of the Secured Obligations, the Issuer has agreed to assign the Collateral (as defined below) as collateral to the Trustee for the benefit of the Noteholders.

GRANTING CLAUSE

The Issuer hereby Grants to the Trustee on the Closing Date (in the case of the Initial Receivables) and on each Subsequent Draw Date (in the case of the Subsequent Receivables), as Trustee for the benefit of the Noteholders, all right, title and interest of the Issuer, whether now existing or hereafter arising, in and to the following;

(a) the Initial Receivables listed in Schedule A to the Sale and Servicing Agreement and all monies received thereunder (other than the Additional Servicing Compensation) after the Initial Cutoff Date and all Net Liquidation Proceeds and Recoveries received with respect to such Initial Receivables after the Initial Cutoff Date;

(b) the Subsequent Receivables listed in Schedule A to the related Subsequent Transfer Agreement and all monies received thereunder (other than the Additional Servicing Compensation) after the related Subsequent Cutoff Date and all Net Liquidation Proceeds and Recoveries received with respect to such Subsequent Receivables after the related Subsequent Cutoff Date;

(c) the security interests in the Financed Vehicles granted by Obligors pursuant to the Receivables 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 Non-Certificated Title States, 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 physical damage, credit life and credit accident and health insurance policies or certificates relating to the Financed Vehicles securing the Receivables or the Obligors thereunder;

(e) all proceeds from recourse against Dealers or Consumer Lenders with respect to the Receivables;

(f) all of the Issuer's right, title and interest in its rights and benefits, but none of its obligations or burdens, under the Sale and Servicing Agreement, including a direct right to cause CPS to purchase Receivables from the Issuer and to indemnify the Issuer pursuant to the Sale and Servicing Agreement under the circumstances specified therein;

(g) 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 or his or her obligations with respect to a Financed Vehicle and any recourse to Dealers or Consumer Lenders for any of the foregoing;

(h) the Receivable File related to each Receivable;

(i) all amounts and property from time to time held in or credited to the Collection Account, the Spread Account, the Note Distribution Account and the Lockbox Account in respect of any Receivable, Financed Vehicle or other related Collateral;

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

(k) the Note Purchase Agreement (to the extent of the Issuer's rights against, but not including any of its obligations to, CPS);

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

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

The foregoing Grant is made in trust to the Trustee, for the benefit of the Noteholders, to secure the payment of principal of and interest on, and any other amounts owing in respect of the Notes, to secure the payment of all Secured Obligations and to secure compliance with this Indenture. The Trustee hereby acknowledges such Grant, accepts the trusts under this Indenture in accordance with the provisions of this Indenture and agrees to perform its duties as required in this Indenture.

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.1 Definitions.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Sale and Servicing Agreement dated as of March 1, 2010, among the Issuer, the Seller, the Servicer, the Backup Servicer and the Trustee, as the same may be amended or supplemented from time to time (the "Sale and Servicing Agreement"). Whenever used in this Indenture the following words and phrases shall have the following meaning:

"Act" has the meaning specified in Section 11.3(a).

"Authorized Officer" means, with respect to the Issuer, any officer or agent acting pursuant to a power of attorney of the Issuer, as the case may be, who is authorized to act therefor and who is identified on the list of Authorized Officers delivered by such Person to the Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter).

"Capital Lease" means, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person (a) as lessee that, in conformity with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person or (b) as lessee which is a transaction of a type commonly known as a "**synthetic lease**" (i.e., a transaction that is treated as an operating lease for accounting purposes but with respect to which payments of rent are intended to be treated as payments of principal and interest on a loan for federal income tax purposes).

"Closing Date" means March 24, 2010.

"Collateral" has the meaning specified in the Granting Clause to this Indenture.

"Default" means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Event of Default" has the meaning specified in Section 5.1(a) of this Indenture.

"Exchange Act" means the Securities Exchange Act of 1934.

"Executive Officer" means, with respect to any Person, the Chief Executive Officer, Chief Operating Officer, Chief Investment Officer, Chief Financial Officer, President, Senior Vice President, any Vice President, the Secretary or the Treasurer of such corporation; with respect to any limited liability company, the manager and any individuals appointed to any of the preceding offices by the manager; and with respect to any partnership, any general partner thereof.

"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 this 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 procee dings 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.

"Holder" or "Noteholder" means the Person in whose name a Note is registered on the Note Register; provided, however, that for purposes of determining whether the Holders of the requisite Purchased Note Percentage Interest have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any other Basic Document, none of the Issuer, the Seller or any of their respective Affiliates shall be deemed a "Holder" or a "Noteholder" with respect to any Notes owned by the Issuer, the Seller or any of such Affiliates. Notwithstanding the foregoing, if the Issuer, the Seller or any of its Affiliates owns (individually or collectively) 100% of the Purchased Note Percentage Interests, then the Issuer, the Seller or any of such Affiliates, as applicable, shall be deemed a "Holder" or "Noteholder" for all purposes of this Indenture and the other Basic Documents.

"Indebtedness" means, as applied to any Person, without duplication, (a) all indebtedness for borrowed money; (b) that portion of obligations with respect to Capital Leases that is properly classified as a liability on a balance sheet in conformity with GAAP; (c) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money; (d) any obligation owed for all or any part of the deferred purchase price of property or services (excluding any such obligations incurred under ERISA), which purchase price is (i) due more than six (6) months from the date of incurrence of the obligation in respect thereof or (ii) evidenced by a note or similar written instrument; (e) all inde btedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person; (f) the face amount of any letter of credit issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings; (g) the direct or indirect guaranty, endorsement (otherwise than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of another; (h) any obligation of such Person the primary purpose or intent of which is to provide assurance to an obligee that the obligation of the obligor thereof will be paid or discharged, or any agreement relating thereto will be complied with, or the holders thereof will be protected (in whole or in part) against loss in respect thereof; (i) any liability of such Person for an obligation of another thro ugh any agreement (contingent or otherwise) (A) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise) or (B) to maintain the solvency or any balance sheet item, level of income or financial condition of another if, in the case of any agreement described under subclauses (A) or (B) of this clause (i), the primary purpose or intent

thereof is as described in clause (h) above; and (j) all obligations of such Person in respect of any exchange traded or over the counter derivative transaction, whether entered into for hedging or speculative purposes.

"Indenture" means this Indenture.

"Independent" means, when used with respect to any specified Person, that the Person (a) is in fact independent of the Issuer, 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, the Seller, the Servicer or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, the Seller, the Servicer or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions.

"Initial Note Purchaser" means each Person making a purchase of Notes from the Issuer on the Closing Date pursuant to the Note Purchase Agreement.

"Interest Rate" has the meaning assigned to such term in the Sale and Servicing Agreement.

"Issuer" means Page Five Funding, LLC, and its successors.

"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.

"Note Balance" on the Closing Date will equal the Original Note Balance, and on any date thereafter will equal the Original Note Balance as (i) reduced by all distributions of principal previously made in respect of the Notes and (ii) increased by the aggregate amount of Periodic Draws actually funded in respect of the Notes.

"Note Paying Agent" means the Trustee or any other Person that meets the eligibility standards for the Trustee specified in Section 6.11 and is authorized by the Issuer to make the payments to and distributions from the Collection Account, Spread Account and the Note Distribution Account, including payment of principal of or interest on the Notes on behalf of the Issuer.

"Note Purchase Agreement" has the meaning specified in the Sale and Servicing Agreement.

"Note Register" and "Note Registrar" have the respective meanings specified in Section 2.4 hereof.

"Officer's Certificate" means a certificate signed by an Authorized Officer of the Issuer or the Servicer, as appropriate.

"Original Note Balance" means $9,174,476.98.

"Outstanding" means, as of the date of determination, the Notes theretofore authenticated and delivered under this Indenture except:

(i) Notes theretofore canceled by the Note Registrar or delivered to the Note Registrar for cancellation;

(ii) Notes the payment for which money in the necessary amount has been theretofore deposited with the Trustee or any Note Paying Agent in trust for the Holders of such Notes (provided, however, that if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture, satisfactory to the Trustee); and

(iii) Notes in exchange for or in lieu of one or more other Notes which have been authenticated and delivered pursuant to this Indenture unless proof satisfactory to the Trustee is presented that any such Note is held by a bona fide purchaser;

provided, however, that in determining whether the Holders of the requisite Purchased Note Percentage Interest have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any other Basic Document, Notes owned by the Issuer, the Seller or any of their respective Affiliates 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 Notes that the Trustee knows to be so owned shall be so disregarded. Notes 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 such Notes and that the pledgee is not the Issuer, the Seller or any of their respective Affiliates. Notwithstanding the foregoing, if the Issuer, the Seller or any of its Affiliates (individually or collectively) owns 100% of the Purchased Note Percentage Interests, the Notes shall be deemed Outstanding for all purposes of this Indenture and the other Basic Documents.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Purchased Note Percentage Interest" shall have the meaning specified in the Note Purchase Agreement.

"Record Date" means, with respect to any Payment Date or Redemption Date, the last calendar day of the month preceding the month in which such Payment Date or Redemption Date occurs, or in the case of the first Payment Date, the Closing Date.

"Redemption Date" means, in the case of a redemption of the Notes pursuant to Section 10.1, the Payment Date specified by the Servicer or the Issuer pursuant to Section 10.1.

"Redemption Price" means, in the case of a redemption of the Notes pursuant to Section 10.1, an amount equal to the unpaid principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to but excluding the Redemption Date.

"Regulation S" means Regulation S under the Securities Act.

"Responsible Officer" means, with respect to the Trustee, any officer within the Corporate Trust Office of the Trustee, including any Vice President, Assistant Vice President, Assistant Treasurer, 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, 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.

"Secured Obligations" means all amounts and obligations that the Issuer may at any time owe to the Noteholders under this Indenture, the Notes or any other Basic Document.

"Stated Percentage Interest" means, with respect to any Note, the stated percentage 3interest as specified on the face of such Note.

"Termination Date" means the date on which the Trustee shall have received payment and performance of all Secured Obligations and disbursed such payments in accordance with the Basic Documents.

"Trust Estate" means the Collateral and all other money, instruments, rights and other property that are subject or intended to be subject to the lien and security interest of this Indenture for the benefit of the Noteholders, including all proceeds thereof.

"Trustee" means Wells Fargo Bank, National Association, a national banking association, not in its individual capacity, but as trustee under this Indenture, or any successor trustee under this Indenture.

"U.S. Person" has the meaning assigned such term under Regulation S.

SECTION 1.2 Other Definitional Provisions.

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

(ii) Accounting terms used but not defined or partly defined in this Indenture, in any instrument governed hereby or in any certificate or other document made or delivered pursuant hereto, to the extent not defined, shall have the respective meanings given to them under GAAP or any such instrument, certificate or other document, as applicable. To the extent that the definitions of accounting terms in this Indenture or in any such instrument, certificate or other document are inconsistent with the meanings of such terms under GAAP, the definitions contained in this Indenture or in any such instrument, certificate or other document shall control. If at any time any change in GAAP would affect the computation of a ny financial ratio or requirement set forth in any Basic Document, and either the Issuer or CPS shall so request, CPS and the Issuer shall be entitled to amend such ratio or requirement without the consent of any Noteholder to preserve the original intent thereof in light of such change in GAAP; provided, however, that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) CPS and the Issuer shall provide to the Noteholders and the Trustee financial statements and other documents

required under this Indenture or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(iii) (a) 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 and (b) unless the context otherwise requires the word "or" is not exclusive.

(iv) Section, Schedule and Exhibit references contained in this Indenture are references to Sections, Schedules and Exhibits in or to this Indenture unless otherwise specified; and the term "including" shall mean "including without limitation."

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

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

(vii) The singular form of the terms "Note" and "Noteholder" shall not preclude issuance of more than one Note or ownership of Notes by more than one Noteholder. The singular forms of such terms shall also mean the plural forms of such terms and the plural form of such terms shall also mean the singular form thereof, in each case as the context requires.

ARTICLE II

THE NOTES

SECTION 2.1 Form. The Notes, together with the Trustee's certificate of authentication, shall be in substantially the form set forth in Exhibit A, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing the Notes, as evidenced by their execution of the N otes. Any portion of the text of the Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Notes. The Notes will be issued on the Closing Date with a minimum Note Balance of $25,000 and integral multiples of $0.01 in excess thereof, and the Note Balance thereof shall be subject to Draws from time to time in accordance with Section 2.11 and reductions in respect of payments of principal on each Payment Date in accordance with this Indenture and the Sale and Servicing Agreement.

(a) The Notes shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing the Notes, as evidenced by their execution of the Notes.

(b) The terms of the Notes set forth in Exhibit A are part of the terms of this Indenture.

SECTION 2.2 Execution, Authentication and Delivery. The Notes shall be executed on behalf of the Issuer by any of its Authorized Officers. The signature of any such Authorized Officer on the Notes may be manual or facsimile.

(a) A Note bearing the manual or facsimile signature of individuals who were at any time Authorized Officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Note or did not hold such offices at the date of such Note.

(b) The Trustee shall upon receipt of an Issuer Order for authentication and delivery, authenticate and deliver the Notes for original issue and having a maximum aggregate principal amount not exceeding the Committed Amount, except as otherwise provided in Sections 2.6 and 2.11.

(c) Each Note shall be dated the date of its authentication.

(d) No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears attached to such Note a certificate of authentication substantially in the form provided for herein, executed by the Trustee by the manual signature of one of its authorized signatories, and such certificate attached to such Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

SECTION 2.3 [Reserved].

SECTION 2.4 Registration of Transfer and Exchange. The Issuer shall cause the Trustee to keep a register (the "Note Register") in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 2.5, the Trustee shall provide for the registration of the Notes, and the registration of transfers and exchanges of the Notes. The Trustee shall be "Note Registrar" for the purpose of registering the Notes and transfers of the Notes as herein provided. Upon any resignation or removal of any Note Registrar, the Issuer shall promptly appoint a successor.

(a) If a Person other than the Trustee is appointed by the Issuer as Note Registrar, the Issuer will give the Trustee and the Noteholders prompt written notice of the appointment of such Note Registrar and of the location, and any change in the location, of the Note Register, and the Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof; provided, however, that so long as Wells Fargo Bank, National Association is Trustee, it shall also act as Note Registrar at all times. The Trustee shall have the right to conclusively rely upon a certific ate executed on behalf of the Note Registrar by an Executive

Officer thereof as to the name and address of each Holder of a Note and Stated Percentage Interest and number of each Note.

(b) Subject to Section 2.5 hereof, upon surrender for registration of transfer of a Note at the office or agency of the Issuer to be maintained as provided in Section 3.2, if the requirements of Section 8-401(a) of the UCC are met, the Trustee shall have the Issuer execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes in the minimum Stated Percentage Interest of 1% representing in the aggregate the Stated Percentage Interest on the face of the Note to be transferred.

(c) At the option of a Holder, a Note may be exchanged for another Note in any authorized Stated Percentage Interest, of the same class and a like aggregate Stated Percentage Interest, upon surrender of the Note to be exchanged at such office or agency. Whenever a Note is so surrendered for exchange, subject to Section 2.5 hereof, if the requirements of Section 8-401(a) of the UCC are met, the Issuer shall execute, and upon request by the Issuer the Trustee shall authenticate, and the Noteholder shall obtain from the Trustee, the Note which the Noteholder making the exchange is entitled to receive.

(d) The Note or Notes issued upon any registration of transfer or exchange of a Note shall be the valid obligation of the Issuer, evidencing, in the aggregate, the same debt, and entitled to the same benefits under this Indenture, as the Note surrendered upon such registration of transfer or exchange.

(e) Every Note presented or surrendered for registration of transfer or exchange shall be (i) duly endorsed by, or accompanied by a written instrument of transfer in the form attached to Exhibit A and 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 subs titution for, STAMP, all in accordance with the Exchange Act and (ii) accompanied by such other documents as the Trustee may require.

(f) Each Noteholder by its acquisition of any Notes (or a beneficial interest therein) shall be deemed to have represented and warranted for the benefit of the Issuer, the Trustee and the other Noteholders, that it is not acquiring any Notes with the "plan assets" of any "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.

(g) No service charge shall be made to a Holder for any registration of transfer or exchange of a Note, but the Note Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of a Note.

SECTION 2.5 Restrictions on Transfer and Exchange.

(a) No transfer of a Note shall be made during the Acquisition Period without the prior written consent of the Issuer, which consent may be withheld in the Issuer's sole discretion. In addition, no transfer of a Note shall be made unless the transferor thereof has provided a representation letter substantially in the form of Exhibit B that such transfer is (i) to the Issuer or an Affiliate of the Issuer, (ii) in compliance with Section 2.5(b) hereof, to 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, (iii) 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, (iv) in compliance with Section 2.5(d) hereof, to a non-U.S. Person in an offshore transaction in compliance with Regulation S or (v) 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, however, that, in the case of clause (v) the Trustee or the Issuer may require an Opinion of Counsel to the effect that such transfer may be effected without registration under the Securities Act, which Opinion of Counsel, if so required, shall be addressed to the Issuer and the Trustee and shall be secured at the expense of the Holder. Each prospective purchaser by its acquisition of a Note, acknowledges that such Note will contain a legend substantially to the effect set forth in Section 2.5(f) (unless the Issuer determines otherwise in accordance with applicable law).

Any transfer or exchange of a Note to a proposed transferee shall be conducted in accordance with the provisions of Section 2.4, and shall be contingent upon receipt by the Note Registrar of (A) such Note properly endorsed for assignment or transfer, (B) written instruction from such transferring Holder directing the Note Registrar to cause the transfer to such transferees, in such Stated Percentage Interests (not to exceed the Stated Percentage Interest on the face of the Note to be transferred) as the transferring Holder shall specify in such instructions; and (C) such certificates or signatures as may be required under such Note or this Section 2.5, in each case, in form and substance satisfact ory 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) The Notes may not be acquired or held by any employee benefit plan subject to Title I of ERISA (a "Title I ERISA Plan"), any plan subject to Section 4975 of the Code, including an individual retirement account ("IRA") or a Keogh plan (together with any Title I ERISA Plan, an "ERISA Plan"), and any entity whose underlying assets include "plan assets" by reason of any such employee benefit or other plan, arrangement or account's investment in such entity (each of which, a "Plan") or any other "benefit plan investor" (as defined in Section 3(42) of ERISA and/or U.S. Department of Labor Regulations Section 2510.3-101), including a life company general account (any of the foregoing, including any ERISA Plan, a "Benefit Plan Investor"); provided, however, notwithstanding the foregoing, the Notes may be acquired and held by or on behalf of, or with "plan assets" of, a Plan or other Benefit Plan Investor if (a)(1)(A) the investor is purchasing the Notes with assets of an "insurance company general account" (within the meaning of the United States Department of Labor ("DOL") Prohibited Transaction Class Exemption ("PTCE") 95-60) (a "General Account"); (B) the investor's purchase and holding of such Notes are eligible for the exemptive relief available under Section I of PTCE 95-60; (C) less than 25% of the assets of such General Account constitute "plan assets" of Benefit

Plan Investors; and (D) if, after the initial acquisition of such Notes, during any calendar quarter, 25% or more of the assets of such General Account (as determined by such company) constitute "plan assets" of any Plan or other Benefit Plan Investor and no exemption or exception from the prohibited transaction rules applies such that the continued holding of such Notes would not result in violations of Section 406 of ERISA or Section 4975 of the Code, then such investor will dispose of all of the Notes then held in such General Account by the end of the next following calendar quarter; or (2) the investor's purchase of the Notes is eligible for the exemptive relief afforded under any of PTCE 96-23, 91-38, 90-1 or 84-14; and (b) after giving effect to such purchase and all other purchases occurring simultaneously therewith, less t han 25% of the Notes (other than those held by any other Person who has discretionary authority or control, or provides investment advice for a fee (direct or indirect) with respect to the assets held in the Issuer or any asset in the Trust Estate, and affiliates of any of the foregoing Persons (each, a "Controlling Person"), other than Benefit Plan Investors) will constitute "plan assets" of Benefit Plan Investors.

As a condition of its purchase or transfer of a Note, each purchaser and transferee will be required to deliver a transferee representation letter, in the form of Exhibit C, Exhibit D or Exhibit E, to the Trustee evidencing its satisfaction of and its agreement to comply with the foregoing ERISA representations and covenants with respect to its purchase, holding and transfer of such Note and (ii) it will not assign or transfer such Note unless (1) the proposed assignee or transferee delivers a transferee representation letter, in the form of Exhibit C, Exhibit D or Exhibit E, to the Trustee evidencing its satisfaction of and its agreement to comply with the foregoing ERISA representations and covenants with respect to its purchase, holding and transfer of such Note and (2) if the investor:

(i) is not (and is not acting on behalf of) a Benefit Plan Investor, the assignee or transferee will also not be a Benefit Plan Investor or a Controlling Person; or

(ii) is (or is acting on behalf of) a General Account, the assignee or transferee will be accurately identified in such letter as either another General Account or a Person who is not (and is not acting on behalf of) a Benefit Plan Investor or a Controlling Person; or

(iii) is (or is acting on behalf of or with "plan assets" of) a Benefit Plan Investor (other than a General Account), the assignee or transferee will be accurately identified in such letter as either a General Account, another Benefit Plan Investor whose purchase and holding of the Notes are eligible for the exemptive relief available under any of Section 408(b)(17) of ERISA or PTCE 96-23, 91-38, 90-1 or 84-14, or a Person who is not and is not acting on behalf of any Benefit Plan Investor or a Controlling Person.

(c) If a Note is sold to a "qualified institutional buyer" as defined in Rule 144A of the Securities Act purchasing for its own account or for the account of another "qualified institutional buyer," such Note shall be issued as a certificated Note in definitive, fully registered form without interest coupons with the applicable legends set forth in the form of the Note registered in the name of the beneficial owner or a nominee thereof, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. Any transfer to a "qualified

institutional buyer" is expressly conditioned upon the requirement that such transferee shall deliver a representation letter in the form of Exhibit C.

(d) If the Note is sold in the United States to U.S. Persons under Section 4(2) of the Securities Act to institutional "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act), it shall be issued as a certificated Note in definitive, fully registered form without interest coupons with the applicable legends set forth in the form of the Note registered in the name of the beneficial owner or a nominee thereof, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. Any transfer to an institutional "accredited investor" is expressly conditioned upon the requirement that such transferee shall deliver a representation letter in the form of Exhibit D.

(e) If the Note is sold in an offshore transaction to a non-U.S. Person pursuant to Regulation S, it shall be issued as a certificated Note in definitive, fully registered form without interest coupons with the applicable legends set forth in the form of the Note registered in the name of the beneficial owner or a nominee thereof, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. Any transfer made to a non-U.S. Person in reliance on Regulation S is expressly conditioned upon the requirement that such transferee shall deliver a representation letter in the form of Exhibit E.

(f) During the Acquisition Period, the Note Registrar shall not register any transfer or exchange of any Note to the extent that upon such transfer or exchange there would be more than fifteen (15) Noteholders then reflected on the Note Register.

(g) Unless the Issuer determines otherwise in accordance with applicable law, each Note shall have the following legend:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (I) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE) OR AN AFFILIATE OF THE ISSUER (AS CERTIFIED BY THE ISSUER) OR (2) 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 THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT IT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACTING FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHIC H OTHERS ALSO ARE INSTITUTIONAL ACCREDITED INVESTORS UNLESS THE HOLDER IS A BANK ACTING IN ITS FIDUCIARY CAPACITY) (3) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A TO A PERSON THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT SUCH PERSON IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A), ACTING FOR ITS OWN ACCOUNT, OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS

GIVEN THAT THE SALE, PLEDGE, OR TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (4) A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S OR (5) IN A TRANSACTION OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, IN EACH SUCH CASE, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION: PROVIDED, THAT, IN THE CASE OF CLAUSE (5), 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 TH E TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR RESALES OF THIS NOTE.

THE TRANSFER OF THE NOTE TO ANY PERSON THAT IS ACQUIRING THE NOTE WITH THE “PLAN ASSETS” OF “ANY EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF ERISA THAT IS SUBJECT TO TITLE I OF ERISA OR ANY “PLAN” AS DEFINED IN SECTION 4975 OF THE CODE IS SUBJECT TO CERTAIN RESTRICTIONS AS DESCRIBED IN SECTION 2.5 OF THE INDENTURE, INCLUDING THE DELIVERY BY THE TRANSFEREE OF A LETTER IN THE FORM ATTACHED TO THE INDENTURE AS EXHIBITS B, C, OR D, AS APPLICABLE.

THE NOTE REGISTRAR SHALL NOT REGISTER ANY TRANSFER OR EXCHANGE OF THIS NOTE DURING THE ACQUISITION PERIOD TO ANY PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER, WHICH CONSENT MAY BE WITHHELD BY THE ISSUER IN ITS SOLE DISCRETION. IN ADDITION, DURING THE ACQUISITION PERIOD, THE NOTE REGISTRAR SHALL NOT REGISTER ANY TRANSFER OR EXCHANGE OF THIS NOTE TO THE EXTENT THAT UPON SUCH TRANSFER OR EXCHANGE THERE WOULD BE MORE THAN FIFTEEN (15) NOTEHOLDERS THEN REFLECTED ON THE NOTE REGISTER.

SECTION 2.6 Mutilated, Destroyed, Lost or Stolen Note. If (i) any mutilated Note is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Trustee such security or indemnity as may be required by it to hold the Issuer and the Trustee harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Trustee that such Note has been acquired by a protected purchaser, and, provided that the requirements of Section 8-405 and 8-406 of the UCC are met, the Issuer shall execute, and upon request by the Issuer, the Trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note; provided, however, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become, or within seven days shall be, due and payable or shall have been called for redemption, instead of issuing a replacement Note, the Issuer may direct the Trustee, in writing, to pay such destroyed, lost or stolen Note when so due or payable without surrender thereof. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the preceding sentence, a protected purchaser of the original Note in lieu of

which such replacement Note was issued, presents for payment such original Note, the Issuer and the Trustee shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any assignee of such Person, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

(a) Upon the issuance of any replacement Note under this Section, the Issuer may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Trustee) connected therewith.

(b) Every replacement Note issued pursuant to this Section in replacement of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with the Notes duly issued hereunder.

(c) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of any mutilated, destroyed, lost or stolen Note.

SECTION 2.7 Persons Deemed Owner. Prior to due presentment for registration of transfer of any Note, the Trustee and any agent of the Trustee may treat the Person in whose name such Note is registered (as of the applicable Record Date) as the owner of such Note for the purpose of receiving payments of principal of and interest, if any, on such Note, for all other purposes whatsoever and whether or not such Note be overdue, and none of the Trustee or any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

SECTION 2.8 Payment of Principal and Interest; Defaulted Interest.

(a) The Notes shall accrue interest as provided in the form of Note set forth in Exhibit A, and such interest shall be due and payable on each Payment Date, as specified therein. Any installment of interest or principal, if any, payable on any Note which is punctually paid or duly provided for by the Issuer on the applicable Payment Date shall be paid to the Person in whose name such Note is registered on the Record Date, either (i) by wire transfer in immediately available funds to such Person's account as it appears on the Note Register on such Record Date if (A) such Noteholder has provided to the Note Registrar appropriate written instructions at least five Business Days prior to such Payment Date and such Holder's Note in the aggregate evidence a Stated Percentage Interest of not less than 1% or (B) such Noteholder is the Seller, or an Affiliate thereof, or if not, (ii) by check mailed to such Noteholder at the address of such Noteholder appearing on the Note Register, except for the final installment of principal payable with respect to such Note on a Payment Date or on the Final Scheduled Payment Date, which shall be payable as provided below.

(b) The outstanding principal balance of the Notes and all accrued and unpaid interest thereon shall be payable in full by the Final Scheduled Payment Date and otherwise as provided in Section 3.1, the form of Note attached hereto as Exhibit A, and the Sale and Servicing

Agreement. The principal amount outstanding under the Notes at any time shall be equal to the Note Balance. The principal amount outstanding under any Note at any time shall be equal to the product of (x) the applicable Purchased Note Percentage Interest and (y) the Note Balance. All principal payments on the Notes shall be made *pro rata* to the Noteholders entitled thereto based on their respective Purchased Note Percentage Interests. Upon written notice from the Issuer, the Trustee shall notify the Person in whose name a Note is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and interest on such Note will be paid. Such notice sh all be transmitted by facsimile prior to such final Payment 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 Notes during the Acquisition Period, the Issuer shall pay defaulted interest (plus interest on such defaulted interest to the extent lawful) at the Interest Rate then in effect in any lawful manner. The Issuer shall pay such defaulted interest to the Noteholders on the immediately following Payment Date. At least three (3) days before any such Payment Date, the Issuer shall mail to the Noteholders and the Trustee a notice that states the Payment Date and the amount of defaulted interest to be paid.

SECTION 2.9 Cancellation. Any Note surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Note previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and the Note so delivered shall be promptly canceled by the Trustee. No Note shall be authenticated in lieu of or in exchange for a ny Note canceled as provided in this Section, except as expressly permitted by this Indenture. A canceled Note may be held or disposed of by the Trustee in accordance with its standard retention or disposal policy as in effect at the time unless the Issuer shall direct by an Issuer Order that they be destroyed or returned to it; provided, however, that such Issuer Order is timely and such Note has not been previously disposed of by the Trustee.

SECTION 2.10 Release of Collateral. The Trustee shall, on or after the Termination Date, release any remaining portion of the Trust Estate from the lien created by this Indenture and deposit in the Collection Account any funds then on deposit in any other Pledged Account. The Trustee shall release property from the Lien created by this Indenture pursuant to this Section 2.10 only upon receipt of an Issuer Request accompanied by an Officer's Certificate meeting the applicable requirements of Section 11.1. In addition, the Trustee shall release any Purchased Receivables in accordance with Sale and Servicing Agreement and, upon receipt of an Issuer Request, any Liquidated Receivables.

SECTION 2.11 Amount Limited; Draws. The maximum aggregate principal amount of the Notes that may be authenticated and delivered and Outstanding at any time under this Indenture (except for Notes authenticated and delivered pursuant to Section 2.6 in replacement for destroyed, lost or stolen Notes) is limited to the Aggregate Committed Amount.

On each Subsequent Draw Date during the Acquisition Period, upon the satisfaction of all conditions precedent to (a) the funding of a Draw and (b) the purchase of Receivables, in each

case as set forth in Section 2.1(b) of the Sale and Servicing Agreement, and Section 6.02 of the Note Purchase Agreement, the Note Purchasers will fund their respective Initial Stated Percentage Interests of each Draw on such Subsequent Draw Date, in accordance with Section 2.02 and Section 2.03 of the Note Purchase Agreement, in an aggregate principal amount equal to the amount of the requested Draw on such Subsequent Draw Date (subject to the Aggregate Available Committed Amount). Each request by the Issuer to make a Draw shall include a certification by the Issuer as to the satisfaction of the conditions specified in the previous sentence.

The aggregate outstanding principal amount of the Notes may be increased (subject to the Aggregate Available Committed Amount) through the funding of Draws. Each Draw shall be recorded by the related Note Purchaser, and such Note Purchaser's record (which may be in electronic or other form in the Note Purchaser's reasonable discretion) shall show the amount of all Draws and payments related to such Note Purchaser. Absent manifest error, such record of each Note Purchaser shall be dispositive with respect to the determination of the Note Balance. The Note Balance is subject to increase by Draws on (A) the Closing Date in a minimum aggregate amount of $8,000,000 and (B) any Subsequent Draw Date in a minimum aggregate amount of $3,000,000 and a maximum aggregate amount of $10,000,000 (subject to the Aggregate Available Committed Amount), unless waived in writing by each Note Purchaser.

ARTICLE III

COVENANTS

SECTION 3.1 Payment of Principal and Interest. The Issuer shall duly and punctually pay the principal of and interest on the Notes in accordance with the terms of the Notes and this Indenture. Without limiting the foregoing, the Issuer shall cause to be distributed on each Payment Date all amounts deposited in the Note Distribution Account in respect of the related Collection Period pursuant to the Sale and Servicing Agreement to the Noteholders. Amounts properly withheld under the Code by the Trustee from a payment to the Noteholders of interest and/or p rincipal shall be considered as having been paid by the Issuer to the Noteholders for all purposes of this Indenture.

SECTION 3.2 Maintenance of Office or Agency. The Issuer shall maintain in Minneapolis, Minnesota, an office or agency where the Notes may be surrendered for registration of transfer or exchange, and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer hereby initially appoints the Trustee to serve as its agent for the foregoing purposes. The Issuer shall give prompt written notice to the Trustee and the Noteholders of the location, and of any change in the location, of any such office or agen cy. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Trustee with the address thereof, such surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Issuer hereby appoints the Trustee as its agent to receive all such surrenders, notices and demands.

SECTION 3.3 Money for Payments to be Held in Trust. On or before each Payment Date and Redemption 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 Notes, such sum to be held in trust for the benefit of the Persons entitled thereto. Except as provided in Section 3.3(c) hereof, all payments of amounts due and payable with respect to the Notes that are to be made from amounts withdrawn from the Note Distribution Account shall be made on behalf of the Issuer by the Trustee or by the Note Paying Agent, and no amounts so withdrawn from the Note Distribution Account for payment of the Notes shall be paid to the Issuer.

(a) The Issuer shall cause each Note Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Note Paying Agent shall agree with the Trustee (and if the Trustee acts as Note Paying Agent, it hereby so agrees), subject to the provisions of this Section, that such Note Paying Agent shall:

(i) hold all sums held by it for the payment of amounts due with respect to the Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Trustee notice of any default by the Issuer (or any other obligor upon the Notes) of which it has actual knowledge in the making of any payment required to be made with respect to the Notes;

(iii) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Note Paying Agent;

(iv) immediately resign as a Note Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of the Notes 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 any Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(b) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Note Paying Agent to pay to the Trustee all sums held in trust by such Note Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which the sums were held by such Note Paying Agent; and upon such a payment by any Note Paying Agent to the Trustee, such Note Paying Agent shall be released from all further liability with respect to such money.

(c) Subject to applicable laws with respect to the escheat of funds, any money held by the Trustee or any Note Paying Agent in trust for the payment of any amount due with respect to any Note and remaining unclaimed for one year after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on Issuer Request and shall be deposited by the Trustee in the Collection Account; and the Noteholders shall thereafter, as unsecured general creditors, look only to the Issuer for payment thereof (but only to the extent of

the amounts so paid to the Issuer), and all liability of the Trustee or such Note Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Trustee or such Note Paying Agent, before being required to make any such repayment, shall at the expense of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which date shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining shall be repaid to the Issuer. The Tr ustee shall also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment (including mailing notice of such repayment to the Holder whose Notes have been called but have not been surrendered for redemption or whose right to or interest in monies 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 shall keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other State or of the United States of America, in which case the Issuer shall keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and shall obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the Notes, the Collateral and each other instrument or agreement included in the Trust Estate.

SECTION 3.5 Protection of Trust Estate»

. The Issuer intends the security interest Granted pursuant to this Indenture in favor of the Trustee, for the benefit of the Noteholders, 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 Noteholders, a first lien on and a first priority, perfected security interest in the Trust Estate. The Issuer shall 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, financing statement amendments, continuation statements, instruments of further assurance and other instruments, all as prepared by it or on its behalf, and shall 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 Noteholders 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 Trust Estate;

(v) preserve and defend title to the Trust Estate and the rights of the Trustee 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.

Subject to Sections 4.5 and 13.2 of the Sale and Servicing Agreement, the Issuer hereby authorizes the Trustee and its agents to file such financing statements and continuation statements and take such other actions as the Trustee may deem advisable in connection with the security interest granted by the Issuer under the Indenture to the extent permitted by applicable law. Any such financing statements and continuation statements shall be prepared by the Issuer. Nothing in this paragraph shall obligate the Trustee to monitor the timing or sufficiency of any financing statement or continuation statement.

SECTION 3.6 Opinions as to Trust Estate.

(a) On the Closing Date, the Issuer shall furnish or cause to be furnished to the Trustee an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording and filing of this Indenture, any indentures supplemental hereto, and any other requisite documents, and with respect to the 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 in the Receivables, for the benefit of the Noteholders, created by this Indenture and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to make such li en and security interest effective.

(b) On or before March 31 of each year, beginning in 2011, the Issuer shall furnish to the Trustee an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the 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 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 sh all also describe any action necessary (as of the date of such opinion) to be taken in the following year to maintain the lien and security interest of this Indenture in the Receivables.

SECTION 3.7 Performance of Obligations; Servicing of Receivables. The Issuer shall not take any action and shall 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 p rovided in this Indenture, the other Basic Documents or such other instrument or agreement.

(a) The Issuer may contract with other Persons to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to the Trustee in an Officer's Certificate of the Issuer shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Servicer to assist the Issuer in performing its duties under this Indenture.

(b) The Issuer shall 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 preparing (or causing to be prepared) and filing (or causing to be filed) all UCC financing statements and continuation statements required to be filed by the terms of this Indenture and the Sale and Servicing Agreement in accordance with and within the time periods provided for herein and therein. Except as otherwise expressly provided therein, the Issuer shall not waive, amend, modify, supplement or terminate any Basic Document or any provision thereof without the prior written consent of the Majority Noteholders.

(c) If a responsible officer of the Issuer shall have written notice or actual knowledge of the occurrence of a Default, Event of Default or a Servicer Termination Event under the Sale and Servicing Agreement, the Issuer shall promptly notify the Trustee, the Noteholders and the Rating Agencies, if any, 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 shall arise from the failure of the Servicer to perform any of its duties or obligations under the Sale and Servicing Agreement with respect to the Receivables, the Issuer shall take all reasonable steps available to it to remedy such failure.

(d) The Issuer agrees that it shall not have any right to waive, and shall not waive, timely performance or observance by the Servicer or the Seller of their respective duties under the Basic Documents if such waiver would reasonably be expected to materially and adversely affect the Noteholders.

SECTION 3.8 Negative Covenants. So long as any Note is Outstanding, the Issuer shall not:

(i) except as expressly permitted by this Indenture or the other Basic Documents, sell, transfer, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in the Trust Estate, without satisfaction of the Rating Agency Condition and unless directed to do so by the in writing by the Trustee or the Majority Noteholders;

(ii) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes (other than amounts properly withheld from such payments under the Code or applicable State law) or assert any claim against any present or former Noteholders by reason of the payment of the taxes levied or assessed upon any part of the Trust Estate;

(iii) dissolve or liquidate in whole or in part; or

(iv) (A) permit the validity or effectiveness of this Indenture to be impaired, or permit the lien in favor of the Trustee for the benefit of the Noteholders 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 or any other Basic Document except as may be expressly permitted hereby or thereby, (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, any Collateral or any part thereof or any interest therein or the proceeds thereof (other than tax liens, mechanics' liens and other liens that arise by operation of law, in each case on a Financed Vehicle and arising solely as a result of an action or omission of the related Obligor), (C) permit the lien of this Indenture not to constitute a valid first priority (other than with respect to any such tax, mechanics' or other lien) perfected security interest in the Trust Estate or any Collateral or (D) amend, modify or fail to comply with the provisions of any of the Basic Documents without the prior written consent of the Majority Noteholders, and if such amendments or modifications would adversely affect the interests of any Noteholder in any material respect, the consent of such Noteholder or the satisfaction of the Rating Agency Condition.

SECTION 3.9 Annual Statement as to Compliance. The Issuer shall deliver to the Trustee and the Noteholders on or before March 31 of each year, beginning March 31, 2011, an Officer's Certificate, dated as of December 31 of the preceding year, stating, as to the Authorized Officer signing such Officer's Certificate, that:

(i) a review of the activities of the Issuer during the preceding year (or portion of such year from the Closing Date through December 31, 2010) 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 portion of such year from the Closing Date through December 31, 2010) and no event has occurred and is continuing which is, or after notice or lapse of time or both would become, an Event of Default, or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to such Authorized Officer and the nature and status thereof.

SECTION 3.10 Issuer May Consolidate, Etc. Only with Consent. The Issuer shall not consolidate or merge with or into any other Person, or convey or transfer all or substantially all of its properties to any Person without the prior written consent of the Majority Noteholders.

SECTION 3.11 Successor or Transferee. (a) Upon any consolidation or merger of the Issuer in accordance with Section 3.10, the Person formed by or surviving such consolidation or merger (if other than the Issuer) shall succeed to, and be substituted for, and may exercise every right and power of, and be obligated to meet the requirements of the Issuer under this Indenture and the other Basic Documents with the same effect as if such Person had been named as the Issuer herein.

(b) Upon a conveyance or transfer of all the assets and properties of the Issuer in accordance with Section 3.10, the Issuer will be released from every covenant and agreement of this Indenture to be observed or performed on the part of the Issuer with respect to the Notes immediately upon the delivery of written notice to the Trustee and the Noteholders 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 termination or expiration of the Acquisition Period, 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 Notes, and (ii) any other Indebtedness permitted by or arising under the Basic Documents. The proceeds of the Notes shall be used solely to fund the Issuer's purchase of the Receivables and the other assets specified in the Sale and Servicing Agreement and to pay the Issuer's organizational, transactional and start-up expenses.

SECTION 3.14 Servicer's Obligations. The Issuer shall cause the Servicer to comply with Sections 4.9 and 4.11 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 acqu ire (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 all Requirements of Law, including consumer laws.

SECTION 3.18 Restricted Payments. The Issuer shall not, directly or indirectly, (i) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of a beneficial interest in the Issuer or otherwise with respect to any ownership or equity interest or security in or of the Issuer, (ii) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security or (iii) set aside or otherwise segregate any amounts for any such purpose; provided, however, that the Issuer may make, or cause to be made, distributions to the Trustee and to any owner of a beneficial interest in the Issuer as permitted by, and to the extent funds are available for such purpose from distributions under the Sale and Servicing Agreement. The Issuer shall

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 Defaults. Upon a responsible officer of the Issuer having notice or actual knowledge thereof, the Issuer agrees to give each of the Trustee and the Noteholders prompt written notice of each Event of Default hereunder and each Servicer Termination Event or other Default on the part of the Issuer, the Servicer or the Seller of its obligations under any Basic Document.

SECTION 3.20 Further Instruments and Acts. Upon request of the Trustee or the Majority Noteholders, the Issuer shall 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 13.1 of the Sale and Servicing Agreement to eliminate the requirements thereunder that the Trustee and the Majority Noteholders consent to amendments thereto as provided therein.

SECTION 3.22 Income Tax Characterization. It is the intent of the Issuer and the Noteholders that, for federal, State and local income and franchise tax purposes, the Notes will evidence indebtedness of the Issuer secured by the Collateral. Each Noteholder, by its acceptance of a Note, agrees to treat such Note for federal, State and local income and franchise tax purposes as indebtedness of the Issuer.

SECTION 3.23 Separate Existence of the Issuer. During the term of the Indenture, the Issuer shall observe and comply with the applicable legal requirements for the recognition of the Issuer as a legal entity separate and apart from its Affiliates, including without limitation, those requirements set forth in Section 9(b) of the Issuer's Limited Liability Company Agreement.

SECTION 3.24 Amendment of Issuer's Organizational Documents. During the term of the Indenture, the Issuer shall not amend its Limited Liability Company Agreement except in accordance with the provisions thereof and with the prior written consent of the Majority Noteholders.

SECTION 3.25 Other Agreements. The Issuer shall not enter into any agreement that does not contain non-petition or limited recourse language with respect to the Issuer substantially similar to the non-petition or limited recourse language contained in the Basic Documents.

SECTION 3.26 Rule 144A Information. At any time when the Issuer is not subject to Section 13 or 15(d) of the Exchange Act, upon the request of a Noteholder, the Issuer shall promptly furnish to such Noteholder or to a prospective purchaser of a Note designated by such Noteholder, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act ("Rule 144A Information") in order to permit compliance by such Noteholder with Rule 144A in connection wi th the resale of a Note by such Noteholder; provided, however, that the Issuer shall not be required to furnish Rule 144A Information in

connection with any request made on or after the date which is three years from the later of (i) the date such Note (or any predecessor Note) was acquired from the Issuer or (ii) the date such Note (or any predecessor Note) was last acquired from an "affiliate" of the Issuer within the meaning of Rule 144 under the Securities Act; and provided further that the Issuer shall not be required to furnish such information at any time to a prospective purchaser located outside of the United States who is not a "U.S. Person" within the meaning of Regulation S under the Securities Act if such Note may then be sold to such prospective purchaser in accordance with Rule 904 under the Securities Act (or an y successor provision thereto).

SECTION 3.27 Change of Control. CPS shall and shall at all times be the legal and beneficial owner of all of the issued and outstanding membership interests of the Issuer.

SECTION 3.28 No Petition or Assignment. The Issuer shall not file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any applicable insolvency, bankruptcy, liquidation or reorganization statute, or make an assignment for the benefit of creditors.

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 Notes except as to (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Notes, (iii) rights of the Noteholders 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 Noteholders as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them, and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Notes, when:

(a) the Notes theretofore authenticated and delivered (other than (i) Notes that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.6 and (ii) Notes for which payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 3.3) have been delivered to the Trustee for cancellation;

(b) the Issuer has paid or caused to be paid all Secured Obligations; and

(c) the Issuer has delivered to the Trustee and the Noteholders an Officer's Certificate meeting the applicable requirements of Section 11.1(a) and stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

SECTION 4.2 Application of Trust Money. All moneys deposited with the Trustee pursuant to Section 4.1 or Section 4.3 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through the Note Paying Agent, as the Trustee may determine, to the Noteholders 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 following the repayment in full of the Notes and the other Secured Obligations, the payment in full of all other amounts owed to the Trustee and Backup Servicer under the Basic Documents, and the satisfaction and discharge of this Indenture, shall be remitted to the Issuer.

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 Notes, all moneys then held by the Note Paying Agent other than the Trustee under the provisions of this Indenture with respect to the Notes shall, upon demand of the Issuer, be remitted to the Trustee to be held and applied according to Section 4.2 and thereupon the Note Paying Agent shall be released from all further liability with respect to such moneys.

ARTICLE V

EVENTS OF DEFAULT; REMEDIES

SECTION 5.1 Events of Default.

(a) "Event of Default", wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) default in the payment of any interest or principal on the Notes or any other amount due with respect to the Notes when the same becomes due and payable, which default continues for a period of one (1) Business Day;

(ii) failure by the Issuer, the Servicer or the Seller to perform or observe any term, covenant, or agreement under this Indenture or any other Basic Document (other than any term, covenant or agreement referred to in another subparagraph hereof), which failure adversely affects the rights of the Noteholders and, if it is capable of being cured, such failure is not actually cured within 30 calendar days after written notice is received by the Issuer, the Servicer or the Seller, as applicable, from the Trustee or a Noteholder or after discovery of such failure by a Responsible Officer of the Issuer, the Servicer or the Seller, as applicable; provided that, after the Specified Acquisition Period Termination Date, such failure by the I ssuer, the Servicer or the Seller also materially and adversely affects the rights of the Noteholders;

(iii) any representation, warranty or statement of the Issuer, the Servicer or the Seller made in this Indenture or any other Basic Document or any certificate, report or other writing delivered pursuant hereto or thereto shall prove to be incorrect as of the time when the same shall have been made, and such incorrectness has an adverse affect on the Noteholders and, if it is capable of being cured, such failure is not actually cured within 30 calendar days after written notice is received by the Issuer, the Servicer or the Seller, as applicable, from the Trustee or a Noteholder or after discovery of such failure by a Responsible Officer of the Issuer, the Servicer or the Seller, as applicable; provided that, after the Specified Acq uisition Period Termination Date, such incorrectness also materially and adversely affects the rights of the Noteholders;

(iv) an application is made by the Issuer, the Seller or the Servicer for the appointment of a receiver, trustee or custodian for all or any portion of the Collateral or any other material assets of the Issuer, the Seller or the Servicer; a petition under any Section or chapter of the Bankruptcy Code or any similar federal or State law or regulation shall be filed by the Issuer, the Seller or the Servicer, or the Issuer, the Seller or the Servicer shall make an assignment for the benefit of its creditors, or any case or proceeding shall be filed by the Issuer, the Seller or the Servicer for its dissolution, liquidation, or termination; or the Issuer, the Seller or the Servicer ceases to conduct its business;

(v) the Collateral or any other assets of the Issuer, the Seller or the Servicer are attached, seized, levied upon or subjected to a writ or distress warrant, or come within the possession of any receiver, trustee, custodian, or assignee for the benefit of the Issuer, the Seller or the Servicer and the same is not dissolved or dismissed within 60 days thereafter except where any such actions or events would not either individually or in the aggregate materially and adversely affect the financial condition, operations, business or prospects of the Issuer, the Seller or the Servicer, as the case may be; an application is made by any Person other than the Issuer, the Seller or the Servicer for the appointment of a receiver, trustee or custodian for the Collateral or a material portion of the assets of the Issuer, the Seller or the Servicer and the same is not dismissed within 60 days after the application thereof, or the Issuer, the Seller or the Servicer shall have concealed, removed or permitted to be concealed or removed, in the case of the Issuer, any part, and in the case of the Seller or the Servicer, any material portion, of its property with intent to hinder, delay or defraud its creditors or made or suffered a transfer of any of its property which is fraudulent under any bankruptcy, fraudulent conveyance or other similar law;

(vi) the Trustee shall for any reason cease to have a first priority perfected security interest in the Collateral for the benefit of the Noteholders;

(vii) the Issuer, the Seller or the Servicer is enjoined, restrained or prevented by court order from conducting all or any material part of its business affairs, or a petition under any Section or chapter of the Bankruptcy Code or any similar federal or State law or regulation is filed against the Issuer, the Seller or the Servicer, or any case or proceeding is filed against the Issuer, the Seller or the Servicer, for its dissolution or liquidation, and such injunction, restraint, petition, case or proceeding is not dismissed within 60 days after the entry of filing thereof;

(viii) a Servicer Termination Event shall have occurred and is continuing;

(ix) any Basic Document shall be terminated or cease to be in full force or effect; provided, however, in the case of a termination of the Lockbox Agreement, an Event of Default shall occur only upon the failure of the Seller, the Servicer or the Issuer to obtain a successor lockbox arrangement reasonably acceptable to the Majority Noteholders within 30 days of such termination;

(x) upon and after the day the Acquisition Period has terminated as described in clause (iii) of the definition thereof, the Seller has failed to transfer 25% or more of all Receivables originated by it that met the eligibility criteria set forth in the Sale and Servicing Agreement to the Issuer during the Acquisition Period as required by Section 7.01(r) of the Note Purchase Agreement; or

(xi) a Funding Termination Event (other than with respect to clause (vii) of the definition thereof) shall have occurred and be continuing.

(b) The Issuer shall deliver to the Trustee and each Noteholder, within two days after the occurrence thereof, written notice in the form of an Officer's Certificate of any Event of Default which has occurred or any event which either with the giving of notice or the lapse of time, or both, would become an Event of Default, its status and what action the Issuer is taking or proposes to take with respect thereto.

(c) After the earlier of the receipt of notice by the Trustee and the date of actual knowledge by a Responsible Officer of the Trustee of the occurrence of any Default or Event of Default hereunder, the Trustee shall give prompt written notice to each Noteholder of each such Default or Event of Default hereunder so known to the Trustee.

SECTION 5.2 Rights Upon Event of Default. If an Event of Default shall have occurred and be continuing, the Trustee may, and at the direction of the Majority Noteholders shall, and with respect to an Event of Default pursuant to Section 5.1(a)(v) or (vi) hereof, the Trustee shall declare the Notes 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 Trustee may, and at the direction of the Majority Noteholders shall, exercise any of the remedies specified in Section 5.4(a).

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 that the Majority Noteholders may, by written notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Trustee a sum sufficient to pay all payments of principal of and interest on the Notes, all amounts due the Note Purchasers from the Issuer under the Basic Documents, and all other amounts that would then be due from the Issuer hereunder (including all Secured Obligations), upon the Notes or under the Basic Documents if the Event of Default giving rise to such acceleration had not occurred;

(ii) the Issuer has paid or deposited with the Trustee a sum sufficient to pay all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel; and

(iii) all Events of Default, other than the nonpayment of the principal of the Notes that has become due solely by such acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

SECTION 5.3 Collection of Indebtedness and Suits for Enforcement by Trustee.

(a) The Issuer covenants that if default is made in the payment of any interest on, or principal of, the Notes, when the same becomes due and payable, the Issuer shall, upon demand of the Trustee or the Majority Noteholders, pay to the Trustee, for the benefit of the Noteholders, the whole amount then due and payable on the Notes for principal and interest, with interest upon the overdue principal, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the Interest Rate, all amounts due and owing by the Issuer under the Basic Documents and, in each case, in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, inc luding the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel.

In case the Issuer shall fail forthwith to pay the amounts described in Section 5.3(a) upon demand, the Trustee, in its own name and as trustee of an expresss trust, may institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and may enforce the same against the Issuer and collect in the manner provided by law out of the property of the Issuer, wherever situated, the monies adjudged or decreed to be payable.

(b) If an Event of Default occurs and is continuing, the Trustee may, as more particularly provided in Section 5.4(a), in its discretion, proceed to protect and enforce its rights and the rights of the Noteholders by such appropriate Proceedings as the Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture, any other Basic Document or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Trustee by this Indenture, any other Basic Document or by law.

(c) [RESERVED].

(d) In case there shall be pending, relative to the Issuer or any other obligor upon the Notes or any Person having or claiming an ownership interest in the Trust Estate, proceedings under the Bankruptcy Code or any other applicable federal or State bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor or Person, or in case of any other comparable judicial proceedings relative to the Issuer or other obligor upon the Notes, or to the creditors or

property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Notes and 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 the Noteholders allowed in such proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Noteholders in any election of a trustee, a standby trustee or Person performing similar functions in any such proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Noteholders and of the Trustee on their behalf; and

(iv) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee or the Noteholders allowed in any judicial proceedings relative to the Issuer, its creditors and its property;

and any trustee, receiver, liquidator, custodian or other similar official in any such proceeding is hereby authorized by the Noteholders to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the Noteholders, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith.

(e) Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of the Noteholders any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of the Noteholders or to authorize the Trustee to vote in respect of the claim of the Noteholders in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

(f) All rights of action and of asserting claims under this Indenture, any other Basic Document or under the Notes, may be enforced by the Trustee without the possession of the Notes or the production thereof in any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the benefit of the Noteholders.

(g) In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture or any other Basic Document), the Trustee shall be held to represent the Noteholders, and it shall not be necessary to make the Noteholders a party to any such proceedings.

SECTION 5.4 Remedies.

(a) If an Event of Default shall have occurred and be continuing, the Trustee may, or at the written direction of the Majority Noteholders shall, do one or more of the following (subject to Section 5.5):

(i) institute or direct the Trustee to institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable by the Issuer under any Basic Document, on the Notes or under this Indenture with respect thereto, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer and any other obligor upon the Notes 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

(iv) subject to Section 5.16, 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.

(b) If the Trustee collects any money or property pursuant to this Article as a result of selling or liquidating the Trust Estate, it shall pay out such money or property (together with all collections and other amounts on deposit in the Accounts) on the related Payment Date or other date fixed pursuant to Section 5.6(b) in the order set forth in Section 5.6(a). Each Noteholder, by its acceptance of a Note, hereby acknowledges and agrees that the Majority Noteholders shall have the absolute and sole discretion to direct the Trustee to sell the Trust Estate or any portion thereof or interest ther ein as provided in clause (iv) of Section 5.4(a), and each Noteholder further agrees that the Trustee shall have no liability to the Noteholders for taking any such action as directed by the Majority Noteholders, regardless of whether or not any such action adversely affects the interests of any Noteholder.

SECTION 5.5 Optional Preservation of the Receivables. If the Notes have been declared to be due and payable under Section 5.2 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Trustee may, but need not, elect to maintain possession of the Trust Estate. It is the desire of the parties hereto and the Noteholders that there be at all times sufficient funds for the payment of principal of and interest on the Notes, and the Trustee shall t ake 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) If the Trustee collects any money or property pursuant to this Article V, it shall pay out the money or property in the following order:

(i) FIRST: to the Trustee for amounts due under Section 6.7;

(ii) SECOND: to the Noteholders for amounts due and unpaid on the Notes in respect of interest, *pro rata* (based on each Noteholder's Purchased Note Percentage Interest), without preference or priority of any kind, according to the amounts due and payable on the Notes in respect of interest;

(iii) THIRD: to the Noteholders for amounts due and unpaid on the Notes in respect of principal, *pro rata* (based on each Noteholder's Purchased Note Percentage Interest), without preference or priority of any kind, according to the amounts due and payable on the Notes in respect of principal, until the outstanding principal amount of the Notes is reduced to zero; and

(iv) FOURTH: any excess amounts remaining after making the payments described in clauses FIRST through THIRD above, to be applied pursuant to Section 5.7(a) of the Sale and Servicing Agreement to the extent that any amounts payable thereunder have not been previously paid pursuant to clauses FIRST through THIRD above.

(b) The Trustee may fix a record date and Payment Date for any payment to the Noteholders pursuant to this Section. At least 15 days before such record date the Trustee shall mail to the Issuer and each Noteholder a notice that states such record date, the Payment Date and the amount to be paid.

SECTION 5.7 Limitation of Suits. No Holder of a 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 Holders of Notes evidencing not less than 25% of the Purchased Note Percentage Interests 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) such Holder or Holders have offered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request; and

(iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such proceedings; and

(v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Majority Noteholders.

it being understood and intended that no Holder of a Note shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder of the Notes or to obtain or to seek to obtain priority or preference over any other Holder or to enforce any right under this Indenture, except in the manner herein provided and it being understood that if the Notes are held by the Majority Noteholders or an Affiliate thereof, the Holder may directly institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy.

SECTION 5.8 Unconditional Rights of the Noteholders To Receive Principal and Interest. Notwithstanding any other provisions of this Indenture, each Noteholder shall have the right, which is absolute and unconditional, to receive payment of the applicable Purchased Note Percentage Interest of principal of and interest, if any, on such Note on or after the respective due dates thereof expressed in such Note or in this Indenture and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

SECTION 5.9 Restoration of Rights and Remedies. If a Noteholder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to such Noteholder, then and in every such case the Issuer, the Trustee and the Noteholders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Noteholders 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 Noteholders 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 Noteholders to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Trustee or the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or the Noteholders, as the case may be.

SECTION 5.12 [Reserved].

SECTION 5.13 Waiver of Past Defaults. Prior to the declaration of the acceleration of the maturity of the Notes as provided in Section 5.2, the Majority Noteholders 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 Notes or (ii) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of all of the Noteholders. In the case of any such waiver, the Issu er, the Trustee and the Noteholders shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Upon any such waiver, such Default or Event of Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

SECTION 5.14 Undertaking for Costs. Each of the Issuer and the Trustee agrees, and each Noteholder by its acceptance of a Note shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to (a) any suit instituted by the Trustee, (b) any suit instituted by the Noteholders holding in the aggregate more than 10% of Purchased Note Percentage Interests of the Notes or (c) any suit instituted by the Noteholders for the enforcement of the payment of principal of or interest on the Notes on or after the respective due dates expressed in the Notes and in this Indenture.

SECTION 5.15 Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of an y power and any right of the Issuer to take such action shall be suspended.

SECTION 5.16 Sale of Trust Estate.

(a) To the extent permitted by applicable law, the Trustee shall not in any private sale sell to a third party the Trust Estate, or any portion thereof following an Event of Default, other than an Event of Default specified in Section 5.1(a)(i) or (ii), unless,

(i) the Majority Noteholders consent to or direct the Trustee in writing to make such sale; or

(ii) the proceeds of such sale would be not less than all amounts due on the entire unpaid principal amount of the Notes and interest due or to become due thereon in accordance with Section 5.6 on the Payment Date next succeeding the date of such sale.

(b) For any public sale of the Trust Estate, the Trustee shall have provided the Noteholders with notice of such sale at least two weeks in advance of such sale which notice shall specify the date, time and location of such sale.

(c) In connection with a sale of all or any portion of the Trust Estate:

(i) the Noteholders may bid for and purchase the property offered for sale, and may hold, retain, possess and dispose of such property, without further accountability, and (x) the Noteholders may, in paying the purchase money therefor, deliver in lieu of cash any Outstanding Note or claims for interest thereon for credit in the amount that shall, upon distribution of the net proceeds of such sale, be payable thereon, and the Note so delivered shall be cancelled and extinguished except that, in case the amounts so payable thereon shall be less than the amount due thereon, such Notes shall be returned to the Noteholders after being appropriately stamped to show such partial payment and (y) each Note Purchaser may, in paying the purcha se money therefor, set-off against any amount owed to it by the Issuer under the Basic Documents;

(ii) the Trustee shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Trust Estate in connection with a sale thereof; and

(iii) the Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey its interest in any portion of the Trust Estate in connection with a sale thereof, and to take all action necessary to effect such sale.

(d) The method, manner, time, place and terms of any sale of all or any portion of the Trust Estate shall be commercially reasonable.

ARTICLE VI

THE TRUSTEE

SECTION 6.1 Duties of Trustee. If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and the other Basic Documents and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person’s own affairs.

(a) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and each of the other Basic Documents to which it is a party and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; however, the Trustee shall examine the certificates and opinions to determine whether or not they conform on their face to the requirements of this Indenture.

(b) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section; and

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer.

(d) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law or the terms of this Indenture or the Sale and Servicing Agreement.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

(g) The Trustee shall permit any representative of the Noteholders, during the Trustee’s normal business hours, to examine all books of account, records, reports and other papers of the Trustee relating to the Notes and the transactions contemplated by the Basic Documents, to make copies and extracts therefrom and to discuss the Trustee’s affairs and actions, as such affairs and actions relate to the Trustee’s duties with respect to the Notes, with the Trustee’s officers and employees responsible for carrying out the Trustee’s duties with respect to the Notes.

(h) The Trustee shall, and hereby agrees that it will, perform all of the obligations and duties required of it under the other Basic Documents.

(i) Except for actions expressly authorized by this Indenture, the Trustee shall take no action reasonably likely to impair the security interests created or existing under any Receivable or Financed Vehicle or to impair the value of any Receivable or Financed Vehicle.

(j) All information obtained by the Trustee regarding the Obligors and the Receivables, whether upon the exercise of its rights under this Indenture or otherwise, shall be maintained by the Trustee in confidence and shall not be disclosed to any other Person, other than the Trustee's attorneys, accountants and agents unless such disclosure is required by this Indenture or any applicable law or regulation.

SECTION 6.2 Rights of Trustee. Subject to Section 6.1 and this Section 6.2, the Trustee shall be protected and shall incur no liability to the Issuer or the Noteholders 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 appropri ate 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 an 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 Notes shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(e) The Trustee shall be under no obligation to institute, conduct or defend any litigation under this Indenture or in relation to this Indenture, at the request, order or direction of the Noteholders, pursuant to the provisions of this Indenture, unless the Noteholders 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 or waived), exercise the rights and powers vested in it by this Indenture in ac cordance 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 Majority Noteholders; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the

security afforded to it by the terms of this Indenture or the Sale and Servicing Agreement, the Trustee may require reasonable indemnity against such cost, expense or liability as a condition to so proceeding; the reasonable expense of every such examination shall be paid by the Person making such request, or, if paid by the Trustee, shall be reimbursed by the Person making such request upon demand.

SECTION 6.3 Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of a Note and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not the Trustee. Any Note Paying Agent, Note Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Section 6.11.

SECTION 6.4 Trustee's Disclaimer. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Trust Estate, the Collateral or the Notes, it shall not be accountable for the Issuer's use of the proceeds from the Notes, and it shall not be responsible for any statement of the Issuer in this Indenture or in any document issued in connection with the sale of the Notes or in the Notes other than the Trustee's certificate of authentication.

SECTION 6.5 Notice of Defaults. If an Event of Default occurs and is continuing and if it is either known by, or written notice of the existence thereof has been delivered to, a Responsible Officer of the Trustee, the Trustee shall mail to the each Noteholder a notice of the Event of Default within three Business Days after such knowledge or notice occurs.

SECTION 6.6 Reports by Trustee to the Noteholders. The Trustee shall on behalf of the Issuer deliver to the Noteholders such information as may be reasonably required to enable the Noteholders to prepare their respective 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 and subject 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 and including any loss, liability or expense directly or indirectly incurred (regardless of negligence on the part of the Trustee or the Issuer) by the Trustee as a result of any penalty or other cost imposed by the Internal Revenue Service or other taxing authority (except any penalties arising out of fees paid to the Trustee or as a result of any action taken contrary to the Indenture) related to the tax status of the Issuer or the Notes. 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. The Trustee may have separate counsel and the Issuer shall or shall cause the Servicer to pay the reasonable fees and expenses of such counsel. Neither the Issuer nor the Servicer need reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own willful misconduct, negligence or bad faith.

(b) The Issuer's payment obligations to the Trustee pursuant to this Section shall survive the discharge of this Indenture. When the Trustee incurs expenses after the occurrence of a Default specified in Section 5.1(a)(v) with respect to the Issuer, the expenses are intended to constitute expenses of administration under the Bankruptcy Code or any other applicable federal or State bankruptcy, insolvency or similar law. Notwithstanding anything else set forth in this Indenture or the other Basic Documents, the recourse of the Trustee hereunder and under the other Basic Documents specifically shall not be recourse to the assets of the Noteholders.

SECTION 6.8 Replacement of Trustee. The Issuer may, with the consent of the Majority Noteholders, and at the request of the Majority Noteholders shall, remove the Trustee if:

(i) the Trustee fails to comply with Section 6.11 or the Trustee fails to perform any other material covenant or agreement of the Trustee set forth in the Basic Documents to which the Trustee is a party and such failure continues for 45 days after written notice of such failure from a Noteholder;

(ii) an Insolvency Event with respect to the Trustee occurs; or

(iii) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuer shall promptly appoint a successor Trustee. If the Issuer fails to appoint a successor Trustee, the Majority Noteholders may appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee, the Noteholders and the Issuer, whereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the retiring Trustee under this Indenture, subject to satisfaction of the Rating Agency Condition. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer or the Majority Noteholders may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Any resignation or removal of the Trustee and appointment of a successor Trustee pursuant to any of the provisions of this Section shall not become effective until acceptance of appointment by the successor Trustee pursuant to Section 6.8.

Notwithstanding the replacement of the Trustee pursuant to this Section, the Issuer's and the Servicer's obligations under Section 6.7 shall continue for the benefit of the retiring Trustee.

SECTION 6.9 Successor Trustee by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee. The Trustee shall provide the Noteholders and the Rating Agencies, if any, written notice of any such transaction. In case at the time such successor or successors to the Trustee by merger, conversion or consolidation shall succe ed to the trusts created by this Indenture the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver the Notes so authenticated; and in case at that time the Notes shall not have been authenticated, any successor to the Trustee may authenticate the Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 6.10 Appointment of Co-Trustee or Separate Trustee. Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee 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 Notehol ders, such title to the Trust Estate, or any part thereof, and, subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to the Noteholders of the appointment of any co-trustee or separate trustee shall be required under Section 6.8 hereof.

(a) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust or any portion thereof in any such jurisdiction) shall be exercised and performed singly by suc h separate trustee or co-trustee, but solely at the direction of the Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, including acts or omissions of predecessor or successor trustees; and

(iii) the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(b) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting th e liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee.

(c) Any separate trustee or co-trustee may at any time constitute the Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, dissolve, become insolvent, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

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

SECTION 6.12 [RESERVED].

SECTION 6.13 Appointment and Powers. Wells Fargo Bank, National Association is hereby appointed as the Trustee with respect to the Collateral, and Wells Fargo Bank, National Association hereby accepts such appointment and agrees to act as Trustee with respect to the Collateral for the benefit of the Noteholders, to maintain custody and possession of such Collateral (except as otherwise provided hereunder) and to perform the other duties of the Trustee in accordance with the provisions of this Indenture and the other Basic Documents. Each Noteholder, by its acceptanc e of a Note, hereby authorizes the Trustee to take such action on its behalf, and to exercise such rights, remedies, powers and privileges hereunder as 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 Majority Noteholders delivered pursuant to this Indenture promptly following receipt of such written instructions; provided, however, 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 instruc tions shall not be a condition to the exercise by the Trustee of its express duties hereunder, except where this Indenture provides that the Trustee is permitted to act only following and in accordance with such instructions.

SECTION 6.14 Performance of Duties. The Trustee shall have no duties or responsibilities except those expressly set forth in this Indenture and the other Basic Documents to which the Trustee is a party or as directed by the Majority Noteholders in accordance with this Indenture. The Trustee shall not be required to take any discretionary actions hereunder except at the written direction and with the indemnification of the Majority Noteholders. The Trustee shall, and hereby agrees that it will, perform all of the duties and obligations required of it under the Basic Documents.

SECTION 6.15 Limitation on Liability. Neither the Trustee nor any of its directors, officers or employees shall be liable for any action taken or omitted to be taken by it or them in good faith hereunder, or in connection herewith, except that the Trustee shall be liable for its negligence, bad faith or willful misconduct. Notwithstanding any term or provision of this Indenture, the Trustee shall incur no liability to the Issuer or the Noteholders for any action taken or omitted by the Trustee in connection with the Collateral, except for the negligence, bad faith o r willful misconduct on the part of the Trustee, and, further, shall incur no liability to the Noteholders except for negligence, bad faith or willful misconduct in carrying out its duties to the Noteholders. 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 Majority Noteholders unless it shall have received reasonable security or indemnity satisfactory to the Trustee again st 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 and have all of the obligations as its predecesso r without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, except to the extent, if any, that any such action is necessary to perfect, or continue the perfection of, the security interest of the Trustee for the benefit of the Noteholders in the Collateral; provided that any such successor shall also be the successor Trustee under Section 6.9.

(b) Removal. The Trustee may be removed by the Majority Noteholders at any time, with or without cause, by an instrument or concurrent instruments in writing delivered to the

Trustee and the Issuer. A temporary successor may be removed at any time to allow a successor Trustee to be appointed pursuant to subsection (c) below. Any removal pursuant to the provisions of this subsection (b) shall take effect only upon the date which is the latest of (i) the effective date of the appointment of a successor Trustee and the acceptance in writing by such successor Trustee of such appointment and of its obligation to perform its duties hereunder in accordance with the provisions hereof, and (ii) receipt by the Majority Noteholders of an Opinion of Counsel to the effect described in Section 3.6.

(c) Acceptance by Successor. Every temporary or permanent successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Trustee, the Noteholders and the Issuer an instrument in writing accepting such appointment hereunder and the relevant predecessor shall execute, acknowledge and deliver such other documents and instruments as will effectuate the delivery of all Collateral 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 s hall, nevertheless, on the written request of the Majority Noteholders or the Issuer, execute and deliver an instrument transferring to such successor all the estates, properties, rights and powers of such predecessor hereunder. In the event that any instrument in writing from the Issuer or the Majority Noteholders 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 the Noteholders as follows:

(a) The Trustee is a national banking association, duly organized, validly existing and in good standing under the laws of the United States and is duly authorized and licensed under applicable law to conduct its business as presently conducted.

(b) The Trustee has all requisite right, power and authority to execute and deliver this Indenture and to perform all of its duties as Trustee hereunder.

(c) The execution and delivery by the Trustee of this Indenture and the other Basic Documents to which it is a party, and the performance by the Trustee of its duties hereunder and thereunder, have been duly authorized by all necessary corporate proceedings and no further approvals or filings, including any governmental approvals, are required for the valid execution

and delivery by the Trustee, or the performance by the Trustee, of this Indenture and such other Basic Documents.

(d) The Trustee has duly executed and delivered this Indenture and each other Basic Document to which it is a party, and each of this Indenture and each such other Basic Document constitutes the legal, valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, insolvency, reorganization and similar laws relating to or affecting the enforcement of creditors' rights generally and (ii) the availability of equitable remedies may be limited by equitable principles of general applicability.

SECTION 6.20 Waiver of Setoffs. The Trustee hereby expressly waives any and all rights of setoff that the Trustee may otherwise at any time have under applicable law with respect to any Pledged Account and agrees that amounts in the Pledged Accounts shall at all times be held and applied solely in accordance with the provisions hereof.

ARTICLE VII

[RESERVED]

ARTICLE VIII

COLLECTION OF MONEY AND RELEASES OF TRUST ESTATE

SECTION 8.1 Collection of Money. Except as otherwise expressly provided herein, the Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Trustee pursuant to this Indenture and the other Basic Documents. The Trustee shall apply all such money received by it as provided in this Indenture and the Sale and Servicing Agreement. Except as otherwise expressly provided in this Indenture or in the other Basic Documents, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Trust Estate, the Trustee may take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V.

SECTION 8.2 Release of Trust Estate. Subject to the payment of its fees and expenses pursuant to Section 6.7, the Trustee may, and when required by the provisions of this Indenture shall, execute instruments to release property from the lien of this Indenture, in a manner and under circumstances that are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Trustee as provided in this Ar ticle VIII shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(a) The Trustee shall, at such time as there is no Note Outstanding, all amounts due and owing to the Noteholders under any of the Basic Documents have been paid in full, all sums

due the Trustee pursuant to Section 6.7 have been paid, release any remaining portion of the Trust Estate that secured the Notes and the other obligations of the Issuer and the Seller to the Noteholders pursuant to the Basic Documents 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(a) only upon receipt of an Issuer Request accompanied by an Officer's Certificate, a copy of each of which shall also be delivered to the Noteholders.

(b) Opinion of Counsel. The Trustee shall receive at least seven days' notice when requested by the Issuer to take any action pursuant to Section 8.2(a), accompanied by copies of any instruments involved, and the Trustee may also require as a condition to such action, an Opinion of Counsel in form and substance satisfactory to the Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely affec t the security for the Notes or the rights of the Noteholders in contravention of the provisions of this Indenture or any of the other Basic Documents; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Trust Estate. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Trustee in connection with any such action.

ARTICLE IX

SUPPLEMENTAL INDENTURES

SECTION 9.1 Supplemental Indentures .

(a) The Issuer and the Trustee, without the consent of any Noteholder, but with prior written notice to the Rating Agencies, if any, 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 Notes contained;

(iii) to add to the covenants of the Issuer, for the benefit of the Noteholders, 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 Noteholders; or

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Notes and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI;

provided, however, that no such supplemental indenture shall, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of any Noteholder or the characterization of the Notes as indebtedness for federal income tax purposes.

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 without the consent of any Noteholders (other than the Majority Noteholders), with prior written notice to the Rating Agencies, if any, 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 Noteholders under this Indenture; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the i nterests of any Noteholder or the characterization of the Notes as indebtedness for federal income tax purposes.

(c) Any action taken under this Section 9.1 shall be deemed to not adversely affect in any material respect the interests of any Noteholder if the Rating Agency Condition has been satisfied.

SECTION 9.2 Supplemental Indentures with Consent of the Noteholders. The Issuer and the Trustee, when authorized by an Issuer Order, also may, with the prior written consent of the Majority Noteholders, enter into an indenture or indentures supplemental hereto for any purpose; provided, however, that, no such supplemental indenture shall, without the prior written consent of all of the Noteholders:

(i) change the date of payment of any installment of principal of or interest on the Notes or any other amount owed by the Issuer under the Basic Documents, or reduce or increase the Initial Stated Percentage Interest of any Note, 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 Notes or any other amount owed by the Issuer under the Basic Documents, or change any place of payment where, or the coin or currency in which, the Notes or the interest thereon or any other amount owed by the Issuer under the Basic Documents is payable;

(ii) impair the right to institute suit for the enforcement of the provisions of this Indenture requiring the application of funds available therefor, as provided in Article V, to the payment of any such amountdue on the Notes or any other amount

owed by the Issuer under the Basic Documents on or after the respective due dates thereof;

(iii) reduce the Purchased Note Percentage Interest, the consent of the Holders of which is required for any such supplemental indenture, or eliminate the requirement that the Majority Noteholders consent thereto, or the consent of the Holders of which or the Majority Noteholders is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(iv) modify or alter the provisions of the proviso to the definition of the term "Outstanding";

(v) reduce the Purchased Note Percentage Interest required to direct the Trustee to direct the Issuer to sell or liquidate the Trust Estate or eliminate the requirement that the Majority Noteholders so direct pursuant to Section 5.4(a);

(vi) modify any provision of this Section except to increase any percentage specified herein or to provide that certain additional provisions of this Indenture or the other Basic Documents cannot be modified or waived without the consent of the Holder of each Outstanding Note affected thereby;

(vii) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount or timing of any payment of interest or principal due on the Notes on any Payment Date (including the calculation of any of the individual components of such calculation) or to affect the rights of the Noteholders to the benefit of any provisions for the mandatory redemption of the Notes contained herein; or

(viii) permit the creation of any Lien ranking prior to or on a parity with the Lien of this Indenture with respect to any part of the 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 Noteholders of the security provided by the Lien of this Indenture.

(b) It shall not be necessary for any Act of the Noteholders 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.

(c) Promptly after the execution by the Issuer and the Trustee of any supplemental indenture pursuant to this Section, the Trustee shall mail to each Noteholder a copy of such supplemental indenture. Any failure of the Trustee to mail such copy shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.3 Execution of Supplemental Indentures. In executing, or permitting the additional trusts created by, any supplemental indenture permitted by this Article IX or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and subject to Sections 6.1 and 6.2, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted

by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise.

SECTION 9.4 Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Trustee, the Issuer and the Noteholders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture sh all be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

ARTICLE X

REPAYMENT AND PREPAYMENT OF NOTES

SECTION 10.1 Repayment of the Notes; Optional Prepayment of the Notes. The Notes are subject to redemption in whole, but not in part, at the direction of the Servicer pursuant to Section 11.1(a) of the Sale and Servicing Agreement, on any Payment Date on which the Servicer exercises its option to purchase the Trust Estate pursuant to said Section 11.1(a), for a purchase price at least equal to the Redemption Price; provided, however, that the Issuer has available funds sufficient to pay the Redemption Price. The Servicer or the Issuer shall furnish the Noteholders an d the Rating Agencies, if any, notice of such redemption. If the Notes are to be redeemed pursuant to this Section 10.1, the Servicer or the Issuer shall furnish notice of such election to the Trustee not later than 35 days prior to the Redemption Date and the Servicer shall deposit with the Trustee in the Note Distribution Account the Redemption Price at least one Business Day prior to the Redemption Date. If the Servicer fails to so deposit the Redemption Price with the Trustee at least one Business Day prior to the Redemption Date, such redemption shall be deemed to be automatically rescinded and the Noteholders shall receive the payments of interest and principal that would be due to the Noteholders on such Payment Date as if such option to redeem the Notes had never been exercised. For the avoidance of any doubt, no Event of Default shall occur solely as a result of such rescission.

SECTION 10.2 Notice of Redemption. Notice of the redemption of the Notes shall be given, upon the direction of the Issuer, by the Trustee by facsimile transmission, courier or first class mail, postage prepaid, mailed, faxed or couriered not less than five (5) days prior to the related Redemption Date, to each Noteholder. All notices of redemption shall state:

(i) the Redemption Date;

(ii) the Redemption Price;

(iii) that the Record Date otherwise applicable to such Redemption Date is not applicable and that payments shall be made only upon presentation and surrender of such Notes and the place where such Notes are to be surrendered for payment of the

Redemption Price (which shall be the office or agency of the Issuer to be maintained as provided in Section 3.2); and

(iv) that interest on the Notes shall cease to accrue on the Redemption Date.

Notice of redemption of the Notes shall be given by the Trustee in the name and at the expense of the Issuer. Failure to give notice of redemption, or any defect therein, to any Holder of any Note shall not impair or affect the validity of the redemption of any other Note.

SECTION 10.3 Notes Payable on Redemption Date. The Notes to be redeemed shall, following notice of redemption as required by Section 10.2 (in the case of redemption pursuant to Section 10.1), on the Redemption Date become due and payable at the Redemption Price and (unless the Issuer shall default in the payment of the Redemption Price) no interest shall accrue on the Redemption Price for any period after the date to which accrued interest is calculated for purposes of calculating the Redemption Price.

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 a Draw), the Issuer shall furnish to the Trustee, with a copy of each to the Noteholders, (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.< /div>

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory such condition or covenant has been complied with.

(b) Other than with respect to Dollars, prior to the deposit of any Collateral or other property or securities with the Trustee that is to be made the basis for the release of any property or securities subject to the lien of this Indenture, the Issuer shall, in addition to any obligation imposed in Section 11.1(a) or elsewhere in this Indenture, furnish to the Trustee, with a copy thereof to the Noteholders, an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (on the date of such deposit) to the Issuer of the Collateral or other property or securities to be so deposited.

(c) Other than with respect to the release of any Purchased Receivables or Liquidated Receivables or the release, if any, of any Receivables upon a redemption of the Notes pursuant to Section 10.1, whenever any property or securities are to be released from the Lien of this Indenture, the Issuer shall also furnish, prior to or contemporaneous with such release, to the Trustee, with a copy thereof to the Noteholders, an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (such fair value to be as of a date within 90 days of such release) of the property or securities proposed to be released and s tating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(d) Notwithstanding Section 2.10 or any provision of this Section, the Issuer may (A) collect, liquidate, sell or otherwise dispose of Receivables as and to the extent permitted or required by the Basic Documents and (B) make cash payments out of the Pledged Accounts as and to the extent permitted or required by the Basic Documents.

SECTION 11.2 Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

(a) Any certificate or opinion of an Authorized Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of an Authorized Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer, the Seller or the Issuer, stating that the information with respect to such factual matters is in the possession of the Servicer, the Seller or the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

(b) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

(c) Whenever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Trustee& #8217;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 Noteholders. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders 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 Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.1) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section.

(a) The fact and date of the execution by any person of any such instrument or writing may be proved in any customary manner of the Trustee.

(b) The ownership of the Notes shall be proved by the Note Register.

(c) Any request, demand, authorization, direction, notice, consent, waiver or other action by a Holder of a Note shall bind each Holder of such Note issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

SECTION 11.4 Notices, etc., to Trustee, Issuer, the Majority Noteholders and Noteholders. Any request, demand, authorization, direction, notice, consent, waiver or Act of the Noteholders or other documents provided or permitted by this Indenture to be made upon, given or furnished to or filed with:

(i) the Trustee by the Majority Noteholders, the Noteholders or by the Issuer shall be sufficient for every purpose hereunder if personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested and shall be deemed to have been duly given upon receipt of the Trustee at its Corporate Trust Office;

(ii) the Issuer by the Trustee or by the Majority Noteholders or the Noteholders shall be sufficient for every purpose hereunder if personally delivered, delivered by overnight courier or mailed certified mail, return receipt requested, or sent by telefacsimile (with telephonic confirmation of receipt), and shall deemed to have been

duly given upon receipt by the Issuer at 19500 Jamboree Road, Irvine, California 92612 Attention: Mark Creatura, Esq. Confirmation: (888) 785-6691, Telecopy No. (949) 753-6897 or at such other address previously furnished in writing to the other parties hereto by the Issuer. The Issuer shall promptly transmit any notice received by it from the Noteholders or the Majority Noteholders to the Trustee; or

(iii) the Noteholders shall be sufficient for any purpose hereunder if in writing and delivered by overnight courier or mailed certified mail, return receipt requested, or personally delivered or sent by telefacsimile to the recipient's contact information reflected in the Note Register.

SECTION 11.5 Waiver. Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice with respect to itself only, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by the Noteholders shall be filed with the Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver. In case, by reason of the suspension of regular mail service as a result of a strike, work sto ppage or similar activity, it shall be impractical to mail notice of any event to the Noteholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

SECTION 11.6 Alternate Payment and Notice Provisions. Notwithstanding any provision of this Indenture or the Notes to the contrary, the Issuer may enter into any agreement with a Holder of a Note providing for a method of payment, or notice by the Trustee or the Note Paying Agent to such Holder, that is different from the methods provided for in this Indenture for such payments or notices, provided that such methods are reasonable and consented to by the Trustee (which consent shall not be unreasonably withheld). The Issuer will furnish to the Trustee a copy of each such agreement and the Trustee will cause payments to be made and notices to be given in accordance with such agreements.

SECTION 11.7 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 11.8 Successors and Assigns. 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 11.9 Benefits of Indenture. Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Noteholders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 11.10 Severability. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 11.11 Legal Holidays. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Notes, this Indenture or any other Basic Document) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

SECTION 11.12 Governing Law. THIS INDENTURE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.13 Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Any signature page to this Indenture containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the effect of delivery of an original manually signed signature page.

SECTION 11.14 Recording of Indenture. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel (which may be counsel to the Trustee or any other counsel reasonably acceptable to the Trustee) to the effect that such recording is necessary either for the protection of the Noteholders or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Trustee under this Indenture.

SECTION 11.15 Issuer Obligation. The obligations of the Issuer under this Indenture and the other Basic Documents shall be full recourse obligations of the Issuer. Notwithstanding the foregoing, no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Trustee on the Notes, under this Indenture, any other Basic Document or any certificate or other writing delivered in connection herewith or therewith, against (i) the Trustee in its individual capacity (ii) any owner of a beneficial interest in the Issuer or (iii) any part ner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer or the Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Trustee or of any successor or assign of the Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Trustee has no such obligations in its individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. Nothing contained in this Section shall limit or be deemed to limit any obligations of the Issuer, the Seller or the Servicer hereunder or under any other Basic Document, as applicable, which obligations are full recourse obligations of the Issuer, the Seller and the Servicer.

SECTION 11.16 No Petition. The Trustee, by entering into this Indenture, hereby covenants and agrees that, unless directed to do so by the Holders of 100% of the Purchased Note Percentage Interests in the Notes, it will not at any time institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any federal or State bankruptcy or similar law in connection with any obligations relating to the Notes, this Indenture or any of the Basic Documents.

SECTION 11.17 Inspection. The Issuer agrees that, on reasonable prior notice, it will permit any representative of a Noteholder or the Trustee, during the Issuer's normal business hours, to examine all the books of account, records, reports, and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited by independent certified public accountants, and to discuss the Issuer's affairs, finances and accounts with the Issuer's officers, employees, and independent certified public accountants, all at such reasonable times and as often as may be reasonably requested. Each of the Trustee and the Noteholders shall and shall cause their respective representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Trustee may reasonably determine that such disclosure is consistent with its Obligations hereunder.

SECTION 11.18 Entire Agreement. This Indenture, together with the other Basic Documents, including the exhibits and schedules thereto, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all previous oral statements and other writings with respect thereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Indenture to be duly executed by their respective officers, hereunto duly authorized, all as of the day and year first above written.

PAGE FIVE FUNDING LLC, as Issuer

By: ______________________________
Name: ______________________________
Title: ______________________________

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: ______________________________
Name: ______________________________
Title: ______________________________

EXHIBIT A

DELAYED DRAW NOTE

REGISTERED NO. [__] Initial Aggregate Committed Amount: $50,000,000

CUSIP NO.: 695505 AA5 Stated Percentage Interest: %

SEE REVERSE FOR CERTAIN CONDITIONS

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR "BLUE SKY" LAWS AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO (I) THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE) OR AN AFFILIATE OF THE ISSUER (AS CERTIFIED BY THE ISSUER) OR (2) 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 THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT IT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACTING FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHIC H OTHERS ALSO ARE INSTITUTIONAL ACCREDITED INVESTORS UNLESS THE HOLDER IS A BANK ACTING IN ITS FIDUCIARY CAPACITY) (3) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A TO A PERSON THAT EXECUTES A CERTIFICATE, SUBSTANTIALLY IN THE FORM SPECIFIED IN THE INDENTURE, TO THE EFFECT THAT SUCH PERSON IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A), ACTING FOR ITS OWN ACCOUNT, OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE, OR TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (4) A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S OR (5) 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 AP PLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION: PROVIDED, THAT, IN THE CASE OF CLAUSE (5), THE TRUSTEE OR THE ISSUER MAY REQUIRE AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, WHICH OPINION OF COUNSEL, IF SO REQUIRED, SHALL BE ADDRESSED TO THE ISSUER AND THE TRUSTEE AND SHALL BE SECURED AT THE EXPENSE OF THE HOLDER. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR RESALES OF THIS NOTE.

THE TRANSFER OF THE NOTE TO ANY PERSON THAT IS ACQUIRING THE NOTE WITH THE "PLAN ASSETS" OF "ANY EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF ERISA THAT IS SUBJECT TO TITLE I OF ERISA OR ANY "PLAN" AS DEFINED IN SECTION 4975 OF THE CODE IS SUBJECT TO CERTAIN RESTRICTIONS AS DESCRIBED IN SECTION 2.5 OF THE INDENTURE, INCLUDING THE DELIVERY BY THE TRANSFEREE OF A LETTER IN THE FORM ATTACHED TO THE INDENTURE AS EXHIBITS B, C, OR D, AS APPLICABLE.

THE NOTE REGISTRAR SHALL NOT REGISTER ANY TRANSFER OR EXCHANGE OF THIS NOTE DURING THE ACQUISITION PERIOD TO ANY PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER, WHICH CONSENT MAY BE WITHHELD BY THE ISSUER IN ITS SOLE DISCRETION. IN ADDITION, DURING THE ACQUISITION PERIOD, THE NOTE REGISTRAR SHALL NOT REGISTER ANY TRANSFER OR EXCHANGE OF THIS NOTE TO THE EXTENT THAT UPON SUCH TRANSFER OR EXCHANGE THERE WOULD BE MORE THAN FIFTEEN (15) NOTEHOLDERS THEN REFLECTED ON THE NOTE REGISTER.

THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AND SUBJECT TO INCREASES AND DECREASES AS SET FORTH HEREIN AND IN THE INDENTURE. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE "INITIAL AGGREGATE COMMITTED AMOUNT" SHOWN ON THE FACE HEREOF, AND THE PURCHASED NOTE PERCENTAGE INTEREST OF THIS NOTE MAY BE DIFFERENT THAN THE "STATED PERCENTAGE INTEREST" SHOWN ON THE FACE OF THIS NOTE.

Each Noteholder by its acquisition of any Notes (or a beneficial interest therein) shall be deemed to have represented and warranted for the benefit of the Issuer, the Trustee and the other Noteholders, that it is not acquiring any Notes with the "plan assets" of any "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.

PAGE FIVE FUNDING LLC
DELAYED DRAW NOTE

PAGE FIVE FUNDING LLC, a Delaware limited liability company (herein referred to as the "Issuer"), for value received, hereby promises to pay to [________________] (the "Noteholder"), or its registered assigns, the Noteholder's *pro rata* portion (based on the Purchased Note Percentage Interest of the Noteholder) of the principal sum of FIFTY MILLION DOLLARS ($50,000,000.00) or, if less, the Noteholder's pro rata portion (based on the Purchased Note Percentage Interest of the Noteholder) of the aggregate unpaid principal amount outstanding under all of the Notes (whether or not shown on the schedules attached to the No tes (or such electronic counterpart maintained by the Trustee)), which amount shall be payable in the amounts and at the times set forth in the Indenture. On each Payment Date after the first Payment Date, the Noteholder will be entitled to receive, *pro rata* (based on the Purchased Note Percentage Interest of the Noteholder) thirty (30) days of interest at the applicable Interest Rate

on the outstanding principal amount of the Notes at the close of the preceding Payment Date; provided that if the outstanding principal amount of the Notes is increased as the result of one or more Draws that occur after the preceding Payment Date but during the related Interest Accrual Period, the interest payable to the Noteholders on a Payment Date shall also include an amount equal to the product of (a) the Interest Rate as of the related Subsequent Draw Date, (b) the principal amount of the related Draw, and (c) a fraction (i) the numerator of which is the number of days from and including the related Subsequent Draw Date to and including the day immediately preceding such Payment Date and (ii) the denominator of which is 360. On the first Payment Date, the interest payable to the Noteholder will be an amount equal to the Noteholder's *pro rata* share (based on the Purchased Note Percentage Interest of the Noteholder) of the product of (a) the Interest Rate as of the Closing Date, (b) the initial principal amount of the Notes and (c) a fraction (i) the numerator of which is the number of days from and including the Closing Date to and including the day immediately preceding such Payment Date and (ii) the denominator of which is 360. Interest will be computed on the basis of a 360-day year of twelve 30-day months. All principal and accrued interest on this Note shall be due and payable on the Final Scheduled Payment Date. Following the occurrence of an Event of Default, the Trustee may, or upon the written direction of the Majority Noteholders shall, declare the Note Balance to be immediately due and payable at par, together with accrued interest thereon, in accordance with Section 5.2 of the Indenture. Principal of and interest on thi s Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. This Note does not represent an interest in, or an obligation of, the Servicer or any affiliate of the Servicer other than the Issuer.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Servicer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: Wells Fargo Bank, National Association, 6th & Marquette, MAC N9311-161, Minneapolis, Minnesota 55479, Attention: 0; Corporate Trust Services -- Asset Backed Administration. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Note shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or be valid or obligatory for any purpose.

[Signature page follows.]

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: _______________ PAGE FIVE FUNDING LLC

By: ________________________
Name: ________________________
Title: ________________________

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is the Note issued under the within-mentioned Indenture.

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

By: ____________________
Authorized Signature

REVERSE OF THE NOTE

This Note is the duly authorized Note of the Issuer, designated as its Note (herein called the "Note"), issued under the Indenture, dated as of March 1, 2010 (such Indenture, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, is herein called the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (the "Trustee", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a state ment of the respective rights and obligations thereunder of the Issuer, the Trustee and the Noteholders. The Note is subject to all terms of the Indenture. All terms used in this Note that are defined in the Indenture, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, shall have the meanings assigned to them in or pursuant to the Indenture, as so amended, supplemented or otherwise modified.

Upon initial issuance on the Closing Date, the aggregate outstanding principal balance of all Notes will be less than the Initial Aggregate Committed Amount reflected on the face hereof. From time to time during the Acquisition Period, the principal balance of this Note will be increased by an amount equal to the *pro rata* portion (based on the Purchased Note Percentage Interest of the Noteholder) of the amount of Draws made by the Issuer against the Aggregate Available Committed Amount. Installments of principal of the Notes will be payable on each Payment Date in an amount described in the Indenture. "Payment Date" means the fifteenth day of each month, or, if any such date is not a Busin ess Day, the next succeeding Business Day, commencing April 15, 2010.

As described above, the entire unpaid principal amount of this Note shall be due and payable on the Final Scheduled Payment Date. Notwithstanding the foregoing, if an Event of Default or shall have occurred and be continuing then, in certain circumstances, principal on the Note may be paid earlier, as described in the Indenture.

Payments of interest on this Note due and payable on each Payment Date, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any prepayments, to the extent not in full payment of this Note, shall be made by wire transfer to the Holder of record of this Note (or any predecessor Note) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Note (or any predecessor Note) effected by any payments made on any date shall be binding upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon. Final payment of principal (together with any accrued and unpaid interest) on this No te will be paid to the Noteholders only upon presentation and surrender of this Note for cancellation at the location specified in a notice provided in accordance with Section 2.8(b) of the Indenture.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Note may be registered on the Note Register upon surrender of this Note for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the

Issuer and the Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of authorized Stated Percentage Interest and in the same aggregate Stated Percentage Interest will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

The obligations of the Issuer under the Indenture, this Note and the other Basic Documents shall be full recourse obligations of the Issuer. Notwithstanding the foregoing, the Noteholder, by its acceptance of this Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Trustee on the Notes, under the Indenture or any other Basic Document or any certificate or other writing delivered in connection herewith or therewith, against (i) the Trustee in its individual capacity (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer or the Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Trustee or of any successor or assign of the Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Trustee has no such obligations in its individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. Nothing contained in this Section shall limit or be deemed to limit any obligations of the Issuer, the Purchaser, the Seller or the Servicer hereunder or under any other Basic Document, as applicable, which obligations are full recourse obligations of the Issuer, the Seller and the Servicer.

Prior to the due presentment for registration of transfer of this Note, the Trustee and any agent of the Trustee may treat the Person in whose name the Note (as of the applicable Record Date) is registered as the owner hereof for all purposes, whether or not the Note be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

It is the intent of the Issuer and the Noteholders that, for federal, State and local income and franchise tax purposes, this Note will evidence indebtedness of the Issuer secured by the Collateral. Each Noteholder, by its acceptance of the Note, agrees to treat the Note for federal, State and local income and franchise tax purposes as indebtedness of the Issuer.

The Indenture permits in certain circumstances, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Noteholders under the Indenture at any time by the Issuer with the consent of the Majority Noteholders. The Indenture also contains provisions permitting the Majority Noteholders to waive compliance by the Issuer with certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Majority Noteholders shall be conclusive and binding upon the current Noteholders and all future Noteholders and of this Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

The Indenture also permits the Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of the Noteholders.

The term "Issuer" as used in this Note includes any successor to the Issuer under the Indenture.

This Note is issuable only in registered form as provided in the Indenture, subject to certain limitations set forth therein.

This Note and the Indenture shall be construed in accordance with the law of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the General Obligations Law), and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such law.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place, and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable U.S. withholding taxes.

Exhibit 31.1

CERTIFICATION

I, Charles E. Bradley, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consumer Portfolio Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2010

/s/ CHARLES E. BRADLEY, JR.

Charles E. Bradley, Jr. Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Jeffrey P. Fritz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consumer Portfolio Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 14, 2010

/s/ JEFFREY P. FRITZ
Jeffrey P. Fritz, Chief Financial Officer

Exhibit 32

Certification Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 of The Sarbanes-Oxley Act Of 2002

In connection with the Quarterly Report on Form 10-Q of Consumer Portfolio Services, Inc. (the "Company") for the quarterly period ended March 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Charles E. Bradley, Jr., as Chief Executive Officer of the Company, and Jeffrey P. Fritz, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 14, 2010

/s/ CHARLES E. BRADLEY, JR.

Charles E. Bradley, Jr.
Chief Executive Officer

/s/ JEFFREY P. FRITZ

Jeffrey P. Fritz
Chief Financial Officer

This certification accompanies each Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.